

Economic Development Authority

Regular Meeting

Wednesday, May 15, 2024

4:00 p.m.

Charles S. Crandall Center -- Meeting Room

City Hall

1. EDA Agenda - May 15, 2024

Documents:

[EDA AGENDA - 05-15-2024.PDF](#)

2. Roll Call: Boeke, Cowell, DeVinny, McDermott, Mensink, Raney, Voss

3. Treasurer's Report

Documents:

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

4. Loan Report

Documents:

[LOAN REPORT.PDF](#)

5. Reports

5.I. OACCT / OPED Report

Documents:

[OACCT EDA UPDATE-5-2024.DOCX](#)
[LEADS EDA REPORT MAY.PDF](#)

5.II. OABDC Report

Documents:

[OABDC EDA REPORT 2405.PDF](#)

6. Old Business

6.I. Downtown Second Floor Commercial Space Contest

6.II. Approve Repayment Agreement For 224 Cedar Avenue North

7. New Business

- 7.I. Swap Lots With Alexander Lumber
- 7.II. Exterior Forgivable Loan - 141 W. Bridge Street
- 7.III. Exterior Forgivable Loan - 120 Oak Avenue S.
- 7.IV. Exterior Forgivable Loan - 315 Cedar Avenue N.
8. Schedule Next Meeting - June 19, 2024 Is A Holiday - Reschedule?
9. Adjournment

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Agenda

1. Roll Call: Boeke, Cowell, DeVinny, McDermott, Mensink, Raney, Voss
2. Approval of Minutes: April 10, 2024
3. Treasurer's Report
4. Loan Report
5. Reports
 - a. OACCT / OPED
 - b. OABDC
 - c. EDA Projects
6. Old Business
 - a. Downtown Second Floor Commercial Space Contest
 - b. Approve repayment agreement for 224 Cedar Avenue North
7. New Business
 - a. Swap lots with Alexander Lumber
 - b. Exterior Forgivable Loan – 141 W. Bridge Street
 - c. Exterior Forgivable Loan – 120 Oak Avenue South
 - d. Exterior Forgivable Loan – 315 Cedar Avenue North
8. Schedule Next Meeting – June 19, 2024 is a holiday – reschedule?
9. Adjournment

EDA ADMINISTRATION				
Account	Description	Current Budget	Current YTD	Budget Remaining
	REVENUE			
290-31000-690-691-000000	PROPERTY TAXES	- 200,000.00	- 66,680.00	- 133,320.00
290-31410-690-691-000000	LODGING TAX - 3%	- 250,000.00	- 52,449.43	- 197,550.57
290-33424-690-691-000000	STATE - OTHER PROGRA		- 140,000.00	140,000.00
290-34950-690-691-000000	TIF ADMINISTRATIVE F	- 71,773.00		- 71,773.00
290-36210-690-691-000000	INTEREST EARNINGS		- 1,277.21	1,277.21
290-36220-690-691-000000	RENT/RENTALS	- 3,600.00	- 1,200.00	- 2,400.00
290-36231-690-691-000000	GRANT FUNDS			
	TOTAL REVENUE	- 525,373.00	- 261,606.64	- 263,766.36
	EXPENDITURES			
290-41000-690-691-000000	WAGES - REGULAR FT	86,568.00	29,835.13	56,732.87
290-41300-690-691-000000	WAGES - OT		1.40	- 1.40
290-41410-690-691-000000	PERA	6,493.00	2,219.86	4,273.14
290-41420-690-691-000000	FICA	6,622.00	2,211.47	4,410.53
290-41500-690-691-000000	INSURANCE	7,445.00	2,190.28	5,254.72
290-41550-690-691-000000	WORKERS COMP INSURAN	493.00	168.73	324.27
290-42000-690-691-000000	OFFICE SUPPLIES	400.00		400.00
290-42300-690-691-000000	SMALL TOOLS & MINOR	400.00		400.00
290-43010-690-691-000000	OTHER PROFESSIONAL S	35,000.00		35,000.00
290-43121-690-691-000000	PHONE	200.00		200.00
290-43122-690-691-000000	POSTAGE	300.00		300.00
290-43220-690-691-000000	TRAVEL & TRAINING	1,000.00	105.62	894.38
290-43231-690-691-000000	OBD - MARKET SERVICE	80,000.00	40,000.00	40,000.00
290-43232-690-691-000000	OBD - LOAN SERVICES	20,000.00	10,000.00	10,000.00
290-43233-690-691-000000	OBD - SMALL BUSINESS	4,000.00		4,000.00
290-43234-690-691-000000	DOWNTOWN ENHANCEMENT	5,000.00		5,000.00
290-43235-690-691-000000	PARTNERS FOR PROGRES	12,000.00		12,000.00
290-43320-690-691-000000	ADVERTISING & PROMOT	1,000.00		1,000.00
290-43400-690-691-000000	MEMBERSHIPS & SUBSCR	200.00		200.00
290-43720-690-691-000000	REPAIR & MAINT - EQU	200.00		200.00
290-43810-690-691-000000	RENTS/LEASES	6,700.00	3,312.00	3,388.00
290-43972-690-691-000000	SOUTHERN MN INITIATI	1,667.00	1,666.00	1.00
290-43990-690-691-000000	MISCELLANEOUS		140,000.00	- 140,000.00
290-43991-690-691-000000	TOURIST DEVELOPMENT	237,500.00	34,959.06	202,540.94
290-47000-690-691-000000	TRANSFER TO OTHER FU	12,000.00	4,000.00	8,000.00
	TOTAL EXPENDITURES	525,188.00	270,669.55	254,518.45
	EDA LOANS			
Account	Description	Current Budget	Current YTD	Budget Remaining
	REVENUE			
292-34109-690-692-000000	OTHER REVENUE			
292-34960-690-692-000000	INTEREST ON LOANS		- 275.59	275.59
292-36210-690-692-000000	INTEREST EARNINGS	- 16,000.00	- 7,707.60	- 8,292.40

