

Cook County-Grand Marais Economic Development Authority
October 12, 2021 – 4:00 PM
Cook County Courthouse, Commissioners’ Room

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

Absent: Anton Moody, Carol Mork

Others present: Executive Director Beth Drost, Small Business Development Center Consultant Pat Campanaro, and minute taker Rhonda Silence

Present remotely: Bruce Kimmel, Ehlers Associates; Rob Dieter, Sawbill Villages; Dennis Rysdahl, Downtown Tofte development

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

Public Comment – None

Agenda & Minutes

Agenda reviewed. Director Drost asked to add discussion of the Redpath Auditing firm to the agenda. *Motion by Bev Green, second by Ann Sullivan to approve the October 12, 2021 meeting agenda with that addition. Motion carried, all ayes.*

Minutes of the September 7, 2021 meeting were reviewed. EDA Treasurer Scott Harrison said the statement regarding the number of rounds budgeted for Superior National at Lutsen for 2021 should be for a range of 11,000-14,000, not just 14,000. Harrison also noted that the paragraph regarding the employment offering to Aaron Davies should be included in the financial section of the minutes and not in “other business” as recorded.

Motion by Ann Sullivan, second by Bev Green to approve the September 7, 2021 meeting agenda with those adjustments. Motion carried, all ayes.

NEW BUSINESS

DEED grant for Child Care Economic Development

Director Drost said she had hoped that Early Childhood Special Education teacher at School District 166 and community Parent and Family Education Teacher Rachel Liechty would be at the meeting to give a presentation on the Department of Employment and Economic Development (DEED)’s childcare economic development grant. Drost shared a copy of the application materials and guidelines.

Liechty was not available, but Drost said she has had meetings with Liechty about the grant. She said the grant application put together for DEED was stellar.

She said, if the grant is awarded, the Early Childhood group will receive \$273,000 to provide support for childcare already in place and to possibly establish other childcare opportunities. The group has asked the EDA to be the grant applicant and to accept the funds. Drost said the lack of childcare is definitely an issue in Cook County and it leads to difficulties for the workforce. Drost said this is a good effort to try to find solutions.

Motion by Ann Sullivan, second by Bev Green, to pass Resolution No. 2021-04 Authorizing Cook County/Grand Marais Economic Development Authority to make application for and accept funds from the Department Of Employment And Economic Development Childcare Economic Development Grant. Motion carried, all ayes.

Discussion of items for conversation with legislators later this month

Board members had a conversation of what should be included in EDA discussions with Senator Tom Bakk, Representative Rob Ecklund and IRRRB Commissioner Mark Phillips during their upcoming visit to Cook County on October 29-30. Board members mentioned the need for IRRRB support for the two Tofte developments that include housing; the desire to change rules regarding remote participation in governmental meetings online; childcare needs; the need for assisted living and plans for local expansion of broadband and electric service.

That led to questions about the grant recently received by Arrowhead Cooperative for an expansion. Virginia Palmer said having broadband available in remote areas will mean more people buying property. She had questions about how the grant will work. There was consensus that the EDA should learn more about this. Director Drost said she will invite Arrowhead Cooperative CEO John Twiest to a future EDA meetings to see if he could answer questions.

Review of membership on committees

Drost provided a list of EDA committees with the names of who serves on them. This is for general information, but Board Member Ann Sullivan, who is the county commissioner representative said she would prefer serving on the Personnel Committee rather than the Finance Committee. She said she appreciated working with Carol Mork on the exit interview for outgoing director Mary Somnis. Sullivan said there are no ethical concerns about her serving on the EDA's Finance Committee when as commissioner she has a vote on the EDA budget, but she said it seems incompatible. It was noted that committee assignments are normally made in January, so no action was taken at this time. Board officers are normally appointed at that time as well. It was noted that Anton Moody is EDA vice-president and that with his work schedule he has difficulty making it to EDA meetings. The EDA board wondered if the EDA had another representative who could make it to meetings more regularly.

Financials

Via Zoom, EDA Treasurer Scott Harrison gave a report on Superior National at Lutsen financials for September 2021. He said revenue for memberships is up. He said Superior National had looked at three scenarios for revenue at the golf course, calculating financials based on 11,000, 12,000 and 14,000 rounds. Harrison said he believes the golf course will either reach the 14,000 benchmark or be very close. He said that means it has been a very good year, especially in light of the loss of Canadian golfers due to the COVID-19 pandemic.

On the profit and loss statement, Harrison pointed out that Superior National had received an insurance reimbursement of \$32,120, which was very good news for the financial and grounds situation at the golf course.

Harrison said staffing at the golf course has been very difficult, in part due to the absence of 15-18 J-1 international workers that the course has employed in years past.

The EDA also reviewed the Cook County/Grand Marais Economic Development Authority financials (the balance sheet and profit and loss statement) for September 2021. Harrison said the bottom line for those reports is that the EDA has good liquidity at this time.

The Superior National at Lutsen 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.

Motion by Bev Green, second by Ann Sullivan to approve payment of invoices as presented for October 2021. Motion carried, all ayes.

