



**ECONOMIC DEVELOPMENT AUTHORITY
MEETING**
Wednesday, May 21, 2025 at 4:00 PM
Council Chambers, City Hall at 540 West Hills Circle

- 1. EDA Agenda**
 - 1.1. EDA Agenda - May 21, 2025
- 2. Roll Call**
- 3. Approval of Last Meeting Minutes**
 - 3.1. April 16, 2025 Minutes
- 4. Treasurer's Report**
 - 4.1. April Treasurer's Report
- 5. Loan Report**
 - 5.1. April Loan Report
- 6. Reports**
 - 6.1. OABDC
 - 6.2. OABDC Report
 - 6.3. EDA Report
- 7. Old Business**
 - 7.1. Discuss Cemstone Property
- 8. New Business**
 - 8.1. Retail Incubator Proposal
- 9. Schedule Next Meeting – June 18, 2025**
- 10. Adjournment**

Economic Development Authority

Regular Meeting

Wednesday, May 21, 2025

4:00 PM

Charles S. Crandall Center – Chambers

City Hall

Preliminary Agenda

1. Roll Call: Boeke, Burbank, Cowell, McDermott, Mensink, Savage, Voss
2. Approval of Minutes: April 16, 2025
3. Treasurer's Report
4. Loan Report
5. Reports
 - a. OACCT / OPED
 - b. OABDC
 - c. EDA Projects
6. Old Business
 - a. Discuss Cemstone Property
7. New Business
 - a. Retail Incubator Proposal
8. Schedule Next Meeting – June 18, 2025
9. Adjournment

EDA
Minutes
April 16, 2025

The Owatonna Economic Development Authority met in regular session at 4:00 pm at the Degner Regional Airport with President Voss presiding. Commissioners present: Dan Boeke (4:01 pm), Dave Burbank, Patrick McDermott, Corey Mensink, Brian Savage, and Doug Voss. Commissioners absent: Andrew Cowell. Also present were Troy Klecker, Sean Williams, Brad Meier, Lisa Cochran, Glenda Smith, Dave Beaver, Mayor Matt Jessop, Council Member Don McCann, and Kristen Kopp.

Approval of Minutes. Commissioner Mensink moved approval of the minutes of the January 15, 2025 meeting with second by Commissioner Savage. All Commissioners voting Aye, the motion passed.

Treasurer's Report. Community Development Director Troy Klecker presented the revenue and expense reports for March. It is still early in the year. We just paid out the OPED \$12,000. There will be TIF consulting for Sputtering Components coming. Mensink asked if there could be a year to date. Klecker said they can see if the software is able to do that.

Loan Report. OABDC Director Sean Williams presented the Loan Report for March. He said that all the loans are current. He said that the Low-Doc loan for Selective Looks was being paid on the wrong cadence, but they are not behind. Instead of monthly, they were every other month. We're getting them on a monthly cadence. Boeke asked about Bubba's. Klecker said it is not a loan, but a repayment agreement, but Oscar is making payments.

OACCT Report. OACCT President Brad Meier presented the report. He said that the Manufacturing, Engineering, and Construction Made in Owatonna Day will be held on April 23. Signing Day is planned for May 28 at Torey's Upstairs Conference space. He said that they nominated several projects and individuals for awards for the MN Real Estate Journal. OPED is working on a Micropolitan Summit for September 24. This event was where Mac Hamilton was introduced to the community. It provides credit to developers and realtors. It will be focused on Owatonna with a happy hour afterwards at MSB. The Growth Breakfast is tomorrow morning with the quarterly SteeleCo Works afterward.

MainStreet Report. MainStreet Director Lisa Cochran presented the quarterly MainStreet Report. She reported on the businesses that have opened: The Train Station Bar & Grill, West Bank, and the Mexican Bakery. Matt and Wade Jessop took over Owatonna Shoe. She highlighted a recap of last year's numbers. There were 17 new business that opened and a loss of 7 in the MainStreet District, so a net of 10. She handed out a new flyer that she is using to promote MainStreet. Burbank asked about the limestone downtown. Klecker said that they had to do some borings to see if it was the product that was the issue. Mensink asked about ASCEND. Cochran said that it is about half filled right now.

OABDC Report. OABDC Director Sean Williams presented the OABDC Report for March. He said they just wrapped up the second cohort of software studio. They are working with developers now. They are looking to build out an online version that can live in perpetuity. There is a cohort at the high school and a bootcamp in May and a Spanish Language Workshop over the summer. There is an online only food and ag cohort across District 1 that they are partnering with MSU on. The year started slow with consulting hours but is progressing. There are two new tenants moving into the Center. The Center is pretty full right now. The conference room and drop-in office are available to book online.

