

ECONOMIC DEVELOPMENT AUTHORITY
Friday, September 28, 2007

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 Menk, Nesheim, and Johnson.

Also present were City Administrator Vogt, City Engineer Hulsether, Ms. Elissa Rogers and Ms. Sheila Haverkamp representing BLADC, and Ms. Emily Roragen, Downtown Coordinator/Chamber of Commerce.

Noted absent were Commissioners O'Day, Pearson and Bonde.

#1 Approval/Amendment of Agenda, Minutes and Financial Reports – Held Over.

President Menk stated that because there is not a quorum, this will be a meeting of the "Committee" with recommendations only, no motions.

City Administrator Vogt stated that Mr. Bruce Isebrand was in attendance and would be added to the agenda as number 6 to present some ideas for his property. He stated that updates on the Tom Hofius/Last Turn Building loan and the Midwest Painting/Mike and Theresa Martin Revolving Loan, which is in difficulty.

#2 TIF Request – Taco John's – EDA "Committee" Recommends Approval to Council.

Ms. Sheila Haverkamp, BLADC, stated that neither Mr. Bryon Itterman, owner of the current Taco John's or Mr. Kevin Close were able to attend today's meeting. She stated that Taco John's franchise has recently changed their size and update requirements, which has prompted Mr. Itterman to look at a new location for demolition and redevelopment. She stated that Mr. Itterman is interested in the Former O'Reilly Auto Parts property as well as some homes nearby the property to purchase for this development as it would allow them to stay in the same general area and build a brand new facility.

Ms. Haverkamp stated that Mr. Itterman is asking for the City to participate in a Tax Increment Financing (TIF) District because there are a lot of extra costs associated with this site compared to a "green field" site, where they would buy bare land to develop on. She stated that the request is for the City to provide some "pay-as-you-go" Tax Increment Financing to help with the project. She stated that there are 6 parcels of property with significant valuation. She stated that there used to be 3 "curb-cuts" on the property that accessed Washington Street which have been removed, and a request to open at least one of those as part of the project but have been denied. She stated that the hope is for having everything finalized in order to start construction this early winter.

Commissioner Johnson stated that he is surprised that the design does not allow for traffic to exit to the traffic light, making the return to Washington Street rather difficult.

City Engineer Hulsether stated that this is currently being discussed and that some revisions will be done.

Commissioner Johnson stated that the \$1 million amount seems fairly large for this type of restaurant, and that although he supports the TIF development, he wants that subject to be well thought out. He stated that he does feel that the idea of fixing that “blighted” area a very good one.

Ms. Haverkamp stated that the owner is very sophisticated and experienced, and he is aware that this is an expensive site, but he would not be interested if he did not feel that it would work. She stated that both Mr. Itterman and Kevin Close will be available at the Council Meeting on Monday for questions, and that County Assessor Marty Schmidt will be looking at the project to establish a future market value.

President Menk stated that each time the Taco John’s franchise has moved up, it has been successful, and although he realizes the development cost is large, he feels that it could promote positive growth in the surrounding area.

Commissioner Nesheim stated that from the City’s standpoint, she can see nothing but good coming from the development, and that from the TIF standpoint, the City’s risk is minimal.

President Menk directed City Administrator Vogt to advise the Council that the EDA Committee recommends proceeding with the TIF Development for Taco Johns.

City Administrator Vogt stated that there have been very few 25-Year TIF’s done in the City, but he feels that in this case, the improvement of that row of boarded up commercial buildings, especially being at one of the entry points of Brainerd, will be a great development.

#3 Bruce Isebrand Property – EDA Recommends Extension Plans.

Mr. Kevin McCormack with SEH stated that it has been recommended that an access be provided for Bruce Isebrand’s property to the south in the Wright Street Project. He stated that this would create a developable lot on each side of the street, and that there would be access to City services. He asked for input from the EDA and for some possible “cost-sharing” on the roadway.

City Administrator Vogt asked for a larger map to be presented to the EDA members, which Mr. McCormack provided, pointing out more specific information.

President Menk asked if the EDA was being asked to endorse the conceptual plan.

City Engineer Hulsether stated that the item is on the Safety & Public Works Committee/Council Agenda for Monday (October 1st), and that the plan involves some utility extensions that will need to be approved by the Council.

