

Economic Development Authority
Regular Meeting
Wednesday, March 17, 2021
4:00 PM
City Council Chambers

1. EDA Agenda 03-17-2021

Documents:

[EDA AGENDA 03-17-2021.PDF](#)

2. Roll Call

3. Approval Of Minutes: February 17, 2021

Documents:

[2. EDA MINUTES 02-17-2021.PDF](#)

4. Treasurer's Report

Documents:

[3. TREASURERS REPORT FEBRUARY.PDF](#)

5. Loan Report

Documents:

[4. LOAN REPORT FEBRUARY.PDF](#)

6. Reports

6.I. OABDC Report

Documents:

[5. B. OABDC REPORT.PDF](#)

6.II. EDA Report

Documents:

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

7. Old Business

7.I. Sprinkler Line Hook-Up Assistance

8. New Business

8.I. Improvements To Bubba's Building

9. Other Business

10. Schedule Next Meeting - April 21, 2021

11. Adjournment

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Agenda

1. Roll Call
2. Approval of Minutes: February 17, 2021
3. Treasurer's Report
4. Loan Report
5. Reports
 - a. OACCT
 - b. OABDC
 - c. EDA Projects
6. Old Business
 - a. Sprinkler Line Hook-up Assistance
7. New Business
 - a. Improvements to Bubba's building
8. Other Business
9. Schedule Next Meeting – April 21, 2021
10. Adjournment

**EDA
Minutes
February 17, 2021**

The Owatonna Economic Development Authority met in regular session at 4:00 PM at the City Council Chambers with President Raney presiding. Commissioners Present: Andy Cowell, Brenda DeVinny, Kevin Raney, and Doug Voss. Also present were Troy Klecker, Bill Owens, Brad Meier, and Kristen Kopp.

Approval of Minutes. Commissioner DeVinny moved approval of the minutes of the January 20, 2021 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 January. He said we've paid one consulting bill and first half checks are out to the OACCT and OABDC.

Loan Report. Bill Owens presented the Loan Report for January. He said that the loans are current and being paid as agreed.

OACCT Report. Chamber Director Brad Meier presented the OACCT Report for January. He provided the workforce updates. There were about 100 students total that attended the virtual Made in Owatonna Days. Schools are going to open up even more. He said they're waiting to see how the County grant program works out. The turn on the dial is good news for our restaurants. Several businesses are celebrating milestone anniversaries this year, including Wenger's 75th, Viracon's 50th, and Gopher Sports' 75th.

OABDC Report. OABDC Director Bill Owens presented the OABDC Report for January. He said consulting has been slow and occupancy is the same. Right now, they're in the middle of National Entrepreneurship Week.

EDA Projects. Community Development Director Troy Klecker presented the EDA Projects for January. He said that the developer is looking to sell the site for the second building on the old Hardees/Budget Mart site. EDA accomplished what they wanted to with those lots and even if a building isn't built, it's still a successful project. DeVinny asked if the first building is full. Klecker said Little Cesar's is still empty. Meier said that the space is being shown. Last night City Council approved TIF for the Pearl Street Project. This will be constructed at the same time as the hotel downtown. He said that he will be in touch with Cemstone to find out their timeline. He gave an update on 147 West Pearl Street, which is next to former Family Video, and a vacant lot still owned by Family Video. Family Video may be willing to sell at this point as they just closed all of their stores across the country. The City could buy it, or we could wait until there is a potential buyer. Voss asked if they can come up with a Right of First Refusal on the lot. Klecker said that there's not a lot of room on Family Video's vacant lot. He said they'll probably just leave it. Raney said in this case it makes sense for the EDA to purchase it if we can get it for a good price as the individual lots aren't marketable on their own. If we own it, we don't have to worry about that. He said we should look at purchasing it and asked what it would cost. Klecker said he didn't know what they had in mind. By not buying it, we have another party that's interested in marketing it as well, so there is some value to that. The downside is if they were to find a buyer for just their lot and not ours. If they are motivated to sell, they're helping us.

Cowell thought we should not buy it since it is paying taxes now. Raney said an empty lot doesn't collect much in property taxes. Klecker said he will find out what they're asking for it and he will check into what they're paying in property taxes. He said there is a bit of urgency to get a project in there in the next year if we want to use TIF since they had a three-year period for it to be eligible for TIF. Owens asked if Family Video would be interested in buying the City's lot. Klecker said he didn't think so. He said he's been getting more calls on Bubba's. The hotel project is moving along. We're still working out the details of the development agreement and construction would start in June or July. Minimizer is nearing completion. They're working on the new roof at 117 West Bridge Street. There was a ledger missing on one side, so there may be a little add-on to that project. DeVinny asked if there has been any interest in that building. Klecker said that's another one they would like to TIF to recoup our dollars into it. 148 West Main Street has the least interest, although Sisters Salon is now next door, and they have expressed some interest in expanding into this space. It doesn't have a lot of possibilities by itself. The 36-unit apartment building at 660 Mound is framing the second story now and is going well. 202 West Bridge is under construction and going well.