Airport Report. Airport Manager Dave Beaver presented the quarterly Airport Report. He welcomed everyone to the airport. He said that this asset is an economic development tool and is part of the effort to bring businesses to town. Last night the Strategic Plan for 2025-2027 was approved, and that including the goal of Leveraging the Owatonna Degner Regional Airport to boost economic development. He highlighted initial strategies and concepts. He said he's working with Glenda on a mural to help orient pilots who come in from all over the country. We have the 17th largest runway in the state at 5,500 feet. They would like to go to 7,000 feet. He said he would like to see some non-aeronautical uses here, too. They have leveraged a lot of Federal and State dollars. Boeke asked about the mechanics. Dave said they will lease half of the Main Hangar to do that. That will be a very good complimentary business—Fountain Aviation. The parking lot project is out for bid along with part of the taxi lane. It will be an 18-day project which will require a lot of coordination. Meier asked about a timeline for the painting of the T-38s. Beaver said that Kevin Oyloe with Apex started it last fall. They ended up doing some test spots over the winter. Kevin's plan is to be back in town and start on that again in May.

Tourism Report. Tourism Director Glenda Smith presented the quarterly Tourism Report. She highlighted Quarter 1 activity. They did the Chicago Travel Show in January and were present in Cedar Falls. The Visitor Guide was completed in March. United States Bowling Congress will be here through the first weekend in May. They are working with the Model T group who will be here for a full week in July. They are at 30% occupancy but she still isn't able to add Home2 Suites because she has to add two at a time. She did get February Lodging Tax after sending in the report.

EDA Projects. Community Development Director Troy Klecker presented the EDA Projects for March. Cemstone is finishing their building and will be out of their existing site in May. The City owns a very irregular shaped parcel. They are still working with a letter of intent on 117 Bridge Street West and hopefully that will formulate into a project. 202 Bridge Street W is finishing some things on the second floor and Olmsted Medical is planning to open in June. There are still lots on Fremont and Pearl. The State Avenue lots sold to Renneberg Hardwoods and there is a plat coming to Planning Commission next week. Foremost was a TIF project and they are actively looking for someone to move in. Once they do, they will have to modify the TIF.

New Business.

Forgivable Loan: 301 & 303 Cedar Avenue North – Prohaski -- \$10,000 Interior (Sprinklers). This would be a \$40,000 project. Klecker said they want to make it into an event space and need sprinklers for that. A motion was made by Burbank and seconded by Boeke to approve the Forgivable Loan for Prohaski at 301 & 303 Cedar Avenue North for interior improvements for sprinklers totaling \$10,000. All Commissioners voting Aye, the motion passed.

Schedule Next Meeting. The next EDA meeting is scheduled for **May 21, 2025** at 4:00 pm in Charles S. Crandall Center – Chambers at City Hall.

Adjournment. There being no further business, a motion was made by Commissioner Boeke and seconded by Savage adjourn the meeting at 4:59 pm. All Commissioners voting Aye, the motion passed.

