

# Harmony EDA Minutes

December 7, 2023  
7:30 AM

Community Center  
Council Room

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

Also Present: Amy Bishop, Aaron Bishop, Erica Thilges, Allan Dahl, Becky Meyers, Lisa Miller, Stuart Morem, Mason Weedman, Eddie Swartzentruber, Roxanne Johnson, Jeff O'Connor, Sam Grabau, 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 November 7, 2023 meeting. Motion by Schieber, second by Himlie to approve the minutes as presented. Motion carried unanimously.

Donney entered the meeting at 7:31 AM.

## Financial Reports & Claims

The loan portfolio and new home rebate ledger were reviewed. All loans were current and all new home rebates have been paid with none outstanding.

## Downtown Revitalization Grant Proposals: Review

Giesen reminded the board of the goals and criteria for the program. He outlined the three applications received, all of which were worth projects, eligible, and would be great renovations for the community.

The applications were as follows: 1) Becky Meyers (65 Main Ave N) requested a grant of \$29,502 to tuck point the building front and replace entry doors. 2) Mason Weedman (64 Main Ave N) requested a \$40,000 grant to restore the storefront, upper windows, and shared entry door. Owner would cover any costs over the grant amount as a match. 3) Eddie Swartzentruber (108 & 114 Main Ave N) requested \$40,000 to tuck point the front and back sides of the building, the owner would provide a \$9,540 match.

The board discussed the proposals at length and asked questions of the applicants. Consensus of the board was that each of these proposals were good in their own right and lamented that they weren't able to approve all three today.

Motion by Donney to recommend approval for the proposal by Meyers as requested. Motion died due to a lack of a second. The board discussed further. Consensus was to fund Meyer's request as proposed but discussion focused on how to use the remaining program budget. The board further discussed the projects with the applicants.

Motion by Batstone, second by Schieber to recommend approval the proposal by Meyers as requested and up to \$10,498 for tuck pointing the front side of the Swartzentruber property. Motion carried unanimously.

### **Bike Trail Extension: Land Acquisition**

Giesen gave a status report on the bike trail project. He noted that the DNR has approved bids for the first phase of the project (town to cave road) has been awarded. Phase 2 (cave road to cave & Iowa) will be bid in Feb/March 2024. Construction is planned to begin as soon as possible in 2024 and likely will finish later in 2024, assuming everything goes as planned. Giesen reminded the board that several temporary construction easements (or leases as the DNR calls them) are needed in various locations to accommodate access during construction, the slope of the trail, as well as drainage culverts. Approval for those acquisitions were granted by council in November.

In one location, the DNR's design required such easements on a property that was not a part of the initial acquisition. In discussions with that landowner, they were not able to accommodate requests for the needed temporary easements. An alternate option is to shift the trail accordingly to avoid temporary easements on this particular property. In doing so, a small amount of additional land from two different landowners would need to be acquired. Staff is in discussions with the landowners at this time, but recommends that the board seek authorization from the city to acquire the needed land as it is critical to the project.

Based on the amount of land needed and current market prices, it's anticipated that the acquisition cost would be around \$10,000 or less, plus transaction costs. Exact measurements for the to-be-purchased areas have not been determined yet but would be forthcoming. Discussion occurred around the source of funding for such a purchase. Donney suggested that the Harmony Area Community Foundation would be a good source and that funds have already been set aside for the trail project. Schieber noted that the total area needed would likely be less than 1 acre. Concensus of the board was to seek reimbursement from the DNR for the acquisitions, if possible, and to return any reimbursements to the community foundation.

Motion by Himlie, second by Batstone to request that the city council authorize the additional land acquisitions needed for the trail project and to apply to the Harmony Area Community Foundation for the needed funds; requesting a reimbursement of such costs from the State of Minnesota if possible. Motion carried unanimously.

### **Semi Annual Development Agreement Compliance Review**

Giesen gave an update to the board on the active development agreements that the board has oversight. He noted that the Twin City Trimmers/Jeff O'Connor agreement has an upcoming deadline on 12/31/23, at which time the agreement requires the proposed building to be substantially complete. Giesen discussed the original project, the approved extension in 2022 and the current state of the project.

It was noted that under the authority EDA's have to sell land a development goal must be set to occur within a particular timeframe; that the public has the opportunity to speak to this goal at a required public hearing before the land sale can move forward. In this instance the development goal was to build a building by a 12/31/22, that would serve as a corporate headquarters for the developer's construction company. In addition to the required development goal, it was noted that the board's practice has been to assist such developers by reducing the land cost by utilizing TIF; which was also done for this project. The board is relying on the creation of TIF payments to reimburse itself for the lot that was sold. Without a building constructed within a particular timeline, the board is

not able to recoup the public's investment in that property, which is an additional reason the original substantial completion date was set as 12/31/22.

Due to COVID, inflation, material costs, and other issues going on in the world during 2021 and 2022, the board was reminded that it granted an extension to the substantial completion date. In exchange for \$6,800 which offset the lost TIF revenue for that year, the board granted a one year extension on the completion date, to 12/31/23.

In June 2023, noting the progress made to date on the project, the board offered the developer a one time, one year extension for the substantial completion date (from the end of 2023 to the end of 2024). This offer was communicated to the developer at that time but was declined as unnecessary. The board set a deadline to complete the required paperwork and payment of \$7,500 (\$6,800 in lost TIF revenue for the year + \$700 for administrative and legal fees to complete the transaction) of 12/1/23. It was noted that this offer and deadline were attempted to be communicated to the developer over multiple months, via multiple methods, and multiple occurrences without response from the developer. The board reviewed a more detailed project timeline. To date, some site grading has been completed but no construction has taken place. Giesen noted that at this point with the agreement deadlines ahead, the unknown intentions of the developer, and the unlikelihood that the proposed building could be constructed by the deadline the board would need to decide how to best proceed.

