

**Cook County-Grand Marais Economic Development Authority**  
**February 9, 2021 – meeting conducted via Zoom**

**Present:** Board members Scott Harrison, Howard Hedstrom, Bev Green, Carol Mork, Ann Sullivan, Virginia Palmer

**Absent:** Anton Moody

**Others present:** Executive Director Mary Somnis, Small Business Development Center Representative Pat Campanaro, County Administrator James Joerke, and minute taker Rhonda Silence

Meeting called to order by EDA President Howard Hedstrom at 4:02 p.m.

**Public Comment** – none

The EDA board welcomed new member Virginia Palmer, the new city EDA representative.

**Agenda & Minutes**

Agenda reviewed. Executive Director Mary Somnis asked to add the election of EDA board officers and discussion of TIF and tax abatement funding to the agenda.

*Motion by Carol Mork second by Bev Green to approve the agenda with those additions. Motion carried, all ayes.*

Minutes of January 12, 2021 meeting reviewed. *Motion by Bev Green, second by Carol Mork to approve January 12, 2021 minutes. Motion carried, all ayes.*

**NEW BUSINESS**

**SBDC Annual Report – Pat Campanaro**

Small Business Development Center Representative Pat Campanaro gave a comprehensive report on SBDC activities in 2020. She began with an overview for the newer EDA board members, explaining that the SBDC is funded on a federal level by the Small Business Administration. She said the SBA believes small businesses are the heart of America. Campanaro said most SBDCs are operated by universities, which was the case for her office until last year, when the Northland Foundation became the SBDC sponsor. Campanaro's office is one of nine in the state.

She shared specific Cook County information. She said she assisted with eight new business starts. She assisted 186 clients and had 956 counseling hours. Through the efforts of the SBDC \$3,040,563 in capital funding came into the community.

EDA Treasurer Scott Harrison asked Campanaro to confirm that clients pay nothing for the SBDC counseling services. Harrison noted that the SBDC pays for Campanaro's time.

EDA Board Chair Howard Hedstrom said the community is very lucky to have the SBDC office and especially lucky to have Pat Campanaro.

### **Election of board members**

The slate of officers was discussed. Howard Hedstrom agreed to continue as president. Anton Moody has been serving as vice-president and in his absence, Treasurer Scott Harrison suggested also having him continue in that role. Harrison said he was willing to serve as treasurer. New board member Virginia Palmer agreed to serve as secretary.

*Motion by Bev Green, second by Scott Harrison, to approved the slate of officers as follows:*

*President - Howard Hedstrom*

*Vice-president - Anton Moody*

*Treasurer - Scott Harrison*

*Secretary – Virginia Palmer*

*Motion carried, all ayes*

### **Consider vision and priorities for HRA**

Director Somnis distributed a handout with questions to gather feedback from the EDA to help with deciding how to proceed with a possible Housing and Redevelopment Authority. She said this is the beginning of the process, no decisions are to be made at this point, but Somnis said answers will give direction as she continues to work with the Minnesota Housing Partnership.

There were numerous vision/priority items such as:

*Options for geographic area* – It was agreed that an HRA would be for all of Cook County, including the Grand Portage Reservation.

Somnis noted that in the past the EDA had shared efforts on housing programs with Lake County, with consultant Nancy Grabko. The EDA board agreed that the EDA should just focus on Cook County.

*Options for structure* – The board agreed that the EDA should be a joint city/county entity if both are agreeable. It was also agreed that the HRA should be added to the EDA, with the same board, but possibly with a subcommittee as advisory committee for the HRA, instead of forming an entirely new board. Howard Hedstrom said it is sometimes hard to find people to serve on a board, so it would be better to have the HRA as part of the EDA. Virginia Palmer also noted that taxpayers may be more supportive if it was part of the EDA, instead of forming a new board. Bev Green said she agreed it should be part of the EDA, but added concern about the workload for Director Somnis. It was ultimately agreed that an HRA should be part of the EDA.

*Options for staffing* – Director Somnis asked the board to consider how an HRA could be staffed. She reminded the board that there has been discussion of her eventually retiring and succession planning which will also effect staffing. Options such as adding HRA duties to the EDA director, but adding an administrative assistant or adding a staffer for the HRA, with both the EDA director and HRA representative performing their own administrative duties were discussed. Somnis also told the board that EDA bookkeeper Paul Goettl was probably stepping down in 2022, so another option would be to hire a bookkeeper/accountant and administrative support position for the EDA, Superior National at Lutsen and the HRA.

There was considerable discussion and the EDA board agreed another staff person would be needed, but just how it would work needs more thought. It will be discussed at a future meeting. *Options for funding* – The board talked about the methods available for funding an HRA and how much it could levy. Somnis said other options are special assessments, and tax increment financing (TIF) and interest reduction for projects. The HRA would be able to apply for state and federal funds such as DEED Small Cities and HOME.

It was agreed more discussion was needed on funding sources.

*Scope of Authority* – The board considered what it wanted to focus on, such as planning and implementing housing and redevelopment programs; buying, selling, owning or leasing property; constructing or rehabbing properties, or redeveloping blighted areas. The board leaned toward working on new housing projects and not being building owners. Virginia Palmer agreed, but said she would like the EDA to not completely rule that out, as having an HRA own a property could be the only way to develop affordable housing. She said there is a great need for housing for people in the service industry. Harrison agreed that is a difficult task. He said One Roof Housing received substantial grants for the Four Directions Dwellings apartments and rents are still perceived as being high.

Somnis said the Minnesota Housing Partnership representatives will attend the next joint meeting of the city, school, county and Grand Portage on Thursday, February 18 to answer questions.

