

Harmony EDA Minutes

February 2, 2017
7:30 AM

Council Room
Community Center

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

Also Present: Andy Craig, Larry Tammel, Jim Simpson, Roxanne Johnson, Kelsey Bergy, Becky Hoff, Jerome Illg and Chris Giesen

The regular meeting was called to order at 7:30 AM by Chris Skaalen.

Minutes

Motion by Swenson, second by Kingsley to approve the minutes of the January 5, 2017 meeting as presented. Motion carried unanimously.

Financial Reports & Claims

Illg reported all loans were current and the board reviewed the loan portfolio. There were no claims for payment. Motion by Donney, second by Kingsley to approve the financial report as presented. Motion carried unanimously.

Harmony Spirits Project: Review Updates

Giesen presented an update to the Harmony Spirits Distillery project. It was reported that the owners had modified their business plan; adjusting to \$250,000 of shareholder equity from the \$500,000 noted in their original application. Because the assumptions of the project had changed the loan committee reviewed the impacts of the changes relative to the project and its projections. The loan committee reported that they wished to discuss the changes with the full EDA board. Owners Andy Craig, Larry Tammel, and Jim Simpson were present to discuss the project changes as well. The board discussed the project with the owners at length. Batstone had several questions related to the financing of the equipment, cash preservation, and tax implications to shareholders. Skaalen mentioned that the owners would be able to finance additional working capital against their inventory because of its high value, which was common in this industry, and have enough cash to meet the obligations Batstone mentioned. The owners and Batstone concurred.

Illg mentioned that with the changing financial assumptions the board may want to consider adding additional collateral to its loan. He suggested that a UCC filing against the business inventory be considered. The board agreed. Motion by Skaalen, second by Swenson to accept the revised project assumptions as presented on the condition that the loan be secured by a UCC filing on inventory in addition to all other items and conditions previously approved. Motion carried 3-0-2. Batstone and Kingsley abstained. The board thanked the owners.

2016 EDA Annual Report

Giesen presented the 2016 EDA annual report which outlined the board's activities for the prior year. The board reviewed. Motion by Skaalen, second by Batstone to approve the annual report as presented. Motion carried unanimously.

Residential Development Discussion

Real estate agents Roxanne Johnson and Kelsey Bergy were present to discuss the housing market in Harmony. Skaalen had invited them after the discussion the board had at the last meeting about anecdotal accounts of potential residents not being able to find homes in the community. Johnson and Bergy reported that based on the last year's actual sales figures, this perception of people not being able to find homes in Harmony was not true. In fact, Harmony had better sales numbers than several area communities and the averages were back or near back to historical averages. They reported that 18 homes sold on MLS in 2016 in the city, plus 7 "for sale by owner" transactions. There were 3 new homes constructed and 14 new residents to Harmony. Only 1 family moved to Preston from Harmony, but that family was from Preston originally. It was noted that the average house sold for \$97,050, was on the market for 95 days, and sold for 94% of list price. The board discussed the report at length. It was mentioned that perhaps Harmony has such high standards that they too easily get down on themselves when the community isn't chosen by potential residents. In closing, Johnson and Bergy said that the historical trends are improving and the current market is doing well. They added that programs like the new house rebate are good tools to market the community's progressive and welcoming nature; that not everyone is in the market to build a new home but that they see that the city is willing to invest in itself and look at Harmony because they want to be a part of that culture. The board thanked Johnson and Bergy for their insight and recommendations, inviting them back at any time.

Chamber of Commerce

Becky Hoff presented the Chamber's annual report that was presented to its membership in mid-January 2017. She reviewed the organization's budget, marketing strategy, and website traffic report. She reported that again the city's website was the highest referral site to the Chamber's site.

Giesen and Hoff said that it might be a good idea to create a "coming soon!" type advertisement for the bike trail extension project to raise awareness about the project from residents and visitors, with additional hopes that they might contact legislator to help push the project forward. The board suggested that two posters could be created; for the visitor's center and community center. Consensus was to move forward with a designer that was a chamber member, and who could move forward quickly and economically.

Swenson left the meeting at 8:50 AM.

2017 Joint Board Meeting

The board reviewed last year's agenda for the joint council/school board/EDA meeting. Consensus was to keep the format the same as last year but to ask the council and school board for any specific items they might want included on the agenda. Giesen noted that the agenda would be sent out shortly.

Logo Contest

Giesen presented the different options that he received from graphic design firms. He suggested having some sort of frame of reference to give the designers so that the board could compare quotes side by side; it appeared each firm had a different approach to the job. The board discussed. Consensus of the board was to reach out to the firms and ask them what their process would be, what they charge, and for some basic examples of

other logo work they've produced. It was also suggested that firms could have about 15 minutes to present/discuss their proposal at the next EDA meeting.

Dentist Attraction Project

Giesen briefly discussed a proposed method of marketing to potential dentists. He suggested a series of quarterly and semiannual letters and post cards be sent to targeted dentists and dental vendors. The board concurred. Staff will move forward with the strategy and report back as needed.

Prospects/Community Update

No additional prospects were discussed.

Adjournment

Hearing no objection, Skaalen adjourned the meeting at 9:45 AM. The next regular meeting will be held on March 2, 2017 at 7:30 AM, at the Community Center.