EDA
Minutes
July 17, 2024

The Owatonna Economic Development Authority met in regular session at 4:00 pm in the Charles S. Crandall Center – Chambers at City Hall Building with President Raney presiding. Commissioners present: Dan Boeke, Andrew Cowell, Corey Mensink, Kevin Raney, and Doug Voss (4:11 pm). Commissioners absent: Brenda DeVinny and Pat McDermott. Also present were Troy Klecker, Brad Meier, Sean Williams, Lisa Cochran, Glenda Smith, Dave Beaver, and Kristen Kopp.

Approval of Minutes. Commissioner Cowell moved approval of the minutes of the June 12, 2024 meeting with second by Commissioner Boeke. All Commissioners voting Aye, the motion passed.

Treasurer's Report. Community Development Director Troy Klecker presented the revenue and expense reports for June. He said we haven't had any projects that have required consulting fees yet this year. First half payments have been made for the contracts with the Chamber and OABDC. He reminded them that if they can get an invoice, they will make the second half payments.

Loan Report. OABDC Director Sean Williams presented the loan report for June. He said Walbran is drafting three loan documents right now. All non-forgivable loans are current.

OACCT / OPED Report. OACCT Director Brad Meier presented the OACCT Report for June. He said that the work experience grant is in full swing. Signing Days were done on site at businesses. Each one did their own twist. They're finalizing the SteeleCoWorks position and they're hoping to hire before the school year. OPED is working with six proposals right now and one has Owatonna on a short list. Kruschke coordinated this, and the team came together for a presentation last week. OPED met with Riverland President Kat Linaker two weeks ago. It was a good time to reconnect. There are a couple Real Estate Journal events coming up next month. Marthaler Honda is planning to build in Owatonna and the Chamber had a meeting with them. They were very clear that Owatonna is a 180 degree difference than Albert Lea concerning the attitude toward growth. That was positive. Mayo has been investing in radiology in Owatonna and just opened a new MRI machine in Owatonna. Tonight they're hosting a Running For Office Event as the filing for City and School Board is July 30 through August 13.

Doug Voss arrived at 4:11 pm.

MainStreet Report. MainStreet Director Lisa Cochran presented the quarterly MainStreet Report. She said they are looking forward to a couple new businesses opening. She said they did have some new owners take over, and she's met with all of them. They are all excited to be owning businesses downtown. She said three businesses contacted her about the Upper Level Grant.

Tourism Report. Tourism Director Glenda Smith presented the quarterly Tourism Report. She highlighted a list of events, many which were new. She said occupancy was 91% occupancy during Corky's Weekend. The Shop & Dine Challenge was new this year. They had 474 check-ins with 31 redemptions for prizes and a total of 280 users. The National Travel & Tourism Week was the end of May, and Ambassadors visited 22 Chamber Hospitality Members. Air Race Classic was a successful event, with 29 teams staying in Owatonna. She highlighted marketing events coming up in the region as well as social media stats. She highlighted lodging tax and occupancy. May was the highest month since September 2023. It continues to be on the lower end, but she continues to target new groups. Raney asked if the number of hotel rentals per week up since we've had more hotels open up in the last 18 months. Smith explained that she can't add new hotels one at a time. She'll have to wait for Double Tree opens, hopefully in January. The numbers aren't terribly accurate. Raney thanked Smith for all of her work to try to secure the Coalition of Greater Minnesota Cities Conference next year. He thought it was a five-star presentation. They will be attending the conference next week, and plan to find out why Owatonna did not win. If there are things that weren't even mentioned, how are we supposed to know? Smith said they will try again. Smith introduced their summer intern, Hillary Haarstad. She's majoring in marketing in La Crosse and will be a Junior this fall.

OABDC Report. OABDC Director Sean Williams presented the OABDC report for June. He said that they released an RFP for software studio program that is being funded in part by a grant that they received from DEED. That will be servicing all of SE Minnesota. They have four responses and the board is meeting with the top candidates next Friday. Everyone who reviewed the applications was impressed with the quality. They will also be releasing an RFP for the Makerspace program, which is also a DEED grant. He's hoping to get some outside-of-box thinking when it comes to the Makerspace. They hosted a Marketing 101 Workshop on May 20 in partnership with the Chamber, Tourism, and SBDC. They are spooling up their monthly entrepreneurial event, in partnership with Owatonna Business Partnership, and will take place the second Tuesday of every month. They will be doing English and Spanish language Small Business Academy cohorts this fall in partnership with Community Ed. At the end of June they hit 118 hours of consulting in comparison to 49 the last year. They only had 100 total last year. They're seeing a lot of demand. They brought on a new tenant in the manufacturing space. Even though they're only at 57% occupancy, they're at 94% of their budget.

