

Chatfield Economic Development Authority
Thurber Community Center - Chatfield Municipal Building
21 Second Street SE
Chatfield, MN 55923
Voice 507.867.1523 Fax 507.867.9093
www.ci.chatfield.mn.us

REGULAR MEETING NOTICE

CHATFIELD ECONOMIC DEVELOPMENT AUTHORITY
4:30 p.m., Monday March 28, 2022
Thurber Municipal Center
Chatfield, Minnesota

AGENDA

- I. Call to Order
- II. Approval/acceptance/statutory
 - A. February 28, 2022 meeting minutes
 - B. Revolving loan fund report
- III. Business
 - A. 2021 Annual Report
 - B. Request for assistance: downtown apartment building
 - C. Chatfield Center for the Arts project update: Mike Benike
 - D. Request for assistance: hotel project
 - E. Prospects/community update
 - i. Chatfield Alliance update
 - ii. Prospects
- IV. Other business
- V. Adjourn

ECONOMIC DEVELOPMENT AUTHORITY

MEETING MINUTES MONDAY FEBRUARY 28, 2022

MEMBERS PRESENT: RANDY PAULSON, LUKE ISENSEE, MICHAEL TUOHY, MIKE URBAN, PAUL NOVOTNY, AND SUE KEEFE

MEMBERS ABSENT: MOLLY BAUM

OTHERS PRESENT: MIKE TANGEN, LINDSEY EIDE, JILL HARSTAD, GRETCHEN MENSINK-LOVEJOY, SARA STURGIS, AND CHRIS GIESEN

With a quorum present, the annual and regular meeting was called to order at 4:30 p.m. by Tuohy at the Thurber Municipal Center.

- A. The board considered officers for 2022. Motion by Isensee, second by Keefe to adopt the following slate of officers for 2022: Michael Tuohy, President; Randy Paulson, Vice President; Sue Keefe, Secretary; Luke Isensee, Treasurer. Motion carried unanimously.
- B. Tuohy made the following appointments to standing committees for 2022: loan committee, Keefe, Novotny, and Paulson. Chatfield Center for the Arts advisory committee, Urban, Baum, Isensee.
- C. The board reviewed the city's business subsidy policy and revolving loan program guidelines. No revisions were recommended at this time.
- D. Giesen requested that the 2021 annual report be tabled until the next meeting as other project work prevented him from completing the report for this month's meeting. The board concurred to table review of the report.
- E. The board confirmed that the regular meeting schedule for the year will be on the 4th Monday of the month at 4:30 PM, at the Thurber Municipal Center.
- F. The board reviewed the annual conflict of interest policy.
- G. The board concluded the annual meeting.
- H. The board reviewed the minutes of the January 24, 2022 meeting. Motion by Paulson, second by Keefe to approve the minutes as presented. The motion carried unanimously.
- I. The board reviewed the status of the loan fund. All loans were current.
- J. The board reviewed a loan request from Joy Ridge Event Center. They requested \$40,000 with the usual terms; 10 year term with a 4% fixed APR rate. The loan would be used for renovations. In particular the funds would be used to cover unexpected renovation costs that were found during the total remodel of the facility. Giesen noted that the request would require the board to make a special exception to the guideline that funds not be used for project items already paid for/having occurred, as the issues (like water damage) were unknown prior to the project starting and the fixes were required immediately. There was not time to wait for the approval process as usual. The loan committee had reviewed the particulars and recommended that it be approved as requested, with the special exception. The board discuss. Motion by

Paulson, second by Keefe to recommend that city council approve the loan as presented. Motion carried unanimously.

- K.** The board reviewed a request from Jill Harstad and Lindsay Eide to assist with the development of an approximately 8,000 square foot athletic club on the south side of Chatfield. It would host exercise classes, fitness equipment, and have spaces for other businesses to rent. Giesen noted that there were two items specifically needing assistance: 1) MiEnergy Cooperative was willing to provide a 0% interest loan to the project if the city was willing to facilitate the loan. Giesen did not have additional information on the requirements facilitating the loan would have, but in the interest of moving the project forward he asked if the board was open to exploring such an arrangement. He noted it resemble what the board did for the EZ Fabricating state loan. The loan committee agreed that assisting was advisable. Giesen said more information would be forthcoming. Motion by Paulson, second by Isensee to explore providing assistance to facilitate the MiEnergy loan. Motion carried 5-0-1. Keefe abstained.

2) Giesen said that with rising construction costs, land costs, and the need for a sidewalk on the property, the project's finances were in need of additional support to move forward. The developers had requested assistance via tax increment financing (TIF). They had agreed to cover the setup cost of establishing a district and to the usual pay as you go format utilized on similar projects. Giesen noted that additional information was pending with the county assessor in order to determine the value of such assistance, but that it would be similar to requests approved to assist Cabin Coffee or EZ Fabricating. More information would be forthcoming for further consideration at a future meeting. However, if the board was interested in moving forward, he recommended that the board request that the city council call for the required TIF public hearing. Giesen mentioned that no commitments for assistance need to be made today, he is only requesting that the board authorize the process to begin. Motion by Novotny, second by Paulson to recommend that the city council call for a public hearing to consider TIF assistance, with the public hearing held on April 25, 2022. Motion carried 5-0-1. Keefe abstained.

