

## **BRAINERD ECONOMIC DEVELOPMENT AUTHORITY**

**Thursday, June 6, 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, Jerry Sinner, Matt Mallie and Gabe Johnson. Commissioners Dale Parks and Wayne Erickson was noted as absent. Also present were City Administrator Torstenson, Community Development Director Chanski, Finance Director Hillman, Tyler Glenn, BLAEDC economic development officer and Jennifer Bergman, HRA executive director.

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

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

#### **Approval of Minutes**

MOVED AND SECONDED BY COMMISSIONERS BEVANS AND MALLIE, DULY CARRIED, TO APPROVE THE MINUTES FROM THE APRIL 4, 2019 EDA MEETING AS PRESENTED.

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

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

#### **Update from HRA**

Ms. Jennifer Bergman, HRA executive director distributed a handout of the Rehab Programs Report.

#### **Revolving Loan Fund**

Ms. Bergman stated there is one interested property owner at this time.

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

Ms. Bergman explained there are 10 commercial and 44 residential units for the downtown Brainerd SCDP. The northeast Brainerd projects consist of one commercial, nine mixed use units, one owner occupied and one application in process.

#### **Housing Updates**

Ms. Bergman gave an update to the Brainerd Oaks, Serene Pines and Dalmar Estates developments.

## **Update from BLAEDC**

Mr. Tyler Glynn, BLAEDC economic development officer stated there is one project in progress with a few more applications being submitted. There is a potential of thirteen loans by the end of the summer. He stated Sheila Haverkamp will be in New York at a marketing convention and will update the EDA at the August meeting.

## **New Business**

### **Industrial Lots Update**

City Administrator Torstenson explained if the City holds the lots and are the owner of the lots, they do not pay taxes since the City is tax exempt. If the EDA holds the lots and is the owner of the lots, after seven years the EDA must begin paying taxes. She indicated the City is currently the holder of the lots and can transfer lots back to the EDA at any time. It was a recommendation that you transfer back only the lots as they are desired to be purchased or transferred to a new private owner. The EDA has more protections on what they can and cannot do with the lots – clawback provision. If the EDA sells a lot and the developer did not follow through with their end of the deal, the EDA has a clawback provision to recoup the costs of the land or regain the land. The City does not have the same protections.

Commissioner Menk stated a TIF needs to be for an industrial type operation, but a different type of funding would allow other commercial uses.

Finance Director Hillman stated a TIF would want to be a TIF District to recoup some of the costs if it is sold at a reduced value. The TIF would allow the City to recapture some of the City and EDA costs that were invested in the infrastructure. The TIF should only be set up for each lot or business as it sells and is deemed financially warranted as the TIF is only valid for 9 years if it is bare land.

City Administrator Torstenson indicated a TIF should not cover more than one lot at a time and should only be on a project to project basis.

## **Financial Advisor**

City Administrator Torstenson stated she and Finance Director Hillman and a subcommittee of the EDA recently met with Martha Ingram from Kennedy & Graven Chartered and they talked briefly about hiring a financial advisor to assist in selling the lots. She said the first step is to determine the market value to know if there is a business subsidy or not. She explained the market value in this case is not the same as the real estate value - it is the actual amount of dollars that are put into it for development. Ms. Ingram recommended a financial advisor to work with us to determine what that market value is of those lots which would also help determine what the subsidy would be and what you could recoup in TIF.

City Administrator Torstenson will be working with Mr. Tyler Glynn, BLAEDC on a marketing package for these lots.

Mr. Glynn stated the industrial lots are listed on the BLAEDC website and the City website, as they currently do not have a realtor listing the properties. He said they have been showing these on social media. He indicated the need to mark these lots with signs for sale or create ads, billboards or enlist a real estate agent. He said discussion needs to take place regarding the options available. He stated these are shovel ready sites at \$62,999 per lot; do price adjustments need to be discussed?

City Administrator Torstenson stated flexibility will be important in the ability to market and sell these lots. Also, she encourages everyone to share the social media posts from BLAEDC to expand the area these posts are seen. She said we could bring in a group of realtors and try to work with them to market these lots, and possibly bring in a builder to consult with.

Commissioner Menk stated we need to discuss how to pay a realtor, whether it be a finder's fee or percentage basis and tie in with the industry that is motivating people to buy here.

Commissioner Gabe Johnson stated it is difficult to find the workforce to run these manufacturing companies. Commissioner Sinner indicated there are many factors to consider and workforce is just one factor. Ms. Bergman added workforce housing is a main concern and a study will be taking place next week with the businesses in Crow Wing County to identify the need. She stated she will report back with the results at the end of the year.

City Administrator Torstenson said she consulted with both Baker Tilly (formerly Springsted) and Ehlers regarding providing financial advisor services to the EDA. She indicated that Baker Tilly is currently the City's municipal financial advisor and is more affordable than Ehlers in every respect. She said that Baker Tilly has Mr. Paul Steinman, who excels at bonds and recently added Ms. Mikaela Huot to the team who is an expert in economic development.

Commissioner Sinner asked about the costs of using Baker Tilly. City Administrator stated there will be no costs until you work with a developer, in which the fee collected would pay the financial advisor.

MOVED AND SECONDED BY COMMISSIONERS BEVANS AND SINNER, DULY CARRIED, TO UTILIZE THE SERVICES OF BAKER TILLEY.

### **Strategic Planning**

City Administrator Torstenson indicated direction is needed to identify the vision of the EDA and what type of businesses to recruit. We also need direction regarding the EDA mission statement and the goals of the board.

Ms. Bergman stated the HRA recruited Bruce Miles initially to create a roadmap for staff by having goals and visions. She said from a staff perspective, it was incredibly helpful.

Further discussion took place.

Commissioner Menk indicated the strategic plan relates to the comprehensive plan and it should be put on hold until the August meeting.

### **Fund Allocation**

Commissioner Menk stated direction is needed as to how to spend the EDA funds and it is part of the budget process which starts in a few weeks.

Commissioner Johnson states we need to operate as a proper EDA and need a staff agreement to be approved by the City Council.

City Administrator Torstenson suggested to add a July meeting to accept the agreement and prepare a budget to present to the City Council along with an annual report due by September 18<sup>th</sup>. She indicated we may need an additional meeting, in which July 11<sup>th</sup> at 7:30 a.m. was agreed upon.

### **Old Business**

Commissioner Johnson nominated Kelly Bevens as Treasurer of the Authority for a 2-year period. On motion of Johnson, seconded by Sinner and unanimously carried, the Authority elected Kelly Bevens as Treasurer for 2019 and 2020.

Commissioner Johnson nominated Connie Hillman as Assistant Treasurer/Secretary of the Authority for a 2-year period. On motion of Johnson, seconded by Bevens and unanimously carried, the Authority elected Connie Hillman as Assistant Treasurer/Secretary for 2019 and 2020.

MOVED AND SECONDED BY COMMISSIONERS JOHNSON AND BEVANS, DULY CARRIED, TO APPROVE THE CITY SEAL AS PROVIDED TO BE USED BY THE EDA.

### **Informational**

Commissioner Mallie thanked the members of the EDA for the opportunity to work with them on the EDA.

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

- August – Future Development Opportunities
- October – Budget discussion, Other

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

None

**Adjournment**

The Authority adjourned at 8:22 a.m.

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Secretary/Treasurer