

Cook County-Grand Marais Economic Development Authority
September 7, 2021 – 4:00 PM
Cook County Courthouse, Commissioners’ Room

Present: Board members Howard Hedstrom, Bev Green, Carol Mork, Ann Sullivan, Anton Moody, Virginia Palmer, Scott Harrison observing via Zoom

Others present: outgoing Executive Director Mary Somnis; Executive Director Beth Drost, Small Business Development Center Consultant Pat Campanaro, County Administrator James Joerke, Auditor Braidy Powers and minute taker Rhonda Silence

Meeting called to order by EDA President Howard Hedstrom at 4:00 p.m.

Public Comment – None

Agenda & Minutes

Agenda reviewed. *Motion to approve the agenda by Bev Green, second by Carol Mork. Motion carried, all ayes.*

Minutes of the August 10, 2021 meeting reviewed. *Motion by Carol Mork, second by Ann Sullivan to approve the August 10, 2021 meeting minutes. Motion carried, all ayes.*

Recognition of Retiring EDA Executive Director Mary Somnis

The meeting was paused to honor outgoing EDA Executive Director Mary Somnis. Board members thanked Somnis for her five years of service and talked about the things accomplished under her tenure. They thanked Somnis for helping restore the reputation of the EDA.

EDA President Howard Hedstrom presented Somnis two gifts. One, a cheerful floral watercolor, painted by Bonnie Gay Hedstrom. Somnis also received a plaque crafted from the wood from the elms in downtown Grand Marais. The plaque, with an etching of Minnesota’s Arrowhead, said “With appreciation for your committed & dedicated service” and “You made a difference.”

Incoming Executive Director Beth Drost thanked Somnis for helping with the transition and said there may be an overlap of a few more weeks. Somnis also said she would be a phone call away for questions.

NEW BUSINESS

Discussion of 2021/2022 Audit

Cook County Auditor Braidy Powers was at the EDA meeting to explain the county’s plan to switch from the State Auditor to the firm of Redpath & Company and how it could impact the EDA. Auditor Powers said the county voted to go with Redpath & Company and would see an estimated savings of about \$30,000 annually for the approved two-year contract. In the past, the EDA was able to have its audit completed by the State because it is a joint county/city entity. However, Auditor Powers learned that the State Auditor’s Office will not conduct the EDA’s audit as a stand-alone audit.

So when the county requested proposals for audit services, it included information on the EDA and the Superior National at Lutsen. The proposal to conduct the EDA audit came back at

\$15,000 - \$17,000, which is higher than what the EDA has paid in the past and higher than the \$15,000 the EDA had budgeted for its 2021/2022 audit.

Powers said the EDA does not have to use the same audit firm as the county, but said it is more efficient to do so. He said if the EDA decides to go with Redpath & Company and had to increase its levy, there would be no additional cost to the taxpayers because the increase would be offset by the savings that the county is seeing.

EDA board members agreed that the EDA should use the same audit firm as the county, but said they would like to see if Redpath & Company would consider charging less. The board asked EDA Director Beth Drost to communicate with them and return with their answer at the next EDA meeting.

Consider request for Business Development Funds

The board reviewed a request for EDA Business Development Funds from local artist Jim Sannerud for \$1,000 to make his home studio a COVID-19 safe space for the upcoming “At Along the Lake” event.

EDA Board Member Ann Sullivan said she understood all of the 2021 Business Development Funds had been distributed and asked where money could be found to grant this request.

Outgoing EDA Director Mary Somnis said a previous recipient of funds did not need all the funding requested, so there is enough money available for this request.

Motion by Carol Mork, second by Bev Green to approve the request from Jim Sannerud for \$1,000 from the EDA Business Development Funds. Motion carried, all ayes.

Consider letter to DEED for Small Business Grant from Northland Foundation

Small Business Development Center Consultant Pat Campanaro asked the EDA to consider a letter of support to the Minnesota Department of Employment and Economic Development (DEED) for a grant application from the Northland Foundation. Northland Foundation is the organization that oversees the Cook County SBDC office. The funds would be in addition to the usual funding received for Campanaro’s work. Campanaro explained it would be used for training with courses such as Quick Books, Ascend and HR courses.

Motion by Carol Mork, second by Bev Green to approve and send the letter of support for the DEED Small Business Partnership Grant for Northland Foundation. Motion carried, all ayes.