EDA ADMINISTRATION						
Account	Description	2025 Budget	Month Actual Apr-25	Current YTD	Budget Remaining	Percentage
	REVENUE					
290-31000-690-691-000000	PROPERTY TAXES	- 200,000.00	- 16,665.00	- 66,680.00	- 133,320.00	33.34
290-31410-690-691-000000	LODGING TAX - 3%	- 280,000.00	- 17,353.04	- 56,480.84	- 223,519.16	20.17
290-33424-690-691-000000	STATE - OTHER PROGRA					
290-34950-690-691-000000	TIF ADMINISTRATIVE F	- 62,264.00			- 62,264.00	
290-36210-690-691-000000	INTEREST EARNINGS	- 4,000.00			- 4,000.00	
290-36220-690-691-000000	RENT/RENTALS	- 3,600.00	- 300.00	- 1,200.00	- 2,400.00	33.33
	TOTAL REVENUE	- 549,864.00	- 34,318.04	- 124,360.84	- 425,503.16	
	EXPENDITURES					
290-41000-690-691-000000	WAGES - REGULAR FT	90,894.00	6,991.92	31,263.82	59,630.18	34.40
290-41300-690-691-000000	WAGES - OT					
290-41410-690-691-000000	PERA	6,817.00	519.93	2,326.94	4,490.06	34.13
290-41420-690-691-000000	FICA	6,953.00	517.46	2,318.73	4,634.27	33.35
290-41500-690-691-000000	INSURANCE	6,870.00	562.16	2,248.13	4,621.87	32.72
290-41550-690-691-000000	WORKERS COMP INSURAN	536.00	39.51	176.83	359.17	32.99
290-42000-690-691-000000	OFFICE SUPPLIES	400.00		22.00	378.00	5.50
290-42300-690-691-000000	SMALL TOOLS & MINOR	400.00			400.00	
290-43010-690-691-000000	OTHER PROFESSIONAL S	33,000.00	5,400.00	5,400.00	27,600.00	16.36
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		338.35	661.65	33.84
290-43231-690-691-000000	OBD - MARKET SERVICE	80,000.00			80,000.00	
290-43232-690-691-000000	OBD - LOAN SERVICES	20,000.00	10,000.00	10,000.00	10,000.00	50.00
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	12,000.00		100.00
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	6,624.00	6,624.00	76.00	98.87
290-43972-690-691-000000	SOUTHERN MN INITIATI	1,667.00		1,666.00	1.00	99.94
290-43990-690-691-000000	MISCELLANEOUS					
290-43991-690-691-000000	TOURIST DEVELOPMENT	266,000.00	16,900.62	37,175.40	228,824.60	13.98
290-47000-690-691-000000	TRANSFER TO OTHER FU	12,000.00	1,000.00	4,000.00	8,000.00	33.33
	TOTAL EXPENDITURES	552,137.00	60,555.60	115,560.20	436,576.80	
EDA LOANS						
Account	Description	2025 Budget	Month Actual Apr-25	Current YTD	Budget Remaining	Percentage
	REVENUE					
292-34109-690-692-000000	OTHER REVENUE			- 30.00	30.00	
292-34960-690-692-000000	INTEREST ON LOANS		- 190.92	- 974.79	974.79	
292-36210-690-692-000000	INTEREST EARNINGS	- 20,000.00			- 20,000.00	
	TOTAL REVENUE	- 20,000.00	-190.92	- 1,004.79	- 18,995.21	
	EXPENDITURES					
292-48300-690-692-000000	LOAN PROGRAM DISBURS		6,650.00	41,650.00	- 41,650.00	
	TOTAL EXPENDITURES		6,650.00	41,650.00	- 41,650.00	

EDA LAND						
Account	Description	2025 Budget	Month Actual Apr-25	Current YTD	Budget Remaining	Percentage
	REVENUE					
294-34950-690-694-000000	TIF ADMINISTRATIVE F	- 1,356.00			- 1,356.00	
294-34960-690-694-000000	INTEREST ON LOANS	- 29,150.00		- 139.68	- 29,010.32	0.48
294-36210-690-694-000000	INTEREST EARNINGS	- 20,000.00			- 20,000.00	
294-36220-690-694-000000	RENT/RENTALS	- 30,000.00	- 16,474.00	- 19,024.00	- 10,976.00	63.41
	TOTAL REVENUE	- 80,506.00	- 16,474.00	- 19,163.68	- 61,342.32	
	EXPENDITURES					
294-43004-690-694-000000	LEGAL FEES		92.00	92.00	- 92.00	
294-43010-690-694-000000	OTHER PROFESSIONAL S	20,000.00			20,000.00	
294-43500-690-694-000000	PROPERTY & LIABILITY	3,600.00	1,025.00	2,050.00	1,550.00	56.94
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	43,600.00	1,117.00	2,142.00	41,458.00	

City of Owatonna
Balance Statement by Fund
30-Apr-25

FUND 292: EDA LOANS

Account Number	Account Name	Ending Balance
ASSETS		
292-10100-000-000	BANK ACCOUNTS	\$ 44,259.10
292-10400-000-000	INVESTMENTS	700,000.00

FUND 294: EDA LAND

Account Number	Account Name	Ending Balance
ASSETS		
294-10100-000-000	BANK ACCOUNTS	\$ 612,326.80
294-10400-000-000	INVESTMENTS	500,000.00

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	12,078.35	564.78	Current	Retail	
Total				43,480.63	12,078.35	564.78			

Profile by Loan Performance	Status	Number of Loans	Original Balance	Current Balance	% of Current Balance
	Current	1	43,480.63	12,078.35	100.00%
	Non-current	0	-	-	0.00%
		1	43,480.63	12,078.35	100.00%