Kingsley recognized Jeff O'Connor, owner of Twin City Trimmers, to speak to the matter. Mr. O'Connor noted that he has ordered the loose lumber for the project but not trusses yet. He also strongly stated his concerns about parking on the street in front of this property, his strong objections to the city's council's action to address parking on this street, and reports written in newspaper articles covering the council's actions related to this parking matter. Batstone and Kinglsey reminded everyone that the EDA does not have jurisdiction over on street parking and the particular development agreement in question now has no provisions or requirements concerning parking. It was strongly noted that Mr. O'Connor had multiple opportunities to inform the board or staff about their intentions related to the development agreement, over multiple months, after having been granted a previous extension and offered a second, but that now decisions had to be made to protect the public's interest and investment. Mr. O'Connor offered to purchase the property for \$30,000 based on his own valuation calculations, to dismiss the TIF obligations so that he could do as wished with the lot which might include not constructing the proposed building. The board rejected the offer noting that the situation is not just about TIF. They sold the lot as required by state law requiring a particular development to occur within a particular timeframe. The purpose of industrial park is to provide space for new construction and tax base, not speculative purchases or simple outdoor equipment storage.

Consensus of the board was that two questions were at hand given the current situation: to grant another extension or pursue the remedies offered in the development agreement. Mr. O'Connor was asked if he had any proposed resolutions. No response was given and Mr. O'Connor left the meeting angrily.

Motion by Kingsley, second by Michael to proceed with the remedies provided in the development agreement. Motion carried unanimously. Schieber noted that he and Giesen will coordinate next steps with the outside legal counsel approved by the board and city council, and move forward accordingly.

### **Solar Development Project Inquiry/Right to Enter Agreement**

The board reviewed a proposed “right of entry” agreement from a solar development company, Eden Renewables. The company is exploring opportunities to develop a 15 acre solar field in the undeveloped portions of the industrial park. Giesen noted that this idea has been discussed in prior meetings.

The proposed right of entry agreement would simply allow the developer access to enter the site for review purposes. No boring, work, or exclusivity rights are granted under the proposed agreement. Giesen noted that the city attorney did not have any concerns about the agreement and that if the board was agreeable, the developers would be invited to the January meeting to further discuss the project and questions. They may approach the board at that time with a preliminary development agreement, too. Giesen also mentioned that the developers had met with staff, the board President, and the utility commission members and that while many questions were unanswered there was a desire to keep the conversation going to explore the possibilities.

If a project were to move forward, it would likely be a 30 year lease situation for the land. The developer would need to find a buyer for the electricity and accomplish some other tasks to make the project economically feasible, but those discussions were ongoing.

Consensus of the board was to invite the developer and a representative from MiEnergy (the city’s wholesale electric provider) to the January meeting to discuss the project and questions. Motion by Himlie, second by Schieber to approve the right of entry agreement as proposed. Motion carried unanimously.

### **2024 New Home Rebate Renewal**

Giesen presented a request that came out of recent housing discussions to have the annual renewal of the new Home Construction Rebate program, earlier in the year. Roxanne Johnson was present to speak to the benefits of renewing earlier the year as opposed to the winter. This would allow builders and homebuyers more time to plan and be reassured that the program would be available when they are ready to build a new home. The board agreed that this would be an easy and good way to improve the program, possibly leading to more construction or more quick decisions by home builders/buyers. It was noted that the council could cancel this program at any time so the renewal date was not as important as opposed to other programs. Motion by Schieber, second by Batstone to recommend that the city council approve renewal of the New Home Rebate Program for 2024 as proposed. Motion carried unanimously. Consensus of the board was to move consideration of the annual renewal for the program to September.

### **Chamber of Commerce Report**

Erica Thilges and Amy Bishop were present to give the chamber report. Thilges mentioned that the tree lighting and Breakfast with Santa went really well and were a success. The chamber is working on updates to its website and are preparing for its January 16 annual meeting. Updates on upcoming events were also discussed.

Bishop reported that due to a switch between versions of their accounting software they are still sorting out inputs and data to make meaningful financial reports to the board. Batstone noted that he had reviewed the information and that there were software issues that made the transfer burdensome, which he had seen with other clients too. He is

helping the chamber fix those issues with the goal of having a full report in January or February. The board thanked the chamber for its work on this matter.

### **Prospects/Community Update**

Giesen mentioned that he will have a report from the recent housing work group discussion at the January or February meeting. Other projects had delayed his work on this topic.

Giesen reported that the prairie grass had been planted recently in the industrial park. It may take a couple of years to establish the grass and mowing will likely be necessary during that time for weed control.

Giesen asked the board to consider thoughts and goals for marketing the New Home Rebate program in 2024, suggesting that he would like to utilize the data collected to attract developers and builders. Not just home buyers.

Kingsley noted that today was Batstone's last regular meeting with the board; his two six year terms expire at the end of the year. The board gave a great thanks to Batstone for his work and help over the years of his service to the City of Harmony.

There was no other business.

Hearing no objections, Kingsley adjourned the meeting. The meeting adjourned at 9:21 AM.

The next regular meeting is scheduled for January 4, 2024 at 7:30 AM at the Community Center.