



**MINUTES OF THE REGULAR EDA MEETING**

**EDA Members Present:** Russ Smith, Steve Micke, Dave Bjerckness, Ross Peterson, Adam Bailey

**EDA/Ex-Officio Members Absent:** Mike Shultz, Shelly Peterson (EDA Commissioners); Kelly Zink (Cloquet Area Chamber of Commerce); Connie Christenson (Carlton County EDA)

**Staff Present:** Aaron Reeves, Holly Hansen (City)

**Others Present:** Dave Chmielewski (Blackhoof Development); Bruce Ahlgren (Enbridge Line 3 Representative); Brenda Martini and Elizabeth Jaakola (Opposition Line 3 Representatives)

**CALL TO ORDER**

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

**ANNOUNCEMENTS, ADJUSTMENTS, CORRESPONDENCE AND OTHER**

Opposition Line 3 Representatives were added to the agenda to speak for 10 minutes prior to the proposed EDA Enbridge Line 3 Resolution of Support.

**APPROVAL OF REGULAR EDA MEETING MINUTES**

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

**Motion:**            **Commissioner Bjerckness moved, and Commissioner Smith seconded, that the EDA approve the Meeting Minutes from October 4, 2017.**  
**(Motion passed 5-0.)**

**APPROVAL OF SPECIAL EDA MEETING MINUTES**

President Ross Peterson asked for any corrections or additions to the October 13, 2017 Special Meeting Minutes of the EDA? Commissioners noted that instead of regular minutes they needed to be corrected to read special meeting minutes.

**Motion:**            **Commissioner Bjerckness moved, and Commissioner R. Peterson seconded, that the EDA approve the Special Meeting Minutes from October 13, 2017.**  
**(Motion passed 5-0.)**

**APPROVAL OF AUGUST 2017 EDA FINANCIALS**

Ms. Hansen reviewed the August 2017 cash balances and loans for the EDA. For the cash balances, she noted an increase in Fund 201, a decrease in Fund 202, an increase in Fund 203, no change to Fund 204, Small Cities activity in Funds 206 and 208, and an operational deficit in Fund 207 which will be



addressed structurally by the City for future years. President Ross Peterson suggested the working for LDO Fund 201 be changed from clean to remove, related to federal and state requirements. President Ross Peterson asked for a motion to approve the August 2017 Cloquet EDA financials.

**Motion: Commissioner Micke moved, and Commissioner Bjerkness seconded, that the EDA September 2017 financials be approved. (Motion passed 5-0).**

**APPROVAL OF SEPTEMBER 2017 EDA FINANCIALS**

Ms. Hansen reviewed the September 2017 cash balances and loans for the EDA. For the cash balances, she noted a decrease in Fund 201 due to finalizing a loan with Viking Properties, an increase in Fund 203 from loan repayments; increases in Funds 202 and 204 due to quarterly disbursements, Small Cities activity in Funds 206 and 208, and an operational deficit in Fund 207 which will be addressed structurally by the City for future years. President Ross Peterson suggested the working for LDO Fund 201 be changed from clean to remove, related to federal and state requirements. President Ross Peterson asked for a motion to approve the September 2017 Cloquet EDA financials.

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

**ACTION ITEMS / PRESENTATION / DISCUSSION**

**OPPOSITION LINE 3 REPRESENTATIVES**

Brenda Martini and Elizabeth Jaakola, Opposition Line 3 Representatives, attended the meeting on behalf of Shelia Lamb who was attending another hearing. They shared two key concerns related to the project 1) the impact on farmers (growing season, CSA/organic designation etc.) and 2) housing the volume of non-local workers and potential risk to women/girls/children (man camps in the Dakotas). EDA members asked if these farmers had authorized easements for the lines to be placed across their property? They responded that they were not aware if all had authorized those easements or not. The women left the EDA with various articles and thanked them for their time.

**ENBRIDGE LINE 3 RESOLUTION OF SUPPORT**

Ms. Hansen shared copies of the October resolutions from Carlton County and the City of Cromwell issuing support for the Line 3 project. President Ross Peterson clarified that any resolution of support would only be affiliated with the EDA as the City Council of Cloquet has stated they will not be taking a position on the project because it is not going through the City of Cloquet. EDA members noted the impact of the project on the region and state. Mr. Ahlgren noted that resolutions of support are due by November 22<sup>nd</sup> to the MN Public Utilities Commission.



