



COOK COUNTY/GRAND MARAIS EDA MEETING AGENDA

Location: Cook County Commissioner's Room, Cook County Courthouse
411 West 2nd Street, Grand Marais, MN
Tuesday, September 7, 4:00 PM - 5:30 PM

The mission of the Cook County/Grand Marais Economic Development Authority is to diversify the economy, create employment through retention and expansion of existing businesses and development of new businesses, support the development of housing and increase the tax base.

4:00 PM

Call to Order
Public Comments
Adjustments to and approval of Agenda (motion)
Approval of August 10, 2021 Minutes (motion)
Honoring of Mary Somnis, outgoing Executive Director

NEW BUSINESS

Request for Business Development funds from Jim Sannerud
Letter to DEED for Small Business Grant from Northland Foundation (Approval)
Josh Tolkan Request to Extend Intent to Purchase
Letter of Support to twoTofte Developers
2021/2022 Audit Discussion

FINANCIALS

Golf Course Financials (forward to audit)
EDA Financials (forward to audit)
EDA Payments (motion to approve)

OLD AND ONGOING BUSINESS

HRA Update
TABR Loans Promissory Notes-Letter of Addendum
Tax Increment Financing-Mary
Cedar Grove Business Park
-Set Public hearing October 12th for sale CGBP Block 7 Lot 1 (Voyageur
Brewing, Mike Prom)
SBDC Director's Report
Outgoing EDA Director's Report
New EDA Director's Report

OTHER BUSINESS

Next meeting Tuesday, October 12, 2021
WTIP interview
Adjourn

From: [Patricia Campanaro](#)
To: [Beth Drost](#); [Scott Harrison](#); [Howard & Bonnie Gay Hedstrom](#)
Subject: Request for Business Development Funds
Date: Tuesday, August 31, 2021 8:11:39 AM
Attachments: [Sannerud application 1.pdf](#)
[Untitled attachment 00218.html](#)
[Sannerud 2.pdf](#)
[Untitled attachment 00221.html](#)

Hi Beth, Scott and Howard,

Attached is a request from Jim Sannerud for a \$1,000 grant. He is a wood worker, <http://www.jsannerudsstudios.com>, who is going to be a part of Art Along the Lake.

He is requesting funds to be able to sell product in a safe Covid free environment within his studio. The funds will be used for plexiglass and a remote Square terminal do POS.

Please consider approving this request at the September 7th board meeting.

PS This is particularly important to him since they just had a baby boy 7 months ago.

To: Patricia Campanaro <pcampanaro@gmail.com>

Hi Pat,

We are signed up for Art Along The Lake but are feeling uneasy about being in contact with customers with the new Delta variant and an unvaccinated child. We have figured out a way to create a gallery space separated by plexi glass but would need a remote point of sale register. Between the plexiglass and the register it would be close to \$1000. Do you know of any grants that would help cover or partially cover those costs so we can be open safely?

Thanks

jim



Business and Housing Subsidy Application:

Business Name: J. SANNERUD STUDIOS
Name of applicant: JIM SANNERUD
Address: 306 C.R. 48, GRAND MARAIS
Phone: 763-434-2882

1) Describe your business, including such information as products and services provided, general market area served, experience or qualifications you have for operating this business, and any other information you feel may be appropriate:

I DESIGN AND MAKE HIGH-END COMMISSIONED CHAIRS, FURNITURE AND SCULPTURE. I HAVE BEEN WORKING IN THIS FIELD FOR OVER 35 YEARS. I RELOCATED MY STUDIO IN 2017 FROM ST. PAUL TO GRAND MARAIS TO BETTER SERVE MY CLIENTS ON THE NORTH SHORE.

2) Please check which criteria best describes your request:

Redevelopment

Projects that remove, prevent or reduce blight or other adverse conditions of property thereby protecting the City's and County's property values and the general public health, safety and welfare.

Attraction of New Business

Projects that attract or retain competitive and financially strong commercial and industrial companies, which offer the potential for significant growth in employment and tax base.

Highest and Best Use of Land

The use of the Business and Housing Funding will encourage quality construction and promote the highest and best use of the land, consistent with the comprehensive plans of the City and the County.

Needed Services

Projects that provide a needed service in the community, including health care, convenience and social services.

Unmet Housing Needs

Projects that provide housing needs not currently available in the community.

Economic Feasibility

The applicant must demonstrate that they have the experience and financing necessary for the project and that the project can be completed in a timely manner.

Job Creation

Projects that create and/or retain jobs which pay at least the higher of the current Federal or State of Minnesota minimum wage, plus appropriate benefits.

3) Amount Requested: 1,098.06

4) Describe the proposed project: TO CREATE A SAFE POINT OF SALE AREA IN MY STUDIO FOR ART ALONG THE LAKE.

5) Please attach the project budget, including sources and uses of funds. SEE BELOW

6) Anticipated Completion Date: SEP 24 2021

7) How many jobs do you anticipate will be created or retained by this project?