Josh Tolkan Request to Extend Intent to Purchase a Business Park Lot

The EDA received a request from Josh Tolkan to extend his agreement to purchase Lot 11, Block 5 of the Cedar Grove Business Park (the lot above Nordic Electric). Tolkan wants to build a structure in which to build boats and where he could live. The EDA accepted his offer to buy the lot for \$28,000, but only if the lot becomes available as an owner-occupied lot. Tolkan put down a deposit of \$1,000 to hold the lot while the EDA continues its efforts to change the covenants and zoning of the lots to allow owner-occupied use. The agreement was made in May 2021. Tolkan hoped to have use of the lot by now, but details are still being worked out.

The EDA board agreed to make an amendment extend the deal made until July 1, 2022.

Motion by Ann Sullivan, second by Bev Green, to amend the original agreement with Josh Tolkan for purchase of Lot 11, Block 5 of the Cedar Grove Business Park for \$28,000 with the understanding the purchase is contingent on the zoning changes being completed. If not completed by July 1, 2022, the deposit of \$1,000 will be returned to Josh Tolkan. Motion carried, all ayes.

Consider Letters of Support for Two Tofte Developers

Director Drost shared two draft letters to the Minnesota Housing Finance Agency to be used in support of two housing developments in Tofte. The letters are for projects proposed by Bluefin Bay Resorts and by the Sawbill Village. Both are mixed use, combining retail and workforce housing. It was noted that the letters are identical, as the EDA, as a local government agency, should not show priority of one project over the other.

Motion by Bev Green, second by Carol Mork, authorizing Director Drost to send the letters of support for the projects proposed by Bluefin Bay Resorts and Sawbill Village. Motion carried, all ayes.

Financials

Via Zoom, EDA Treasurer Scott Harrison gave a report on Superior National at Lutsen financials for August 2021. Harrison noted that the golf course budgeted 11,000 - 14,000 rounds for 2021, but it looks like the course will finish with 14,000. Harrison said the course is still in good shape.

The EDA also reviewed the Cook County/Grand Marais Economic Development Authority financials (the balance sheet and profit and loss statement) for August 2021.

The Superior National at Lutsen golf course and EDA financial reports will be filed for the annual EDA audit.

Harrison also said an offer is pending for a Superior National at Lutsen grounds supervisor. Aaron Davies, on staff now (and the son of current grounds supervisor Mike Davies), may take the job. The plan is to have Aaron Davies work on equipment over the winter and then assume the grounds supervisor position in the spring, with some assistance from Mike Davies.

The board reviewed the checks to be written for the invoices for the month.

Motion by Carol Mork, second by Bev Ann Sullivan to approve checks for the September 2021 invoices as presented. Motion carried, all ayes.

Old & Ongoing Business

HRA/ Housing Workgroup Update

County Administrator James Joerke and outgoing EDA Director Somnis gave an update on the progress toward establishing a Housing and Redevelopment Authority. Joerke, Somnis and EDA Board Member Ann Sullivan have been involved with the process and are currently part of the County Housing Workgroup. Somnis said there is a meeting of the housing group on September 8. She said it would be good for new director Drost to attend the meeting so she can make introductions.

Sullivan said the county has been receiving applications from citizens who would like to serve on the HRA. An application was included in the EDA board member packet. Somnis said she hopes the EDA will continue its work toward workforce housing as the HRA gets going.

TABR Loans Promissory Notes – Letter of Adendum

There was discussion of the Taconite Area Business Relief loans that were distributed by the EDA. Director Drost presented a draft amendment to the promissory note language for these loan agreements.

Motion by Ann Sullivan, second by Carol Mork to approve the amendment to the promissory notes for the Taconite Area Business Relief loans. Motion carried, all ayes.

Tax Increment Financing/Tax abatements

Director Drost distributed a handout produced by the Minnesota House Research Department on tax increment financing. She said it is a good summary on what TIF is and what it can do. Howard Hedstrom said the EDA needs to establish a TIF policy, as there are a number of projects that will eventually be coming before the EDA asking for TIF. He said the policy needs to be in place before that happens.

Mary Somnis said has not heard back from Bruce Kimmel of Ehlers Associates, the city of Grand Marais' bonding and finance advisor about TIF. The EDA was hoping to get examples of TIF policies from Ehlers. The EDA discussed other ways to find draft policies and advice.

