

Pursuant to due call and notice thereof, the joint workshop of the Brainerd City Council and Brainerd HRA was called to order at 6:00 P.M. by Council President Bevans.

Upon roll call, the following members were noted as present: Czczok, O'Day, Stunek, Stenglein, and Bevans. Mayor Badeaux was also noted as present. Members Johnson and Terry were noted as absent. HRA Members noted as present: Duval, Erickson, and Verchota.

Also noted as present were Administrator Bergman, Finance Director Hillman, Community Development Director Kramvik, HRA Director Charpentier, HRA Finance Director Young, HRA Rehab Coordinator Schommer, Mikaela Huot of Baker Tilly, and Skip and Andrew Duchesneau of DW Jones.

Overview of Tax Increment Financing (TIF)

Mikaela Huot, Baker Tilly, gave an overview of Tax Increment Financing.

Member Czczok asked for clarification on how the HRA would use TIF funds as the administrator.

Ms. Huot stated that as the Administrative Authority the HRA would be the authority for the ongoing maintenance and yearly reporting of the district. If approved, the HRA would negotiate a TIF note with the developer and the HRA would disperse the TIF funds to the developer and maintain a certain percentage for other eligible expenses in the district.

Member Czczok asked whether the housing units would be added to the HRA's stock of housing. He also asked in negotiation of the agreement whether the area would be expanded to include more than the properties within the project.

HRA Director Charpentier stated that the housing would not be managed by the HRA. The HRA is responsible for annual reporting and administering the money. He also stated that the focus would be on these properties not an expanded area.

Discussion on a Potential Redevelopment TIF District

HRA Director Charpentier gave an overview of the project proposed by DW Jones as a Redevelopment TIF District. The City and HRA have been working with DW Jones since 2015 to redevelop the Thrifty White property.

Community Development Director Kramvik gave an overview of the zoning of the property. The property is in the Town Center District with an overlay district that requires the first floor be commercial along 8th Street.

Skip Duchesneau, DW Jones, gave an overview of the acquisition and future development and financing of the project.

Andrew Duchesneau, DW Jones, gave an overview of the design of the development.

Member Czczok asked the Duchesneaus what the ultimate goal of the property development in downtown Brainerd.

Mr. Andrew Duchesneau stated that due to the need for housing in Brainerd and the opportunity to develop downtown is exciting.

Member Czeczok clarified that they are developing for profit.

Mr. Skip Duchesneau stated that yes, they are developing the property for profit.

Member Czeczok asked about the potential for having 30-40 kids living in the building. What will these kids do in the middle of the city? There are no amenities for them, and they are within close distance of bars.

Mr. Skip Duchesneau stated that the building doesn't have any 3-bedroom units by design. He believes they could fill 3-bedroom units. However, they are targeting people who are being hired by businesses that have nowhere to live when they are transitioning to the area.

Member O'Day stated that this property in the center of town is where you want your population to be so that its close to stores and the other amenities. He stated that this is a major investment downtown and a major improvement to what is there. Every business downtown would benefit from having 78 units.

Member Stenglein stated that the property is also close to Washington and other parks and amenities appropriate for kids. She does not foresee many young kids in this building.

Member Czeczok asked whether the City Council would have any input after the TIF district is declared and the HRA administers the area.

Community Development Director Kramvik stated that from a planning perspective and design process there will still need to be public input and decisions made by the City Council.

Administrator Bergman stated that the HRA started working with DW Jones in 2015. At that time the HRA's goal was to increase housing and downtown revitalization. She stated that the City Council would hold the initial public hearing, at that point the HRA would negotiate the terms of the development agreement and establish the tax increment district.

Member Czeczok asked rent estimates and requirements of renters.

Skip Duchesneau stated that a 2-bedroom 2-bath is 1,140 square feet at \$1250/month. He also stated that 1-bedrooms range from 662- 939 square feet and rent would range \$975-\$1100/month. Renters would be required to adhere to their typical tenant selection criteria. With the Housing Trust Fund loan, the development requires that 80% of the rental stock meets area median income. After paying off the loan, the development will be market rate.

HRA Member Erickson stated that the prices quoted for these units are fantastic and will fill quickly. The City needs to do everything it can to help the development of this property.

HRA Member Verchota asked about the total project cost.

Member Czeczok asked what the taxes are on the property currently and what he foresees the actual money received accumulating to.

Skip Duchesneau stated that the project cost will be about \$17.2 million. Currently, the taxes on the property are about \$18,000. DW Jones has cash in \$2 million, \$11 million in debt, and the remainder would be grant funded.

Administrator Bergman asked Mr. Duchesneau to address the plan for the overhead wires that are on the property.

Skip Duchesneau stated that they have reached out to all of the utilities that would be affected and DW Jones would cover the cost to reroute the utilities.

Member Czezczok asked when this will be presented to the Council.

HRA Director Charpentier stated the Council should expect to see the item in July.

Administrator Bergman stated that the purpose of the workshop was to hear about the proposed development and also to see if the Council is agreeable to the HRA administering the TIF District.

Overview of the Brainerd HRA

HRA Director Charpentier gave an overview of the Brainerd HRA. Housing & Redevelopment Authorities are local units of government governed by State Statute and created by cities or counties. They provide a sufficient supply of adequate, safe, and sanitary dwellings. The Brainerd HRA goals include redevelopment, housing, engagement with developers, land acquisition, and workforce retention and growth. He gave an overview of the development of Brainerd Oaks, Dal-Mar, and Serene Pines to date 83 of 112 properties have been sold to end buyers. He also talked about the Small Cities Redevelopment Program grants that have been utilized downtown, in northeast, and the current project in southeast that they have applied for.

Adjourn

The Chair adjourned the meeting at 7:24 p.m.



Jennifer Bergman
City Administrator

