

Economic Development Authority
Regular Meeting
Wednesday, June 17, 2020
4:00 PM
City Council Chambers

1. Agenda

Documents:

[EDA AGENDA 06-17-20.PDF](#)

2. Roll Call

3. Approval Of Minutes: May 20, 2020

Documents:

[2. 05-20-2020 EDA MINUTES.PDF](#)

4. Treasurer's Report

Documents:

[3. TREASURERS REPORT.PDF](#)

5. Loan Report

Documents:

[4. LOAN REPORT.PDF](#)

6. Reports

6.I. OACCT

Documents:

[5. A. OACCT REPORT.PDF](#)

6.II. EDA Projects

Documents:

[5. C. EDA PROJECTS.PDF](#)

7. Old Business

7.I. Jumpstart Owatonna

Documents:

[6. A. JUMPSTART OWATONNA.PDF](#)

8. New Business

8.I. Amend Purchase Agreement With United Properties

Documents:

[7. A. AMEND PURCHASE AGREEMENT WITH UNITED PROPERTIES.PDF](#)

9. Other Business
10. Schedule Next Meeting –July 15, 2020
11. Adjournment

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2. Approval of Minutes: May 20, 2020
3. Treasurer's Report
4. Loan Report
5. Reports
 - a. OACCT
 - b. OABDC
 - c. EDA Projects
6. Old Business
 - a. Jumpstart Owatonna
7. New Business
 - a. Amend Purchase Agreement with United Properties
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**EDA
Minutes
May 20, 2020**

The Owatonna Economic Development Authority met in regular session at 4:00 PM via Microsoft TEAMS with President Raney presiding. Commissioners Present: Brenda DeVinny, Corey Mensink, Tom Peterson, Kevin Raney, Doug Voss (4:09 pm), Jeff Okerberg, and Andrew Cowell. Also present were Troy Klecker, Greg Kruschke, Bill Owens, Brad Meier, and Kristen Kopp.

Troy Klecker read a statement to allow for the meeting to be conducted by telephonic or electronic means and all votes will be roll call votes.

Approval of Minutes. Commissioner Mensink moved approval of the minutes of the April 15, 2020 meeting with second by Commissioner Peterson. Commissioners voting Aye: DeVinny, Mensink, Peterson, Raney, Okerberg, and Cowell. 6-0, motion carried.

Treasurer's Report. Troy Klecker presented the revenue and expense reports for April. He said that they will likely use all of the TIF consulting funds for the year. Lodging tax will be much lower than budgeted, which affects tourism more than the EDA budget. Both fund balances are sitting good and there is one pending sale that they are working on, which will bring in additional dollars. There was some discussion on the downtown awnings. Klecker said that unfortunately the timing was not as planned as the awnings were budgeted for last year but will come out of this year's budget.

Loan Report. Bill Owens presented the Loan Report for April. He said all loans are current. Klecker pointed out that loan recipients have been notified of the three-month deferment. He said he received a call from one of them and they were very appreciative.

Commissioner Voss joined the meeting at 4:09 pm.

OACCT Report. Chamber Director Brad Meier presented the OACCT Report for April. He said that things are changing by the minute. The Governor's update today allows for outdoor dining only and salons at 25% capacity. He said he had a Zoom call with the restaurants and is trying to figure out ways to help them. Voss asked if Torey's can use their upstairs space if people socially distance. Kruschke said that, as of June 1st, only outdoor seating will be permitted. Raney said that the Chamber is working with city staff and restaurants and bar owners to come up with a unified plan. He said they will do what they have to do and thanked everyone for taking the initiative. Meier said that the hotel occupancy is around 30% which isn't great, but better than some cities. It's expected to stay lower for a while.

OABDC Report. OABDC Director Bill Owens presented the OABDC Report for April. He said he's been getting a lot of inquiries. No one wants to start a business at this time. He said that he's given office tenants a lease delay for six weeks, and they are appreciative of that.

