

ECONOMIC DEVELOPMENT AUTHORITY

Wednesday, October 1, 2008

Pursuant to due call and notice thereof, President Menk called the meeting of the Brainerd Economic Development Authority to order at 8:05 A.M.

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

Commissioners Pearson and Johnson were noted absent.

Also present were City Administrator Vogt, and Ms. Sheila Haverkamp, representing BLADC.

#2 Approval/Amendment of Agenda – Approved.

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

#3 Approval/Amendment of Minutes – Approved.

President Menk asked if there were any corrections or changes to the Minutes from the September 15, 2008 EDA Meeting; as there were none, the Minutes were approved as presented.

#4 Business and Community Development Application to the Minnesota Department of Employment and Economic Development for Minnesota investment Fund Loan to Assist Wausau Paper of Minnesota LLC to Expend its Operations at its Brainerd Site – Recommend Approval to Council – Approved.

The Chair recognized Ms. Sheila Haverkamp of BLADC, who stated that the proposed project with Wausau Paper is an exciting project, and that when Wausau began operations in the Brainerd community a few years ago there was an indication from the State that they would help them in the future with additional grant funds to the City in order to expand and create additional jobs. She stated that the thought was that it would happen when the second paper making machine was up and running but that hasn't happened yet. She stated that a new opportunity is available with paper cutting machines that need to be moved out of an East Coast plant that is closing to somewhere here in Midwest, and that she had hoped the State would come in with federal funds because they can be retained by the City 100% plus interest. She stated that previously, funds were set up so that the City could retain \$100,000 plus interest, but a recent change makes the amount that the City can keep a smaller amount. She stated that, because of this, Federal funds are more enticing. She stated that originally Wausau got Federal funds but now the State says that because they have a lot of State dollars available that they are not expending, and can move Federal funds to other programs, and because any amount less than \$200,000 has less regulations, the City will get a \$200,000 grant but will only be able to keep a portion of it. She stated that Brainerd was hoping for \$300,000 but the State wants to keep the grant under \$200,000 so the State funding will be for \$199,000 and the City's Revolving Loan Fund would come in for \$100,000, and with all of the other provisions of the financing, Wausau would be able to accomplish the \$75,000 loan forgiveness that they have requested. She stated that she received an email from Wausau encouraging the use of the State pool.

Ms. Haverkamp stated that the City's Revolving Loan Fund doesn't have forgivable component, but the City could change that, and that is what the State wants.

Commissioner Trimble asked if there is always a requirement for City to put money in a project as is being requested for this project.

City Administrator Vogt stated that this is the first time that the City has ever been requested to forgive a portion of funding such as this.

Ms. Haverkamp stated that there is not always the requirement for the City to put funds in, but that the State always looks to see what the loan balances are in the City and bases their amounts on that, so that is why they are asking the City to help out, because the City's loan balances are high currently with multiple pools of dollars.

Commissioner Trimble asked if the State is asking us to forgive \$17,600 and that ordinarily the City would get to keep 20% after the loan is paid back, but that the State is asking the City to forgive that also.

Ms. Haverkamp stated that Brainerd has 2 Commercial and EDA Revolving Loan Funds, and that we usually take out of the Federal fund one that was originally established for Wausau and went into EDA fund, and that this money could come out of either fund.

City Administrator Vogt asked if the City can use the money the City is getting back from Wausau now. He left the meeting briefly to get the current balance of the loan.

President Menk stated that the City is getting 3% on \$500,000 loan, so the interest is funding the loan pool.

Ms. Haverkamp stated that the grant was awarded in 2004 and was to be forgiven if Wausau met certain job criteria, and that this is the only project with any forgiven component that she can recall, and that is was done because the State set the employment guidelines, which Wausau has far exceeded.

Commissioner O'Day asked if the money is to get the equipment here and installed and refurbished.

Ms. Haverkamp stated that it is for that purpose, and confirmed that it is not to create any extra space, as they have plenty of existing space to occupy.

Commissioner Trimble asked for estimation on how many jobs this will create.

Ms. Haverkamp stated that the company has estimated that if one cutter machine was brought in, it would create a minimum of 8 jobs, and if both machines are brought in, 16 jobs would be created.

Commissioner Trimble asked if \$300,000 is enough to bring both machines to Brainerd.

Ms. Haverkamp stated that the company has not yet committed to that because their Board of Directors has to make the final decision and will meet on October 17th. She stated that the company has asked BLADC to tell them what they can do in order to entice the board to send both cutter machines to Brainerd.

President Menk stated that what the EDA is doing is sending the message to the Wausau Board of Directors that Brainerd is a community that wants them.

City Administrator Vogt stated that the City of Brainerd is competing with Wisconsin, which is most likely why the State is "stepping up to the plate" quickly, and why he thanks the Council again and the EDA for having meetings on short notice. He stated that in checking on the fund balance, the Wausau payments that they have made "to date" total \$218,000 and that he suggests using these funds, but he is concerned about the precedent that the "forgiveness" idea might set.

Commissioner O'Day stated that he agrees with City Administrator Vogt on the "forgiveness" issue; however, if the State requires the forgiveness, it isn't really setting a precedent on the City's part.

Commissioner Trimble asked why the State is requiring the City to front the \$39,000.

Ms. Haverkamp and President Menk stated that the reason is so that the State gets their money back and that they look good in the process by helping out the community.

Commissioner O'Day stated that Wausau is also looking at the "forgiveness" of \$75,000 beating out Wisconsin's offer.

City Administrator Vogt asked what the total amount is that the State is forgiving.