- L.** Giesen presented a memo regarding a request from the hotel subcommittee to update the 2015 hotel market study. The 2015 study was used to attract support for the current prospective project but a refresh was needed to finalize the investment group's financing package and provide information to investors. The cost would be \$8,600 and be conducted by HMI, the same group that had completed the 2015 study. HMI received good reviews from other hotel operators. Motion by Urban, second by Keefe to recommend that the city council approve updating the 2015 hotel market study. Motion carried unanimously.

- M.** Giesen gave a brief update on the city's strategic goal initiatives which were related to the board's work. He noted that while the city council had appointed working groups/sub committees to champion each goal Giesen would look to the board for guidance regarding his participation, ideas, and direction on such subcommittees. All goals were making good progress.

- N.** Giesen noted that the Chatfield Center for the Arts construction project was progressing well.

- O.** Sara Sturgis was present to give an update from the Chatfield Alliance. She thanked the board for 2022 funding, reported that they received \$3,500 in grants for marketing through Explore Minnesota, are conducting a fundraising raffle, and that Chillfest was a success. They are working on bulking up Thursday afternoon events during the summer in the park and on finding volunteers for watering the downtown flower baskets.

- P.** Novotny noted that the city council is considering how to use its allocation of federal pandemic recovery (ARPA) funding. His initial thoughts were that the city might consider splitting the funds into three buckets that would fund various projects and needs. However, more discussion would be forthcoming on the topic.

Q. There was no other business.

R. Motion by Paulson, second by Isensee to adjourn the meeting. The motion carried unanimously. The meeting adjourned at 5:29 PM.

Respectfully submitted by: Chris Giesen

EDA President Signature:

Michael P. Tuohy

Chatfield Revolving Loan Fund

Number		Original Loan				Balance	P&I Paid	P&I Pd. Net	Last Pymnt	Current Thru	Fund
1	1996	\$ 115,000	Tuohy Furniture Corporation			INITIAL FUND CONTRIBUTION			n/a	n/a	360
2	1999	\$ 18,750	Chosen Valley Threads			\$ -	\$ 19,762	\$ 1,012	4/13/2005	PAID	360
3	1999	\$ 4,903	Bailiwick			\$ -	\$ 6,020	\$ 1,117	10/24/2007	PAID	360
4	2000	\$ 30,000	Sweet Petals			\$ -	\$ 38,609	\$ 8,609	10/13/2006	PAID	360
5	2000	\$ 25,000	CLC - Amish Furniture			\$ -	\$ 29,580	\$ 4,580	2/9/2004	PAID	360
6	2000	\$ 34,000	Greg & Lorie's Bakery			\$ 21,285	\$ 20,140	\$ (13,860)	3/31/2005	4/1/2005	360
7	2000	\$ 15,000	Lucky Horseshoe Restaurant			\$ 9,826	\$ 9,335	\$ (5,665)	6/13/2005	7/1/2005	360
8	2001	\$ 2,500	Greg & Lorie's Bakery			\$ 1,623	\$ 1,350	\$ (1,150)	3/31/2005	4/1/2005	360
9	2001	NO RECORD	Wide Eye Coffeehouse				\$ 5,029				360
10	2003	\$ 4,500	Grandma's Restaurant			\$ 3,578	\$ 1,432	\$ (3,068)	12/30/2005	1/1/2006	360
11	2003	\$ 3,500	Grandma's Restaurant			\$ 1,862	\$ 1,982	\$ (1,518)	12/30/2005	1/1/2006	360
12	2004	\$ 6,000	Grandma's Restaurant			\$ 3,114	\$ 6,297	\$ 297	12/30/2005	1/1/2006	360
13	2006	\$ 40,245	S&K Furniture			\$ 26,527	\$ 20,642	\$ (19,603)	1/14/2010	----	360
14	2009	\$ 204,435	Bernard Bus			\$ 32,570	\$ 187,643	\$ (16,792)	4/22/2014	PD - SETTLED	360
15	2010	\$ 12,840	Country Road Crafts & Gifts			\$ -	\$ 15,046	\$ 2,206	2/1/2015	PAID	360
16	2012	\$ 8,490	Adourn			\$ -	\$ 10,080	\$ 1,590	9/20/2017	PAID	360
17	2014	\$ 408,000	EZ Fab II- State			\$ 213,543	\$ 217,216	\$ (190,784)	3/17/2022	5/1/2022	361
18	2014	\$ 125,000	EZ Fab I- City			\$ 66,874	\$ 65,086	\$ (59,914)	3/17/2022	5/1/2022	360
19	2014	\$ 62,700	MT Properties (Wit Boyz)			\$ 20,358	\$ 54,594	\$ (8,106)	2/28/2022	4/1/2022	360
20	2015	\$ 21,000	Steve's Auto Care			\$ -	\$ 23,271	\$ 2,271	9/11/2020	PAID	360
21	2016	\$ 45,000	Ries Auto Stores			\$ 46,953	\$ 1,500	\$ (43,500)	9/19/2016	----	360
22	2016	\$ 30,000	Bick n Berry Boutique			\$ -	\$ 33,154	\$ 3,154	11/1/2021	PAID	360
23	2017	\$ 25,354	Sarah Iverson (Corner Cuts Salon)			\$ 15,799	\$ 13,091	\$ (12,262)	3/21/2022	4/20/2022	360
24	2018	\$ 40,000	Rocky & Melissa Burnett			\$ 28,399	\$ 16,199	\$ (23,801)	3/21/2022	4/20/2022	360
25	2018	\$ 25,000	EZ Fab III- City			\$ 15,386	\$ 6,132	\$ (18,868)	3/17/2022	5/1/2022	361
26	2018	\$ 375,000	EZ Fab IV- State			\$ 102,481	\$ 20,109	\$ (99,891)	3/17/2022	5/1/2022	361
27	2019	\$ 58,200	Joshua Broadwater LLC			\$ 48,670	\$ 14,556	\$ (43,644)	3/21/2022	4/20/2022	360
	2022	\$ 40,000	Joy Ridge Event Center LLC			---					
		\$ 1,780,417				\$ 658,847	\$ 803,191	\$ (394,055)			