Meier continued the OACCT Report (after some technological difficulties). He said that the Chamber has done a needs assessment for small businesses and a good percentage are unsure of the future. About 70 businesses responded. He introduced Jumpstart Owatonna—a small

business support fund that Commissioner Tom Peterson got moving. He said that the outbreak at Viracon has gotten some publicity in the Star Tribune and People's Press. He said it's a challenge for businesses as they can do everything right and cases can still flare up. Klecker asked Meier to provide a little history to the tourism budget reserves. Meier said that, over time, they have been able to accumulate reserves and have seven to eight months of expenses. They have reduced hours of the group tour coordinator and partial cost with the front desk at this time. They have one full-time Tourism Director. They've pulled back and reduced marketing expenditures. He said that they're sitting in a pretty good spot. Right now, they're promoting road trips and the message is "We'll be ready for you."

EDA Projects. Community Development Director Troy Klecker presented the EDA Projects for April. He said some projects haven't seen as much movement. The Cemstone land swap is complete. Costco, Daikin, and Minimizer are all in process and Foremost Brewing has their permit. The City is still struggling with the Centro Campesino roof, but hope to get it done early summer. Bosch hasn't started yet. Covid-19 is affecting small businesses more than anything. Developers and potential projects have not slowed down. They view the pandemic as temporary. He said Owatonna was well-positioned going into this. Even the downtown hotel is moving forward. A lot good things are happening and over all, we're sitting good. Mensink questioned the crosswalk on West Broadway and asked if it will stay or go. Klecker said that it will be eliminated. They had asked when going through the streetscape whether there would be a crosswalk there if it was a blank slate and the answer was no. It presented a lot of issues, so it will likely be removed at that location. They will evaluate whether a midblock crosswalk is needed.

New Business. The Commissioners discussed Jumpstart Owatonna—a small business support fund. Meier said that OPED has embraced Jumpstart Owatonna, which is meant to help small businesses function in this new situation. The commitment involves grant dollars, in-kind services, and local spend. They have to move fairly quickly. Tom Peterson came up with a lot of the ideas. They're hoping to roll it out by Friday of this week. Commissioner Peterson said that the committee includes Chamber staff and members of the community. As CDI is an essential business, they've had to figure out how to get prepared. He said that he's thinking about folks in smaller businesses who have technical, product, or service expertise, but aren't equipped for how to deal with Covid-19. He's had a conversation with Kelly Schuler of Viracon. They will donate glass for sneeze guards. He highlighted Safe Shop Zones, which means that a business has a plan in pace. He said that they are asking for dollars to be matched with in-kind services and local spend. For instance, CDI would donate \$2,500 cash, provide \$2,500 worth of in-kind services, and spend \$2,500 locally. This would be something they might normally purchase online. They are asking 110 groups or individuals to consider donating, and as of yesterday, have \$16,000 in commitments. The applications would go to a separate team for review. He asked if the EDA would consider donating \$10,000 to the grant program and said that he would abstain from any motion the board makes. Commissioner Mensink said that he appreciates the effort and that this will make a big impact. Klecker said that this would likely come out of the Loan Fund Balance and that they would treat it as a forgivable loan. Commissioner Raney said this is the first time they're hearing about this and he said he would like to sit down and look at it as it's a fair amount of money. Commissioner Peterson said that they do have Jumpstart documents and are holding a Zoom meeting on Friday with other community leaders. Meier said that they can forward those details to EDA Commissioners. Commissioner Peterson said that the target date for awarding grants is June 12 and Meier added that this will be a rolling grant process. Meier

said that the application will be live by Friday. Commissioner Voss said that it's out of the blue and he doesn't have much of a grasp on it. He said he would follow the lead of Meier and Klecker. Commissioner Mensink asked if they could get the information and have a special session for this. Commissioner Okerberg said that he's in favor of it, but was just caught off guard. Commissioner Raney said that he wanted to look at the numbers. Klecker said that they can wait until the next EDA meeting as awards will be ongoing. Meier said he apologized that the EDA hasn't had a lot of time to see it and he said he would email the information to the Commissioners. He said if they want to wait they can, or approve a smaller amount like \$5,000 and evaluate at the next meeting. Commissioner Mensink said that information is more important than the amount and he would support \$10,000. Commissioner Voss agreed that they more understanding of the program and can add the EDA contribution at the next meeting. Klecker said that it will be on the June EDA agenda. A motion was made by Commissioner Okerberg and seconded by Commissioner Voss to table this request and add it to the June EDA agenda. Commissioner Peterson abstained from the motion. Commissioners voting Aye: DeVinny, Mensink, Raney, Voss, Okerberg, and Cowell. 6-0, motion carried. Commissioner Okerberg thanked Peterson for all of his work on this. He said that he supports it, but just wants a better understanding.

