

EDA
Minutes
April 10, 2024

The Owatonna Economic Development Authority met in regular session at 4:04 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, and Doug Voss. Commissioners absent: Corey Mensink and Kevin Raney. Also present were Troy Klecker, Brad Meier, Lisa Cochran, Glenda Smith, and Kristen Kopp.

Approval of Minutes. Commissioner Boeke moved approval of the minutes of the March 13, 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 March. Checks are out for the first half contract with the Chamber and OABDC.

Loan Report. Troy Klecker presented the loan report for March. He said that Selective Looks, who was not current due to an oversight at the last meeting, is now caught up and paid through March.

OACCT / OPED Report. OACCT Director Brad Meier presented the OACCT Report for March. The next Made in Owatonna Day, Ag Day, is next week. The Chamber was fortunate to get a grant to pay for some work experiences for students. We can pay up to \$15/hour for limited hours for work experience. We’ve been pushing that out and he welcomed the Commissioners to share with others. Signing Day will be the end of May. SteeleCoWorks Coordinator Missy Koch took a new job at OHS as their second Career Navigator. He said they’re looking at changing the way the role works, working together with Brian and Missy. He said it’s very positive. Meier congratulated the City of Owatonna for being on the list as a nominee for Real Estate Journal awards. The next Chamber Growth Breakfast will feature the MNSCU Chancellor and Riverland President. The Chamber has been working on their new building and this summer they will be doing some exterior work. They would technically qualify for the forgivable loan, but has reservations because of their contract with the City. He asked the Commissioners what they thought. Boeke said his impression is to use the funds that are available. Cowell asked if nonprofits were excluded from applying. Voss said it’s within the boundaries of downtown. Meier said they didn’t apply for interior money when they did interior alterations. The Commissioners agreed that it was fine. Boeke asked about the OPED Annual Report. Meier said he can send out a copy of it.

MainStreet Report. MainStreet Director Lisa Cochran presented the quarterly MainStreet Report. She said her quarterly stats to the state aren’t due until next week, so there is a different style of update in the packet. It gives you an overall idea of what’s been happening first quarter. She’s met with three businesses about forgivable loans. She’s followed up with the dress shop and Family First Insurance. She hasn’t heard back, but hopefully will. She completed the accreditation application and they do get to retain their accreditation. They implemented a new event with the Winter Walk: Beverages, Bites and Bar-ingo. They will plan on doing that again

with Bold and Cold. They went to the Capitol to advocate for additional funding for MainStreet Programs in 2026 and 2027. A couple of businesses closed: Bellebrook Boutique and Elwood Cleaners. She is trying to set up a meeting with that building owner. HotWorx opened, as well as The Clubhouse and Daryl Bauer Home Resource Group. Central Park Coffee has new owners and Flemke Agency moved to a new location.

Tourism Report. Tourism Director Glenda Smith presented the quarterly Tourism Report. She has been meeting with lodging properties to see how things are going and how we can help. The properties are a little nervous with Home 2 Suites opening. We expect to see occupancy rates down. Home 2 Suites is planning to open the end of May and are starting to take reservations for June. Double Tree is in the works and they have started to enter some contracts for April 2025. Visitor Guides are complete and have started to be delivered around town. They structured their marketing meetings differently—they did a big kickoff in January and are focusing on a different topic each month. Corky's Earlybird is their big spring event. National Travel and Tourism Week is May 19-25. Foremost will be doing a tourism focused trivia on May 22. She highlighted meetings and group tours coming up. They're working with the associations and trying to engage baseball, basketball, la crosse, gymnastics associations to see if they want to host something in our community. A lot of tournaments have scaled back to one night. Voss asked about the 24-hour welcome center. Smith said they are working on becoming a welcome center. It's not officially opened or unlocked yet, but it will be.

Airport Report. Klecker said that Accelerated Aviation will be hiring three more instructors, for a total of 16 instructors, and adding three planes. There are a number of projects going on at the airport this year. They're also working on a business plan for the airport now that they've met previous goals, including becoming financially self-sufficient.

