

Jackson Economic Development Authority
April Meeting Minutes
Thursday, April 11th, 2019, 12:00 p.m., Jackson City Hall

Voting Members: _X_ Kent Bargfrede _X_ Brandon Finck _X_ Dennis Frodermann
 A Tim Olson, Vice Chair _X_ Rocky Sieler, Chair _X_ Arlene Vee, Sec./Treas.
 X Mayor Wayne Walter

Staff: _X_ Thomas Nelson _X_ Matt Skaret

1. Call to order

Meeting was called to order by Chairman Sieler at 12:01 p.m.

2. Agenda Changes

- a.
- b.

3. Minutes

- i. March 14th, 2019 Minutes

Mayor Walter moved to approve the meeting minutes with amendments; seconded by Finck.

Motion passed unanimously.

4. Reports

- a. EDC Report:

Nelson gave his report to the board. He reported that the past month he has been working with finding someone for the Spec Building. He's been working with a Roofing Company to find them a location, they are interested in the Amigo's building however, there are issues with the person who ran the restaurant that he had a contract for deed that needs to get signed over prior to it being able to be sold. Chant has closed the laundromat and is in the process of moving his embroidery business over to that location. Nelson is working with three individuals who have expressed interest in opening a laundromat. One party is needing some help with financing, the other two are looking for a location. His role in this is to stay in communication with them to let them know if one party is successful so that we do not have three laundromats in town. In regards to the Business Challenge Contest, one of the contestants has dropped out due to them being from Lake Park and deciding to keep their business in Lake Park. The other two have submitted their business plans and those have been passed onto the panelists and are moving forward. Nelson is confident that one contestant in particular will be a good possibly of moving forward and it will be a great addition to the community and more specifically to the downtown. Nelson has been pushing out the facade program, we do have a number of businesses that are very interested, specifically being Troy Rasmussen who is moving his location to the old liquor store, Virginia and Company, Schrader's and also Royal Treatment whose awning ripped. No applications have yet been submitted. Trisha Porter has started, she made it through the interview process. Prairie Winds Redevelopment with be discussed in the project reports. Hotel study has been completed and Nelson has been in contact with up to five business developers that have different degrees of interest. The Housing Study should be completed by the end of April.

Nelson stated that he had prioritized staying in the office and not attending the Southwest Business Development Network meeting on March 15th. He did attend the Enterprise Minnesota Focus Group on March 26th, they put out the publication State of Manufacturing, they utilize focus groups to put this out and Nelson was able to partner with SWIF and it was held at the Intivity Center with manufactures there from Jackson, Windom and Lakefield, about 16 people there so it was a good opportunity to get varied input. Everybody wants people and they are all trying to hire, all the locations are flagships and it costs a

lot more for them to find a new location and expand elsewhere because they are doing well here. If we are able to find them land and people, they are able to expand here, that is what they are wanting to continue to grow and expand here. He visited with Super 8 and things are going well there. Their son moved back to the area three weeks ago and is taking over operations. They would like to add a workout room. They have expressed interest in the land to the east of the building to be able to any type of commercial business. Such as any fast food to help draw in, it would be a tight fit as the fast food have a cookie cutter footprint. The other concern he has is the access road as the truck drivers have a tough time getting up that road in the winter time. Also their neighbors put up a fence so it makes is harder for their tenants to walk over from Vet's. We are not going to give them a second access point from Hwy 71 so there is not much we can do. The other option could be an easement for an access road in front of the EconoLodge but they probably won't go for that. ORB Management came and talked to us about student housing, they were the ones who put together the deal over in Worthington, they are willing to assist with reaching out to their contacts or if the EDA wants to build they would be potentially be a great asset to do it. He does have some investment partnerships and he is going to reach out to them to see if there is any interest. ASI Commercial meeting was pushed back to this morning. They are located out of Clear Lake, Iowa they have experience on the contractor side working with the ISU and a couple other entities. They have done enough development on their own that they are expanding their commercial development side. They might potentially be interested in the hotel site but the bigger thing is the strip mall aspect. They have enough experience with projects but not too big that they wait for XYZ to say they want a site. Nelson will be in the Twin Cities tomorrow for the CVN Event with a number of companies looking for sites or buildings or partnerships with manufacturing. He's looking for potential leads to feed to Brad Moens. He will be visiting next week with Matt at the Motorplex, Donnie and Doug want to take us up there and give us an appreciation for what it is and establish a relationship with the Economic Development to continue to try to tie in the benefits of the track to the community. With that, we are hoping that Todd Quiring with be there, Nelson is hoping to connect with him about the hotel project as it could be a great opportunity for Todd with him selling off a lot of his businesses to be able to utilize the Opportunity Zone to defer his capital gains. Developers are stating that the projects that are going to get funded are those located in the Opportunity Zones. The Marketing Partnership meeting is the DEED event next Wednesday. Senator Klobuchar's staff reached out as they are doing a tour and they asked that someone from the Economic Development office be a part of the focus group so Nelson will be up there at 8:00 on the 18th. Monday, April 22nd is Easter and the office will be closed. Tuesday, April 23rd is the CEDA staff training day and we will both be out of the office for that. The 24th is when the Sunset View Facebook ad ends.

