

Harmony EDA Minutes

September 7, 2017
7:30 AM

Council Room
Community Center

Present: Steve Donney, Deb Swenson, and Kerry Kingsley

Also Present: Jerome Illg and Chris Giesen

The regular meeting was called to order at 7:36 AM by Steve Donney.

Minutes

Motion by Swenson, second by Kingsley to approve the minutes of the August 3, 2017 meeting as corrected. Motion carried unanimously.

Financial Reports & Claims

The loan schedule was reviewed. All the loans were current. Motion by Donney, second by Swenson to approve the financial report as presented. Motion carried unanimously.

There was one payment claim from the Harmony Area Chamber of Commerce for the second half 2017 EDA contribution. Motion by Deb, second by Kingsley to approve the claim as requested. Motion carried unanimously.

EDA Loan Modification Requests

The board reviewed a request to modify the Harmony Spirits loan because of the project utilizing and SBA 504 loan program which requires certain criteria to be met by other lenders participating in the project. It was noted that a similar issue arose with the Harmony Kids Learning Center project. To conform with the SBA 504 requirements the loan committee recommended subordinating its 2nd mortgage to a 3rd mortgage, behind the primary lender and SBA, and to also take a blanket security agreement on the business inventory. Giesen mentioned that SBA may require the EDA loan term to match SBA's 20 year term if we utilize a mortgage as collateral but an exception was being sought; he said that the loan committee recommended that the board keep the 3rd mortgage if possible but if SBA required a 20 year matching term the loan committee was comfortable with the blanket security agreement on inventory and the personal guarantees already required. The board discussed. Motion by Donney, second by Swenson to approve the modification request as recommended by the loan committee.

The board also reviewed a loan modification request from Estelle's Eatery. Estelle's wishes to purchase its building from the current owner; the loan secured by a mortgage on the building which was granted by the owner. In order to purchase the building the mortgage would have to be assigned to Matt and Heidi Brown, owners of Estelle's, and then subordinated to the primary lender, First Southeast Bank. The refinance would total \$217,000 with the building appraised at \$275,000. The loan committee and Illg expressed concern that a full picture of the businesses cash flow were not represented in the information provided. It was discussed that with such a large change in financials, a more thorough review should be completed. Consensus was that the board wanted to help the business and that their repayment history didn't indicate any issues. Giesen noted that this request was made a week prior to this meeting with a scheduled closing date of the day after staff became aware of the request. Consensus of the board was that

while they are happy to help, all efforts should be made by borrowers to notify the board well in advance of changes like this so that a review can take place. Motion by Swenson, second by Kingsley to approve the request as presented. Motion carried unanimously.

Industrial Park Land Sale

Giesen presented a potential project for the industrial park. Dairyland Power expressed possible interest in relocating its maintenance operations building to the industrial park. Giesen suggested that if the board wished to pursue this project that they could make an offer to show the city's commitment and desire to have the expansion happen in Harmony. Giesen reported that the project would probably need Lot 3 Block 2 in the Industrial park and approximately two more lots adjacent to and immediately north of it in the undeveloped Phase II. The board discussed that they thought they could finance the land through tax increment financing which would allow the land to be acquired by the business at no cost to them, but that it would depend on how much tax base was created by the project. This would be similar to other past projects in the industrial park. The board also discussed several iterations of needed infrastructure for the project. It was the board's consensus that Phase I lot pricing covered the extension of 2nd Ave NE to the Phase II boarder, but that the business may have to participate in extending infrastructure north of Phase I, depending on the project and what is needed. Motion by Swenson, second by Kingsley to authorize the board president to send a letter outlining the board's consensus on possible financial assistance for the project to be sent to Dairyland Power in an effort to secure their project in Harmony. Motion carried unanimously.

Chamber of Commerce Report

- The board reviewed the Chamber of Commerce report submitted by Becky Hoff as follows:
 - **Marketing Committee**
The marketing committee meets on Friday, August 4th @ 8:30am at the Visitor Center. We will be reviewing our 2017 marketing plan, making plans for 2018, and reviewing our website data through the end of July.
 - **Promotions Committee**
 - Notes from 07-06-17 meeting included
 - Next meeting scheduled for Wednesday, August 9th @ 8am, Harmony House Restaurant
 - **Highway 139 Project**
 - **Customer Appreciation Night** – was held on Tuesday, August 1st
 - **Remaining 2017 Events**
 - Miss Harmony Scholarship Fundraising Events, Saturday, August 26th @ Wheeler's
 - Harmony's Taste of the Trail Event, Saturday, September 16th
 - Ladies Night Promotions – September & October
 - Fall Foliage Weekend, October 6th-8th
 - Haunted Harmony, October 19th-22nd

- Holiday Fest, Saturday, November 18th
- Small Business Saturday, Saturday, November 25th
- Breakfast with Santa, Saturday, December 2nd

- **Root River Trail Towns**
 - Becky continues to serve as treasurer for the group
 - Represented our trail system/region at RAGBRAI in Cresco on July 27th
 - ‘Taste of the Trail’ series of events in September coming up
 - Hosted their 2nd annual Bluff & Valley Bike Tour in July, planning for a 2018 ride
 - Increasing advertising budget for 2018’s 60-Mile Garage Sale in June
 - Cooperated and helped defray costs for two sizable ads in SOMN & MN State publications, saving our communities money
 - Will be redesigning their website in 2018

- **Visitor Center Data through the end of July, compared to 2015 and 2016**

Visitor Center Guests	2015	2016	2017
April	222	592	381
May	817	876	825
June	1247	1075	946
July	1819	1730	1705

Swenson left the meeting at 8:57 AM. A quorum was lost. Without a quorum the meeting adjourned.

The next regular meeting is scheduled for October 5, 2017 at 7:30 AM, at the Community Center.