End of Month Cash Balances

Federal (360) \$ 141,476
State (361) \$ 28,462



Chatfield Economic Development Authority

2021 Annual Report

(For 12 months ending January 31, 2022)

The Chatfield EDA regularly meets the fourth Monday of each month at 4:30 PM at the Thurber Municipal Center.

During 2020, there were 11 regular meetings and 2 special meetings. This compares to 11 regular meetings and 2 special meetings in 2020 and 8 regular and 2 special meetings in 2019.

Typically, no regular meeting is held in November because of the annual EDA Gala held on the Tuesday before Thanksgiving. Having cancelled the annual appreciation Gala in 2020 due to the COVID-19 pandemic, the annual event was held in 2021 at Joy Ridge Event Center.

No meetings were cancelled due to lack of quorum in 2021 or 2020, compared to 3 meetings in 2019.

Meeting attendance record:

Member																Absences		
		2/22	3/10	3/22	4/26	5/24	6/28	7/26	8/23	9/27	10/11	10/25	12/20	1/24	2021	2020	2019	
M. Tuohy		x		x	x	x	x		x	x	x	x	x	x	2	1	1	
M. Urban		x	x	x	x	x	x	x	x	x	x	x	x		1	1	1	
S. Keefe		x	x	x	x	x	x	x	x		x	x	x		2	1	2	
M. Baum		x	x	x		x	x	x		x	x	x	x	x	2	1	5	
R. Paulson			x	x	x	x		x			x	x		x	5	6	2	
P. Novtony		x	x	x		x		x	x	x			x		5	2	1	
L. Isensee		x	x	x	x	x	x	x	x	x	x		x	x	1	-	n/a	

Project Highlights:

Chatfield Center for the Arts

- Managed \$8,700,000 Phase II renovation project. Hiring a construction manager and architect and moving the project from design, to bids, and into construction.

Small Cities Block Grant

- Conducted community survey to gauge potential interest and eligibility for city wide residential, rental, and commercial rehabilitation projects.
- Survey concluded that while there was strong interest, income eligibility would be a major issue and the project did not move forward.

County Road 10 Property

- Worked with city planner to review residential development on the county road 10 site.

The Chatfield Alliance

- Assisted with designating the Alliance as the city's designated marketing organization and allocating to the Alliance all local lodging sales tax for community marketing efforts.

Joy Ridge Event Center

- Assisted owners with consideration of tax abatement and other development considerations.

Enterprise Drive

- Assisted multiple prospects with potential lot sales.
- Facilitated the sale of two lots to two commercial buyers.
- Created and promoted a construction rebate program, providing a tiered rebate up to \$44,200 based on the new taxable value created.

Residential Development

- Extensively discussed opportunities to assist and promote residential development within the city.
- Assisted with the Gjere Addition subdivision development agreement resulting in **awarding \$1,238,000 in tax increment financing (TIF)** to assist with public improvements; creating 23 affordable lots.

Amco Drive Residential Development Assistance

- Approved two new home residential rebates totaling **\$20,000** for income-qualified buyers.

Revolving Loan Fund

- Closed out EZ Fabricating Minnesota Investment Fund Loan with Minnesota DEED. All job and wage goals set were met or exceeded, resulting in **\$255,000 in loan forgiveness** to the business.

County Road 10 Land

- Worked with city planner to outline residential development potential for the property, resulting in identifying potentially 140-175 affordable, single family lots.

Required Reporting

- Annual Hilltop tax abatement report to Fillmore County and Chatfield Public Schools.
- Completed annual Business Subsidy report to Minnesota DEED.
- Completed annual Minnesota Investment Fund (EZ Fab loan) annual report to Minnesota DEED.
- Completed post-close out annual report on Enterprise Drive BDPI Grant.

General Business Assistance / Other Projects

- Met with 45 individual current and/or prospective businesses in regards to projects, issues, programs, business planning, financial packaging and other general assistance.
- Participated in city wide strategic planning session resulting in the creation of 5 goals tied to community development.