Ms. Haverkamp stated that the State will be forgiving about \$57,400 out of \$200,000 or about 25%.

President Menk stated that the total project is about \$1.5 Million, and that Wausau is coming up with money too, so it is not as if the City is funding the whole thing.

Commissioner Trimble asked if the created jobs are planned to go to people that used to work there or to new applicants.

Ms. Haverkamp stated that the jobs are available to anyone that applies.

City Administrator Vogt asked if there is a "low-mod" income requirement for the jobs that will be created.

Ms. Haverkamp stated there is not.

Commissioner O'Day asked what is needed for a motion.

Ms. Haverkamp stated that if the EDA approves of providing this loan, a recommendation to the Council would be helpful, and that she also needs to know that money will come out of the EDA/Wausau pool rather than the City coffers.

Commissioner O'Day stated that he agrees the money should come from the same place the original loan is being paid into.

Commissioner Trimble stated that it will look good to citizens that the money is being poured back into the company for expansion.

MOVED AND SECONDED BY COMMISSIONER O'DAY AND NESHEIM, DULY CARRIED, TO RECOMMEND TO CITY COUNCIL THAT ALL APPROPRIATE RESOLUTIONS BE ADOPTED

IN ORDER TO MOVE FORWARD WITH THE EXPANSION OF OPERATIONS AT WAUSAU PAPER OF MINNESOTA LLC, WITH EDA FUNDS TO BE USED FOR THIS PROCESS.

#5 Main Street Coordinator – Monthly Report.

Mainstreet Coordinator Emily Roragen handed out her monthly report for September 2008 as well as her first Annual Report for the Brainerd Mainstreet Committee. She stated that the Advisory Committee has been working with the consultant on making recommendations on the Downtown streetscape and assessment methodologies, and a recommendation to the Council is expected for Monday's meeting. She stated that the Marketing Committee is in the process of creating a website and getting traffic to the site, and that the committee hopes to eventually generate revenue for the website itself as well as other marketing revenue. She stated that the "Women's Walkabout was a success, bringing over 170 people to the downtown area and that over ½ of the participating businesses reported that mostly women visitors had stopped in their stores, and that it appeared they were having a great time as well as discovering new stores. She stated that over \$1,800 prizes were given away to over 30 women. She stated that the Holiday Celebration Committee has divided up tasks for the event, which is scheduled December 11-13, 2008, that the Design Committee is continuing with design guidelines, that the Business Improvement has been finalizing details for their "Customer Service Seminar" to be held at Mid-Minnesota Credit Union on October 22nd with Mr. David McArthur from Central Lakes College. She stated that she will continue to provide the monthly newsletter and work with BLADC concerning the Small Cities Development grant, and that a task force for long-term funding for Mainstreet has been working on a budget to provide to the City. She stated that fundraising for holiday decorations will begin later this week and that the goal is to purchase 80 banners and 22 wreaths, and that she is in the process of writing an article for the magazine "Minnesota Preservationist" about all of the Mainstreet happenings.

In closing, Ms. Roragen stated that this first year has been more about creating a benchmark that future years can be compared to then it is a list of achievements, and that the annual report allows the City to measure business openings and closings and work on improvement. She stated that the "promotions" area of the report really shows how many new events have taken place in the last 12 months and how so many organizations are taking part in the events. She stated that she involved programs and groups that were not part of the Mainstreet program in order to see how all of the events and progress can be measured. She stated that future goals were listed on the back of the report and went over that information, stating that it represented a pretty good benchmark.

Commissioner Nesheim praised Ms. Roragen for the good job she has been doing, and stated that the City is pleased to have her, especially at this transitional time, and that this involvement will help the Downtown businesses when construction begins.

#6 Staff Reports.

City Administrator Vogt stated that Phase IV of the Industrial Park is being finished up, with the final blacktop to be put on after the freeze/thaw next year. He stated that there may be a business interested in a site at the park for next year.

Commissioner O'Day asked the City Administrator to touch on the Civic Center with dry floor events and lighting.

City Administrator Vogt stated that the Arena Oversight Committee has been meeting monthly, which has really opened up communication, and that a great deal Maintenance work has been

done, including painting and cleaning which was done by over 65 parents and volunteers of BAHA in the last week or so. He stated that their help was very beneficial to the City because of the cut-backs that have been recently necessary on the number of employees working at the Civic Center. He stated that one of the things that has been completed is the replacement of the lights with fluorescents, which has made a big difference in the amps used, which has gone down from 90 to 34, and the light levels at center ice went from 28 foot candles to 48. He stated that prices are being quoted now for Mezzanine lighting, as well as changes at the Gold Medal Arena, and that the total estimated savings between the two buildings may even be more than the \$11,000 to \$12,000 that was originally expected, with "instant on, cold weather" fluorescent lighting. He stated that there is a lot of positive things going on and getting done with the new committee and that they will continue to meet and review progress next year.

Commissioner O'Day stated that the Civic Center looks so much better with all the work that has been done and people should really stop in to see the improvements.

President Menk noted the lighting was bad before and that an improvement will be good for dry events.

City Administrator Vogt stated that the WWTP permit was granted by the PCA board and that there is a 30-day window for appeal, and if that does not happen, construction is expected to begin in the spring and should take roughly 2 years to complete.

Commissioner Menk asked if the City's wastewater capacity can hold out for 2 years.

City Administrator Vogt stated that the plant should have enough capacity, and that the City's flow is going down which he feels is a result of the I&I issues that have been taken care of.

#7 Commissioners' Comments/Questions.

None.

#8 Adjourn.

The Chair adjourned the meeting at 8:35 A.M.

Tom Johnson, Secretary