

## **BRAINERD ECONOMIC DEVELOPMENT AUTHORITY**

**Thursday, October 10, 2019**

### **Official Minutes**

Pursuant to the call and notice thereof, President Menk called the meeting of the Brainerd Economic Development Authority to order at 7:35 a.m.

Present were Commissioners Ed Menk, Jerry Sinner, Wayne Erickson, Yvette Campbell and Gabe Johnson. Commissioner Kelly Bevans was noted as absent. Also present were Community Development Director Chanski, Finance Director Hillman, Tyler Glynn, BLAEDC economic development officer and John Schommer, HRA rehab director.

#### **Approval/Amendment of Agenda**

MOVED BY MAYOR MENK TO APPROVE THE AGENDA AS PRESENTED.

#### **Approval of Minutes**

MOVED AND SECONDED BY COMMISSIONERS SINNER AND ERICKSON, DULY CARRIED, TO APPROVE THE MINUTES FROM THE AUGUST 8, 2019 EDA MEETING AS PRESENTED.

#### **Approval of Financial Report**

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

#### **Update from HRA – John Schommer**

##### **Small Cities Development Program (SCDP)**

Mr. Schommer stated the downtown grant period ended September 30<sup>th</sup> and there are just a few various items to finish on the buildings. He indicated Bob and Fran's recently had windows installed with the awnings being installed Monday.

Mr. Schommer said as an update to the northeast small cities grant, he is working with Sarah Hayden-Shaw to finish the exterior of the Knotty Pine Bakery. He stated they are meeting later in the day to discuss the scope of work for the nine mixed use units above the bakery. He indicated there are also two owner occupied projects that are nearing completion of the construction phase.

##### **Revolving Loan Fund**

Mr. Schommer has received a couple inquiries last month regarding the program, but nothing has been formally submitted. He said they continue to search for interested individuals that would like to utilize the program. He stated this is the pool of funds with a one-to-one match for commercial projects within the River-To-Rail district. He explained the program may also be used for homeowners that have received citations regarding the property maintenance code.

## **Housing Updates**

He stated the builder for Dal-Mar Estates, Brainerd Oaks and Serene Pines developments has submitted applications to take down four more lots in Dal-Mar Estates; one is a custom home build with two of the other lots sold. He said the ownership for all three developments is changing over from Paxmar Brainerd LLC to Level Contracting very soon.

## **Update from BLAEDC – Tyler Glynn**

Tyler Glynn reviewed the documentation provided in the packet of the tasks that BLAEDC accomplishes for the City of Brainerd to justify the requested funding for 2020. He stated there was conversation at the August meeting regarding the funding and the work that gets accomplished for the City of Brainerd. He indicated most of the expenditures are broken down into salaries and benefits and he explained the staffing estimates provided to the City of Brainerd. He explained the funding request is the same as last year and has not increased.

## **Unified Fund**

Mr. Glynn indicated there have been 12 loans approved and funded from the Unified Fund in the past two years. He stated, as of today, he has received five more applications for funding with three of the projects located in the City of Brainerd.

Commissioner Sinner asked Mr. Glynn if BLAEDC intends to add staff members in 2020. He said he noticed there is a 10% increase in the salaries budget.

Mr. Glynn stated they are working on reconfiguring current staff and filling the vacancy that will take place with Sheila Haverkamp leaving in December. He indicated in order to be a competitive employer with professional staff, there needed to be incentive to keep the right people.

Commissioner Campbell asked if the scope of benefits offered to the staff at BLAEDC includes medical benefits, that she feels the increase is justified. Mr. Glynn indicated the benefits do not include medical insurance; it includes paid time off (PTO) and retirement benefits.

Sheila Haverkamp indicated BLAEDC has been fortunate to build a great team of professionals in the organization, but the pay scale was not at market rate. She said this was concerning as far as retaining staff and the budget reflects the ability to adjust salaries to keep the team they have. She stated if adjustments need to be made in the budget, this is the area that gets adjusted.