	TOTAL REVENUE	- 16,000.00	- 7,983.19	- 8,016.81
	EXPENDITURES			
292-48300-690-692-000000	LOAN PROGRAM DISBURS		30,000.00	- 30,000.00
	TOTAL EXPENDITURES		30,000.00	- 30,000.00
	EDA LAND			
Account	Description	Current Budget	Current YTD	Budget Remaining
	REVENUE			
294-34950-690-694-000000	TIF ADMINISTRATIVE F	- 1,362.00		- 1,362.00
294-34960-690-694-000000	INTEREST ON LOANS	- 43,235.00		- 43,235.00
294-36210-690-694-000000	INTEREST EARNINGS	- 12,000.00	- 7,326.05	- 4,673.95
294-36220-690-694-000000	RENT/RENTALS	- 30,000.00	- 17,920.00	- 12,080.00
294-39101-690-694-000000	SALE OF CAPITAL ASSE			
	TOTAL REVENUE	- 86,597.00	-25246.05	- 61,350.95
	EXPENDITURES			
294-43004-690-694-000000	LEGAL FEES			
294-43010-690-694-000000	OTHER PROFESSIONAL S	20,000.00		20,000.00
294-43320-690-694-000000	ADVERTISING & PROMOT			
294-43500-690-694-000000	PROPERTY & LIABILITY	4,100.00	2,050.00	2,050.00
294-43711-690-694-000000	RENTAL PROPERTY EXPE			
294-43910-690-694-000000	REAL ESTATE TAXES	20,000.00		20,000.00
294-45100-690-694-000000	LAND			
294-45300-690-694-000000	OTHER IMPROVEMENTS			
	TOTAL EXPENDITURES	44,100.00	2,050.00	42,050.00

City of Owatonna
Balance Statement by Fund
30-Apr-24

FUND 292: EDA LOANS

Account Number	Account Name	Ending Balance
ASSETS		
292-10100-000-000	BANK ACCOUNTS	\$ 12,649.35
292-10400-000-000	INVESTMENTS	800,000.00

FUND 294: EDA LAND

Account Number	Account Name	Ending Balance
ASSETS		
294-10100-000-000	BANK ACCOUNTS	\$ 302,306.79
294-10400-000-000	INVESTMENTS	500,000.00

CITY OF OWATONNA
 EDA - LOAN PROFILE
 As of : April 2024
 prepared 5/10/2024

EDA - Improvement Notes

Borrower	Loan Date	Int Rate	Years	Original Balance	Current Balance	Monthly Payment	Status	Type	Notes
Wagner's	10/1/2018	2.500	7	43,480.63	18,465.83	564.78	Current	Retail	
Total				<u>43,480.63</u>	<u>18,465.83</u>	<u>564.78</u>			

