



**ECONOMIC DEVELOPMENT AUTHORITY
MEETING**

**Wednesday, December 18, 2024 at 4:00 PM
Council Chambers, City Hall at 540 West Hills Circle**

1. EDA Agenda

1.1. EDA Agenda - December 18, 2024

2. Roll Call: Boeke, Cowell, McDermott, Mensink, Raney, Savage, Voss

3. Approval of Last Meeting Minutes

3.1. Approve November 20, 2024 Minutes

4. Treasurer's Report

4.1. Treasurer's Report

5. Loan Report

5.1. November Loan Report

6. Reports

6.1. OACCT / OPED Report

6.2. OABDC Report

6.3. EDA Projects

7. Old Business

8. New Business

8.1. Discuss different address, different business, same building policy

8.2. Discuss businesses that will not be utilizing approved loans in 2024

8.3. Low Doc Loan: Owatonna Family Thrift - Tier 1, up to \$5,000

8.4. Second Floor Challenge

9. Schedule Next Meeting – January 15, 2025

10. Adjournment

Economic Development Authority

Regular Meeting

Wednesday, December 18, 2024

4:00 PM

Charles S. Crandall Center – Chambers
City Hall

Preliminary Agenda

1. Roll Call: Boeke, Cowell, McDermott, Mensink, Raney, Savage, Voss
2. Approval of Minutes: November 20, 2024
3. Treasurer's Report
4. Loan Report
5. Reports
 - a. OACCT / OPED
 - b. OABDC
 - c. EDA Projects
6. Old Business
7. New Business
 - a. Discuss different address, different business, same building policy
 - b. Discuss businesses that will not be utilizing approved loans in 2024
 - c. Low Doc Loan: Owatonna Family Thrift – Tier 1, up to \$5,000
 - d. Second Floor Challenge
8. Schedule Next Meeting – January 15, 2025
9. Adjournment

**EDA
Minutes
November 20, 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 Vice President Voss presiding. Commissioners present: Dan Boeke, Andrew Cowell, Patrick McDermott, Corey Mensink, Brian Savage, and Doug Voss. Commissioners absent: Kevin Raney. Also present were Troy Klecker, Brad Meier, Sean Williams, Lisa Cochran, and Kristen Kopp.

Vice President Voss welcomed new Commissioners Brian Savage to the EDA.

Approval of Minutes. Commissioner Boeke moved approval of the minutes of the August 21, 2024 meeting with second by Commissioner Cowell. All Commissioners voting Aye, the motion passed.

Treasurer's Report. Community Development Director Troy Klecker presented the revenue and expense reports for October. He said that we're tracking pretty well, including the lodging tax revenue. The normal contracts with the OACCT and OABDC have been paid. We'll be underbudget for this year.

Loan Report. OABDC Director Sean Williams presented the loan report for October. He said that all loans are current.

OACCT / OPED Report. OACCT President Brad Meier presented the OACCT / OPED Report for October. He said workforce is in full gear. They have hired a SteeleCoWorks Coordinator—Tonya Peterson. OPED sponsored the Real Estate Journal Industrial Summit on November 6. Community Development Manager Greg Kruschke was on a panel and Owatonna had a booth. They have been reaching out to local companies including Bosch and Life Fitness. Voss said he'd like to hear more about Life Fitness at some time.

OABDC Report. OABDC Director Sean Williams presented the OABDC report for October. He said they had a kickoff meeting for the Maker Space last week and over a dozen people showed up. There was a software studio cohort in Rochester. Innovators & Business Owners Connect-up takes place the second Thursday of each month. FoamCraft moved out of the OABDC and another major manufacturer inquired about the space the same day. Owatonna Family Thrift is using the OABDC as a donation center until they are up and running.