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	5,520.39	259.78	Current		
Vesterby	12/13/2021	1.625	7	12,500.00	6,724.60	157.53	Current		
Family 1st Insurance	7/5/2023	4.125	7	20,000.00	19,172.62	274.53	Current		
Family 1st Insurance	7/5/2023	-	3	5,000.00	3,750.00	138.89	Current		
				<u>62,500.00</u>	<u>35,167.61</u>	<u>830.73</u>			

Profile by Loan Performance	Status	Number of Loans	Original Balance	Current Balance	% of Current Balance
	Current	4	62,500.00	35,167.61	100.00%
	Non-current				0.00%
		<u>4</u>	<u>62,500.00</u>	<u>35,167.61</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	410,302.48		Current		TIF Guarantee
Arrow Ace TIF note	12/1/17	3.000	25	350,000.00	302,255.87		Current		TIF Guarantee
Nicolai TIF note	12/31/17	3.000	25	524,845.17	489,514.85		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	17,967.84		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>1,743,115.04</u>	<u>-</u>			

Profile by Loan Performance	Status	Number of Loans	Original Balance	Current Balance	% of Current Balance
	Current	7	2,095,808.17	1,743,115.04	100.00%
	Non-current	0	-	-	0.00%
		<u>7</u>	<u>2,095,808.17</u>	<u>1,743,115.04</u>	<u>100.00%</u>

Memo

To: Economic Development Authority
From: Brad Meier, President/CEO
Date: 05/21/2025
Re: OACCT Economic Development Update

Economic Development

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

Workforce

- Signing Day set for May 28th at 5pm at Torey's!
- OHS hosted summer job fair on site
- Completed 3 Made in Owatonna day programs and 6 field days through a grant provided by Bosch Community Fund
- 6 students/businesses utilizing round 2 of the work experience grants

Other

- OPED: REJournal Award winners CDI-Greater MN Development Project and Owatonna High School-Government Project!
- OPED: Meeting with potential sponsors for the September Micropolitan to be hosted in Owatonna.
- OPED: Attended Retail and Restaurant summit to market Owatonna.
- Pearson celebrated 50 Years in Owatonna
- Daikin ribbon cutting on new additional facility (former CDI building)
- Olmsted Medical planning grand opening for later in June

<u>Company</u>	<u>Date of Inquiry</u>	<u>Service Provided</u>	<u>Follow ups</u>	<u>Conclusion</u>	<u>Project Outcome:</u> <u>Green (progressing),</u> <u>yellow (probable); red</u> <u>(not moving)</u>
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. 01/29/25 additional data being collected.	Set up meeting between the two project developers for March. 8/7 met with developer who now has more detail drawings. Will have join OPED for further discussion.	
Car wash	2/10/2025	Regional developer looking for a location to put in a new car wash	Met 2x's and also brought city into the conversation. Tour of town with Greg K.	Thought they had a location, but now looking again.	
Husband/Wife with an idea for a new business	2/18/2025	Indoor field house concept	Have done some business planning and looking for spaces	Met with them at OABDC with Sean to discuss location options, loan and grant information, and business planning.	
Recruiting new Insurance Agent/Agency for Owatonna	3/14/2025	Working to replace an agency that is retiring from the marketplace.	Share the opportunity details and sharing with people who may be a good fit.	Plan to pull it altogether this summer.	
Crafting Store	3/14/2025	Outreach to box retailer about possibilty of Owatonna.	Corporate real estate department. Might be interest.		

Short Term Rental while building	4/29/2025	discussing their locating to Owatonna	Need 3-5000 sq ft of warehouse and some office space until new building is up in the fall	Provided multiple location options	
Looking for a site to build a hotel	4/30/2025	Group is looking for I-35 site locations	Build Holiday Inn Express want 5 acres	Talked about the current marketplace, doubletree opening and sites	
Want to open a Kitchen/Sports Bar in downtown Owatonna	4/30/2025	Her and her husband have gone through the OABDC Co-Starters program	Looking for 5,000 sq ft for this business, ideally existing space	Lisa Cochran and Brad met via phone with her and talked through potential locations	
Developing an existing building on Bridge Street	5/9/2025	Looking for ideas for his site		GregK and Brad M provided some ideas.	
District Office considering a centralized location in Owatonna	5/15/2025	3-5,000 sq ft office	Want to purchase	Sent over a couple options on the market right now.	



