

**Economic Development Authority  
Regular Meeting  
4:00 PM  
City Administration Building  
Council Chambers**

1. Oath Of Office And Roll Call

1.1. Agenda

Documents:

[02-19-2020 EDA AGENDA.PDF](#)

2. Approval Of Minutes

2.1. Minutes From January 15, 2020 Meeting

Documents:

[01-15-2020 EDA MINUTES.PDF](#)

3. Treasurers's Report

3.1. Treasurer's Reports

Documents:

[TREASURERS REPORT.PDF](#)  
[CASH BALANCES.PDF](#)

4. Loan Report

4.1. Loan Report

Documents:

[LOANS REPORT.PDF](#)

5. Reports

5.1. Owatonna Area Chamber Of Commerce And Tourism Report

Documents:

[OACCT REPORT.PDF](#)

5.1.i. Leads Report

Documents:

[LEADS EDA REPORT FEBRUARY.PDF](#)

5.II. Owatonna Area Business Development Center Report

Documents:

[OABDC REPORT.PDF](#)

5.III. Economic Development Authority Report

Documents:

[EDA PROJECTS REPORT.PDF](#)

6. Old Business
7. New Business
8. Other Business
9. Schedule Next Meeting-March 18, 2020
10. Adjournment

# **Economic Development Authority**

Regular Meeting

Wednesday, February 19, 2020

4:00 PM

City Administration Building

Council Chambers

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## **Agenda**

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1. Oath of Office & Roll Call
2. Approval of Minutes: January 15, 2020
3. Treasurer's Report
4. Loan Report
5. Reports
  - a. OACCT
  - b. OABDC
  - c. EDA Projects
6. Old Business
7. New Business
8. Other Business
9. Schedule Next Meeting – March 18, 2020
10. Adjournment

**EDA**  
**Minutes**  
**January 15, 2020**

The Owatonna Economic Development Authority met in regular session at 4:00 PM at the Council Chambers with President Raney presiding. Commissioners Present: Corey Mensink, Kevin Raney, Doug Voss, Jeff Okerberg, and Andrew Cowell. Also present were Troy Klecker, Bill Owens, Brad Meier, Karen Pehrson, Shirley Schultz, and Kristen Kopp.

**Approval of Minutes.** Commissioner Mensink moved approval of the minutes of the December 18, 2019 meeting with second by Commissioner Cowell. All Commissioners voting Aye, the motion passed.

**Treasurer's Report.** Troy Klecker presented the revenue and expense reports for December, which are the preliminary year-end numbers. He said they will probably be a little over budget on consulting and awnings, but these were approved expenditures.

**Loan Report.** Bill Owens presented the Loan Report for December. He said that loan balances are current. He said that there has been some interest in the forgivable loan program. Klecker said that he would like to have a conversation about the forgivable loan program and whether the EDA wants to open it up again. He said that there were people who weren't ready last year. He said that if they do extend it, he would like to define and promote it. Right now they have \$200,000 in forgivable loans and very little of the work has been done right now. Raney said that word of mouth has been their best asset and asked how it affected the bottom line. Klecker said that they have a balance of \$967,000 in EDA Loans and with the first forgivable loans coming in at \$200,000, that will leave \$767,000. Raney asked if that was average. Klecker said it was high. He said that it's not the first alternative that people are looking for—it's more for gap financing. Forgivable loans spur development and leverage EDA dollars. Mensink said that he likes that it's proactive and gives owners incentive. Voss said that it doubles or triples the bang for buck. Cowell asked if there is a cap per person or property. Are different properties with the same owner eligible? Klecker said that they've had owners and businesses apply. A business and owner could not apply for the same property. Mensink said that the whole point is to get investment in the downtown and assuring that businesses stay in the property for five years. Voss asked if there was any preference given to someone who doesn't have any loans as opposed to once who has three loans and is asking for a loan for a fourth property. Klecker said that, for the most part, the loans are approved as they're received until they're gone. He said that this could result in someone grabbing allocations and then doing the work at any time. He suggested adding a timeline for the work to be done in "x" amount of months, perhaps a year. Mensink suggested giving a lead time so that people who aren't currently familiar with the program have time to learn about it. Owens said that there is a checklist and unless they don't have all of it done, it is not considered a viable application. Raney asked if this was retail based or if it can be used for apartments above a business. Owens said it can so long as it's the exterior portion of the loan. Klecker added that all interior work has to be commercial space. They are still getting interest, taking applications, and putting people on a waiting list. Raney asked if they can email the rules and they can tweak it and vote on it at the February meeting. Voss asked if they can add a timeline to existing loans. Klecker said that they could give applicants a year from when the loans were approved and after that they could reapply. Cowell said that he'd like to see a cap per business or guarantor. Klecker said that right now Al Martin has (two properties with three loans