Old Business. Raney said that they had a meeting with business owners about the streetscape project downtown. Klecker said that things are more unclear now relative to the sprinkler lines. It's looking like the main water line will likely get replaced and there is still some confusion as to whether all the service lines need to be replaced as well. The fire line sounds like it's going to be \$5,000 to \$7,000. This could all be assessed against the properties instead of doing a loan. The only scenario in which it would not be tied into the building is if they have service line and a fire line. The way he understands it today is that a loan program may not be needed. Raney said he's fine with assessing them. He said they'd be more likely to put a sprinkler system in if there is some sort of incentive. Klecker said that not every building is required to be sprinkled. Klecker showed the Commissioners a map showing the buildings that are and are not sprinkled. Voss asked if neighboring businesses could split a fire line. Klecker said that they are separate utility lines and cannot be split. Raney said that, even if they're not required to put in a sprinkler system, it's an investment in the building and could lower their insurance prices. Meier said that it seems reasonable to get it up to the building. Klecker said we should know more next month.

Schedule Next Meeting. The next EDA meeting is scheduled for **March 17, 2021** 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 DeVinny to adjourn the meeting at 4:53 pm. All Commissioners voting Aye, the motion passed.

City of Owatonna
Income Statement by Fund
For the Period Ending February 28, 2021

FUND 290: EDA ADMINISTRATION

DEPT 690: EDA

Account Name	Original Budget	YTD Actual	Difference
<u>REVENUES</u>			
PROPERTY TAXES	\$ 185,000.00	\$ 30,850.00	\$ 154,150.00
LODGING TAX - 3%	250,000.00	5,255.08	244,744.92
TIF ADMINISTRATIVE FEE	22,217.00	0.00	22,217.00
INTEREST INCOME	1,000.00	12.89	987.11
LEASES & RENTS	1,666.00	300.00	1,366.00
Total Revenues	\$ 459,883.00	\$ 36,417.97	\$ 423,465.03
<u>EXPENDITURES</u>			
PERSONNEL	\$ 90,462.00	\$ 13,649.57	\$ 76,812.43
OFFICE SUPPLIES	400.00	0.00	400.00
MINOR EQUIPMENT	400.00	0.00	400.00
CONSULTING SERVICES	25,500.00	8,500.00	17,000.00
TELEPHONE	200.00	0.00	200.00
POSTAGE	300.00	15.60	284.40
VEHICLE ALLOWANCE	500.00	77.00	423.00
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	10,000.00	10,000.00
DOWNTOWN ENHANCEMENTS	5,000.00	0.00	5,000.00
OBD-SMALL BUSINESS DEV CENTER	4,000.00	2,250.00	1,750.00
PARTNERS FOR PROGRESS	10,000.00	0.00	10,000.00
ADVERTISING	1,000.00	0.00	1,000.00
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	4,992.33	232,507.67
SOUTHERN MN INITIATIVE FOUNDAT	1,667.00	1,667.00	0.00
TRANSFER TO OTHER FUNDS	12,000.00	2,000.00	10,000.00
Total Expenditures	\$ 464,329.00	\$ 68,151.50	\$ 396,177.50
Expenditures	\$ -4,446.00	\$ -31,733.53	\$ 27,287.53

FUND 292: EDA LOANS

DEPT 690: EDA

Account Name	Original Budget	YTD Actual	Difference
<u>REVENUES</u>			
INTEREST INCOME	\$ 8,000.00	\$ 626.79	\$ 7,373.21

INTEREST - COMMERCIAL LOANS	0.00		145.09		-145.09
INTEREST - LOW DOC TIER II	0.00		191.72		-191.72
Total Revenues	\$ 8,000.00	\$	963.60	\$	7,036.40
<u>EXPENDITURES</u>					
LOAN PROGRAM REIMBURSEMENT	0.00		542.35		-542.35
Total Expenditures	\$ 0.00	\$	542.35	\$	-542.35
Expenditures	\$ 8,000.00	\$	421.25	\$	7,578.75

FUND 294: EDA LAND

DEPT 690: EDA

Account Name	Original Budget		YTD Actual		Difference
<u>REVENUES</u>					
TIF ADMINISTRATIVE FEES	1,161.00		0.00		1,161.00
INTEREST INCOME	7,500.00		689.50		6,810.50
LEASES & RENTS	30,000.00		1,150.00		28,850.00
Total Revenues	\$ 38,661.00	\$	1,839.50	\$	36,821.50
<u>EXPENDITURES</u>					
CONSULTING SERVICES	17,000.00		0.00		17,000.00
INSURANCE	900.00		225.00		675.00
RENTAL PROPERTY EXPENSES	0.00		732.06		-732.06
REAL ESTATE TAXES	21,000.00		0.00		21,000.00
OTHER IMPROVEMENTS	0.00		98,828.75		-98,828.75
Total Expenditures	\$ 38,900.00	\$	99,785.81	\$	-60,885.81
Expenditures	\$ -239.00	\$	-97,946.31	\$	97,707.31

City of Owatonna
Balance Statement by Fund
28-Feb-21

FUND 292: EDA LOANS

Account Number	Account Name	Ending Balance
ASSETS		
292-000-000-10100	BANK ACCOUNTS	\$ 42,208.34
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	\$ 429,502.52
294-000-000-10900	INVESTMENTS	600,000.00