Cedar Grove Business Park

Set hearing on Cedar Grove Business Park lot sale to Voyageur Brewing Company

At the August meeting, the EDA board accepted an offer from Three Families Brewing, LLC (dba Voyageur Brewing Company) to purchase a lot in the Cedar Grove Business Park for \$28,000. Director Drost said the EDA needed to set a public hearing on the lot sale.

Motion by Ann Sullivan, second by Carol Mork, to hold a public hearing on the sale of Block 7, Lot 1 to Three Families Brewing, LLC (Voyageur Brewing Company) for \$28,000. The hearing will be held Tuesday, October 12 at the Commissioner's Room at the Cook County courthouse at 4:00 p.m. Motion carried, all ayes.

Discussion of Cook County Towing lot

Board Member Bev Green reminded her colleagues that the EDA had asked Cook County Towing to do some cleanup of the salvaged vehicles on their lot. Concern was expressed that the lot was not only unsightly, but that there could be fluids from junked cars going into the stormwater system.

Somnis said the EDA recommended that the business invest in some sort of fence or wall to screen the salvaged vehicles in the yard.

There was discussion of the business park covenants and whose responsibility it is to enforce them. Somnis said this is something that needs to be clarified when the language regarding use of business park lots is changed. The covenants currently say the city will enforce covenant violation, but the city never agreed to that role.

Small Business Development Center Consultant Pat Campanaro said she has worked with Cook County Towing on its business planning in the past. She said she will talk to them to see if they want to continue with their plan to purchase another lot on which to store salvaged vehicles.

Old & Ongoing Business

ADA ramp at the EDA office

Howard Hedstrom said he continues to work on plans for an ADA accessible ramp for the EDA office. He said a plan was designed, but building owner, Jeremy Ridlbauer, asked for some changes.

Small Business Development Center Report

Small Business Development Center Consultant Pat Campanaro shared a written report. Campanaro said August is generally a slower month for SBDC and she took some time off, so her client numbers were fewer. She booked 9.5 hours on COVID related counseling and 14.25 hours in business consulting, either in person or via Zoom, phone or email. She said she has been working on 2022 planning. Campanaro said the various grants facilitated by her office from the Restaurant Revitalization Fund brought \$968,262 to county businesses.

Outgoing Director Mary Somnis report

Director Somnis shared a comprehensive final report on EDA activities, including the current status of the zoning of the Cedar Grove Business Park and various lot sales, as well as the EDA's work with Keith Anderson on stormwater plans for the business park. Somnis pointed out that the EDA's website is in serious need of updating.

Somnis also suggested that the EDA once again continue its strategic vision process. The board agreed that would be a very good idea and asked Director Drost to work on setting that up by finding a meeting place and sending out potential dates/times.

Somnis also recommended having regular job evaluations with the new director, something that was not done for her. She said evaluations are helpful.

Somnis asked if she could have an exit interview. Ann Sullivan and Carol Mork said they would be happy to do that. They will set up a time to meet with Somnis.

New Director Beth Drost report

Director Drost referred to Somnis' report and noted that she will use the summary as a guide as she goes ahead with planning meetings and follow-up on various projects.

Drost said she would like to have individual meetings with each board member to hear their thoughts on what they want to see in monthly reports going forward.

She said she has appreciated having Somnis' insight on all the EDA projects underway and she has learned a lot. She is thankful that Somnis is willing to be a resource in the future.

OTHER BUSINESS

Transitions

Somnis and Drost continue to work together on the office transition, going through EDA records, bylaws, committee assignments and other "housekeeping" activities. Somnis said she had sent out an email to over 100 contacts, informing them that she is retiring as director and introducing Beth Drost as the new director. Drost is now receiving emails addressed to director@prosperitynorth.com and after a complicated process, the EDA phone now goes to Drost.

Scott Harrison said there are other transitions to consider. He said bookkeeper Paul Goettl is resigning soon. Kay Burkett may take on the position. Harrison said Goettl will continue to help with tax preparation

The next regular EDA meeting is October 12 at 4:00 p.m. in the Cook County Commissioner's Room.

Director Beth Drost agreed to do an interview with WTIP on September 8.

Meeting adjourned at 5:29 p.m.

Respectfully submitted by
Rhonda Silence – Minutes & More