

City of Brainerd
Economic Development Authority
Meeting Agenda

Council Chambers
April 4, 2019
7:30 A.M.

- I. Call to order
- II. Roll call
- III. Approval/Amendment of Agenda
- IV. Approval of Minutes from February 14, 2019
- V. Financial Report
- VI. Updates
 - a) HRA
 - a. Revolving Loan Fund (RLF)
 - b. Small Cities Development Program (SCDP)
 - c. Housing Updates
 - d. Other
 - b) BLAEDC
 - a. Unified Fund
 - b. Other
- VII. New business
 - a) Responsibilities of EDA – Joseph Langel
- VIII. Informational
 - a) June Meeting – Fund Allocation, Economic Goals, and Mission Statement
 - b) August Meeting – Future Development Opportunities
- IX. Other Business
- X. Commissioners' Comments/Questions
- XI. Adjournment

BRAINERD ECONOMIC DEVELOPMENT AUTHORITY

Thursday, February 14, 2019

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, Kelly Bevans, Wayne Erickson and Gabe Johnson. Commissioners Matt Mallie, Jerry Sinner and Dale Parks were noted as absent. Also present were City Administrator Torstenson, Community Development Director Chanski, Finance Director Hillman, BLAEDC Economic Development Officer Tyler Glynn, and HRA Rehab Coordinator John Schommer.

The Authority reviewed the standing of the current officers and proceeded to elect its leadership.

Commissioner Bevans nominated Ed Menk as Chair of the Authority for a 2-year period. On motion of Bevans, seconded by Johnson and unanimously carried, the Authority elected Ed Menk as Chair for 2019 and 2020.

Commissioner Bevans nominated Jerry Sinner as Vice-Chair of the Authority for a 2-year period. On motion of Bevans, seconded by Erickson and unanimously carried, the Authority elected Jerry Sinner as Vice-Chair for 2019 and 2020.

Commissioner Bevans nominated Matt Mallie as Secretary-Treasurer of the Authority for a 2-year period. On motion of Bevans, seconded by Erickson and unanimously carried, the Authority elected Matt Mallie as Secretary-Treasurer for 2019 and 2020.

Approval/Amendment of Agenda

MOVED AND SECONDED BY COMMISSIONERS BEVANS AND ERICKSON, DULY CARRIED, TO APPROVE THE AGENDA.

Approval of Minutes

MOVED AND SECONDED BY COMMISSIONERS BEVANS AND JOHNSON, DULY CARRIED, TO APPROVE THE MINUTES FROM THE DECEMBER 6, 2018 EDA MEETING AS PRESENTED.

Approval of Financial Report

MOVED AND SECONDED BY COMMISSIONERS BEVANS AND JOHNSON, DULY CARRIED, TO ACCEPT THE FINANCIAL REPORT AS OF JANUARY 31, 2019.

Update from HRA

Revolving Loan Fund

Mr. John Schommer, HRA rehab coordinator updated the authority on the revolving loan fund. He stated a new application was received from the owner of 821 and 823 Washington Street, which was formerly the Rosewood Emporium. There is still discussion taking place with the owner of the Traveling Art Pub, as they have shown interest in the revolving loan program.

Small Cities Development Program (SCDP)

Mr. Schommer stated they have exceeded the goals of the program, which originated with eight commercial units and 17 rental units. Upon completion of the program, they were able to rehab forty-four rental units in addition to the 8 commercial units. He said with additional program income that was received and had to be used on this grant, two more commercial; Iron Hills Gun & Pawn and Bob and Fran's have submitted applications and one rental in which was applied for by Pueringer Investments.

Finance Director Hillman indicated this is the reason the arrangement of the CSBG funds on the financial report looks different compared to the last report. There were transfers needed from fund 209; the Willows Project and the SE Brainerd grant into fund 298 to use the local income on that grant.

Mr. Schommer stated there are twenty homes completed in the Brainerd Oaks development. The eight homes in Serene Pines have been completed and sold. There has been no new activity to report on the Dal-Mar Estates homes.

Housing Updates

Community Development Director Chanski gave an update to the housing and building permits. The Department of Building Safety processed 1,058 in 2018, which include the construction of 41 new residential units. In 2017, the City had 33 new residential units constructed. As a comparison, from 2011 to 2016, the City only had 44 units in that timespan. This is a very encouraging sign for development in the area. He stated that in 2018, there were 31 permits issued for commercial remodeling projects. Commissioner Bevans asked for Community Development Director Chanski to email the information to him.

