

Cook County-Grand Marais Economic Development Authority
April 9, 2018 – Grand Marais City Hall, Outpost Office

Present: Board members Anton Moody, Scott Harrison, Heidi Doo-Kirk, Hal Greenwood, Bev Green; EDA Director Mary Somnis

Others present: County Administrator Jeff Cadwell, Gary Nesgoda, Nathan Hingos, Staci Drouillard, Bruce Kimmel, Bob Nesheim, Kathy Kippley, Rhonda Silence

Absent: Howard Hedstrom, Carol Mork

Meeting was called to order by Vice-President Anton Moody at 4 p.m.

There was no flag in the room, so there was no recitation of the Pledge of Allegiance.

Public Comment.

No public comment, but Bob Nesheim, the owner of Pincushion B&B introduced himself.

Motion to approve the agenda by Heidi Doo-Kirk, second by Bev Green. Motion carried, all ayes.

Motion by Bev Green, second by Heidi Doo-Kirk to approve minutes. Motion carried, all ayes.

New business

Consider offer from Nesgoda Services to purchase Cedar Grove Lot

Gary Nesgoda and Nathan Hingos of Nesgoda Services were at the EDA meeting to answer questions about their company's purchase offer of \$35,000 for Lot 10, Block 5 of the Cedar Grove Business Park. The board reviewed the letter from Nesgoda Services, a forest management business, which explained the plan for the land. The initial plan is to use the lot to store timber and then to develop landscape displays, with paths, types of steps, native bush and berry varieties, as well as trees.

Harrison asked how the company planned to finance the purchase. Nesgoda said they were seeking funding from the Cook County Revolving Loan Fund, with "sweat equity" to be used as their match.

Somnis said the EDA received letters of support/reference from SBDC Representative Pat Campanaro, who said the men had come in with a good draft business plan; from auditor Braidy Powers, who worked with Nesgoda Services on the county Firewise program; and from local contractor Dean Berneking.

Somnis said the EDA must hold a public hearing on the lot sale; it was set for 5 p.m., April 25. *Motion by Hal Greenwood, second by Scott Harrison, to approve the sale of Lot 10, Block 5 of the Cedar Grove Business Park for \$35,000, contingent on financing and the outcome of the public hearing. Motion carried, all ayes.*

Cook County Local Energy Program

Staci Drouillard, representing the Cook County Local Energy Program, gave a report on the residential energy efficiency program (REEP), which is an initiative to increase energy efficiency in homes in Cook County. REEP has been part of 55 energy efficiency evaluations of local homes and businesses since 2013. Seven audits have already been conducted in the first quarter of 2018.

Drouillard said in addition to helping homeowners find ways to make their houses more energy efficient, REEP is helping the city of Grand Marais reach its Climate Action Plan goals. REEP also works to increase public awareness of the importance of energy efficiency and what can be done to individual houses.

Consider Resolution 2018-01 – Resolution approving development agreement relating to economic development district for workforce housing in Lutsen

Director Somnis referred to the resolution to proceed with the financing of the Lutsen workforce housing project. She said the EDA had approved this project a year ago, but because of changes in sources of funding for the

project, the financing did not move forward at that time. She said the previous information had been updated now that the EDA and One Roof Housing are ready to proceed.

Bruce Kimmel, of the financial firm, Ehlers, was at the EDA meeting to answer questions about bonding. The board reviewed the pro forma for the Lutsen workforce housing and asked Kimmel questions about the \$1.4 bond financing for the project.

Motion by Heidi Doo-Kirk, second by Bev Green, to adopt RESOLUTION NO. 2018-01 – RESOLUTION OF THE COOK COUNTY/GRAND MARAIS JOINT ECONOMIC DEVELOPMENT AUTHORITY APPROVING DEVELOPMENT AGREEMENT AND ATTACHED DOCUMENTS RELATING TO ECONOMIC DEVELOPMENT DISTRICT FOR A WORKFORCE HOUSING PROJECT IN LUTSEN, MN.

Motion carried, all ayes.

Financials

Treasurer Scott Harrison distributed financial reports for Superior National at Lutsen for January through March 2108. Looking at the profit and loss sheet, it was noted that the golf course had lost money resulting in a negative \$59,536 on the profit and loss sheet. Harrison pointed out that the loss is less than at this time in 2017, when the profit and loss sheet showed a negative \$78,687. Harrison said the golf course always loses money when it is not open and that the profit and loss sheet will look better when the course opens.

The EDA board reviewed the financial reports for the Cook County/Grand Marais Economic Development Authority (EDA) as of March 31, 2018.

The board reviewed invoices for payment for April 2018.

