

BRAINERD ECONOMIC DEVELOPMENT AUTHORITY
Tuesday, August 29, 2017
Official Minutes

Pursuant to the call and notice thereof, President Menk called the meeting of the Brainerd Economic Development Authority to order at 7:30 a.m.

Present were Commissioners Ed Menk, Jerry Sinner, Matt Mallie, Wayne Erickson, Kelly Bevans, Dale Parks and Gabe Johnson. Also present were City Administrator Thoreen, Finance Director Connie Hillman, BLAEDC Executive Sheila Haverkamp, Brainerd HRA Director Jennifer Bergman, and John Schommer, HRA Rehab Coordinator.

City Finance Director Hillman reviewed the Financial Report for the EDA.

Brainerd Housing and Redevelopment Authority (HRA) Director Jennifer Bergman explained she recently met with City Administrator Thoreen, City Financial Director Hillman, Brainerd Lakes Area Economic Development Corporation (BLAEDC) Director Haverkamp to discuss the EDA revolving loans and how confusing they can be. A chart has been compiled to explain each program, and to explain program differences. Brief explanations of the Community Development Block Grant (CDBG) and the Small Cities Development Program (SCDP) were presented. Those funds indicated as CDBG are funds that the City of Brainerd received prior to the creation of the SCDP, as the CDBG is no longer used. When the state transferred to the SCDP, rates became more restrictive. The state expects to see a targeted area for the use of the funds. A small cities application will indicate a very small area as per state requirements. Any funds that are in the "pools" can be used on any previous area where there was a small cities grant.

BLAEDC Executive Director Sheila Haverkamp gave an explanation of the MN Investment Fund (MIF). As Ms. Bergman works on the community side of the programs, Ms. Haverkamp develops the economic development aspect, working with the private sector businesses to help grow in order to create jobs based on an investment the company will make. The MIF has a.) A State Funded and b.) A Federal Funded (CDBG funds) program; each program requires different rules and regulations. The overall program is intended to provide Gap Financing to companies for their growth and expansions. Finance Director Hillman explained the loans between the two programs are structured very differently.

Brainerd HRA Director Ms. Bergman gave an update on the Downtown Grant Fund received on behalf of the City of Brainerd through DEED (Department of Employment & Economic Development). Funds in the amount of \$650,000 were received and are being used on a Downtown Rehab Program which includes both rental and commercial projects.

Brainerd HRA Rehabilitation Coordinator John Schommer indicated four properties are in the bidding process and are being reviewed as they are submitted. There is a 90 (working) day construction period for the proposals. There are several contracts required by DEED to be completed. Mr. Schommer explained the construction process and answered questions of the board members.

Brainerd HRA Director, Jennifer Bergman updated the Authority on the progress of the Brainerd Oaks, Serene Pines and Dalmar Estates projects. There were 113 lots conveyed to the CWC HRA; 83 in Brainerd Oaks, 24 in Serene Pines and 7 in the Delmar Estates, (each of which is a tax-forfeited subdivision) within the City of Brainerd. To date, 20 lots have been conveyed to the developer, Paxmar Brainerd LLC. There are thirteen homes currently at some point of construction, of which four have been sold.

Mr. Schommer presented a brief background of the Revolving Loan request from Phelps Block LLC. for the property at 711/715/717 Laurel Street, recently rehabilitated utilizing the SCDP grant. The new tenants have identified the need for a handicap accessible bathroom, a new boiler to replace the recently failed existing boiler, and have asked for additional financial assistance.

On motion by Bevans, seconded by Johnson and unanimously carried to recommend City Council to proceed with the loan as detailed in the application at the September 5th meeting.

Ms. Haverkamp presented the BLAEDC Unified Fund proposal offering the details and benefit of being a part of the program. Currently, there are more than a dozen revolving loan funds in Crow Wing County that are available to businesses to assist them to grow and expand. The BLAEDC Board has concluded that a simplified, uniform application process will allow companies to seek funding with the assurance that public processing of the loan application will occur at a mutually beneficial time and date. Legal counsel has been involved to process necessary documents. Paul Means and Mike Larson, BLAEDC Board Members, offered insights regarding the program's benefits.

On motion by Sinner, seconded by Bevans the EDA Board recommends to City Council to approve the Unified Fund proposal. Commissioners Johnson and Mallie voted against the motion. The motion carried by a vote of 5-2.

Ms. Haverkamp introduced and gave an update on the River to Rails Concept. Mr. Bruce Buxton has been developing this for several months and gave a presentation at the Monday, August 28th City Council meeting. Mr. Buxton spoke about the need to examine and seek change in Brainerd City core, and he works with many community members trying to mull all these ideas to discuss change. These ideas are all from the residents and business owners in the Brainerd downtown area; all a part of new approaches to economic development of River to Rails.

Finance Director Hillman provided the details on the 2018 EDA Budget and answered questions that were presented.

On motion of Bevans, seconded by Johnson and unanimously carried the HRA approved 2018 EDA Budget as presented and pass onto the City Council for approval.

City Administrator Thoreen added the Unified Fund may help the potential applicants start out on the “quiet” side of the process first, then proceed to process plans and financing under the open meeting law and public notices as required.

On motion of Bevans, seconded by Johnson and unanimously carried the Authority adjourned at 8:50 a.m.

Dale Parks, Secretary