Mr. McCormack stated that conceptual approval would be helpful for the discussion of the Council.

Johnson stated that he feels that the City Engineer and employees will do the best job possible for this plan, and that more lots providing more business is good.

#4 Emily Roragen – Main Street Coordinator – Monthly Report.

Ms. Roragen stated that the current groups within the Downtown Advisory Committee are the Advisory Committee, Promotion, Design, Economic Restructuring, The Downtown Reconstruction Task Force, and The Old Fashioned Downtown Holiday Celebration Planning, as well as a group of downtown business owners that are meeting to discuss holiday decorations. She stated that she visited the City of Owatonna with Mr. Ed Menk and Ms. Lisa Paxton to meet with their advisory committee and the Downtown Coordinator, and that in the 5 years their Downtown Improvement plan has been in place they have seen lease rates raise a couple of dollars per square foot as well as numerous successes in their community and store front improvements.

Ms. Roragen stated that the Downtown Reconstruction Task Force will be meeting next month, that the historic street lights are up at 7th and Laurel, and that there will be items in the press and through Chamber publications will be coming out for fundraising for Christmas Decorations. She stated that this effort is being done in partnership with Brainerd Restoration and that donations will be tax deductible. A group will be getting together this Sunday to decorate windows for support of the first "Homecoming" Celebration.

President Menk thanked Ms. Roragen and declared what a great job she's been doing, adding that in the 6-months or less that Emily has been here, the City of Brainerd has almost equaled many of the effects seen in Owatonna.

#5 Staff Reports.

City Engineer Hulsether stated that proposals for RFP for Downtown are due by next Friday, October 5th, and a selection committee will be choosing representatives for the committee with consultant interviews the last week of October. He stated that there will hopefully be approval in early November, and that construction is hoped to begin in spring of 2009. He stated that there are many interested parties in the design/construction. He stated that regarding Wright Street, substantial completion will be made by October 30th, even with the delay because of the heavy rain, and that the Industrial Park, Phase IV has been slow going as it is a deep dig on the sanitary sewer with some very dense material.

City Administrator Vogt stated said that a \$375,000 grant had been received for Phase IV from the State of Minnesota as well, and that the price should be in the \$55,000 to \$60,000 an acre range, which would include land and assessments without the need for storm sewer on site.

Ms. Elissa Rogers of BLADC stated that a State DEED representative had come out to see the Phase IV project development and was very happy with the rate at which the project is being developed.

City Administrator Vogt stated that, regarding the Tom Hofius/Last Turn Saloon Project, he has not heard any further information other than there is litigation. He stated that Mr. Dave Pueringer has purchased the Tropical Nights building back. He stated that Mr.

Pueringer is looking to see if any Downtown "Revolving Loan" funds are available, and that there are not, as The Last Turn Saloon had used up all the funds that were available plus a couple years of revenue. He stated that the balance currently in the fund is approximately \$68,500.00.

Commissioner Johnson stated that he would recommend waiting another 90 days and see where the funds are then, and the other commissioners agreed.

Commissioner Johnson then asked about the status of the "Mike and Theresa Martin/Midwest Painting" loan. He asked if the City was still accruing interest on the loan, and Finance Director Goble stated that the City is. Commissioner Johnson offered suggestions on "interest earned" and ceasing to accrue interest to avoid losing money in the event of foreclosure.

City Administrator Vogt stated that Plastics Plus had sold and paid off their loan, and that there was approximately \$460,000 in the Commercial Revolving Loan Fund.

President Menk inquired about the leasing of the Mobil Building, and this was discussed briefly. He also stated that he had heard that morning that St. Cloud is entering into a "recession," and wonders if this might affect the local area.

Ms. Elissa Rogers stated that BLADC's annual meeting is November 20, 2007, that the environmental portion of the Artspace project has been cleared to move forward through DEED. She stated that the 2020 update is set to come, and that research and market analysis are set to begin on the healthcare industry in the area.

Discussion was held on the struggles of the market and various grants, and the JC Penney Company building in Baxter.

The "Committee" Meeting adjourned at 9:00 A.M.

Tom Johnson, Secretary