CITY OF OWATONNA
EDA - LOAN PROFILE
As of : February 28, 2021
 prepared 3/9/2021

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	8,741.08	285.03	Current	Retail	
Wagner's	10/1/2018	2.500	7	43,480.63	32,269.94	564.78	Current	Retail	
Total				<u>63,480.63</u>	<u>41,011.02</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	41,011.02	100.00%
	Non-current	0	-	-	0.00%
		<u>2</u>	<u>63,480.63</u>	<u>41,011.02</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	2,750.23	252.05	Current		
Completely Kids	9/1/2016	1.625	7	20,000.00	8,129.55	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	9,615.82	247.13	Current		
Paula Trendera	4/6/2018	-	3	5,000.00	277.74	138.89	Current		
The Kitchen	10/1/2017	-	3	5,000.00	0.00	138.89	Current		Paid in Full Jan 2021
				<u>74,609.00</u>	<u>20,773.34</u>	<u>1,167.90</u>			

Profile by Loan Performance		Status	Number of Loans	Original Balance	Current Balance	% of Current Balance
		Current	7	74,609.00	20,773.34	100.00%
		Non-current	0	-	-	0.00%
			<u>7</u>	<u>74,609.00</u>	<u>20,773.34</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	-	228.15	Current		Paid in Full Oct 2020
Marks Repair (direct loan)	4/5/12	-	10	39,327.50	7,389.65	254.85	Current		Business was sold
Owatona Country Club (direct)	5/7/12	-	10	82,363.50	12,354.78	686.36	Current		
Cars-N-Credit (direct loan)	4/30/13	-	10	71,657.00	18,511.54	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	250,235.97	1,766.50			

Profile by Loan Performance	Status	Number of Loans	Original Balance	Current Balance	% of Current Balance
	Current	8	441,453.00	250,235.97	100.00%
	Non-current	0	-	-	0.00%
		8	441,453.00	250,235.97	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	459,977.81		Current		TIF Guarantee
Arrow Ace TIF note	12/1/17	3.000	25	350,000.00	344,162.31		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	1,328,985.29	-			

Profile by Loan Performance	Status	Number of Loans	Original Balance	Current Balance	% of Current Balance
	Current	5	1,347,734.17	1,328,985.29	100.00%
	Non-current	0	-	-	0.00%
		5	1,347,734.17	1,328,985.29	100.00%

March-21

Consulting for February									
Clients	Sessions	Hours	New	Operating	Hours		Inquiries	Inquiry Hours	
					2021 YTD	2020 YTD			
1	4	5.50	0	1	16.25	27.00	0	0	

Occupancy for October					
Manufacturing			Offices		
Total Leasable Space		25,200	Total Leasable Offices		10
Total Leased Space		22,020	Total Number of Leased Offices		9
Present Occupancy %		87%	Present Occupancy %		90%
Budget Occupancy %		70%	Budget Occupancy %		70%
YTD Performance to Budget \$	\$	5,467	YTD Performance to Budget \$	\$	1,284
YTD Performance to Budget %		141%	YTD Performance to Budget %		128%
Number of Tenants		9	Number of Tenants		9

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	\$ 20,773	\$ -		
Improvement Notes	2	63,481	41,011	-		
MIF Flood Recovery	7	441,453	250,236	-		
Land Fund	3	1,347,734	1,328,985	-		
		\$ 1,927,277	\$ 1,641,006	\$ -		
Special Programs						
2019 Forgivable Loans - Exterior	10	\$ 90,050	\$ 33,547		\$ 56,503	
2019 Forgivable Loans - Interior	10	90,000	35,216		54,784	
		\$ 180,050	\$ 68,763		\$ 111,287	

March 17, 2021
EDA Meeting

EDA Projects Report

- 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 Mac Hamilton. Hamilton is proposing to construct a 43 unit market rate apartment build this year. TIF has been approved for the project. The development agreement is going to the City Council on March 16th.
- 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. Cemstone is planning to do some dirt work on their new site this year.
- 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.
- A “For Sale” banner is on the Bubba’s building and the property is being marketed. We will proceed with additional improvements to the property to remove some of the obstacles for a potential business.
- A Purchase agreement has been approved by the City Council to sell the old theater property and a parking lot to Owatonna Hospitality 1, LLC to construct a Marriott Courtyard hotel on the 200 block of North Cedar Avenue. Tax Increment Financing has been approved for the project. The development agreement is being presented to the City Council on March 16th.
- The new Minimizer facility is complete and the business is now occupying the space.
- The City has purchased the property at 117 West Bridge Street formerly owned by Centro Campesino. Construction of a new roof on the building is nearly complete. 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. Construction has begun on the project.
- The City Council has approved tax increment financing for a 36 unit market rate apartment at 660 Mound Avenue. Construction has begun on the project.
- Tax Increment Financing has been approved for the redevelopment of 202 West Bridge Street. The project will renovate the entire building into retail and office space. Construction on the project has begun.