

MINUTES OF KASSON ECONOMIC DEVELOPMENT AUTHORITY

MEETING April 12, 2016

Pursuant to due call and notice thereof, a regular meeting of the Kasson EDA was held at City Hall this 12th day of April, 2016 at 12:00 p.m.

The following members were present: Stevenson, Peterson, Egger, Johnson, Langan, Olmsted and Wegner.

Absent: None

The following staff members were present: Mike Martin, Community Development Director, City Clerk Linda Rappe and City Administrator Theresa Coleman, City Engineer Brandon Theobald

Also Present: Joe Lonza, Coy Borgstrom, Tom Monson

CALL TO ORDER: Chairman Stevenson called the meeting to order at 12:00

MINUTES OF PREVIOUS MEETINGS: Motion by Wegner, second by Peterson to approve the minutes of regular meeting March 1, 2016 with all voting Aye.

1760 MILLWORK LOAN APPLICATION - Joe Lonza, CEO of 1760 Millwork Manufacturing was present. Community Development Director Martin stated that last month Mr. Lonzo came to the EDA inquiring about a loan and was originally looking at building a building in a lot behind City Hall. Mr. Lonzo now has an option on the building directly to the west of City Hall and is asking for \$120,000 loan and tax abatement from the EDA. Chairman Stevenson and EDA Member Wegner met and decided that they are not in favor of tax abatement and would recommend a loan of \$90,000. Mr. Lonzo stated that he would be buying the building contract for deed. Mr. Lonzo stated that the trust that owns the building would sell it to him for less than what it is valued at. Mr. Lonzo stated that he had two employees when he made the application here and has since hired three more. Member Langan asked what brought Mr. Lonzo to Kasson, Mr. Lonzo stated that he has done business with Councilperson Borgstrom and Mr. Borgstrom recommended that he look at Kasson. Tom Monson from the Dodge County Economic Development Authority was in attendance and told Mr. Lonzo that he would like to talk with him about if and how he could help Mr. Lonzo. Member Johnson asked staff exactly how many dollars the EDA has available to loan. Staff produced a financial statement stating the EDA has approx. \$136,000 available to loan. Chairman Stevenson stated that he would like to keep some money in the EDA fund in case there is another need that arises during the year. Chair Stevenson suggested loaning \$90,000 and doing tax abatement for 10 years in a set amount not to exceed the City base on the 2016 taxes.

MOTION to loan 1760 Millwork \$90,000 and tax abatement not to exceed the base on half of the 2016 taxes of the City's portion set for 10 years made by Wegner, second by Johnson with all voting Aye.

Mr. Lonzo asked the Mayor if this could be added to the Council agenda for the April 13 meeting. The Mayor stated in the affirmative.

REDMAN LAND PURCHASE – Director Martin referred to a letter he sent to Alice Redman regarding the purchase of 2.6 acres for a retention pond and she has agreed to this. Member Johnson asked how this would be paid for. Director Martin stated that a portion would come from MSAS and the rest from the storm water fund. Member Johnson questioned whether we needed the whole 2.6 acres. Director Martin stated, not necessarily but this gives us room for a larger pond.

Chairman Stevenson asked that if the Klockes are the developer how come they don't pay any assessments. Director Martin stated that they are giving the land for the street to the city in exchange for no assessments. Coy Borgstrom stated that he believes that the Klockes are getting a street for free and they are getting premium price for their property and they have no skin in the game. Mr. Borgstrom stated that he thinks that the Klockes

should buy the pond land. Chairman Stevenson stated that maybe the Klockes could come to the next meeting to answer these questions.

City Engineer Theobald stated that in respect to engineering this is the best placement for the pond. The pond as proposed will not only serve the road it will serve the lots that will be developed. Engineer Theobald stated that if the City doesn't put it here it will have to go somewhere on the Klocke property which then eats up developable land and there are wetlands and flood plain issues on the Klocke property. Chairman Stevenson asked if there has to be a retention pond, Engineer Theobald stated in the affirmative. Chairman Stevenson asked if the City has someone waiting to build in this subdivision and Director Martin stated in the affirmative. Engineer Theobald stated that he has been instructed by the City Council to do this engineering and the applications and permits for MSAS money have been submitted to begin construction this summer and ending this fall and if you would like to change the schedule to notify the City Council.

Member Johnson asked Martin to counteroffer Ms. Redman and have the Klockes come to the next meeting. Coy Borgstrom asked if there would be a way to assess back some of these street costs once the lots are developed. Director Martin stated that the Development agreement signed by the City Council is pretty clear that there wouldn't be any assessments. The EDA discussed the offers and instructed Martin to counter with 65 cents.

Chairman Stevenson asked that if we fill all of the lots what would the taxes be. Director Martin stated that total taxes on all four lots would be around \$25,000. Klockes will still pay full taxes on those lots until sold. The sale of this land from Redman's will increase the tax on the lots that Klockes own. Taxes go by use and once the road is in the use will change on the lots and not be Ag anymore.

OTHER BUSINESS: None.

ADJOURNED: Meeting adjourned at 1:05 pm

Respectfully Submitted,
Linda Rappe, City Clerk