Strategic Planning – timeline, location and facilitator

Drost shared some information on a possible facilitator for a strategic planning session for the EDA. She asked if the EDA board would rather do this visioning process in two half-day sessions or one all-day session. She also asked if the board wanted to get started on this right away or after the holidays. It was agreed to wait until the beginning of next year.

Tax Increment Financing (TIF) discussion with Bruce Kimmel of Ehlers, Associates

Following up on discussion at previous meetings, the EDA invited Bruce Kimmel of Ehlers, Associates to an EDA board meeting to talk about the purpose and use of TIF. The EDA board asked for assistance in creating a TIF policy, to be prepared for any future requests.

Kimmel joined the meeting via Zoom. He mentioned that he had given a presentation to the county board earlier that day on tax abatements, which is the county's tool for tax incentives for developers. Kimmel stressed that TIF should not be the only tool that the EDA offers developers, and that assistance with grants and acting as a clearinghouse for connection to other entities is also important. He told the EDA a TIF policy should be need-based and should meet a criteria established by the EDA. He asked the board what its priorities for allowing TIF would be. Harrison suggested that housing be the number one priority; job creation, number two; and quality of life, number 3.

The EDA board asked Kimmel to put together a draft policy and track the hours he spends on this for reimbursement. Kimmel said he will get the draft to the EDA before the December meeting so the board has time to review it and possibly approve at the December meeting.

2021/2022 Audit engagement letter from Redpath Audit s

Following up on previous discussion with Cook County Auditor Braidy Powers about changing the EDA audit from the State Auditor to the firm of Redpath & Company, Director Drost asked the EDA if it wanted to make that change. She reminded the board that the county voted to go with Redpath & Company and will see an estimated savings of about \$30,000 annually for the approved two-year contract. The EDA's audit is somewhat complicated, as it is a joint county/city entity. Because the county is changing its audit service, the EDA felt the best course was to also move its audit service. The cost to the EDA will be a bit higher than the EDA has paid in the past, but it is an overall savings to the county.

The EDA considered this at the last meeting, but asked for more information from Redpath before approving the change. Drost shared an engagement letter from Redpath & Company, which the EDA agreed to accept.

Motion by Ann Sullivan, second by Bev Green, to pass Resolution No. 2021-13 accepting the letter of engagement to have Redpath & Company conduct the 2021-2022 audit for the Cook County/Grand Marais Economic Development Authority. Motion carried, all ayes.

Cedar Grove Business Park

Cedar Grove Business Park zoning ordinance amendment request

Drost presented the language change that will be presented to the Grand Marais Planning Commission to ask that the city consider a change in zoning for Cedar Grove Business Park to allow "accessory residential use." If this language is adopted, it would allow all lots in the business park to include a residence, if associated with the business on the lot.

Drost said if approved by the EDA, the request for the zoning amendment would go before the planning commission after a public hearing has been held. If the planning commission approves the amendment, it will go to the city council for approval in December.

The EDA discussed the amendment and Board Member Bev Green asked if language could be added to ensure that these residences remain housing for the business people, not turned into vacation rentals at some point. Drost said she will check covenants and make sure that prohibition can be added.

Motion by Ann Sullivan, second by Bev Green to adopt Resolution No. 2021-5, authorizing the Cook County/Grand Marais Economic Development Authority to propose an amendment to the Grand Marais zoning ordinance to the Grand Marais Planning Commission. Motion carried, all ayes.

Sale of 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. The details have been finalized and Drost said it is time to complete the closing

Motion by Ann Sullivan, second by Howard Hedstrom, to adopt Resolution 2021-6, authorizing the Cook County/Grand Marais Economic Development Authority to close on the sale of Block 7, Lot 1 to Three Families Brewing, LLC (Voyageur Brewing Company) for \$28,000. Motion carried, all ayes.

Set public hearing for lot sale to Adam & Michele Harju

Drost told the board that details have also been worked out for the sale of Block 7, Lot 12 to Adam and Michele Harju, of Dirt Candy Designs. She said a public hearing needs to be set for that lot sale and recommended having it as part of the next EDA meeting, November 9. The board agreed to have the meeting Tuesday, November 9 at 4 p.m. in the commissioners' room at the Cook County courthouse.

Business Park lot prices & current real estate market

Board member Virginia Palmer told the EDA that lots in the Cedar Grove Business Park may not reflect current market values of land in Cook County. She said the Minnesota Association of Realtors has reported that the average length of time that any property for sale is on the market is 35 days. She recommended a review of lot prices. The EDA board agreed to spend more time on this discussion at a future meeting.

Tofte development projects

Director Drost shared a number of documents associated with two Tofte developments, the Tofte Downtown Mixed-Use Project being developed by Bluefin Bay Resorts and the Sawbill Village, being developed by landowner Rob Dieter. Dennis Rysdahl was in attendance to answer questions about the Bluefin project and Dieter was on hand for questions about the Sawbill Village project.

Rysdahl went through the details of the Bluefin project, explaining that it would consist of two buildings with retail space on the lower level and housing units above. He said the project cost is expected to be more than \$4 million and he talked about his funding sources, which include grants from the Minnesota Housing Finance Agency and Iron Range Resources & Rehabilitation Board. Rysdahl and Bluefin asked for EDA support of those grant applications.

