

**EDA  
Minutes  
March 13, 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 Vice President Voss presiding. Commissioners present: Dan Boeke, Andrew Cowell, Brenda DeVinny, Pat McDermott, Corey Mensink, and Doug Voss. Commissioners absent: Kevin Raney. Also present were Troy Klecker, Brad Meier, Lisa Cochran, Sean Williams, and Kristen Kopp.

**Approval of Minutes.** Commissioner DeVinny moved approval of the minutes of the February 21, 2024 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 February. He said that the annual budget is pretty consistent. He’ll note anything out of the ordinary. There is nothing out of the ordinary this month. Voss asked about the investments. Klecker said that is handled through our Finance Department and is lumped in with the City’s investments. We have certain rules. Mensink asked if there is any obvious seasonality that would be worth noting. He said lodging tax, for example. Klecker said there isn’t a whole lot. There are some contracts and payouts, but otherwise it’s pretty consistent.

Brad Meier arrived at 4:04 p.m.

**Loan Report.** Sean Williams presented the loan report for February. He said that the Selective Looks low doc loan slipped to non current. He spoke with her yesterday, and that was an oversight due to a family crisis and she will be stopping by with a check to make it current.

**OACCT / OPED Report.** Director Meier presented the OACCT Report for February. Things are really picking up on the workforce front. Students are looking for work and opportunities. They just had a Made in Owatonna Day at the Clinic and Hospital. They have a grant to give ten students up to \$15 an hour for 8 to 10 hours a week over the summer months. They are planning for Signing Day as well. The Livability articles are published. We are on year three of a three-year contract. They write the articles and use their platform to push them out. He said it’s been good awareness. Klecker said they’re working on an affordable senior housing project with LWO. They are pursuing an application for tax credits, which is a very competitive process. One of the ways to increase the point total is contributions from businesses and others. Meier helped facilitate a meeting with bankers in hopes of getting some contributions. He said there was a good turnout. Meier said OPED met with the Faribault Park and Rec Director about their community center efforts. They are working on “beefing up” the Engage Owatonna website. Boeke asked about affordable senior housing and if that would be Section 8. Klecker said no. What makes it affordable is that rents are below a certain rate and you’d have to meet a certain income. Klecker said it usually ends up being \$200-400 less per month. He said they’ve not done one for seniors before—they’ve done workforce housing. The hope is that some seniors who live in a single-family house will move out and open up the house for a family. The biggest problem in the housing shortage is lack of movement. There is nothing available because no one is

moving. Mensink said it's pretty hard to force. Voss asked for a summary of the discussion with the Faribault Park Director. Meier said it's expensive. They were even shocked at the price tag of facilities like that. It was helpful to hear about their process. It gave him a more realistic perspective on how big an undertaking this will be. Klecker said Faribault has gone through the analysis and public engagement. The tough part is funding. They're looking at a sales tax option which would fund some, but not all, of it. Faribault is also working on a park facility downtown. Klecker said between the two of them, it would be about \$100 Million. McDermott asked if State bonding is a potential funding source. Klecker said yes.

**OABDC Report.** Sean Williams presented the OABDC Report for February. He said they had the first bootcamp a couple weeks ago. It was the most successful of the three they've hosted. The next 10 week course starts Monday. Most of the participants are taking advantage of scholarships that Community Ed or OABDC are offering. SMIF and SBDC are both sponsoring that as well. They will have the low doc loan application online next week and there will be a loan application coming in. Consulting hours are way up. Occupancy is a little bit lower, but they're up on the office side. They will meet with an entrepreneur next week about manufacturing space. He said that MO Fitness executed their paperwork quickly. Voss said he stopped into Matt Olson's place and said they've done a really good job with the simulators.

**EDA Projects.** Community Development Director Troy Klecker presented the EDA Projects for February. FoamCraft is constructing their addition.

### **Old Business:**

**Downtown Second Floor Commercial Space Contest.** MainStreet Director Lisa Cochran said that she looked at what other cities have done. She had a copy of what they did in 2018 for the retail challenge and also Red Wing's contest. We have done it, and those businesses are still there. She said that Red Wing has three steps to their process and it's a pretty quick turnaround. It's not an easy process for businesses. She said that they could use the MainStreet Retail Challenge as the basis so they don't reinvent the wheel. Klecker said that the Retail Challenge provoked people to look at what they could do. If you throw this out there, it might prompt people to think about it. Cochran said that they don't have to find space because they will already own it. Mensink asked if we'd allow it for apartments. Cochran said in her mind, she doesn't have a problem with it as it makes the downtown more vibrant. Klecker said this could be wide open and we have the right to reject all applications. Voss said it's a little borderline of what you'd consider the goal of the EDA. Williams said it also helps with the housing problem. Mensink said some owners have apartments that need to be renovated but agrees that it's borderline. Voss asked about the amount of money. Klecker said it would be \$20,000. He said he and Lisa will work on putting an application together to bring back to the EDA.