Created: _____ Retained: 1 Total: 1

8) What is the proposed wage/salary of the jobs?

Hourly: 60.00 Salary: N/A

1.	ONE SQUARE REGISTER	865.92
2.	TWO SHEETS 1/8" x 4' x 8' PLEXIGLASS HOMEDEPOT	232.14
		<hr/>
		1,098.06



September 8, 2021

Commissioner Steve Grove
Department of Employment & Economic Development
332 Minnesota St., Suite E200
First National Bank Building
St. Paul, MN 55101-1351

Dear Commissioner Grove:

I am writing in support of the Northland Foundation's application for the DEED Small Business Partnership Grant Program.

The Northland Foundation plans to continue and enhance the important business consulting services offered by the Northland Small Business Development Center (Northland SBDC) with a particular focus on serving emerging entrepreneurs and rural communities including Cook County MN.

Cook County is at the tip of Minnesota's Arrowhead region in the remote northeastern part of the state, stretching from the shores of Lake Superior to the US-Canada border. Our population is predominately white however the county's racial makeup includes Native American, Asian, African American and Pacific Islander. The Grand Portage Band of Lake Superior Chippewa, a federally-recognized Tribal Sovereign Nation, is also located within the boundaries of Cook County.

In 2019, there were 291 employer businesses in Cook County employing 2,145 people with an annual payroll of \$74,236,000 and an additional 753 sole proprietors.ⁱ

The Cook County Grand Marais Economic Development Authority has partnered with the Small Business Development Center to fund a business consultant since June of 2013. During that time the consultant has met with 592 clients, spending 5,996 hours in working sessions. The results from these sessions have made a great difference in our local economy.ⁱⁱ

- 55 new business starts
- \$22,040,955 in revenue investments

Although these numbers are impressive the position represents much more to our community.

Running a business in a rural community poses some unique challenges. Small businesses struggle with money management, attracting and retaining customers, time management, marketing, and most recently online presence and social media management.

Our SBDC consultant, Pat Campanaro, offers them the ear and information they need to not just survive but thrive. She also relies on the Northland Foundation and the SBDC for those critical links and relationships that provide resources and information for our area businesses.

Never has this been more evident than during the COVID 19 pandemic. Since tourism and hospitality drives our county's economic engine Pat assumed a proactive role in providing real time information to all of the businesses in Cook County, regardless of their SBDC affiliation. She launched a newsletter that advertised the SBA programs aimed at providing the funding to keep businesses afloat, helped businesses fill out and track applications and is generally providing overall support to all businesses as the pandemic continues to impact their very existence.

During this time, she created a newsletter that reaches over 375 information provided clients with all the information they need to apply for both SBA, State and Local economic pandemic relief.

Pat also worked hand in hand with our local financial institutions to provide support and referrals for the Paycheck Protection Program, a critical lifeline to small business during the pandemic. This effort resulted in The Grand Marais State Bank loaning \$7M affecting 1,055 employees during Round 1 of the PPP and \$6M affecting 849 employees during Round 2.

It is our hope that this impactful work can continue with additional funding from DEED. We stand committed to continuing our partnership with Northland SBDC supporting both entrepreneurs and businesses in our county.

Sincerely,

Howard Hedstrom
President

ⁱ <https://www.census.gov/quickfacts/fact/table/cookcountyminnesota/PST045219>

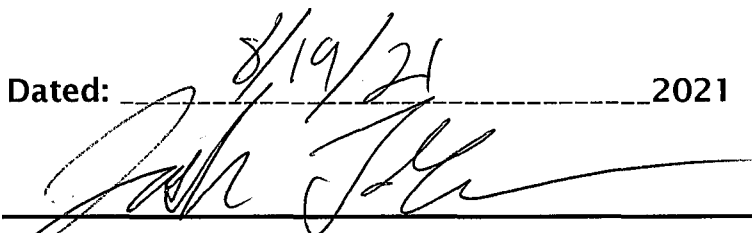
ⁱⁱ All totals represent only those businesses that have completed and filed an impact attribution form. Approximately 40% fail to do so.

Amendment

For good and valuable consideration, the parties hereto agree to this amendment to the Letter of Intent dated 5/19/21, 2021 by and between purchaser Josh Tolkan and Mary Somnis as Executive Director of Cook County/Grand Marais EDA, as follows:

1. The second sentence of paragraph four of the Letter of Intent for the purchase of Lot 11, Block 5, Grand Marais, MN shall be deleted and the following sentence shall be substituted therein:
“This deposit can be refunded if the enabling legislation and the local zoning changes do not move forward and are not completed and enacted by July 1, 2022.”
2. All other terms and conditions of the Letter of Intent not amended herein, shall remain in full force and effect.

