

Cook County-Grand Marais Economic Development Authority
November 14, 2017 – Grand Marais City Hall

Present: Board members Howard Hedstrom, Heidi Doo-Kirk, Scott Harrison, Hal Greenwood, Bev Green, Carol Mork; EDA Director Mary Somnis

Others present: Small Business Development Center Director Pat Campanaro, Chamber Director Jim Boyd, Kim Linnell, Rhonda Silence.

Absent: Anton Moody

Public hearing on Cedar Grove Business Park lot sale

At 4:00 p.m., EDA President Howard Hedstrom opened the Public Hearing about the possible sale of a Cedar Grove Business Park lot to Kim Linnell. Hedstrom called for public comment, three times. No one present wished to make comment. Hedstrom closed the Public Hearing.

Hedstrom then called to order the regularly scheduled meeting of the EDA Board.

The Pledge of Allegiance was recited.

Public Comment

No public comment.

The EDA considered the agenda for the meeting and added a few items. *Motion to approve the agenda as amended by Bev Green, second by Hal Greenwood. Motion carried, all ayes.*

Minutes of October 10, 2017 meeting reviewed. *Motion by Bev Green, second by Hal Greenwood to approve minutes. Motion carried, all ayes.*

New business

The EDA board spoke with Kim Linnell about the possible sale of Cedar Grove Business Park, lot 6, block 4. Linnell said he would like to buy the lot for his boat shrink-wrap and storage business, Arrowhead Rental, LLC. He needs space to store 40-60 boats. Linnell said he may eventually construct a building for the shrink-wrap business. The lot is across the road from Cook County Towing. Linnell said his proposed use is similar the Como Oil & Propane's lot.

Linnell made an offer to purchase lot 6, block 4 for \$25,000. Linnell said he is requesting a loan from the county revolving loan fund. He said that the lot purchase would be contingent on his receiving funds from the county revolving loan fund.

EDA Treasurer Scott Harrison asked what price the most recent lots sold for. EDA Director Mary Somnis said the EDA had accepted an offer of \$30,000 from Randy Ekroot for the same lot for a boat maintenance and storage business. Ekroot decided against purchasing the lot, so it is available again.

The two other most recent sales were to Max Wahlers Construction and Cedar Grove Veterinary Clinic. Those two lots each sold for \$27,500.

Linnell left so the EDA board could consider his purchase offer. The board noted that lot 6, block 4 is a prime lot, level and easily accessible. It was also noted that it had a previous offer of \$30,000.

Motion by Scott Harrison, second by Heidi Doo-Kirk, to sell Lot 6, Block 4 for \$30,000 if the closing is complete by December 31, or if Linnell pays \$1,000 for the option to purchase for \$30,000 by May 1, 2018. Motion carried, all ayes.

The EDA asked Director Mary Somnis to notify Linnell of the EDA's response.

Letter of support for WTIP

The board considered a request from WTIP Community Radio for a letter of support to be used for grant purposes. Small Business Development Center Representative Pat Campanaro said WTIP would like to hear the EDA's thoughts on its expanded news coverage, including its coverage of economic development and new businesses in the community.

Motion by Heidi Doo-Kirk, second by Hal Greenwood, to provide a letter in support of WTIP and directing Director Somnis and EDA President Howard Hedstrom to work on the letter. Motion carried, all ayes.

Consider Business Subsidy Policy

The board reviewed the latest version of the Business Subsidy Policy. There were questions about what sort of public/private match would be required if a project were to be funded by the EDA. Acceptance of the policy was tabled until next month.

Consider insurance waiver

Director Somnis shared emails from the League of Minnesota Cities and from Robert Cummings of Security State Insurance regarding a waiver of tort liability limits. Members of the League of Minnesota Cities who obtain liability coverage from LMCIT must decide if they want to complete a waiver form. LMCIT suggested that the EDA have its insurance agent look at the waiver. Cummings explained that the waiver limits the amount anyone can sue for tort liability according to state law.

Motion by Scott Harrison, second by Carol Mork to complete and submit the LMCIT waiver form. Motion carried, all ayes.