Airport Report. Airport Manager Dave Beaver presented the quarterly Airport Report. He said the Air Race Classic was a successful event with teams from all over the country. We had the most overnights of any of the stops. The volunteers also stayed in our hotels. They had a lot of good things to say about Home2 Suites and other hotels. He thanked Glenda Smith and her team for their help with the event. He gave an update on projects happening at the airport. They have taken a lot of steps and met a lot of goals at the airport. They're in a good spot, but want to keep momentum going. The CIP projects are geared for that. They received a $500,000 grant from the State Aeronautics Division for hangar roof repair. There is also runway intersection work for be done this year. Next year they'll want to do parking lot updates. They're taking steps toward a 7,000 foot runway to better support the economic development of the community. Accelerated Aviation is doing great things. They bring students from all over and have 15 instructors, 14 aircraft, and two full-time mechanics and an office manager. They continue to grow. He wants to see more development like that. Cowell asked if the fencing project is complete. Beaver said that

the contractor is done with the physical parts of the fence. They are just waiting for access control. They're using the same contractor the City uses for City Hall, so a little more coordination is needed to get that set up.

EDA Projects. Community Development Director Troy Klecker presented the EDA Projects for June. Cemstone still has another building to put up on their new site. The development agreement ends in May of next year. Once they put up the new building, they'll have everything moved out, except for the retail portion. They have talked to him about leasing the area east of Riverside for sale of material for a period of time. He said it makes some sense. They're finding that the new site isn't big enough to accommodate everything they want to have out there. They will probably have to find something different for the retail portion. They're talking about that. That eastern portion will be tough to redevelop anyway because of the size and shape of it. They would vacate everything else on the west side of Riverside Avenue. Scooters has said they're going to start before the end of July. He said that the land swap with Alexander Lumber happened that morning. They swapped two City-owned lots on Fremont with their lot on Rose Street. Their short-term plan is to gravel it all, refence it, and use it for storage.

Old Business:

Bubba's Update.

Community Development Director Troy Klecker said that the City is the owner of the Bubba's lot once again. Oscar and Tammy came in and signed all the paperwork on Friday. They have a repayment agreement. They will pay it back over a five-year period at 3% interest starting on August 1. They signed over the deed and we have the keys. Raney asked if there was a strong marketing plan and wondered if they could expect any movement in the next year. Klecker said they have been noticing things slowing down a little bit right now. Retail is slow. It is normal for things to slow down before Presidential elections. He doesn't expect anything before the new year, but they only need the one right person. That could come at any point in time.

New Business:

State Avenue Lots.

Community Development Director Troy Klecker said this happened since the last EDA meeting, or he would have mentioned it then. The City owns two lots on State Avenue. Together they are about 2.5 acres. They're right across from the storage buildings and next to Mohs' offices. They've had those lots for a while and have had the least amount of interest on them as they are more commercial lots than industrial lots. He had some phone calls with Renneberg Hardwoods Inc. and they have submitted a purchase agreement. They sell hardwood products and service this area now from a different location. Having a facility in Owatonna would help service this whole southern Minnesota area. They are looking to build a 12,100 square foot facility with a 40 x 40 showroom / office space and the rest would be warehouse space. They do want room to expand, which they would. They had it listed at $2/square foot which is probably a little on the high side. That would be about $225,000. Their offer is for $200,000, but it brings a new business into town with no incentives, just a straight up sale and build. They would start with

three employees and looking to get to six over a period of time. They want to expand once they establish themselves. They're putting plans together now. The closing date would be on or before August 31. They want to start building this fall. In laying out the approval process, typically it would go to EDA first and then City Council, but the next Council meeting after today is August 7. There was a City Council meeting last night and he presented it. The Council did approve it with the conditional that the EDA recommends approval as well. If the EDA approves it, then they will go ahead with a closing date before the end of August. Klecker said they cater mostly to contractors but there is a retail element. This is an ideal location for them. A motion was made by Mensink and seconded by Cowell to approve the sale of two City lots to Renneberg Hardwoods Inc. All Commissioners voting Aye, the motion passed.

Low Doc Loan Program Reimbursement Wording.

OABDC Director Sean Williams said this came about because they've got some interest in low doc loans again. In examining a couple of the low doc loans that were approved previously, it came to their attention that the wording in the original application and the current application online include that it's a reimbursement program and not a loan program where the dollars are dispersed up front. In talking to Troy about it, it became clear that it was not the original intent of the program. They wanted to get a vote that it is not a reimbursement program, but a disbursement upon approval program. Klecker said we haven't had a lot of use of the low doc loan program, but are seeing more interest now. He said the ones we've had before have been a loan. Grants work much differently where we want to see the applicant spend the money, and then they will reimburse them. This is what the Forgivable Loan Program is. These low doc loans are more like traditional loans. They're asking for a loan because they don't have the money up front. Raney asked if this was informational today. Klecker said they want an action clarifying the intent of the program. Raney said they haven't seen the new document. Klecker said the current application is on the website. Part of it is that they are putting the wording together to get it on the website. Williams said that before they move forward with posting it, they wanted to get a vote that it is not a reimbursement program, that it is a traditional loan structure. A motion was made by Mensink and seconded by Cowell to clarify the purpose of the low doc loan program is a loan program rather than a reimbursement program. All Commissioners voting Aye, the motion passed.

Schedule Next Meeting. The next EDA meeting is scheduled for **August 21, 2024** at 4:00 pm. in Charles S. Crandall Center – Meeting Room at City Hall.

Adjournment. There being no further business, a motion was made by Commissioner Voss and seconded by Commissioner Cowell to adjourn the meeting at 4:58 pm. All Commissioners voting Aye, the motion passed.