Schedule Next Meeting. The next EDA meeting is scheduled for **June 17, 2020** at 4:00 PM at the City Council Chambers.

Adjournment. There being no further business, a motion was made by Commissioner ... and seconded by Commissioner ... to adjourn the meeting. Commissioners voting Aye: DeVinny, Mensink, Peterson, Raney, Voss, Okerberg, and Cowell. 7-0, motion carried. Meeting adjourned at 4:59 pm.

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

FUND 290: EDA ADMINISTRATION

Account Name	Original Budget	YTD Actual	Difference
<u>REVENUES</u>			
PROPERTY TAXES	\$ 185,000.00	\$ 77,095.00	\$ 107,905.00
LODGING TAX - 3%	250,000.00	60,564.26	189,435.74
TIF ADMINISTRATIVE FEE	35,969.00	0	35,969.00
INTEREST INCOME	1,000.00	170.01	829.99
LEASES & RENTS	1,666.00	0	1,666.00
Total Revenues	<u>\$ 473,635.00</u>	<u>\$ 137,829.27</u>	<u>\$ 335,805.73</u>
<u>EXPENDITURES</u>			
PERSONNEL	84,398.00	35,422.44	48,975.56
OFFICE SUPPLIES	400.00	35.00	365.00
MINOR EQUIPMENT	400.00	0.00	400.00
CONSULTING SERVICES	30,000.00	8,500.00	21,500.00
TELEPHONE	200.00	0.00	200.00
POSTAGE	300.00	41.20	258.80
VEHICLE ALLOWANCE	500.00	192.50	307.50
TRAVEL & CONFERENCES	500.00	0.00	500.00
O B D - MARKET SERVICES(OACCT)	50,000.00	25,000.00	25,000.00
O B D - LOAN SERVICES (OBI)	20,000.00	20,000.00	0.00
DOWNTOWN ENHANCEMENTS	15,000.00	11,416.50	3,583.50
OBD-SMALL BUSINESS DEV CENTER	4,000.00	9,087.50	-5,087.50
PARTNERS FOR PROGRESS	10,000.00	0.00	10,000.00
ADVERTISING	1,000.00	247.50	752.50
MEMBERSHIPS & SUBSCRIPTIONS	200.00	0.00	200.00
REPAIR SERVICE - OFFICE EQUIP	200.00	0.00	200.00
MAIN STREET-PARKING LOT RENTAL	4,500.00	0.00	4,500.00
TOURIST DEVELOPMENT	237,500.00	52,630.86	184,869.14
SOUTHERN MN INITIATIVE FOUNDAT	1,667.00	0.00	1,667.00
TRANSFER TO OTHER FUNDS	12,000.00	5,000.00	7,000.00
Total Expenditures	<u>\$ 472,765.00</u>	<u>\$ 167,573.50</u>	<u>\$ 305,191.50</u>
Expenditures	<u>\$ 870.00</u>	<u>\$ -29,744.23</u>	<u>\$ 30,614.23</u>

FUND 292: EDA LOANS

Account Name	Original Budget	YTD Actual	Difference
<u>REVENUES</u>			
INTEREST INCOME	\$ 15,000.00	\$ 4,776.08	\$ 10,223.92
OTHER REVENUE	0.00	75.00	-75.00
INTEREST - COMMERCIAL LOANS	450.00	146.34	303.66

INTEREST - LOW DOC TIER II	1,400.00		344.93		1,055.07
Total Revenues	\$ 16,850.00	\$	5,342.35	\$	11,507.65
<u>EXPENDITURES</u>					
LOAN PROGRAM REIMBURSEMENT	0.00		15,555.56		-15,555.56
Total Expenditures	\$ 0.00	\$	15,555.56	\$	-15,555.56
Expenditures	\$ 16,850.00	\$	-10,213.21	\$	27,063.21