each). Raney pointed out that he's also spending \$60,000 of his own. Mensink said that it's worth looking at. Schultz said that she's had a couple calls this last week. She said that some business owners are slower to jump on the bandwagon. The first people to apply for loans were property owners. Raney said it should be first come, first served. Mensink said that it creates urgency and that he liked the year time limit. Klecker said it would be on the February agenda.

**OACCT Report.** Chamber Director Brad Meier presented the OACCT Report for December. He gave an update on workforce. There are 45 new students enrolled as well as 10 alumni from 2018 and 13 alumni from 2019. Fourteen of the 45 students have a job since meeting in September. This is the largest number of students interested in manufacturing. The next Made in Owatonna Day is February 12 and will focus on health care. Owatonna was featured in the current edition of Twin Cities Business Magazine.

**MainStreet Report.** MainStreet Director Shirley Schultz presented the quarterly MainStreet Report. She gave an update on the alley lights. They have funding to buy string lights for three alleys and all property owners are amenable and excited. She talked to OPU about a permanent fixture on one of the alleys because of the stucco building. The goal is to have the lights up before the first Downtown Thursday in June. Voss said if they need any additional help with the lights, don't hesitate to ask. Shultz said that she will continue to spread the word about the forgivable loan program. Raney said that he's gotten a lot of compliments on the holiday lights in Central Park. Schultz said that it was coordinated by Cindy Stelter, Brad Meier, and Tom Brick.

**Tourism Report.** Tourism Director Karen Pehrson presented the quarterly Tourism Report. She said that Minne Road Trip was nominated for an Explore MN 2020 Destination Marketing Award. She gave an update on Meetings & Events and on Lodging Tax and Occupancy. She said that they were down moneywise, but occupancy was slightly above average for southern Minnesota. Voss suggested looking into marketing kayaking and canoeing on the Straight River. Pehrson said that they have talked to Park and Rec about it.

**OABDC Report.** OABDC Director Bill Owens presented the OABDC Report for December. He said that consulting hours and occupancy are good. He said that there was a windfall in 2019, but he doesn't want to budget on the windfall.

**Airport Report.** Community Development Director Troy Klecker presented the quarterly Airport Report. He said that a Business Development Working Group is working on bringing businesses to the airport. They've been meeting for a few years now, and are currently working with two different flight schools. One is smaller and long term and the other is a very short, intense program. They can both operate out of the airport and are working on lease agreements now. The group is also working with an area company looking at a corporate based aircraft and are in the midst of shopping for one now. Getting businesses to move is tough, so this is a very positive thing for the airport.

**EDA Projects.** Community Development Director Troy Klecker presented the EDA Projects for December. He highlighted Bubba's and the downtown hotel project. Costco is working through the winter, as is Daikin. Minimizer is on hold until spring. The City is set to close on the Centro Campesino property on Friday and they are getting bids for the roof, which will be presented to City Council on February 4<sup>th</sup>. The City put up For Sale signs on all of the properties for sale.

Okerberg thanked the City for doing this and said he's already received calls. Raney asked about Cemstone. Klecker said that they're trying to get the last clearance from the DNR.

