

**MINUTES  
CITY OF LONSDALE  
ECONOMIC DEVELOPMENT AUTHORITY MEETING  
MAY 21, 2020**

**1. CALL TO ORDER**

Prigge called the meeting to order at 7:03 am and said the meeting was being held electronically due to the ongoing State of Emergency and health pandemic in accordance with Minnesota State Statute §13D.021.

**MEMBERS PRESENT:**

Rasmussen, Daleiden, Pelava, Benninghoff, Prigge, Furrer and Rivers

**MEMBERS ABSENT:**

None

**STAFF PRESENT:**

City Administrator Joel Erickson

**OTHERS PRESENT:**

Bruce Rydeen of Cerron Properties

**2. AGENDA**

Prigge asked if there were any additions, deletions or corrections to the agenda. A motion was made by Furrer and seconded by Pelava to approve the agenda. Vote for: Rasmussen, Daleiden, Pelava, Benninghoff, Prigge, Furrer and Rivers; Against: None; Vote 7-0. Motion carried.

**3. APPROVAL OF THE MINUTES FROM THE APRIL 16, 2020 MEETING**

Prigge asked if anyone had any additions, deletions or corrections to the minutes. Rivers said the minutes should reflect that he made a recommendation that available building space in the Lonsdale Business Park should be increased instead of it being a goal. Furrer said the minutes state it was a recommendation. Daleiden said the minutes state she seconded the motion to adjourn but she had left the meeting prior to that. Erickson said he would make the noted change. A motion was made by Benninghoff and seconded by Furrer to approve the minutes from the April 16, 2020 meeting. Roll Call Vote for: Rasmussen, Daleiden, Pelava, Benninghoff, Prigge, Furrer and Rivers; Against: None; Vote 7-0. Motion carried.

**4. CONSIDER APPROVAL OF THE APRIL 2020 TREASURER'S REPORT AND MONTHLY BILL(S)**

Erickson said April had a beginning balance of \$93,355.61, revenues of \$1,572.60 and expenses of \$2,847.26 for an ending balance of \$92,080.95 between the two accounts. He summarized the revenue and expenditure detail. Furrer asked if legal expenses associated with the Taste of Lonsdale loan default will be ending. Erickson said yes, with the exception of expenses incurred with the settlement agreement in May. A motion was made by Daleiden and seconded by Pelava to approve the April 2020 Treasurer's Report and bill(s).

Roll Call Vote for: Rasmussen, Daleiden, Pelava, Benninghoff, Prigge, Furrer and Rivers;  
Against: None; Vote 7-0. Motion carried.

## 5. OLD BUSINESS

### a. Update on the Taste of Lonsdale Revolving Loan Default

Erickson summarized recent activities and said Otto's have agreed to a settlement in the amount of \$39,000. Pelava said, as with other defaults, the EDA learned what to do and what not to do with future loans. Erickson said the application process was virtually the same as in the past. Rivers said the owner seemed to lack experience. Pelava agreed. Erickson said Otto had experience owning/operating the Flip Side Bar & Grill in New Prague. Furrer said the EDA should not be the sole funding source and either a bank or personal investment should be required. Rasmussen asked if an applicant's credit score is taken into account. Prigge said the application process is comprehensive and the City Attorney is involved. Rivers said the EDA is a last resort as gap financing. The Board discussed past EDA loans.

### b. Update on the Business Retention & Expansion Program

Prigge said the BR&E program is on hold due to COVID-19. Erickson said the program should get up and running. Benninghoff said with businesses opening June 1<sup>st</sup>, he has been in contact with the U of M and they will be contacting the Leadership Team regarding meeting and getting the program rolling again. The Board discussed sending out letters/emails to volunteers to get geared up for the program to start again. Erickson asked if the EDA should be doing something ahead of meeting with the U of M. Prigge said we should wait until meeting with the U of M. Rivers said with COVID-19, the results will be skewed. Erickson recommended meeting next week instead of waiting until the next meeting. He said economic development did not stop during the 2008-2012 recession. The Board discussed meeting virtually with the U of M next week and moving forward. Furrer asked if there are businesses that can be interviewed in lieu of the ones that declined to participate. The Board discussed there being enough businesses being selected initially that at least 35 businesses will still be interviewed.

### c. Discuss COVID-19 Survey Results

Erickson reviewed the survey responses. Prigge said it was good that 72% of the respondents were essential businesses and based on that, the BR&E responses might not be skewed.

