

## Harmony EDA Minutes

January 6, 2022  
7:30 AM

Community Center  
Council Room

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

Also Present: Devin Swanberg and Chris Giesen

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

### **Election of Officers**

The board discussed election of officers for 2022. Motion by Sagen, second by Schieber to keep the board officers the same as in 2021. Motion carried unanimously. Officers for 2022 are Kerry Kingsley, President; Steve Donney, Vice President; Andy Batstone, Treasurer; and Greg Schieber, Secretary.

### **Committee Appointments**

Kingsley appointed the following members to serve on standing committees for 2022: Batstone and Donney to the loan committee and Batstone and Schieber to the trail committee.

### **Annual Report**

Giesen presented the 2021 annual EDA activity report. The board reviewed and discussed. Motion by Sagen, second by Batstone to approve the report as presented. Motion carried unanimously.

### **Annual Program Review**

The board reviewed the business subsidy policy and the program guidelines for the revolving loan fund, commercial rehab loan fund, new home/rehab rebate program, and downtown revitalization programs. Giesen recommended that no changes be made to the guidelines for these programs at this time. The board concurred.

It was noted that a recommendation to council should be made as to the renewal of the new home and rehab rebate program and downtown revitalization program. The board discuss the value of the programs, in particular the new home rebates. Consensus was that both programs should continue. Staff will prepare additional follow up reporting information for board to review in regards to the new home rebate program with the purpose of tracking actual tax base created and taxes paid. The board also discussed whether or not the rebate amounts should increase because of inflation, but it was agreed to wait before making any changes in order to review the additional tracking information that staff is gathering.

Motion by Schieber, second by Sagen to request that the city council renew the new home construction and rehab rebate program for 2022. Motion carried unanimously.

Motion by Donney, second by Batstone to request that the city council renew the downtown revitalization program for the 2022/23 application process. Motion carried unanimously.

Giesen noted that he will be reaching out to board members over the next month to discuss their individual priorities for the upcoming year.

Kingsley closed the annual meeting.

### **Minutes**

The board reviewed the minutes of the December 2, 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. Motion by Schieber, second by Donney to approve the financial report. Motion carried unanimously.

### **Revolving Loan Application: Amy Rain**

Giesen presented a request for a \$25,000 loan to Amy Rain for the purchase of a commercial building on Main Street. Currently she has a contract for deed on the building she is using for her hair salon. The loan would be at 3.25% fixed APR over a term of 10 years. Giesen noted that earlier in 2021, the EDA approved the same request from Rain but that the project did not move forward at that time. He also noted that the primary financing was not yet in place but recommended that any approval be given on condition of the borrower also securing the primary financing as discussed in their application. The loan committee reviewed the particulars of the application and recommended approval. The board discussed. Motion by Sagen, second by Batstone to recommend that the city council approve the loan as requested on the condition that primary financing is secured as discussed. Motion carried unanimously.

### **Review Industrial Park Purchase Agreement: KTNS Trucking, Corp.**

Giesen presented a purchase agreement for a lot in the industrial park. KTNS Trucking Corp owned by Tonja and Kevin Reicks would like to purchase 2.4 acres in the industrial park at the listed price of \$100,000. They intend to construct a headquarters for their transportation business. The facility will also offer storage and warehousing space for other entities as an secondary use. The Riecks have indicated that because of the costs associated with the project, they would not be able to move forward with their project without assistance with the property acquisition. Based on the county assessor's review of their building plans, tax increment financing (TIF) could be used to reduce the out of pocket cost of the lot by \$50,000. The city would collect TIF generated through the existing TIF District 1-8 over a period of 9-10 years (or sooner) to offset the purchase price for the buyers, similar to previous projects in the industrial park. The board reviewed the signed purchase agreement that was prepared by the city attorney. Giesen noted that in order to consider approval of the purchase agreement, a public hearing must be held to accept public comment. The hearing was properly noticed in the newspaper for today's meeting.

Kingsley opened a public hearing at 8:11 AM to accept public comments on the proposed sale of land to KTNS Trucking, Corp.

Kinglsey called for public comment three times. Hearing none, he closed the public hearing at 8:11 AM.

The board discussed the project and the purchase agreement. The board agreed this would be a good project for the industrial park and community. Giesen noted that the

buyers would need to construct their building by the end of 2022 in order to qualify for the \$50,000 TIF assistance, which would be better outlined in a development agreement at a future meeting. The buyers would also be seeking a loan at a future meeting to assist with the facility construction. The board also discussed the need to improve 2<sup>nd</sup> Ave NE, noting that service connections for water and sewer were already present to serve this lot and that the road improvements would likely occur in 2023 with other city street projects. The buyers were aware of this and OK with utilizing the current access until improvements are made. The purchase agreement is contingent upon financing and a development agreement to outline the details of the required construction, and would need city council approval.

Motion by Batstone, second by Sagen to approve the purchase agreement as presented. Motion carried unanimously.

### **Industrial Park 2<sup>nd</sup> Addition Plat**

As a follow up to previous discussions regarding platting the 2<sup>nd</sup> Addition to the industrial park, Giesen presented a potential layout that was created by the city engineer. He noted that the board discussed including an access easement in the plat for lot 2 from the township road but that the city engineer recommended not including that type of easement on the plat. The board discussed the merits of including an access easement on the plat at length. Consensus of the board was that an access easement was not needed at this time, but that it should be noted in the minutes and other city records that should Lot 3 ever sell, an access easement should be recorded across Lot 3 to Lot 2 should Lot 2 be unsold at that time. It was also agreed that if a 3<sup>rd</sup> party buyer purchases Lot 2 an access easement would be granted across Lot 3 from the township road at that time.

