



MINUTES OF THE REGULAR EDA MEETING

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

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

Staff Present: James Barclay, Holly Hansen, John Anderson (City);

Others Present: Luanne Graham

CALL TO ORDER

President Ross Peterson called the meeting to order at 8:01 a.m.

ANNOUNCEMENTS, ADJUSTMENTS, CORRESPONDENCE AND OTHER

None.

APPROVAL OF MEETING MINUTES

President Ross Peterson asked for any corrections or additions to the August 2, 2017 Meeting Minutes? Connie Christenson provided edits prior to the meeting that she should be moved to the Ex-Officio category under attendance for August. With that change, President Ross Peterson asked for a motion.

Motion: **Commissioner Micke moved, and Commissioner Bjerkness seconded, the EDA approve the amended Meeting Minutes from August 2, 2017.**
(Motion passed 7-0.)

APPROVAL OF JULY 2017 EDA FINANCIALS

Ms. Hansen reviewed the July 2017 cash balances and loans for the EDA. For the cash balances, she noted increases in Fund 201 and 203; a decrease in Fund 202 due to partial payment on the EDA's portion of the Ed's Bakery project, no change to the balance of Fund 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. Ms. Hansen noted that SpecSys had paid off their equipment loan, accomplishing the use of restricted 202 funds with repayments into Fund 201. President Ross Peterson asked for questions to the July 2017 Cloquet EDA financials? Commissioner Bjerkness asked about the loan restructuring in Fund 208 regarding the Mullen project, Ms. Hansen responded that Lakes and Pines



has been recording SCDP residential loans beforehand versus at the end with final project costs like the County has been doing with SCDP commercial projects. In pre-recording if there are scope changes or additional costs, re-recording and satisfying is required.

Motion: Commissioner Smith moved, and Commissioner Micke seconded, that the EDA July 2017 financials be approved. (Motion passed 7-0).

ACTION ITEMS / PRESENTATION / DISCUSSION

VIKING PROPERTIES LOAN

Ms. Hansen explained that after approval last month, in reviewing the detailed terms of Fund 202 the applicant realized that the contractor did not meet Davis Bacon/Prevailing Wage requirements under hourly cost categories. Ms. Hansen noted the hourly prevailing wages for construction categories in the packet.

The applicant, Ms. Graham stated that after reviewing the financial impact of paying for the scope of work at prevailing wage costs, the increased project costs made the project unfeasible. Ms. Hansen suggested the use of Fund 201, a clean unrestricted criteria fund that was created back in 2012 when the City worked with DEED to categorize historic City funds, detail loan fund restrictions and create this LDO Fund 201 (Local Development Organization) to formally redirect loan repayments from Funds 202 (Federal CDBG – prevailing wage and LMI) and Fund 204 (hourly wage requirements) into Fund 201 to formally remove restrictions. To date the EDA has not devised any loan fund criteria and has instead been letting the funds pool.

Commissioner Bailey asked if the EDA was putting the cart before the horse not having formalized criteria in place, Ms. Hansen responded perhaps so but pointed further down the agenda where draft criteria was outlined for the EDA and if later in the agenda the EDA is to further discuss and approve this, then the project would meet those parameters being 43% City Gap and 57% Private Source. Commissioner Shelly Peterson stated that not every business owner has the knowledge on how to properly calculate fringe benefits, accounting for insurance coverage etc. Commissioner Schultz stated that if the EDA so choose, this fund could also remain fully unrestricted and open to loan flexibly as an option. To keep this project on track and to prevent additional delays, President Ross Peterson stated that last month this loan was reviewed with Northspan and was determined to be a benefit to the Downtown and was recommended as a solid loan (Northspan loan reviewed attached from last month).



Motion: Commissioner Schultz moved, and Commissioner Smith seconded, that the Viking Properties Loan, be approved. (Motion passed 6-1, Bailey nay due to not having Loan Fund 201 criteria in place).

2017 DOWNTOWN CLOQUET REVITALIZATION STRATEGY

Ms. Hansen noted that the mission statement created by the EDA in August had been added to the Downtown plan. She noted in reviewing other City’s downtown plans one key missing element was a map of proposed improvement concepts, she suggested that staff work on a map to include with the plan, then take that plan to Council once completed for acceptance.

Motion: Commissioner Micke moved, and Commissioner Shelly Peterson seconded, that the 2017 Downtown Cloquet Revitalization be approved with the addition of a map. (Motion passed 7-0).

DOWNTOWN BROADWAY & CLOQUET AVENUE CONSTRUCTION PLANS

Mr. Anderson was welcomed to the meeting and shared that he would be reviewing the proposed plans for Broadway in the West End Business District and future reconstruction concept plans for Cloquet Avenue in 2018. Mr. Anderson conducted a powerpoint presentation illustrating the final plans for Broadway and the riverfront area parks improvements, then provided current condition and issue information along Cloquet Avenue. Commissioner Bjerkness stated that improving the West End and Cloquet Avenue corridors along with the riverfront aligns with strategic goals of the EDA. Commissioner Schultz expressed concern for blighted vehicle storage along Broadway noting the city will improve the roadway but what’s the plan for enforcement to address the adjacent aesthetic problems? Ms. Hansen noted discussions to date with the owner and that discussions need to be stepped up and City Councilors beyond the Ward Rep added to that discussion to yield change.

Direction: Staff and the Council need to work with property owners to address blight problems along Broadway and in West End.

AVENUE E WATER TOWER SITE REQUEST FOR PROPOSALS (RFP)

Mr. Anderson and Ms. Hansen reviewed the water tower site RFP. Commissioner Bjerkness requested that the timeframe on the Avenue E street work be clarified and Commissioner Bailey asked if the RFP would be placed on the City’s website, staff responded yes and that in addition staff will direct mail 35 packets to Cloquet, Esko, and Carlton area appropriately licensed contractors/developers.



Motion: Commissioner Shelly Peterson moved, and Commissioner Micke seconded, that the Water Tower RFP be approved with the timeframe clarification added. (Motion passed 7-0).

LOAN FUND 201 CRITERIA DISCUSSION

Ms. Hansen provided a draft criteria brochure for Fund 201, a fund which has no criteria yet established. Fund 201 has been pooling repayment loan funding from Funds 202 and 204 which formally clears of state and federal regulations. She stated that she took the same framework from Fund 203 (a fund with no state or federal restrictions), but increased the participation from 25% (Fund 203, to 50% for Fund 201). EDA members asked that no range of minimum equity participation be listed, that all city loan fund brochures be corrected to list a minimum of 10% where noted on existing brochures. The state notes that the EDA should adopt a map for Fund 202.

Motion : EDA President Ross Peterson moved to approve the loan criteria for Fund 201, Commissioner Smith seconded, and requested next month the EDA be provided updates loan funding brochures that note minimum equity participation to 10% minimum (rather than listing a range), and prepare a map for Fund 202. (Motion passed 7-0).

Next meeting date

October 4, 2017 at 8:00 a.m.

ADJOURNED 9:45 a.m.

Respectfully submitted,

Holly L. Hansen, Community Development Director