

**Economic Development Authority Minutes**  
**Thursday, September 26, 2019**  
**5:30 p.m. Arbor Gardens, Community Room, Eyota, MN**

**1. Call to Order/Roll Call: Dale Heintz called the meeting to order at 5:37 p.m.**

Members:	X Dale Heintz	A Connie Meiners
	A Craig Horan	X Tony Nelson
	A Darcy Higgins	X Bryan Cornell
	X Tom Aleshire	

Staff: X Cathy Enerson

Tealwood report presented by: Marlene Schauland in person and Chris Krebsbach by phone  
Jim and Jamie Judish – attended as presenters

**2. Approve the Agenda:**

*Motion by Tony Nelson to approve the agenda as written, motion seconded by Tom Aleshire, and motion carried 4/0.*

**3. Consent Agenda**

Approve the Arbor Gardens Financials  
Approve the EDA minutes for August 21<sup>st</sup> and August 22<sup>nd</sup> meetings  
Approve EDA Financials

Enerson noted that the 655 account, the Enterprise Fund, is at \$57,690.85, however the charge for the new water softener, \$4,200, had not yet shown up on financials.

*Motion by Tony Nelson to approve the consent agenda as written, motion seconded by Tom Aleshire, and motion carried 4/0.*

**4. Arbor Gardens Report– Chris and Marlene**

A copy of the report is included in the complete board packet. Marlene and Chris shared census data and highlighted the financials. Arbor Gardens is currently not at goals for either debt service coverage or census, which are related. For the past few months the debt service ratio has fallen under 1.0. Enerson asked if Sue Marlow had spoken with Tealwood. She had concerns that a letters that her mom was received and information about the August 21, 2019 meeting were not being sent to her and her sister by Tealwood. They are personal representatives for their mom. Sue had concern that one letter was a scam. Tealwood asked for a copy of the letter that is possibly a scam. As of the day of the meeting Arbor Gardens has not made the monthly bond payment.

**5. Revolving Loan Fund Requests:** None at this time. The current loan fund balances are \$16,275.82, and \$4,719.69. As noted by the low balance, most of the revolving loan funds are in use. Revolving loan fund clients are compliant with their repayments

**6. Rochester Sales Tax- Façade Improvement:** Cathy shared that there are three approved projects. Two of the three projects just recently completed their façade improvements. Cathy has requested invoices to close out the two projects, the Chiropractic Office and Burt's Meats. Renkens apartment building is still in progress.

**7. Senior Housing Committee Report:** The board packet and committee members shared a summary they discussed at a recent committee meeting, the summary is tied to the potential termination of the Tealwood management contract and possible sale of Arbor Gardens. The summary contained inquiries about buying, leasing, or listing Arbor Gardens. The committee made a recommendation with findings of facts to support the recommendation that EDA proceed with a highly experienced management company that has the capacity to purchase, expand, and manage the senior campus. One buyer provide a bank letter confirm his ability to purchase. This buyer indicated that he would like to close at the end of the year. Also included in the summary was the bond pay off information from the city financial advisor, and the

current management contract performance clause. The board would like Cathy to check to be sure the bond pay off would not adversely affect the City if the bond pay off was to occur on December 30, 2019. The board will share with Council that the EDA has received a letter of intent and a bank letter supporting capacity to purchase. EDA Council representatives will also share with Council that the EDA board is in negotiations with a buyer, the EDA Chair will sign a non-binding letter of intent with the buyer to allow for the buyer to present a formal offer to purchase. The board instructed Dale to sign the letter and send any offer to the League of MN City attorney. Cathy is to send the current summary the committee and board reviewed and the current management contract to the League attorney to determine the EDA/City right's to cancel the current management contract with a 90 day notice. The board is concerned that the current arrangement with Tealwood is becoming a more urgent issue for the taxpayers given that census is down, debt service coverage is not at or above 1.15%, and there is a higher percentage of staff turnover. *Motion by Bryan Cornell for the Chair, Dale Heintz to sign the commission agreement with Mark Dickson specific to ongoing negotiations with his client for the sale of Arbor Gardens, motion was seconded by Tom Aleshire, and motion carried 4/0.*

