



**Cloquet Economic Development Authority
MEETING AGENDA**

**Wednesday, September 2, 2015 8:00 am
Cloquet City Hall – COUNCIL CHAMBERS**

	<u>ACTION TAKEN</u>
1. Call Meeting to Order	_____
2. Announcements, Adjustments, Correspondence, and Other Comments	_____
3. Approval of Regular August Meeting Minutes	_____
4. Approval of July Financials	_____
5. Action Items/Presentations/Discussion:	_____
A. TIF Fee Adjustment	
B. Cloquet Business Park	
6. Roundtable / Informational Updates / Questions	_____
7. Adjourn	



**CLOQUET ECONOMIC DEVELOPMENT
AUTHORITY MEETING
WEDNESDAY September 2, 2015 8:00AM**

CITY OF CLOQUET MEMORANDUM

DATE: August 27, 2015
TO: Cloquet Economic Development Authority
FROM: Holly Butcher, Community Development Director
SUBJECT: **Agenda Information Items**

I. REGULAR MEETING

- 1. CALL MEETING TO ORDER**
- 2. ANNOUNCEMENTS**
- 3. APPROVAL OF MEETING MINUTES**
 - a. Regular Meeting Minutes from August enclosed.
- 4. APPROVAL OF MONTHLY FINANCIALS**
 - a. July
- 5. ACTION ITEMS**
 - a. TIF Fee Adjustment
 - b. Cloquet Business Park Discussion

INFORMATIONAL UPDATES

- A. S Hwy 33 Development Site**

Staff has discussed project updates with marketing team Ryan Companies and will be regrouping to prepare “the story” and sales pitch on this site for the City to take the lead in making major and junior anchor contacts in an effort to gain traction in a still centralized urban market for retailers. Staff met with MnDOT on roadway safety funding and will be examining opportunities.
- B. Cloquet Middle School – 509 Carlton Avenue**

On August 5th the Cloquet School District held a public informational meeting for the community to ask questions and provide input on the CMS building on Carlton Avenue. The meeting involved School District staff providing building tours and then City staff gave a presentation on area school adaptive reuse projects, redevelopment projects, and reviewed general statistics on the Cloquet



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community. At the meeting immediate neighbors expressed concerns related to housing. Others were there to ask questions and were interested in the process.

The CMS RFP Committee regrouped post meeting on August 19th to decide how to approach the RFP and the decision was made by the group to write it for either adaptive reuse or site redevelopment. During the committee meeting additional comments and concerns were provided, and City staff prepared and revamped the combined RFP for the School District.

The School Board further discussed and reviewed this combined revamped RFP on August 24th. The School Board will prepare to release an RFP this fall will proposals due at the end of the year. A separate RFP Selection Committee will be formed by ISD 94 staff.

C. 1111 Cloquet Avenue

The City provided the deed to CMW Retail for 1111 Cloquet Avenue to be recorded. This action, and completed exterior painting, bring to closure the redevelopment of this three block area all related to assisting Carlton County in the construction of their Community Services Building. Kudos to the EDA, Council, City Attorney, and City Administrator for your leadership in this proactive three block highly complex redevelopment project.

D. Social Media

If you haven't already done so, I'd encourage you to "Like" the Cloquet MN Community Development page on Facebook: <https://www.facebook.com/cloquetcommunitydevelopment>. This week the post on the under construction "Avenue C" project surpassed 10,000 views, 207 Likes, 62 Shares, and 41 comments, the most of any post to date (prior was community sign in the US Bank lot with 5,400 views, 74 Likes, 46 Shares, and 10 comments). This Facebook page now has 400 followers and has proven to be a good internal community communication tool.

E. Small City Development Program Awards

The City of Cloquet with assistance from Lakes and Pines has cleared all grant approvals from DEED. As such, award letters have been mailed out to 24 owner-occupied homes, 8 rental properties in single family configuration, and 11 commercial properties. Lakes and Pines (owner-occupied and rental projects) and Carlton County (commercial projects) will now mail out applications and screen for eligibility. From there, applicants will need to have their property's screen for need via a pre-inspection and after work through processes and obtain contractor



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bids on a project after these deferred loans are closed working with the City's grant administrators.

F. Second Cloquet Kwik Trip Planned

Kwik Trip has a purchase agreement on the Handevitdt Funeral Home property on Washington Avenue near S Hwy 33. The City has received a preliminary Site Plan which was reviewed with the developer and City comments provided including the need for a traffic impact study. The developer is updating the Site Plan to integrate staff comments and will in the near future submit formal Site Plan Review to the Planning Commission and Council for approval. Construction is anticipated in 2016.