**Old Business.** The Commissioners discussed the OABDC Contract, which is a two-year contract. A motion was made by Commissioner Okerberg and seconded by Commissioner Mensink to renew the OABDC Agreement. All Commissioners voting Aye, the motion passed.

**New Business.** Klecker gave an update on the downtown awnings and said that there is one other business with a metal awning. A City plow hit the Dog Pound's awning in a recent snowstorm. It's been temporarily repaired and they've started conversations with the Dog Pound owner. This would be the last metal awning downtown aside from Jerry's, which is part of the downtown hotel project. The Dog Pound is willing to have it replaced. Raney asked if this would be the same as the other awnings, with the City taking it down. Klecker said he's recommending that it's treated the same as the previous awnings. Raney asked if there was an estimate on the cost. Klecker said around \$3,000 with \$2,000 for engineering. A motion was made by Commissioner Okerberg and seconded by Commissioner Cowell to approve replacing the metal awning at the Dog Pound. All Commissioners voting Aye, the motion passed.

Klecker said that they need to appoint an EDA secretary. A motion was made by Commissioner Cowell and seconded by Commissioner Okerberg to nominate Commissioner Mensink as EDA secretary. All Commissioners voting Aye, the motion passed.

Klecker handed out the permit numbers for southern Minnesota in 2018 and 2019. He said that Owatonna is third to Rochester and Mankato. New home construction was down last year, but Owatonna had more new homes than Faribault, Albert Lea, and Austin combined.

**Schedule Next Meeting.** The next EDA meeting is scheduled for **February 19, 2020** at 4:00 PM at the City Council Chambers.

**Adjournment.** There being no further business, a motion was made by Commissioner Cowell and seconded by Commissioner Voss to adjourn the meeting. All Commissioners voting Aye, the motion passed. The Meeting adjourned at 5:18 pm.

**City of Owatonna**  
**Income Statement by Fund**  
**For the Period Ending January 31, 2020**

FUND 290: EDA ADMINISTRATION

Account Name	Original Budget	YTD Actual	Difference
<b><u>REVENUES</u></b>			
PROPERTY TAXES	\$ 185,000.00	\$ 0.00	\$ 185,000.00
LODGING TAX - 3%	250,000.00	17,350.23	232,649.77
TIF ADMINISTRATIVE FEE	35,969.00	0	35,969.00
INTEREST INCOME	1,000.00	0	1,000.00
LEASES & RENTS	1,666.00	0	1,666.00
Total Revenues	<u>\$ 473,635.00</u>	<u>\$ 17,350.23</u>	<u>\$ 456,284.77</u>
<b><u>EXPENDITURES</u></b>			
PERSONNEL COSTS	\$ 84,398.00	\$ 6,462.50	\$ 77,935.50
OFFICE SUPPLIES	400	0	400
MINOR EQUIPMENT	400	0	400
CONSULTING SERVICES	30,000.00	8,500.00	21,500.00
TELEPHONE	200	0	200
POSTAGE	300	8	292
VEHICLE ALLOWANCE	500	38.5	461.5
TRAVEL & CONFERENCES	500	0	500
O B D - MARKET SERVICES(OACCT)	50,000.00	25,000.00	25,000.00
O B D - LOAN SERVICES (OBI)	20,000.00	10,000.00	10,000.00
DOWNTOWN ENHANCEMENTS	15,000.00	0	15,000.00
OBD-SMALL BUSINESS DEV CENTER	4,000.00	0	4,000.00
PARTNERS FOR PROGRESS	10,000.00	0	10,000.00
ADVERTISING	1,000.00	0	1,000.00
MEMBERSHIPS & SUBSCRIPTIONS	200	0	200
REPAIR SERVICE - OFFICE EQUIP	200	0	200
MAIN STREET-PARKING LOT RENTAL	4,500.00	0	4,500.00
TOURIST DEVELOPMENT	237,500.00	12,007.64	225,492.36
SOUTHERN MN INITIATIVE FOUNDAT	1,667.00	0	1,667.00
TRANSFER TO OTHER FUNDS	12,000.00	0	12,000.00
Total Expenditures	<u>\$ 472,765.00</u>	<u>\$ 62,016.64</u>	<u>\$ 410,748.36</u>
Expenditures	<u>\$ 870.00</u>	<u>\$ -44,666.41</u>	<u>\$ 45,536.41</u>

