

Economic Development Authority
Regular Meeting
Wednesday, September 16, 2020
4:00 PM
City Council Chambers

1. Agenda

Documents:

[EDA AGENDA 09-16-2020.PDF](#)

2. Roll Call

3. Treasurer's Report

Documents:

[3. TREASURERS REPORT.PDF](#)

4. Loan Report

Documents:

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

5. Reports

5.I. OACCT

5.II. OABDC

Documents:

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

5.III. EDA Projects

Documents:

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

6. Old Business

7. New Business

8. Other Business

9. Schedule Next Meeting – October 21, 2020

10. Adjournment

Economic Development Authority

Regular Meeting

Wednesday, September 16, 2020

4:00 PM

City Council Chambers

Agenda

1. Roll Call
2. Approval of Minutes: August 13, 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 – October 21, 2020
10. Adjournment

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

FUND 290: EDA ADMINISTRATION

Account Name	Original Budget	YTD Actual	Difference
<u>REVENUES</u>			
PROPERTY TAXES	\$ 185,000.00	\$ 123,340.00	\$ 61,660.00
LODGING TAX - 3%	250,000.00	91,996.79	158,003.21
REFUNDS & REIMBURSEMENTS	0	710.00	-710.00
TIF ADMINISTRATIVE FEE	35,969.00	14,995.65	20,973.35
INTEREST INCOME	1,000.00	276.77	723.23
LEASES & RENTS	1,666.00	0.00	1,666.00
Total Revenues	<u>\$ 473,635.00</u>	<u>\$ 231,319.21</u>	<u>\$ 242,315.79</u>
<u>EXPENDITURES</u>			
PERSONNEL	84,398.00	55,346.76	29,051.24
OFFICE SUPPLIES	400	35.00	365.00
MINOR EQUIPMENT	400	0.00	400.00
CONSULTING SERVICES	30,000.00	34,000.00	-4,000.00
TELEPHONE	200	0.00	200.00
POSTAGE	300	85.98	214.02
VEHICLE ALLOWANCE	500	364.80	135.20
TRAVEL & CONFERENCES	500	0.00	500.00
O B D - MARKET SERVICES(OACCT)	50,000.00	50,000.00	0.00
O B D - LOAN SERVICES (OBI)	20,000.00	20,000.00	0.00
DOWNTOWN ENHANCEMENTS	15,000.00	17,504.00	-2,504.00
OBD-SMALL BUSINESS DEV CENTER	4,000.00	3,000.00	1,000.00
PARTNERS FOR PROGRESS	10,000.00	5,000.00	5,000.00
ADVERTISING	1,000.00	547.50	452.50
MEMBERSHIPS & SUBSCRIPTIONS	200	0.00	200.00
REPAIR SERVICE - OFFICE EQUIP	200	0.00	200.00
MAIN STREET-PARKING LOT RENTAL	4,500.00	4,032.00	468.00
TOURIST DEVELOPMENT	237,500.00	82,921.89	154,578.11
SOUTHERN MN INITIATIVE FOUNDAT	1,667.00	0.00	1,667.00
TRANSFER TO OTHER FUNDS	12,000.00	8,000.00	4,000.00
Total Expenditures	<u>\$ 472,765.00</u>	<u>\$ 280,837.93</u>	<u>\$ 191,927.07</u>

FUND 292: EDA LOANS

Account Name	Original Budget	YTD Actual	Difference
<u>REVENUES</u>			
INTEREST INCOME	\$ 15,000.00	\$ 9,156.72	\$ 5,843.28
OTHER REVENUE	0	125.00	-125.00
INTEREST - COMMERCIAL LOANS	450	238.72	211.28

INTEREST - LOW DOC TIER II	1,400.00	560.02	839.98
Total Revenues	\$ 16,850.00	\$ 10,080.46	\$ 6,769.54
<u>EXPENDITURES</u>			
LOAN PROGRAM REIMBURSEMENT	0	15,555.56	-15,555.56
Total Expenditures	\$ 0.00	\$ 15,555.56	\$ -15,555.56

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	1,119.29	52.71
INTEREST INCOME	7,500.00	8,079.50	-579.50
INTEREST - EDA LAND LOANS	0	20,250.72	-20,250.72
LEASES & RENTS	35,000.00	0.00	35,000.00
SALE OF PROPERTY	0	7,370.35	-7,370.35
Total Revenues	\$ 65,959.00	\$ 36,819.86	\$ 29,139.14
<u>EXPENDITURES</u>			
CONSULTING SERVICES	17,000.00	6,377.75	10,622.25
ADVERTISING	0	82.88	-82.88
INSURANCE	500	375.00	125.00
REAL ESTATE TAXES	21,000.00	18,128.04	2,871.96
LAND PURCHASES	0	189,447.13	-189,447.13
OTHER IMPROVEMENTS	0	6,501.80	-6,501.80
Total Expenditures	\$ 38,500.00	\$ 220,912.60	\$ -182,412.60