Revolving Loan Fund Summary:

Active Loan Portfolio

Total Number of Loans:	8
Total Original Principal Amount:	\$1,119,254
Balance Due:	\$520,928
Average Loan Amount:	\$139,907
Cash on Hand Available to Lend:	\$138,817

Loan Portfolio since Inception

Total Loans Made:	27
Total Principal Amount:	\$1,740,417

Total Repayments:	\$798,462
Total Write Off/Uncollectable:	\$105,156
Average Loan Amount:	\$66,939

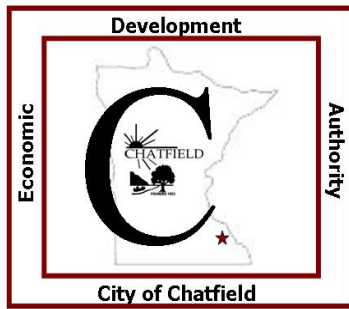
Building Permit Summary:

Year	Permit Value (\$)		New Homes
	Commercial	Residential	
2021	\$ 7,400,995	\$ 2,381,730	11
2020	\$ 965,170	\$ 1,437,000	8
2019	\$ 10,373,483	\$ 1,883,600	7
2018	\$ 1,453,000	\$ 3,857,500	20
2017	\$ 10,029,948	\$ 4,742,000	19
2016	\$ 1,426,600	\$ 3,260,400	14
2015	\$ 4,963,000	\$ 2,626,500	8
2014	\$ 840,099	\$ 1,954,835	8

Economic Development Authority's Financial Impact on Chatfield:

(Excluding loan repayments & fund interest earnings)

	2021	2020	2019
Total Grants Received:	\$0	\$8,700,000	\$0
Total Loans Made:	\$0	\$4,200	\$55,000
Total Short Term Funds Leveraged:	\$275,000	\$110,708	\$20,000
Total Long Term Funds Leveraged:	\$1,238,000	\$0	\$412,193
Total Dollars Leveraged for Chatfield:	\$1,513,000	\$8,814,908	\$487,193
Total City Levy:	\$2,247,789	\$2,161,688	\$2,032,036
Total EDA/CCA Budget:	\$128,800	\$136,200	\$140,876



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March 28, 2022

MEMO

To: Chatfield EDA

From: Chris Giesen

RE: Request for Assistance: Downtown Apartment Building

Background

Red Wing, MN based Keller/Baartman Properties has been working EDA staff to locate an apartment building project in Chatfield. They would like to move forward with two apartment projects – two buildings on two different sites, the first project starting in late summer 2022 and the second project in late 2024 or early 2025. The details on both are being finalized so the layout may be adjusted based on planning and zoning review.

Project 1 – Starting Late Summer 2022

This will be a 63-67 unit, market rate apartment building located on the People's Energy Cooperative site on Twiford Street. This facility would house studio, 1, 2, and 3 bedroom apartments. The ground level would be indoor parking and business office, mailroom, and building fitness center. Living units would be on levels 1-3.

Project 2 – Starting Late 2024 or early 2025

This will be approximately 57 units, market rate building located on a site overlooking Mill Creek Park off of 1st ST SW near the intersection of Bench Street. The floor layout, design, and aesthetics of the building would be similar to the first project however more 3 bedroom apartments are planned in this facility.

The owners will be present at the meeting to answer any questions you might have at this time. They have built similar facilities in Red Wing and Zumbrota, with similar facilities in Cannon Falls and Lake City underway. Preliminary site plans, floor plans, and elevation drawings are attached.

Because of the costs involved with such redevelopment projects, they are requesting a pay as you go TIF district be established to make both projects financially feasible. **A development agreement outlining the requirements and benefits of such TIF assistance would be coming forward in April or May for further board discussion and review.**

As per our usual policy, if approved the applicants would be responsible for the setup costs.

Action Requested

Staff recommends engaging Mike Bubany of David Drown Associates to begin the TIF process and recommend that the city council call for the required public hearing in June or July 2022.