G. Cloquet Housing Institute

The Cloquet Housing Institute group continues to focus on a project for their group and has preliminarily identified the concept of a 36-unit affordable housing project with 6 supportive housing units adjacent to their Aspen Arms facility. It is not known at this time if this would be under the ownership of a leveraged developer or the HRA proper and their discussions as an Institute and HRA Board continue. The HRA Director has met with City staff expressing an interest in a City levy to support either their operations or future capital improvement projects.



DRAFT

MINUTES OF THE REGULAR EDA MEETING

EDA Members Present: Russ Smith, Steve Micke, Dave Bjerckness, Lara Wilkinson, Ross Peterson, Shelly Peterson

EDA Members/Others Absent: Mike Schultz (EDA), Kelly Zink (Ex-Officio Chamber);
Connie Christenson (Ex-Officio County)

Staff Present: Holly Butcher, Brian Fritsinger (City)

CALL TO ORDER

President Shelly Peterson called the meeting to order at 8:03 A.M.

ANNOUNCEMENTS, ADJUSTMENTS, CORRESPONDENCE AND OTHER

None.

APPROVAL OF MEETING MINUTES

President Shelly Peterson asked for any corrections or additions to the June 3, 2015 Meeting Minutes? Hearing none she asked for a motion.

Motion: Commissioner Bjerckness moved, and Commissioner Ross Peterson seconded, that the EDA approve the Meeting Minutes from June 3, 2015. (Motion passed 6-0.)

APPROVAL OF FINANCIALS

MAY 2015

Ms. Butcher reviewed the May cash and fund balances for the EDA and noted a decrease in Fund 203 for a loan to Hongistos and a deficit in Fund 207 awaiting bi-annual levy payment for staff / operational expenses years. Secondly, she noted that all loans are current. President Shelly Peterson asked for a motion to approve the May Cloquet EDA financials.

Motion: Commissioner Ross Peterson moved, and Commissioner Smith seconded, that the EDA May 2015 financials be approved. (Motion passed 6-0).



JUNE 2015

Ms. Butcher reviewed the June cash and fund balances for the EDA and noted a decrease in Fund 206 for completion of the Wood City Lights Awning project. Secondly, she noted that all loans are current. EDA members compared the May and June Financials and noted that Fund 206 Revolving SCDP general line item and should have shown \$289.25 under both “previous and current months” and that \$3,032 should have been listed under “previous month” for committed Fund 206. With those changes noted, President Shelly Peterson asked for a motion to approve the June Cloquet EDA financials.

Motion: **Commissioner Ross Peterson moved, and Commissioner Wilkinson seconded, that the EDA June 2015 financials, with noted corrections, be approved. (Motion passed 6-0).**

Hwy 33 Project Discussion

With Ryan Companies struggling to attract major and junior anchor tenants to Cloquet’s South Hwy 33 at Interstate 35 site, Ms. Butcher asked the EDA to brainstorm concepts and strategies to approach the project. She displayed mapping concepts from SEH Consulting’s Hwy 33 corridor study and suggested taking an infrastructure approach to the site. She mentioned she’d be meeting with MnDOT this week to further discuss HSIP funding to address the completion of the western leg of the Gillette frontage Road extension to the “Frontage Road” at the base of South Hwy 33. The intersection proper has been flagged by MnDOT District 1 in safety screening in 2015 with a fatality and critical injuries from multiple crashes.

EDA members discussed state bonding ideas and meeting with legislators on the project. Commissioners discussed meeting with Central DNR Office staff. EDA identified strategies for the site are:

1. Staff is asked to pull together the full “Story” of the community, the merits of the site and the dynamics of local shopping patterns to proactively distribute forward/meet with major and junior anchors. Produce a one page story map of project success to market to stakeholders.
2. Move forward with roadway improvement concepts to line out the site validating merits to those improvements for safety and college wayfinding.
3. Meet with and work with the DNR Central Office to further discuss options and opportunities to craft a deal.



Marketing Discussion

Ms. Butcher distributed a staff produced Cloquet Business Park flyer due to outdated information and ongoing calls from prospects noting discontinued programs. She then discussed the placeholder of a Marketing Study and asked if the identified study goals were still relevant to the EDA? Commissioners responded yes, but suggested that the Downtown Meeting process be initiated first before starting this study process. EDA members found interesting under the Brooklyn Park example (provided in the packets) that there were internal and external perception issues that this City had to address, this too could be important for Cloquet if such a study is embarked upon. President Shelly Peterson mentioned some minimal branding will need to be addressed with the study to better know who the market is and who to market to with those internal and external target audiences.