FUND 292: EDA LOANS

Account Name	Original Budget	YTD Actual	Difference
<b><u>REVENUES</u></b>			
INTEREST INCOME	\$ 15,000.00	\$ 0.00	\$ 15,000.00
OTHER REVENUE	0	25	-25
INTEREST - COMMERCIAL LOANS	450	49.81	400.19

INTEREST - LOW DOC TIER II	1,400.00		114.83	1,285.17
Total Revenues	\$ 16,850.00	\$	189.64	\$ 16,660.36
Expenditures	\$ 16,850.00	\$	189.64	\$ 16,660.36
Total for DEPT 690: EDA	\$ 16,850.00	\$	189.64	\$ 16,660.36

FUND 294: EDA LAND

Account Name	Original Budget		YTD Actual	Difference
<b><u>REVENUES</u></b>				
REFUNDS & REIMBURSEMENTS	22,287.00		0	22,287.00
TIF ADMINISTRATIVE FEES	1,172.00		0	1,172.00
INTEREST INCOME	7,500.00		0	7,500.00
LEASES & RENTS	35,000.00		0	35,000.00
Total Revenues	\$ 65,959.00	\$	0.00	\$ 65,959.00
<b><u>EXPENDITURES</u></b>				
CONSULTING SERVICES	17,000.00		1,500.00	15,500.00
ADVERTISING	0		62.63	-62.63
INSURANCE	500		0	500
REAL ESTATE TAXES	21,000.00		0	21,000.00
LAND PURCHASES	0		68,054.66	-68,054.66
Total Expenditures	\$ 38,500.00	\$	69,617.29	\$ -31,117.29
Expenditures	\$ 27,459.00	\$	-69,617.29	\$ 97,076.29
Total for DEPT 690: EDA	\$ 27,459.00	\$	-69,617.29	\$ 97,076.29



**City of Owatonna**  
**Balance Statement by Fund**  
**31-Jan-20**

FUND 292: EDA LOANS

Account Number	Account Name	Ending Balance
ASSETS		
292-000-000-10100	BANK ACCOUNTS	\$ 69,194.94
292-000-000-10900	INVESTMENTS	900,000.00

FUND 294: EDA LAND

Account Number	Account Name	Ending Balance
ASSETS		
294-000-000-10100	BANK ACCOUNTS	\$ 67,429.50
294-000-000-10900	INVESTMENTS	800,000.00

**CITY OF OWATONNA**  
**EDA - LOAN PROFILE**  
**As of : January 31, 2020**  
 prepared2/10/2020

**EDA - Improvement Notes**

<u>Borrower</u>	<u>Loan Date</u>	<u>Int Rate</u>	<u>Years</u>	<u>Original Balance</u>	<u>Current Balance</u>	<u>Monthly Payment</u>	<u>Status</u>	<u>Type</u>	<u>Notes</u>
Williams	9/1/2016	5.250	7	20,000.00	11,150.61	285.03	Current	Retail	
Wagner's	10/1/2018	2.500	7	43,480.63	37,210.16	564.78	Current	Retail	
Total				<u>63,480.63</u>	<u>48,360.77</u>	<u>849.81</u>			

<b>Profile by Loan Performance</b>	<u>Status</u>	<u>Number of Loans</u>	<u>Original Balance</u>	<u>Current Balance</u>	<u>% of Current Balance</u>
	Current	2	63,480.63	48,360.77	100.00%
	Non-current	0	-	-	0.00%
		<u>2</u>	<u>63,480.63</u>	<u>48,360.77</u>	<u>100.00%</u>

