

## Economic Development Authority

### Monthly Meeting Minutes

Thursday August 22<sup>nd</sup>, 5:30 p.m.

#### Meeting Location: Arbor Gardens Senior Living

- I. **Call the meeting to order:** Dale Heintz called the meeting to order at 5:40 p.m. The start time delay was due to creating meeting room space for the Arbor Gardens residents and staff to attend the meeting.
- II. **Roll Call:** Dale Heintz, Craig Horan, Tom Aleshire, Tony Nelson, and Bryan Cornell were in attendance. Cathy Enerson, EDA staff, Marlene Schauland, Arbor Gardens RN, and various Arbor Garden residents and staff members attended the first half hour of the meeting.

Dale Heintz opened the meeting by reviewing the previous evening's EDA public meeting. Dale indicated that the EDA board does not specialize in the complex areas of senior care and must rely on a management company to advise the board, hire staff, and keep up with the quickly changing business of senior care. The EDA is exploring options for both a new management company and possibly selling the senior campus to a firm that could manage and or manage own. Dale explained during the public meeting. The senior campus, Arbor Gardens has had both ups and downs since 2003. Bryan indicated that for the 7 years he has been on the board he has seen full profitability but lately seen a lack of occupancy hurting the campus stability. After the first two years of operations the campus has been self-sustaining. The board wanted to make it clear that the City merely owns the building. Occupancy, meals, staffing, community engagement is up to the management company. Occupancy at the campus as of this meeting is 28, with a 29 resident moving in. Dale indicated the EDA board members are not necessarily experts nor the right people to keep up with the changes or market the senior campus. There is a lot more care that can be offered for this community, the board wants the campus to be servicing the community, they need owners, and managers that are experts for that to happen. The board is currently consumed with overseeing Arbor Gardens. The board is looking at groups that have experience in senior care, affirm that would keep the campus running as an assisted living. The EDA is not closing the assisted living. It was mentioned that the campus lost three residents due to not having rehab, a new firm that are experts in senior care would quickly react and strategically plan to attract and retain those type of residents. The board mentioned that there is a reserve fund for repairs and for the bond payments to keep things on tract when census is low. The board is only entertaining inquiries at this time. There was a concern that a new firm would only be interested in making money, however it was stated that area competition and area reputation are sources that help balance out that concern, and are applicable for any for any profit or non- profit business. It was stated that Tealwood, the current management firm, who is not interested in owning Arbor Gardens, is a for profit company. It was mentioned by a resident that Plainview has senior care that was purchased and you cannot tell it was sold. The board stated they hoped the chance to visit together with the public and with Arbor Gardens' residents talking through any concerns eases residents' minds. Board members may also one day live at Arbor Gardens. The board wants what is best for the

community. The board stated that Arbor Gardens size is a niche community and only a handful of buyers are interested in this size campus. The board sent a letter after the public meeting to all Arbor Gardens residents and will use the Eyota City Newsletter to share details of the public meeting with all residents. The board will continue to communicate with residents after any future meetings.

**III. Consent Agenda:**

- **EDA Minutes, EDA financial, and Arbor Gardens Financials:** Due to city staff changes, EDA financials have not been updated. Enerson pointed out that Arbor Gardens shows \$94,000 in payables, Chris from Tealwood that was not available for this meeting, Chris will need to explain why payables are high. *Motion by Tony Nelson, motion seconded by Tom Aleshire to approve the consent agenda as presented, and motion carried 6/0.*
- **Enerson requested \$40.00**, which is half the cost to attend the Connecting Entrepreneur conference in Waseca coming up September 5-6<sup>th</sup>, *motion by Bryan Cornell, motion seconded by Tom Aleshire to approve the cost of the registration, and motion carried 5/0.*

**IV. Arbor Gardens Report:** Marlene Schauland provide the Arbor Gardens report. Debt service coverage ratio is up to 1.2 for the month, and is at .92 year to date. Bank reconciliation is at \$40,115. There are 29 residents. The report shared various community activities. The board stated as time allows the staff should develop relationships with other facilities that for instance do not have memory care and are currently turning people away or moving them to other senior campuses. The board would like Arbor Gardens staff to let other similar senior care facilities know Arbor Gardens has opening.