### d. Implementation of 2020 Goals

Erickson said if participating somehow in construction of a building in the Lonsdale Business Park is not a goal, he will remove it from the list. Rivers said he was not sure if it was voted on. The Board held general discussion on the EDA/City involvement in such a project, goals and effects. Erickson summarized the three general ranges of taxes paid by industrial businesses in Lonsdale, how long the return on investment should be through reduced land prices and property taxes paid over time. He reviewed options for reduced land prices based on the number of new full time employees. Erickson said in theory, employees at new business would support other local businesses and decide to move to Lonsdale.

Rasmussen reviewed the presentation he drafted on marketing, which discussed: (1) start by identifying your target market; (2) not doing your due diligence defining your audience will result in wasted money and much less effective marketing; marketing tactics to consider; (3) search engines are your friend; (4) Zillow; (5) lead campaigns and additional priorities. The Board discussed the key points of the presentation. Rivers asked what the action steps are going forward. Erickson asked Rydeen what his thoughts were on the recent discussion regarding marketing. Rydeen said it was good discussion and residential building drives commercial/industrial development because people want to work/own a business where they live. He said Zillow is much more geared to residential properties compared to comm./industrial properties. Prigge asked what the next step was and if it is new TV commercials. Erickson said TV commercials have been discussed by the Board but a decision was not made. Rivers said the EDA should receive proposals for Zillow and TV commercials.

## **6. NEW BUSINESS**

### **a. Consider the Commercial-Industrial Exclusive Listing Agreement Between the City of Lonsdale and Cerron Properties**

Rydeen said Appro/Cerron Properties have a long history with the City and were involved in the initial discussions regarding the Business Park and assisted TMI with construction of their building. He said marketing of the site is ongoing and they participated with the EDA and purchased an ad in the Resource Guide. Rydeen asked the Board if they had any questions. Rivers asked where people are building. Rydeen said he is seeing a lot of activity in the Rosemount area. He said one impediment to Lonsdale is the distance to I-35 because businesses want to be close to their markets and transportation routes. Rivers said he has been an advocate for a multi-tenant building in the Business Park and asked if other communities have constructed them. Rydeen said Owatonna has had success with their incubator facility. He said it is a good idea and worth discussing. Rivers asked why residential development drives comm./industrial development. Rydeen said people want to work/own a business where they live. Prigge said Lonsdale is a great community with all the parks and school districts. Rydeen said another benefit to Lonsdale is the housing price point compared to other communities. Prigge said if the Board wants to move forward, a motion is needed. A motion was made by Rivers and seconded by Pelava to recommend approval to enter into the proposed Commercial-Industrial Exclusive Listing Agreement between the City of Lonsdale and Cerron Properties with Rydeen presenting a summary/review of activity in six month. Pelava said he agreed with the six month review to find out why a potential business located in a different community. Roll Call Vote for: Rasmussen, Daleiden, Pelava, Benninghoff, Prigge, Furrer and Rivers; Against: None; Vote 7-0. Motion carried. The Board held general discussion on the City's proximity to I-35.

### **b. Consider Approval of a Policy to Provide Financial Assistance to Businesses Locating the Lonsdale Business Park**

Erickson reviewed the three ranges of property taxes paid to the City by industrial businesses. He said the Board should discuss whether or not to provide any incentives and utilize other agencies programs to lessen project costs, how long to wait for a return on investment, should the number of employees be considered when discussing

incentives, selling all land for \$1.00/sq. ft., do not charge WAC/SAC or building permit fees. He said to break even on the project, land needs to be sold for \$2.20/sq. ft. Rivers asked if, on average, 30% of the total tax statement goes to the City. Erickson said it is close to that. The Board held general discussion on taxes, building design standards, etc. Pelava said building design standards have been thoroughly reviewed and discussed by the Planning Commission. Prigge asked if the EDA should even be involved in making a policy when it is the City that will negotiate the land price. There was general discussion on the EDA's role and that it should make recommendations to the City Council for consideration. Rivers said the land currently is not generating tax revenue and the price should be reduced to entice businesses to build and generate tax revenue. There was general discussion on the fact that each deal is different due to taxes to be paid, jobs created, housing and support of other businesses.

**7. OTHER BUSINESS**

a. Additional Items to be Discussed

There were no additional items discussed by the Board.

b. Items for the May 2020 Agenda

The Board requested the following items on the January agenda: (1) Marketing Plan, (2) TV commercials; (3) Business Retention & Expansion Program Update; and (4) Business Park Building partnership

**8. ADJOURNMENT**

A motion was made by Furrer and seconded by Daleiden to adjourn the meeting. Vote for: Rasmussen, Daleiden, Pelava, Benninghoff, Prigge, Furrer and Rivers; Against: None; Vote 7-0. Motion carried.

The meeting ended at 9:02 am.

Respectfully Submitted:

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Joel A. Erickson, City Administrator