ECONOMIC DEVELOPMENT AUTHORITY
Monday, September 10, 2012

Pursuant to due call and notice thereof, Vice President Johnson called the meeting of the Brainerd Economic Development Authority to order at 8:00 a.m.

Present were Commissioners Wayne Erickson, Lucy Nesheim, Kelly Bevans, Chris Hastings, and Terry Johnson. President Menk arrived at 8:03 a.m.

Also present were Interim City Administrator/Finance Director Goble, City Engineer Hulsether, City Planner Ostgarden, John Gunstad and Sheila Haverkamp representing BLAEDC and Council Member Cumberland.

#2 Approval/Amendment of Agenda – Approved

#3 Approval of Minutes – December 13, 2011 – Approved

MOVED AND SECONDED BY COMMISSIONERS BEVANS AND NESHEIM, DULY CARRIED, TO APPROVE THE MINUTES AS PRESENTED.

#4 Approval of Financial Report – Approved

MOVED AND SECONDED BY COMMISSIONERS ERICKSON AND JOHNSON, DULY CARRIED, TO APPROVE THE FINANCIAL REPORT AS PRESENTED.

#5 City of Brainerd Economic Development Authority LDO Formed/Federal MIF Funds (Wausau) Revolving Loan Fund Information – Informational

The Chair recognized Ms. Sheila Haverkamp of BLAEDC, who discussed the Economic Development Authority being the LDO (local development organization) of Revolving Loan Funds in order to receive and disperse Revolving Loan Fund loans “to further community and economic development in the community”. She answered questions of the Commissioners. It was noted that EDA makes recommendations for these loans with City Council having final approval.

#6 Stern Assembly request for a $50,000 Federal MIF (Wausau) Revolving Loan for Equipment Purchase – Recommend Approval to the Council with Funding based on the 9/7/12 Memo from BLAEDC and with a Waiver of the 10% Equity Requirement based on the Financials Presented and the Support of the Initiative Foundation – Approved

The following information was presented in the Packet:

Source and Use of Funds

Uses	
New Equipment	*$514,000*
Relocate Existing Equipment	*$114,000*
Loan Fees	*$22,000*
TOTAL USES	***$650,000***
Sources	
Bank Financing/Keltic	*$450,000*
City of Brainerd EDA RLF	*$50,000*

Initiative Foundation	*$150,000*
TOTAL SOURCES	***$650,000***

RLF Funds

Stern Assembly is proposing a $50,000 loan from the Missota/Wausau Grant. The Grant came from Federal Funds passed to an LDO (Brainerd EDA) and therefore no federal requirements are attached. They are requesting a 7-year term with a maximum interest rate of 4% and a 5-year balloon.

The Chair recognized Ms. Sheila Haverkamp of BLAEDC, who introduced Shawn Hunstad, Owner, and Jerry Sinner, Director of Finance of Stern Assembly.

Mr. Hunstad stated that in order to meet increased customer orders, Stern Assembly is proposing to purchase new equipment which will provide them the opportunity to expand their offerings to existing customers and obtain new customers. He also stated that Stern Assembly will be moving from their present facility in Riverton to the former Image Rotational Molding building located in the Brainerd Industrial Park. This move will allow room for the new equipment they will be purchasing and allow them to take full advantage of energy cost savings of natural gas vs. their current use of propane. He answered questions of the Commission.

Ms. Haverkamp discussed the financing of the project more specifically and pointed the Commissioner's attention to the sources of funding for the project which include the Initiative Foundation in the amount of $150,000. She answered questions of the Commission.

MOVED AND SECONDED BY COMMISSIONERS JOHNSON AND BEVANS, DULY CARRIED, TO RECOMMEND TO THE COUNCIL THE APPROVAL OF THE REQUEST FROM STERN ASSEMBLY FOR A $50,000 FEDERAL MIF (WAUSAU) REVOLVING LOAN FOR EQUIPMENT PURCHASE WITH FUNDING BASED ON THE 9/7/12 MEMO FROM BLAEDC AND TO WAIVE THE USUAL 10% EQUITY REQUIREMENT BASED ON THE FINANCIALS PRESENTED AND THE SUPPORT OF THE INITIAIVE FOUNDATION.

#7 L & M Steel Request for a $75,000 Federal MIF (Wausau) Revolving Loan for Real Estate Acquisition – Recommend Approval to the Council with a Change in Term Length from 15 Years to 20 Years as Requested – Approved

The following information was presented in the Packet:

Source and Use of Funds

Real Estate Acquisition

Building Acquisition	$400,000
New Improvements	$100,000
Total Real Estate Acquisition	**$500,000**
Proposed Sources	
Bank	$350,000
Brainerd EDA	$ 75,000
Equity	$ 75,000
TOTAL Sources	**$500,000**

Equipment Acquisition

Equipment Acquisition	$210,000

Inventory	$ 65,000
TOTAL Equipment Acquisition	**$275,000**
Proposed Sources	
Bank	$145,000
Crow Wing Power	$100,000
Equity	$30,000
	$**275,000**

The Chair recognized Ms. Sheila Haverkamp of BLAEDC, who introduced Bruce Kennedy and Ben Duhn of Riverwood Bank who are working with L & M Steele on purchasing the former Nordecor building in order to continue the L & M Steel business after the recent purchase of the L & M site by Crow Wing Recycling. She stated that the City would take a 2nd position on the loan to acquire real estate. She answered questions of the Council.

MOVED AND SECONDED BY COMMISSIONERS ERICKSON AND NESHEIM, DULY CARRIED, TO RECOMMEND TO THE COUNCIL THE APPROVAL OF L & M STEEL'S REQUEST FOR A $75,000 FEDERAL MIF (WAUSAU) REVOLVING LOAN FOR REAL ESTATE ACQUISITION WITH THE CHANGE OF TERM LENGTH FROM 15 YEARS TO 20 YEARS AS REQUESTED.

#8 Brainerd Lakes Area Economic Development Corporation Update

Ms. Sheila Haverkamp stated that BLAEDC is very excited with recent growth in the market. She stated that BLAEDC's Executive Initiative has been gathering momentum and asked to present information at a the next EDA meeting. She thanked the EDA/City of Brainerd for continued financial support of BLAEDC.

#9 Commissioners' Comments/Questions

Commissioner Johnson asked for a report on marketing efforts in the Industrial Park at the next meeting. Discussion was held related to budget recommendations.

MOVED AND SECONDED BY COMMISSIONERS JOHNSON AND NESHEIM, DULY CARRIED, TO RECOMMEND APPROVAL OF THE 2013 PROPOSED BUDGET WITH THE REQUESTED $71,000 ALLOCATED FOR PROFESSIONAL SERVICES.

#10 Adjourn

The Chair adjourned the meeting at 8:52 A.M.

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