ECONOMIC DEVELOPMENT AUTHORITY
Monday, September 15, 2008

Pursuant to due call and notice thereof, President Menk called the meeting of the Brainerd Economic Development Authority to order at 8:02 A.M.

Present were Commissioners Menk, O'Day, Nesheim, Johnson and Trimble. No Commissioners were noted absent.

Also present were City Administrator Vogt, Finance Director Goble, and BLADC representatives Sheila Haverkamp and Elissa Rogers.

#2 Approval/Amendment of Agenda – Approved.

President Menk asked if there were any changes or corrections to the Agenda; as there were none, the Agenda was approved as presented.

#3 Approval of Minutes – Approved.

President Menk asked if there were any changes or corrections to the Minutes; as there were none, the Minutes were approved as presented.

#4 Approval of Financial Reports – Approved.

President Menk asked if there were any questions or concerns regarding the Financial Reports; as there were none, the Financial Reports were approved as presented.

#5 Bob Johnson, Building Owner, Brainerd Dental Care – Downtown Revolving Loan Fund – Request for $4,260 in Funds from the City with ½ of Funds being Provided from a Grant for 10 Years at a 10% Reduction per Year, and the other ½ of Funds being Provided from a Loan for 15 Years at 3% Interest – To be used for Façade Improvements at 617/619 Maple Street – Recommend Approval to Council – Approved.

The chair recognized Ms. Elissa Rogers, BLADC, who explained the location of the building, which houses Brainerd Dental, a salon, and "Nextera." She stated that the building owner would like to match the exterior of the whole building to Nextera. She discussed the balance of the funds being used, and stated that there are other businesses that would like to do improvements so they are being put on a waiting list. She stated that these businesses have been made aware that if these projects go through, they will need to wait for the funds to become available but can start to think about a plan for their individual improvements.

Commissioner Johnson expressed his concern with "promising" monies to businesses without actually having money available. Discussion was held regarding other funds that might be available and communication that must be held with potential loan recipients.

Ms. Sheila Haverkamp of BLADC stated that another fund that can be looked at is the Community Reinvestment Fund.

Commissioner Johnson stated that he agrees with the ideas, as long as all agreements are made in writing, and this was agreed upon.

MOVED AND SECONDED BY COMMISSIONERS O'DAY AND JOHNSON, DULY CARRIED, TO RECOMMEND APPROVAL OF THE REQUEST FROM BOB JOHNSON FOR $4,260 IN FUNDS FROM THE CITY FOR FAÇADE IMPROVEMENTS AT 617/619 MAPLE STREET, WITH HALF OF FUNDS BEING PROVIDED FROM A GRANT FOR 10 YEARS AT A 10% REDUCTION PER YEAR, AND THE OTHER HALF BEING PROVIDED FROM A LOAN FOR 15 YEARS AT 3%.

#6 Jon and Deb Luhrs, Building Owners, Bridge of Harmony – Downtown Revolving Loan Fund – Request for $42,000 in Funds from the City with ½ of Funds being Provided from a Grant for 10 Years at a 10% Reduction per Year, and the other ½ of Funds being Provided from a Loan for 15 Years at 3% Interest – to be used for Façade Improvements at 216 7th Street South – Recommend Approval to Council – Approved.

The Chair recognized Ms. Elissa Rogers, who stated that this is a larger project that will be done in "phases," and she discussed the specific building items that need to be improved. She stated that she is hopeful also that if these business owners are able to improve the back entrance to their building, neighboring businesses would "follow suit."

Commissioner O'Day stated that he is in favor of the project and asked when we will hear an answer from the SCDP application that was submitted.

Ms. Rogers stated that BLADC will be notified in late October if they are being asked back to do the full application, and then that full application is due in the middle of January with the final answer to be back in April. She stated that the funds would be spent relatively quickly but would start recapping in the middle to end of the summer of 2009. She stated that it had been made very clear to Mr. and Mrs. Luhrs that there would not be any funds coming until they were actually available.

MOVED AND SECONDED BY COMMISSIONERS O'DAY AND NESHEIM, DULY CARRIED, TO RECOMMEND APPROVAL OF THE REQUEST FROM JON AND DEBRA LUHRS FOR $42,000 IN FUNDS FROM THE CITY FOR FAÇADE IMPROVEMENTS AT 216 7TH STREET SOUTH, WITH HALF OF FUNDS BEING PROVIDED FROM A GRANT FOR 10 YEARS AT A 10% REDUCTION PER YEAR, AND THE OTHER HALF BEING PROVIDED FROM A LOAN FOR 15 YEARS AT 3%.

#7 Almer Entertainment/Jack's House – Request for Revolving Loan Balloon Payment Renewal at a Rate of 5.5% with a 10-Year Amortization and a 5-Year Balloon – Recommend Approval to Council – Approved.

The Chair recognized Ms. Sheila Haverkamp, who explained that the 5-Year balloon payment on the loan approved for Jack's House is now due, and that the owners are asking for a 5-year renewal so that the loan can continue to be amortized rather than ballooned.

