

Harmony EDA Minutes

July 28, 2022
7:30 AM

Community Center
Council Room

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

Also Present: Amy Bishop, Aaron Bishop, Jill Huffman, Lisa Miller, Umbelina Cremer, Amanda Heibel, Matt Brown, Erica Thilges, Becky Jones, Melissa Vander Plas, Alexandria Slocum, Devin Swanberg, and Chris Giesen

The regular meeting was called to order at 7:30 AM by Kerry Kingsley.

Minutes

The board reviewed the minutes of the July 7, 2022 meeting. Motion by Schieber, second by Sagen to approve the minutes as presented. Motion carried unanimously.

Financial Reports & Claims

The board reviewed the loan portfolio. Schieber gave an update on the foreclosure process that had started in regards to the Tin, Rust and Harmony loan. He noted that a senior mortgage holder offered to buy out our mortgage to settle our foreclosure more quickly. The board discussed. Consensus was that the likelihood of being made whole was high and that there wouldn't be an interest in offering much of a discount to settle early. It was estimated that our total loan principal, interest, and fees would be around \$23,000 if we completed the foreclosure process. Motion by Donney, second by Batstone to approve acceptance of a settlement of \$22,500 to purchase the EDA's mortgage interest. Motion carried 4-0-1. Schieber abstained.

The board further discussed that it may be necessary to bid at the upcoming sheriff's auction to protect its interest in the foreclosed loan. Motion by Batstone, second by Sagen to approve up to the principal and interest balance of the Tin Rust and Harmony loan as of the date of the sheriff's auction, from the loan fund, to repurchase the building at the sheriff's auction. Motion carried 4-0-1. Schieber abstained. Schieber, Sagan, and Giesen expressed interest in attending the auction on behalf of the board.

On the Crunchy Side Loan Request

A request from On the Crunchy Side was made for up to \$35,000 to assist with the brick and window renovations funded through the downtown rehabilitation grant program. Giesen reminded the board that this loan was preapproved as part of the grant approval earlier this year. Owner Lisa Miller said that the final cost might be slightly lower than originally anticipated and she was hoping that they would not need to borrow the entire amount. A three year term with weekly payments were requested by the owner. The interest rate would be 4.75% fixed. Giesen noted that during the extensive brick work, needed repairs to the roof were identified and that the loan proceeds could be used for those repairs if needed too. The loan committee recommended approval. Motion by Sagan, second by Batstone to recommend that city council approve the loan as requested.

Vita Partnership Loan Request

A second loan request was presented on behalf of Vita Partnership which is the company which owns the Harmony Kids Learning Center facility. Umbelina Cremer was present to discuss the project. The request was for \$35,000, 4.75% interest rate, over a 10 year term. The loan would fund 50% of new safety mats for the small children playground and recast their existing loan. Giesen noted a few exceptions to the normal guidelines that were needed for this request. He noted that typically the normal loan maximum would be \$25,000 or 50% of the project. In this case the importance of this service to the community and low margins, in addition to excellent current repayment history, warranted making exceptions to make the project work. It was also noted that typically refinances are not allowed but in this case the EDA is the only participant, we are only recasting existing a current EDA loan (not refinancing someone else's debt), there is significant owner participation, and this would keep the current loan payment the same making repayment easier for the business. The loan committee had reviewed the particulars of the request and recommended approval with the noted exceptions to the guidelines.

In addition, the loan committee recommended that the former application fee of \$300 be honored (instead of the new \$500 fee) given the timing relative to the other two applications considered today as the two other applicants had started the process before the fee increase. It was agreed to honor the old application fee.

Motion by Donney, second by Kingsley to recommend that the city council approve the loan as requested with a \$300 application fee. Motion carried unanimously.

Everybody Eats Loan Request

A third loan application was presented on behalf of Everybody Eats. Owner Matt Brown was present to discuss the request in more detail. The request was for \$25,000, with a 4.75% fixed rate over a 10 year term. The loan would fund additional renovation and working capital for a new breakfast restaurant opening in September. Giesen noted that due to timing of meetings and the planned opening of the restaurant, the application was not 100% complete as of the date of this meeting. He said that the preliminary application looked strong and the business had an excellent repayment history on a prior loan. He recommended that to accommodate the new business the board should approve the loan pending an acceptable and complete application being submitted and approved by the loan committee. The loan committee was in agreement with this approach.

Motion by Sagen, second by Schieber to approve the loan as requested with the recommended condition. Motion carried unanimously.

2023 EDA Budget

The board reviewed the proposed budget worksheet for 2023. A final department budget won't be known until the city administrator's salary is allocated to the fund at a later date, but the only material change over 2022 was that the CEDA contract was rising from \$33,200 to \$34,755. Otherwise, the proposed chamber contribution was staying at \$28,000, the marketing budget was proposed to stay at \$5,500, and the special project fund was proposed to stay at \$40,000.

