

ECONOMIC DEVELOPMENT AUTHORITY
Monday, August 4, 2008

Pursuant to due call and notice thereof, President Menk called the meeting of the Brainerd Economic Development Authority to order at 8:10 A.M.

Present were Commissioners Menk, O'Day, Nesheim and Johnson.

Also present were City Administrator Vogt, City Engineer Hulsether, Finance Director Goble, Ms. Sheila Haverkamp of BLADC, and Mainstreet Coordinator Emily Roragen.

Noted absent were Commissioners Bonde, Pearson and Trimble.

#2 Approval/Amendment of Agenda – Approved.

President Menk stated that the order of the Agenda would be changed as needed because the party involved in #5 would be arriving late, and the amended Agenda was approved.

#3 Approval of Minutes – May 29, 2008 and July 3, 2008 – Approved.

President Menk asked if there were any changes or additions to the Minutes. As there were no changes, the Minutes were approved as submitted.

#4 Approval of Financial Reports – Approved.

President Menk asked if there were any changes or additions to the Financial Reports. As there were no changes, the Financial Reports were approved as submitted.

#5 Main Street Coordinator – Monthly Report – Informational.

The Chair recognized Main Street Coordinator Emily Roragen, who summarized the June and July 2008 Monthly Reports that had been included in the packet. She stated that the trail route through Downtown will be shifting to go past more public and athletic-type use buildings, and will be going up the west side of south 8th Street as it goes north from Oak Street to Front Street where it will then continue on the expected path to connect to the Cuyuna Lakes trail system. She stated that the promotion sub-committee is looking into the sale of canvass tote bags as a fundraiser with the bags being available for businesses or fund-raising groups at \$3.50 a bag and to the general public at \$5 a bag. She stated that this effort will give the Downtown businesses more exposure, will cut down on plastic bag use, and is good for the environment. She stated that the building design guideline plans are moving forward, that crazy days participation was up from last year, and that participation is up in all community activities as well.

#6 BLADC Update – Ms. Sheila Haverkamp

The Chair recognized Ms. Sheila Haverkamp of BLADC, who stated that BLADC and Mainstreet staff recently met to discuss the Small Cities Development Program application that will be coming before the EDA in approximately two weeks for \$500,000 to be distributed from the EDA – 8/04/08

State and awarded in spring of 2009. She stated that priority initiatives for this application include acquisition/demolition of part of the “freight building” and capitalizing the Revolving Loan Funds. Secondly, she stated that the City was awarded \$875,000 for the Artspace project from the Minnesota Department of Trade and Economic Development, that construction is underway on that project, and that State representatives were impressed on their recent visit. Lastly, she stated that a Little Falls company is in the process of expanding their business to Brainerd’s Industrial Park, and that job opportunities will be available throughout the process as well as the possible expansion of the existing building they will occupy.

#7 Industrial Park Update – City Engineer Hulsether.

City Engineer Hulsether updated the Commissioners on the Wright Street and Industrial Park Expansion projects.

#8 Revolving Loan Fund – Mr. Dave Pueringer – \$50,000 (\$25,000 Downtown Rental Housing Loan, \$25,000 Downtown Rental Housing Grant) – City Attorney to Perform Legal Services – City Housing Inspector to Perform Inspections – EDA Unanimously Recommends Approval.

City Administrator Vogt thanked the EDA Commissioners for meeting this morning on short notice to review this application.

The Chair recognized Ms. Sheila Haverkamp of BLADC, who summarized the “Revolving Loan” and “Small Cities Development” programs, stating that the balance is currently approximately \$45,000-\$47,000 and is re-capping at about \$3,800 per month, which means that there will be \$50,000 available again shortly. She stated that Mr. Pueringer is interested in doing some additional upgrades to three properties on South 7th Street.

Commissioner Johnson asked Ms. Haverkamp for the defining criteria of a “Commercial Loan.”

Ms. Haverkamp stated that typically, the Commercial/Industrial loans were set up with Minnesota Investment Funds rather than Small Cities Development Funds, and that although both funds come from the MN Department of Trade and Economic Development, Minnesota Investment Funds are driven by job creation and private investment for industrial type endeavors. She stated that the program is usually a grant to the community and in turn a loan to a company and that there is both a State and a Federal “pool.” She stated that the Wausau project is an example of this program.