FUND 294: EDA LAND

Account Name	Original Budget		YTD Actual		Difference
<u>REVENUES</u>					
REFUNDS & REIMBURSEMENTS	22,287.00		0.00		22,287.00
TIF ADMINISTRATIVE FEES	1,172.00		0.00		1,172.00
INTEREST INCOME	7,500.00		4,263.67		3,236.33
LEASES & RENTS	35,000.00		0.00		35,000.00
SALE OF PROPERTY	0.00		7,370.35		-7,370.35
Total Revenues	\$ 65,959.00	\$	11,634.02	\$	54,324.98
<u>EXPENDITURES</u>					
CONSULTING SERVICES	17,000.00		6,377.75		10,622.25
ADVERTISING	0.00		82.88		-82.88
INSURANCE	500.00		250.00		250.00
REAL ESTATE TAXES	21,000.00		20,015.16		984.84
LAND PURCHASES	0.00		70,423.97		-70,423.97
Total Expenditures	\$ 38,500.00	\$	97,149.76	\$	-58,649.76
Expenditures	\$ 27,459.00	\$	-85,515.74	\$	112,974.74

City of Owatonna
Balance Statement by Fund
31-May-20

FUND 292: EDA LOANS

Account Number	Account Name	Ending Balance
ASSETS		
292-000-000-10100	BANK ACCOUNTS	\$ 71,299.63
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	\$ 57,130.90
294-000-000-10900	INVESTMENTS	800,000.00

CITY OF OWATONNA
EDA - LOAN PROFILE
As of : May 31, 2020
 prepared 6/8/2020

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	10,677.08	285.03	Current	Retail	
Wagner's	10/1/2018	2.500	7	43,480.63	36,230.32	564.78	Current	Retail	
Total				<u>63,480.63</u>	<u>46,907.40</u>	<u>849.81</u>			

Profile by Loan Performance	<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	46,907.40	100.00%
	Non-current	0	-	-	0.00%
		<u>2</u>	<u>63,480.63</u>	<u>46,907.40</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	4,479.16	252.05	Current		
Completely Kids	9/1/2016	1.625	7	20,000.00	10,046.19	252.05	Current		
Family 1st Insurance	4/1/2017	-	3	5,000.00	0.00	138.89	Current		Paid in Full March 2020
Family 1st Insurance	4/1/2017	1.625	7	19,609.00	11,477.30	247.13	Current		
Paula Trendera	4/6/2018	-	3	5,000.00	1,527.75	138.89	Current		
The Kitchen	10/1/2017	-	3	5,000.00	972.19	138.89	Current		
				<u>74,609.00</u>	<u>28,502.59</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	28,502.59	100.00%
Non-current	0	-	-	0.00%	
		<u>7</u>	<u>79,609.00</u>	<u>28,502.59</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	3,422.75	228.15	Current		
Marks Repair (direct loan)	4/5/12	-	10	39,327.50	9,428.45	254.85	Current		Business was sold
Owatona Country Club (direct)	5/7/12	-	10	82,363.50	17,845.66	686.36	Current		
Cars-N-Credit (direct loan)	4/30/13	-	10	71,657.00	23,288.66	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	265,965.52	1,766.50			

Profile by Loan Performance	Status	Number of Loans	Original Balance	Current Balance	% of Current Balance
	Current	8	441,453.00	265,965.52	100.00%
	Non-current	0	-	-	0.00%
		8	441,453.00	265,965.52	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: 06/17/2020
Re: OACCT Economic Development Update

Economic Development

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

Workforce

- Hosted a revised 'signing day' broadcast via Zoom and on Facebook Live.
- Anisha is working with 65 students currently.
- An email to Anisha from one of the students she worked with this year: "I hope this email finds you well! I finally graduated! Can you believe it? As excited as I am, I don't want to forget those who had helped me reach such an achievement. So thank you Ms Zak. Thank you for being an amazing mentor! You have helped me turn into the person I am today, even in a short amount of time. Thank you for everything, your constant support and friendship and I hope we can keep in touch in the future."