#### 9. Director's report & Informational Pieces

- **Chiropractor Expansion** – Mark is considering holding an open house on October 29<sup>th</sup>, he has had a good number of clients meet with him in his first 3 weeks since opening.
- **Florist:** A copy of the correspondence with **Heather Wright** the proposed florist was in the EDA packet, Heather and **Joann Burt** did not come to terms. With the delay in opening Heather is not financially prepared to open, Joann placed a door where the florist cooler would have been installed. Joann's location is for lease for \$600.00 per month.
- **IRC Expansion –Eyota Holdings** – the project continues to move forward with a tax abatement.
- **Church Council:** Cathy shared the thank you note she received from **Peace Lutheran Church**. Cathy attended a 7 pm meeting at the Church.
- **Developers-** it was brought up that Jason Bye is attempting to purchase and plat the 6.1 acres of mix use property that is owned by John Keefe, the plan calls for townhomes and homes
- **Industrial and Commercial Inquires**
  - A copy of the inquiry about **Dahls** and the **City's house next to Dahls** was in the board packet
  - The board packet had a the development and future land use map indicating for the board two sites that a firm wanted information about in order to reply to the People's Energy Cooperative request for **solar proposal** (RFP) that was due October 4<sup>th</sup>.
  - Also indicated on the map was a location being considering to a **warehouse office**, and a location that was being considered for an industrial style warehouse
  - A copy of the **Country Café** real estate listing was in the board's last EDA packet. The price is currently \$350,000
- **Small Cities Block grant progress report:** One, four unit project is complete. A project with 8 units is nearly complete. The administrator will offer the slots saved for Tucker Speltz's building to other landlords. Tucker had until June to submit information, he does not have a project submitted.
- **Summary of Connecting Entrepreneurial Cities Conference:** Enerson will have a summary for the board in the next board packet
- **Community Video Status:** Tyrel Clark continues to make progress, he is at what he stated is the voice offer stage, this is a volunteer effort. The project has grant funds.
- **Local meeting for new businesses – report and propose November:** The last meeting for new owners was well received, the business owners thought a happy hour with all businesses invited would a good idea. A copy of the most recent newly established business meeting was summarized and placed in the board's packet. Members would like to receive copies of EDA and Council agendas and minutes. Cathy also shared her business list with the entire list of business that she can reach by email.
- **Council report and December 19<sup>th</sup>, December 12<sup>th</sup> City Council truth and taxation:** Council shared the housing project proposed for John Keefe's land. **M**
- **MN Design Team Goals:** Cathy was asked to attend a four community recap session, she asked Connie to attend, and Connie is willing if her schedule allows her to attend.

- **Community Data:** Cathy reported that she is getting data pulled from DEED to use for tracking

**11. Potential apartment project, education and questions:**

**Jim and Jamie Judish** met with and presented to the board, they had attended a board meeting in the past to ask about land for an apartment building, they continue to work with Peace Lutheran. The project was presented as a site that would need a zoning change to R-2, they think they will need to purchase 1.8 acres for compliance, the land needs additional infrastructure, and city approvals. The owners presented the project with a TIF, TIF bring cost down to create affordable rents. The board was informed what affordable rents would look like, and what income levels a portion of the building would be required to be at. The 50 and 60% of adjusted median income for the County at \$74,000 is the target. Working families would be making approximately \$35,000 for some of the apartment unit. Two bedroom apartments with TIF assistance would rent for approximately \$1,000 per month, and one bedroom apartments at \$850.00 month. The rent sewer, water, heat and trash. Jamie stated that their LLC's build properties that they are all proud of using items like James Hardie siding and brick or stone accents. Unlike some of the recent Rochester projects that do not look like something Jamie would be proud of five years from now. The project would include surface parking, and some garages, the board would want to be sure that the value of Busch Court is protected. As stated in the proposal the project would need to be presented to planning to see if the zoning can be changed to R-2. This would likely be a \$4.2 million dollar project that would bring significant future tax base and provide housing for teachers, cabinet makers, plumbers, basically the area workforce, people that need to rent before they own. Jamie said their recent Pine Island project is successful. Their management firm checks for criminal and rental histories as part of the tenant screening process. Those that have approached them with vouchers are usually single people caring for adult children or parents. Two units would likely be fully handicap accessible. All units will be ADA compliant. Also presented to the board was the engineer's letter stating the cost for the City or Developer to spend to determine what it would cost to extend services to the parcel, and to create a loop for pressure that can also be used to extend service to property south of Knowledge Road for future projects. The cost for WHKS engineering services is \$2,000.

**Other:** An announcement regarding the CEDA annual meeting was shared, Cathy would sign up anyone that would like to attend, the announcement included the opportunity for communities and or business to share baskets with a value of at least \$25.00 that become prizes. The partnership celebration is November 14<sup>th</sup> and will be held in Cannon Falls.

**Prepare to Grow was the Quarterly DEED meeting topic.** Presenters shared what request for information from large site selectors should look like. The case study was the data center that went into Oronoco next to People's Energy Cooperative. The meeting was held at People's Energy Cooperative.

**3 Month Grant Periscope** – Cathy presented the current list of grants, this list can be shared with all boards for varieties of projects.

**Adjourn:** At 6:45 p.m. motion by Tony Nelson, seconded by Bryan Cornell to adjourn the meeting, with no further discussion the meeting adjourn.

**Next meeting: October 24th**

Respectfully submitted,

Cathy Ererson 10/24/19  
Cathy Ererson date

Dale Heintz 10/24/2019  
Dale Heintz date