Direction: Hold off on Marketing Study until completion of Downtown Business Meetings process is complete. Marketing goals are still relevant to study as EDA (Motion passed 6-0).

Informational Updates / EDA Questions

Next meeting date

Wednesday September 2, 2015 at 8:00am.

ADJOURNED 10:00 A.M.

Respectfully submitted,

Holly L. Butcher, Community Development Director



Community Development Department
1307 Cloquet Avenue • Cloquet MN 55720
Phone: 218-879-2507 • Fax: 218-879-6555

To: City of Cloquet Economic Development Authority (EDA)
From: Holly Butcher, Community Development Director
Date: August 26, 2015

ITEM DESCRIPTION: EDA Review of Monthly Financial Statements (July)

Background

Attached the EDA members will find the Julycash balances for the economic development loan funds and active loan repayment balances.

Monthly Review

CASH BALANCES

The summary of July financials is:

- **Fund 201** there is an **increase** in Fund 201 with loan repayments from Fund 202 and Fund 204 being directed into Fund 201.
- **Fund 202** there is **no change** in Fund 202 due to quarterly interest payments into the fund.
- **Fund 203** there is a **increase** in Fund 203 due to a loan loan repayments.
- **Fund 204** there is **no change** in Fund 204 due to quarterly interest payments into the fund.
- **Fund 206** there is a **zero balance**, all past 2000, 2004, and repayment funding from SCDP has been expended. In the near future having received a 2015 SCDP DEED award, the City will create a new Fund 208 under control of the City as the City was the grant receiptient. From that point, the Council will be asked to transfer SCDP Funds from Fund 208 into Fund 206 related to principle and interest which is under the discretion of the EDA for the purpose of allocation for future projects..
- **Fund 207 (Operating)** there is an **increase** in fund balance due to levy disbursement in July. The fund will receive the second levy payment in December. In the 2016 budget, there is a slight levy increase and in future years additional increases planned to address the structural funding problem of this fund. Note, two loans were made from this fund for 14th ST Apartments Phase II and SpecSys from which the City receives monthly repayments with interest in the amount of \$1,100.



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ACTIVE LOANS

Active loans include funding for Daqota Systems , the Cloquet Home Center, SpecSys/CMW, 14th Street Apartments, Daugherty's Appliance, Pioneer Recovery, Synapp North, Wood City Lights, and Hongistos.

Policy Objectives

As a standalone EDA, the monthly financial statements must be reviewed and approved by the EDA.

Financial Impacts

None at this time.

Staff Recommendation

Staff recommends that the EDA move to approve the July EDA financial statements.

Supporting Documentation

- July Cash Balances; July Loan Balances.

City of Cloquet
Cash Balances
July
2015

	Current Month		Previous Month
201 LDO Loan (EDA)	\$ 230,814.42	1	\$ 225,403.30
202 Federal CDBG Loan (EDA)	828,350.24		828,350.24
202 Federal CDBG Loan - Committed (EDA)	-		-
203 Economic Development Loan (City)	134,585.23	1	133,667.23
204 State SCDG/MIF (EDA)	127,557.76		127,557.76
206 Revolving SCGP	-	2	289.25
206 Revolving SCGP - Committed (EDA)	-		-
207 Community Development Operating (City)	4,287.36	3	(39,361.95)
207 CD Operating - Committed (City)	-		-
	<u>\$ 1,325,595.01</u>		<u>\$ 1,275,905.83</u>

Monthly change explanations

- 1 - Loan repayments.
- 2 - Administrative payment to Lakes and Pines.
- 3 - July tax payment received. More levied in future years.