OPED

- Continue meeting weekly. Working through both development items, covid items and community issues. It's a melting pot!
- Outreach to some Mpls businesses displaced by riots.

Retention/Expansion

- Hosted industry sector zoom calls with mid size industries, large employers, salons/hair/cosmotology/health and wellness, small retail, and restaurants.

Covid 19/Coronavirus

- Safe Shop Zone Initiative
- Written plan template for business
- JumpStart Owatonna
- MainStreet Grants for downtown businesses (6)
- Resource page at www.owatonna.org/covid-19-resources
- StrongerTogether FB Page

Contact	Company	Date of Inquiry	Service Provided	Follow ups	Conclusion	Project Outcome: Green (progressing), yellow (probable); red (not moving)
Peter Biel	Daycare Center	1/2/2020	Looking for a location to start a daycare center in Owatonna.	Provided several options in the 1,000 sq ft size.		
	Women's Boutique	12/9/2019	Individual moving to town with her spouse who is working at Rise Modular and wants to move Boutique to Owatonna downtown.	Provided some contacts for possible 1,500 sq ft of space for her business and answered some permitting questions. 01/02/2020 talked about location options-she is going into the army/navy location on Oak.		
	Downtown Hotel		Continued conversations around a project on the 200 block of N Cedar			
	Axe Throwing Business	2/5/2020	Met with new owner about his desire to open a business next to MSB along the river.	Connecting him with MSB owners and checking with city on the carry in liquor law.		
	Therapist Group	2/14/2020	connection that a group was looking at the former Caterpillar building.	outreach to building owner. Building sold.		
	Pop Up Men's Clothing	4/10/2020	Want to open a pop up business in downtown Sept-Dec to test the market	Provided property options and contacts.		
	Asphalt Plan	3/30/2020	Working with local business to help in conversations with city team to identify a proper location at the appropriate price.	Troy/Greg have tentative agreement.		
	Concrete Plant	4/2/2020	Took a call from a business that is interested in providing concrete competition in Owatonna and looking for land in the industrial park.	Directed him to Greg/Troy at city for appropriate location.		
	Local Existing Hotel	Continuous	On going conversations with the owner of the hotel and a local businessman who might have interest in purchasing.	Providing on-going updates around hotel situation in the community and possible next steps.		
Morton Bu	Locate a construction/sales office					
Freedom H	Home health business looking to expand from Mankato into Owatonna area		Looking for 600 sq ft office plus shared services of reception and board room.	Discussed Development Center and also shared few other spots that have this as an option.	She is coming to Owatonna next week to look at space	
	Plastics company in Minneapolis		Featured in Star Tribune about not reopening in Mpls	Outreach on email (phone doesn't connect) Kruschke reaching out to Michaletz to see if we can get cell.		

June 17, 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 land swap between the City and Cemstone is completed. The City now owns the current Cemstone site and Cemstone owns 14 acres of vacant land in the industrial park. Cemstone will have 5 years to build a new facility on the new site. The City will then redevelop the current site once Cemstone moves out. Tax Increment Financing is being used to assist with the project.
- 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 continues on 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. Public improvements will likely be completed 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 has begun on the project.

- The City has purchased the property at 117 West Bridge Street formerly owned by Centro Campesino. The property needs a new roof and bids are being sought for a new roof. The EDA would pay for the roof with the intent of redeveloping the property and utilizing tax increment financing to recoup our costs from the project.
- The City owns the property at 148 West Main Street that was damaged from a collapsed roof. A redevelopment project is being sought for that property.
- The City Council has approved tax increment financing for Bosch to construct a 266,000 square foot warehouse facility in the industrial park. The City has received a DEED grant for \$176,000 to help pay for a public cul-de-sac to serve the property. The EDA would upfront the costs of the for the public improvements which would be paid back with the first year of increment from the project.

