

**Vergas EDA/HRA
Government Services Center & Zoom
5:30 PM on Wednesday, January 7th, 2026**

EDA/HRA Mission: Retain and promote business in our community, adding housing so that we prosper and increase our tax base, keeping Vergas a vital community.

The City of Vergas Economic Development Authority (EDA) and Housing Redevelopment Authority (HRA) met on Wednesday, January 7th, 2026, at 5:30 pm in a hybrid meeting at the Vergas Government Services building and on Zoom.

2025	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Bruce Albright, President/Council Liaison	A											
Paul Sonnenberg, Member	P											
Kevin Zitzow, Member	P											
Jennifer Carlson, Member	A											
Vanessa Perry, Member	P											
Julie Lammers, City Clerk-Treasurer	P											

P: Present. A: Absent N/A: No meeting

Also present: Editor Bob Williams of the Frazee-Vergas Forum, CEDA Representative Kaite Gehring and Council Representative Julie Bruhn.

Call to Order

The meeting was called to order by Lammers at 5:30 PM.

Positions

President

Motion by Perry, seconded by Sonnenberg, to elect Albright as President. The motion passed unanimously.

Vice President

Motion by Perry, seconded by Zitzow, to elect Sonnenberg as Vice President. The motion passed unanimously.

Secretary-Treasurer

Motion by Sonnenberg, seconded by Zitzow, to elect Lammers as Secretary-Treasurer. The motion passed unanimously.

Assistant Treasurer

Motion by Sonnenberg, seconded by Zitzow, to elect Perry as Assistant Treasurer. The motion passed unanimously.

Board Members (2)

Carlson and Kevin Zitzow were designated as board members.

Agenda Additions and Deletions

Motion by Perry, seconded by Bruhn, to approve the agenda as presented. The motion passed unanimously.

Sonnenberg took over leading the meeting.

Status of Recommendations to City Council

None.

Set Time and Dates of 2026 Meetings

Motion by Zitzow, seconded by Perry to hold the meetings on the first Wednesday of each month at 5:30 PM. The motion passed unanimously.

Minutes

Motion by Perry, seconded by Bruhn, to approve the minutes from December 4, 2025. The motion passed unanimously.

Financial Update

2025 Income and Expenses

Lammers presented the financial update for 2025. She reported that the EDA had put \$1,000 earnest money down on the property they were purchasing for a daycare. The Veterans Memorial had three expenses added: Fergus Falls Monument, Lyle Krieg, and John Lotzer, with that money coming from their account in the Initiative, resulting in a balance of zero. The EDA ended the year with \$49,164, which includes \$14,000 in grant money available for applicants. Lammers noted they actually have \$15,000 more than that because three recipients haven't finished their projects and provided documentation for payment of the \$5,000 grants. She mentioned that current grants would only go through June, and the board would need to discuss in February or March whether to request another \$25,000 from the county and find someone to provide the matching \$25,000 if they decide to continue the program.

Motion by Perry, seconded by Zitzow, to accept the financial update. The motion passed unanimously.

2026 Income and Expenses

For 2026, Lammers reported that the city had transferred \$5,000 for the annual amount plus \$5,000 for a CEDA employee. She noted this funding was only guaranteed for two years (2025 and 2026), so they would need to request it again or decide their direction for 2027. The first quarter payment of \$4,100 for 2026 has been made, with no other expenses since the beginning of the year.

Motion by Perry, seconded by Zitzow, to accept the financial update. The motion passed unanimously.

CEDA Representative Jordan Grossman

Child Care

Lammers explained that Jordan Grossman was unable to attend and had sent a letter introducing Katie Gehring, the new CEDA representative. The board discussed at length their ongoing daycare initiative:

The EDA has been working to address the significant daycare shortage in Vergas. After exploring various options including churches and the event center without success, they identified a vacant lot next to Jesus Little Lambs as the best location. They now have a purchase agreement with \$1,000 down on the lot.

For building options, they've been researching different approaches:

- Otter Tail has a daycare facility built by Hammers Construction that cost \$400,000 two years ago, consisting of a duplex divided into four units with each able to accommodate 48 children
- New York Mills repurposed an Otter Tail County building
- Parkers Prairie used Dynamic Homes for their daycare

The EDA has received a quote from Dynamic Homes for \$171,694, which comes to approximately \$201,000 with upgrades and delivery fees for a single unit. A duplex option would cost around \$400,000.

The board discussed potential funding sources:

- A Lions grant of up to \$150,000 (matching grant)
- A Minnesota childcare grant that should be opening soon
- Potential 5-10% matching funds from Otter Tail County

The board decided to:

1. Request a resolution of support from the City Council
2. Have the entire board involved in the daycare planning rather than forming a separate committee
3. Visit Dynamic Homes and existing daycare facilities in Perham and Otter Tail to gather more information before deciding on building options

Zitzow raised concerns about ensuring city council support, long-term financial planning, and how the EDA would repay any bonds if rental income was insufficient. Lammers clarified that she would request a resolution from the council that would include waiving the conditional use permit fee and the WAC and SAC fees for the project.

Motion by Zitzow, seconded by Perry, for Julie to request a resolution of support from the City Council, waiving the WAC and SAC fees and the conditional use permit fee for the daycare project. The motion passed unanimously.

The board discussed the logistics of the potential facility, including:

- The lot size (100 ft × 165 ft, approximately 16,500 square feet)
- Building layout options that would work for daycare requirements but could also serve as senior housing in the future if needed
- Minnesota requirements for daycare facilities (35 square feet per child for indoor space and 50 square feet of usable outdoor space per child)
- Operational models, including potential partnerships with Mahube or Otter Tail County for staffing and licensing support

Vergas EDA Community Rehab Grant

No applicants.

Adjournment

Motion by Perry, seconded by Zitzow, to adjourn the meeting at 6:35 PM. The motion passed unanimously.

Recorded by Rachel Nustad (assisted by ClerkMinutes)

Julie Lammers, CMC

City Clerk-Treasurer

City of Vergas

Council Recommendations

- Request a resolution of support from the City Council, waiving the WAC and SAC fees and the conditional use permit fee for the daycare project.

Follow Up Actions

- Lammers: Put together a resolution for City Council support, requesting waiver of conditional use fee and WAC/SAC fees for the daycare project, and present it to the Council for approval.
- Contact the cities of Perham and Ottertail to set up tours of their daycare facilities for EDA board members, targeting dates in late January (e.g., 27th, 28th, or 29th), and coordinate with board for availability.
- Work with Dynamic Homes to obtain a different (duplex) layout and updated pricing for the daycare building, addressing concerns about building width, layout, and materials.
- Call a special meeting of the full board as soon as the relevant daycare grant opens to prepare and finalize the grant application.
- Check lot dimensions and parking/green space requirements for the proposed daycare site and report back to the board.
- Follow up with First Children's Finance and ensure all relevant board members receive necessary emails and information regarding the daycare grant and committee work.
- Gehring: Continue to monitor the status of the Minnesota Child Care Grant and notify the board immediately when it opens for application.
- Albright and Perry: Update the full board on findings and progress from related committee meetings regarding daycare project planning and financials.