Update from BLAEDC

Mr. Tyler Glynn, BLAEDC economic development officer distributed the 2018 Annual Report and gave a brief update to the Commission. He stated some highlights of the report were six new loans funded last year with two more in the application stages. This equals \$5.14 million in project investments and \$532,000 total BUF financing, 31 jobs created, and 36 jobs retained. A new loan was funded last week for Paradigm Performance, which are now the owners of the property which was being leased for the past nine years.

Mr. Glynn indicated he is working with City Administrator Torstenson on a process of how BLAEDC would report to the EDA and to the City on the current activity of BLAEDC. He explained the BLAEDC "Funnel" which is used as a great visual aid to show how funds come through BLAEDC and filter down to all the necessary departments. He presented a map of the

Opportunity Zones in Brainerd in which investors can defer, reduce or eliminate capital gains taxes by investing funds in these opportunity zones.

City Administrator Torstenson stated with the two Opportunity Zones in Brainerd, hopefully we can attract investments to the area. She said that she, along with Community Development Director Chanski, have received inquiries from developers interested in the area for multiple different types of development and are currently looking for land.

Mr. Glynn stated the BLAEDC annual meeting is taking place on Feb 25th, 2019 at Arrowwood Lodge in Baxter with Mr. Don Ness, former Duluth Mayor, as the guest speaker.

New Business

Destination Downtown Small Business Competition

City Administrator Torstenson stated the Chamber of Commerce is working on another Destination Downtown Small Business Competition. There has been great success on the past two seasons, in which the Purple Fern was the first season winner and a bakery will be opening shortly as the second season winner. The event brings interest and excitement to the downtown area. There are potentially some new sponsors interested, a variety of different ideas discussed and possibly expanding the prize package.

Region 5 Children's Museum

City Administrator announced Region Five is working on the idea of a Children's Museum within Region Five area and there has been a board of directors assembled.

Downtown Programming

City Administrator Torstenson stated the Farmers Market will be taking place again for another season starting in June from 3-6 pm on Tuesdays. Many of the downtown businesses encouraged the events again this year, as it brought in more people to the downtown businesses. The owner of Cat-Tales Book Store stated the Farmers Market alone brought in almost another day's worth of revenue and she took the opportunity to put some of her merchandise out on the sidewalk to direct attention to the store.

There will be discussions with the Chamber and the HRA to partner with them for some additional events. The City will be offering the three parking lots for use with a refundable deposit for events. The City will be hiring a marketing intern for the summer to aid in the downtown programming and work with the businesses.

Community Development Director Chanski indicated the 2019 Tour of Lakes bicycle event will be taking place June 1, 2019. The ride will be starting off in the Sage parking lot downtown with about 800 - 1,000 riders expected to participate. The event has the potential to become an annual event for our downtown.

Informational

City Administrator Torstenson explained she has drafted topics for the next three EDA meetings as follows:

- April meeting – Attorney Joseph Langel – Responsibilities of the EDA
- June meeting – Fund Allocation, Economic Goals and Mission Statement
- August meeting – Future Development Opportunities

Other Business

City Administrator Update

City Administrator Torstenson attended and spoke at the City Engineer Annual meeting two weeks ago to a group that consisted of about 600 engineers, consultants and developers. She spoke about the great things that are happening in Brainerd, which was very well received by the group.

She stated she is interested in reviewing our online platform, as potential developers tend to look online before even visiting the city. We would like to improve marketing and online sites between BLAEDC and the City to encourage new development. They also look at a city's ordinances and regulations to see if they want to pursue property in that area. The Planning Commission is working on an ordinance review with Community Development Director Chanski to simplify and update some of our zoning ordinances.

The City will be participating with Crow Wing County on the Census 2020 project with the county taking the lead role.

Commissioners' Comments/Questions

None

The Authority adjourned at 8:15 a.m.

Secretary

Financial Report for EDA

As of February 28, 2019

	<u>Cash & Investments</u>	<u>Receivable Balance</u>	<u>Deferred Loans (as of 12/31/17) **</u>	<u>Awarded Grants</u>
General Funds:				
EDA Fund - #295	\$ 23,781	\$ -	\$ -	\$ -
Total	\$ 23,781	\$ -	\$ -	\$ -
CDBG (Housing/Commerical (Slum & Blight/Federal Objective)):				
Downtown - #298	\$ (9,986)	\$ 38,152	\$ 16,480	\$ 119,786
SE Brainerd - #215	24,914	-	520,722	-
Willows Project - #209	-	-	87,150	-
Old Housing - #209	43,316	-	65,475	-
Local Income - #275	3,416	26,306	27,452	-
Total	\$ 61,659	\$ 64,458	\$ 717,279	\$ 119,786
Federal & State MIF (Commerical (Jobs)):				
Commerical - #210 ^^	\$ 5,678	\$ 647,225	\$ -	\$ -
Federal MIF - #296	12,391	5,357	-	-
Total	\$ 18,069	\$ 652,583	\$ -	\$ -
Grand Total	\$ 103,509	\$ 717,041	\$ 717,279	\$ 119,786

** Portion of the loan that is forgivable with the passage of time

^^ The Receivable Balance **DOES** include the \$646,427 borrowed to pay for the industrial park land.

