

## **BRAINERD ECONOMIC DEVELOPMENT AUTHORITY**

**Thursday, April 4, 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, Matt Mallie, Jerry Sinner, Wayne Erickson and Gabe Johnson. Commissioner Dale Parks was noted as absent. Also present were City Administrator Torstenson, Community Development Director Chanski, Finance Director Hillman, Tyler Glenn, BLAEDC economic development officer, Jennifer Bergman, BLAEDC executive director and John Schommer, HRA rehab coordinator.

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

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

#### **Approval of Minutes**

MOVED AND SECONDED BY COMMISSIONERS ERICKSON AND BEVANS, DULY CARRIED, TO APPROVE THE MINUTES FROM THE FEBRUARY 14, 2019 EDA MEETING AS PRESENTED.

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

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

#### **Update from HRA**

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

Mr. John Schommer, HRA rehab coordinator stated he was recently contacted by the Traveling Art Pub as they are still interested in moving forward with the revolving loan program. He indicated the party that was previously interested in property at 821 and 823 Washington Street will not be taking advantage of the loan program. However, there is other interest in the property that may proceed.

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

Mr. Schommer indicated he continues to work with Chris VandePutte, owner of Iron Hills Gun & Pawn Shop on exterior building rehab and with Pueringer Investments to work on the storefront of Bob & Fran's. He stated the remaining work downtown has been completed and finalized.

##### **Housing Updates**

Mr. Schommer stated he received plans for two new homes in Brainerd Oaks this morning with three homes under construction currently in various stages. He said the lots that have been purchased by the developers in Serene Pines have homes on them. There has been no current activity in the Dal-Mar Estates development.

Mr. Schommer indicated he met with Sarah Hayden-Shaw regarding Rumbly Hall downtown and discussed both the rehab on the apartments and the commercial rehab.

Mr. Schommer said he has received three applications from northeast Brainerd homeowners for the northeast rehab projects. However, two of the applications were not within the income guidelines and were not eligible and the third is currently being processed.

Commissioner Menk asked how many homes have been constructed in each Brainerd Oaks and Serene Pines to date.

Mr. Schommer indicated twenty homes have been built in Brainerd Oaks with three in beginning stages and eight completed in Serene Pines. He said there were a total of 28 lots purchased and two of those lots were combined with other lots. He explained this resulted in a net amount of 26 lots, with one lot currently available. He anticipates the developers will be making contact shortly regarding the available lot. Dal-Mar has shown no recent activity with seven lots available.

Commissioner Menk asked the status of the apartments owned by Pueringer Investments and the anticipated date of completion.

Mr. Schommer said he spoke with Mr. Pueringer last month and they should be ready to lease out very soon.

### **Update from BLAEDC**

Mr. Tyler Glynn, BLAEDC economic development officer stated they have funded eleven loans as of the end of March, which equals out to \$686,000 that has been loaned out. He said all the loans have been paid on as agreed to with none of them being past due. He indicated he has received two more applications to start working on this week.

Mr. Glynn indicated they are in the process of making business retention and expansion visits throughout the River to Rail corridor and have received interesting feedback from some of the businesses in this area. He said he will share a snapshot of the feedback at the next meeting in June.

Mr. Glynn explained at the beginning of the year, BLAEDC decided to organize informational sessions that will describe the history of BLAEDC and what they are doing to date and moving forward. He stated these sessions will be with the leaders of the City and throughout Crow Wing County to gather feedback. He said if the EDA would like to plan a session exclusively for the group, they would be willing to do so at a future meeting.

Mr. Glynn stated they are involved with the Destination Downtown team and are looking to take on a prominent role in the funding of contest winners. He indicated the BLAEDC funnel chart has been completed which shows how and what to report back to the City. He will bring it to Administrator Torstenson to review.

Mr. Glynn indicated the governor, along with the Department of Employment and Economic Development (DEED) will be touring our area the week of April 17<sup>th</sup>.

Mr. Glynn stated the rules for the Opportunity Zones are now available online to review and they are allowing comment periods. He stated Ms. Bergman will be joining him in attending a session in Minneapolis on April 17<sup>th</sup> to hopefully receive the final rules so they can start the process. He said an Opportunity Zones section has been uploaded to the newly updated BLAEDC website and showed a brief view of the site.