EDA Projects. Community Development Director Troy Klecker presented the EDA Projects for March. He gave an update on former Bubba's. They know that Oscar isn't moving forward with the wine lounge. Klecker had a conversation with him today. There is the \$8,500 payback clause for the TIF consulting fees and also unpaid taxes. In discussions with him today, he wants to move forward with signing the property over to the City. He can't make the payments right away, but is willing to do a repayment agreement. If everyone is okay with that, Klecker will proceed with getting a repayment agreement drafted and work with Mark Walbran to get that property turned back over to us. Boeke asked how soon the property will come back into our hands. Klecker said he's hoping 30 days. He thinks it's a good compromise, as we were looking to get the building back and set up a repayment plan. The monthly payments will go to EDA Land Account. Cowell said there should be some interest on it to incent him to get it paid. He wondered if we'd be setting a precedent. Klecker said that this is so unusual that it would be hard to set a precedent. Cowell asked if we had a new buyer of the property and they wanted to do something similar or different, would the TIF district be transferred to them, or would the new owner would pay for the difference? Klecker said, in reality, even though the TIF district is established, they will still need to do another TIF plan. We'll still have a consultant and will need to amend the TIF plan. Cowell said that Nicolai TIF was able to be transferred. Klecker said that that was a similar situation. There was a repayment clause and they did write a check for that amount. They had their taxes paid. The new developer came in and we did have to amend the TIF plan and still incurred some consulting fees. That would be as similar a situation as we've

had. There will be some consulting expenses on the new one. The Commissioners agreed that they were good with that. Klecker said he will see if we can get some interest. Cowell asked what the rate is the County uses for past due taxes. Klecker said that interest will be included in his payments.

There was some discussion of Scooter's Coffee and the adjacent tower property. Klecker said, to his knowledge, Scooter's was not able to purchase the property. He reached out to the tower company to let them know that they will still be responsible for maintenance and property taxes for the property.

Old Business:

Downtown Second Floor Commercial Space Contest. Cochran said she and Klecker met and went through some criteria. She handed some copies out. Klecker said it's up to the Commissioners how quickly they want to roll this out. The sooner we get it out and people start thinking about it, the better. He said he and Cochran were looking at it from a really broad sense and did not specify too much. They laid out some objectives, but are leaving it pretty wide open. They're proposing \$20,000. Boeke said this would be big for downtown. Cochran said that Rethos will have a grant that businesses can apply for at the end of the month. Meier said the application comes from MainStreet first. Cochran said she is the grantor to the grantee. She heard about this last year in Boston. Not every building will qualify because it has to be in the historic district. Klecker said that it might be best to keep the EDA contest separate. Cochran said Rethos is exciting. Voss said he doesn't feel like this is enough information to vote on. Cochran said that this isn't the form. Boeke said he likes it. Klecker said if the Commissioners want another month to review it and vote next month, that's fine, too. He said they will go with what they have here and if the Commissioners have any suggestions, get their feedback to Cochran in the next two weeks. Cowell said he doesn't care if it's for an existing business as long as it's driving people downtown. Voss said he likes that we reserve the right to say yes or no.

New Business:

151 Bridge Street West. Klecker said that Darrin Stadheim is working on a lot of projects right now and this isn't one he feels he can make work. There is some work to do on the lower level to get a tenant in there. He is anxious to sell. He's talked to the neighbor to the west and there is some interest there. He is offering it to us for \$325,000 and will reimburse us for the environmental study that we did. He does want the City to own it. It will increase the values downtown. When the Governor was here, he brought his entourage. The DEED Commissioner is good friends with Tim Penny. Klecker said he gave them a tour of the city and they pointed that property out. It stands out like a sore thumb. If anything's going to happen, we have to take the lead. We have stuck out our neck on a number of projects downtown: the Arnold House, the Smersh House, the old Theater. He said that they will all eventually be occupied and look good. The good part about this one is that it's bringing in revenue and we'll have money to put back into it. We can make some improvements to it. He feels much better about this one. He laid out what he thinks we can do right away, such as constructing a dumpster screen, air conditioning in the apartments so the window units can come out, new windows on the restaurant side, and a