CITY OF BRAINERD
 INCOME STATEMENT BUDGET TO ACTUAL
 AS OF: FEBRUARY 28TH, 2019

295-EDA FUND
 REVENUES

	CURRENT BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	BUDGET BALANCE	% OF BUDGET
<u>TAXES AND PENALTIES</u>					
295-31010 CURRENT AD VALOREM	124,351.00	0.00	1,734.36	122,616.64	1.39
295-31020 DELINQUENT AD VALOREM	0.00	0.00	119.87 (119.87)	0.00
TOTAL TAXES AND PENALTIES	124,351.00	0.00	1,854.23	122,496.77	1.49
<u>PROGRAM INCOME</u>					
<u>STATE GRANTS & AIDS</u>					
<u>PRINCIPAL & INTEREST</u>					
<u>OTHER REVENUE</u>					
295-36210 INTEREST INCOME	100.00	0.00	0.00	100.00	0.00
TOTAL OTHER REVENUE	100.00	0.00	0.00	100.00	0.00
TOTAL REVENUE	124,451.00	0.00	1,854.23	122,596.77	1.49
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<u>OTHER FINANCING SOURCES</u>					
TOTAL REVENUE & OTHER FINANCING SOURCES	124,451.00	0.00	1,854.23	122,596.77	1.49
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C I T Y O F B R A I N E R D
 INCOME STATEMENT BUDGET TO ACTUAL
 AS OF: FEBRUARY 28TH, 2019

295-EDA FUND
 ECONOMIC DEVELOPMENT AUTH
 DEPARTMENTAL EXPENDITURES

	CURRENT BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	BUDGET BALANCE	% OF BUDGET
<u>PERSONAL SERVICES</u>					
295-46510-1101 SALARY	28,066.00	2,015.60	3,425.93	24,640.07	12.21
295-46510-1121 PERA	2,105.00	151.16	256.93	1,848.07	12.21
295-46510-1122 FICA	1,740.00	107.64	183.76	1,556.24	10.56
295-46510-1123 MEDICARE	407.00	25.18	42.97	364.03	10.56
295-46510-1131 HEALTH INSURANCE	4,892.00	331.42	794.57	4,097.43	16.24
295-46510-1133 LIFE INSURANCE	48.00	0.32	0.96	47.04	2.00
295-46510-1134 LTD INSURANCE	47.00	0.00	0.72	46.28	1.53
TOTAL PERSONAL SERVICES	37,305.00	2,631.32	4,705.84	32,599.16	12.61
<u>SUPPLIES</u>					
<u>SERVICES</u>					
295-46510-3330 PROFESSIONAL DEVELOPMENT	78,500.00	0.00	0.00	78,500.00	0.00
295-46510-3361 INS - GENERAL LIABILITY	125.00	0.00	17.00	108.00	13.60
295-46510-3430 MISCELLANEOUS	500.00	0.00	0.00	500.00	0.00
295-46510-3433 COALITION ASSMT	5,350.00	0.00	0.00	5,350.00	0.00
295-46510-3435 BOOKS/PAMPHLETS/DUES	0.00	5,350.00	5,350.00	(5,350.00)	0.00
TOTAL SERVICES	84,475.00	5,350.00	5,367.00	79,108.00	6.35
<u>CAPITAL OUTLAY</u>					
<u>DEBT PAYMENTS</u>					
TOTAL ECONOMIC DEVELOPMENT AUTH	121,780.00	7,981.32	10,072.84	111,707.16	8.27
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TOTAL EXPENDITURES	121,780.00	7,981.32	10,072.84	111,707.16	8.27
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<u>OTHER FINANCING USES</u>					
TOTAL EXPENDITURES & OTHER FINANCING (USES)	121,780.00	7,981.32	10,072.84	111,707.16	8.27
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REVENUE & OTHER SOURCES IN EXCESS (DEFICIT) OF EXPENDITURES & OTHER (USES)	2,671.00	(7,981.32)	(8,218.61)	10,889.61	307.70-
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*** END OF REPORT ***