



MINUTES OF THE EDA MEETING

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

EDA/Ex-Officio Members Absent: Steve Micke (EDA), Kelly Zink (Chamber)

Staff Present: Brian Fritsinger, Holly Hansen (City); Connie Christenson (County)

CALL TO ORDER

President Ross Peterson called the meeting to order at 8:00 a.m.

EDA COMMISSIONER OATH OF OFFICE: ADAM BAILEY

City Council appointed Representative Adam Bailey read the Oath of Office and accepted his position as EDA Commissioner.

ANNOUNCEMENTS, ADJUSTMENTS, CORRESPONDENCE AND OTHER

None.

APPROVAL OF ANNUAL MEETING MINUTES

President Ross Peterson asked for any corrections or additions to the January 4, 2017 Annual Meeting Minutes? Hearing none he asked for a motion.

Motion: Commissioner Bjerkness moved, and Commissioner Schultz seconded, that the EDA approve the Annual Meeting Minutes from January 4, 2017.
(Motion passed 6-0.)

APPROVAL OF REGULAR MEETING MINUTES

President Ross Peterson asked for any corrections or additions to the January 4, 2017 Regular Meeting Minutes? Hearing none he asked for a motion.

Motion: Commissioner Bjerkness moved, and Commissioner Shelly Peterson seconded, that the EDA approve the Regular Meeting Minutes from January 4, 2017.
(Motion passed 6-0.)

APPROVAL OF DECEMBER 2016 EDA FINANCIALS

Ms. Hansen reviewed the December 2016 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, a cash poor



operational balance in Fund 207, and Fund 208 for Small Cities projects. Other active loans include funding for Daqota Systems , SpecSys/CMW, 14th Street Apartments, Daugherty's Appliance, Pioneer Recovery, Synapp North, Wood City Lights, and Hongistos these are all current. **The total outstanding for City loans is \$823,129.58 with monthly repayments of \$7,725.71.**

Ms. Hansen provided an updated on the Cloquet Home Center building in the Business Park stating that it was sold on January 25, 2017 to Best Oil. That transaction will be reflected in next month's financials (February). The City will receive a disbursement of \$7,900 from the sale (a loss of over \$30,000 on the loan) and released the lien on the property at closing.

Commissioner Schultz asked for discussion on this issue and inquired how the City was asked to accept this disbursement without a formal EDA meeting being called? Ms. Hansen responded that the City has never been in this situation and has no formal protocol but staff was advised by the City attorney to proceed with the closing being that all four lien holders (Woodlands National Bank, the SBA, the City, and the County) had to agree before the closing could be set and any additional delays would jeopardize the closing. Commissioner Schultz stated that a special meeting of the EDA should be called in this type of case and the EDA should determine if we accept all remaining proceeds from what is left or if the bank is pressured to engage with the City by the delay and more willing to remove the penalties and interest issue so that the City and County could be made more whole, regardless the City should send a message and act with more leverage rather than accepting project remnants, this doesn't feel right. Ms. Hansen stated that in the event this occurs again, the City will not be pressured to fit the closing date and will call a meeting to discuss on the course of EDA strategies. Ms. Hansen mentioned that she did speak with the banks who refused to waive penalty and interest and then secondly discussed the City's third position with the County and since the County and City engaged in the project jointly, it was agreed to split the remainder of the project.

President Ross Peterson asked for a motion to approve the December Cloquet EDA financials.

Motion: Commissioner Bailey moved, and Commissioner Peterson seconded, that the EDA December 2016 financials be approved. (Motion passed 6-0).

ACTION ITEMS / PRESENTATION / DISCUSSION

DOWNTOWN EDA GOALS

Ms. Hansen provided an overview of the Draft Downtown Revitalization Strategy starting first with the Historic West End Business District and then onto Cloquet Avenue. EDA comments included:



WEST END:

- Connectivity of trail systems to state trail systems such as the Munger Trail are critical to creating destination trail systems for Cloquet. Getting that system through Scanlon and into Cloquet are key, ARDC is currently trying to help.
- Murals can also focus on beloved community people and athletes (Cloquet – Jessica Lange, Jamie Langenbrunner etc.).
- If an Arts District is trying to be established then it must be aesthetically communicated in streetscape, signage, and look etc.
- Attraction of a brew pub or brewery production as a goal/strategy should be added for the West End.
- Wentworth Park's parking lot is not a municipal parking lot, it is part of a park, a former skatepark.

CLOQUET AVENUE:

- Note that \$2 million in lighting and landscaping along with streetscaping has been allocated towards Cloquet Avenue work in 2018 and is an opportunity to design the street look for downtown.
- Traffic signal efficiency is important and needs improvement downtown (Cloquet Avenue at Hwy 33 – signal preemption is needed and 10th Street inefficiencies of unweighted signals).
- Clarify under #8 that it should be *investigated* to evaluate the merits of a Special Service District in Cloquet seeing if there is an interest or willingness from businesses.
- Note under #8-10 that in Cloquet there is a history of burn-out business volunteerism vs. hiring, designating staff or organizations, or creating a special service district.
- Note low downtown membership in the Chamber, concern that the location of the Chamber being more highway oriented and disconnected from the heart of Cloquet, consider locating downtown.
- Note that redevelopment is important to Cloquet Avenue areas and that this visioning for downtown is ongoing and dynamic.

UPDATE ON 1013 CLOQUET AVENUE

Ms. Hansen provided an update on the Ed's Bakery project. She stated that direction from the Planning Commission was there were no grounds for a variance legally and that the EDA should obtain a code compliant fix. As such Ms. Hansen obtained a bid for dryvit installation from Cloquet Avenue north to the front face of Tolleruds on the east side of the building and then metal siding from Tolleruds wall line north to the building's rear, along with roof cap repair and removal of all existing siding. Ms. Hansen reported that the code complaint fix is now over budget, the cost is now \$27,670 vs. the \$25,000 budgeted for.



Commissioner Bailey expressed concern that the repair is now over budget and stated that if it remains over budget when it reaches the City Council he will likely not vote for approval. Commissioner Shelly Peterson noted that the profit margin by the contractor on this project is extremely thin and that breaking apart and itemizing this bid may eliminate any sparse profit in the overall project and is not a recommended course of action. Really the only other thing that could be done is a dumpster be rented by the City and crews to partake in siding removal but the bid is very reasonable and there is other important work for City crews to be working on so it doesn't make sense. Commissioners Schultz, Shelly Peterson and Ross Peterson suggested the following course of action:

1. The additional project funding be requested from Cornerstone State Bank as the additional \$2,760 is exactly 10% of the total project; and
2. In the event that the bank is unwilling to participate financially that the EDA cover the additional project cost as over budget as this is important to complete as the state (DEED) considered the EDA's leverage as part of the grant scoring and it sends a poor message to the state for future projects.

Direction: Commissioner Shelly Peterson motioned and Commissioner Mike Schultz seconded that staff and EDA President are to engage in requesting the additional project funding be requested from Cornerstone State Bank. In the event the bank will not financially participate, the EDA will cover the additional cost of \$2,760 from Fund 202. (Approved 6-0).

REGIONAL ECONOMIC UPDATES

Staff provided economic development updates, Ms. Christenson provided a handout from the County with updates.

- a. Carlton County Economic Development:
- b. Cloquet Area Chamber of Commerce:
- c. City of Cloquet:

DISCUSSION / CLOQUET EDA INFORMATIONAL UPDATES

Next meeting date

March 1, 2017

ADJOURNED 9:43 a.m.

Respectfully submitted,

Holly L. Hansen, Community Development Director