The COVID-19 crisis has created an economic storm in the ocean that is equal in its force, and we might find all of Owatonna in that storm, but we are among different boats. From skiffs to ocean liners. Sadly, some of these boats have had to remove their motors and toss them into the water. How can the Owatonna community help get these motors back on the boat and economically running?

Background Description

We know that the Coronavirus pandemic has had a negative effect on local small businesses and sole proprietors, impacting their continuity of services and/or operations. There is a profound need for support to help these companies weather the economic storm.

Resilience & preparedness will be key for a reset, a new normal. An opportunity exists to pull together a community stabilization effort – one that responsively helps to ensure our local economy – specifically small business and sole proprietors are able to maintain their livelihood and keep our community vibrant. Support is needed now more than ever, recognizing the Coronavirus pandemic and its impact will continue to evolve. Anticipated needs include:

- Financial Capital - to help cover rents, utilities
- Transition Support & Guidance
 - How to alter storefronts and internal operations to accommodate resumption of business
- Facility Remediation
 - To conduct modified cleaning practices of internal surface operations for protection of employees, customers/visitors
 - Updated physical space due to new restrictions
- Marketing and Promotion - to incentivize customers to patronize business (e.g. communication regarding status of operations, implemented protective measures, how customers will be protected when visiting business)

To not address the needs, we will slow Owatonna's recovery which will push some small businesses to permanent closure and employee job loss. Minimizing permanent business closures and ensuring their stability is critical to our downtown and the future of our community.

Currently, there is an appetite between the Owatonna Area Chamber of Commerce & Tourism and various business leaders to engage with generosity and offer some level of assistance to help launch a thoughtful recovery and resumption strategy – one that can help small business persevere through this crisis. Assistance might consist of financial and/or in-kind services (e.g. graphic design, advertising/promotion, people power).

Recommended Solution

The Owatonna Area Chamber of Commerce & Tourism will assume a key leadership role to organize a diverse group of stakeholder community members. This group will help:

- Develop a plan to jumpstart and reset small business in Owatonna – to help local establishments sustain the impact from decreased business and cash flow caused by the shutdown of our economy.

- Create and implement a small business “support campaign” – this includes fundraising and disbursement of donated monies to help stabilize small business owners facing significant financial challenges in this economy.
- The selected campaign will formally be referenced: ***Jumpstart Owatonna – Working Together for OUR Small Businesses.***

Benefits

The OACCT is already offering consulting guidance to manage the effects of the pandemic. They are active and positioned to pair small business needs to financial resources such as Southern MN Initiative Foundation grants, state and federal assistance programs, and to offer communication touchpoints that highlight local, state, and federal resources that become available, whether financial or help to guide their reopening.

A small business support fund represents an added resource. Its formation and advocacy will:

- Help bridge the gap for small businesses facing economic hardships as a result of the pandemic.
- Foster the establishment of a “new normal” environment – in order to attract consumers/visitors and to engage this group with local business services.
- Assist small businesses in applying, understand and developing their template for reopening according to federal, state and local guidelines.
- Provide for civic participation - offers the community a chance to pitch in and help its neighbors in a meaningful and immediate way.
- Create collective enthusiasm to galvanize citizens to come together with a common goal.

Assumptions

- The Chamber Foundation will act as the fiscal agent for the fund and will manage all contributions
- It is recognized that the community will continue to learn and plan for the evolving impact.
- A Grant Review committee comprised of public and private sectors will review all applications and make decision regarding dispersal of raised funding. This group may be separate from the campaign planning and fundraising team.
- Eligibility criteria will need to be established to determine who will receive funding.
- Support Fund will disburse grants as long as the contributions will allow.
- Contributions will be tax-deductible.
- Financial resources will be coordinated and applied where they would bring the best results.
 - Funding could be paired with other available COVID resources.
- Due to changing nature of the pandemic, available funding may shift over time.

Reasons for Recommendation

COVID-19 and social distancing measures have created many challenges for our small businesses and sole proprietors. They are a highly important part of our local economy. We are faced with the challenge of ensuring a viable future for them, for our community. Helping them through these difficult times and returning them to an acceptable profitability level, as quickly as possible, is a priority. Owatonna is a community filled with generosity and support – a designated support fund demonstrates that we are all in this together and strengthens our future.