Financial Report - 616 Fund, general funds, \$250,653.05, keep in mind the \$10k promised to the Business Challenge and \$2,500 for the facade program, YTD is the reimbursement from the County for taxes and expenses is the Hotel feasibility study. 801 Fund - \$442,736.16 available, income of \$9,010.68 so far this year, expenses \$21,800 for the Donnie Schoenrock for Kat's Hog Heaven loan and the remainder being the payment to SWIF that comes due on the Ashley Estates loan, 12 loans total with the outstanding balance of \$361,977.87. For the 802 Fund - currently at \$21,643.87, this is the fund that could be used for the potential SCDP loan. YTD Income so far is \$2,175.21, five loans with outstanding \$38,774.71, nothing paid out this year. All of the 802 loans are current. 804 Fund - \$48,773.59 income is \$3,924.11, 20 loans currently on there with the last one coming on last month, \$41,359.25 outstanding. The fund with Mike Schwartz we did have a change, he had both loans coming out on the 15th, he requested to have them not come out the same day as the utilities. So with that, one is moved up to the 8th (closer to the actual payment date) and moved the 15th to the 22nd so both are about a week off of their date. This is going to allow him to cash flow better with the agreement that if we moved the one back that the other would be moved up.

b. SCDP Report

Nelson reported that there are a total of fourteen, and there was still \$354,604.00 remaining for the SCDP. We did a newspaper ad for the Facade Program and he has had three people come to his office and one or two call in. That was a successful way to generate some interest. Two of the people were over the income base and one was outside of the target area. Once the Facebook ad ends for the Sunset View Nelson will generate a one week ad targeting the Jackson area so hopefully that will generate more interest. He will also check with the City ladies to find out if it is possible to implement a mailer to go into the City bills to try to push it.

c. Projects Report

i. Prairie Winds Redevelopment

Nelson reported that they are working on financing, packets were sent out to Bank Midwest and Fulda Area Credit Union, they switched out from United Prairie. Nelson also let them know about SWIF, they were not aware of them, if they are needing some bigger gap financing. They had been looking at using some investors out of the Chicago area but pricing would be higher. He wanted to let them know of some cheaper financing options out there.

ii. Hotel

Nelson has been in contact with four potential developers, the most notable one is the gentlemen who did the Windom hotel project as well as the project in Spicer, which was the GrandStay, located on a golf course, with event space and a restaurant. He is definitely interested. He asked why Todd Quiring isn't doing it and he told him he is going to be talking with him and that he's reaching out to multiple developers.

iii. Laundromat - As stated earlier, working with three individuals just keeping the communication open to ensure we don't end up with three laundromats in town. Sieler asked where they would be located and Nelson replied that they are looking at a couple possible locations downtown. It was asked if Chant had purchased the building with the embroidery business, he did not, it is still owned by Burt Joul at the time he was not wanting to sell. Nelson has not been able to get in touch with Burt to find out his intentions, he has told the possible laundromat owners that this might be a possible location as well. It will be another vacant building.

5. EDA Owned Properties

- a. Sunset View Phase 1 - nothing to report
- b. Sunset View Phase 2 - Facebook post update

Facebook Ad Stats:

General post has reached - 10,404 people with 1,423 engagements

Ad itself has reached 8,221 with 378 engagements

24 comments (some are Matt's responses back to other comments)

32 shares (24 directly related to the ad)

88 likes, loves and wows

Ad viewed by 55% men and 45% women

Skaret shared about some of the comments. Positive comments about lots being half price. Lots of comments or envy on why their town couldn't get on board and be more like Jackson. Questions on the proximity to the wind turbines, if it is in a flood plain, and even comments as to Jackson always being flooded and why would you buy a lot there. One individual was just negative and anti-Jackson. Also an inquiry from a contractor and Skaret sent his information to Nelson. Some interest was generated from people sharing the post, such as, Tim Olson had some people respond to his post in building up there.