### **Consideration of TIF and tax abatement financing**

Somnis said that a number of potential project developers have asked if the EDA could offer tax-increment financing (TIF) or some sort of tax abatements. She said although Cook County had a negative experience with TIF in the past, it seems that it would be a good tool if used properly. She reached out to Bruce Kimmel of Ehlers Associates, the financial advisor/bond counselor for the city and county for more information. He suggested talking to the city and county to see if they would consider helping get projects going by offering these incentives.

Somnis explained that under the TIF program, the taxes to be paid because of the increased value of a property are instead used by the developer to pay on loans used for the development.

Somnis said it means the county does not get those property taxes right away, but it brings something to the community that is needed, such as affordable housing or assisted living.

Scott Harrison added that sometimes a project doesn't get 100 percent of the TIF and would still pay some property taxes.

Howard Hedstrom said he would like to explore these options, as without them some worthwhile project may not happen.

Ann Sullivan asked about the issues with TIF in the past. Harrison said then-County Auditor Carol Gresczyk was opposed to it because it had a negative effect on state aid coming to the county. Hedstrom said that is the sort of thing that needs to be researched.

The EDA board reached consensus to authorize Director Somnis to learn more about how TIF works and to return with that information.

## **FINANCIALS**

The EDA board reviewed the Superior National at Lutsen financials. Treasurer Scott Harrison told the board that the golf course does not break out its budget month-by-month, as it is a seasonal operation. He said at this time the golf course balance sheet looks good, mainly because no capital expenditures were made last season because of the uncertainties around COVID-19. He said the balance will be impacted when delayed capital expenditures are made.

Harrison also reminded the board that the Grounds Superintendent Mike Davies is retiring. He will be difficult to replace, but advertisements for the job are going out now.

The EDA also reviewed the Cook County/Grand Marais Economic Development Authority financials for January 2021. The golf course and EDA financial reports will be filed for the annual EDA audit.

The board reviewed the checks to be written for the invoices for the month. Somnis pointed out that a number of the checks are going through the EDA from the State of MN Business Relief Grants.

*Motion by Bev Green, second by Carol Mork to approve checks for the January 2021 invoices as presented. Motion carried, all ayes.*

Somnis and Treasurer Scott Harrison said they would like to amend the IRRRB COVID-19 business relief loan program as businesses are reluctant to take on loans at this still-uncertain time. They said there could be ways to get businesses to participate, such as lowering the interest rate, or making the loans forgivable if an established criteria is met. Harrison said criteria could be that the business adds employees or offers a \$15/hour wage. Harrison noted that if the funds are not distributed, they need to go back to the IRRRB and it would be better for it to go to the community in some manner.

SBDC Representative Pat Campanaro said she supported the idea, but said really strong parameters should be set for loan forgiveness.

It was agreed to establish a committee to consider this and to call a special meeting on February 23 at 4 p.m. to discuss as a full board. The committee will be Harrison, Hedstrom, Director Somnis and SBDC Representative Campanaro.

## **Old and Ongoing Business**

### **Grand Marais Fire redevelopment**

Howard Hedstrom said the redevelopment group has not met for a few months. He said local designer Richard Olson had come up with a possible design which will be shared at the next meeting of the group. Hedstrom said this is one project that could benefit from TIF financing.

### **Assisted Living**

Somnis said the developers are considering putting a halt to their plans for a project in Cook County, but she has asked them for another meeting. North Shore Health Director Kimber Wraalstad will take part in that meeting.

### **Cook County Workforce Solutions – Puerto Rico and Pine Ridge**

Efforts to recruit workers from Puerto Rico have slowed down, but workforce efforts continue from Pine Ridge, South Dakota. Local business owner Sarah Hamilton is working on recruiting workers from Pine Ridge. The EDA will work with her on this. Somnis said the Lloyd K. Johnson Foundation has approved using the funding previously granted for this effort.

### **Cedar Grove Business Park**

The closing for the sale of Cedar Grove Business Park, Lot 5, Block 7 to the Cook County Historical Society will be taking place soon.

Somnis said North Superior Fisheries, which wanted to purchase a lot next to the one where they currently operate the boat storage area, have decided not to proceed with the purchase right now. The reason is because of the excessive cost of developing a storm water plan.

Somnis said she is looking for a way to help them (and other businesses) meet these costs. She said there may be Great Lakes Restoration Program grants that could be used. Somnis will be meeting with Cook County Soil & Water for help on this. They may be aware of other programs to help individual businesses or the business park overall.

### **Creative Economy Collaborative**

Somnis said the CEC continues to work on various projects. She attended their monthly meeting and a meeting about interpretive kiosks. She will give a more in-depth update at a future meeting.

### **Small Business Development Center Report**

In addition to the annual report, Small Business Development Center Representative Pat Campanaro shared a written report for activities in January. She said she has worked on four new business starts.

Campanaro also said she worked with Director Somnis in developing a Success(ion) Planning workshop at Cook County Higher Ed to begin on Feb. 18.

### **EDA Executive Director Report**

In addition to the agenda items already discussed, Somnis provided a list of the multiple committee, board, and community meetings she had attended or facilitated (see attached).

### **OTHER BUSINESS**

The next EDA meeting will be the special meeting scheduled for February 23 at 4 p.m. The next regular meeting will be March 9 at 4 p.m.

Mary Somnis will be available for an interview on WTIP on February 10.

*Meeting adjourned at 5:43 p.m.*

Respectfully submitted by

*Rhonda Silence*

*Minutes & More*