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

FUND 292: EDA LOANS

Account Number	Account Name	Ending Balance
ASSETS		
292-000-000-10100	BANK ACCOUNTS	\$ 83,159.80
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	\$ -38,386.30
294-000-000-10900	INVESTMENTS	800,000.00

CITY OF OWATONNA
EDA - LOAN PROFILE
As of : August 31, 2020
 prepared 9/8/2020

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	10,199.40	285.03	Current	Retail	
Wagner's	10/1/2018	2.500	7	43,480.63	35,246.40	564.78	Current	Retail	
Total				<u>63,480.63</u>	<u>45,445.80</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	45,445.80	100.00%
	Non-current	0	-	-	0.00%
		<u>2</u>	<u>63,480.63</u>	<u>45,445.80</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	3,986.85	252.05	Current		
Completely Kids	9/1/2016	1.625	7	20,000.00	9,568.97	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	11,013.82	247.13	Current		
Paula Trender	4/6/2018	-	3	5,000.00	1,111.08	138.89	Current		
The Kitchen	10/1/2017	-	3	5,000.00	694.41	138.89	Current		
				<u>74,609.00</u>	<u>26,375.13</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	26,375.13	100.00%
Non-current	0	-	-	0.00%	
		<u>7</u>	<u>79,609.00</u>	<u>26,375.13</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	2,966.45	228.15	Current		
Marks Repair (direct loan)	4/5/12	-	10	39,327.50	8,918.75	254.85	Current		Business was sold
Owatona Country Club (direct)	5/7/12	-	10	82,363.50	16,472.94	686.36	Current		
Cars-N-Credit (direct loan)	4/30/13	-	10	71,657.00	22,094.38	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				<u>441,453.00</u>	<u>262,432.52</u>	<u>1,766.50</u>			

Profile by Loan Performance	Status	Number of Loans	Original Balance	Current Balance	% of Current Balance
	Current	8	441,453.00	262,432.52	100.00%
	Non-current	0	-	-	0.00%
		<u>8</u>	<u>441,453.00</u>	<u>262,432.52</u>	<u>100.00%</u>

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	465,230.08		Current		TIF Guarantee
Arrow Ace TIF note	12/1/17	3.000	25	350,000.00	349,838.75		Current		TIF Guarantee
Nicolai TIF note	12/31/17	3.000	25	524,845.17	524,845.17		Current		TIF Guarantee
Total				<u>1,347,734.17</u>	<u>1,339,914.00</u>	<u>-</u>			

Profile by Loan Performance	Status	Number of Loans	Original Balance	Current Balance	% of Current Balance
	Current	5	1,347,734.17	1,339,914.00	100.00%
	Non-current	0	-	-	0.00%
		<u>5</u>	<u>1,347,734.17</u>	<u>1,339,914.00</u>	<u>100.00%</u>

September-20

Consulting for August								
Clients	Sessions	Hours	New	Operating	Hours		Inquiries	Inquiry Hours
					2020 YTD	2019 YTD		
3	6	6.50	0	3	54.25	108.75	0	0

Occupancy for August			
Manufacturing		Offices	
Total Leasable Space	25,200	Total Leasable Offices	11
Total Leased Space	22,020	Total Number of Leased Offices	9
Present Occupancy %	87%	Present Occupancy %	82%
Budget Occupancy %	61%	Budget Occupancy %	63%
YTD Performance to Budget \$	\$ 8,986	YTD Performance to Budget \$	\$ 2,144
YTD Performance to Budget %	117%	YTD Performance to Budget %	115%
Number of Tenants	7	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	\$ 26,375	\$ -		
Improvement Notes	2	63,481	45,446	-		
MIF Flood Recovery	8	441,453	262,433	-		
Land Fund	3	1,347,734	1,339,914	-		
		\$ 1,927,277	\$ 1,674,167	\$ -		
Special Programs						
2019 Forgivable Loans - Exterior	10	\$ 90,050	\$ 14,506		\$ 75,544	
2019 Forgivable Loans - Interior	10	90,000	20,000		70,000	
		\$ 180,050	\$ 34,506		\$ 145,544	

September 16, 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.
- The business that was looking at the former Bubba's building has decided to purchase a different building downtown. We will be putting a "For Sale" banner on the property and marketing the property. We will proceed with additional improvement to the property to remove some of the obstacles for a potential business.
- 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.
- 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. Construction should begin on the project this month.
- The City Council has approved tax increment financing for a 36 unite market rate apartment at 660 Mound Avenue. Construction should begin this fall on the project.