new sprinkler system. We could do tuckpointing and painting. There is a tank under Oak Avenue that will have to be removed. When the City owns it, we have access to some grant dollars through DEED. If we have a project, it's easier to get those dollars. Eventually we would like to enclose that overhang and make it part of the building. We'll still be looking for a tenant all the while. People will visually see what the City is doing to the building. He thinks it's a good opportunity for us to do something. It's the one building he gets the most complaints about. He would be asking for EDA approval to move forward with purchasing it for \$325,000. It would still need to get City Council approval. Cowell abstained from the conversation and the motion as he has a business relationship with the property owner. Boeke said if government doesn't do this, who will? He would vote yes on this. McDermott says it seems like a building that the next person that owns it will sink a lot of money into it; it might be hard to find a buyer. Klecker said it cashflows as it is. With improvements, it will eliminate some obstacles. Worst case scenario, we own it for three to five years and sell it as is, it will at least look better than it would have before. Boeke said it will be safer with the sprinkler system. Klecker said they can figure out what makes sense to do. Voss asked if we're eligible for money to get rid of the gas tank. Klecker said that DEED has some funds. With Main Street being redone, he'd like to see the tank taken care of by the County. He'd also like to get the water service in for the sprinkler system. We'd be very strategic about what the improvements are and when they happen. Voss asked if there were other DEED grants we'd qualify for. Klecker said he's not aware of anything else. Voss said the fear is that we get stuck with another building. This does cashflow, so it's a better scenario. Boeke said it will be a better-looking building than it is now. Klecker said we can sell it, but it will look better. Voss said just with the list, it would look 90% better. They still have the Council vote. A motion was made by Boeke and seconded by DeVinny to recommend approval of the purchase of 151 Bridge Street West for \$325,000. With Cowell abstaining, all Commissioners voting Aye, the motion passed.

Stendel Parking Lot Lease. Klecker said that we've rented this from Brian Stendel every year for 15 years. Every year Council asks if we could buy the lot. Stendel is getting to the point where he might be selling the building and would sell this portion of the parking lot to the City. Klecker suggested a six-month lease through October, and at that time, Stendel should know what is happening. If he decides to sell it, the City could purchase it at that time. If it is purchased, it would not be purchased with EDA dollars. It is a vital parking lot.

Online Low Doc Application. Lisa said that this is now online like the forgivable loan application.

Forgivable Loan – 210 Main Street West (Vanity LLC / Miranda) Klecker said that this is for the building right behind the Chamber. The EDA approved an exterior loan at the last meeting. The applicant found out that they need an air exchange unit which is a building code requirement for a salon. They did not anticipate this when they started. Our forgivable loan criteria is things that will stay with the building and make things meet code. Technically she is doing this to meet code, but it is specific to a hair salon. If she were to move out, the next owner wouldn't necessarily need that. The bathroom is not handicap accessible, and if she doesn't touch it, it is not required to become handicap accessible. She asked the question and Klecker said they wanted to run it by the EDA. Voss said he likes the way it's set up so it can accomplish things that are painful to do. A venting system for a hair salon is part of the cost of having a hair salon.

Boeke said he could go either way. DeVinny and McDermott agreed with Voss. Cowell said he could go either way, but he agrees that it's specifically intended for her business and not improving accessibility. It was agreed that the ventilation improvements would not meet the requirements of the forgivable loan program. Lisa said the Low Doc Loan would be available to her.

Forgivable Loan – 306 Cedar Avenue North. Klecker said that InstyPrints used to own the entire space, but they have reduced their space and there is another space available. They are interested in doing a wine bar. They have an application in for both interior and exterior. The building is owned by the real estate fund. Someone from the fund would sign the guarantee. They're looking at \$10,000 interior and \$10,000 exterior. They are doing a handicap accessible building. They wouldn't change the exterior brick work, but they are looking to take the arch window and put in a garage door behind it, which would be an access point. Lisa said she's already seen what they're thinking. Cowell asked if the real estate fund can provide a corporate guarantee instead of an individual guarantee. Klecker said that's probably what they were talking about. They're okay with the repayment and will sign a corporate guarantee. Cowell said he's comfortable with that. A motion was made by Cowell and seconded by McDermott to approve a \$10,000 exterior and \$10,000 interior forgivable loan for 306 Cedar Avenue North. All Commissioners voting Aye, the motion passed.

Klecker said he thinks they decided not to go with the low doc application.

Schedule Next Meeting. The next EDA meeting is scheduled for **May 15, 2024** at 4:00 p.m. in Charles S. Crandall Center – Meeting Room at City Hall.

Adjournment. There being no further business, a motion was made by Commissioner Boeke and seconded by Commissioner DeVinny to adjourn the meeting at 5:32 pm. All Commissioners voting Aye, the motion passed.