## **Other**

The Chair welcomed Mr. Bruce Darkow of East Gull Lake, who is interested in a business opportunity in the City and has been working with BLAEDC for a year and a half on this project.

He stated he has been working with a shrimp farming company in Canada and he would like to open a franchise of the business in Brainerd. Mr. Darkow explained the process of the manufacturing company and the details involved with a business of farming shrimp. He stated he is interested in property in the Industrial Park, which would consist of the 13 remaining lots and the out lots for an approximate total of 43 acres. He said the cost that was discussed initially of \$1 per lot or \$1 per acre would allow him to secure the financing needed to proceed with his project. He indicated the initial investment in Brainerd would be approximately \$16 million.

Commission discussion took place and questions were answered from Mr. Darkow.

Finance Director Hillman explained the transfer of the property process from the City to the EDA. She stated she has spoken with the bond council and municipal advisors for input but needed to obtain direction from the EDA in order to proceed to the City Council.

Commissioner Sinner stated it would be beneficial to organize another meeting of the subcommittee to discuss the details prior to another EDA meeting. He believes it is a consensus of the committee to offer the property at \$1 per acre. He stated to get a project of this scope off the ground and move forward would be a huge plus for the City. He said his only concern would be if this development is too large, as it would take all the available lots for the one project.

Mayor Menk indicated if the business does not progress as planned, he would like a provision in the contract for the City to regain the property.

MOVED AND SECONDED BY COMMISSIONERS SINNER AND CAMPBELL, DULY CARRIED, TO ORGANIZE A SUBCOMMITTEE MEETING TO PROVIDE DIRECTION TO PROCEED WITH THE MARKETING/SALE PRICE PLAN AND HOW IT WOULD BE STRUCTURED WITH A PROPOSED BUYER WITHIN THE NEXT TWO WEEKS WITH THE EDA ABSORBING THE COST OF THE LEGAL ADVISORS.

## **Old Business**

### **Fund Allocation / Budget**

Finance Director Hillman explained the details of the current budget that was provided in the packet. She stated it was decided at the previous EDA meeting to enter into an agreement for services with the City rather than the allocation of funds. She indicated the agreed upon amount was \$32,500 and reviewed the professional services line items.

Commissioner Johnson stated the \$32,500 was a baseline of how the EDA has been operating in past years. He indicated it will take more than \$32,500 for staff and others to be able to facilitate this size of development project.

Commission discussion took place regarding the role of the EDA versus the role of the City.

MOVED AND SECONDED BY COMMISSIONERS SINNER AND ERICKSON, DULY CARRIED, TO BUDGET \$5,000 TOWARDS LEGAL AND MUNICIPAL ADVISORS AND \$5,000 TO MISCELLANEOUS.

### **BLAEDC**

MOVED AND SECONDED BY COMMISSIONERS SINNER AND CAMPBELL TO ACCEPT THE 3 YEAR COMMITMENT PROPOSAL FOR FUNDING TO BLAEDC IN THE AMOUNT OF \$78,500 FOR YEARS 2020, 2021 AND 2022.

Commissioners Menk, Sinner, Erickson and Campbell voted “aye”. Commissioner Johnson voted “nay”. The Chair declared the motion carried.

### **Call for Applicants**

Mayor Menk called for applicants to fill the one vacant seat on the EDA Committee.

### **Informational**

Mayor Menk stated to send reminders of the upcoming EDA meetings two weeks and one week in advance.

- December Meeting – December 5, 2019 7:30 a.m.
  - 2020 Goals & Priorities
  - 2020 Budget

The commission set a Special EDA Meeting for Thursday, October 31, 2019 at 7:30 a.m. to discuss the industrial lots. Mayor Menk directed staff to update the EDA Members as well as the City Council.

### **Adjournment**

The Authority adjourned at 9:04 a.m.

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Connie Hillman, Secretary/Treasurer