

## **Harmony EDA Minutes**

October 3, 2019  
7:30 AM

Council Room  
Community Center

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

Also Present: Jill Fishbaugher, Melissa Vander Plas, Jerome Illg, and Chris Giesen

The regular meeting was called to order at 7:33 AM by Chris Skaalen

### **Minutes**

The board reviewed the minutes of the September 5, 2019 meeting. Motion by Kingsley, second by Batstone to approve the minutes as presented. Motion carried unanimously.

### **Financial Reports & Claims**

The board reviewed the loan portfolio and the new home rebate ledger. All loans were current. The board reviewed the following claims for payment: \$13,250 from the Harmony Chamber of Commerce for the 2<sup>nd</sup> half 2019 EDA contribution, \$7,573.25 from Community and Economic Development Associates for 4<sup>th</sup> quarter economic development services, and \$485 for 2020 Harmony Area Chamber of Commerce membership and a full page ad in the 2020 visitor guide. Motion by Donney, second by Sagen to approve the financial report. Motion carried unanimously.

### **Harmony Telephone Update**

Jill Fishbaugher was present to give an update on projects Harmony Telephone was working on. She reported that crews had recently finished installing fiber optic internet lines in the southeast subdivision of Harmony that will serve about 23 houses. They are still waiting to hear if they will be awarded state and or federal grant dollars for additional fiber projects. Because of all the new projects and growth, they are potentially hiring an additional 2 networks specialist positions in Harmony. The board thanked Fishbaugher for the update.

### **Revolving Loan Request**

Giesen presented an application for a new loan to Aaron and Amy Bishop to purchase 39 Main Street North. They requested \$25,000 to help renovate the long vacant building. The total project cost was \$122,000. The interest rate would be 5% APR fixed and is to be repaid over 10 years. Security on the loan is a first mortgage on the real estate located at 39 Main Street North and personal guarantees from both borrowers. Giesen mentioned that the applicants were out of town on business for today's meeting and were disappointed they could not join today to discuss the project or answer questions. He also stated the applicants wish to buy and restore the property in two phases. The first phase will acquire the property and rehabilitate the structure, creating two short-term rental units upstairs, most likely Airbnb units. The main floor would be improved but not finished at this point, and would be ready for a future storefront business. The second phase would be at some point in the future and would likely involve starting their own business in the main floor storefront, but it would not be a part of this particular project request. Giesen said the loan committee had reviewed the details of the application and

recommended that the board approve as presented. Batstone wondered if Airbnb collected lodging tax. Illg mentioned that Airbnb collects the tax on behalf of the users and pays that to the city, which the city then gives to the chamber of commerce for tourism. Motion by Sagen, second by Batstone to recommend that the city council approve the loan as requested. Motion carried unanimously.

### **Dairyland Project Update/Consider Potential Purchase of Real Estate**

Giesen reported that they had discussed purchasing approximately 8.2 acres from Mr. Bill Kiehne to expand the industrial park to the east to accommodate the Dairyland project.

Per Minn. Stat. § 13D.05 subd. 3, Skaalen closed the meeting at 7:50 AM to discuss land sale/purchase negotiations.

Skaalen opened the meeting at 8:55 AM.

Giesen reported that the board had discussed at length the possible purchase of Mr. Kiehne's property. The asking price was \$115,000. If approved, a closing date of November 15, 2019 was suggested to accommodate the Dairyland project. It was reported that the value of this property was discussed relative to the two site plan options Dairyland was considering and that consensus among members was that the second option, which included about 4 lots of the existing Phase II in the industrial and about 2.5 acres of the Kiehne farm, was the preferred option because it minimized the infrastructure cost and maximized the number of lots available for future projects. It was also discussed that should approval move forward, staff would apply for grants, low interest loans, and would pursue establishing a new tax increment financing district to finance the project. Illg mentioned that the EDA has sufficient reserve funds to purchase the Kiehne property. The board discussed further. It was mentioned a public hearing and development agreement would be necessary to finalize the terms of the project.

The pricing schedule of existing and any potential future industrial lots was discussed. It was agreed that no matter what direction the Dairyland project goes, that the board will need to update and revise lot pricing.

Motion by Donney, second by Sagen, to accept Mr. Kiehne's offer and purchase 8.2 acres adjacent to the east side of the industrial park in the amount of \$115,000. Motion carried unanimously.

Motion by Donney, second by Skaalen, to move forward with the second site plan option Dairyland had presented. Which consisted of four lots in the existing Phase II of the industrial park and approximately 2.5 acres on the north end of the to-be-purchased Kiehne property. This acceptance would be conditioned on a public hearing and the Kiehne property sale successfully closing. Motion carried unanimously.

### **Chamber of Commerce Report**

Melissa Vander Plas briefly joined the meeting to introduce herself as the new director of the Harmony Area Chamber of Commerce. The board welcomed her and said that they looked forward to working with her.

### **Experience Harmony Projects/Goals**

Giesen reported that at the last meeting, Sagen had brought up a question about electric vehicle charging stations and whether or not they could be installed in Harmony. This is one of the Experience Harmony II goals. Giesen said he had done prior research on the cost of the charging stations and that earlier this year they cost about \$3,000 a piece for the charging station and it was estimated that it could be about \$10,000 - \$15,000 for installation of electric service depending on what was available nearby for service. He had also reached out to the City of Lanesboro who installed two stations last year. He said their records indicated that 54 users generated \$100 over the past year on the two stations. It was discussed that with such low usage, it's probably a better marketing investment at this point, but that it would fit well in the community. It was suggested that there might be another group or volunteers that want to pursue this activity at this time and that the EDA could provide technical assistance.

### **Prospects/Community Update**

Giesen gave an update on additional prospects. He noted that he had one inquiry about the new commercial rehabilitation loan program and a question about how the board would treat requests that would, for example, place siding or painting over brick instead of fixing the brick, or similar projects. The board discussed and concurred that while the program's intention is to fix commercial buildings and that there aren't any city ordinances against it, the board did not want to use this program to incent changing the character of older buildings. So, the program would not fund fixes such as siding or painting over brick or other such fixes but if the prospective project was replacing paint or siding on an already painted or sided building, those projects would be eligible.

### **Other Business**

Hearing no objections, Skaalen adjourned the meeting at 9:27 AM.

The next regular meeting is scheduled for November 7, 2019 at 7:30 AM, at the Community Center.