**Bubba's.** After the last meeting, Klecker said he connected with Oscar to go over the Development agreement. The taxes have not been paid and there is a clause that they will have to reimburse the EDA. Oscar remembers talking about the \$8,500. He was going to consult with his attorney as he doesn't have the money to pay. Klecker said they can still take the property over and he'd still owe it. Voss said the big issue is that this can't drag on for six months. We need to get going. Voss asked if they can pursue other options even if we don't own the building.

Klecker said informally, but they can't do anything formal. He said Oscar may be working to find someone to take over the project. Boeke asked if we have to wait for his approval to take it back. Klecker said we could pursue it more aggressively with an attorney, but doesn't want to incur costs, as Oscar could be responsible for them. Oscar does want to get rid of it and wants to do it the right way. Mensink said it can be more efficient if he can transfer it. Klecker said his thought is to give him a little time and he'll touch base with him in a week or two to see where he's at.

### **New Business:**

**Forgivable Loan – 210 Main Street West (Vanity LLC / Miranda)** Williams said they're applying for \$10,000 for exterior improvements. They're good on financials. The building is right behind the Chamber of Commerce. They will do windows, an awning, and lighting. Klecker said it's a very visible spot. Williams said they are a cosmetology salon suite and passed around drawings of their plans. Cochran said it's a huge improvement. A motion was made by Mensink and seconded by Cowell to approve a \$10,000 loan for exterior improvements for 210 Main Street West. All Commissioners voting Aye, the motion carried.

**Lucky Dice.** Klecker said that Lucky Dice had a forgivable loan and only used part of it. We did the Streetscape project and found their basement wall was collapsing. There was much discussion about who was responsible since it was our project but their building. There was an agreement that unused EDA forgivable loans would be put toward the basement wall and they were going to pay the rest. In his mind, they've used their forgivable loans.

**Multiple Forgivable Loans for the Same Property.** Klecker said that maybe any one property is only eligible for \$10,000 exterior and \$10,000 interior. Or if they've used \$20,000, can they apply again? Williams said he could see it helping business owners who could only do a smaller project, taking smaller chunks and maxing out at \$20,000. Voss asked if there are more people on the list. Williams said that Lucky Dice and Ibrahim are the two that have asked. Voss said he wants to make sure everyone that wants one has gotten a first one. Williams said that there are 11 businesses that haven't used the \$20,000. Klecker said they could say \$20,000 max, with \$10,000 interior and \$10,000 exterior. Mensink said he likes that. It gets to be a slippery slope. McDermott said you're still not going over the caps. Williams said you could specify that it's a new project and they would have to reapply. At that point, if the loan funds have been used for the year, they'll have to reapply the next year. Mensink said this was meant to be a catalyst and not an ongoing program. A motion was made by Mensink and seconded by McDermott to cap the loans at a maximum of \$10,000 for interior and \$10,000 for exterior for any building, and if the applicant doesn't use the entire amount in the first loan and wants to utilize the remainder of the \$10,000, they would have to reapply with a new project. They would be granted a loan only if that money is available, and it's a first come, first served basis. All Commissioners voting Aye, the motion passed.

There was more discussion on Lucky Dice. Klecker said his gut feeling is that we don't do more. The money still went into the building and we are consistent with the program. Williams said that they would need a motion to deny the Lucky Dice loan. Because they have used the \$20,000

maximum. A motion was made by Cowell and seconded by DeVinny to deny the Lucky Dice loan. All Commissioners voting Aye, the motion passed.

**Schedule Next Meeting.** The next EDA meeting is scheduled for **April 17, 2024** at 4:00 PM in Charles S. Crandall Center – Meeting Room at City Hall. Klecker said that he won't be available and suggested meeting on **April 10, 2024** instead. A motion was made by Cowell and seconded by Mensink to move the meeting to April 10. All Commissioners voting Aye, the motion carried.

**Adjournment.** There being no further business, a motion was made by Commissioner DeVinny and seconded by Commissioner Boeke to adjourn the meeting at 5:09 pm. All Commissioners voting Aye, the motion passed.