**V. EDA Director's Report**

- **Website updates** – Updates are in progress, with staff changes the updates were put on hold, the "Build and Save" EDA program flyer was provided to the board for review and was given to city staff to post on the city website. A copy of the development map and what is for sale that the EDA is made aware of was provide to the board and for the city website to post.
- **Video Updates** – Local video shots were completed on August 20th
- **New Business coffee** - Completed August 20<sup>th</sup>, EDA staff will type up a summary, the participants asked to have a local business happy hour. The group in attendance asked for a business list, Enerson updated the business list and sent out to all business owners she has emails for, a copy of the updated business list was in the board packet.
- **Meeting with Peace Lutheran** – Completed August 20th
- **Business inquires** – Cathy went through a list of new inquires, she asked board members to meet and greet any of the inquiries that they know, or the area family members they know if applicable.
- **Up-coming meetings and events** – Enerson went through the list of meetings coming up. She will be in Waseca both Thursday and Friday September 5-6<sup>th</sup>, and a People's Energy Power on Friday September 13<sup>th</sup>. On September 26<sup>th</sup>, the day of the board meeting Enerson will attend a portion of the Strong Towns Livability forum in Rochester. The EDA will set up an evening Arbor Gardens Committee meeting. The board thanked Cathy for the extra hours, extra morning and evening meetings she has arranged and attended.

- Enerson provided the board with an update about progress this far for the **small cities block grant program**.
- The board packet contained the monthly **CEDA three month grant summary**

#### VI. Council Updates:

- **Tax abatement – Update:** The Council approved the Eyota Holding, LLC tax abatement request of approximately \$42,000 to assist with the expansion of two local businesses, which in turn creates a new tax base for Eyota’s future.
- **Other-** Dover Eyota Eagles Foundation letter to advertise in its sports publications was placed in the board packet, the board thought they would leave room for new businesses to promote themselves in the sports programs. The board prefers staff to reach out to Realtors to share with them the “EDA Build and Save” commercial and residential housing program rather than use the publication at a cost of \$125.00 to promote residential and commercial build and save cost savings for new construction.
- Tony Nelson share that negotiations for the 6.1 acres that John Keefe owns is on-going, the developer checked in with Tony to be sure the Build and Save Program is still in effect. Tony indicated the program is in effect through December 31, 2019, when it will then sunset. The board re-looks at the effects of the program each year before determining if waiving fees benefits overall growth of housing and tax base.

#### VII. EDA recommendations:

- **Discuss of Public Meeting:** The board felt that the concern from the public that attended was that the campus remain senior residences, and that rent would not increase.
- **Public Meeting and contracts - EDA recommendation:** Hold a committee meeting to go through a 19 page proposed management contract that the League of MN Cities attorney reviewed, and any other contracts or proposals that come in. Dale suggested taking an email poll of board members to see who and when three EDA board members can attend a committee meeting.
- **Discussion surrounding data that corresponds to the existing Tealwood contract:** Enerson presented the board with a report regarding the past and current Teal wood contracts, the former contract assignment and the contract performance clause. Over the past several months lack of performance could be grounds for terminating the Tealwood contract. If the board did not enforce performance the board could owe 14-18 months of management fees to Tealwood depending on the date of cancelation.
- **Input and Next steps for Arbor Gardens Senior Living Community:** The board would like a new management company, preferably one that could one day own the building. The board would like to find a management company that will market the campus, and put the campus on its feet while looking after the needs of the community. Spring Valley Living was brought up as a party with interest that has not submitted a contract for review, at a prior meeting today they stated they do not have an investor at this time and would need to lease or lease to own. The board has received interest from another party willing to purchase and manage, and has an investor willing to own. The board at

this time has nothing set in stone that they are selling the campus, they are cautiously investigating options.

VIII. **Other:** None

**Adjourn:** At 6:50 p.m. the board motioned by Tony Nelson and seconded by Bryan Cornell to adjourn, with no further discussion the board adjourned.

Respectfully Submitted,

Cathy Ererson 9-26-2019  
Cathy Ererson                      date  
EDA Director

Dale Heintz 9-26-2019  
Dale Heintz                      date  
EDA Chair