Profile by Loan Performance	Status	Number of Loans	Original Balance	Current Balance	% of Current Balance
	Current	1	43,480.63	18,465.83	100.00%
Non-current	0	-	-	0.00%	
		<u>1</u>	<u>43,480.63</u>	<u>18,465.83</u>	<u>100.00%</u>

EDA - Low Doc Notes

Borrower	Loan Date	Int Rate	Years	Original Balance	Current Balance	Monthly Payment	Status	Type	Notes
Selective Looks	6/16/2020	2.500	7	25,000.00	9,496.97	259.78	Non Current		Last payment received in March
Vesterby	12/13/2021	1.625	7	12,500.00	8,490.71	157.53	Current		
Vesterby	12/13/2021	-	3	5,000.00	1,111.08	83.33	Current		
				<u>42,500.00</u>	<u>19,098.76</u>	<u>500.64</u>			

Profile by Loan Performance	Status	Number of Loans	Original Balance	Current Balance	% of Current Balance
	Current	2	17,500.00	9,601.79	50.27%
	Non-current	1	25,000.00	9,496.97	49.73%
		<u>3</u>	<u>42,500.00</u>	<u>19,098.76</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	425,262.87		Current		TIF Guarantee
Arrow Ace TIF note	12/1/17	3.000	25	350,000.00	313,732.13		Current		TIF Guarantee
Nicolai TIF note	12/31/17	3.000	25	524,845.17	518,820.84		Current		TIF Guarantee
Marriott TIF note	5/18/21	3.000	25	268,000.00	268,000.00		Current		TIF Guarantee
224 Cedar TIF note		3.000	25	225,000.00	225,000.00		Current		TIF Guarantee
Ascend TIF note	7/31/2023	5.000	25	100,000.00	100,000.00		Current		TIF Guarantee
KAMP TIF note	2/1/23	3.500	8	155,074.00	155,074.00		Current		TIF Guarantee
Total				<u>2,095,808.17</u>	<u>2,005,889.84</u>	<u>-</u>			

Profile by Loan Performance	Status	Number of Loans	Original Balance	Current Balance	% of Current Balance
	Current	7	2,095,808.17	2,005,889.84	100.00%
	Non-current	0	-	-	0.00%
		<u>7</u>	<u>2,095,808.17</u>	<u>2,005,889.84</u>	<u>100.00%</u>

Memo

To: Economic Development Authority
From: Brad Meier, President/CEO
Date: 5/15/2024
Re: OACCT Economic Development Update

Economic Development

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

Workforce

- April 17th Made in Owatonna Day-Agriculture Day: 70 students
- Work experience grant, received 12 applications, grant is up to \$15/hour for up to 160 hours.
- 2024 'Signing Day' is May 29th at 4pm at Torey's conference room.
- SteeleCoWorks Coordinator-reconfiguring position with plan to hire new coordinator this summer.

Other

- OPED: Did not win city of the year
- OPED: Next Real Estate Journal event May 30th-Restaurant & Retail
- OPED: Sean Williams hosted non-traditional financing event
- Growth Breakfast, May 16th features local health care leaders from Mayo, Allina, and OMC
- Ted G Ringhofer scholarship presented to Ethan Armstrong-\$1,000.