Creative Economy Collaborative

Somnis said the Creative Economy Collaborative (CEC) is preparing for the visit from ArtSpace on November 28-30 as part of its feasibility study work. The CEC made a request to the EDA for funding to film the four public meetings that will take place during the ArtSpace visit. Patrick Knight of Good Measure Media would be willing to record the four meetings for \$1,000. Somnis said that is a discounted rate because all of the meetings will be held in the county commissioner room at the courthouse, requiring less set up/take down time for Good Measure Media. Somnis said the recording could then be shared online on social media so those that are not able to attend the meetings can find out what transpired.

Somnis reminded the EDA that the ArtSpace visit had already been supported by Lloyd K. Johnson Foundation and Blandin Foundation grants, as well as a number of local donors. A total of \$25,000 has been raised to facilitate the ArtSpace visit.

Board member Bev Green said the EDA has been asked why it is not recording its own meetings. She questioned whether the EDA should spend money on this CEC recording. Howard Hedstrom said the EDA will record its meetings when it has the funds to do so. He said it would be good to have a recording of the ArtSpace visit as a method of checks and balances, to ensure the details of the visit are properly recorded. Board member Carol Mork said she agrees with Bev Green's concerns about the EDA not recording its own meetings, but also said it is important that the public know what happens during the ArtSpace visit.

Somnis said there are available funds in the EDA's business development program that could be used.

Motion by Hal Greenwood, second by Scott Harrison to hire Good Measure Media to record four public meetings facilitated by ArtSpace at an expense of \$1,000. Motion carried, all ayes.

Somnis shared a preliminary agenda for that visit, which includes a tour of the Grand Marais Art Colony, Betsy Bowen Gallery & Studios, North House Folk School, Stone Harbor Wilderness Supply, Johnson Heritage Post, the Arrowhead Center for the Arts, Hill Haven and the concrete house in Hovland.

Financials

EDA Treasurer Scott Harrison distributed financial reports for October 2017 for Superior National at Lutsen. Harrison said the golf course has about \$13,000 less in cash than last year, with \$180,750 in checking and savings.

Howard Hedstrom asked if that is enough to see the golf course through until golf starts again. Harrison said yes, but things will be tight. He said the golf course was down 800 rounds at the end of August, but still finished within 95 rounds of the budgeted rounds at the end of the season.

Motion by Carol Mork, second by Heidi Doo-Kirk to accept the Superior National at Lutsen financial reports for October 2017. Motion carried, all ayes.

The EDA board reviewed the financial reports for the Cook County/Grand Marais Economic Development Authority (EDA) for October 2017.

Motion by Bev Green, second by Carol Mork to accept the Cook County/Grand Marais Economic Development Authority (EDA) financials for October 2017. Motion carried, all ayes.

Harrison also presented the list of invoices to be paid for October.

Motion to approve the Cook County/Grand Marais Economic Development Authority (EDA) invoices by Heidi Doo-Kirk, second by Bev Green. Motion carried all ayes.

Old & Ongoing Business

Superior National at Lutsen update

Scott Harrison said the SNL mechanic Jim Zunker has given notice that he will be resigning. He said the golf course wants to get another mechanic on board soon so the new person can train with Zunker.

Harrison said the SNL Board of Governors will be meeting in the next week and will review marketing and budget plans.

Grand Marais housing

Somnis gave an update on the Grand Marais workforce housing project, the Nordic Star development. She said two houses will be coming at the end of the week, depending on the weather. Two will likely have to go into storage for the winter, but all the foundations are ready.

Somnis said the EDA does not have a development agreement with One Roof Housing. She presented a draft agreement. There was discussion of whether or not a development agreement is needed. The board asked for time to review the document and look at other examples so approval of the agreement was tabled until the next meeting.

Lutsen Housing

One Roof Housing is continuing its planning and has incurred pre-construction costs for engineering and land services. The EDA has \$140,000 in its budget for this project. Somnis said One Roof has requested a loan of \$46,000 that would be forgiven when the project moves forward. The \$46,000 would then become part of the EDA and local investment.

Motion by Carol Mork, second by Bev Green, to make the loan and issue a promissory note for \$46,000 to One Roof Housing. Motion carried, all ayes.

Somnis and Harrison said the presentation about the Lutsen housing project at the Lutsen town meeting went well.

Village North

The board continues to follow the progress at the former Gofer Cabins, now Village North.

Assisted Living

Somnis said she is still trying to arrange a conference call with representatives of Spectrum Community Health about its possible assisted living project in Grand Marais. Somnis said Spectrum has expressed concern about having an adequate workforce. During Senator Tom Bakk's visit, the EDA heard that the assisted living facility in Orr is having problems finding workers.

