



MINUTES OF THE REGULAR EDA MEETING

EDA Members Present: Russ Smith, Shelly Peterson, Ross Peterson, Dave Bjerckness, Steve Micke (Cloquet EDA)

EDA/Ex-Officio Members Absent: Adam Bailey, Mike Schultz (EDA); Kelly Zink (Cloquet Area Chamber of Commerce); Connie Christenson (Carlton County EDA)

Staff Present: James Barclay, Holly Hansen, Caleb Peterson (City)

Others Present: Luanne Graham (Viking Properties), Bob Palmquist (Northspan)

CALL TO ORDER

President Ross Peterson called the meeting to order at 8:08 a.m.

ANNOUNCEMENTS, ADJUSTMENTS, CORRESPONDENCE AND OTHER

Amended June Meeting Minutes (per edits by Mike Schultz received via email) were distributed.

APPROVAL OF MEETING MINUTES

Ms. Hansen reviewed the edits provided by Commissioner Schultz. President Ross Peterson asked for any corrections or additions to the June 7, 2017 EDA 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 June 7, 2017. (Motion passed 5-0.)

APPROVAL OF JUNE 2017 EDA FINANCIALS

Ms. Hansen reviewed the June 2017 cash balances and loans for the EDA. For the cash balances, she noted increases in Funds 201, 202, 203, and 204; Fund 206 had activity due to a fund transfer from City to EDA related to SCDP projects, Fund 207 maintains an operational deficit but levy disbursements reduced that deficit amount this month, Fund 208 showed activity from new Small Cities funding from DEED. Commissioner Bjerckness asked for an explanation on the operating Fund 207 which was discussed.

Motion: Commissioner Bjerckness moved, and Commissioner Smith seconded, that the EDA June 2017 financials be approved. (Motion passed 5-0).

ACTION ITEMS / PRESENTATION / DISCUSSION



BUSINESS LOAN 1103 AVENUE B (VIKING PROPERTIES)

Luanne Graham introduced herself as the new owner of 1103 Avenue B, she and her husband Paul purchased the property this spring via contract for deed and are planning investments to the building for existing and future tenants, targeting specialty medical and professional offices. The request from the City is for \$75,000 to invest in building renovation and site improvements while she and Paul have secured \$100,000 in a home equity loan for the improvement project (total project \$175,000).

Ms. Hansen dialed Bob Palmquist, Senior Business Developer with the Northspan Group in via phone to walk the EDA through his loan review of the project. Mr. Palmquist began by reviewing the credentials and business experience of Paul Javorina and Luanne Graham. He stated the couple has strong financials and that the property is not available for a traditional bank loan since it was purchased via contract for deed therefore there is truly a business loan gap need. He noted that the couple is offering either their Congdon home or Lake home in Barnum as collateral. Commissioner Bjerkness asked for clarification on how the City's current Project Labor Agreement ordinance has affected this project. Ms. Graham stated that she reduced the total project scope down from \$250,000 to \$175,000 to not have to be required to complete the paperwork and procedures under the PLA. Ms. Hansen reviewed the criteria of Loan Fund 202, Federal CDBG funds, and stated that Fund 202 requires prevailing wage be documented and tracked on the project and that the job creation associated with this project by the owners (PT Cleaner, onsite maintenance person, building management staff) be paid an hourly rate equivalent to 110% of the federal poverty level for a family of four, which in 2017 would be \$13.01/hour. Commissioner Shelly Peterson noted that this remains positive as Fund 202 requires contractors be paid prevailing wage, a key intent of the PLA.

Mr. Palmquist proposed to the EDA that the risk is acceptable with strong global cash flow by the owners and solid collateral. He proposed the EDA consider approving a loan from Fund 202 for a term of 7 years at prime minus one percent, or 3.25%. President Ross Peterson suggested that since either collateral (home or vacation home) is being offered that the EDA select the vacation home as there is more collateral coverage and it is also located within Carlton County. President Ross Peterson asked for a motion.

Motion: **Commissioner Ross Peterson moved, and Commissioner Smith seconded, that the EDA approve a loan from Fund 202 to Viking Properties in the amount of \$75,000 for a term of 7 years at a rate of 3.25% and that the collateral to be selected be the Barnum, MN Sunset Lane property. (Motion passed 5-0).**



WATER TOWER REQUEST FOR PROPOSALS (RFP) CONCEPT

Caleb Peterson, City Engineer joined the EDA meeting and provided an overview of the City's former water tower site nestled in the historic West End neighborhood. He discussed the site itself and infrastructure under the ground that would have supported the former water tower. Mr. Peterson mentioned that in the last 8 years or so he has received several calls of inquiry on the property from adjoining property owners and others. As such, he ordered a survey of the property this summer and found that the City's Lot 5 is occupied by the neighbors retaining wall, as such he recommends selling Lot 5 to the westerly neighbor and proposes the EDA prepare an RFP for Lots 4 and 3 as a combined housing redevelopment site opportunity. Mr. Peterson stated the driveway that dissects the property has been historically plowed by the City, but the survey indicates no platted alleyway therefore moving forward this would no longer be maintained by the City and the access eliminated. Ms. Hansen built upon the RFP concept noting the EDA did an RFP for Ed's Bakery and could craft something similar stating the development expectations the City would like to see occur on the property and noted various financial tools that the City/EDA could use to incentivize the project due to subsurface issues. Ms. Hansen suggested that due to the underground complexities of the site that this be sent to local contractors directly, just as the Eds Bakery RFP was, and that developers/builders themselves are more poised to deal with these type of issues or will work around them, versus an interested home owner and that Engineering may be able with future street work to remove the old valve vault (this is the exposed concrete slab near the street inside of which is a vault with piping stubbed into the street, this is what engineering could remove only—not the utility building, not the water tower foundation, hence the request for a developer RFP). There are no reports of underground information available, nor does the City intend to conduct a Phase 1 or Phase 2 on the property.

Motion: Staff is to prepare an RFP for review at next month's EDA meeting.

DRAFT MARKETING BROCHURE DISCUSSION

Ms. Hansen reviewed with the EDA page by page (4 pages total) the Draft Ady Advantage Cloquet Community profile. The EDA made numerous edits which staff will forward on to Ady Advantage for correction.

DOWNTOWN VISIONING

Ms. Hansen revived the last month EDA report that had been prepared on drafting a vision statement for Downtown Cloquet. She stated the purpose of the vision was to be placed within the EDA's Downtown Report to set the vision for investment, viability, and development



aesthetics that the report highlights. EDA members edited the vision statement and provided input suggesting it be one single sentence with objectives under the vision statement.

Downtown Cloquet

Revitalize Downtown Cloquet as a vibrant mainstreet with strong connectivity between the West End, Cloquet Avenue and Riverfront corridors.

Downtown Objectives:

- *Embraces strong pride in local history*
- *Offers quality gathering places*
- *Provides retail attractions*
- *Provides business destinations and is economically vibrant*
- *Offers quality housing options*
- *Enhances downtown district visibility and aesthetic improvements*
- *Businesses and community partners support and promote Downtown Cloquet*

BRIEF REGIONAL ECONOMIC UPDATES

Brief updates.

Next meeting date

- September 6, 2017

ADJOURNED 9:40 a.m.

Respectfully submitted,

Holly L. Hansen, Community Development Director