**EDA - Low Doc Notes**

Borrower	Loan Date	Int Rate	Years	Original Balance	Current Balance	Monthly Payment	Status	Type	Notes
American Legion Post 77	10/6/2014	1.625	7	20,000.00	5,214.48	252.05	Current		
Completely Kids	9/1/2016	1.625	7	20,000.00	10,522.11	252.05	Current		
Family 1st Insurance	4/1/2017	-	3	5,000.00	277.74	138.89	Current		
Family 1st Insurance	4/1/2017	1.625	7	19,609.00	11,938.91	247.13	Current		
Paula Trender	4/6/2018	-	3	5,000.00	2,083.31	138.89	Current		
The Kitchen	10/1/2017	-	3	5,000.00	1,249.97	138.89	Current		
				<u>74,609.00</u>	<u>31,286.52</u>	<u>1,167.90</u>			

Profile by Loan Performance	Status	Number of Loans	Original Balance	Current Balance	% of Current Balance
	Current	7	79,609.00	31,286.52	100.00%
Non-current	0	-	-	0.00%	
		<u>7</u>	<u>79,609.00</u>	<u>31,286.52</u>	<u>100.00%</u>

**EDA - MIF Flood Recovery**

Borrower	Loan Date	Int Rate	Years	Original Balance	Current Balance	Monthly Payment	Status	Type	Notes
Plemel (direct loan)	6/22/11	-	10	27,378.50	3,879.05	228.15	Current		
Marks Repair (direct loan)	4/5/12	-	10	39,327.50	9,938.15	254.85	Current		Business was sold
Owatona Country Club (direct)	5/7/12	-	10	82,363.50	19,218.38	686.36	Current		
Cars-N-Credit (direct loan)	4/30/13	-	10	71,657.00	24,482.94	597.14	Current		
Plemel (deferred loan)	6/22/11	-	10	27,378.50	27,378.50	-			Forgiven after 6/22/21
Marks Repair (deferred loan)	4/5/12	-	10	39,327.50	30,581.00	-			Forgiven after 4/1/22
Owatonna Country Club (deferred)	5/7/12	-	10	82,363.50	82,363.50	-			Forgiven after 5/1/22
Cars-N-Credit (deferred loan)	4/30/13	-	10	71,657.00	71,657.00	-			Forgiven after 4/30/23
Total				441,453.00	269,498.52	1,766.50			

Profile by Loan Performance	Status	Number of Loans	Original Balance	Current Balance	% of Current Balance
	Current	8	441,453.00	269,498.52	100.00%
	Non-current	0	-	-	0.00%
		8	441,453.00	269,498.52	100.00%

**EDA Land Fund**

Borrower	Loan Date	Int Rate	Years	Original Balance	Current Balance	Annual Payment	Status	Type	Notes
Gateway #2 TIF note	12/31/16	3.000	25	472,889.00	468,128.63		Current		TIF Guarantee
Arrow Ace TIF note	12/1/17	3.000	25	350,000.00	350,000.00		Current		TIF Guarantee
Nicolai TIF note	12/31/17	3.000	25	524,845.17	524,845.17		Current		TIF Guarantee
Total				1,347,734.17	1,342,973.80	-			

Profile by Loan Performance	Status	Number of Loans	Original Balance	Current Balance	% of Current Balance
	Current	5	1,347,734.17	1,342,973.80	100.00%
	Non-current	0	-	-	0.00%
		5	1,347,734.17	1,342,973.80	100.00%

# Memo

To: Economic Development Authority  
From: Brad Meier, President/CEO  
Date: 02/19/2020  
Re: OACCT Economic Development Update

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## Economic Development

- **See attached report for leads and ‘in progress’ reports.**

## Workforce

- Anisha working with 44 students and meeting with them on a monthly basis, and
- 19 have gotten a job and are currently working
- 11 of the 44 are waiting until after they graduate from High School
- All 44 have no plans to go to college
- 24 new students on the “waiting list” as of this week (2/14)