Kingsley inquired as to how the city administrator's salary allocation impacts the EDA budget. Swanberg and Batstone explained its merely a function of allocating resources across the various city funds and that for any practical purpose there is no impact to other EDA projects/budget requests if the administrator's salary is one amount or another in this particular fund. It's merely an allocation.

Schieber inquired as to if the CEDA contract was still at the right level and asked Giesen for his thoughts. Giesen responded that he felt the current contract rate was adequate. The schedule is fairly busy and a reduction in time might mean less accomplishments and conversely if the board wished to purchase more time it certainly could be had but it might not be with him because of his other obligations. Giesen noted that if other special projects come in, there is an ability to hire additional CEDA time on an hourly or project basis.

Giesen noted that the board may want to consider the current condition of the city website. The current site is from 2006 and could use a refresh. It was discussed whether a separate EDA website would be merited, but it was agreed that a combination city and EDA site would be most efficient. Swanberg noted that if the council was agreeable, it would benefit several city departments and such an expense could be allocated across multiple funds. Consensus was to recommend that the city consider a website refresh as part of their 2023 budget discussions.

Motion by Schieber, second by Sagan to recommend that that city council approve the proposed 2023 budget as presented by staff and to request that the council consider a refresh of the city website in 2023. Motion carried unanimously.

Roundtable Meeting

Giesen briefly discussed the proposed business roundtable meeting proposed for the fall to highlight topics on succession planning and a potential co working space project. It was suggested that such an event be partnered with other community meetings or workshops to increase attendance. Giesen will discuss the opportunity with the chamber and other organizations and revisit this topic with the board at a future meeting.

Donney left the meeting at 8:45 AM.

Digital Marketing

The board discussed a new digital marketing effort to highlight the new home rebate program. Giesen noted that a portion of the 2022 marketing budget was available to try some new ideas for digital marketing and promote living in Harmony. He suggested creating a simple ad graphic or short 4-6 video clip that would highlight the rebate program and direct users to a landing page promoting the program, community, additional resources to building in Harmony, and collect their information. The information learned in this pilot program could be used to fine tune future campaigns, get interest in the community from people looking to build homes, and show real data to potential developers interested in new subdivisions. He thanked Becky Jones who had volunteered to help get the program off the ground. He recommended that the EDA utilize \$500 of the remaining marketing budget for this effort. The board discussed and

concurred it would be a good effort. Kingsley inquired if additional amenities, like business needs, could also be advertised. Giesen suggested that targeted efforts be done with digital ads, but in next phases of the ad campaign there wouldn't be any reason not to create additional targeted digital ads for as many topics as desired. Motion by Kingsley, second by Sagen to approve \$500 of the marketing budget for a digital ad campaign targeting new home construction. Motion carried unanimously. Giesen will work with Jones to move the project forward.

New Home Rebate Program

Giesen presented follow up information on the payback of the new home rebate program, which detailed estimated 5, 7, and 10 year paybacks for the current rebate matrix and a potential expansion of the program. He discussed the suggestions sent by Donney the day prior and the board agreed that the expansion suggested by Donney was workable. No decisions were made but the board expressed agreement in considering an expansion of the program to allow for more rebate categories given home values continue to rise. It was noted that any changes would require council approval. It was agreed that more discussion was needed to fine tune any modification request and that they would likely not request any changes begin until the start of 2023.

Chamber of Commerce Report

Jill Huffman was present to give the chamber report. She thanked the board for its continued support. She reported that as most would have heard by now, the chamber director Melissa Vander Plas has resigned her position effective July 29, 2022 and that the chamber board is in a transitional period to determine how to replace the position. She asked for understanding during this time. They are working on talking to the chamber membership, including a member survey, to determine needs and desires of the members to help inform the organizational decisions that are needed. It may be possible that changes to the director position and/or job description are needed based on the needs and desires of the membership.

Batstone reviewed the current chamber budget, discussing the major expense and revenue categories. He noted that the budget goal is to net out to \$0 at the end of the year – they are not looking to make money but want to provide a service and cover such costs appropriately. Kingsley asked about the 2021 net loss of about \$17,000. Huffman explained this was due to a grant that wasn't reimbursed until 2022 but had about \$17,000 in expenses booked in 2021.

Batstone noted he wanted to clarify some things regarding the director transition. He noted that the county fair marketing opportunity referenced at an earlier meeting was not on the chamber board's priority list and didn't think it was fair to have priority second guessed at an open EDA meeting. He thought that there were some chamber members that were perhaps undermining the former director and wanted to ensure that wouldn't be an issue in the future. Kingsley stated that he respectfully disagreed and thought that there were legitimate concerns being discussed among members. Schieber noted as a clarification that at the last meeting the marketing opportunity at the fair wasn't a topic brought up by an EDA board member.

Prospects/Community Update

Giesen noted that in addition to the loans reviewed today, there were no additional prospects that he worked with this past month.

Kingsley noted a very good article about Harmony in the Driftless Journal.

There was no other business.

Hearing no objections, Kingsley adjourned the meeting. The meeting adjourned at 9:57AM.

The next regular meeting is scheduled for September 1, 2022 at 7:30 AM at the Community Center.