

**CITY OF SAINT PETER, MINNESOTA**  
**Economic Development Authority**  
**REGULAR MEETING MINUTES – June 25, 2020**  
**Virtual Meeting Under M.S. 13D.021**

**Call to Order**

The meeting of the Saint Peter Economic Development Authority (EDA) was called to order by Community Development Director Russ Wille at approximately 12:02 pm. Roll call was taken with Brad DeVos, Ed Johnson, Bob Southworth, Cory Abels, James Dunn, and Mike Favre (12:04) in attendance. Community Development Director Russ Wille, and Administrative Secretary Cindy Moulton were also in attendance. Visitor present was Chamber of Commerce President Ed Lee.

**Approval of Agenda**

A motion was made by Johnson, seconded by Southworth to approve the agenda as presented. With all voting in favor, the agenda was approved.

**Approval of Minutes**

A motion was made by DeVos, seconded by Southworth to approve the minutes of the May 28, 2020 regular meeting. All members voting aye, the minutes were approved as presented.

**Chad Guentzel (Anytime Fitness) Revolving Loan Request**

Wille stated that Chad Guentzel, Guentztl Holdings LLC, is being forced to relocate his business due to the pending sale of his leased space. Guentzel, has submitted a Revolving Loan request in the amount of \$77,5000 to partially finance the construction of a new Anytime Fitness franchise at the intersection of Old Minnesota Avenue and Dodd Avenue.

Wille indicated that the total cost of the project is estimated at \$775,000 which includes the total cost to acquire the site, design the building and construct the facility.

Wille stated that Hometown Bank will serve as the primary project lender and has approved a \$387,500 loan. The secondary lender would be the SBA 504 program with a loan amount of \$310,000. The EDA has been asked to contribute 10% of the total project cost.

Appraisal Services of Mankato completed a “post development” appraisal on May 12, 2020 based on the plans submitted by Guentzel. It was determined that once constructed, the land, structure and site improvements the project would be appraised at \$750,000.

Wille noted that since the appraisal, the plans have been altered to include an additional 352 square feet. As a result, it would be expected that the appraised amount would be moderately increased.

Wille stated that Favre and Abels have reviewed the supplemental financial disclosures of the proposed financing and found nothing that would prevent Guentztl Holdings LLC from obtaining a loan.

DeVos asked how COVID-19 would affect the business should there be a short term shut down.

Southworth said the business could handle a short term shut down but a 6 month shut down would be pushing it. He indicated he was comfortable with the finances.

Southworth mentioned that SBA 504 financing requires the loan to be a 20 year loan and that it does not have to be a fixed rate for 20 years but has to match the terms of their regular loans.

Wille said that the EDA policy is generally a five year balloon but if need be, the EDA could review the loan after five years.

Favre mentioned that Anytime Fitness is a great asset to St. Peter.

A motion was made by Favre, seconded by Johnson to amend #3 to read; "The loan shall be amortized on a twenty (20) year schedule with the interest rate being considered and reestablished after a 5 year period". Members DeVos, Johnson, Favre, Abels voting aye, Member Dunn having technical difficulties and Southworth abstaining. The motion carried.

A motion was made by Favre, seconded by Johnson to introduce Resolution No. 2020-05 entitled, "A Resolution Recommending Approval of A \$77,500 Revolving Loan To Guentzel Holdings, LLC To Partially Finance The Construction Of A New Anytime Fitness Franchise". Members Johnson, Favre, Abels and DeVos voting aye, Member Southworth abstaining and Member Dunn having technical difficulties, the Resolution was passed and adopted.

### **Chamber of Commerce (Marketing Request)**

Chamber President Ed Lee addressed the EDA requesting \$10,000 to help undertake a marketing effort to promote Saint Peter businesses as they slowly reopen after being ordered to close by Governor Walz.

He stated that there is a lack of customer shopping at businesses in Saint Peter due to COVID-19. He felt that promoting Saint Peter through media outlets, or publications would be beneficial to spread the message that Saint Peter businesses are open and practicing the appropriate safety and sanitation practices.

Wille added that in speaking with Saint Peter business owners, they are in support of this program.

Southworth indicated that his main concern at the May EDA meeting was the lack of a definitive action plan. He was happy with the detailed plan presented to the EDA.

Wille stated that there are sufficient funds in the Revolving Loan Fund to accommodate the donation of \$10,000. He indicated that the interest generated by the Revolving Loans would accommodate the donation.

A motion was made by Abels, seconded by Southworth to provide \$10,000 to the St. Peter Chamber for promoting the Saint Peter business community.

Discussion continued with Southworth suggesting that the Chamber report back to the EDA after \$5,000 is disbursed, to discuss the success of the program.

Lee agreed and stated that he wants to be transparent and keep the EDA informed.

All members voting aye, the motion carried.

### **Spec Home Sales (Financial Analysis)**

Wille reported that City Administrator Todd Prafke has signed a purchase agreement for the last of the three (3) speculative homes constructed by the EDA in Traverse Green Subdivision.

He stated that the EDA suffered a loss of \$33,872.50 on the sale of 2000 Essler Drive and a loss of \$21,951.83 upon the sale of 2101 Lunden Street. He indicated that the homes were sold under the parameters established by the EDA when they assembled in a closed session to discuss the minimum sales prices of the homes.

Southworth inquired if showings increased once a realtor was hired.

Wille said they increased considerably.

Wille informed the EDA that the City Council will discuss housing of all types at an upcoming workshop.

### **REPORTS**

**COVID-19 Micro Loan Program** – Wille reported that the City has closed on 49 micro loans and one is currently being processed.

Wille stated that 4 the Team will be closing their store in St. Peter June 30, 2020. He stated that Jay Doyscher, owner of 4 the Team, would like to start repaying his loan in August but does understand that the City has the option to call the note.

Wille recommended that Doyscher be allowed to begin repayment of the loan beginning August 1, 2020 at \$100 per month until the note is paid in full

A motion was made by DeVos, seconded by Southworth to recommend that the City Council allow Doyscher to begin payments on August 1, 2020 at \$100 per month until the note is paid in full. All members voting aye, the motion carried.

### **Adjourn**

A motion was made by Johnson, seconded by Abels, the meeting adjourned at 12:42 pm.