

EDA
Minutes
July 18, 2018

The Owatonna Economic Development Authority met in regular session at 4:00 PM at the Council Chambers with Vice President Jeff Okerberg presiding. Commissioners Present: Jerry Carstensen, Don Boutelle, Jeff Okerberg, Doug Voss, and Kate Harthan. Also present were Troy Klecker, Greg Kruschke, Brad Meier, Bill Owens, Karen Pehrson, Shirley Schultz, and Kristen Kopp.

Approval of Minutes. Commissioner Boutelle moved approval of the minutes of the May 24, 2018 meeting with second by Commissioner Carstensen. All Commissioners voting Aye, the motion passed.

New Business. Klecker presented the purchase of the property at 147 W. Pearl Street. This is a four-plex near the corner of Pearl Street and Oak Avenue, to the west of the People's Press building. He said that Darrin Stadheim bought the building with the intention of developing that corner, but can't work anything out with Family Video, who owns the parking lot next to the four-plex. He said that the EDA could be an intermediary, purchase the lot from Stadheim, and work with Family Video. He explained that Family Video buys and develops real estate and are willing to develop that corner. They said it is not feasible to buy the four-plex nor do they want to sell their lot. He said he's recommending the EDA buy the four-plex for \$170,000, demolish it, and sell it to Family Video for the land cost of \$60,000. The EDA would recoup the money spent through a TIF district on the property. He said that usually they like to see this done privately, but with a willing seller and developer, this is one scenario where the EDA can help accomplish redevelopment. Voss asked if Family Video has any prospective clients. Klecker said that they have a number of businesses that they work with. They would go through a marketing effort. Voss asked how many years Stadheim owned the lot. Klecker said two or three. He purchased the lot for around \$140,000 and stuck some money into it because it needed improvements. It will need more costly improvements soon if he were to keep it. Through the TIF, the EDA has a means of getting their dollars back, something that couldn't happen if this were to be done privately. Voss asked if \$170,000 was a negotiation. Klecker said that it was—they started higher. Carstensen asked what the other option is. Klecker said only sticking more money into it. It's a four-plex, so it appraises out pretty well. The air conditioning and heating will need to be replaced soon. Voss asked if they EDA could be in the position to buy it when Family Video is ready to develop it. Klecker said that improvements to the heating system will be needed before winter which will increase the costs of purchase. He'd rather have the lot ready to go for redevelopment. The demolition process will take at least 3 months. Boutelle asked about the estimated timeline. Klecker said they would close in the fall without the tenants, demolish the property in the winter, and hope for a project ready to go in the spring. Voss asked if this would come from the EDA Land fund. Klecker said that the one-time MIF exception has not flowed through yet, but that will bring the account to around \$540,000. This project will be around \$200,000. Harthan asked if Stadheim has tried to offer the property for sale. Klecker said that he has not. He said that staff has been working with him for the last couple of years and helped him buy the property for this purpose of redeveloping it. Voss asked if, being a TIF, EDA will have control as that is a prominent location. Klecker said the project will be identified as part of the TIF approval. They want something attractive. He said that Commissioner Raney sent an email and is in favor of the purchase. He's been a big fan of the project. A motion was made

by Boutelle and seconded by Voss to approve the EDA purchase of the property at 147 W. Pearl Street. Voss said that he wasn't that comfortable with the \$170,000. Klecker said that it is a reasonable price. He said to view it as a loan. The EDA will get its money back. He said that both sides need to feel okay with the deal to make this happen. He said that they have negotiated three or four months. Voss said that he feels more comfortable knowing that they worked hard negotiating. All Commissioner voting Aye, the motion passed.

Treasurer's Report. Troy Klecker presented the revenue and expense reports for June. He said that they've recently switched to a new payroll system and it didn't track personnel. That should be corrected by the next month.

Loan Report. Bill Owens presented the Loan Report for June. He said that one loan is past due because a payment was missed, they were able to make a payment for June, but still owe for May. He's had a conversation with them. He said that there is a lot of interest in loans right now.

OACCT Report. Chamber Director Brad Meier presented the OACCT Report for June. He highlighted workforce visits with the Workforce Coordinator and said that they're focusing on students who have indicated that they are "taking a year off" from school. He said that seven of the Grow Minnesota! Visits are completed and three Out of Town ownership visits are completed. He said that there is a meeting with commercial real estate brokers on July 31st, which they will be attending. There is a Familiarization Tour in Chicago in August.

MainStreet Report. Shirley Schultz presented the quarterly MainStreet Report. She said that there is a Night Market scheduled for Thursday, August 2nd with vendors and food trucks before the 11 @ 7 concert in the park. Torey's will have a food truck in front of their future restaurant. She said that she would like to request \$20,000 from the EDA for another Retail Challenge. So far, through past challenges, they've had one startup and one business expanded and moved downtown. Klecker said this would be like what has been done in the past. It is retail based. He said that they are looking for an approval from the EDA. There have been discussions about this, and they feel that a third year is important. Harthan said that they have a lot of things in place and asked how soon they could have the information out. Schultz said sometime in August. Harthan suggested putting something out there, even if it is just a heads up that information is coming about a Retail Challenge in August. Schultz said that was a good idea. Klecker said that they expect \$7,000 to \$10,000 worth of additional incentives, and Schultz said it will take some time to get phone calls in to businesses. Owens said that he would help with the phone calls. He said that there are a great number of positive things that come out of these Retail Challenges that they don't always see. They help people take steps toward their dreams. A motion was made by Commissioner Harthan and seconded by Commissioner Boutelle to approve the EDA's contribution of \$20,000 for the Retail Challenge. All Commissioners voting Aye, the motion passed.

At 4:43 pm, Vice President Jeff Okerberg left and Commissioner Don Boutelle presided over the meeting.

OABDC Report. Bill Owens presented the monthly OABDC Report. He said that there is a new tenant at the Center and that consulting hours have been slower.

Tourism Report. Karen Pehrson gave the quarterly Tourism Report. She said that there were about 500 bikers in town for Bike MS and they received a lot of compliments. Tourism Intern Tori Urch did a great job overseeing the event. She said that they've seen that people are spending more time on social media as opposed to websites and have seen a lot of likes. There is a new billboard facing south by Clarks Grove and there is another billboard that is still up. Intern Nick Beck will be creating a video series for the website. Group tours are down a bit due to changing dynamics. There are smaller groups traveling in vans. She said that they secured the National Blacksmiths and Welders Association Convention for November 29 – December 2, 2018. There will be 40 to 50 people. She said they are working with the National Trappers Conference.

EDA Projects. Troy Klecker presented the EDA Projects report for June. He said that the Pearl Street project has been on hold due to the unfortunate passing of the architect. They have a new architect now, so that will be moving forward. Torey's is in the framing stage and are on target to open in September.

New Business. Kate Harthan spoke about the upcoming Crazy Days.

Schedule Next Meeting. Because the next scheduled meeting is during the fair, a motion was made by Voss and seconded by Carstensen to move the meeting until **Wednesday, August 22, 2018** at 4:00 PM at the City Council Chambers. All Commissioners voting Aye, the motion passed.

Adjournment. There being no further business, a motion was made by Commissioner Boutelle and seconded by Commissioner Carstensen to adjourn the meeting. All Commissioners voting Aye, the motion passed. The Meeting adjourned at 4:18 pm.

Dated: August 22, 2018

Respectfully Submitted,

Secretary