

## Harmony EDA Minutes

August 4, 2016  
7:30 AM

Council Room  
Community Center

Present: Chris Skaalen, Steve Donney, Deb Swenson, Andy Batstone, and Kerry Kingsley

Also Present: Larry Tammell, Jim Simpson, Andy Craig, Jill Fishbauger, Becky Hoff, Jerome Illg, and Chris Giesen

The regular meeting was called to order at 7:34 AM by Chris Skaalen.

### Minutes

Motion by Kingsley second by Swenson, to approve the minutes of the June 2, 2016 meeting as presented. Motion carried unanimously. The July 2016 meeting was cancelled due to a lack of quorum.

### Financial Reports & Claims

Illg and Giesen reported that all loans were current. It was also mentioned that the first new house rebate was claimed and was ready for payment. Motion by Skaalen, second by Swenson to pay the rebate claim of \$10,000 to Mr. and Mrs. Paul Sikkink, as requested. Motion carried unanimously.

### Harmony Spirits Project Proposal

Giesen introduced Larry Tammell, Jim Simpson, and Andy Craig, owners of Harmony Spirits, LLC. He said that they had been working with him over the past two years in an effort to open a micro distillery in Harmony. In order to take the next steps with their project, they were in need of assistance from the EDA with several items:

1. Purchase of the downtown lot for a sale price of \$1.
2. EDA loan of \$25,000 with typical terms.
3. Building rebate, similar to the housing rebates, structured as a forgivable loan of \$10,000.

Giesen said that the purpose of today's discussion was not to take any action but to review and discuss the project in order to determine any additional questions, discuss concerns, and consider next steps, if any.

The owners discussed their project in more detail. They would distill grains in small batches to produce alcoholic spirits that would be distributed to local, regional, and eventually national restaurants and liquor stores. The facility would also include a "tasting room" where visitors could sample and purchase their product in limited quantities. The tasting room would not be like a restaurant or bar, only their products could be sample and sold on site, but they could bring food in from outside places; the project will also include outdoor seating in a patio area. The tasting room would be geared towards tourists as more of a marketing effort, the main revenue of the business would be from the distribution of the product. The owners mentioned that they have worked in industrial distilling, albeit on a much larger scale, and have the technical knowledge and skills and that now they are actively seeking shareholders to capitalize the

project. However, because of licensing requirements, many of the steps have to happen within a relatively short timeframe. They requested the items noted above, but in order to accommodate the time it would take to license and capitalize the project, they also requested that the EDA allow until May 1, 2017 to close on the assistance package and land sale between themselves and the EDA.

The EDA discussed at length. The owners were asked about their product, strategy to sell shares, and marketing. While no action was taken, consensus of the board was to move the project consideration forward through the loan committee process and publish a public hearing notice to consider the land sale. The public hearing would be held September 8, 2016.

### **Chamber of Commerce**

Becky Hoff gave the Chamber report and in addition made the Chamber's 2017 budget request. Hoff discussed at length the chamber's 2016 and projected 2017 budget, paying particular attention to the Chamber's marketing activities. She also reviewed the most recent Google Analytics report for the Chamber's website. Consensus of the board was to approve the Chamber's budget request as presented within the overall 2017 EDA budget.

### **2017 EDA Budget**

Illg reviewed the projected 2017 EDA budget with the board. He recommended that the board approve the same budget as 2016, noting that the City Council or EDA could change it as the annual budget process progresses. The board discussed marking some of the budget for capital projects such as improvements to the industrial park. Consensus of the board was that the 2016 budget served EDA activities well and that money should be set aside for capital projects. Motion by Swenson, second by Batstone to approve the 2017 budget as presented and recommend that the City Council approve it as well.

### **Business Subsidy Policy Updates**

Giesen reviewed suggested updates to the city's business subsidy policy. The current policy was constructed to conform to the JOBZ program which ended in 2015. There were several other statutory changes that were not reflected in the city's policy. Staff recommended that the board update the policy to reflect the various changes and proposed a draft policy which was modeled after similar sized cities in Minnesota. Giesen explained that the suggested policy would create a framework for reviewing projects but give the board flexibility if needed. Consensus of the board was that the updates were necessary and that a public hearing should be scheduled for September 8, 2016 to consider approval.

### **Revolving Loan Fund Policy Updates**

Giesen and Illg presented several updates to the EDA's loan program, which hadn't been updated since 2010. Consensus of the board was to consider the proposed changes at the next meeting. It was also the consensus of the board that there should not be a limit or special restrictions on funding restaurant requests.

### **Prospects/Community Update**

The board discussed the dentist attraction effort at length. Staff will talk with major employers in the community to determine what level of dental benefits are available within the community and then the board will discuss further efforts based on that information at the next meeting.

Kingsley reported that the Harmony Greenhouse had sold and the new owners, Lisa and Andrew Kingsley would be continuing the floral service and adding local foods.

**Adjournment**

Hearing no objection, Skaalen adjourned the meeting at 9:58 AM. The next regular meeting will be held on September 8, 2016 at 7:30 AM, at the Community Center.