



**MINUTES OF THE REGULAR EDA MEETING**

**EDA Members Present:** Shelly Peterson, Dave Bjerkness, Ross Peterson, Steve Micke, Roger Maki (EDA)

**EDA/Ex-Officio Members Absent:** Russ Smith, Mike Schultz (EDA)

**Ex-Officio Staff/Staff Members Present:** Kelly Zink (Cloquet Area Chamber of Commerce), Connie Christenson (Carlton County EDA), Aaron Reeves, Holly Hansen (City)

**CALL TO ORDER**

President Ross Peterson called the meeting to order at 8:04 a.m.

**ANNOUNCEMENTS, ADJUSTMENTS, CORRESPONDENCE AND OTHER**

None.

**APPROVAL OF MEETING MINUTES**

President Ross Peterson asked for any corrections or additions to the June 6, 2018 Meeting Minutes? Hearing none he asked for a motion.

**Motion: Commissioner Bjerkness moved, and Commissioner Shelly Peterson seconded, that the EDA approve the Meeting Minutes from June 6, 2018. (Motion passed 5-0).**

**JUNE 2018 EDA FINANCIALS**

Ms. Hansen reviewed the June 2018 cash balances and loan status for the EDA noting quarterly interest disbursements this month into Fund 202. She said that Daqota Systems missed their June loan payment which would be discussed later on the agenda. She also stated that there have been no more updates on the Avenue C Restaurant loan status from the primary bank related to any additional paydown of the City's loan. President Ross Peterson asked for a motion to approve the June 2018 Cloquet EDA financials.

**Motion: Commissioner Shelly Peterson moved, and Commissioner Bjerkness seconded, that the EDA June 2018 financials be approved. (Motion passed 5-0).**



**ACTION ITEMS / PRESENTATION / DISCUSSION**

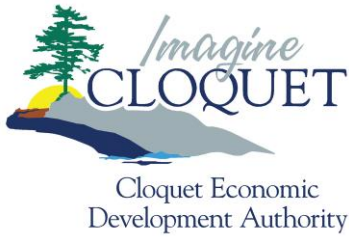
**Daqota Systems Request to the EDA**

With significant work generated from pipeline activity in the region and the negativity around Line 3 (Enbridge), workload has declined in MN for Daqota Systems yet their debt service (construction loan and taxes) has remained high. Ms. Hansen informed the EDA that Daqota Systems had missed their June loan payment (Fund 202, an EDA controlled fund). As the EDA is aware, Daqota Systems was constructed for \$1.4 million in 2011. Daqota Systems previously worked with the County Assessor to lower the building valuation which was done, however taxes and primary/secondary loan repayments have sustained cumulatively high ongoing debt repayments. She discussed the situation with the business and met with the County Assessor in July to investigate the next cycle for county tax review, the soonest available point to impact future taxes is for year 2020 as 2019 taxes have already been set. In an effort to allow the business to stabilize she recommended the EDA defer city loan payments for 6 months (full deferral of both principle and interest, which will extend the loan term out as a result of this deferral). EDA members stated they would like staff to obtain additional information from the business including: status of the primary loan, updated financials and schedule of debt, and MN plan to come current with the City's loan. Mr. Reeves mentioned that the business would be working with the County Assessor on the 2020 tax valuation to see if any additional adjustments can be made to provide financial tax relief. Commissioner Bjerkness stated he would be abstaining from discussion and voting on this topic as an employee of Enbridge.

**Motion:**        **Commissioner Ross Peterson moved that the Cloquet EDA approve a loan deferral (of both principle and interest) effective 6-1-18 to 12-1-18 conditioned upon receiving the following information from the business: status of the primary loan, updated financials and schedule of debt, and MN plan to come current with the City's loan, Commissioner Shelly Peterson seconded. (Motion passed 4-0, Bjerkness abstained).**

**DISCUSSION / CLOQUET EDA INFORMATIONAL UPDATES**

Commissioner Shelly Peterson wanted to make the EDA aware of significant regional projects in the pipeline, one of which is the Duluth Downtown Essentia medical redevelopment campus (Vision Northland, the largest private investment in Duluth's history projecting 700 construction jobs over three years with the goal to start in the spring of 2019). She also discussed other projects and the impact that projects have on available labor, the cost of doing business, and often the need for contractors to overpay their workers as a result to draw in required qualified labor. She suggested this body be prepared to strategize how to be poised to communicate Cloquet's building spaces and bring needed projects to support this effort efficiently to market construction. Line 3 if approved also notes 4,200 jobs all in MN, Essar Steel site poised for a \$900 million project. Locally in Cloquet there are other major projects in the pipeline as well



(CMH, the City, the County, Sappi, other businesses etc.), she encouraged Cloquet to be well poised to support the greater region's needs and market assets.

Ms. Christenson stated that a new group has formed by the County, a housing consortium, with specific interest in siting a new homeless shelter, next meeting is November 8<sup>th</sup> and the County would like the City and Chamber to attend.

**Next meeting date**

September 5, 2018

**ADJOURNED 9:16 a.m.**

Respectfully submitted,

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Holly L. Hansen, Community Development Director