**Community Development
Loan Balances
July 2015**

<u>Loan</u>	<u>Loan Date</u>	<u>%</u>	<u>Loan Amount</u>	<u>Monthly Payment</u>	<u>Maturity Date</u>	<u>Balance</u>
Fund 201 from 202 (EDA)						
Daqota	1 3/29/2011	3%	\$ 300,000.00	\$ 1,727.82	1/1/2032	\$ 269,576.78
SpecSys	2 7/1/2012	2.25%	\$ 100,000.00	\$ 1,456.00	7/1/2017	\$ 34,137.31
Daugherty	11/30/2012	2.25%	\$ 125,000.00	\$ 647.26	12/1/2032	\$ 111,833.96
				Fund 201	\$ 3,831.08	\$ 415,548.05
Fund 201 from 204 (EDA)						
Synapp North	9/27/2011	3%	\$ 100,000.00	\$ 690.58	10/1/2026	\$ 78,550.29
Pioneer Recovery	6/21/2013	2.25%	\$ 95,500.00	\$ 889.46	7/15/2023	\$ 78,077.72
				Fund 204	\$ 1,580.04	\$ 156,628.01
Fund 203 (City)						
Cloquet Home Center	10/24/2008	6%	\$ 50,000.00	\$ 358.22	12/15/2029	\$ 39,866.19
Wood City Lights	4/1/2014	3%	\$ 54,050.00	\$ 360.40	4/1/2029	\$ 50,022.71
Hongisto's	3 5/27/2015	6%	\$ 25,555.00	Varies	7/1/2030	\$ 25,496.52
				Fund 205	\$ 718.62	\$ 115,385.42
Fund 207 (City)						
CMW Retail Properties	7/1/2012	1%	\$ 100,000.00	\$ 598.49	8/1/2027	\$ 81,181.32
14th Street Apartments	6/26/2013	3%	\$ 100,000.00	\$ 474.21	6/1/2023	\$ 93,984.67
				Fund 207	\$ 1,072.70	\$ 175,165.99
Total Community Development Loans Outstanding						\$ 862,727.47

Notes:

1 - Deferred payments from July through September 2013.

2 - Loan restructured June 2013 - \$14,395 loan reduction.

3 - Participation Certificate and Agreement through Northeast Entrepreneur Fund. Also getting a .25% Admin Fee.

TBD - To be determined.

Committed Funds

207 - Marketing Study - \$60,000 (Not in committed - Not transferred from General Fund yet)



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Phone: 218-879-2507 • Fax: 218-879-6555

To: City of Cloquet Economic Development Authority (EDA)
From: Holly Butcher, Community Development Director
Date: August 27, 2015

ITEM DESCRIPTION: Tax Increment Financing (TIF) Application Fee Increase

Requested Action

The EDA is asked to recommend approval to the City Council an increase to the City's Tax Increment Financing (TIF) Application from \$5,000 to \$10,000.

Background/Overview

In 2011, the EDA revamped all of their economic development policies and drafted new applications in an effort to be well poised for business prospects. At the time of approval, adopted application fees were:

- \$250 Economic Development Loan Application
- \$2,500 Tax Abatement Application
- \$5,000 Tax Increment Financing Application
- \$5,000 Private Revenue Activity Bond Financing Application

Staff anticipates continued TIF applications to the EDA into the future. In examining the TIF fee specifically, a gap exists in the fees charged versus the actual costs incurred to create the TIF Districts. The current fee of \$5,000 has been routinely insufficient in covering actual TIF District creation charges. After project completion, applicants have been billed the remainder of the costs. A general summary of TIF District preparation costs (Financial Advisor and Legal consultants) for the following projects were:

- \$15,000 14th Street Apartments Phase II (2012)
- \$10,000 Daqota Systems (2011)
- \$12,000 Oak Street Apartments (2006)

Policy Objectives

The City and EDA should set accurate application rates to offset the need for post-project staff time into project cost collections.

Financial/Budget/Grant Considerations

Staff proposes the EDA recommend approval to the City Council an increase to the City's Tax Increment Financing (TIF) Application from \$5,000 to \$10,000.

Supporting Documents Attachments

- Tax Increment Financing / Tax Abatement Application



Community Development Department

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email: hbutcher@ci.cloquet.mn.us

**TAX INCREMENT / TAX ABATEMENT FINANCING
FINAL APPLICATION**

Date: _____

1. Applicant:

Business Name _____

Address: _____

Address: _____

Primary Contact Person

Name: _____

Title: _____

Telephone # _____

Fax # _____

Email: _____

General Information:

Business Form: Corporation Partnership Sole Proprietorship

State of Incorporation or Organization: _____

Years in Business: _____

Years a Cloquet Business: _____

2. Brief description of the business:

3. Proposed project site:

Location/Address: _____

City of Cloquet & Cloquet EDA

Tax Increment / Tax Abatement Financing - Final Application

- a. Location
Attach (and label as **Exhibit A**) information which fully described and illustrates the location and boundaries of the proposed project. Include map(s), legal description(s), property identification numbers, addresses, and area (in sq. ft. or acres).

- b. Ownership and Legal Structure
Attach (and label as **Exhibit B**) the full name(s) of the entity(s) which will own the project, and fully describe their legal structure (i.e. principals, ownership interests, liability, relationship to parent organization, subsidiaries, etc.). If available, provide federal and state tax ID #'s.