## **New Business**

### **Responsibilities of the EDA – City Attorney Langel**

City Attorney Langel presented a PowerPoint of the history and duties of the EDA as follows:

#### **EDA Organization**

- Statutory creature – Chapter 469
- Independent governmental entity
  - Can sue and be sued
- Statute authorizes, but City creates
- Enabling Resolution
  - Passed by the City Council
  - Controls the EDA by listing its powers
  - Can be modified by the Council at any time
  - City passed initial EDA enabling resolution on July 20, 1987
  - HRA already in place since 1966
  - City Council was the original EDA
  - Enabling resolution amended August 2, 1988 – 7 members, 3 from the Council
  - 1990 – Council members reduced to 2
- Enabling Resolution
  - Every year, within 60 days of anniversary, EDA “shall” submit a report to the Council regarding whether resolution should be modified
  - Due by September 18<sup>th</sup> each year
- City has the right to transfer control of projects to the EDA
- Council may place any HRA employee under the control of the EDA
- Many adopt bylaws
- Shall adopt an official seal
- Shall elect:

- President and Vice President
- Treasurer, Assistant Treasurer and Secretary
- All but President and Vice President can be same person
- Secretary and Assistant Treasurer – outside personnel

#### EDA Powers and Duties

- File (w/sec) financial statements annually and approve them
- Can hire employees
- Can contract for services
- May purchase supplies
- May delegate power to agents or employees
- Create economic development districts
- Contract for economic development
- Enabling resolution: all development must conform to comp plan and official controls, and plans must be approved by the Council
- Operate public parking facility
- Acquire property
  - May use option contracts
  - May condemn property
- Enter into JPAs with other entities
- Exercise powers of HRA
- May engage in public relations
- May develop and improve land to make it suitable for development
- May issue general obligation bonds
  - Enabling resolution requires City approval, as does the statute
- May issue revenue bonds
- May operate a revolving loan fund

#### EDA Budget and Levy

- EDA must send its budget to the Council annually
- Estimate of money needed during next fiscal year
- Enabling resolution: must follow City's budget process
- The City may levy a tax for the benefit of the EDA
- Part of the City levy; not a separate levy like an HRA levy
- Capped at .01813% of estimated market value unless Council raises it
- Usually primary source of funding for EDAs
- EDA "shall" provide the Council with an annual report regarding its activities, receipts, expenditures, and recommendations
- EDA's financial statements "must" be audited like the City's statements

Commission discussion took place and questions were answered by City Attorney Langel.

Commissioner Sinner and Johnson requested a copy of the PowerPoint from City Attorney Langel and copies of the enabling resolutions and any updates to the EDA that took place.

Ms. Jennifer Bergman, executive director of the Brainerd HRA commented that the HRA operates as a nearby entity to the City for housing and redevelopment activities. She said the HRA employees 22 staff members, own 325 units of housing, administer 320 vouchers, have two tax increment financing districts and have often considered themselves a partner with the City of Brainerd. She indicated the HRA is available to assist the City and EDA as needed and would happy to do whatever is deemed fit.

### **Informational**

Commissioner Menk indicated the following are suggested topics for the meetings taking place in June and August will be as follows:

- June – Fund Allocation, Economic Goals and Mission Statement
- August – Future Development Opportunities

City Administrator Torstenson stated these are suggestions and she would welcome any input as to what the group would like to discuss at future meetings.

### **Commissioners' Comments/Questions and Other Business**

City Administrator Torstenson stated Region Five has sent out a request for proposals for possible locations for the Children's Museum. The City will be working on putting forth a proposal for the museum to be located within the City of Brainerd by the May 1<sup>st</sup>, 2019 deadline.

Commissioner Menk stated that after the BLAEDC presentation, there has been discussion regarding development of the lots in the industrial areas to be more available and working for the City. He said when the values on the properties in Brainerd Oaks were lowered, there was a sudden increase of interest and now there are approximately 33 new homes. He indicated the infrastructure is aging in the shovel ready sites. He requested the commission be willing to allow him to assemble a small group, including City Administrator Torstenson to review the lots and possibly allow incentives with contingencies to an interested party.

Commissioner Sinner asked if anything is being done regarding maintenance at those properties. City Administrator Torstenson indicated there is minimal maintenance done at the sites, but they may be in need of further attention regarding trash and spring cleanup. Commissioner Menk will reach out to City staff regarding a plan to do cleanup at those sites.

City Administrator Torstenson stated though discussions with BLAEDC and others throughout the region, cost seems to be a large limitation in why businesses are not building new facilities.

### **Adjournment**

The Authority adjourned at 8:26 a.m.

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Matt Mallie, Secretary/Treasurer