Motion by Schieber, second by Sagen to authorize the submission of the Industrial Park 2<sup>nd</sup> Addition plat to the city as proposed by the city engineer and pay the associated fees and costs related to such process. Motion carried unanimously.

### **Potential Land Opportunity**

The board continued the discussion started at prior meetings regarding the opportunity to purchase about 4.3 acres of prime industrial property in the city. Giesen reported that he had been in contact with the realtor for the prospective seller and that no new information was available at this time. He would continue conversations with the realtor and keep the board informed.

Giesen noted that he and Swanberg had looked for sources of funding for such a purchase, and had not yet found a suitable source. They would keep discussing options for possible consideration, but that it would not be advisable to request a tax levy increase for such a purchase. The board agreed.

Swanberg mentioned that he is discussing solar energy production with MiEnergy and the thought of utilizing the undeveloped portion of the industrial park for a new local solar farm may be a possible source of funding for such a land purchase. He noted that in addition to producing energy locally and generating a financing source for future industrial park property, the board would save on future road, water, and sewer improvement costs that are needed for this undeveloped area – while the area to be purchased currently is fully improved. He noted that there were many details to research and discuss before a proposal could be made but that it was a possibility. The board was very interested in pursuing this idea. It provided many opportunities for the community and met the Experience Harmony II strategic plan goals. Consensus was to pursue this

idea. Motion by Batstone, second by Sagen to explore the feasibility of solar installation in the industrial park. Motion carried unanimously.

### **Chamber of Commerce Report**

Melissa Vander Plas submitted the following written chamber activity report:

## **Harmony Area Chamber of Commerce Director's Report ~ January 6, 2022**

### **December Activities**

Hosted Breakfast with Santa – a great success with over 80 families taking photos with Santa and over 250 kids, parents and community members signing up for door prizes. Event is truly a community effort with help from the Harmony Lions, DianeH Photography, Fillmore Central ECFE, Harmony Girl Scouts, First Southeast Bank, Bluff Country Computer Works and Greenfield Youth.

Completed the “12 Days of Christmas” Drawing and distributed prizes. Committee is considering making this our annual Small Business Saturday and Christmas promotion.

Held the Community Tree Lighting with assistance from volunteer Sandy Strozyk. Those trees are being removed this week. Have received many compliments on having the trees light up the park. Even after they took their beating during the wind storm, they truly brought some beauty to our park.

The majority of my time in December has been spent on development of the new visitor guide. Have been following up with members on their ads and developing new content and finding photos to “refresh” the book. Deadline is Jan. 15 with final proof to be returned by end of January for a March delivery date.

We were notified that we have once again been designated as an “affiliate welcome center” for the state of Minnesota. This means our visitor center can distribute official Explore Minnesota publications and we are included on the [exploreminnesota.com](http://exploreminnesota.com) website as a destination stop.

We applied for and received a \$10,000 Explore Minnesota marketing grant. This is a dollar-for-dollar matching grant to be used for marketing. Prior to the pandemic, Harmony typically received \$7,500. This year's increase was based on our overall operating budget.

At the end of the year, I completed needed contracts and made deposits for Fourth of July entertainment.

### **January goals**

- Continue to work on visitor guide and membership renewals.
- Plan for annual meeting.
- Work on preliminary event schedules, including Fourth of July.
- Update business listings and events on website.

### **Visitor Center in December**

~ The visitor center is officially closed, but the door is unlocked when Annette or I are there. We had very few visitors in December – mainly local people coming to Harmony for a day trip.

### **Upcoming events**

Annual Meeting at the golf course – Feb. 15 at 6 p.m. Format will be a cocktail hour with business updates and short business meeting. Looking for three Chamber board members if you might be interested or know of someone.

Easter Bunny on April 16

Fourth of July weekend: Friday, July 1 – Monday, July 4

### **Contact me**

As always, feel free to contact me in the office Monday through Thursday. My office number is 507-886-2469 and my cell is 507-450-5971.

### **Prospects/Community Update**

Giesen gave a brief update on prospects. Schieber noted that the bonding money for the bike trail may be expiring soon. Batstone asked Giesen to follow up with the DNR to check in on the project status. Giesen said he would report back with the project status update right away.

### **Member Open Forum**

Schieber followed up on a discussion that briefly occurred at a prior meeting regarding zoning requirements for box stores and similarly related retail variety stores. At that prior meeting he noted that he would do some research regarding other cities and zoning limitations that might be implemented to ensure retail variety stores met the needs of the community. Based on that research he noted that cities are allowed to create zoning limitations to promote the health, safety, and welfare of residents and suggested that such retail variety stores might contradict the health and welfare of the community given their limited selections that might outcompete and drive out more holistic offerings that provide essential resources for residents. And, in such a small market it would be difficult to re-attract essential resources once lost. He discussed a proposed zoning change that the board could recommend if so desired. The proposed change would require retail variety stores meeting certain definitions to be restricted to seeking conditional use permits. The conditional use permits would require service offerings that would ensure essential resources are provided in the community. The board discussed at length. No action was taken, members asked many questions and expressed mixed feelings but were interested in further discussions. It was decided that Schieber and Kingsley would meet with staff within the week to discuss Schieber's proposal and draft for further board consideration and possible recommendation to the planning and zoning commission and city council.

There was no other business.

Hearing no objections, Kingsley adjourned the meeting. The meeting adjourned at 10:37 AM.

The next regular meeting is scheduled for February 3, 2022 at 7:30 AM at the Community Center.