

ECONOMIC DEVELOPMENT AUTHORITY
Monday, February 22, 2010

Pursuant to due call and notice thereof, President Menk called the meeting of the Brainerd Economic Development Authority to order at 8:00 A.M.

Present were Commissioners Ed Menk, Terry Johnson, Wayne Erickson, Lucy Nesheim and Kelly Bevans. Commissioner Chris Hastings arrived at 8:10 A.M.

Also present were City Administrator Vogt, Finance Director Goble, Sheila Haverkamp representing BLADC, and Wausau Director of Operations, Pierre Comeau.

#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 – December 14, 2009 – Approved.

President Menk asked if there were any changes or requests concerning the minutes of the December 14, 2009 minutes 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 report for the period ending 12/31/09 and the period ending 1/31/2010 and as there were none, the financial reports were approved as presented.

#5 Wausau Paper – Revolving Loan Fund Proposal – Resolution No. 01:10 Adopted – A Resolution Approving an Amendment to the Agreement for Loan of Small Cities Development Program Funds (“MIF Loan”) between the EDA of Brainerd and Wausau Paper of Minnesota LLC – Recommend Approval and Adoption of Resolution to City Council – Approved.

Per a memo from City Administrator Vogt that was included in the Packet, Wausau Paper recently announced a \$27 million investment to be made at the Brainerd Mill to rebuild a paper making machine to provide for greater product flexibility. He stated that Wausau contacted BLADC to determine if financial assistance might be available to assist the company in making the investment; however, because there is no job-creation involved with this project, limited funding options were found to be available. Also, City was unsure if there were any local financing alternatives that could be utilized and ultimately approved by the EDA and Council. This proposal and funding research was all kept very confidential at the request of Wausau and included a trip made to the DEED office in St. Paul to get ideas for funding.

As to funding possibilities from the City, in 2004, Wausau Paper received funding assistance in the amount of \$500,000 which came from federal funds through the State of Minnesota awarded to the City at which time the funds were provided to Wausau Paper. The terms and conditions of the assistance package included forgiveness of \$100,000 of the total amount as long as certain job creation goals were met. Additional terms stated that the remaining \$400,000 plus

interest would be paid to the City. The loan repayments were required to be sent on a quarterly basis to be placed in a revolving loan fund. Currently, the Wausau revolving loan fund has a balance of \$322,640.12 including principal and interest payments made to date by Wausau Paper. The remaining balance of the loan is in the principal amount of \$127,330.79. The recommendation is the "forgiveness" of \$100,000 of the remaining amount owed by Wausau. If approved, the City would then receive an additional \$27,330.79 plus interest to be placed in the revolving loan fund. The State of Minnesota is agreeable with this proposal. Further, a modification of the original loan documents may be needed which will be provided to you when available. If EDA approves this proposal, the item will go before the Personnel and Finance Committee and full City Council for approval on Monday, March 1, 2010.

Commissioner Chris Hastings arrived at the meeting at 8:10 A.M.

The Chair recognized Ms. Sheila Haverkamp of BLADC, who spoke in favor of the agreement with Wausau, stating that there are nearly 200 employees at the mill and the solidifying of the future of the plant by acquiring this equipment is very exciting. She stated that it is very important to Wausau that the community stands behind them in this investment and that a large part of capital will need to be used which is why the \$100,000 forgiveness is being requested.

The Chair recognized Mr. Pierre Comeau, Director of Operations at Wausau Paper here in Brainerd, who stated that the employees at the mill were very happy to hear this development which has been 2 years in the making and will provide security for the employees.

The Chair asked if there will be downtime while the equipment is set up.

Mr. Comeau stated that there will be 18 to 20 days that will be "down time" at the plant.

Commissioner Hastings asked if the mill is running at full capacity right now.

Mr. Comeau stated that they are currently running at full capacity after just a few layoffs last year, and that the new equipment will provide more opportunity as well as the security discussed. He stated that the plans include rebuilding the #7 paper machine at the mill which will increase the machine's capabilities to produce tape-backing papers and meet the premium end of the masking tape marketplace. He stated that because of certain market-sharing in Wausau Corporation, other mills that make the grades of tape manufactured by this machine will transition the work to the Brainerd location so after this investment it will be the largest tape manufacturer in the world.

MOVED AND SECONDED BY COMMISSIONERS BEVANS AND NESHEIM TO ADOPT EDA RESOLUTION NO. 01:10 – A RESOLUTION APPROVING AN AMENDMENT TO THE AGREEMENT FOR LOAN OF SMALL CITIES DEVELOPMENT PROGRAM FUNDS ("MIF LOAN") BETWEEN THE EDA OF BRAINERD AND WAUSAU PAPER OF MINNESOTA LLC - AND TO RECOMMEND COUNCIL APPROVAL.

Ms. Haverkamp stated that this revolving loan is the federal revolving loan fund and these types of the loans are very favorable because all of the fund plus interest go back to the City and are usually economically stimulating.

Commissioner Hastings asked if the forgiveness would be repaid again.

Ms. Haverkamp stated that Wausau has already met the original threshold so there would be no payback of the forgiveness. She stated that even though this specific event will not result in new jobs there is always a possibility of job creation on the horizon if this causes reason for the non-operational part of the plant to re-open in the future.

City Administrator Vogt thanked the EDA for their approval.

Commissioner Johnson complimented City Administrator Vogt and Ms. Haverkamp for their work on the proposal and solution.

#6 Industrial Park Marketing Plan – Status Report – Informational.

Ms. Haverkamp stated that creative marketing has been discussed to promote sales of the industrial park and that meetings have been held and a plan should be in front of the EDA in the next month or so.

#7 Staff Reports.

City Administrator Vogt stated that the Downtown Awards Dinner will be held Tuesday, February 23, 2010 starting at 5:30 P.M. if anyone was interested in attending. He also discussed the budget deficit and what it will mean for the City to receive the proposed \$683,000 cut from Local Government Aid, including significant changes in the way the City operates such as re-organization and cutting of staff hours or staff itself.

#8 Commissioners' Questions/Comments.

Ms. Haverkamp discussed the Greater MN Housing Fund and the Minnesota Housing Partnership as well as the Healthy Communities Partnership.

#9 Adjourn.

The Chair adjourned the meeting at 8:34 A.M.

Kim Ellingson, Secretary