

**EDA  
Minutes  
September 19, 2018**

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

**Approval of Minutes.** Commissioner Okerberg moved approval of the minutes of the August 22, 2018 meeting with second by Commissioner Voss. All Commissioners voting Aye, the motion passed.

**Treasurer's Report.** Troy Klecker presented the revenue and expense reports for August, noting that it is presented in the new format they discussed at the August meeting.

**Loan Report.** Bill Owens presented the Loan Report for August.

**OABDC Report.** Bill Owens presented the monthly OABDC Report. He said that consulting is down, but that will change soon as there are six people involved with the Retail Challenge. Occupancy at the Center has been solid, at 70% or above. This should continue through the end of this year into 2019. He asked the Commissioners if there was a town in SE Minnesota who had an individual who wanted to start a manufacturing business, could they send that individual to the Center without us requiring them to stay in Owatonna. Raney said that the expectation is that once they leave the Center, they stay in Owatonna, but they can't force them to. Kruschke noted that that was a lot of the rationale behind the name change to the Owatonna Area Business Development Center. It will still have a positive effect on Owatonna. Mensink said that they would start to develop relationships here, which could draw them to the area. Carstensen asked if other clients have relocated. Owens said they have. Carstensen noted that they'd probably spend some dollars in the community. Mensink said the more success stories the better.

**OACCT Report.** Chamber Director Brad Meier presented the OACCT Report for August. He said they've completed 19 of 30 Grow Minnesota! visits. Raney asked how long items are left on the inquiry list. Meier said that they went through the end of last year. He said that, for instance with the truck staging business, the process takes time. Raney said that he looked through the list and there are a lot of contacts. People are expressing interest, which is a great thing. He thanked Meier. Voss asked for an update on the restaurants downtown. Meier said that the Chicago BBQ closed and Pupuseria La Paz will be moving back to their old location on the corner of Bridge Street and Oak Avenue. Harthan asked for the next date for the Retail Challenge. Meier said that all applications are in and will be reviewed by the committee. Raney said that the contract with the restaurant at Brooktree is done, so that will be an available restaurant space.

Meier introduced the Workforce Coordinate, Anisha Zak. Zak passed out a brochure and spoke to the Commissioners about what she does as a Workforce Coordinator. She said a highlight for her are the ability to be able to be in the schools. She works in Owatonna, Blooming Prairie, and Medford and is familiar with the staff. Raney asked about referrals. She said that last year, school counselors referred students. After people caught wind of what she was doing, parents

started to contact her, and now students themselves are contacting her. She said they host a monthly employers meeting, which has grown to 25 employers attending. She said Viracon held a hiring event at OHS and conducted 15-minute interviews at the school for summer positions. Thirteen students ended up working there, which she considered a success. She said Federated created a model for them where students can apply for an internship in custodial work, data entry, or the copy room, and get off school at 1:00 pm to go to the internship. A student she worked with last year is now working at Federated full time. Wenger typically only offers full time positions, but has offered high school students part-time after school hours. Zak said that she's been referred to as a matchmaker—matching students with employers. Carstensen asked how she interacts with school guidance counselors. She said that it's been great. They are glad to have a counselor to focus on career. Raney said that this sounds great and is going extremely well.

**EDA Projects.** Troy Klecker presented the EDA Projects report for August. He highlighted ProPet, Bubba's, and Pearl Street Apartments. He said that they're finalizing the Cemstone agreement. He said Torey's is scheduled to open in November. He said closing is set for October 2<sup>nd</sup> for the property at 147 West Pearl Street, which City Council approved. James Brothers is working on zoning approvals for the land swap. The Commissioners discussed the HK Hospitality project on North Cedar. Klecker said that the project is very complex. Raney said that this project received press very early on. He said that the end result will be worth the time. Klecker said that redevelopment projects always take a number of years to accomplish. Raney said that Klecker and Kruschke have done a great job.

**New Business.** Commissioner Voss said he's been in discussion with Klecker about the house at the end of State Avenue that is for sale. Klecker said that they like to have different types of property available for development. This property is currently zoned Single Family Residential, but is next to the School District building. Depending on what happens to that, this could be an opportunity.

Commissioner Harthan said that she's been in discussion with Klecker about using unused funds for a grant to help bring people in. For instance, \$8,000 was budgeted for the Main Street Program, and only \$571 has been spent to date. She said there would be guidelines on how it could be used, but wanted to see if there was interest from the EDA. Klecker said it would be open to any group who wanted to host or expand a community event, or enhance the community. Okerberg asked why that money wasn't spent. Klecker said those dollars were put into the budget to address garbage dumpsters downtown. For the most part, everyone found other solutions, although some will still be spent on a dumpster area. Mensink said that it's an interesting idea, but if the parameters are too broad, they could get flooded with applicants. Raney said that he liked what happened on the Downtown Thursday and suggested focusing on one project, such as that one. Boutelle suggested creating a line item and having some kind of structure. He said that he wouldn't want to spend a lot of time on projects that don't meet the criteria. Harthan said it would be similar to the Retail Challenge. She said that they are currently giving the maximum contracted amount to the Chamber. Meier said it would be for something new, or a new addition to an event, they don't want to fund an event indefinitely. Klecker said that they can talk through it more. They will have to put parameters on it, and it wouldn't have to just be used for an event. It would be a one-time grant. Kruschke said that they'd have to be careful with how it's worded. Mensink said that it's interesting to think differently and said they could explore it further.

Klecker said that the HRA has taken on the purchase of dilapidated houses on Fremont Street. Two have been demolished, and a third will be demolished this fall. There is a fourth house in the middle and the owner is willing to sell. The HRA is focusing on providing housing and would like more funding to go toward affordable housing. Klecker proposed the EDA partnering with the HRA to purchase this fourth home to demo for a redevelopment project, similar to their partnership with the Bubba's project. The house will be \$40,000 to \$45,000 and around \$15,000 to demolish. Carstensen asked if the EDA would get the money back. Klecker said that is the plan. Okerberg expressed concern over demolishing housing. Klecker said that the HRA is pursuing an affordable housing project, but they're looking to place it in areas where people want to live. This area is not desirable. Homeowners will not invest in these homes because of their location. He said that it makes sense for the EDA to partner with HRA because the end use will be commercial. Raney said that he agreed that this would be a good area for commercial, but said that they can't be so focused on commercial. Kruschke said that this is one house. He said they take the condition of the house into consideration and, for the most part, property owners have approached the City, not the other way around. Some of the houses have been in pretty rough shape. Klecker explained that the EDA has more money than the HRA, and purchasing this house allows the HRA to pursue affordable housing. Kruschke said that they've followed the 2016 housing study to a "t". Klecker added that the housing study indicated that they should tear down blighted property. Raney said that he's not opposed to the purchase of the house. Voss said that it's the right thing to pursue and is definitely in favor of it. A motion was made by Commissioner Okerberg and seconded by Commissioner Boutelle to pursue the purchase of the property on Fremont Street. All Commissioners voting Aye, the motion passed.

Kruschke said that they are hosting a lenders meeting the first week in October.

**Schedule Next Meeting.** The next EDA meeting is scheduled for **October 17, 2018** at 4:00 PM at the City Council Chambers.

**Adjournment.** There being no further business, a motion was made by Commissioner Carstensen and seconded by Commissioner Mensink to adjourn the meeting. All Commissioners voting Aye, the motion passed. The Meeting adjourned at 5:17 pm.

Dated: October 17, 2018

Respectfully Submitted,

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**Secretary**