

Harmony EDA Minutes

May 5, 2022
7:30 AM

Community Center
Council Room

Present: Kerry Kingsley, Steven Donney, Steve Sagen, and Greg Schieber

Also Present: Becky Jones, Amanda Heibel, Aaron Bishop, Amy Bishop, Erica Thilges, Cindy Ofstedal, 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 April 7, 2022 meeting. Motion by Donney, second by Sagen to approve the minutes as presented. Motion carried unanimously.

Financial Reports & Claims

The board reviewed the new home rebate ledger and loan portfolio. All but one loan was current.

Tin Rust and Harmony's defaulted loan was discussed. It was reported that notice had been given of the action taken at the last meeting via phone and mail. Giesen noted that he had also reached out to the primary mortgage holder as well. In prior action, the board gave the borrower until May 1, 2022 to repay the defaulted loan in full. The loan had not been paid in full. Giesen noted that a partial payment equal to three months of payments were received, but after the board had called the note due in full. If the board wanted to accept a different repayment schedule it could, but would need to take action to that effect. The board discussed. Motion by Donney, second by Sagen to start the foreclosure process after one week, provided that the matter isn't resolved sooner by either a payment in full or timely ACH payments resuming. Motion carried unanimously.

Revolving Loan Request: BA Properties/ Farm Charm

The board reviewed a request from Amanda Heibel and Becky Jones to borrow \$25,000 from the revolving loan fund for the purchase of a Main Street building for their business, Farm Charm. Giesen reviewed the proposed terms of 3.25% APR fixed, 10 year repayment, and security of a 2nd mortgage and personal guarantees. Giesen noted that the loan committee reviewed the details of the application and recommended approval. The request met the program guidelines. Heibel and Jones thanked the board for their consideration and were available for questions. There were no questions. Motion by Sagen, second by Schieber to recommend that the city council approve the loan as requested. Motion carried unanimously.

Twin Cities Trimmers Development Agreement – Consider Amendment

Giesen presented a request from Twin City Trimmers/ Mr. Jeffery O'Connor, who recently purchased a lot in the industrial park and entered into a development agreement with the city. Using TIF, the development agreement reduced the price of the lot the

business needed to pay out of pocket. Based on the proposed building and projected tax base created at the time of the application, the city was able to credit \$46,000 in TIF towards the \$65,000 purchase price of the lot. The buyer paid the remaining \$19,000 in cash out of pocket at closing. Site prep is underway and construction will soon follow.

The project is on track to meet all of the other goals of the development agreement. Giesen said that the owner reached out recently because the construction cost estimates were coming in about \$150,000 more than estimated. This was due to increased material costs, supply/labor shortages, and the general inflation issues affecting the market today. These price increases will likely cause the new building to have a higher tax value than originally estimated – which if the project started today instead of last summer might result in a higher TIF benefit being applied to the project.

Should the board want to assist further and provide the opportunity to maximize the use of TIF, Giesen recommended that the city amend the development agreement to repay any excess TIF collected, up to the out of pocket amount paid for the lot (\$19,000). The city would collect the first \$46,000 (plus interest) as already agreed to, and if there is any left over, the owner could receive it as a rebate each year until the TIF district ends in a “pay as you go” fashion. There is no guarantee that the owner will collect anything in addition to the initial land cost reduction already received. Any additional TIF payments would function essentially as a partial property tax rebate up to the out of pocket amount paid for the lot, plus interest. If no additional tax base is created, property taxes are not paid, or the development agreement isn’t otherwise followed the owner would not receive additional payments.

Motion by Donney, second by Sagen to recommend that the city council amend the development agreement with Twin City Trimmers/ Mr. Jeffery O’Connor as requested. Motion carried unanimously.

Status of Downtown Commercial Businesses: Discussion

The board discussed the status of downtown commercial businesses. In particular the status of the pharmacy closing. Giesen said that in conversations with the pharmacy leadership, lower insurance reimbursement rates in addition to increasing alternatives to local pharmacies were the main culprit of the Harmony closure. He was told that the community, building owners, and staff have been great to work with. Giesen mentioned prospective pharmacies noting that several discussions are ongoing. It was noted that Sterling will provide free daily delivery from their Rushford and Caledonia stores and he will keep the board posted of any progress.

Future Projects & Goals

The board discussed several future goals and projects, adding to the ongoing list. Kinglsey mentioned several that the board agreed should be considered further including: co-working space at the community center, better defining the role of the EDA, and further identifying businesses that are needed/wanted. Schieber suggested that the board could support transition/succession planning efforts – perhaps creating awareness or some type of pledge for individual planning. Sagen asked if there was a better way to

reach the public about what the EDA/city can do or help with. The board discussed at length and Giesen said he would formulate these ideas for action at future meetings.

Chamber of Commerce Report

Melissa Vander Plas was present and gave the following chamber report:

Harmony Area Chamber of Commerce Director's Report ~ May 5, 2022

Visitor Center now open Monday-Saturday, 10 a.m. to 4 p.m.

Held volunteer training on April 20 with 8 volunteers in attendance. Have a total of 12 signed up right now, with the potential for others to join us through the summer.

We had 464 visitors in April.

April Activities

Hosted the Easter Egg Hunt – had about 120 kids with additional parents and family members

Worked on upcoming activities, including Vendor Fair at the visitor center this Saturday, Dairyland Ribbon Cutting next Thursday (cookies ordered), Concert Series and Fourth of July

Illustrated map is complete and will be distributed to the membership with options and costs for printing items.

Visitor Guide is complete, waiting for delivery in next few weeks.

Utilizing the 2021 guide until it arrives. PDF version will be uploaded on the website prior to delivery.

Worked on updating website.

Worked on updating information in Welcome Bag folders and collecting “gift” items from businesses to include.

Applied for community foundation grants to fund Kids and Family Day at Fourth of July and to fund entertainment for summer concert series.

May goals

Meeting with Michelle from SMG Monday for website training.

Defining the Chamber committees and the roles of each

Updating job descriptions and board responsibilities

Following up with members who have not renewed as well as designing an individual member campaign

Fourth of July Fundraising and event planning

Upcoming events

Vendor Fair this Saturday

Friday, June 17 – Saturday, June 18 – Root River Trail

Towns 60-Mile Garage Sale

Thursday, June 23 – Off Main Alley Jam featuring Loud Mouth

Brass, food & drink specials begin at 6, music from 6:30 to 9 p.m.

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

Contact me

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

Kinglsey inquired as to how visitors were counted at the visitor's center. Vander Plas replied that they keep track of each visitor and count the number of visitor guides taken during off/closed hours.

Prospects/Community Update

Giesen gave a report on prospects. He noted that the Dairyland project ribbon cutting would be at 10 AM on 5/12 at the project site, that there would be a trail committee meeting with the DNR to discuss final design questions on 5/23, and that information was in the agenda packet for possible marketing ideas.

There was no other business.

Hearing no objections, Kingsley adjourned the meeting. The meeting adjourned at 9:30 AM.

The next regular meeting is scheduled for June 2, 2022 at 7:30 AM at the Community Center.