

EDA
Minutes
April 15, 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, Jeff Okerberg, and Andrew Cowell. Also present were Troy Klecker, Greg Kruschke, Bill Owens, Brad Meier, Karen Pehrson, Shirley Schultz, Dave Beaver, 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 DeVinny moved approval of the minutes of the February 19, 2020 meeting with second by Commissioner Mensink. Commissioners voting Aye: DeVinny, Mensink, Peterson, Raney, Voss, Okerberg, and Cowell. 7-0, motion carried.

Treasurer's Report. Troy Klecker presented the revenue and expense reports for March. He said that first half payments were made to the Chamber and OABDC and the first TIF consulting invoice has been paid. Klecker said that, given Coronavirus, lodging tax numbers will be significantly less. Meier is handling this from the Chamber side. It won't have much impact on the EDA budget. They will probably continue to see the effects for the next few months.

Loan Report. Bill Owens presented the Loan Report for February and March. He said that none of the loans are past due. He has two applicants that are nearly complete for the 2020 Forgivable Loan Program. He asked who he should contact when they're completed. Klecker said that it is typically reviewed by a committee consisting of an EDA member, City Attorney Mark Walbran, and himself. He asked the Commissioners if any of them were willing. Commissioner Voss said that he'd be happy to be a part of it.

OACCT Report. Chamber Director Brad Meier presented the OACCT Report for March. Workforce efforts continue. Anisha is doing more career counseling now. OPED is focusing on current issues at hand, which is also the sole focus of the Chamber right now. Meier, Klecker, Owens, and Mayor Kuntz met with Jostens' new president. He seemed to well in tune with the importance of Owatonna. They are moving into a digital age with new products such as photography. 100% of the Chamber efforts are sharing information concerning the coronavirus issue, such as the essential business list, federal funds available, and what people can and can't do. They are having conversations with the County about property taxes. There is a lengthy resource page for businesses that are struggling. The Stronger Together Facebook page highlights good things going on in the community. Because of the projected declining revenue for Tourism, they have made some adjustments to personnel. Voss asked about concerns regarding hospitals. Meier said that they are taking a huge hit as they've cleared decks to be ready for COVID-19 patients and have been spending money to prepare. This will be long term.

MainStreet Report. MainStreet Director Shirley Schultz presented the quarterly MainStreet Report. She said that six new businesses opened their doors in the first quarter. Currently 69 businesses are open with regular hours downtown. 35 have modified their hours or are handing customers by appointment, curbside, or offering delivery. 34, including hair salons, bars, fitness,

retail, tattoo, dog grooming, and one restaurant are temporarily closed. She said that the SHIP grant for wayfinding from last fall will be refunded because they were unable to complete the project. They have a \$4,000 grant from MN Main Street for micro funds for MainStreet businesses instead of installing alley lighting. The deadline was noon today, April 15th. Eight businesses have applied for grants ranging from \$500 to \$1,000. A group will look at the applications. They have not yet cancelled June's Downtown Thursday, though it is likely. Farmer's Market will be postponed until June 6th due to staffing limits to meet COVID space and safety requirements. Farmer's Markets are deemed an essential business. ALC Downtown Clean-Up is cancelled. Commissioner Raney asked if the businesses applying for the micro grants exceeds \$4,000. Schultz said that it does as a few are asking for \$1,000. She got the applications right before this meeting. She said that they did have criteria they had to meet. They could not use the money for rent or mortgage, utilities, stock, or personnel and they had to be a brick and mortar business. Commissioner Okerberg asked if they could match that \$4,000 as the EDA. Commissioner Raney said that he agreed—most sounded like a good cause. He asked if they had some discretionary money to use. Klecker said that they certainly have EDA funds—that is how they do the Forgivable Loan Program. If the EDA wants to direct funds this way, it is a possibility. Commissioner Raney asked the board for their thoughts. Commissioner Okerberg said he thought they should do it. Commissioner Voss that they'd have to let Schultz have some control—it has to be for a valid stay-in-business thing. Klecker said his only caution is that over the next couple months there will be many ways in which businesses need assistance. They will be able to take a comprehensive look or fill in gaps as this goes on. Other needs will pop up. Federal and State might fill in a lot and the EDA could fill in where there are gaps. Commissioner Raney asked if Schultz would send them the list she mentioned. Schultz said that she can do that. There are three people in the advisory group to look over and comment. Commissioner Raney asked the Board if they were comfortable matching up to \$4,000. Commissioner Peterson said that he thought it was a wonderful idea. He said that this reminds him of 9/11 in that a lot of things that we've known will change and we don't even know when things will begin to open up again. He said he's all for getting businesses opened up. He said he'd like to see someone lead the effort and that they could come up with something really creative. Commissioner Mensink said he would echo that—he's also all for doing what they can for the small business community. He said it's a coordinated effort with the State and Federal CARES Act. He said that we're Minnesotans—if there is a tornado, you will hear chainsaws before the wind dies down. Commissioner Raney asked if they would still be able to get the grant for the alley lighting. Schultz said that they can reapply to be ready for next year or do a Go Fund Me kind of thing. She said she doesn't think now is the time to go ahead with it as it seems frivolous to businesses that are struggling. This micro grant program is a better route to go. A motion was made by Commissioner Okerberg and seconded by Commissioner Cowell to authorize up to \$4,000 in matching EDA funds for the MainStreet micro grant program. Commissioner Voss said that he personally thinks it's too early in the process as he assumes everyone has also applied for federal dollars. Schultz said that the point of this is for us to fund the businesses right away during the closure. She said that they won't spend all of the EDA's matching funds if they don't need to. Commissioner Voss said that sounds reasonable. Commissioners voting Aye: DeVinny, Mensink, Peterson, Raney, Voss, Okerberg, and Cowell. 7-0, motion carried.