Total amount spent on the ad was \$300. They targeted the ages of 25 to 64.

- c. Westview Ridge - nothing to report

6. Other Business

a. Small Cities Development Program Income Loan - Virginia & Company

She is very interested in the Facade upgrade program, however, her roof ended up busting, so first she is needing to repair that before damage is done. Nelson has been told that there is a roofing repair list somewhere, but he has never been able to locate a physical list. At this point he assumes it was a mental list that Sue had. Then Lynette mentioned $\frac{1}{3}$, $\frac{1}{3}$, $\frac{1}{3}$ so Nelson then knew she was referring to the Small Cities Development Program Income loan, 802. This is a grant funded program for commercial businesses that was started in 2008 or 2014. The $\frac{1}{3}$ that is coming back as payments is just going back into that fund. Sue was continuing to use this fund, she was not actively advertising it. The most recent one was for the Porter's and the redevelopment of that project in 2017. The application today is for assistance with the roof repair. They are looking at \$22,729.08 for the bid. So they are looking at \$7,576.36 for a loan, a forgivable loan and funds from them. So looking at approving or denying this application or is this the way we want to keep using these funds. It is a good program but we are eventually going to dwindle down the fund. The only other caution is Nelson does not have this waiting list and if someone is on this list and if they found out the Virginia & Company got this loan and they say they were on the list before we have no idea. Sieler mentioned that there has not been another application submitted and it was confirmed that the loan is forgivable within 7 years. It was discussed that the loan with Thurmer's was with this program, that one was drawn out as it was started and then stopped and started again, back when Willink was mayor. There are currently 5 on the books right now. It was asked if there is a cap to the amount of the loan. Bargfrede believes it is \$15,000. There was discussion on what loan program was given some funds a few years back as it was out of money, this was not that program as these funds have to be kept separate and used as like-kind uses. The income coming in is the payment portions on the $\frac{1}{3}$ traditional loans. Both the forgivable loan and the traditional loan funds come out of the 802 fund. The request on this application is \$7,576 as a forgivable loan and the same amount as a traditional loan and they come up with the other third. It was discussed about wanting to continue this program, we have the funds available and we cannot transfer money into the fund. So if this is approved then we are about out of money in this fund. Last year is gained about \$9,000 but we have the outstanding amount of \$38,000. Once it's out of funds we would have to wait until the current grant is over, in 2020, and then we can re-apply and instead of doing a housing or a rental one we would just do a commercial one. We would have a target area and we would survey all of the businesses who could use it, however, the funds wouldn't be available for two years which is part of the problem with the Small Cities Development, we can survey them this year, but if they need a roof they are not going to be able to wait 2 years until we get the money. Sieler confirmed it's a 2% loan repaid to the City monthly with the total amount of loan and forgivable loan at about \$15,000. If we have active use to the program we have a better chance at receiving an additional grant. Vee noted that she likes the fact that we can assist and Skaret stated that we have the funds and when it's gone, it's gone and then hopefully be able to build it up again with a future grant, plus we have the money coming in with the portion that is repaid. It was asked if the underwriting guidelines have been met in regards to the current application, do we look at their repayment ability if this is approved? Most of these in the past have gone through UCAP so the problem with their app is that they are not backed by the grant, we pay a fee for processing these loans. We can by-pass that, this is our money and we can do it how we want. We do have their current mortgage information. We have not done any underwriting yet, UCAP has done this in the past and this application has just come in. We use the City attorney to draft the loan documents and security agreements so we will have a second mortgage behind their existing mortgage. We have treated these as more of a gap financing in order to keep them in business. As this fund dries up we might need to get more stringent on the underwriting process. The old Chozen building was brought up but since it was under contract for deed, we could not perfect our interest as the vendor wouldn't sign off on it. The loan request was for \$7,576.36 for each loan, a forgivable loan and a repayable loan at 2% structured as per

guidelines. **Denny Frodermann moved to approve the SCDP Income Loans for Virginia and Company with \$7,576.36 being forgiven after seven years and the second \$7,576.36 repayable loan at 2%; seconded by Arlene Vee. Motion passed unanimously.** It was stated to keep using the fund until it is depleted and then reapply. We have to wait until the current grant is over and then reapply for just the commercial one as they won't approve to have two active grants in operation. We got denied once because we had reserves sitting there.

7. New Business

- a. No new business was brought up.

8. Adjourn

Chairman Sieler adjourned the meeting at 12:47 pm.