

**EDA
Minutes
February 21, 2024**

The Owatonna Economic Development Authority met in regular session at 4:00 PM in the Charles S. Crandall Center – Meeting Room at City Hall Building with President Raney presiding. Commissioners present: Dan Boeke, Andrew Cowell, Brenda DeVinny, Pat McDermott, Kevin Raney, and Doug Voss. Commissioners absent: Corey Mensink. Also present were Troy Klecker, Lisa Cochran, Sean Williams, and Kristen Kopp. (Brad Meier arrived during the discussion on the Downtown Second Story Contest.)

Approval of Minutes. Commissioner Boeke moved approval of the minutes of the January 17, 2024 meeting with second by Commissioner McDermott. All Commissioners voting Aye, the motion passed.

Treasurer's Report. Troy Klecker presented the revenue and expense reports for January. He said we're just getting the year underway and there isn't much to report.

Loan Report. Sean Williams presented the loan report for January. He said that the HotWorx loan was executed yesterday. There hasn't been action on the low-doc loans. Klecker said that they received the last Cars N Credit payment, so all of the MIF flood recovery loans are satisfied, and we are officially done with the program.

OACCT / OPED Report. MainStreet Director Lisa Cochran presented the OACCT Report for January. She said Made in Owatonna was today and Brad said it went well. She said that it has been fun for her to see businesses downtown embrace the new branding and the new tagline. A downtown association group from Grand Rapids is coming to tour Owatonna and learn about our downtown revitalization. She said they want to include EDA, City Council, and City Staff with that.

OABDC Report. Sean Williams presented the OABDC Report for January. He said that he's changed the format of the report. There is space at the Center for tenants now that CDI has moved out. Habitat for Humanity has moved in and built an entire house in the last two weeks in partnership with the high school. The house will be going to Chatfield. They got the executed paperwork for a DEED grant for \$138,000. They have educational offerings in partnership with Community Ed including a bootcamp and Small Business Academy. Cowell asked how the maker space differs from the maker space at the library. Williams said he doesn't want to replicate what they have at the library. Their intent is primarily for prototyping or for hobbyists who are looking to convert their hobby into a business. They will be more entrepreneurial focused. He said they're also considering the high school because they have a lot of equipment there that isn't accessible to the public. He said he doesn't think they'll be able to use it, but might be able to show people. Cowell asked how we will make it happen. Klecker said his guess is the library's maker space will probably be up first. Williams said the issue there is training the staff. Klecker said once the library's space is up and operational, Williams will get a better look at it. The thought is, if you are just trying something, you will try it at the library. If you want to do something more or make it into a business, they will check out the Center.

EDA Projects. Community Development Director Troy Klecker presented the EDA Projects for January. He said there aren't many updates. 117 West Bridge continues to be shown. People have ideas and interest; it comes down to a financial issue. It will take the right project to go in there. There are two adjacent property owners that have some interest in 148 West Main Street. Both are looking at something else right now. Kamp Automation is open and operational. That was a good project and went smoothly. They're still plugging away on Ascend. Scooters still plans to build their coffee shop. He is talking with Alexander Lumber on the Fremont Street property. FoamCraft has started construction on their addition. The City is planning on demolishing the East Pearl Street house.

Old Business: Update on 224 Cedar Avenue North. Klecker said he talked to Oscar on Monday and he is choosing not to go forward with the project. The costs are substantially more than when he signed the purchase agreement two years ago. He's talked to contractors and developers and has exhausted all the options. He will not proceed with the project and we can proceed with getting the property back. With that, we have a development agreement with timelines. There was language that allowed us to push off the dates as it was supposed to be completed in 2022. Oscar was involved in the Ascend shuffle of businesses. If he is in default, we can take the property back. We did have language in there should he not move forward, he would reimburse us \$8,500 for the TIF consulting expenses we incurred. And the property taxes were not paid in 2023, which were around \$5,000. He said he will talk to Mark Walbran and the TIF Consultant. Klecker said the development agreement says that the EDA gets the \$8,500 and the taxes are paid. Cowell agreed as it is tax payers' dollars. Raney agreed. Klecker said that is the route they will go. Klecker said that Oscar offered to share any work he's done on plans. He would work with anyone that has interest in the building or drawings. Voss said it wouldn't be hard to make the argument that he's cost us more than that. Raney said the new owner may not find the information valuable. Klecker said he will have to check to see if increment is generated, because if so, the clock is ticking on the TIF district. There could be another project that comes in. He said it has happened once before with The Pearl. He said it's disappointing, but they could end up with another project in the end. Raney said that it's more desirable now than it was a couple years ago. Cowell asked when they can begin marketing it. Klecker said unofficially, but he wouldn't put anything out there officially until the City owns it again. Klecker said he'd give updates as we proceed.

Raney asked if we've taken over the old Cemstone facility yet. Klecker said we own it, but they are operating under a lease for five years. There are probably two years left on it. They're timing the move based on the five-year time frame. They've moved the new plant and will take down the existing plant. Then, they'll build a new facility at the new site.

