

Harmony EDA Minutes

August 1, 2024
7:30 AM

Community Center
Council Room

Present: Kerry Kingsley, Steve Donney, Greg Schieber, Michael Himlie, and Stuart Morem

Also Present: Amy Bishop, Lisa Miller, Spencer Hovey, Dan Root, Erica Thilges, Allan Dahl, Becky Meyers, Cyndi Ofstedal, Sam Grabau, and Chris Giesen

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

Donney entered the meeting at 7:31 AM.

Minutes

The board reviewed the minutes of the July 11, 2024 meeting. Motion by Himlie, second by Kingsley to approve the minutes as presented. Motion carried unanimously.

Financial Reports & Claims

There were no claims for payment. Giesen reported that the loan schedule was not available yet, but he would forward it as soon as it was received. No issues were anticipated. No new home rebates had been made or claimed.

Loan Request: Greyrock Properties LLC

Giesen reviewed a request to fund a \$25,000 loan to Greyrock Properties LLC to help purchase and renovate a commercial building located at 590 Main Ave North. Owners Spencer Hovey and Dan Root were present to discuss any questions. The loan committee had reviewed the particulars of the project's financials and recommended approval. Consensus was that this request was good and should be approved. Standard loan terms would apply.

The committee also recommended that the board consider approving a lower interest rate. The standard rate approved in the program guidelines is whatever the current prime rate as published by The Wall Street Journal at the time of application. Currently that rate is 8.5%. The loan committee felt this was too high and not helpful to supporting businesses. The board discussed at length. Consensus was to consider changing the general guidelines for future applications but for the current two on the agenda today, the interest rate shouldn't exceed the rate approved by their main lender. Consensus was to consider updating the loan fund guidelines regarding the general interest rate at the next meeting.

Schieber entered the meeting at 7:44 AM.

Motion by Donney, second by Morem to recommend that the city council approve the loan application as requested but to request approval with a 6.75% fixed interest rate instead of 8.5% fixed. Motion carried 4-0-1. Schieber abstained due to not being present for the discussion.

Loan Request: SRH LLC

Giesen reviewed a request to fund a \$35,000 loan to SRH LLC. Owner Becky Meyers was present to discuss any questions. The request would fund approximately half of the cost needed to replace the roof on the commercial building located at 65 Main Ave North. A Small City Block Grant and owner cash would cover the remaining expenses. In addition the loan would recast an existing EDA loan the borrower currently has, allowing the owner to take advantage of an approximately \$34,000 Small City Block Grant, replace a failing roof, protect other recent major building investments including a local Downtown Revitalization Grant to tuck point the storefront and replace the main door, and protect the multiple renters located within the building. The loan committee had reviewed the particulars of the request and recommended approval. Standard terms would apply. Consensus of the board was to recommend a 6.75% fixed interest rate for this application as well. Motion by Himlie, second by Morem to approve the loan as requested with a 6.75% fixed interest rate instead of 8.5% fixed. Motion carried unanimously.

2025 EDA Budget

Giesen presented staff recommendations for the 2025 EDA budget. There were no major changes outside of some minor adjustments based on actual spending, cost of living adjustments, and inclusion of property taxes for three parcels in the industrial park that have had their economic development exemption expire. The chamber provided information on their upcoming budget and noted that they are not requesting any funding increases for 2025. Their request will remain at the 2024 level of \$30,000. Overall, the proposed increase, outside of any city staff costs allocated to the EDA budget at a later date, would be 3.01% over 2024, or \$3,840 more in 2025. City council will review the EDA's request during their budget process, possibly amend further, and give final approval in December. The board discussed. Motion by Donney, second by Kingsley to recommend that city council approve the 2025 EDA budget as requested. Motion carried unanimously.

Home Redevelopment Project Concept

The board continued discussion related to possible programs to assist owners of dilapidated properties. Currently there are only two dilapidated properties with unresolved issues. Consensus was that the problem may be much smaller than originally thought given recent actions by other property owners to remedy issues on their own. While the desire to have all properties in compliance was high, the current need might not rise to the level where public funding is required or would have any real impact. The board discussed at length. Several options and ideas were floated for discussion but in the end it was agreed that the board will keep attention on this matter but no action should be taken at this time.

Chamber of Commerce Report

Erica Thilges was present to give the chamber report. The recent golf tournament was a success and thanks was given to the participants and donors. The next annual tournament will be in August of 2025. Almost 100 participants attended the Back Alley Jam, Beth attended the Fillmore County Fair in a booth on behalf of Harmony to promote the community, and upcoming event details were discussed. Amy Bishop was present to give the financial update and the board reviewed the latest financial report.

Prospects/Community Update

Giesen gave a report on prospects. There were several prospects discussed including a loan applicant that is in the pipeline. Multiple businesses had been in touch with him recently to discuss expansion opportunities.

Giesen announced that he had been offered and accepted a new employment opportunity and thanked the board and community for 15 years together. He stressed that working with everyone in Harmony has been a truly enjoyable endeavor and is appreciated of everyone's support. A process to replace Giesen was underway within CEDA and he would keep the board informed of progress. His last day is tentative yet but would be in September, sometime after the next board meeting.

There was no other business.

Hearing no objections, Kingsley adjourned the meeting. The meeting adjourned at 9:26 AM.

The next regular meeting is scheduled for September 5, 2024 at 7:30 AM at the Community Center.