



**Meeting of the Joint Finance Committee
Held at the Elk River City Hall
Tuesday, September 24, 2024**

Members Present: Commissioner Charlie Blesener, Committee Member Ryan Hardin, Committee Member Jim Gromberg, Commissioner Nate Oval, Commissioner Dan Tveite

Members Absent: Committee Member Chad Vitzthum, Committee Member Rhonda Magnussen, Committee Member Tony Sofio, Commissioner Lynn Caswell

Staff Present: Economic Development Director Brent O'Neil, and Economic Development Specialist Josh Mollan

1. CALL MEETING TO ORDER

Pursuant to due call and notice thereof, the meeting was called to order at 7:34 AM by Chair Tveite

2. CONSIDER AGENDA

Moved by Committee Member Ryan Hardin and seconded by Commissioner Nate Oval to approve the agenda. Motion Carried 5-0.

3. CONSIDER MINUTES

3.1 May 14, 2024 Meeting Minutes

Moved by Commissioner Blesener and seconded by Committee Member Gromberg to approve the May 14, 2024 Meeting Minutes. Motion 5-0.

4. GENERAL BUSINESS

4.1 Modern Construction Microloan Application

Mr. O'Neil shared the staff report.

Commissioner Oval suggested taking a look at the policy for the microloan program and consider an alternative rate structure, but is okay with this request.

Chair Tveite suggested taking a look at the lease Topsy Chicken would have with Modern Construction to show support for their cash flow.

Committee Member Hardin also suggested reviewing the policy to avoid deviations from the guidelines, but if there is a personal guarantee, he is agreeable with the request.

Mr. O'Neil advised that Modern Construction does not meet the minimum 10% contribution to the project. He advised that the microloan could be reduced and Modern Construction's contribution could increase to meet the 10% threshold.

Chair Tveite suggested avoiding deviating from the 10% minimum applicant contribution.

Mr. O'Neil also asked the committee about timing of the project relative to program parameters about a project not commencing prior to program award, including that the building had already been acquired. The committee was in favor of including the purchase price of the building in the overall project cost, and suggested that with timing of government processes that reasonable exceptions to this timing would be acceptable.

Commissioner Ovall left the meeting at 7:54 a.m.

Moved by Committee Member Hardin and seconded by Committee Member Gromberg to recommend approval of Modern Construction's microloan application with the following conditions:

- 1. Adjustment of Modern Construction's contribution, and the EDA's microloan amount to meet the 10% applicant contribution threshold.**
- 2. Request a personal guarantee from Modern Construction's owner, Jesse Hartung.**
- 3. Staff review of additional financial documents.**

Motion Carried 4-0.

4.2 General Updates

Mr. O'Neil shared that staff will be looking into reviewing all policies with guidance from financial advisor Ehlers.

Mr. O'Neil advised that the Heritage Millwork project is underway.

Mr. O'Neil advised that Distinctive Iron is seeking a two-year extension on their loan and as the loan is current and meets conditions for the extension, staff will be bring the request directly to the EDA.

5. ADJOURNMENT

There being no further business, Chair Tveite adjourned the meeting at 8:08 AM.

Tina Allard, City Clerk