- c. Zoning and Planning Analysis
Attach (and label as **Exhibit C**) information which described the current and proposed zoning, variances required, property consolidations or subdivisions, etc.

4. Estimated Project Costs:

a. Land Acquisition	\$ _____
b. Site Development	\$ _____
c. Building Cost	\$ _____
d. Equipment	\$ _____
e. Architectural/Engineering Fees	\$ _____
f. Legal Fees	\$ _____
g. Financing Costs	\$ _____
h. Broker Costs	\$ _____
i. Contingencies	\$ _____
j. Other (please specify)	\$ _____
Total Costs	\$ _____

5. Market Value:

Total current market value prior to construction: \$ _____

Total estimated market value at completion: \$ _____

City of Cloquet & Cloquet EDA

Tax Increment / Tax Abatement Financing - Final Application

6. Description of proposed project:

(Building square footage, size of property, description of buildings, materials, etc.)

7. Sources of Financing:

a. Developer Equity	\$
b. Bank Loan/Private Financing Institution	\$
c. Tax Abatement	\$
d. Tax Increment Financing	\$
e. Other Public Funds (please specify)	\$
f. Other (please specify)	\$
Total Sources	\$

8. Requested Tax Abatement Assistance:

a. Form of tax abatement financing assistance requested:

- Pay as you go
- Bond Issuance

b. Requested tax amount to be abated: \$_____ per year

c. Requested duration of abatement: _____ years

d. Has a tax abatement application been submitted to the County or School District? Yes No

If yes, please provide details of the requested abatement.

City of Cloquet & Cloquet EDA

Tax Increment / Tax Abatement Financing - Final Application

- e. Description of expected financial benefit to the City and statement of justification for the use of Tax Abatement:

- f. If tax abatement is not provided, will the project; (1) proceed as previously described utilizing other financing; (2) proceed in some alternative form; or (3) not proceed at all? If the project will not proceed in some alternative form, provide a summary below:

- g. Proposed use of abatement funds: (check all that apply)

- | | | |
|--|---|---|
| <input type="checkbox"/> Building Improvements | <input type="checkbox"/> Building Expansion | <input type="checkbox"/> New Construction |
| <input type="checkbox"/> Equipment Purchases | <input type="checkbox"/> Infrastructure/Utilities | <input type="checkbox"/> Assessments |
| <input type="checkbox"/> Site Improvements | <input type="checkbox"/> Land Acquisition | <input type="checkbox"/> Demolition/Cleanup |

9. Requested Tax Increment Financing Assistance:

- a. Form of tax increment financing assistance requested?

- Pay as you go
- Bond issuance

- b. Describe the amount and purpose of the tax increment assistance.

- c. Description of expected financial benefit to the City and statement of justification for the use of TIF.

City of Cloquet & Cloquet EDA

Tax Increment / Tax Abatement Financing - Final Application

- d. If tax increment financing is not provided, will the project; (1) proceed as previously described utilizing other financing; (2) proceed in some alternative form; or (3) not proceed at all? If the project will not proceed in some alternative form, provide a summary below:

10. Professional services of applicant:

Architectural Firm: _____
Contact Person: _____
Address: _____
Address: _____
Telephone # _____
Fax # _____

Engineering Firm: _____
Contact Person: _____
Address: _____
Address: _____
Telephone # _____
Fax # _____

General Contractor: _____
Contact Person: _____
Address: _____
Address: _____
Telephone # _____
Fax # _____

City of Cloquet & Cloquet EDA

Tax Increment / Tax Abatement Financing - Final Application

Attorney Firm: _____
 Contact Person: _____
 Address: _____
 Address: _____
 Telephone # _____
 Fax # _____

Accounting Firm: _____
 Contact Person: _____
 Address: _____
 Address: _____
 Telephone # _____
 Fax # _____

11. Project construction schedule:

- a. Anticipated construction start date: _____
- b. Construction completion date: _____

If construction will not be completed at year end, what % of construction will be completed by year end? _____ %

12. Current and projected employment:

<u>Type</u>	<u>Existing Jobs</u>	<u>First Year</u>	<u>Second Year</u>	<u>Average Hourly Wage</u>	<u>Benefits</u>
Professional/Managerial	_____ FT _____ PT	_____ FT _____ PT	_____ FT _____ PT	\$ _____ \$ _____	_____ _____
Technical/Skilled	_____ FT _____ PT	_____ FT _____ PT	_____ FT _____ PT	\$ _____ \$ _____	_____ _____
Unskilled/Semi-skilled	_____ FT _____ PT	_____ FT _____ PT	_____ FT _____ PT	\$ _____ \$ _____	_____ _____

City of Cloquet & Cloquet EDA

Tax Increment / Tax Abatement Financing - Final Application

13. Financial Background:

- a. Have “you” personally, your partnership, or your company ever filed for bankruptcy? Yes No If yes, provide details on a separate sheet.