EDA Report – May 2025

Updates:

- **Southeast Minnesota Software Studio**
 - 2nd Cohort completed 4/11 – 4 graduates
 - Creating Online Version
- **Innovators & Business Owners Connect-up (IBOC)**
 - 2nd Thursday of every month
 - Register at iboc.eventbrite.com
- **Small Business Academy**
 - Started March 3rd, Ended May 5th
 - 8 participants for 4 ventures
- **Retail Incubator Project**

OABDC – April 2025

Consulting					
Clients	Sessions	Hours	New	Operating	Hours
					2025 YTD
14	24	20.5	2	7	70.5

Occupancy			
Manufacturing		Offices	
Total Leasable Space	34,325	Total Leasable Offices	11
Total Leased Space	20,550	Total Number of Leased Offices	10
Present Occupancy	59%	Present Occupancy %	91%
Budget Occupancy	42%	Budget Occupancy %	70%
Occupancy Revenue to Budget	\$1,150	Revenue to Budget	+\$1,010
Performance to Budget	126%	Performance to Budget	144%
Number of Tenants	9	Number of Tenants	10
Makerspace	3,000		



EDA Loan Programs – May 2025

New Business:

Low Doc Loans:

Forgivable Loans:

**May 21, 2025
EDA Meeting**

EDA Projects Report

- The developer has sold the site for the second building on the old Hardees/Budget Mart site to Redline Development Group, LLC. TIF was approved for this project. There is enough TIF being generated from the first building to pay the City back for costs associated with realigning Barney Street. Any additional TIF generated from a second building would assist the developer for costs associated with the development. There is still another lot available for development.
- The land swap between the City and Cemstone is completed. The City now owns the current Cemstone site and Cemstone owns 14 acres of vacant land in the industrial park. Cemstone will have 5 years to build a new facility on the new site. The City will then redevelop the current site once Cemstone moves out. Tax Increment Financing is being used to assist with the project. Cemstone has completed the plant on their new site. The storage building is currently under construction. The project should be done by the end of May.
- The City currently owns 224 North Cedar Avenue (Bubba's Building). A new redevelopment project is being sought for that property.
- The City has purchased the property at 117 West Bridge Street formerly owned by Centro Campesino. Construction of a new roof on the building is complete as well as other improvements. The EDA paid for the roof and other improvements with the intent of redeveloping the property and utilizing tax increment financing to recoup those costs from the project. A letter of intent has been signed as a business is going through a due diligence process for a potential redevelopment project.
- The City owns the property at 148 West Main Street that was damaged from a collapsed roof. The City has cleaned out the property and secured it. A redevelopment project is being sought for that property.
- Tax Increment Financing has been approved for the redevelopment of 202 West Bridge Street. The project will renovate the entire building into retail and office space. Construction is complete on the first floor and Graif has moved into that space. Additional tenant space is being built out in the upper level of the building.
- Plans have been announced for the riverfront redevelopment project north of West Vine Street and west of North Oak Avenue. Redline Development Group will be demolishing 5 buildings, including the Chamber of Commerce building and constructing a bank building and a second building which will contain Mineral Springs Brewery, 20,000 square feet of commercial space and 69 luxury apartments. The EDA owns one of the buildings at 216 North Oak Avenue. Tax Increment Financing has been approved for this project. A development agreement has been approved. The property is being platted and easements and streets are being vacated as part of the project. Demolition of the buildings is complete and construction is nearly complete. MSB and West Bank have opened and

the apartments are now available to rent. Olmsted Medical Center is planning to open in June.

- The City has purchased the property at 126 East Fremont Street. Plans will begin to demolish the house and garage on the site. A redevelopment project is being sought for this property and the 4 other lots the City owns. The house was burned on October 22 and the rest of the site has been cleaned up. Staff has a signed agreement with Alexander Lumber to swap 2 City owned lots on East Fremont Street for a lot on Rose Street. The City Council has approved the land swap and we have closed on the land swap. The EDA still has 3 lots on Fremont and is pursuing a redevelopment project.
- The City has purchased the property at 139 East Pearl Street for a future redevelopment project. Demolition of the house is complete.
- The City received an offer to purchase the two EDA lots on State Avenue for \$200,000 for a 12,100 square foot facility for Renneberg Hardwood Inc. The City Council approved the sale of the property and the property has been conveyed to the new owners. Construction on a new building will begin in this year. The platting of the property is complete. Construction of the new building is planned for this summer.
- Sputtering Components is planning a 12,500 square foot addition onto their facility in the industrial park. Tax Increment Financing is being requested for the project. Tax Increment Financing has been approved for the project. A building permit has been issued for the project and construction has begun.
- Foremost has closed. This was a TIF project and the property is being marketed for a new tenant or buyer.