MainStreet. MainStreet Director Lisa Cochran said she reports quarterly but likes to attend all meetings. There is a new event space downtown, which happened fairly quickly. Community Development Director Troy Klecker said that they never checked with Building Inspections on the change of use. Building Inspections will be looking at it tomorrow. There might be some issues because it will be changing from mercantile to an event space. Lisa said they have new banners are up for the holiday season and snowflakes will be going up on Cedar this week and new greenery swag on the 200 Block. The Holiday Parade is December 6. There are 75 entries, but entries are open until December 2.

EDA Projects. Community Development Director Troy Klecker presented the EDA Projects for October. He said that City staff is working on a redevelopment project near Barney Street and Oak Avenue as there is a property interested in selling. This wouldn't use EDA dollars, but the EDA would likely be involved in the redevelopment. He gave an update on the properties that the EDA owns downtown. He said that in each of those cases, something had to be done because they were getting to the point where they would possibly collapse. There are no other buildings even close to a situation like that. He said they have gone through all of the buildings and there will be more regular inspections. He said that the Ascend project is coming along well. By the end of the year, there should be some occupancy in the building.

Schedule Next Meeting. The next EDA meeting is scheduled for **December 18, 2024** 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 Cowell and seconded by Commissioner Mensink to adjourn the meeting at 4:45 pm. All Commissioners voting Aye, the motion passed.

EDA ADMINISTRATION				
Account	Description	Current Budget	Current YTD	Budget Remaining
	REVENUE			
290-31000-690-691-000000	PROPERTY TAXES	- 200,000.00	- 183,335.00	- 16,665.00
290-31410-690-691-000000	LODGING TAX - 3%	- 250,000.00	- 257,425.76	7,425.76
290-33424-690-691-000000	STATE - OTHER PROGRA		- 140,000.00	140,000.00
290-34950-690-691-000000	TIF ADMINISTRATIVE F	- 71,773.00	- 26,899.75	- 44,873.25
290-36210-690-691-000000	INTEREST EARNINGS		- 2,482.83	2,482.83
290-36220-690-691-000000	RENT/RENTALS	- 3,600.00	- 3,300.00	- 300.00
	TOTAL REVENUE	- 525,373.00	- 613,443.34	88,070.34
	EXPENDITURES			
290-41000-690-691-000000	WAGES - REGULAR FT	86,568.00	79,776.75	6,791.25
290-41300-690-691-000000	WAGES - OT		9.77	- 9.77
290-41410-690-691-000000	PERA	6,493.00	5,934.78	558.22
290-41420-690-691-000000	FICA	6,622.00	5,910.56	711.44
290-41500-690-691-000000	INSURANCE	7,445.00	6,024.08	1,420.92
290-41550-690-691-000000	WORKERS COMP INSURAN	493.00	451.15	41.85
290-42000-690-691-000000	OFFICE SUPPLIES	400.00		400.00
290-42300-690-691-000000	SMALL TOOLS & MINOR	400.00		400.00
290-43010-690-691-000000	OTHER PROFESSIONAL S	35,000.00	8,700.00	26,300.00
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	619.72	380.28
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	20,000.00	
290-43233-690-691-000000	OBD - SMALL BUSINESS	4,000.00		4,000.00
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	
290-43320-690-691-000000	ADVERTISING & PROMOT	1,000.00	206.25	793.75
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	76.00
290-43972-690-691-000000	SOUTHERN MN INITIATI	1,667.00	1,666.00	1.00
290-43990-690-691-000000	MISCELLANEOUS		140,000.00	- 140,000.00
290-43991-690-691-000000	TOURIST DEVELOPMENT	237,500.00	217,351.54	20,148.46
290-47000-690-691-000000	TRANSFER TO OTHER FU	12,000.00	11,000.00	1,000.00
		525,188.00	596,274.60	- 71,086.60
EDA LOANS				
Account	Description	Current Budget	Current YTD	Budget Remaining
	REVENUE			
292-34109-690-692-000000	OTHER REVENUE			
292-34960-690-692-000000	INTEREST ON LOANS		- 708.00	708.00
292-36210-690-692-000000	INTEREST EARNINGS	- 16,000.00	- 16,430.53	430.53
	TOTAL REVENUE	- 16,000.00	- 17,138.53	1,138.53
	EXPENDITURES			
292-48300-690-692-000000	LOAN PROGRAM DISBURS		81,030.16	- 81,030.16
	TOTAL EXPENDITURES		81,030.16	- 81,030.16