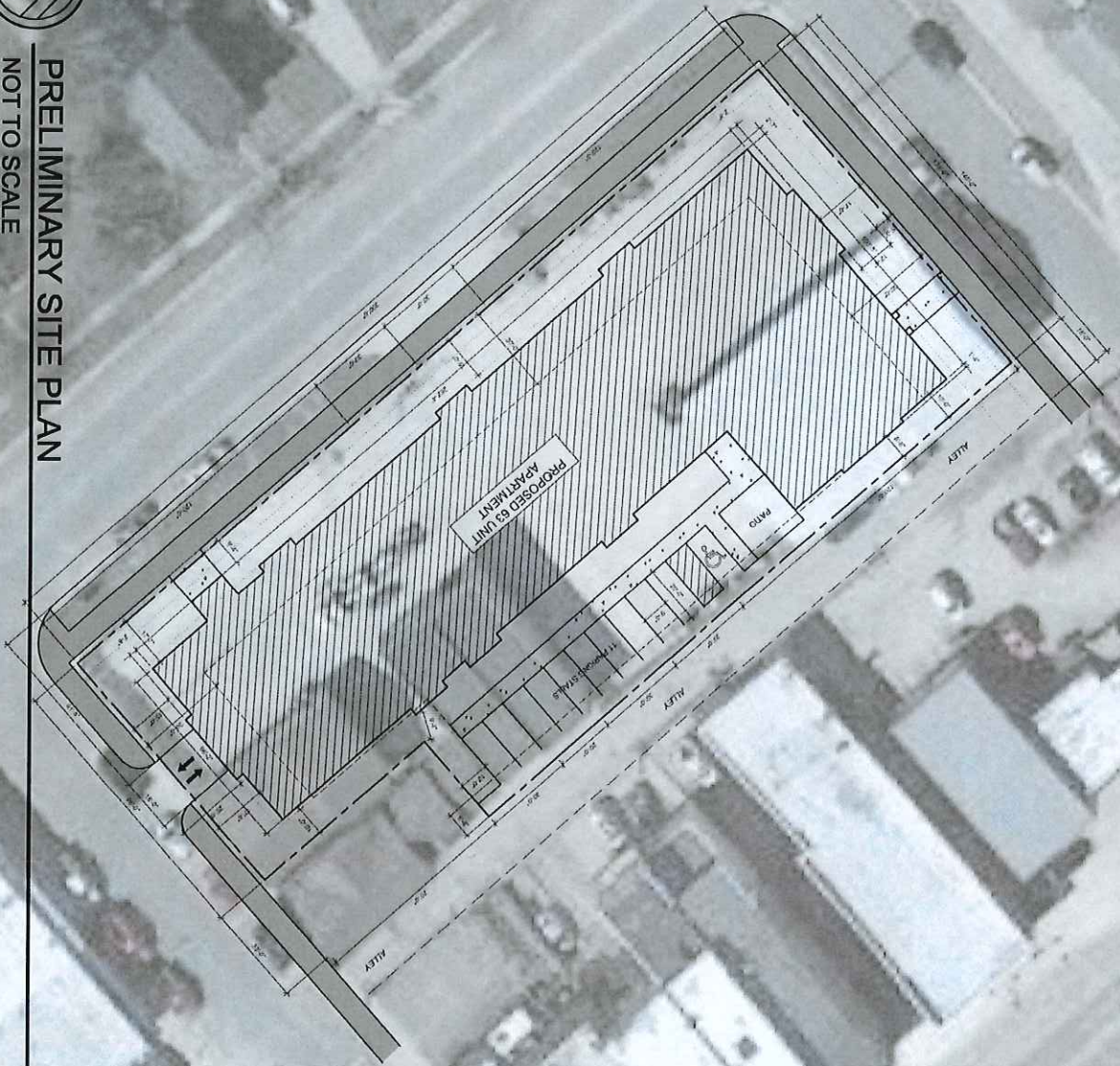
ASSUMED
NORTH

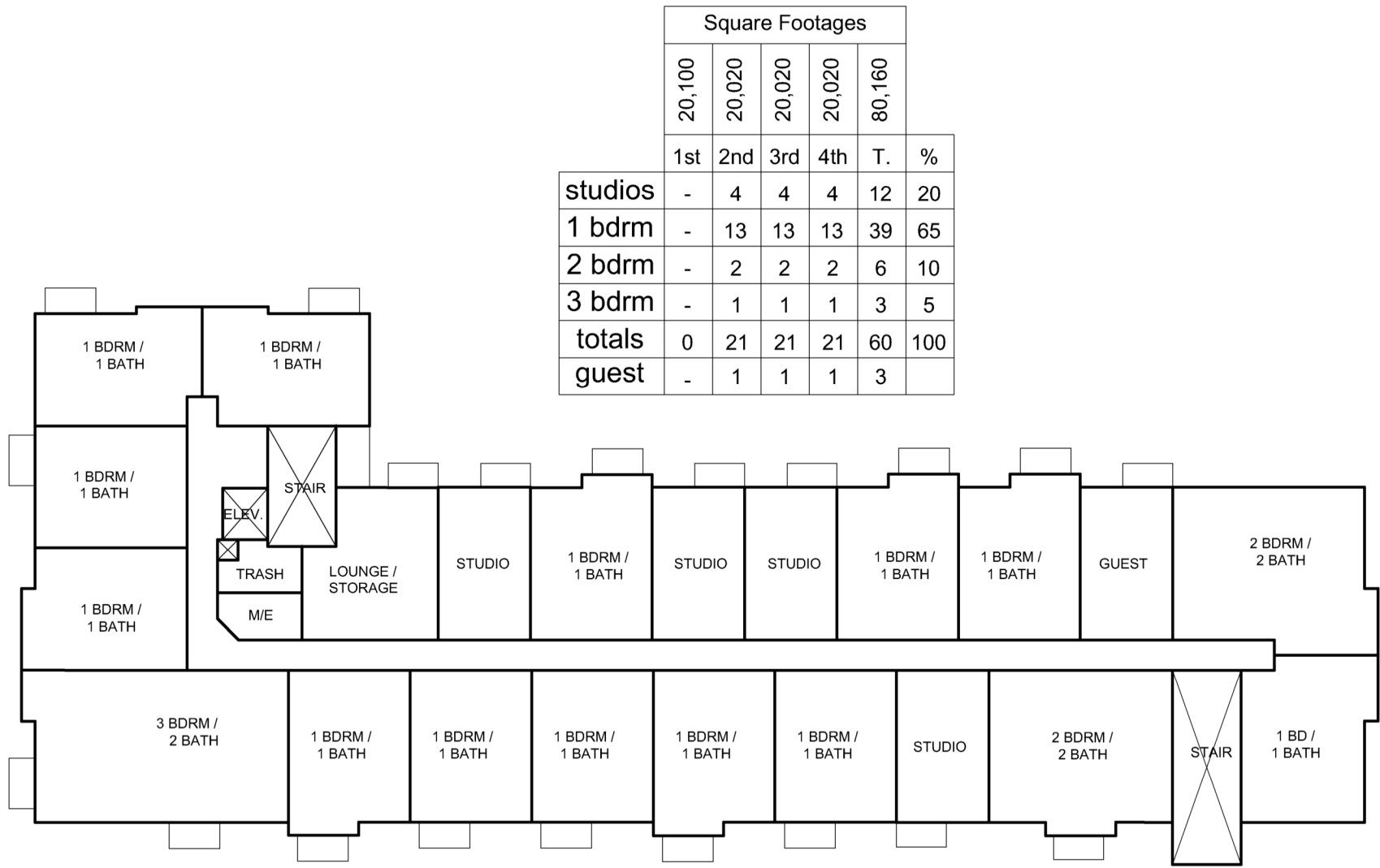


PRELIMINARY SITE PLAN

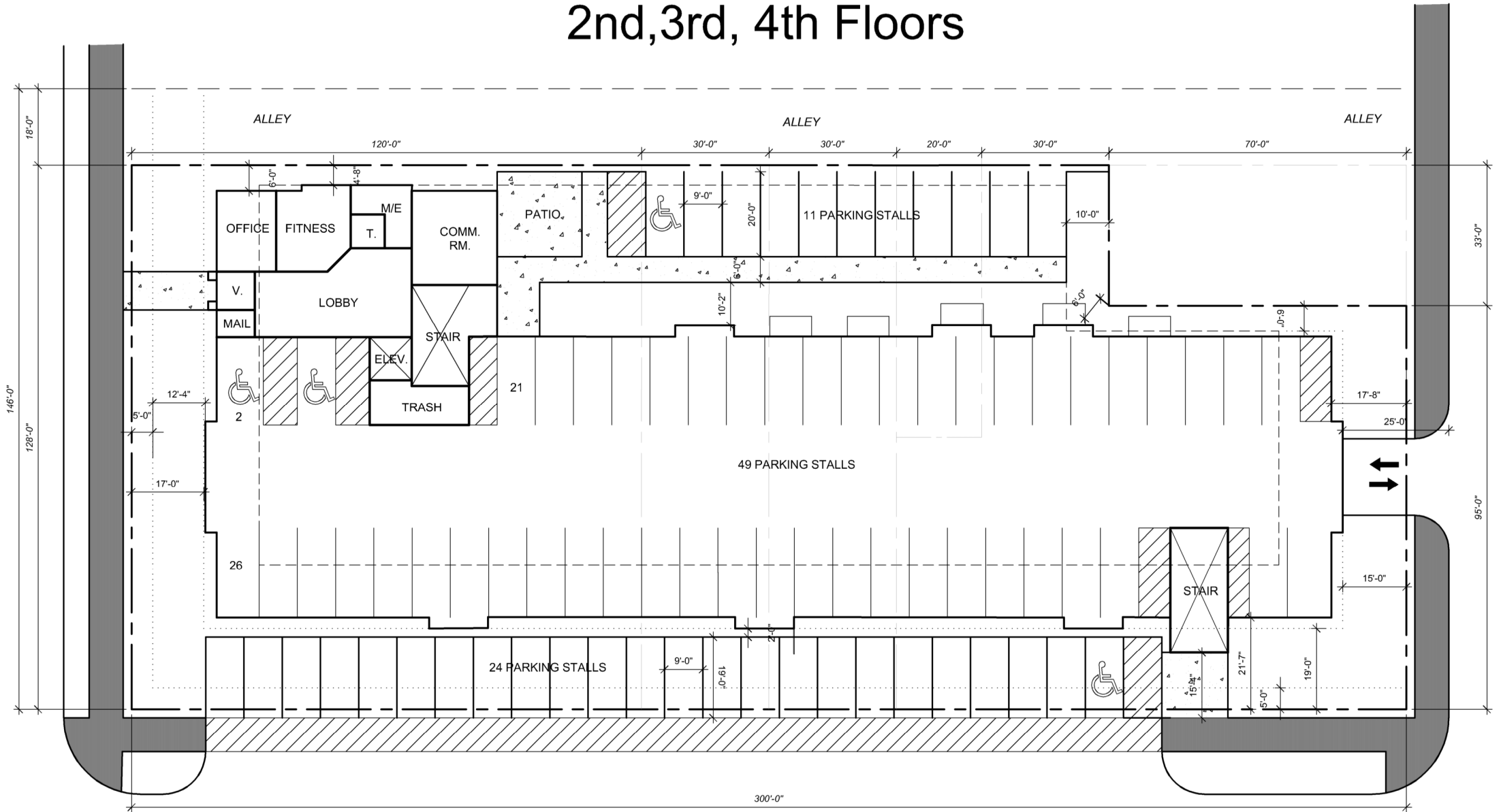
NOT TO SCALE

ALL DIMENSIONS ARE APPROXIMATE AND SUBJECT TO CHANGE. A SURVEY SHALL
BE PROVIDED TO THE ARCHITECT PRIOR TO FINAL BUILDING/SITE LAYOUT.





