



MINUTES OF THE REGULAR EDA MEETING

EDA Members Present: Russ Smith, Shelly Peterson, Dave Bjerkness, Mike Schultz, Ross Peterson

Ex-Officio/Staff/EDA Absent: Steve Micke (EDA), Kelly Zink (Cloquet Area Chamber of Commerce); Connie Christenson (Carlton County EDA)

Ex-Officio/Staff Present: Aaron Reeves, Holly Hansen (City)

Others Present: Eric Lindgren and Jesse Hecimovich, Owners of Boss Builders

CALL TO ORDER

President Ross Peterson called the meeting to order at 12:04 p.m.

ANNOUNCEMENTS, ADJUSTMENTS, CORRESPONDENCE AND OTHER

None.

APPROVAL OF MEETING MINUTES

President Ross Peterson asked for any corrections or additions to the Regular March 7, 2018 EDA Meeting Minutes? Hearing none he asked for a motion.

Motion: Commissioner Shelly Peterson moved, and Commissioner Bjerkness seconded, that the EDA approve the Regular EDA Meeting Minutes from March 7, 2018. (Motion passed 5-0.)

President Ross Peterson asked for any corrections or additions to the Special EDA Meeting Minutes from March 13, 2018? Hearing none he asked for a motion.

Motion: Commissioner Smith moved, and Commissioner Schultz seconded, that the EDA approve the EDA Meeting Minutes from March 13, 2018. (Motion passed 5-0.)

APPROVAL OF MARCH 2018 EDA FINANCIALS

Ms. Hansen reviewed the March 2018 cash balances and loans for the EDA. For the cash balances, she noted increases in Fund 201 and 203; no change in Funds 202 and 204, SCDP loan repayments were made into Fund 206. Year-end transfers will be made to Fund 208 which will be closed out with the end of the grant and placed into Fund 206. Structural deficits remain in Fund 207 which



will be addressed in the future. EDA Commissioners asked about equipment liquidation at Avenue C and if that process is nearing its end? Ms. Hansen stated indeed things are winding down but the bank continues to work through each collateral loan item. On April 2nd the City received proceeds from equipment liquidation and the bank is working with minority owners on collateral – this may take some time to work through legally. President Ross Peterson asked for a motion to approve the March 2018 Cloquet EDA financials.

Motion: Commissioner Shelly Peterson moved, and Commissioner Schultz seconded, that the EDA March 2018 financials be approved. (Motion passed 5-0).

ACTION ITEMS / PRESENTATION / DISCUSSION

CITY WATER TOWER SITE PURCHASE AND DEVELOPMENT AGREEMENT

Eric Lindgren and Jesse Hecimovich, owners of Boss Builders, were welcomed and introduced themselves. They provided the history of their company and the work that they do. They described their strategy, schedule and concepts for developing two homes on the Avenue E water tower site. Commissioner Shelly Peterson stated she was impressed with their creative concepts for financing the project, working closely with their subcontractors. Ms. Hansen noted that she had been contacted by the neighbors on the west and would be working with them on the 20-foot strip of property along the hillside. Ms. Hansen reviewed the details of the proposed development agreement and asked for EDA feedback. Commissioner Ross Peterson thanked Boss Builders for responding to the opportunity as the EDA has worked hard on housing and creating unique opportunities to further projects. This will move forward to the City Council if approved by the EDA, next week.

Motion: Commissioner Shelly Peterson moved, and Commissioner Schultz seconded, that the EDA recommend approval to City Council of the sale of the Avenue E Water Tower property for development into two single family homes per the terms outlined in the Purchase and Development Agreement. (Motion passed 5-0).

MN INVESTMENT FUND OPPORTUNITY (DEED)

Ms. Hansen explained that in 2017 the State provided the opportunity for communities that have received past MN Investment Fund (MIF) monies to return 20% of these proceeds to the state and be able to retain 80% for flexible use. Ms. Hansen said that Fund 204 represents MIF funding for Cloquet and this fund is governed by the EDA and does not require Council action. There is a wage requirement associated with this fund – 110 federal poverty level, and while not a high wage requirement, some businesses have not been willing to commit to that requirement. The last loan done from this fund was in 2013 to Pioneer Recovery. EDA Commissioners asked about the current pipeline of projects on the horizon, Ms. Hansen responded there is one potential office



redevelopment project that could fit however that business would need to commit soon to use this, otherwise there are several housing projects on the radar which are not a fit. EDA Commissioners discussed that in the absence of a project having the flexibility to use the 80% of the funding would serve better community use. Ms. Hansen stated that the balance in Fund 204 (MIF) is \$131,257.76 and repaying 20% to the state would mean returning roughly \$26,251.55 and the completion of the MIF Exemption Form with DEED. The submission deadline to the state is **June 1, 2018**.

Motion: **Commissioner Ross Peterson moved, and Commissioner Bjerkness seconded, that the EDA move forward with the DEED opportunity, in the absence of a viable pipeline project that is available near the deadline timeframe, and exercise the opportunity to retain 80% of the EDA’s MIF balance into flexible use by transferring that into Fund 201. (Motion passed 5-0).**

DISCUSSION / CLOQUET EDA INFORMATIONAL UPDATES

EDA members discussed various lobbying and legislative updates, projects, and Commissioner Bjerkness’s attendance on the City’s Sales Tax modification.

Next meeting date

May 2, 2018

ADJOURNED 1:07 p.m.

Respectfully submitted,

Holly L. Hansen, Community Development Director