

**CITY OF SAINT PETER, MINNESOTA
Economic Development Authority
REGULAR MEETING MINUTES – August 19, 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 12:00 pm. Roll call was taken with Brad DeVos, Ed Johnson, Bob Southworth, Cory Abels, and Mike Favre in attendance. Absent was member James Dunn. Community Development Director Russ Wille, City Administrator Todd Prafke, Finance Director Sally Vogel and Administrative Secretary Cindy Moulton were also in attendance

Approval of Agenda

A motion was made by Johnson, seconded by DeVos to amend the agenda with the deletion of item C Revolving Loan Fund(s) – Interest Rate Establishment, under New Business. With all members voting aye, the agenda was approved as amended.

Approval of Minutes

A motion was made by Southworth, seconded by Johnson to approve the minutes of the July 23, 2020 regular meeting. All members voting aye, the minutes were approved as presented.

Fire Station Rural Development Financing – Finance Director Vogel

Prafke stated that the City Council has been discussing funding for the new fire station. He indicated that should the State Legislature act on the City's request to establish a local sales tax, the tax would be used to partially fund the fire station. Prafke said that the request for sales tax authority to the State Legislature was not acted on this year and will not be included on the ballot this year.

Prafke explained that the projected budget for the new fire station is \$9.4M. The USDA has approved a loan in the amount of \$9.4M at an interest rate of 2.25% over 40 years which is available for 5 years. He added that the interest rate cannot increase but can decrease should the rates be lower at closing.

Prafke stated that regardless if the sales tax is approved, a fire station will be built. He indicated that approximately \$270,000 would be generated per year or about 70% of the revenue to satisfy the debt service if the sales tax is approved. Property taxes would need to provide about 30% of the debt service or \$115,000.

Prafke explained that the City will be asking the EDA to issue the debt similar to how financing was provided for the Community Center. The City would lease the facility and have an irrevocable lease with the EDA. In order to satisfy USDA requirements, the EDA will be asked to pass a resolution.

Favre inquired as to a construction loan.

Prafke anticipated that it would be in the form of a conventional bond issue as an interim and would be secured by a commitment of USDA.

Favre asked how local banks could participate.

Prafke suggested that if local banks are interested they should contact Shannon Sweeney with David Drown and Associates.

Vogel stated that the interest rate is at 2.25% for 5 years and cannot increase. She indicated that the interest could decrease if it is lower at closing. Should the local sales tax be approved, local property taxes would increase approximately 2% versus 6% if it does not.

The City Council has discussed a potential change in the construction timeline. Profke said his goal is to keep the EDA up to date on relevant information in order to put the EDA in a position to take action on the request.

Favre asked Profke to give an overview of the project.

Profke said that based on the architects recommendation, the garage areas would be a tip up and the remaining building a metal profile/cement. He stated that the building is designed for future growth.

The building is planned for an extra bay which will be built as a deduct alternate. Should the price fit into the \$9.4M budget, it will be included in the construction.

Favre inquired as to the location of the new fire department.

Profke stated that after the data was collected and analyzed, the corner of Sunrise Drive and Broadway Avenue was one of the top sites.

Southworth asked if the EDA would borrow the funds.

Profke explained that technically the EDA would borrow the money and it would be secured with an irrevocable lease with the City of Saint Peter.

Vogel stated that the rate of interest on the USDA funds is for 40 years at 2.25% and could decrease if the rates are lower at the time of closing. The City is required to build within 5 years or the process would need to start over.

Southworth asked what the time line was to commit to the loan.

Profke stated that \$9.4M is set aside for 5 years with the USDA and the City has received a letter of commitment from them.

COVID-19 Micro Loan Program – Application Deadline

Wille stated that the COVID-19 Micro Loan Program was established on March 30, 2020. Since that time, 56 loans totaling \$477,702 have been administered and distributed to eligible St. Peter businesses.

Wille indicated that loan activity has significantly declined and recommended that access to the loan program end on August 31, 2020.

Wille reported that Nicollet County is proposing a grant program for businesses that were impacted by the “stay at home order” or were restricted to “take out” orders only for restaurants. Those businesses

that can demonstrate a loss of revenue or income of at least 25% for two consecutive months would also be eligible. Wille indicated that daycares and non-profits would also qualify.

Wille stated that the proposed grants would range between \$5,000 and \$10,000. Wille added that the county has set away \$1M for the program.

Wille explained that those businesses that obtained a loan from the City, are eligible for a County grant as long as the City's money is a loan.

Abels questioned the time period between when the Team received a \$10,000 COVID-19 loan and when they closed. He also asked if they had started repaying the loan.

Wille stated that the Team closed on the loan in April. He indicated that he was notified in June that the business would be forced to close. The business began repaying the loan in July at \$100 per month.

A motion was made by Johnson, seconded by Southworth to introduce Resolution No. 2020-08 entitled, "Resolution Establishing An August 31, 2020 Deadline For Submitting Applications For Participation In The COVID-19 Micro Loan Program Established By The City Council". All members voting aye, the Resolution was passed and adopted.

Chamber of Commerce – Marketing Initiative Report

Wille reported that St. Peter Chamber President Ed Lee was unable to attend the EDA meeting to provide an update on the St. Peter Marketing Initiative. Wille indicated that approximately 1/2 of the funds have been depleted for various expenses incurred for the marketing campaign. Wille said that he would invite Lee to attend the September meeting.

REPORTS

Revolving Loan Report – Wille reported that the City Council approved the extension of the Kottke/Spring Touch Real Estate Holdings revolving loan with an interest rate of 3%.

Adjourn

A motion was made by DeVos, seconded by Southworth, the meeting adjourned at 12:38 pm.