

Harmony EDA Minutes

June 2, 2022
7:30 AM

Community Center
Council Room

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

Also Present: Nicole Johnson, 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 May 5, 2022 meeting. Motion by Sagen, second by Donney to approve the minutes as presented. Motion carried unanimously.

Financial Reports & Claims

The board reviewed the loan portfolio. All but one loan was current. The board reviewed information from the city attorney regarding the statutory timelines involved with the foreclosure procedure. Giesen informed the board of no additional news regarding the Tin Rust and Harmony loan, and that the foreclosure process had begun as previously directed. It was noted that the timeline is quite lengthy, but that the city attorney had begun the procedure. Staff will keep the board posted on any updates.

Revolving Loan Request: Nicole Johnson

Giesen presented a request from Nicole Johnson for a revolving EDA loan. She requested \$25,000 to purchase the building in which her insurance agency currently rents space. The loan was requested with standard terms including a 4% APR fixed interest rate and a 10 year amortization. The loan would be secured by a 2nd mortgage on the real estate financed and personal guarantees from the borrower and her husband. The loan committee reviewed the particulars of this request and recommended approval. Johnson thanked the board for consideration and mentioned that she was excited to own her own building downtown, grow her business, add new jobs, and make some minor improvements to the building. Giesen said that because the loan committee is the only group to see the applicant's financials and because the standing loan committee members in this particular case are also tenants in the building Johnson is purchasing, the board chair appointed a special loan committee of Sagen and Schieber for this instance. He thanked them for their assistance on such short notice. The board discussed. Consensus was the project would be good for the business and community. Motion by Sagen, second by Batstone to recommend that the city council approve the loan as requested. Motion carried unanimously.

Update Revolving Loan Fee/Process

Giesen requested that the board consider updating the loan application fee and the normal process that has traditionally been used to satisfy mortgages held as security on loans. He explained the current fee of \$300 allows the board to break even on expenses associated

with legal work and recording fees. And, that historically when a loan is paid in full the mortgage satisfaction documents are simply prepared and given to the borrower to handle recording; which usually causes some confusion for the borrower. To simplify the process and ensure satisfactions are efficiently and correctly recorded, Giesen recommended that the board update the policy to have staff handle satisfaction recording and pay associated fees. In addition, to cover such fees, he suggested raising the application fee by \$50. The board discussed at length and agreed that raising the application fee made sense as it had been many years since the last increase and size of the average loan has also increased. They agreed that making the process as easy and affordable as possible for the applicant was important. It was suggested that perhaps no application fee should be charged. Consensus was that the purpose of the fund was to help grow businesses but that the public should also not lose money on the transaction. In addition, higher fees seem to be in line with other lenders expectations and can also serve as a gatekeeper for serious applications. It was suggested that a \$50 increase was too little given rising costs and infrequency of reviewing such fee. Motion by Kingsley, second by Donney to increase the revolving loan fund application fee from \$300 to \$500, except for the two prospective applicants currently in discussions with staff from the increase, and to handle mortgage satisfactions internally with staff, including paying associated recording fees. Motion carried unanimously.

Succession Planning/Co Working Space/Needed Businesses Discussion

The board reviewed an update on several ongoing project ideas that had been discussed at several of the last meetings, including providing opportunities on succession planning, co working space, and getting input on needed/missing businesses and services in the community. It was agreed that a community roundtable meeting would be beneficial, perhaps in the fall, to provide information and gather input, as well as build community and network. Giesen said he would bring additional plans forward for the board to consider.

Chamber of Commerce Report

Melissa Vander Plas was present to give the chamber report. She noted that 759 visitors were recorded in May, which was down from April but the weather was not cooperative in May. She is working on the 4th of July celebration and summer music series to be held in the downtown alley. The Miss Harmony pageant only received one applicant this year, which was disappointing. It was noted that it is a large commitment for high school kids relative to other activities and interests, and that other areas are seeing similar drop off in interest in such programs. The chamber is looking at ways to update the program and local volunteers are updating the Harmony parade float so that it can be used in parades without any pageant attendants riding along. The visitors guide is published and being distributed quickly and the chamber continues to work on improving community communications with local guides to food, entertainment, and other events.

Prospects/Community Update

Giesen gave an update on several prospects. He is working with two potential loan applicants. He reported that he had spoken to the Twin City Trimmers developer in regards to the TIF modification approved at the last meeting, noting that the developer was thankful but that the project was delayed several weeks because of supply chain

issues. Finally, he noted that he is continually researching new ways to promote living in Harmony and asked for any thoughts or suggestions as he brings forth new possible projects.

Sagen noted that the two electric vehicle chargers were installed in the downtown lot within the last couple of days. They would be ready for service soon. Swanberg noted that he is working to get their location noted on Google. The board asked the chamber if they could also promote the station's location on its website.

There was no other business.

Hearing no objections, Kingsley adjourned the meeting. The meeting adjourned at 9:36 AM.

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