2nd,3rd, 4th Floors



1st Floor / Site Layout

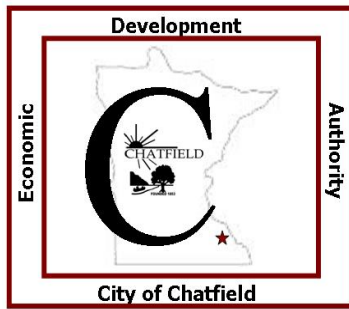
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March 28, 2022

MEMO

To: Chatfield EDA

From: Chris Giesen

RE: Request for Assistance: Hotel Project

Background

A local investment group led by Mike and Julie Sogla are nearly complete in their effort to secure financing for an approximately 50 room hotel project next to Joy Ridge Event Center on Mill Creek Road. The project would cost about \$8M, include a pool, bar area, and be a franchise brand such as AmericInn or GrandStay.

The investment group has been working closely with staff to develop the project. Because of the project cost, projected lower return on investment making such a project unattractive for investors, uncertainty in the market for hospitality businesses, and how such projects are valued, financial assistance is needed.

Attached is an outline of how the needed financial assistance can be packaged.

Because of state law, we are not allowed to use TIF. Because of the strategic importance of this particular project on this particular site, it has been suggested that the EDA consider a robust assistance package with the tools available. The working group appointed by council to oversee the hotel strategic initiative has reviewed this outline.

It was also suggested that perhaps the EDA would consider requesting a cooperative abatement with the Chatfield School District.

As per our usual policy, if approved the applicants would be responsible for the setup costs.

Action Requested

Staff recommends engaging Mike Bubany of David Drown Associates to begin the TIF process and recommend that the city council call for the required public hearing for summer 2022.

Outline for Development Agreement

Overview

Location: Mill Creek Road/Hwy 30 – Near Joy Ridge Event Center
City of Chatfield, Olmsted County

Assumptions: 52 room hotel with pool
\$60,000 taxable value per room
\$3,120,000 new taxable value (increment)

City Agrees To:

1. City-only tax abatement – pay as you go
 - i. 100% abatement of new taxes (~\$64k per year)
 1. 19 years up to \$1.2M
2. Economic Development Strategic Incentive Grant – up front
 - a. Grant to cover SAC/WAC fees
 - i. \$5,000/acre
 - b. Grant to cover utility hookup fees
 - i. \$96,600 for 23 regular rooms
 - ii. \$12,600 for kitchenettes
 - iii. \$4,200 for breakfast area
 - iv. \$4,200 for bar area
 - v. \$0 for pool
 - vi. TOTAL HOOKUP FEES: \$117,600
 - c. Provide \$_____ for area water pressure improvements.
3. \$100,000 EDA loan
 - a. 1% APR fixed, 15 year term

Developer Agrees To:

1. Construct an approximately 49-60 room hotel with a pool near Joy Ridge Event Center, with a taxable value of \$60,000 per room.
2. Construction to begin by December 31, 2022 with completion by December 31, 2023.
3. Enter into a development agreement that further explain this outline, with the city.

LEGEND

	WATER HYDRANT & GATE VALVE
	SANITARY MANHOLE
	STORM MANHOLE & CATCHBASIN
	GAS VALVE
	ELECTRIC POLE
	LIGHT POLE
	MAJOR CONTOUR
	MINOR CONTOUR
	WATERMAIN
	SANITARY SEWER
	STORM SEWER
	OVERHEAD ELECTRIC LINES
	GAS LINE
	WATER SERVICE
	PROPOSED MAJOR CONTOUR
	PROPOSED MINOR CONTOUR
	EASEMENT LINE
	RETAINING WALL
	BUILDING
	EXISTING SPOT ELEVATION
	INLET BARRIER (PER ROCH. STD. PLATE 7-05)
	RIP RAP (PER MNDOT 3133D)

NOTE: PROPERTY IS NOT SUBJECT TO FLOODING AND DOES NOT CONTAIN WETLANDS OR HYDRIC SOIL

OWNERS: MIKE & JULIE SOGLA
MIKE: Mikesogla@gmail.com
JULIE: JULIESOGLA@YAHOO.COM

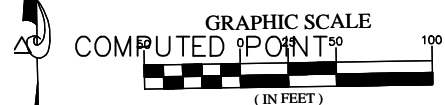
Engineering / Surveying
G-Cubed Inc.
Phone: 507-867-1666