EDA LAND				
Account	Description	Current Budget	Current YTD	Budget Remaining
	REVENUE			
294-34950-690-694-000000	TIF ADMINISTRATIVE F	- 1,362.00	- 1,685.90	323.90
294-34960-690-694-000000	INTEREST ON LOANS	- 43,235.00	- 19,498.93	- 23,736.07
294-36210-690-694-000000	INTEREST EARNINGS	- 12,000.00	- 15,353.46	3,353.46
294-36220-690-694-000000	RENT/RENTALS	- 30,000.00	- 23,870.00	- 6,130.00
294-39101-690-694-000000	SALE OF CAPITAL ASSE			
	TOTAL REVENUE	- 86,597.00	- 60,408.29	- 26,188.71
	EXPENDITURES			
294-43004-690-694-000000	LEGAL FEES			
294-43010-690-694-000000	OTHER PROFESSIONAL S	20,000.00	- 8,500.00	28,500.00
294-43500-690-694-000000	PROPERTY & LIABILITY	4,100.00	3,075.00	1,025.00
294-43910-690-694-000000	REAL ESTATE TAXES	20,000.00	23,603.76	- 3,603.76
294-45100-690-694-000000	LAND		1,683.40	- 1,683.40
294-45300-690-694-000000	OTHER IMPROVEMENTS		9,546.53	- 9,546.53
	TOTAL EXPENDITURES	44,100.00	29,408.69	14,691.31

City of Owatonna
Balance Statement by Fund
30-Nov-24

FUND 292: EDA LOANS

Account Number	Account Name	Ending Balance
ASSETS		
292-10100-000-000	BANK ACCOUNTS	\$ 60,232.13
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	\$ 520,012.00
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	14,758.56	564.78	Current	Retail	
Total				43,480.63	14,758.56	564.78			

Profile by Loan Performance	Status	Number of Loans	Original Balance	Current Balance	% of Current Balance
	Current	1	43,480.63	14,758.56	100.00%
	Non-current	0	-	-	0.00%
		1	43,480.63	14,758.56	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	7,238.83	259.78	Current		
Vesterby	12/13/2021	1.625	7	12,500.00	7,463.85	157.53	Current		
Vesterby	12/13/2021	-	3	5,000.00	138.85	83.33	Current		
				<u>42,500.00</u>	<u>14,841.53</u>	<u>500.64</u>			

Profile by Loan Performance	Status	Number of Loans	Original Balance	Current Balance	% of Current Balance
	Current	3	42,500.00	14,841.53	100.00%
	Non-current				0.00%
		<u>3</u>	<u>42,500.00</u>	<u>14,841.53</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	418,878.55		Current		TIF Guarantee
Arrow Ace TIF note	12/1/17	3.000	25	350,000.00	307,966.79		Current		TIF Guarantee
Nicolai TIF note	12/31/17	3.000	25	524,845.17	501,155.68		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	18,953.16		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>1,770,028.18</u>	<u>-</u>			

Profile by Loan Performance	Status	Number of Loans	Original Balance	Current Balance	% of Current Balance
	Current	7	2,095,808.17	1,770,028.18	100.00%
	Non-current	0	-	-	0.00%
		<u>7</u>	<u>2,095,808.17</u>	<u>1,770,028.18</u>	<u>100.00%</u>

Memo

To: Economic Development Authority
From: Brad Meier, President/CEO
Date: 12/18/2024
Re: OACCT Economic Development Update

Economic Development

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

Workforce

- Next Made in Owatonna Days: **Business, Management, Entrepreneurs, Cyber Security, Hospitality. February 19th**

