ECONOMIC DEVELOPMENT AUTHORITY
Monday, November 30, 2009

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 Ed Menk, Terrence Johnson, Kim Ellingson, Wayne Erickson, Lucy Nesheim, and Kelly Bevans.

Also present were City Administrator Vogt, City Engineer Jeff Hulsether, Elissa Rogers, Josh Northey and Sheila Haverkamp representing BLADC, and Mainstreet Coordinator Emily Northey.

#2 Approval/Amendment of Agenda – Approved.

President Menk asked if there were any changes or requests concerning the current agenda and as there were none, the agenda was approved as presented.

#3 Approval of Minutes – Approved.

President Menk asked if there were any changes or requests concerning the minutes of the July 21, 2009 EDA Meeting and as there were none, the minutes were approved as presented.

#4 Approval of Financial Reports – Approved.

President Menk asked if there were any changes or requests concerning the Financial Reports and as there were none, the Financial Reports were approved as presented.

City Administrator Vogt noted the reports show a substantial expense in August which included the payments to Harold Thiesse and Bruce Isebrand for industrial park property. He stated a budget amendment will be brought to the Council to transfer funds to cover these expenses from either the commercial revolving loan fund or the Wausau revolving loan fund back into the EDA fund and as property in the industrial park sells, the money will then go back into the revolving loan funds as repayment. He stated he believes there are two payments left to Mr. Thiess and two payments to Mr. Isebrand.

Brief discussion was held on how the accounting is done for these assets and liabilities.

Commissioner Johnson asked if payments from the revolving loan funds, such as the one to Adventure Creative Groups in August, goes directly to the recipient or a dispersing agent.

City Administrator Vogt stated the funds normally go to a lender which then disperses the funds.

Further discussion was held on how funds are dispersed.

#5 Downtown Rental Housing Loan/Grant Request, Nila Patrick – Recommend Approval to City Council – Approved.

Prior to discussion of the rental housing loan/grant request, Ms. Sheila Haverkamp gave a presentation/review of each revolving loan fund, where the funding comes from, and how it is dispersed.

Ms. Elissa Rogers then reviewed the downtown rental housing loan/grant request from Ms. Nila Patrick for her building located at 710 Laurel Street. She stated Ms. Patrick is making the request to do energy improvements including a new roof, insulation, and minor improvements within the apartments. She stated she is requesting $20,000 total; $10,000 loan and $10,000 grant which is forgiven if the property isn't sold in 10 years. This will be a 15 year loan at 3% interest.

Commissioner Johnson asked if we look at property valuations when considering these loans and if not that may be something we should be doing.

Ms. Rogers stated we do not look at valuations, we just file the mortgage.

Commissioner Johnson stated there is another loan/grant on this property and questioned if should also be looking at the amount of all the loans/grants based on the value of the property.

Ms. Haverkamp stated we do not, but noted the rules and regulations for these loans/grants can be changed.

Commissioner Johnson also asked if payment histories are reviewed when there are multiple loans.

Ms. Rogers stated that is done during the application process.

Ms. Ellingson asked how it is determined whether the loan will be commercial or housing.

Ms. Rogers stated if the benefit of the improvements goes towards the apartments it is considered a housing loan, even if those improvements will partly benefit the business also.

Discussion was held in regards to the concerns of how many loans a property can have and how often, along with tracking how the funds are spent.

President Menk asked if there is a motion or if the application should be reviewed further.

City Administrator Vogt stated the purpose of these loans/grants are to improve the housing in the downtown area. He noted the property owners that have requested these loans have only taken out loans for amounts they can handle. He stated it's hard to look at these loans from a business standpoint. They generally cannot raise the rent to pay for the improvements because then they would not be able to fill the apartments, therefore the loan/grant is possibly the only option for them. He stated from a community standpoint, these requests make sense and we need to look at these requests as a way to provide better housing. He stated he recommends approval.

Alderman Nesheim stated Ms. Patrick has a history of timely payments and she feels this is a good request.

MOVED BY COMMISSIONERS NESHEIM AND JOHNSON, DULY CARRIED, TO RECOMMEND APPROVAL TO THE CITY COUNCIL OF THE DOWNTOWN RENTAL HOUSING LOAN/GRANT APPLICATION SUBMITTED BY MS. NILA PATRICK IN THE TOTAL AMOUNT OF $20,000 WITH $10,000 AT A RATE OF 3% FOR A 15-YEAR TERM AND $10,000 GRANT.

#6 Industrial Park Marketing – Discussion of.

Ms. Haverkamp stated Mr. Josh Northey has done some significant research in regards to how the City markets their industrial sites compared to other cities in the area. She noted some cities are doing their marketing similar to Brainerd through websites and working with BLADC. She stated with these challenging times though, we need to be more creative. Some other things that are being done are offering finder fees, listing with a realtor/broker, or a hybrid of both.

City Administrator Vogt stated there has been discussion in the past about marketing the City's industrial sites. He stated it is crucial now to look at marketing as there have not been any recent sales. He suggested a meeting be held between two members of the EDA, Ms. Haverkamp, a realtor/broker, and himself to discuss marketing options.

Alderman Nesheim and Commissioner Johnson volunteered to be part of the meeting.

#7 Staff Reports.

City Administrator Vogt gave an update on the Wastewater Treatment Plant project. He noted there are many other projects scheduled for next year including the South 8th Street project which will function as a connection to the Cuyuna Trail and the Paul Bunyan Trail. He stated he felt the Downtown project went very well and there are still a few items left on the "punch list" to be completed.

Ms. Haverkamp stated the BLADC SWOT Analysis and Development Action Plan have been received. She explained a little about the Action Plan.

Ms. Rogers gave an update on the grant that was received for the downtown storm sewer connection projects. She noted there are six buildings left that need to change their roof drain connections.

Alderman Nesheim asked if any of the funding is available for those that have already made their connections.

Ms. Rogers stated they are not eligible and they were aware of the funds prior to making their connections.

#8 Commissioners' Comments/Questions.

- Appoint EDA Secretary to Replace Shelly Trimble

President Menk appointed Commissioner Ellingson to the position of EDA Secretary.

#9 Adjourn.

The Chair adjourned the meeting at 9:10 A.M.

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Kim Ellingson, Secretary