Tourism Report. Tourism Director Karen Pehrson presented the quarterly Tourism Report. She said they've been working very hard at the Chamber during this time. They postponed the marketing campaign. Emily, who was part time, took a position with a different company, so

she's no longer with the Chamber, which frees up some money. The plan is not to fill the position until they know more. They're reaching out to partners with dates to reschedule. Corky's Early Bird Tournament will now be in September, and there has been a good response with the sign-up. She said she's reaching out to lodging properties and wants to be there for them if and when they need help. Utility workers, truck drivers, and hospital workers who don't want to expose their families have still been staying in hotels. She said she's getting resources and advocating. It's been a hard month. Commissioner Raney said that he appreciates what she's doing. Pehrson said that they want to stay safe, but hospitality and tourism is really hurting. She is hopeful that they can come back even stronger.

OABDC Report. OABDC Director Bill Owens presented the OABDC Report for March. He gave an update on contacts and inquiries and said that occupancy is good, although it's going to change. He said Minnesota is highly ranked regarding utilization of the SBA Program.

Airport Report. Airport Manager Dave Beaver presented the quarterly Airport Report. He said the airport is open and business is as usual. There has been less business traffic, but an uptick in personal flying. There is a presence at the airport seven days a week. The CARES Act will have an impact as up to \$30,000 will be available for the airport. Accelerated Aviation Instruction, a new business at the airport, is up and running as of February 1st. People have come in from all over the country for this 14-day course and have been staying in local hotels. Daedalus Flight Training School works with local pilot and includes a "Rusty Pilot" training. Commissioner Okerberg asked if the airport would need to expand office space. Beaver said that the space is adequate right now. Commissioner Raney said that Beaver gave him a tour at the end of February and he said it was impressive. He asked about the plans for the private jet. Beaver said there is some opportunity, though businesses are cautious right now. Klecker said that businesses don't want to travel much now, but when things settle down, they may look at air travel differently. It may mean more are interested in chartered flights to protect and control time and exposure for employees. Right now, no one is interested.

EDA Projects. Community Development Director Troy Klecker presented the EDA Projects for March. He said that, while some projects have lost momentum with the pandemic, we were positioned well going into it. He gave an updated on the current projects. The closing for the Cemstone land swap is scheduled for May 8th. Cemstone will be providing cement for the Costco project. The downtown hotel project is still moving forward, as well as Hampton Inn on Allan Avenue. Daikin is moving along. Minimizer was on hold over the winter, but anticipates resuming soon. Foremost Brew Pub will begin remodeling in the coming weeks. The 117 West Bridge Street property still needs a new roof and bids are being sought. City Council approved TIF for Bosch to construct at 266,000 square foot warehouse facility in the industrial park. This is stalled due to the coronavirus. Klecker said that the City is still in a good position.

New Business. The Commissioners discussed EDA Loans. Klecker said that there has been some discussion on the loan program as typically it's small businesses that have EDA loans. They discussed what the EDA can do to help and Klecker suggested deferring payments for three months. A number of those businesses are closed during this time and not bringing in income. He said it would be a good idea to defer the loans and then tack on to the end of the term. They're either seven or three year loans. Commissioner Raney said that he agreed. Commissioner Cowell asked about documentation. Klecker said that they will provide documentation with a new payment schedule. Commissioner Cowell said that sounded wonderful. Commissioner Mensink

said he thought it was a good idea and consistent with what banks are doing. He said he was actually going to bring it up. Commissioner Voss asked if this would include the MIF flood grants. Klecker said that he would have to check on this as those grants are State dollars. Commissioner Voss said it applies to eight loans and seems reasonable. A motion was made by Commissioner Mensink and seconded by Commissioner DeVinny to defer loan payments three months. Commissioners voting Aye: DeVinny, Mensink, Peterson, Raney, Voss, Okerberg, and Cowell. 7-0, motion carried.

Klecker said that the City recently purchased the house at 215 N. Elm Avenue with the intent to eventually tear it down for a parking lot. The EDA kicked in one-third of the purchase price and it is currently rented out to Transitional Housing and managed by HRA. The City now owns three of four properties on that corner and the fourth property owner at 221 N. Elm Avenue is interested in selling to the City. They will sell it for \$142,000. The assessed value is \$149,000 and they showed a real estate appraisal for \$142,000, so he said this is a fair price. This would be the same sort of deal as the last purchase, with the EDA, HRA, and City each contributing one-third of the purchase price. Commissioner Mensink asked if there was any major deferred maintenance. Klecker said that he would typically walk through the house, but he is not able to during this time. He looked at the assessed value, also the realtor took a lot of pictures. He said that he feels pretty good about it—that they won't have to stick a lot of money into it, and it can be rented out right away. Commissioner Raney said that the house is in great shape—one of the best the City's purchased—and he wondered if it could be moved. Klecker said that they can see what options are available. A motion was made by Commissioner Cowell and seconded by Commissioner Okerberg to contribute one-third of the purchase price of the home at 221 N. Elm Avenue. Commissioners voting Aye: DeVinny, Mensink, Peterson, Raney, Voss, Okerberg, and Cowell. 7-0, motion carried.

Schedule Next Meeting. The next EDA meeting is scheduled for **May 20, 2020** at 4:00 PM at the City Council Chambers.

Adjournment. There being no further business, a motion was made by Commissioner DeVinny and seconded by Commissioner Mensink to adjourn the meeting. Commissioners voting Aye: DeVinny, Mensink, Peterson, Raney, Voss, Okerberg, and Cowell. 7-0, motion carried. Meeting adjourned at 5:19 pm.