Other

- OPED: Recent strategic plan with Kent Myers; included 2 council, 2 commissioners, Riverland President.
- OPED: working with leads on downtown city properties
- OPED: couple industry leads still in the mix for Owatonna
- OPED: coordinating plans for 2nd year with Real Estate Journal events
- Small Business Saturday videos-31

<u>Company</u>	<u>Date of Inquiry</u>	<u>Service Provided</u>	<u>Follow ups</u>	<u>Conclusion</u>	<u>Project Outcome: Green (progressing), yellow (probable); red (not moving)</u>
Franchise director for DQ US looking for a new person to run DQ franchise for Owatonna	10/9/2023	Looking for ideas on a new franchise owner for the DQ in Owatonna. They'd like to fill the space just vacated on Bridge.	Received some promotional information and have been sharing it out to business community. 01/09/24: franchisor they had lined up fell through, so still looking for one for Owatonna.		
Wants to run an adult daycare in his existing location downtown	12/4/2023	Some questions about what is needed by the city of owatonna to complete this project in current space.	Ken Beck & Brad Meier met with business owner to discuss what is needed and a realistic timeline.	Owner still working on details with architect. 2/15/24: conditional use permit approved at city.	
Looking for new site for their church	1/25/2024	Lead pastor has moved church to temporary location, wants to find an existing building with at least 10,000 sq ft	Building on the south end of Owatonna has come on the market. Discussed some information about the site with him.	Church is going to purchase land to put up a new structure.	
Group has purchase agreement on building looking for feedback on needs/use	1/8/2024	Redevelopment project that has high visitor attraction potential.	Provided ideas on the building and possible uses/needs.	2/22/24: meeting with the key investors of the project to discuss possible uses and operators.	
Discussion with developer about future projects.	2/27/2024	Discussed redevelopment sites at I35 & Hoffman as well as south end wholesale tires buildings	Did not seem like a project this individual was interested in taking on at this time.		
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.	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.	
Met with new owners purchased existing business in Owatonna	3/1/2024	Plan to invest upwards of \$500,000 into the building	Improvements will allow for growth of the business.	Not asking for help with it, plan to complete in 2024.	
New attorney	2/19/2024	Divorce Attorney open Owatonna location	Planning to open small office in downtown Owatonna	Things are on-track and plan to open in April/May	
New Psychologist	2/19/2024	Psychologist opening Owatonna location	Planning to open small office in downtown Owatonna	On Track	
Restaurant for Downtown	4/26/2024	Working towards opening a restaurant business	Considering a cooperative agreement with existing location. 7-3-24: shifting idea to a food truck	Working with Sean at OABDC	

Distillery	4/26/2024	Wants to open small batch distillery	Timing not known right now.		
Commercial Kitchen	5/7/2024	Interested in commercial kitchen space to expand current business being run out of their house.	Sharing new space idea with the owner.	He is looking into the space to see if it is a suitable fit. Too big for what they need at this time. Will continue out of home.	
Expand Retail Space	5/7/2024	Considering options for doubling his space.	Discussed several ideas and will continue discussion. They want to do something soon.	Won't happen in 2024	
Beauty Services	6/3/2024	Trying to secure funding to get business started, first in her home.	Talked about business planning; she has an appointment with Sean Williams set. Looking to get a small loan for start up items.	6/19/24: phone conversation, she is still looking for a small loan of approx. \$1,500 to get her business started. She is scheduled to meet with Danielle at the OABDC	
Restaurant Interested in Owatonna	6/18/2024	Owns a restaurant in Rochester, MN and has a food truck that comes to Owatonna.	Wants to pursue a location for his restaurant in Owatonna and wants to discuss funding options		
Business looking for commercial land to build	6/19/2024	Business looking for 1-3 acres to build an initial building of 8,400 sq ft with space to expand.	Provided a variety of land options including space on Cedar north of 26th, corner land SW corner by Lowes, and land near Cabela's		
Has a home builder connection that wants to come to Owatonna	7/16/2024	Looking for 10 home lots to get started or potentially more.	Discussed a variety of options including existing lots and developments. Also discussed future plans and possible options there.	Provided a specific contact to them with a developer who has discussed a small project in Owatonna.	
Local non-profit looking for new space to purchase	7/15/2024	Needs approximately 4000 sq ft with the basic office amenities of conference room, offices, etc.	7-17-24: connected with a building owner who is willing to sell a space that has 4000 sq ft available. Did a tour.	Fall/winter timeframe. 12/9 organization is moving into new space, but will lease first and look to purchase at a later time.	
Re-engaged on space in Owatonna -wants retail and creation space.	7/17/2024	Needs approximately 2500 sq ft with production space.	Toured the former Curly Girlz spot and really likes it. Considering moving the production side of the business from a different city to Owatonna.	Fall (Sept) timeframe; Opened in Owatonna Nov. 1	
Looking for a partner to move into a new space and expand.	7/17/2024	Want to expand into 2,500 sq ft, but need a partner organization to make it work financially.	Asking for ideas and contacts. Several provided.		