<u>Company</u>	<u>Date of Inquiry</u>	<u>Service Provided</u>	<u>Follow ups</u>	<u>Conclusion</u>	<u>Project Outcome: Green (progressing), yellow (probable); red (not moving)</u>
Franchise director for DQ US looking for a new person to run DQ franchise for Owatonna	10/9/2023	Looking for ideas on a new franchise owner for the DQ in Owatonna. They'd like to fill the space just vacated on Bridge.	Received some promotional information and have been sharing it out to business community. 01/09/24: franchisor they had lined up fell through, so still looking for one for Owatonna.		
Wants to run an adult daycare in his existing location downtown	12/4/2023	Some questions about what is needed by the city of owatonna to complete this project in current space.	Ken Beck & Brad Meier met with business owner to discuss what is needed and a realistic timeline.	Owner still working on details with architect. 2/15/24: conditional use permit approved at city.	
Looking for new site for their church	1/25/2024	Lead pastor has moved church to temporary location, wants to find an existing building with at least 10,000 sq ft	Building on the south end of Owatonna has come on the market. Discussed some informtion about the site with him.	Church is going to purchase land to put up a new structure.	
Group has purchase agreement on building looking for feedback on needs/use	1/8/2024	Redevelopment project that has high visitor attraction potential.	Provided ideas on the building and possible uses/needs.	2/22/24: meeting with the key investors of the project to discuss possible uses and operators.	
Discussion with developer about future projects.	2/27/2024	Discussed redevelopment sites at I35 & Hoffman as well as south end wholesale tires buildings	Did not seem like a project this individual was interested in taking on at this time.		
Development project idea for downtown Owatonna.	2/29/2024	Developer presented an idea for a new building in downtown Owatonna.	Early stages of the idea and it has some overlap with another downtown project being discussed.	Set up meeting between the two project developers for March.	
Met with new owners purchased existing business in Owatonna	3/1/2024	Plan to invest upwards of \$500,000 into the building	Improvements will allow for growth of the business.	Not asking for help with it, plan to complete in 2024.	
New attorney	2/19/2024	Divorce Attorney open Owatonna location	Planning to open small office in downtown Owatonna	Things are on-track and plan to open in April/May	
New Psychologist	2/19/2024	Psychologist opening Owatonna location	Planning to open small office in downtown Owatonna	On Track	
Restaurant for Downtown	4/26/2024	Working towards opening a restaurant business	Considering a cooperative agreement with existing location	Working with Sean at OABDC	
Distillery	4/26/2024	Wants to open small batch distillery	Timing not known right now.		

Commercial Kitchen	5/7/2024	Interested in commercial kitchen space to expand current business being run out of their house.	Sharing new space idea with the owner.	He is looking into the space to see if it is a suitable fit.	
Expand Retail Space	5/7/2024	Considering options for doubling his space.	Discussed several ideas and will continue discussion. They want to do something soon.	Probable	



EDA Report for April 2024

Updates:

- Non-Traditional Lending Workshop – 5/1/24
 - o In partnership with SMIF and Amplio
 - o 26 participants
- Knowledge Exchange Program SBDC Statewide Conference – 5/15 – 5/17
- MN Nonprofit Executive Summit – 5/22 – 5/24
- New additional SBDC consultant – Danielle Wavrin
- Design Thinking and Design Sprint Workshop – 4/4

Upcoming:

- RFP for Software Studio
- Monthly entrepreneurial event
- Design sprint workshops
- Marketing Workshop - May 20th - in partnership with Chamber, Tourism, and SBDC
- English- and Spanish-language Small Business Academy cohorts – this fall

OABDC - April 2024

Consulting						
Clients	Sessions	Hours	New	Operating	Hours	
					2024 YTD	2023 YTD
14	15	17.5	4	6	73.25	36.75

Occupancy			
Manufacturing		Offices	
Total Leasable Space	34,325	Total Leasable Offices	11
Total Leased Space	19,375	Total Number of Leased Offices	10
Present Occupancy	56%	Present Occupancy %	91%
Budget Occupancy	70%	Budget Occupancy %	70%
YTD Performance to Budget	\$(2,796)	YTD Performance to Budget	\$ 2,504
YTD Performance to Budget	89%	YTD Performance to Budget	130%
Number of Tenants	7	Number of Tenants	10
Future Makerspace	1,600		



EDA Forgivable Loan Program – April 2024

Updates:

- 605 N. Cedar – MO Fitness/Olson
 - o Receipts submitted for reimbursement
- 301 N. Cedar – PHFS/Prohaski (2021)
 - o Loan documents being drafted
- 130 E. Vine – Owatonna Fitness/West
 - o Receipts submitted for reimbursement
- 306 N. Cedar – OREF/Stadheim
 - o Waiting for timeline update to draft loan documents

New Business:

- Forgivable Loan Program:
 - o 141 W. Bridge St. – Heinz Insurance / Otterson
 - \$10,000 – Exterior – tuckpointing
 - o 120 S. Oak Ave. – Chamber / Meier
 - \$10,000 – Exterior – signage
 - o 315 N. Cedar Ave – Dress Shop / Pankowski
 - \$10,000 – Exterior – windows, signage, awning
- Including these three loans, \$80,000 approved for 2024.