The Chair recognized Ms. Ginger Lorentz, owner of Almer Entertainment, who stated that she hoped they wouldn't actually need the 5 years, because a local bank is looking to take over the loan while rolling the city loan amount within, which could possibly happen in 6 months.

Commissioner Johnson asked what the current interest rate on this loan is.

City Administrator Vogt stated that it is at 7% currently. He stated that historically, the last several loans have been done at 5% with an additional .5% going to the bank as a servicing fee.

Commissioner Johnson stated that, in a state of fairness, he feels this loan should be at a 5% interest rate for the next five years.

MOVED AND SECONDED BY COMMISSIONERS JOHNSON AND TRIMBLE, DULY CARRIED, TO RECOMMEND APPROVAL OF THE REQUEST FOR A RENEWAL OF THE REVOLVING LOAN BALLOON PAYMENT FOR ALMER ENTERTAINMENT/JACK'S HOUSE AT A TOTAL RATE OF 5.5% WITH A 10-YEAR AMORTIZATION AND A 5-YEAR BALLOON.

#8 <u>Presentation – Ms. Sheila Haverkamp – "Economic Development Pays" – Informational.</u>

The Chair recognized Ms. Sheila Haverkamp of BLADC, who presented information on BLADC and its 2020 Program, including how that project is being accomplished and how BLADC helps the communities and economy in general. She stated that since 1985, BLADC has worked with more than 300 companies that have created more than 3,200 jobs, private investment that exceeds $250 Million and helped to bring in over $6 Million in grants. She stated that BLADC helps to improve the standard of living by helping to provide employment with an average of over 20 successful projects per year, and that BLADC helps the local units of government by providing professional guidance at a major savings in cost as compared to commercial consultants. She stated that BLADC helps to increase the residential tax base with jobs, property taxes, and private investment, and she displayed some local testimonials

Commissioner Nesheim asked if a motion of recommendation to the Council is necessary.

City Administrator Vogt stated that the amount is included in the budget; however a recommendation would not hurt.

MOVED AND SECONDED BY COMMISSIONERS TRIMBLE AND NESHEIM TO RECOMMEND CONTINUED SUPPORT FROM THE EDA TOWARDS THE CITY'S RELATIONSHIP WITH BLADC.

#9 <u>Downtown/Mainstreet Updates.</u>

Main Street Coordinator Emily Roragen was absent.

President Menk updated the EDA regarding the meetings that had been held regarding the Downtown project and stated that it is moving along nicely; however, the cost estimate has increased.

City Administrator Vogt stated that the total project cost has ballooned up to over $3 Million, and that over $1.2 is for the streetscape "items" such as seating, planters, bicycle racks, etc. He stated that the Council is going to want specific information on the costs. He stated that he spoke with a downtown business owner that is in support of the project, but not necessarily of the full amount being looked at for all of the streetscape items.

Commissioner Johnson asked for a timeline.

City Administrator Vogt stated that bidding should start in January 2009 with construction to start as the ground thaws.
President Menk stated that he had spoken to the contractor who had given an approximate time of 3-4 months for completion of the project.

Commissioner Johnson stated that he would recommend pushing the construction date out as close to 2010 as possible in order to get into stronger economic times.

President Menk stated that the benefits could be looked at for doing the project "as quickly as possible," with spring construction in order to catch as much summer traffic as possible, as well as Commissioner Johnson's suggestions.

Commissioner Nesheim stated that there is a reduced construction cost at this point to consider as well.

#9 Staff Reports.

City Administrator Vogt stated the Wright Street project is almost complete, and that the annexation issues are currently being worked through with Ms. Patti Harrison, who is the representative for Mildred Thiesse. He stated that curb and gutter is in at Phase IV of the Industrial Park Project south of Lexington, and the City is still working with a small area that there is a base problem in. He stated that, regarding the WWTP Expansion Project, the MPCA Citizen Board meets Tuesday, September 23rd, and that there is a group of people going to that meeting as well as the Brainerd and Baxter Mayors. He stated that it is possible there will not be a challenge so construction can begin shortly afterwards.

Discussion was held on "grease traps" and "gray water" conditions.

#11 Commissioners' Comments/Questions.

The Chair recognized Ms. Sheila Haverkamp of BLADC, who discussed recent lighting improvements at Artspace, a new manufacturer that is moving into the industrial park, and a local advertising and information program to be broadcast from televisions to be installed at the Airport. She stated that the Brainerd Industrial Park will hopefully be part of the "Site Certified/Shovel Ready" program.

City Administrator Vogt stated that a permit just recently got pulled for additional Minnesota Care hiring at the Brainerd Regional Human Service Center, and that an inquiry had been received regarding demolishing some of the buildings and installing individual heating and electricity systems rather than using the central building which currently houses all the power. He stated that the sale of the JC Penney building is close to being finalized.

#12 Adjourn.

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

____
Tom Johnson, Secretary