Wants to open a thrift store in Owatonna.	8/26/2024	Discussed the Salvation Army retail space closing and his vision to open a thrift shop.	Discussed possible locaitons, business plan.	Renting space at former Hursh Motors building plans to open Dec. 1	
Looking for a physical location for restaurant (has a food truck)	9/5/2024	Provided a couple location options and contacts for those sites.	Decided would like to go into the former Pupuseria location. Connected him with building owners and things are progressing.		
Local non-profit looking for new space	11/11/2024	Local non-profit moving out of city space in need of 6,000 sq ft	Provided 2 options that are available for purchase. Organization may only want to lease.		
Wants to Open an event space downtown Owatonna	11/12/2024	Looking at the Zamboni building downtown to do an indoor marketplace, host weddings, etc	Signing lease on 11/15/24, open by end of November		
Interested in going into business	11/19/2024	Wants to meet to discuss ideas he has to go into business	Followed up on 11/21/24 to schedule coffee.		



EDA Report for November 2024

Updates:

- Software Studio – 2nd Cohort Starts 2/21 – Apply at software.owatonna.biz
- Innovators & Business Owners Connect-up (IBOC) – 2nd Thursday of every month.
Register at iboc.eventbrite.com
- Foamcraft moved out 10/31/24. We have two local manufacturers interested in up to 9,000 sq. ft. each for 2025.

OABDC - November 2024

Consulting						
Clients	Sessions	Hours	New	Operating	Hours	
					2024 YTD	2023 YTD
14	20	19.75	6	5	242	96.25

Occupancy				
Manufacturing			Offices	
Total Leasable Space	34,325		Total Leasable Offices	11
Total Leased Space	13,350		Total Number of Leased Offices	10
Present Occupancy	38%		Present Occupancy %	91%
Budget Occupancy	70%		Budget Occupancy %	70%
Occupancy Revenue to Budget	-\$2,745		Revenue to Budget	+\$1,010
Performance to Budget	58%		Performance to Budget	144%
Number of Tenants	9		Number of Tenants	10
Makerspace	1,800			



EDA Loan Programs – November 2024

New Business:

- Different address, different business, same building policy discussion.

Low Doc Loans:

- Owatonna Family Thrift
 - o Tier 1 – Up to \$5,000, 0% Interest

December 18, 2024
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.
- 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. They will be building an office and storage space this winter.
- The property at 224 North Cedar Avenue has been conveyed to Oscar and Tammy Mazariego to renovate the building into a wine lounge. Tax Increment Financing has been approved for the project. A development agreement was approved and signed for the project. Costs have gone up on the project from the time the development agreement was signed and the owner is not moving forward with the project. The property has been transferred back to the City. 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 has begun.

- Scooter's Coffee is proposing to build a drive-through coffee shop on city owned land at the corner of South Cedar Avenue and 18th Street SW. The City Council has approved a conditional use permit for the project and purchase agreement for the property. The property has been sold. Scooters is trying to purchase the tower property and incorporate it into the site before beginning the project. A building permit has been issued and construction has started on the new building.
- 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 next year.