- b. Have “you” personally, your partnership, or your company ever defaulted on any loan commitment for these projects? Yes No If yes, provide details on a separate sheet.

- c. Have you applied for conventional financing for the project? Yes No If no, explain why not on a separate sheet. If yes, provide details on a separate sheet.

- d. List financial references (include contact person and phone #):

Reference:	Phone #

- e. Have you ever used tax increment financing before or requested financial assistance from a public source? Yes No
If yes, where and when? _____

14. Additional Project Information Required for Application (please attach).

- a. Description

Attach (and label as **Exhibit D**) a complete description of the proposed project. If the project will proceed in phases, then provide information for each phase as well as the total project. Minimally provide the following information:

- (1) Do you have control of the project site? Explain in detail.
- (2) Details of all known or suspected environmental issues with the site. Has any testing been completed or is underway?
- (3) Type of project (retail, office, industrial, rental housing, home ownership, etc.)

City of Cloquet & Cloquet EDA

Tax Increment / Tax Abatement Financing - Final Application

- (4) New construction or rehabilitation/renovation. If renovation, provide details.
- (5) Description of structures which will need to be demolished.
- (6) Description of owners/tenants which will need to be relocated.
- (7) Details of any historic preservation designations and/or related issues.
- (8) For commercial/industrial:
 - Number and size of structures (sq. ft.)
 - Type of construction and materials
 - Terms of sale (if applicable)
 - Details/terms of signed leases (rates, duration, etc.)
 - Projected terms for space not currently under lease
 - Details of any market studies completed or underway
- (9) For ownership housing:
 - Type, number, and size of units (sq. ft. & number of bedrooms)
 - Type of construction and materials
 - Anticipated sales price
 - Details of any market studies completed or underway
- (10) For rental housing:
 - Type and size of buildings (# floors, units, etc.)
 - Type of construction and materials
 - Size of units (sq. ft.) and number of bedrooms
 - Description of building/unit amenities
 - List of utilities included with rent
 - Monthly rental rates by unit type
 - Details of any market studies completed or underway
- (11) Schematic plans and drawings of the project.

b. Development Budget (Sources and Uses) - During Construction Period

Attach (and label as **Exhibit E**) a complete development budget for construction of the project. This budget should include a detailed listing of all sources and uses of funds.

For each “use” of funds, indicate the methodology or means by which this estimated cost was derived (i.e. appraisal, contractor estimate, 4% of hard costs, actual cost, etc.)

For each “source” of funds (debt, equity, public assistance, etc.), indicate the status of the funding source (committed, pending, projected, etc.), and the actual or anticipated financing terms/details.

City of Cloquet & Cloquet EDA

Tax Increment / Tax Abatement Financing - Final Application

- c. Development Budget (Sources and Uses) - Permanent Financing

If ownership of the project is being retained by the applicant (or affiliate or subsidiary) and permanent financing will be obtained, attach (and label as **Exhibit E1**) a complete development budget upon permanent financing.

- d. Operating Cash Flow Proforma (10 year)

If ownership of the project is being retained by the applicant (or affiliate or subsidiary), attach (and label as **Exhibit E2**) a projected 10 year operating cash flow proforma for the project. The proforma should clearly identify all assumptions, and should provide a detailed listing of all anticipated revenues, expenses, capital contributions/distributions, etc. The cash flow should clearly identify "Net Operating Income (NOI)", "Cash Flow Before Taxes (CFBT)", and "Cash Flow After Taxes (CFAT)."

- e. Payment of Application Fee (TIF - \$5,000; Tax Abatement - \$2,500)

- f. Signed authorization allowing City/EDA to check background of personnel involved in project.

15. Signatures:

I declare that any statement in this application or information provided herein is true and complete in substance and in fact. Also, I authorize this information to be released to the appropriate agencies that may be able to assist in this request. Finally, I acknowledge and agree that the application deposit associated with the request for public financial assistance is non-refundable.