Motion by Heidi Doo-Kirk, second by Bev Green to accept the March 2018 financial reports for Superior National at Lutsen and the Cook County/Grand Marais Economic Development Authority and to approve payment of April invoices as presented.

The board considered the proposed budget for Superior National at Lutsen for 2018. The 2018 budget estimates that the golf course will see 12,000 rounds. In 2017, the budget was for 10,500 and the actual (unaudited) number was 10,404, which was almost right on. Harrison noted that the course reached that number of rounds while construction was under way and not all holes were open. The EDA agreed the course should be able to reach the new estimate, especially in light of the plan to increase golf course advertising/marketing.

Motion by Heidi Doo-Kirk, second by Bev Green to accept the 2018 budget as proposed for Superior National at Lutsen golf course. Motion carried, all ayes.

Old & Ongoing Business

Superior National at Lutsen

Director Somnis and Treasurer Harrison shared more details on a grand re-opening of the new holes at Superior National at Lutsen on June 28. Registration will begin at 8:30 a.m. and there will be a shotgun start at 10 a.m.

Somnis said she continues to seek sponsors for the event.

She also has been coordinating plans for the new entry sign at Superior National.

Cedar Grove Business Park

Director Somnis said other than the proposed lot sale to Nesgoda Services, there has been no action regarding Cedar Grove Business Park.

Nordic Star - Grand Marais housing

Director Somnis presented another possible resolution to the EDA board to apply for, and accept funds from the IRRRB for the second phase of the Grand Marais housing project, Nordic Star. The board noted that the major cost for phase two of the Nordic Star project is for a road to the building site. The cost to build the road is estimated at \$215,547 and the total project cost is \$1,650,000. It is hoped that the project can begin June 4, 2018.

Motion by Heidi Doo-Kirk, second by Hal Greenwood, to adopt RESOLUTION NO. 2018-02 – AUTHORIZING THE COOK COUNTY/GRAND MARAIS ECONOMIC DEVELOPMENT AUTHORITY TO MAKE APPLICATION TO AND ACCEPT FUNDS FROM DEVELOPMENT INFRASTRUCTURE GRAND PROGRAM.

Motion carried, all ayes.

Lutsen Housing

Somnis shared some drawings of what the Lutsen workforce housing structures would look like when constructed. She also said she has had communication with the Minnesota Department of Transportation about a turn lane at the Lutsen workforce housing site.

Village North

Bruce Block has moved another building from the Tomteboda site to his housing project, Village North.

Assisted Living

No news from Spectrum Community Health about its possible assisted living project in Grand Marais. Bev Green said she is aware of another senior resident who has left the community because there is no assisted living here in the county. The EDA board said it would continue to work with Spectrum to bring assisted living to the county.

Creative Economy Collaborative (CEC)

Somnis said the group is continuing to work on the creation of a Grand Marais Arts Commission, to work with the city of Grand Marais. She said the CEC is also looking at the Grand Marais Highway 61 construction and the possibilities for public art in the highway corridor.

Small Business Development Center Report

The board reviewed a written report from Small Business Development Center Representative Pat Campanaro, who reported that she spent 64.5 hours with clients and eleven hours of professional development work. She shared a picture of the Cook County High School gymnasium during the school's Job Fair, with the SBDC booth. She reported on meeting with Steve Peterson and Sascha Mansson from the Entrepreneur Fund to learn about their micro loan program. She also attended SBDC in Duluth on March 21.

EDA Executive Director Report

Somnis stated that her title in the EDA bylaws is executive director to differentiate from those who serve on the EDA board of directors. The board agreed and since she needs to order business cards anyway, she will make that change on the cards.

Somnis reported that she had attended a meeting with the U.S. Forest Service and Charles Skinner to present information about the Lutsen Mountains proposed expansion. She also worked with members of the Heart of the Continent partnership on that organization's quarterly meeting being held in Grand Portage, as well as the "Bike the Heart" event to be held in 2019.

She also attended Duluth and St. Louis County Days at the Capitol, sharing information about county bonding and requests for funds for Cook County Higher Education.

She also made site visits and met with Hibbing Community College, IRRRB, Cook County Higher Ed and others to discuss moving ahead with a culinary arts school here in Cook County.

She also attended a number of meetings: ARDC, Cascade Vacation Rentals for discussion about lodging, the Cook County Board of Commissioners committee of the whole regarding bonding for Lutsen workforce housing and a "Cool and Creative Get Together" at Minnesota Discovery Center regarding grant opportunities.

Other business

The next EDA meeting will be Tuesday, May 8 at 4 p.m. at Grand Marais City Hall.

Anton Moody will be available for the WTIP interview on EDA activities on Wednesday, April 10.

Meeting adjourned at 5:22 p.m.

Respectfully submitted by

Rhonda Silence

Minutes & More