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AMENDMENT NO. 3 TO PURCHASE AGREEMENT

THIS AMENDMENT NO. 3 TO PURCHASE AGREEMENT ("Amendment") is made and entered into as of June 1, 2020 ("Effective Date") by and between UNITED PROPERTIES INVESTMENT LLC, a Minnesota limited liability company ("Purchaser"), and CITY OF OWATONNA, a Minnesota municipal corporation ("Seller").

RECITALS

A. Seller and Purchaser entered into a purchase agreement dated August 20, 2015, as amended by amendment no. 1 to purchase agreement dated August 12, 2016, and an amendment no. 2 to purchase agreement dated June 8, 2018 ("Purchase Agreement") for the purchase of approximately 32 acres of land located along Lemond Road, in the City of Owatonna, County of Steele, State of Minnesota, all as further described in the Purchase Agreement ("Property").

B. Seller and Purchaser desire to amend the Purchase Agreement to extend the Due Diligence Period and otherwise amend the Purchase Agreement, all as set forth in this Amendment.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Amendment, Seller and Purchaser agree that the Purchase Agreement is amended as follows:

1. Definitions. Except as otherwise provided in this Amendment, the terms defined in the Purchase Agreement shall have the same meaning when used in this Amendment.

2. Amendment and Ratification of Purchase Agreement. This Amendment is intended to supplement and amend the provisions of the Purchase Agreement. The Purchase Agreement is ratified and shall remain in full force and effect subject to the terms and conditions of this Amendment. To the extent that any provisions of this Amendment are inconsistent with or contrary to the provisions of the Purchase Agreement, the provisions of this Amendment shall control. This Amendment is incorporated into the Purchase Agreement and the rights and obligations hereunder are not separate from the Purchase Agreement and the two documents are one and the same.

3. Extension of Due Diligence Period. The Due Diligence Period as defined in Section 3.2 of the Purchase Agreement is extended through August 19, 2021. All references in the Purchase Agreement to the Due Diligence Period shall mean the period through this extended date. Purchaser shall continue to have the ability to terminate the Purchase Agreement within the time period set forth in Section 3.4 of the Purchase Agreement calculated using this extended Due Diligence Period, and upon termination by Purchaser all Earnest Money deposited with the Title Company shall continue to be refundable to Purchaser, all as set forth in the Purchase

Agreement.

4. Counterparts. This Amendment may be executed separately and independently in any number of counterparts and each and all of which together shall be deemed to have been executed simultaneously and regarded as one agreement dated the Effective Date.

5. Electronic Signatures and Copies. Each party agrees that any electronic signatures by a party of this Amendment, whether digital or encrypted, is intended to authenticate this Amendment and to have the same force and effect as manual signatures. Electronic signature means any electronic sound, symbol, or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record, including facsimile, PDF or email electronic signatures. A signature on a scanned, PDF or other copy of this Amendment shall have the same force and effect as an original and shall bind a party to the terms and conditions hereof. All parties shall execute manual originals of the Amendment upon request.

6. Survival. All of the terms of this Amendment, including, without limitation, the representations and warranties contained herein, shall survive and be enforceable after the Closing and delivery of the deed.

7. Entire Agreement/Amendment. The Purchase Agreement, as amended by this Amendment, constitutes the entire agreement between the parties with respect to the subject matter therein and fully supersedes all prior written or oral agreements between the parties with respect to such matters. No other agreement, statement or promise made by any party and no amendment, modification or other change of any provision of the Purchase Agreement shall be effective unless in writing signed by the parties.

signature pages follow

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IN WITNESS WHEREOF, Seller and Purchaser have executed this Amendment No. 3 to Purchase Agreement as of the Effective Date.

PURCHASER:

UNITED PROPERTIES INVESTMENT LLC,
a Minnesota limited liability company

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

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IN WITNESS WHEREOF, Seller and Purchaser have executed this Amendment No. 3 to Purchase Agreement as of the Effective Date.

SELLER:

CITY OF OWATONNA,
a Minnesota municipal corporation

By: _____

Name: _____

Title: _____