**Motion:** Commissioner Bailey moved, and Commissioner Smith seconded, that the Enbridge Line 3 Resolution of Support be approved. (Motion passed 4-0, Bjerkness abstained).

**PATIO HOME PROJCT UPDATE, BLACKHOOF DEVELOPMENT**

Dave Chmielewski of Blackhoof Development provided an update related to construction costs and home sales. He reported four units sold, with a fifth in progress out of twelve homes total. (Ms. Hansen noted that she had income qualification reports on each purchaser, but not purchase agreement information, that is still needed). Mr. Chmielewski stated that the 2017 construction season has caused a 45-day delay due to weather, rain specifically. That has then led to an increased cost in soils corrections due to weather. He noted that there were more wetlands than the original wetland delineation and that delineation was updated in 2016 and credits purchased, the issue was clay soils and the amount of rain. Had it not rained to the extent that it did in 2017, that the original soils would have been ok to be placed back on site and would have appropriately compacted. Soil corrections were required, wet clay soils could not be overlaid onto the pipes and better soil had to be hauled in, and the wet clay soil had to be hauled out to a nearby fill location.

He stated the purpose to attend the meeting was to note, as city staff had noted on the sign near the project that the price of the homes had increased. Under the existing Development Agreement with the City, that the purpose of the project was affordable single-family home purchases (the rationale for providing TIF) and if that price was increased, the amount of TIF would be reduced. Due to unforeseen weather conditions and increased costs, Mr. Chmielewski asked if he could continue to hold on that increased purchase price of approximately \$207,000 and not reduce his TIF. Ms. Hansen responded by saying she was aware the developer planned to attend today with a project update informing the EDA of increased price and reduced TIF but was not aware of this request, one that would need to be vetted with the City's financial advisor and Development Attorney. Mr. Chmielewski requested consideration that his Development Agreement be amended. He ended by sharing feedback from purchasers has been that the taxes are too, he reported the County setting them between \$3,600 – 3,800.

**Direction:** The EDA requested Mr. Chmielewski provide a letter of explanation, with a new project proforma noting those updated soil correction costs. Staff will review the existing Development Agreement and consult the City's Development Attorney.

**WATER TOWER RFP RESPONSE UPDATE**

Ms. Hansen shared feedback from developers as to why they did not respond to the City's RFP. For many of them it was not just one reason, feedback was as follows:

- No records of water tower footing information
- Poor RFP timing, it's a busy time of year with construction season wrapping up before winter
- Clarity needed on project incentives that are available



- Uncertain status of City's PLA ordinance if city incentives are used being that 100% of the single-family construction distribution list is non-union
- Unknown demand for single family market
- Clarity needed on the price the City could offer for the land.

Ms. Hansen distributed an updated RFP addressing the above feedback and clarifying items as possible outlining requirements if abatement were provided, if TIF were provided to single family home development as an incentive (*95% available to either 100% median/or statewide median income whichever is more for a family of 2 or less, or 115% median/or statewide income whichever is more for a family of 3 or more etc. Ms. Hansen noted statewide thresholds would be used as they are more 100% \$77,100 and 115% \$88,665*).

**Direction: Staff will continue to discuss and look for options internally for ways to reframe this RFP and will return to the EDA at a later date.**

**BRIEF REGIONAL ECONOMIC UPDATES**

Skipped this item as the Chamber and County were not present.

**DISCUSSION / CLOQUET EDA INFORMATIONAL UPDATES**

President Ross Peterson shared his positive impressions of Downtown energy with the amount of renovations, SCDP and private investment into buildings. EDA Commissioner Bailey shared that he had been contacted by the owner of former Cloquet Roberts Home Furniture store with a potential interest in examining future building business options and he requested a signed loading stall in front of his building on Avenue C.

**Next meeting date**

December 6, 2017

**ADJOURNED 9:40 a.m.**

Respectfully submitted,

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Holly L. Hansen, Community Development Director