Name of Business: _____

By: _____

Title: _____

Date: _____

**APPLICATION FOR
TAX INCREMENT / TAX ABATEMENT FINANCING
RELEASE AUTHORIZATION**

(A separate form must be signed by all partners, officers, owners, or shareholders of the applicant for tax increment / tax abatement financing)

Date: _____

Applicant Name: _____

Applicant hereby affirms that all information provided to the Cloquet Economic Development Authority relative to all applications submitted for Tax Increment Financing (TIF) / Tax Abatement consideration are true and complete to the best of the applicant's knowledge. Applicant further agrees that falsified information or significant omissions on either this application or others supporting documents may disqualify the applicant for further consideration for TIF / Tax Abatement from the City of Cloquet. Applicant hereby authorizes the Cloquet Economic Development Authority to investigate all statements, financial institutions commercial and/or private partnerships, credit ratings, or other records as may be necessary for the EDA to determine an appropriate recommendation of the Tax Increment Financing / Tax Abatement application.

Applicant hereby authorizes release of personal, financial, or business records to the Cloquet Economic Development Authority. Applicant hereby releases any individuals or institutions releasing information from all liability for damages that may arise from furnishing this information.

Applicant's Signature: _____

Applicant's Name (printed): _____

Title of Applicant: _____

Date: _____



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1307 Cloquet Avenue • Cloquet MN 55720
Phone: 218-879-2507 • Fax: 218-879-6555

To: City of Cloquet Economic Development Authority (EDA)
From: Holly Butcher, Community Development Director
Date: August 28, 2015

ITEM DESCRIPTION: EDA Roundtable Discussion on the Cloquet Business Park

Background/Overview

The #1 Goal the EDA identified for 2015 is the Cloquet Business Park and promoting the availability of land and opportunities for office/manufacturing businesses. To review, here is the strategy, and then implementation steps.

Goal #1 - Developing the Cloquet Business Park

Strategy: To increase sustainable business and employment opportunities within the Park while broadening the commercial/industrial sector and tax base.

Implementation Steps:

- 1. Identify what are our competitive disadvantages in developing the business park.**
 - *I have no documented discussion on this item by the EDA therefore discussion is appreciated on this step.*

- 2. Investigate/partner to determine feasibility of establishing a “business incubator” growth model.**
 - *During the recession, the EDA discussed this concept on several occasions and specifically looked to Hibbing and Proctor that had gone down this path unsuccessfully and stated there was no interest in a spec building such a goal with vacant space in the Downtown. City staff had formerly discussed this concept with the Carlton County EDA related to the former Human Services building with no traction. EDA members are encouraged to discuss again and reaffirm or deny this position or reframe other opportunities such as using an existing building for such a goal. Duluth’s business incubator has been on the top floor of the Tech Village, last year a private business focused on establishing business incubators opened in downtown Duluth and houses on Cloquet area business to date.*

- 3. Clarify the development standards expected by the EDA within the business park and use such information to better identify the business types for the Park.**
 - *The City Planner in consultation with the Planning Commission has stated that his interpretation of the Zoning ordinance is that Hwy 33 Design Standards apply to the*



front loop of the Cloquet Business Park to building faces that are visible from Hwy 33.

- 4. Evaluate options available to make the best use of the city's existing commercial/industrial land supply within the business park including the rezoning of the retail area to office/industrial.**
 - *In May, the EDA rezoned the entire Cloquet Business Park to uniformly be Office/Manufacturing, retail is allowed as a conditional use permit (formerly industrial in the rear, commercial in the front).*

- 5. Review of economic development tools and financing programs that are available to assist businesses interested in locating in the business park.**
 - *In the May EDA packets, Cloquet's economic development finance tools were provided with descriptions however discussion was minimal. I will have my laptop at the meeting so that if the EDA wants a tools refresher from the website we can do so.*

- 6. Re-visit the concept of a fiber optic/internet/broadband build out within the business park.**
 - *MediaCom provides service to the two existing buildings in the Cloquet Business Park. If an entity such as the Cloquet DNR were to locate in the Cloquet Business Park, as an NESCC public sector eligible client, they have stated they would require an extension of the NESCC broadband line. At this time NESCC is not available to businesses per legislation unless operated by a public entity such as the City or EDA.*

- 7. Develop a marketing plan for the business park.**
 - *In August, the EDA discussed future Marketing Study needs one focus area of which would be on the Cloquet Business Park.*

To start the discussion in September, staff suggests a general roundtable with Commissioners sharing their general ideas, thoughts, concerns on the Cloquet Business Park and secondly then review the above implementation steps and strategies to add any additional actionable steps.

