

Harmony EDA Minutes

May 6, 2021
7:30 AM

Community Center
Council Room

Present: Kerry Kingsley, Andy Batstone, Steve Sagen, and Greg Schieber

Also Present: Roxanne Johnson, Melissa Vander Plas, Devin Swanberg, and Chris Giesen

The regular meeting was called to order at 7:33 AM by Kerry Kingsley.

Minutes

The board reviewed the minutes of the April 1, 2021 meeting. Motion by Batstone, second by Sagen to approve the minutes as presented. Motion carried unanimously.

Financial Reports & Claims

The board reviewed the loan portfolio. All loans were current. There were no claims for payment.

Front Porch Inn Project

Giesen explained to the board that the buyer had written to him earlier in the week reluctantly placing this project on hold because of dramatically rising material prices. The proposed project budget had a cushion built in for additional costs but nationwide economics for building materials caused estimates to come in much higher than expected. The buyer indicated that while they will not be able to move forward at this time with the planned hotel construction project, they will work towards moving forward if prices normalize in the future. The board discussed, understood, and appreciated the buyer's logic.

Giesen mentioned that the buyer asked about securing some kind of purchase option to secure their interest in the property while they waited on the pricing to normalize. The board was open to the suggestion and discussed the merits of an option to purchase or first right of refusal arrangement. Consensus of the board was to offer both methods to allow the buyer to secure their interests in the manner that was most suitable to them. It was agreed that any new contracts as such should be based on past practices. With that basis in mind, the board discussed at length the merits of entering into such an agreement and the potential terms. The board agreed that an option contract should be offered for a shorter period of time and more expensive than a first right of refusal as an option contract was more restrictive to the city and therefore more valuable to a buyer compared to a first right of refusal. It was also agreed that similar to past option contracts, the price of such a contract should be approximately 1.5% of the purchase price. It was noted that any such agreements could only be exercised by a buyer provided they also entered into a development agreement with the city at the time of purchase, which would lay out the terms of development as required by state law.

Motion by Sagen, second by Batstone to offer Julie and Scott Lange an option contract on parcel number 150575000 (Lot 2 Block 2 Industrial Park) and the corresponding, adjacent portion of parcel number 150619000 (currently unplatted) directly east of parcel number 150575000 in the amount of \$1,200 for the exclusive right to purchase said property at the listed sale price of \$80,000, for a period of one year, with the price of such option contract credited towards any purchase price during the term of the option

contract, and with the final sale of the property subject to the terms of a development agreement with the city. Alternatively, if more desirable to Mrs. and Mr. Lange, the EDA would instead offer a first right of refusal on said property in exchange for \$600 for the period of two years subject to the terms of a development agreement with the city at the time of purchase, with the cost of such first right applied to the purchase price if exercised within the term of such rights. Motion carried 3-0. Kingsley abstained.

Downtown Revitalization Program Idea

Giesen presented a memo outlining possible thoughts for a new program focused on revitalizing downtown commercial properties. He explained that Schieber and Roxanne Johnson had been discussing various issues with buildings downtown, the character that those downtown buildings provide to the community, and the extraordinary costs of renovations compared to the general value of the buildings. From those discussions it was explained that a few brainstorming meetings were had with Schieber, Johnson, Kingsley, Swanberg, and Giesen. It was mentioned that such a program could focus a potentially large amount of funding on possibly only one building each year but that the end result would be transformational for that particular building, and the downtown. The program could be renewed on a year to year basis to ensure funding but that if continued for several years the buildings in most need could be renewed. Kingsley said that the goal would be to fund highly visible but very long-life repairs, such as brick work and tuck pointing. Essentially repairs that have a life of 50, 70, 80 years and would ensure the character of downtown is preserved. Schieber added that for eligible renovation items, a goal would be remove as many barriers as possible to qualify as some building owners might not be able to afford a match or additional loans, but that they still have just as much or more need for such major repairs. He also said that the application process could be structured in a way that matches weren't required but that perhaps a match might make one application stronger than another, or a higher priority. Johnson said that in addition applicants could use other programs like the EDA loan program to leverage additional work if needed. Kingsley said that staff would work one on one with the business owners to help raise awareness of the program and come up with project ideas. Batstone mentioned that the program should be structured in such a way that avoids unnecessary tax burdens for recipients. It was agreed that any funding should go to high cost, high value, and long life type repairs that would otherwise not be completed now.

Swanberg noted that because the board has a budgeted project fund of \$40,000, such a program could utilize this budget allocation and not have any impact on the city levy – there would be no need to raise taxes to fund such a program. It was commented that the program idea sounded good but that other capital projects should be kept in mind in case budgeting becomes an issue. Swanberg said that this discussion was more of a brainstorm to see if there was interest in such a program before developing further criteria and processes. Consensus of the board was to move forward with developing such a program.

Chamber of Commerce Report

Melissa Vander Plas was present to give the chamber report. She reported that the visitors center was open for the season. They had 125 kids participate in the Easter Egg hunt, and that it was great to have a live-in person event again! The chamber is currently planning for the 4th of July celebration in anticipation of all pandemic restrictions being lifted by that time. They are currently at 85% membership renewal for the year which is better than 2020 but not as high as 2019. She noted that the guide books should be delivered in a week or two and that they would then immediately begin distribution. She noted that visitor traffic is picking up, they are developing a new map of downtown

businesses for visitors, and that they are making progress in utilizing their marketing grant from Explore Minnesota.

Prospects/Community Update

Giesen noted that MiEnergy will be discussing pricing of the electric vehicle charging stations with the city in upcoming week or two. He is keeping Sagen in the loop as that project develops but noted it shouldn't take long to move forward once the equipment is secured.

The board discussed dates for the annual joint board meeting between the school district, city council, and EDA. It was thought that June 15, 2021 at 6 PM would work well and that staff should reach out to the school district to confirm.

An update on the bike trail was discussed. Schieber and Giesen were waiting for additional information from the DNR so that construction leases could be obtained where needed – primarily because the narrow corridor requires some elevation and grading that might impact some small areas along the corridor.

Weed control along the trail corridor was brought up and discussed. Motion by Schieber, second by Batstone to authorize staff to hire help to control weeds along the trail corridor, with approval of the board chair, as needed. Motion carried unanimously.

Other Business

Swanberg mentioned that he and Giesen are still investigating the creation of a coworking space in the community center. He mentioned that potentially the kitchen could even be a popular aspect of the project. Consensus of the board was very favorable to the project and leveraging resources to make it work.

Giesen reported that Harmony Telephone Company will be asking the city council to act as a fiscal host for a special grant application that would fund fiber optic internet installation to most, if not all of the city. The city would have reporting and monitoring requirements, in addition to carrying costs and drawing grant reimbursements from the state on behalf of the phone company but there would potentially be a significant administration fee that could cover the costs of additional expenses. Swanberg noted that the state released the program only a week or so ago and that the deadline was June 1, 2021 so the phone company was operating on extremely tight timelines for such a large project. Motion by Batstone, second by Schieber to recommend that the city council approve the request from Harmony Telephone Company to act as fiscal host and apply for the special grant application for fiber internet installation in Harmony. Motion carried unanimously.

Hearing no objections, Kingsley adjourned the meeting. The meeting adjourned at 9:31 AM.

The next regular meeting is scheduled for June 3, 2021 at 7:30 AM at the Community Center.