Commissioner Johnson stated that he struggles with the fact that one fund is thriving while the other is struggling. He asked if any of the Commercial/Industrial Loan funds can be used to fund the regular Revolving Loan fund, especially with the economy the way it is currently and the possibility of less State funding being available.

Ms. Haverkamp stated that BLADC is working on this; however, every time the rules are changed at all, they need to get State approval which takes time. She stated that they BLADC did change the rules so that some of these dollars can be used for all the infrastructure for all of the industrial parks. She discussed requirements and restrictions for each type of program.

Per information included in the packet, the loan/deferred loan program Mr. Pueringer is requesting is structured as ½ Downtown Rental Housing Loan and ½ Downtown Rental Housing

Grant for a total of \$50,000. The loan will be paid back over 15 years at a 3% rate of interest, and the grant (deferred loan) will be a 10% forgiveness of the loan each year for a period of 10 years. If recommended by the EDA this morning, the Brainerd City Council will consider approval of the proposed financing at their meeting this evening.

The Chair recognized Mr. David Pueringer, 616 ½ Front Street, Brainerd, who stated that the project he is proposing involves making the buildings he owns at 209 South 7th Street, 211 South 7th Street and 214 South 7th Street more energy efficient by installing dual-fuel systems. He stated that this adjustment would save tenants money in heating and cooling, making low-income housing more affordable and available which, in turn, benefits the City.

MOVED AND SECONDED BY COMMISSIONERS O'DAY AND JOHNSON, DULY CARRIED, TO APPROVE THE FINANCING PROPOSAL FOR A \$50,000 DOWNTOWN RENTAL HOUSING LOAN/GRANT AS REQUESTED BY MR. DAVE PUERINGER, DBA PUERINGER INVESTMENTS, WITH LEGAL SERVICES TO BE PERFORMED BY CITY ATTORNEY FITZPATRICK AND INSPECTIONS TO BE PERFORMED BY CITY HOUSING INSPECTOR KRONSTEDT.

#9 Isebrand/Thiesse Industrial Park Property Platting/Zoning – No Action Taken – Informational.

City Administrator Vogt stated that the property platting and zoning had been referred to the EDA at the last City Council meeting.

Commissioner O'Day stated that he would prefer to wait because if a buyer wants a larger piece of land, the City will just end up re-platting, and leaving it "open" would provide more opportunity with sales.

City Administrator Vogt stated that if someone is in a hurry the land could be purchased and platted later, and asked if the recommendation from EDA should be to place the platting on hold.

Commissioner Johnson asked if there is any disadvantage to not platting now.

City Engineer Hulsether stated there is not any disadvantage that he can think of, and that he feels waiting to resolve zoning issues and structure the plat to make it consistent with what potential buyers might need is a positive move.

Discussion was held regarding the zoning of the property and current issues regarding the donation of land by Mildred Thiesse. It was stated that the current property owner is thinking about R-3 zoning.

Commissioner Johnson stated that he would suggest Ms. Thiesse meet with an appraiser before going further, because she might be better off having the land classified as "industrial" rather than "residential."

City Engineer stated that Patti Harrison is going to be turning paperwork in for a zoning amendment in August and a Public Hearing at Planning Commission will follow in September with final zoning being established in October. He stated that the appraisal and property transfer will follow these steps.

City Administrator Vogt stated that he feels the EDA will want to be involved in the zoning as well.

Commissioner O'Day left the meeting at 8:40 A.M.

#10 Establishment of a Subcommittee Relating to Vacant Dwellings and Buildings – No Action Taken – Informational.

City Administrator Vogt stated that, because there is no longer a quorum, this item can wait.

Commissioner Johnson stated that he feels that the City has made their decision on what they are going to do and that he is fine with that.

#11 Commissioners' Comments/Questions.

Discussion was held regarding the real estate market, current commercial projects, and State funds for demolition being applied for, as well as whether or not people that work in Brainerd will start to move to Brainerd to save on travel costs.

#12 Adjourn.

The Chair adjourned the meeting at 8:50 A.M.

Tom Johnson, Secretary