Policy Objectives

The EDA should have a solid strategy to address attraction and recruitment to the Cloquet Business Park.

Financial/Budget/Grant Considerations

None at this time.



Duluth News Tribune



Jennifer Maki, who owns Divine Destinations travel agency, adds personal touches to her new office at the Regus business center in downtown Duluth. "It's such a fun, cozy personal space," said Maki, who chose an office without a window. "If I have a window, I'm going to look out. And if it's a nice day, I won't want to be here," she explained. (Clint Austin / caustin@duluthnews.com)

Small businesses find space at new center in downtown Duluth

By [Candace Renalls](#) on Apr 19, 2015 at 10:27 p.m.

After eight years operating Divine Destinations travel agency from her Cloquet home, Jennifer Maki was ready for a traditional office.

"I've always thought it would be important to have an office," said Maki, who has clients in Duluth as well as Cloquet. "This isn't something I do from my coffee table. I have an office set up in my home as well. But it's time to expand. It definitely came to the point to be able to network and integrate into the business community."

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She considered renting a storefront or buying a building. But renting meant also paying for utilities. And owning a building meant shoveling snow in winter and dealing with repairs and maintenance year-round.

Instead, Maki is among the first to sign up for space in the new Regus business center opening today in the Wells Fargo building at 230 W. Superior St. in downtown Duluth. The center – one of 400 in the United States and the first in northern Minnesota – offers small, furnished offices for one-person operations and team spaces for up to four people. Along with it comes the services of a receptionist to greet clients, take calls and sort mail.

The center fills the entire 11,024-square-foot fourth floor that previously housed a call center. Buildout began in early February with the space gutted. It has since been transformed and reconfigured into a labyrinth of 60 small, modern offices anchored by shared reception area, business lounge and kitchen.

Offices can be rented for an hour, a day or up to a year or more. In their travels, tenants can use services at other Regus centers around the world. In Duluth, a boardroom also can be rented for videoconferencing and other meetings.

A professional setting

While Regus centers are used by some large companies for meetings, temporary offices and to conduct interviews, it's ideal for small-business owners like Maki who are working from home and

ready for the next step, said Julie Huebner, Regus' general manager in Duluth.

"There comes a time when they need a level of professionalism, not to mention getting away from all the distractions at home," she said.

Both Huebner and region manager Jeff Bowron noted labor projections that put 40 percent of the workforce to be freelancers, independent consultants and entrepreneurs within the next decade.

In Regus' professional setting, customers can network and be among other like-modeled businesses, Bowron said.

"They can hit the ground running, be focused on their business and not on the physical needs of an office," he said.

Huebner echoed his thoughts.

"It's built for getting work done," she said. "The whole idea is to keep your focus on your business, not on the utilities or hanging a white board."

Monthly rents start at \$350, Bowron said. That includes utilities and cleaning services. The center also can be used as a virtual office or just as a mailing address for \$79 per month, he said.

Maki said she will pay \$500 a month for her office and plans to use the center's high-speed Internet service. She's keeping her home office in Cloquet and will divide her time between the two locations.

"I'm super excited; it will help me to connect better with my target market," said Maki, who wants to tap into the downtown business community. "It will basically give me double exposure and opportunity to meet with clients in a location best for them."

Search for site

Regus, which has 3,000 locations worldwide, started in Europe in the late 1980s. It entered the U.S. market in the early 2000s. With a strong presence in the Twin Cities, it is expanding to secondary cities in the region. It has a center in Sioux Falls, S.D. After Duluth, it will open locations in Fargo, N.D., St. Cloud, and Mankato, Minn., in the next three months.

Regus wanted to open a center in Duluth because it's a significant economic hub in Northeastern Minnesota. Moreover, business people are being drawn to Duluth because of its business climate and quality of life, Huebner said.

But the city lacks enough small office space for startups that Regus provides, she said. Some single office executive suites at the Duluth Technology Village are among those available.

"We looked for years for the right location," Bowron said. "We've been working on it since 2013. So it's a long time coming."

He declined to say how much Regus is investing in establishing the new Duluth center.

“I can say it’s a significant investment, not only to build out, but in furniture accoutrements,” he said.

It’s no accident that the center is in a Class A office building in the heart of Duluth’s downtown business district.

“When we look at a market, we want to be in the heart of it,” Bowron said. “We want to be where the business community is, where our customers want us to be.”

In time, tenants may do so well that they outgrow their Regus office and need their own space. But he said that’s what the Regus model is all about.

“That means we’ve been successful,” he said.

The Duluth Regus center can be reached at (218) 491-6500.

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