

Harmony EDA Minutes

May 7, 2020
7:30 AM

Held electronically due to the
COVID-19 pandemic in accordance
with Minn. Stat. § 13D.02.

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

Also Present: Melissa Vander Plas, Devin Swanberg, Abby Wright, Heather Holmes,
Laura Qualey, Mitch Massman, and Chris Giesen

The regular meeting was called to order at 7:32 AM by Chris Skaalen

Minutes

The board reviewed the minutes of the March 5, 2020 meeting. Motion by Batstone, second by Sagen to approve the minutes as presented. The question was taken on the motion and the roll was called. There were 5 yeas and 0 nays as follows:

Those voting in the affirmative were:

Skaalen
Donney
Batstone
Kingsley
Sagen

Financial Reports & Claims

The board reviewed the loan portfolio and new home rebate program ledger. All loans were current. Giesen noted that the rebate of \$5,000 for 735 3rd Ave SE was paid out as the house was finished. Also, the final \$2,000 was paid out to finish the rebate for 510 5th ST NE as the final valuation for the building met the full rebate threshold and the recipients had only received a partial rebate in the interim, per the program guidelines. Motion by Skaalen, second by Kingsley to approve the financial report as given. The question was taken on the motion and the roll was called. There were 5 yeas and 0 nays as follows:

Those voting in the affirmative were:

Skaalen
Donney
Batstone
Kingsley
Sagen

COVID 19 Pandemic Discussion

Giesen discussed several items related to the ongoing Covid 19 pandemic and the related economic challenges local businesses and residents are facing. Giesen presented a memo discussing an EDA loan payment holiday. He stated that on advice from board members when the pandemic first broke out, he offered a three-month loan payment holiday for any interested borrower not on a restructured payment plan. He reported that most borrowers have taken the offer. Giesen said that the board needed to approve a motion to

ratify the loan payment holiday and to determine whether interest should be charged during the holiday period. Giesen recommended that the board waive the interest accrual to participating borrowers, stating that approximately \$915 of interest would otherwise accrue during the holiday period. The board discussed and concurred with the staff recommendation. Motion by Sagen, second by Kingsley to authorize a three month loan payment holiday for interested borrowers, to extend the loan terms of participating borrowers by three months to return payments to their normal amounts once the holiday is over, and to not accrue interest during the holiday period. The question was taken on the motion and the roll was called. There were 5 yeas and 0 nays as follows:

Those voting in the affirmative were:

Skaalen
Donney
Batstone
Kingsley
Sagen

Skaalen requested that staff discuss the payment holiday with the city attorney and determine how to best memorialize it so that the board doesn't run into any enforcement issues in the future. The board agreed. Giesen said that he would discuss with the city attorney.

The board discussed the status of the Monster Bash loan. At question was whether to provide a loan payment holiday for this loan, which unlike most other loans is on an annual payment schedule. It was mentioned that Monster Bash is a nonprofit that only has one major revenue event per year, the haunted house, which will likely be cancelled, scaled back, or see reduced attendance this year. It was discussed whether or not to pause the 2020 payment due in December, and if so how much interest should be waived, if any. Skaalen made a motion to grant a loan payment holiday of one year and to waive one year of interest to Monster Bash, Inc. The motion died for lack of a second. The board discussed further. Batstone suggested that he would favor granting a one-year payment holiday and to waive 3 months' interest, which would be in line with what other businesses receiving a payment holiday would also receive. Swanberg mentioned that three months' interest for this loan is about \$105. Motion by Donney, second by Kingsley to grant Monster Bash, Inc. a one-year payment holiday and waive 3 months' interest. The question was taken on the motion and the roll was called. There were 5 yeas and 0 nays as follows:

Those voting in the affirmative were:

Skaalen
Donney
Batstone
Kingsley
Sagen

Giesen presented a thought for a new program to assist businesses and residents during the pandemic. He stated that he was not necessarily asking for any action today, but that he had been thinking about new ways to help locally with the resources on hand. He mentioned that this could also be a springboard for other ideas for assistance. He discussed the memo included in the packet, which laid out a concept to utilize most of the

annual marketing budget to purchase Harmony Dollars and hold a contest, possibly through social media, to determine the distribution of Harmony Dollars. The board discussed at length. Kingsley was concerned that the board has not had a successful history holding contests. Skaalen mentioned that he would be concerned not all businesses would be able to benefit. Donney and Swanberg reported that the pandemic as caused some uncertainty in the city budget and that it might be wise not to spend this amount right now. Consensus of the board was that this might not be the appropriate time to spend large portions of the budget, especially when federal and state resources may prove adequate over time. The board encouraged Giesen and board members to continue to bring forward ideas to help the community. No action was taken.