Dieter spoke briefly about the Sawbill Village project and noted that the intent of the project is to align with the needs of the county to create more housing, but to do so in a way that is more affordable, which means incorporating commercial space. He thanked Small Business Development Center Consultant Pat Campanaro, EDA Director Beth Drost and previous director Mary Somnis for their assistance on applying for grants.

The EDA board considered resolutions of support to the IRRRB and to the Minnesota Housing Finance Agency for grants for infrastructure funding for both projects.

Motion by Ann Sullivan, second by Howard Hedstrom, to adopt Resolution No. 2021-07 authorizing the Cook County/Grand Marais Economic Development Authority to apply for and accept funds from

the Iron Range Resources & Rehabilitation Board Development Infrastructure Grant Program in support of the Downtown Tofte Mixed-Use Project. Motion carried, all ayes.

Motion by Howard Hedstrom, second by Virginia Palmer, to adopt Resolution No. 2021-08 authorizing the Cook County/Grand Marais Economic Development Authority to apply for and accept funds from the Iron Range Resources & Rehabilitation Board Development Infrastructure Grant Program in support of the Sawbill Village Project. Motion carried, all ayes.

Motion by Ann Sullivan, second by Howard Hedstrom, to adopt Resolution No. 2021-09 authorizing the Cook County/Grand Marais Economic Development Authority to solicit sealed bids by public notice for the Iron Range Resources & Rehabilitation Board Development Infrastructure Grant Program to support the Downtown Tofte Mixed-Use Project. Motion carried, all ayes.

Motion by Howard Hedstrom, second by Virginia Palmer, to adopt Resolution No. 2021-10 authorizing the Cook County/Grand Marais Economic Development Authority to solicit sealed bids by public notice for the Iron Range Resources & Rehabilitation Board Development Infrastructure Grant Program to support the Sawbill Village Project. Motion carried, all ayes.

Motion by Ann Sullivan, second by Howard Hedstrom, to adopt Resolution No. 2021-11 authorizing the Cook County/Grand Marais Economic Development Authority to apply for and accept funds from Minnesota Housing Finance Agency Workforce Housing Development Program to support the Downtown Tofte Mixed-Use Development Project. Motion carried, all ayes.

Motion by Virginia Palmer, second by Howard Hedstrom, to adopt Resolution No. 2021-12 authorizing the Cook County/Grand Marais Economic Development Authority to apply for and accept funds from Minnesota Housing Finance Agency Workforce Housing Development Program to support the Sawbill Village Project. Motion carried, all ayes.

Director Somnis exit interview remarks

Ann Sullivan shared information with the board on the exit interview with outgoing EDA Director Mary Somnis. Carol Mork also took part in the interview. Sullivan provided the following executive summary of the interview:

Onboarding and training was minimal and needs to be improved. Training through Northeastern MN economic development professionals and regional organizations is important

The pay, lack of benefits, and part-time status were not appropriate given the realities of the position. The recognition by the board that a full-time position with benefits is necessary is important to keep talented, hard-working professionals as director.

Raising the level of credibility and respect of the EDA within the community, development of both Cedar Grove and Superior National Golf Course, and helping to contribute to an improved quality of life for Cook County residents are major accomplishments within the last five years.

Sullivan said that Somnis shared a number of organizational needs which the EDA should address or update, such as:

Bylaws, including review of term limits for officers and board members, role of officers, executive committees, process for agenda development, role of finance and personnel committees, and annual reporting to the community through media and public meetings.

*Policy review and developments for things such as conflict of interest, job performance, equipment...
Revision/updating/creation of procedures, manual and handbooks
Strategic planning and team building.*

EDA agreement with Mary Somnis for ongoing director support

The board reviewed a memorandum of understanding with outgoing director Mary Somnis regarding final payment of vacation hours and regarding her future assistance to new EDA director Beth Drost. In the MOU, the EDA said it will reimburse Somnis \$50 per hour as an independent contractor. Somnis will track hours to give to Drost to submit to the EDA for payment.

Drost said Somnis has agreed to stay on the board of Superior National at Lutsen as a volunteer through the end of the calendar year.

HRA/ Housing Workgroup Update

Ann Sullivan gave an update on the newly established Housing and Redevelopment Authority. She said five members have been named to the HRA.

Old & Ongoing Business

Small Business Development Center Report

Small Business Development Center Consultant Pat Campanaro shared a written report, stating that things had picked up in September. She said she booked 11 hours in COVID-related counseling and 56.5 hours in business consulting, either in person, on Zoom by phone or email. She said there were four new small businesses obtaining their LLCs in September.

Director report

See attached report.

OTHER BUSINESS

The next regular EDA meeting is Tuesday, November 9 at 4:00 p.m. in the Cook County Commissioner's Room.

Director Beth Drost agreed to do an interview with WTIP on October 10.

Meeting adjourned at 6:01 p.m.

Respectfully submitted by
Rhonda Silence – Minutes & More