## OPED

- Held Meetings with Dr. Nuga and Superintendent Elstad about Riverland’s presence in Owatonna.
- 

## Retention/Expansion

- Next is new Josten’s CEO-March



February-20

Consulting for December						
Clients	Sessions	Hours	New	Operating	Hours	
					2019 YTD	2018 YTD
11	13	20.75	7	4	20.75	8.75

Occupancy for December					
Manufacturing			Offices		
Total Leasable Space		25,200	Total Leasable Offices		11
Total Leased Space		20,230	Total Number of Leased Offices		6
Present Occupancy %		80%	Present Occupancy %		63%
Budget Occupancy %		61%	Budget Occupancy %		63%
YTD Performance to Budget \$	\$	409	YTD Performance to Budget \$	\$	-
YTD Performance to Budget %		106%	YTD Performance to Budget %		100%
Number of Tenants		8	Number of Tenants		6

EDA Loan Programs						
Standard Programs	Number of Loans	Original Balance / Committed	Current Balance / Advanced	Amount Past Due	Available to Advance	
Low Doc Notes (Tier I and II)	6	\$ 74,609	\$ 31,287	\$ -		
Improvement Notes	2	63,481	48,361	-		
MIF Flood Recovery	8	441,453	269,499	-		
Land Fund	3	1,347,734	1,342,974	-		
		\$ 1,927,277	\$ 1,692,120	\$ -		
<b>Special Programs</b>						
2019 Forgivable Loans - Exterior	9	\$ 90,000	\$ 10,000		\$ 80,000	
2019 Forgivable Loans - Interior	9	88,950	8,950		80,000	
		\$ 178,950	\$ 18,950		\$ 160,000	

## February 19, 2020 EDA Meeting

### EDA Projects Report

- The first building is full of tenants. The developer is looking to sell the site for the second building on the old Hardees/Budget Mart site. The EDA paid for the consulting costs to complete the TIF requirements for the project and will be paid back over the life of the district which would be up to 25 years.
- The City has conveyed the 5 properties along East Pearl Street to Steve Nicolai for an apartment building. All the structures have been demolished on the site. Tax Increment Financing has been approved to reimburse the EDA the expenses to acquire and clear the properties over a 25 year period. The developer has sold the property to another developer. The City Council approved transferring the development agreement to the new developer. An expanded apartment building would require changes to the development agreement and to the TIF Plan.
- The City has purchased 14 acres from Viracon in the industrial park. The land will be used to swap land with Cemstone as part of a deal to have Cemstone build a new facility in the industrial park in the next 5 years. The City Council has approved using tax increment financing for the new Cemstone site. A draft development agreement and lease agreement are being reviewed before being presented to the City Council for approval.
- The City has purchased the property at 147 West Pearl Street for redevelopment. Demolition of the 4-plex is completed. The City has an agreement with the owners of Family Video to market the property for redevelopment.
- There is a letter of intent for the former Bubba's building. Staff will continue to work with this group on a potential project.
- A new development group is working on a possible hotel and event space on the 200 block of North Cedar Avenue. Staff will continue to work with the developer for a possible project.
- Work has begun on the site for a new 354,000 square foot Costco Distribution Center. The City has completed all approvals for the project. TIF is being used for the project. The project will include public improvements and work will continue into next year.
- A new 150,000 square foot warehouse is being constructed for Daikin next to their facility on Hoffman Drive. TIF has been approved for the project. A MIF application to the State on behalf of Daikin has been approved.
- Work has begun on the site for a new facility for Minimizer. Minimizer has purchase 13 acres in the industrial park from the City for a new 100,000 square foot manufacturing facility. The project is to be completed in spring of 2021.
- Tax Increment Financing and a development agreement has been approved for Foremost Brew Pub at 136 West Bridge Street. Work is to begin on the project this spring.