Somnis said she is looking at ways to ensure that workers can be found so the project can proceed. She said Cook County would likely not have that problem as this area is more attractive for workers in the health care field. Also,

Harrison said, the number of private pay versus public pay is higher here, which bodes well for the project's success.

Small Business Development Center report

Small Business Development Center Representative Pat Campanaro reported that she logged 39 hours in counseling sessions with 16 different clients. She also had 7.15 hours in professional development activities.

Campanaro said the "Profit Mastery" class in Cook County will be November 29-30. She said 13 small business owners registered, so the class is full.

Campanaro has been selected to represent the northeast SBDC territory on a statewide marketing team. This work will be outside the hours spent on Cook County needs.

EDA Director Report

Somnis said she attended an ARDC meeting at Giant's Ridge and also had golf course partnership marketing discussion with Giant's Ridge and Wilderness at Fortune Bay. She worked on the plan for the ArtSpace visit and spent two days escorting Senator Bakk and Representative Ecklund around the county. She met with Mary Ellen Ashcroft about grant opportunities. She continued work on Grand Marais and Lutsen housing activities and with potential buyers looking at lots at Cedar Grove. She also spent time reviewing proposals for marketing at Superior National at Lutsen for 2018.

Somnis also said she and Howard Hedstrom attended an IRRRB meeting. Both said it was very worthwhile to be there to answer questions on potential Cook County projects.

Other business

CCLEP

The board discussed its contribution to the Cook County Local Energy Project's upcoming training for contractors in energy efficient building. There has been good attendance in the past.

Motion to once again support the CCLEP workshop by Carol Mork, second by Heidi Doo-Kirk. Motion carried, with Doo-Kirk abstaining because her husband is a contractor. Motion passed.

North House Folk School request

Director Somnis said the EDA received a request from North House Folk School for funding to assist with that organization's special events commemorating the school's 20th anniversary. The board agreed that like the earlier request from the Empty Bowls organization, this is a good cause, but the EDA is not in a position to make such donations. No motion was made regarding the request.

Future of Coast Guard building

Howard Hedstrom said he contacted Ida Rukavina of Senator Amy Klobuchar's office about the future of the Coast Guard building in Grand Marais. He said there are a number of steps before anything could happen with the building. First the Coast Guard has to find or develop alternative housing for the people assigned to Grand Marais. Hedstrom said it may take legislative action for anything to move forward and he suggested that the EDA send a letter expressing support for moving ahead.

Motion by Howard Hedstrom, second by Carol Mork, to pass a motion of support to send to legislators in support of finding a new home for Coast Guard staff and transferring the building to a local entity. Motion carried, all ayes.

EDA budget

The EDA's budget was discussed. Treasurer Scott Harrison said he will go back to the county board on November 21 to talk about the EDA's budget. He plans to share information put together by Mike Larson about the property

taxes collected from the properties adjacent to Superior National at Lutsen and the benefit to the county from those property taxes.

The board discussed the EDA's inclusion of \$25,000 for Superior Cycling Association proposal to hire a staff person to help manage trails and to facilitate events, as requested by Mike Larson, Phil Larson and Tim Kennedy of the bike association. Board members said they had heard from citizens opposing this EDA funding and questioning why the bike group gets this support and not other groups (skiing, snowmobiling, ATVing). Concern was expressed that the EDA's budget could be jeopardized if it supported this contribution.

Motion by Heidi Doo-Kirk, second by Carol Mork, to remove the \$25,000 for the Superior Cycling Association from its budget. Motion passed with Scott Harrison abstaining.

The board discussed the line item for Superior National at Lutsen for a new sign, landscaping and entrance improvements at the golf course and for marketing. The board noted that the public had been alarmed at the idea of \$100,000 for a new sign, but Director Mary Somnis said it was explained to the county board that most of that money is earmarked for marketing, not simply a sign. Harrison said it not only needs to go to a sign and marketing, but landscaping and paving repair as well. When that was made clear, there has not been as much concern. Howard Hedstrom said now that the new holes are open, marketing definitely has to be ramped up.

Personnel committee

The personnel committee needs to meet. The members of the committee are Scott Harrison, Howard Hedstrom and Carol Mork. They will set up a time to meet.

Meeting adjourned at 5:55 p.m.

Respectfully submitted by

Rhonda Silence

Minutes & More