New Business: Forgivable Loan – 605 Cedar Avenue N. Williams said that Mr. Olson submitted an application for a forgivable loan for \$10,000 interior and \$10,000 exterior for ADA accessibility and bathrooms. He said that they told him that work couldn't go further because the loans weren't applied for. Williams said that the ramp is already built. Olson said that he had the footings poured because he had been told that he could start since usually the work is more than the loan. DeVinny said she thought we had a precedence with MSB and their outdoor patio. Raney agreed and said he'd like to go back and see the notes. Olson said he wasn't trying to go

around the system or hope that he could sneak through something. Boeke said he didn't think it would be a problem for him to approve this loan as this is what it is designed for. Mr. Olson said he's trying to not take more loans than he needs, but not getting the \$20,000 would hurt. Klecker said the program applies to the B-3 Central Business District and has been rezoned to be in the correct district. Raney said they have to follow the guidelines on what the program is and can't just change it without agreeing. Olson said the guidelines weren't as clear when he first applied. Raney said he doesn't want Olson to stop construction. Klecker said he still has interior improvements to do, so that could be approved. Olson said that the majority of the outside is done. Klecker agreed not to keep the project on hold. For the exterior, we can go back and look at what they did with MSB and make a decision at the next meeting. Voss asked if he's doing other stuff to the front? Olson said eventually, when he starts making money. He said he doesn't like taking loans. Raney asked if he filled out the paperwork in August for the loan. Olson said he didn't apply, but it was through an email he was told he could start. He read through the email thread. Williams said that the old application was not clear that he had to be approved before starting construction. Klecker said that the process is simple and clear now. There was some transition in all of this. Intentions were good. It's accomplishing what we want – a handicap accessible ADA compliant building. Raney said, with the understanding from the prior paperwork, are we comfortable approving it as is, or would you want to research it. Raney said it sounds like he did everything he could to follow the processes. He's more apt to say, based on the information given at that time, it is different than MSB. He said he's comfortable with it. Voss asked if there were any others in the same position. Williams and Cochran said not that they are aware of. Cochran said if someone printed something off before we switched applications, they could have the old one. Williams said Olson was actively working on the process. Anyone from this point on would have to reapply. Cowell said he believes that Olson is acting in good faith and has the documents. Our old application wasn't clear. He said it would be in their best interest to approve it. Boeke said he's in favor of it. DeVinny said she's in support of letting him move forward. He's still in process. McDermott said it sounds like the process was a little unclear before and he has well documented communication on it. He said he's in support of it as well. Raney said he agrees, and we changed halfway through the process. A motion was made by Boeke and seconded by DeVinny to approve a \$10,000 exterior loan and \$10,000 interior loan for 605 Cedar Avenue N. All Commissioners voting Aye, the motion passed.

There was some discussion about Lucky Dice accessing old dollars from 2019 that they didn't spend, or whether they could reapply for another loan. Klecker said the project they applied for was completed under budget. This would be a different project than what they proposed before. Voss said the loan is kind of to get the project started. Klecker said they determined that they weren't going to open up the loans to businesses who had loans. Klecker said what they could do is, say you get \$10,000 interior and \$10,000 exterior, you could apply for another project as long as it was under \$10,000. Williams said it's not giving them extra money over \$10,000. Klecker said that Lucky Dice is a unique situation as they had a collapsed wall during the streetscape and we reduced it by the difference. There will be more discussion at the next meeting and it will be on the agenda.

Downtown Second Floor Commercial Space Contest. Klecker said there has been some discussion about a contest for converting vacant, second story space to commercial space. He said he wanted the Commissioners input and direction if we are going to move forward with it as

it would be good to roll it out this spring. Cochran said she started a document listing what is out there. Klecker said they could roll out something and have no takers at all. Raney said second floor could also include third floor. Raney said they tried to do the Restaurant Challenge and had no takers because the costs were exorbitant. Would it be bad if we did a \$20,000 forgivable loan? To meet today's codes, \$10,000 isn't going to do anything. Voss said it's missing the goal because their job is to help businesses. To him, it's on the owner to fix the building. Raney said this is an incentive to reinvest in the business and makes the property more valuable. Klecker said he has a preference for a business over an apartment. They are trying to create more activity and draw more people downtown. Raney said he likes the idea of second floor business. Voss said the program so far has focused on the front and the usability of the space. Cochran said she sees both sides of it. If it is apartments, it's for that building owner. Some businesses are struggling and they have a guaranteed income from renting apartments. You also have more people who live downtown and hopefully go to the businesses. She said she's also all about having businesses downtown, too. Klecker said they could set no boundaries on eligibility but say it's for improvements for second floor space. They could review the applications and reserve the right to reject any and all applications. If there is a winner, they get \$20,000 or they could reject them all. Boeke said this is one way we'd get more housing or more businesses. Either way, we win. DeVinny said she likes the idea of a contest because we can see what kind of interest there is. McDermott said that it seems like leaving some flexibility would be the right way to do it. Raney said he's curious to see what the property owners see their second floor as. Only one, or none, will get it. Cochran said she's seen it work in other MainStreets and it would be interesting to see who's interested. Raney said he likes that we have people from Grand Rapids who want to see how we did our streetscape. We did the forgivable loan and we continue to add on to what makes a vibrant downtown. Cowell said he's all for a second floor contest, but ask if someone who received a forgivable loan would be eligible? Klecker said we would reserve the right to reject all. DeVinny said this is a challenge, so she would see this differently. Meier said you could put emphasis on, maybe it's space that hasn't been used in five years. Klecker said they can leave it broad, but give some criteria for what they're looking for, such as, is it going to bring people downtown? Raney asked if there are other communities that are doing this. Cochran said she will look into it and come back with some examples from other communities. Williams said he likes objective scoring criteria for contests.

Schedule Next Meeting. The next EDA meeting is scheduled for **March 20, 2024** at 4:00 PM in Charles S. Crandall Center – Meeting Room at City Hall. Raney said that he, Voss, and Boeke will be out of town that day. Klecker said he'd like to chose a date that more Commissioners can approve. If we went **March 13, 2024**, would that work? The Commissioners agreed. Raney asked if they could change the agenda around and move this up.

Adjournment. There being no further business, a motion was made by Commissioner Voss and seconded by Commissioner Cowell to adjourn the meeting at 5:20 pm. All Commissioners voting Aye, the motion passed.