

Harmony EDA Minutes

July 1, 2021
7:30 AM

Community Center
Council Room

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

Also Present: Jeff O'Connor, Melissa Vander Plas, Devin Swanberg, and Chris Giesen

The regular meeting was called to order at 7:31 AM by Kerry Kingsley.

Minutes

The board reviewed the minutes of the June 3, 2021 meeting. Motion by Donney, second by Schieber to approve the minutes as presented. Motion carried unanimously.

Batstone entered the meeting at 7:32 AM.

Financial Reports & Claims

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

Giesen presented a new home rebate application from Allan Dahl, to the loan committee. He explained that the rebate would either be \$10,000 or \$12,000 based on the \$257,500 taxable value estimated by Fillmore County, but that he had to verify whether or not the existing land value was included in this amount. The rebate was for a new home to be built at 160 Wickett Drive. Giesen said that the applicant wished to start construction very soon. The loan committee recommended approval of the application, with the final rebate amount to be determined upon verification of the new building's value with the county.

A question was brought up as to whether or not a new home rebate recipient could receive a higher rebate if the final taxable value ends up higher than originally estimated in the application. Consensus of the board was that if a higher taxable value than contained in the application is determined upon construction completion, a recipient can qualify for a higher rebate if the new higher taxable value falls in a higher rebate bracket. This was thought to be in a similar fashion to those rebates falling in lower rebate brackets upon completion.

Industrial Park: Potential Lot Sale

Jeff O'Connor was present to discuss a potential expansion of his business, Twin City Trimmers, LLC and a new business he is starting called Division 6/10. Twin City Trimmers is a finish carpentry business and Division 6/10 will do exterior enclosures/wrapping and framing. Currently he has a small shop in the industrial park and he is interested in purchasing a lot, possibly part or all of the lot next door to the north, for a second building that would contain his corporate headquarters and storage. He said that a possible third building may be needed in the future as well. He noted that Harmony was attractive because the cost of doing business in Harmony would likely be lower than other areas and that he employed several people in the Harmony area.

Giesen explained that he reviewed the lot pricing schedule with Mr. O'Connor. The lot of most interest has a list price of \$100,000. The board noted it is their intention to

appropriately price the lots based on actual value so that future improvements can be completed, but to write down the out of pocket price at the time as sale utilizing various development tools, if applicable and available. Giesen reported that in working with Mr. O'Connor and the Fillmore County Assessor, the assessor felt the new building would create about \$260,000 in new taxable value which would create about \$46,000 in future value of TIF (\$36,000 in present value). The board noted this was only an estimate. The board thanked Mr. O'Connor for his interest and investment in Harmony. The board indicated it would discuss the opportunity further and get back Mr. O'Connor within the day.

Chamber of Commerce Report

Melissa Vander Plas gave the chamber report. The chamber is ready for the 4th of July and 125th anniversary celebration. They have utilized the first phase of their Explore Minnesota marketing grant, 2021 visitor count is strong, and they are already planning for fall events. She mentioned a complaint that was received about the condition of the bike trail. Giesen said he has been in touch directly about that issue with the DNR on several occasions and that it was recommended that if anyone has a complaint about the condition they should send it to him and he would forward it to the DNR. He mentioned that he had already forwarded different complaints as well. The board was concerned about the current condition and asked that staff stay in touch with the DNR. Vander Plas also gave the board a draft of a new visitor's map. It was well received, although Sagen noted a minor typo. The board thanked Vander Plas for her work on the 4th of July festivities.

Industrial Park: Potential Lot Sale

The board noted that it would like to close the meeting per Minn. Stat. §13D.05 to discuss the potential land sale to Mr. Jeff O'Connor and the board's price negotiation strategy. Motion by Schieber, second by Donney to close the meeting per Minn. Stat. § 13D.05. Motion carried unanimously.

Kingsley closed the meeting to the public at 8:45 AM.

The board conducted a closed meeting session.

Kingsley reopened the meeting at 9:14 AM.

Motion by Sagen, second by Batstone to offer Mr. O'Connor the following pricing option on parts or all of the to be platted Lot 2 Block 1 Industrial Park 2nd Addition:

Option 1 – approximately 2.45 acres at full list price (\$100,000) less projected TIF benefit (\$46,000) for a total out of pocket cost of \$54,000.

Option 2 – approximately 1.32 acres (Block 2 Lot 2 as it exists today in Industrial Park 1st Addition) at \$65,000 less projected TIF benefit (\$46,000) for a total out of pocket cost of \$19,000 plus a first right of refusal on the remaining portion of the to-be platted Lot 2 Block 1 Industrial Park 2nd Addition (for an additional approximately 1.13 acres) for a period of two years from the original date of purchase. This right of refusal must be exercised within 30 days of receiving notice of an offer. In addition the price will be set at \$35,000 for this additional property. Additional TIF benefits could be applied to this sale price, if available.

The board would cover TIF district setup costs under both options to be reimbursed out of its administrative fee collected via TIF.

Motion carried unanimously.

Giesen noted that if Mr. O'Connor accepts the board's sale offer, the board should move forward with creating the TIF district. Motion by Batstone, Second by Sagen to authorize staff and the city attorney to draft the necessary documents related to a purchase agreement, TIF plan, and or development agreement as needed should the offer authorized above be accepted by Mr. Jeff O'Connor. Motion carried 4-0. Schieber abstained.

Giesen said he would draft a response to Mr. O'Connor after the meeting and reach out to him with the board's offer.

Downtown Revitalization Program Guidelines

The board reviewed the draft guidelines presented by staff. It was agreed to discuss this item further at the next meeting as time was running short.

Prospects/Community Update

There was no other business.

Hearing no objections, Kingsley adjourned the meeting. The meeting adjourned at 9:39 AM.

The next regular meeting is scheduled for August 5, 2021 at 7:30 AM at the Community Center.