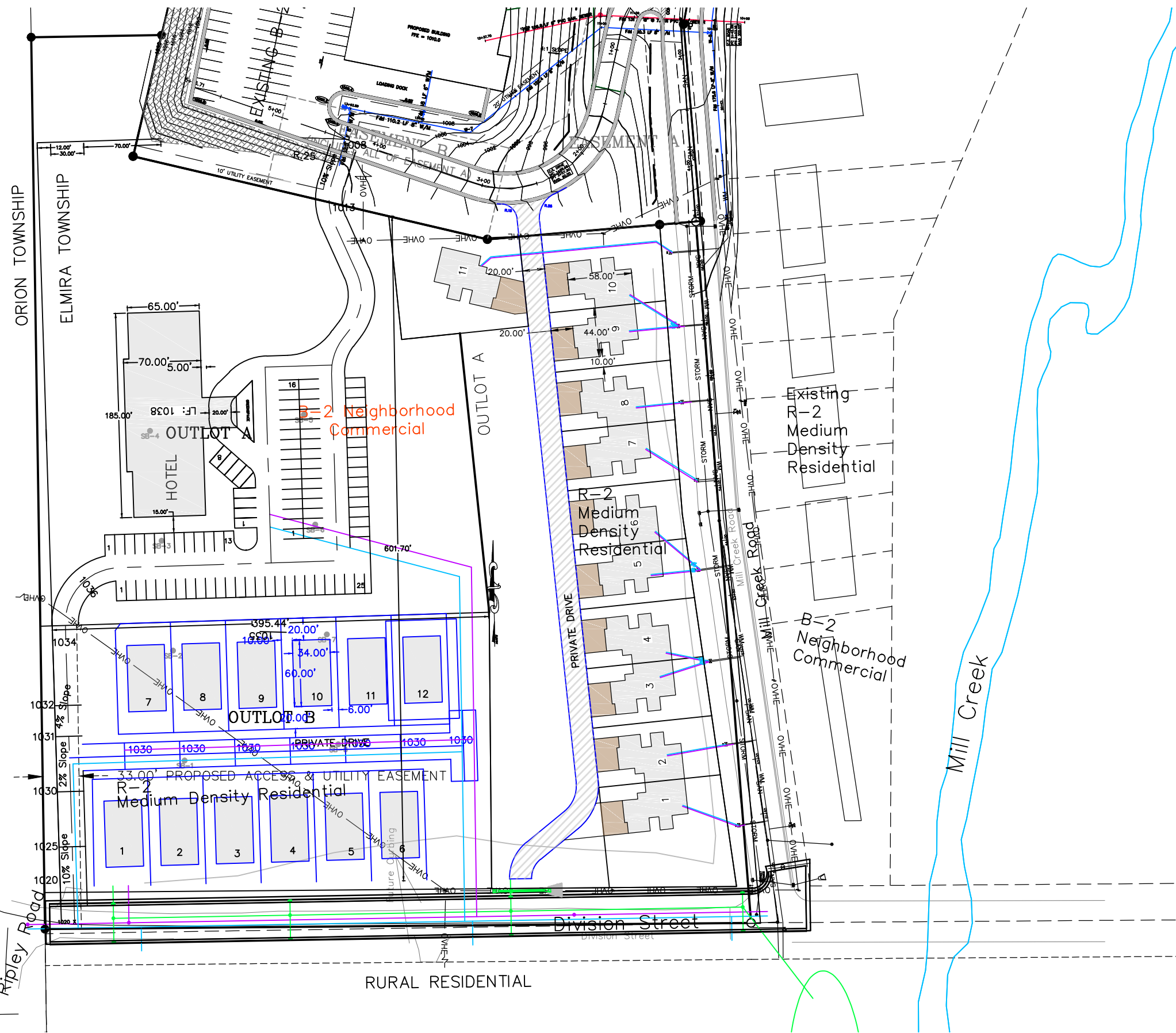
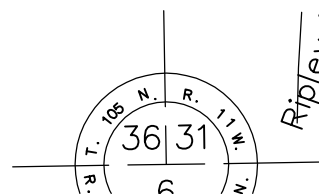
SPIKE SET

IRON PIPE WITH PLASTIC CAP
STAMPED LS 21940 SET

FOUND MONUMENT



Township Road 117



I HEREBY CERTIFY THAT THIS PLAN, SPECIFICATION, OR REPORT WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND THAT I AM A DULY LICENSED PROFESSIONAL ENGINEER UNDER THE LAWS OF THE STATE OF MINNESOTA.

DATE: 8/6/2019
Prepared For:
MICHAEL SOGLA
22453 State Hwy 16
Wykoff, MN 55990
Phone: 952-239-1895
FILE NO.: 19-192 BASE

G-Cubed
14070 Hwy 52 S.E.
Chatfield, MN 55923

ENGINEERING
SURVEYING
PLANNING
Ph: 507-867-1666
Fax: 507-867-1665
www.gcg.io

DESIGNED: MRW
DRAWN: ADB
CHECKED: MRW

REVISED	BY	DATE
Submittal	MRW	7/14/2021

CITY OF CHATFIELD
OLMSTED COUNTY

BENCHMARK:

Gjere Addition
General Development Plan

SHEET 1
OF 1 SHEETS