The board held a general discussion on the impact of the pandemic on the community and thoughts moving forward for the board to consider. Giesen said that he had been talking with as many businesses as possible and pushing out information on programs as it is released, helping with applications and questions. Batstone suggested that he continue to do so, especially helping businesses with any information that might come forward about the Paycheck Protection Program (PPP) and how businesses can ensure forgiveness of loans made under that program. The board agreed. Skaalen thanked Batstone for his help on the PPP application process, as Batstone had created a spreadsheet that was very helpful for processing PPP applications.

Potential Request for Assistance

Giesen presented a memo from Harmony Enterprises in regards to a research and development (R&D) project they were working on. Giesen stated that he had assisted them seeking grant or no interest/low interest loans to help fund the project. He said that normally the business could fund the project internally but with the pandemic impacts, they were conserving dollars to ensure the retention of employees and stability of the business as a whole. Sagen stated that projects like this typically require an upfront payment to an outside vendor to develop a process or piece of software. Giesen said that he had discussed grant and loan possibilities with several other entities including the State of Minnesota, MiEnergy Cooperative, and Rochester Area Economic Development; none of which had programs to fit the need. Giesen said that Harmony also did not have any programs that were an exact fit. He suggested that perhaps, the board might consider utilizing the loan fund by making an exception to allow R&D activities as an eligible expense given the current economy and potential benefit to the community. The board concurred. Giesen said that if the board funded 50% of the project, he could potentially request another 40% of the project from CEDA's loan fund. Other than the R&D element, the other program criteria could be followed under such a scenario. He would discuss with the business to see if this approach was of interest.

Joint Board Meeting: Attempt to Reschedule?

The board discussed rescheduling the annual joint meeting with the city council and Fillmore Central school board. Given the pandemic, consensus of the board was to keep this item on the agenda and revisit it when it might be possible to hold an in person meeting of this nature again. It was agreed that this kind of meeting was still very important to hold but that it will be much more beneficial if held in person.

Experience Harmony Projects/Goals

The board reviewed the Experience Harmony II goals and objectives. Skaalen mentioned that he had noticed the new recycling bins had been placed on Main Street. Consensus of the board was to focus on the needs of businesses and the community related to the pandemic recovery before taking on any additional Experience Harmony II projects.

Kingsley left the meeting at 8:45 AM.

Chamber of Commerce Report

Vander Plas was present to give the chamber report. She thanked Giesen for forwarding information about the various economic assistance programs to chamber members. She reported that the chamber board had been meeting every other week to stay on top of the changing situation related to the pandemic. She is hoping that the visitor center can open soon but even then, it would likely reopen in a phased approach with limited access and hours. In addition, inquiries from the website and Explore Minnesota were down drastically from this time of year in a normal year. The chamber board also decided to postpone the 125th celebration until 2021 but are still hoping to have a limited one-day 4th of July celebration. They are still discussing ideas to incorporate social distancing into such a celebration. Donney mentioned that the fire department had purchased fireworks for the celebration but in a smaller quantity. The company selling the fireworks offered to store the city's fireworks for free until next year, should the event get cancelled. He added that if the city purchased more fireworks next year, those could be added to this year's purchase. Vander Plas said she continues to work with her volunteers but is concerned given that many of the volunteers fit into high risk categories for the pandemic. Giesen reported that business had mentioned seeing issues with public restrooms being closed for visitors. Other cities have run into similar issues and that some have rented portable toilets for bike trail users he said. Vander Plas said she has also had numerous concerns raised from businesses and that the chamber is aware and currently discussing the best approach. They will likely discuss this issue with the city soon.

Prospects/Community Update

Giesen gave an update on prospects. Giesen said that he had relayed the city council resolution regarding the speed study on highway 52 to MnDOT but has not had a response as to their next steps yet.

He also mentioned that two buildings downtown might be in need of major renovation soon and that the board should begin to consider what type of role or assistance might be appropriate, if any.

Giesen said that he had two new local industrial park prospects and had not heard any new updates from Dairyland, although he had been keeping in contact.

Giesen announced that he had helped the ambulance department apply for an approximately \$23,000 grant for "hazard pay" for ambulance volunteers and extra personal protection equipment related to the pandemic, and an approximately \$22,000 grant from USDA to help purchase a new motorized cot and lift system for the new ambulance rig scheduled to be purchased.

The board reviewed the monthly CEDA grant report.

The board asked Giesen if there were any updates on Harmony Telephone's plans to install fiber optic internet in 2020. He had not heard any new updates recently but would inquire with the business.

Other Business

Skaalen welcomed Swanberg to the EDA as the new city administrator. The board concurred. Skaalen also thanked the CEDA team members for observing the meeting today as a part of their training. Giesen thanked the board for allowing the observations.

Motion by Sagen, second by Batstone to adjourn the meeting. The question was taken on the motion and the roll was called. There were 4 yeas and 0 nays as follows:

Those voting in the affirmative were:

Skaalen
Donney
Batstone
Sagen

The meeting adjourned at 9:16 AM.

The next regular meeting is scheduled for June 4, 2020 at 7:30 AM. The meeting will be held electronically due to the COVID 19 pandemic in accordance with Minn. Stat. § 13D.02.