

Harmony EDA Minutes

July 2, 2020
7:30 AM

Community Center
Council Room

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

Also Present: Brent Hjelmeland, Mindy Jones, Melissa Vander Plas, Deven Swanberg, 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 June 4, 2020 meeting. Motion by Sagen, second by Batstone to approve the minutes as presented. The motion carried unanimously.

Financial Reports & Claims

The board reviewed the loan portfolio and new home rebate program ledger. All loans were current. There was one claim for payment from Community and Economic Development Associates for third quarter 2020 economic development services for \$7,800.50. Motion by Donney, second by Sagen to approve the financial report and payment claim as presented. Motion carried unanimously.

Kingsley entered the meeting at 7:34 AM.

Residential Rehab Discussion

Giesen presented a memo included in the agenda packet on the topic of residential rehab. He reported that he had been contacted by Brent Hjelmeland, who recently had undertaken a few major residential renovation projects as a side business, and that Mr. Hjelmeland was wondering if the board might be able to provide assistance to a business such as his. He explained that such projects have the same costs but that in our community the market is tighter, which makes the ability to do such projects less cost effective. He stated that he isn't asking the board to make a decision now, or to create any special programs, but perhaps there was a way to modify or update the New Home Rebate program. Giesen stated that the board has discussed this in the past at least twice, both times the board did not move forward with modifying the program. However, Giesen noted that the board has made mention that the rebate program may have accomplished its original goals and that the mechanism to help rehab homes might be a natural next step. In one recent project Hjelmeland completed, it was reported that the property not only now had a new resident living in the house, it will likely add \$125,000-\$150,000 in new taxable value – similar to a small brand new home. The board agreed that this discussion should continue.

The board discussed at length. It was agreed that Giesen should work with Hjelmeland to come back with an idea to discuss at the next meeting. Consensus was that a program should be based on new taxable value created at a level that encourages significant private investment, but isn't modeled for one specific business model. The board also agreed that a program focused on rehab would fit the similar Experience Harmony goal. The board thanked Mr. Hjelmeland for attending and discussing his ideas.

EDA Loan Application: Tin, Rust, & Harmony

Giesen introduced Mindy Jones, the owner of the store Tin, Rust, & Harmony. She sells antiques and decorative items for the home in a rented storefront downtown. Ms. Jones would like to purchase the property located across the street at 114 N Main in Harmony. She has been in business for nearly 7 months and seen steady growth. She requested that the EDA assist with acquisition of the building by providing a \$25,000 revolving loan. The application for the loan requested a 10 year term at 3.25% APR fixed interest, with the other typical loan requirements. The loan committee reviewed the particulars of the application and recommended approval on condition that the loan conform to the primary lender's requirements, which would require a cosigner. Giesen stated that he has yet to review the potential cosigner's credit history but that he recommends that the EDA consider approval now and have the loan committee review the credit history once made available, in order to keep the project moving forward. The loan committee agreed. Ms. Jones discussed her project and thoughts moving forward. She mentioned that the building will be renovated inside to better fit her business and that the exterior brick will also be repaired. Motion by Sagen, second by Donney to recommend that the City Council approve the loan as requested. Motion carried 4-0. Skaalen abstained.

The board thanked Ms. Jones for her investment and introduced themselves.

Dairyland Project

The board reviewed a memo in regards to the status of the Dairyland project. The board was disappointed to learn that the building Dairyland wished to construct was not feasible on the site they had originally wanted in the industrial park due to sinkholes and soil issues located where the building footprint would need to be. After significant investigation and testing by experts, Dairyland concluded that there were too many unknown risks and costs associated with trying to make this particular site work, even though it was highly desirable otherwise. The board mentioned that it was important to note that the land is still buildable, but just not for the type and size of the Dairyland project, especially because they wanted to be able to expand the building in the future. Giesen explained that the business is still interested in and actively looking for a suitable location in Harmony. The board discussed at length. Consensus of the board was that this project was extremely important to the community and that they would do whatever they could to help it move forward, including looking at whatever assistance tools might be available for alternate locations. Giesen mentioned that it will probably be easy to transfer the grants and loan assistance received from the state and MiEnergy to a new site, and the amount of TIF generated should be about the same no matter the location in Harmony which could help with a variety of project needs.

The board agreed that small lot development similar to the existing industrial park was still very feasible in Phase II and III of the park.

The board directed Giesen to continue assisting Dairyland. They also directed him to begin examining pricing structures for the remaining lots in all phases to cover future infrastructure needs. Giesen noted that he had already had a prospect express interest in a portion of the Phase III property.

Experience Harmony Projects/Goals

The board reviewed the Experience Harmony goals. There was no further action or discussion.

Joint Board Meeting: Attempt to Reschedule?

The board discussed rescheduling the joint board meeting between the EDA, city council, and Fillmore Central School board. Consensus was that at this point in the year, it may make most sense to delay such a meeting until 2021 given that the pandemic made it difficult to meet in person. It was suggested that the new superintendent be invited to a regular EDA meeting later this year to welcome him to the new position and keep the line of communication open.

Chamber of Commerce Report

Vander Plas was present to give the chamber report. She said that the visitors center is opening for regular hours on Monday but will be closed if no volunteers are available for a particular shift. She reported that since the last meeting they received word that the chamber was awarded a \$14,000 marketing grant from Explore Minnesota that doesn't have the usual restrictions. She will be meeting with the marketing committee and Giesen to discuss plans for the unexpected funds. It was noted that the pandemic has caused a significant drop in tourism visits. In June 2020 there were only 49 visitors to the visitor center compared to 856 in June 2019. The Taste of the Trail was cancelled for this year because of the pandemic, too, but the chamber is still discussing whether or not to hold Customer Appreciation night in August.

Prospects/Community Update

Giesen gave an update on prospects. The board briefly discussed the status of the trail extension project. There was no new reports on the trail from last month but Giesen hopes to have the transfer of the land ownership to the DNR completed by the end of 2020. The board also reiterated the importance of building the entire trail project as opposed to just the route from town to the cave, as suggested by the DNR. Giesen mentioned that the board might want to consider projects that could use some of the CARES Act funding, as the city will be receiving about \$77,000 to assist with impacts associated with the pandemic. It's not exactly clear yet on how those dollars can be spent or what other needs the city might have.

Other Business

There was no other business.

Hearing no objections, Skaalen adjourned the meeting at 9:24 AM.

The next regular meeting is scheduled for August 6, 2020 at 7:30 AM at the Community Center.