



MINUTES OF THE REGULAR EDA MEETING

EDA Commissioners Present: Russ Smith, Shelly Peterson, Steve Micke, Dave Bjerkness, Mike Schultz, Adam Bailey

EDA/Ex-Officio Members Absent: Commissioner Ross Peterson (Cloquet EDA), Kelly Zink (Cloquet Area Chamber of Commerce); Connie Christenson (Carlton County EDA)

Staff Present: James Barclay, Holly Hansen (City)

Others Present: Paul Keenan (Roers Investments – in person); Ashley Scray (Ady Advantage – via phone)

CALL TO ORDER

Vice President Dave Bjerkness called the meeting to order at 8:01 a.m.

ANNOUNCEMENTS, ADJUSTMENTS, CORRESPONDENCE AND OTHER

None.

APPROVAL OF MEETING MINUTES

Vice President Dave Bjerkness asked for any corrections or additions to the April 5, 2017 Meeting Minutes? Hearing none he asked for a motion.

Motion: **Commissioner Smith moved, and Commissioner Shelly Peterson seconded, that the EDA approve the Meeting Minutes from April 5, 2017. (Motion passed 6-0.)**

APPROVAL OF MARCH 2017 EDA FINANCIALS

Ms. Hansen reviewed the March 2017 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 zero balance in Fund 206, and an operational deficit in Fund 207 which will be addressed structurally by the City for future years. Ms. Hansen noted in the future there will be a Fund 208 for new Small Cities funding from DEED. Vice President Bjerkness asked for a motion to approve the March 2017 Cloquet EDA financials.

Motion: **Commissioner Shelly Peterson moved, and Commissioner Micke seconded, that the EDA March 2017 financials be approved. (Motion passed 6-0).**



ACTION ITEMS / PRESENTATION / DISCUSSION

ADAPTIVE REUSE OF CLOQUET MIDDLE SCHOOL – EDA REVIEW AND REQUEST FOR CITY SUPPORT

Paul Keenan of Roers Investments introduced himself, noting that he had attended the Cloquet EDA meeting last year. He spent some time overviewing the Roers Investment company structure noting there are 3 owners (Kent and Brian Roers 90%, Jeff Koch 10%) and 4 staff. The key focus to date of the company has been new student housing market rate apartments working in the Milwaukee, Des Moines, Twin Cities, and Duluth markets. Roers Investments manages over 2,000 rental units.

He explained that last year under the Sherman Associates proposal they had submitted for but had not received historic tax credit approvals, since that time those have been approved for Part 1. Changes between last year's application and this year include a shift from 50 units to 57 units and an increase in onsite parking with the addition of 90 degree pull in stalls. Also with the Part 1 historic approval, Roers is planning on the high likelihood of the 1936 gym being an architecturally contributing feature to the building. The pool has soundly been deemed a non-architecturally contributing feature and will be removed along with the staircase wing to the east of the gym. Also planned beneath the gym is potential office space for non-profit partners. The auditorium will be saved, Roers Investments has been in contact with County Seat Theater who expressed an interest in hosting some of their larger shows in the space. As required for submitting for housing tax credit financing, Roers Investments had to conduct their own market study of the local housing market. In that process they found a 1.4% Cloquet vacancy rate, a healthy vacancy rate is between 5-7%, therefore their findings support the need for more local rentals. Mr. Keenan reviewed the project proforma and gap to support debt service on the project. The timeline is to submit by the MHFA June 2017 deadline (with required local resolution of support), successful applicants will be notified in October, if successful the developer would return to the city for development approvals (site plan, rezone etc., building plan review etc.). Construction would be set to begin in April 2018 with occupancy available 12 months after that (tentatively April 2019). At this point, the developer plans to apply for MHFA financing tools which if successfully awarded would not require public gap financing. Vice President Bjerkness asked for a motion to recommend approval by the EDA to the Cloquet City Council.

Motion: **Commissioner Smith moved, and Commissioner Shelly Peterson seconded, the EDA recommend the City Council issue a resolution of support for the project. (Motion passed 6-0).**

DISCUSSION ON REPORT RECOMMENDATIONS

Staff dialed in Ashley Scray from Ady Advantage for roughly 40 minutes to review in detail each of the Cloquet Marketing Report recommendations and allow for EDA questions. Next steps will include the preparation of industry sector marketing sheets, business park brochure upgrades etc.



Direction: Staff will work with Ady Advantage on next implementation steps and will share those with the Cloquet EDA as they are completed for implementing report recommendations.

ACCEPTANCE OF ADY ADVANTAGE MARKETING REPORT

After the detailed review by Ashley Scray from Ady Advantage, Vice President Bjerkness asked for a motion by the EDA to formally accept the report and recommend approval by the Cloquet City Council.

Motion: Commissioner Micke moved, and Commissioner Schultz seconded, the EDA formally accept the Ady Advantage Cloquet Marketing Report. (Motion passed 6-0).

Due to time limitations the topics of Project Labor Agreements and Downtown District Visioning was deferred to the June EDA meeting.

Next meeting date

June 7, 2017

ADJOURNED 10:09 a.m.

Respectfully submitted,

Holly L. Hansen, Community Development Director