Dated: 8/19/21 2021



Josh Tolkan - Purchaser

Beth Drost = Executive Director Cook County/Grand Marais EDA



TO: Minnesota Housing Development Program
FROM: Howard Hedstrom, President
RE: Downtown Tofte Mixed Use Development Project
DATE: September 7, 2021

Dear Minnesota Housing:

It is my pleasure to write this letter from the Cook County/Grand Marais Economic Development Authority in support of the proposal for the Downtown Tofte Mixed Use Development project submitted to the Minnesota Housing Finance Agency. Tofte, served by the Cook County/Grand Marais EDA, has a growing tourist-based economy and has a real need to find a solution to the high demand for workforce housing.

Workforce housing has been identified as the number one challenge for economic development in Cook County. I believe that this project will be a great step in addressing the need for workforce housing in Tofte and will positively help in the ongoing effort to solve Cook County's housing crisis. Similar mixed-use developments of housing and commercial property in Cook County have been successful in our area. Moreover, mixed use projects tend to be more financially feasible, especially due to high land costs in the County.

In conclusion, the Cook County/Grand Marais EDA fully supports the efforts of the Downtown Tofte Mixed Use Development project as they seek external funding to support a project designed to increase workforce housing in Cook County. Thank you for your consideration.



TO: Minnesota Housing Development Program

FROM: Howard Hedstrom, President

RE: **Sawbill Village Development Project**

DATE: September 7, 2021

Dear Minnesota Housing:

It is my pleasure to write this letter on behalf of the Cook County/Grand Marais Economic Development Authority in support of the proposal for the Sawbill Village Development Project submitted to the Minnesota Housing Finance Agency. Tofte, served by the Cook County/Grand Marais EDA, has a growing tourist-based economy and has a real need to find a solution to the high demand for workforce housing.

Workforce housing has been identified as the number one challenge for economic development in Cook County. I believe that this project will be a great step in addressing the need for workforce housing in Tofte and will positively help in the ongoing effort to solve Cook County's housing crisis. Similar mixed-use developments of housing and commercial property in Cook County have been successful in our area. Moreover, mixed use projects tend to be more financially feasible, especially due to high land costs in Cook County.

In conclusion, the Cook County/Grand Marais EDA fully supports the efforts of the Sawbill Village Development Project as they seek external funding to support a project designed to increase workforce housing in Cook County. Thank you for your consideration.

From: [Braidy Powers](#)
To: director@prosperitynorth.com
Cc: [Mary Somnis \(somniaMary@gmail.com\)](mailto:Mary_Somnis_(somniaMary@gmail.com))
Subject: Audit Costs
Date: Friday, August 27, 2021 9:24:25 AM
Attachments: [Redpath Proposal for Cook County.pdf](#)

Hi Beth,

Attached is the audit proposal the county board accepted. We asked all the firms to include a proposed cost for doing the EDA audit. That doesn't bind the EDA but It makes sense to include both entities with the same auditor because of the complications of being a 'component unit' of the county. That complication is the main reason the State Auditors declined to do the audit of the EDA next year as a stand-alone. There is information that has to be shared between the two entities and the EDA audit has to be completed first to be included in the county audit. Jerry Baker, our State Audit team manager, said they didn't determine what the costs for a stand-alone audit might be because they decided not to offer that, but he said the costs would be higher if they did it due to the coordination and the additional travel costs.

The proposed costs are on page 32. As you can see they have proposed \$17,000 for the EDA audit. The county is saving over \$30,000 with Redpath as compared to the state auditors. If the EDA agreed to have the audit done by Redpath I would be happy to make the request to the county board to increase your levy by the increased amount over what you have budgeted. The board is very pleased with the Redpath proposal and I am sure would approve a proposed levy increase for the EDA. Our same taxpayers are receiving a great overall benefit by the county making this change.

Thanks

Braidy

ATTACHMENT A - PROPOSED FEES

Cook County Auditing Services Fee Structure

	Fiscal Year	
	2021	2022
Annual Financial Report	\$35,000	\$36,000
Single Audit – if required*	\$5,000	\$5,000
MN Legal Compliance Letter	\$1,000	\$1,000
Preparation of supporting schedules and trial balances	TBD and agreed to by Cook County and Redpath	TBD and agreed to by Cook County and Redpath
Quarterly meetings/routine phone calls	No charge	No charge
Subtotal	\$41,000	\$42,000
Cook County/Grand Marais Joint EDA	\$17,000	\$18,000
Subtotal	\$58,000	\$60,000
Out of pocket expenses – travel/lodging	\$2,000	\$2,000
Total	\$60,000	\$62,000

Firm Submitting Proposal: Redpath and Company



Signature of Authorized Representative

Partner

Title

David Mol

Name of Authorized Representative

Partner

Title

*Single audit fee assumes one major program. Additional \$2,000 for each additional major program.

From: [Mary Somnis](#)
To: [Beth Drost](#)
Cc: [Howard & Bonnie Gay Hedstrom](#); [Scott Harrison](#); [Anton Moody](#); [Carol Mork](#); [Bev Green](#); [Ann Sullivan](#); [Virginia Palmer](#); [Paul Goettl](#); [Braidy Powers](#)
Subject: Cook County has selected a new CPA firm for audits of the next two years
Date: Tuesday, August 24, 2021 3:23:48 PM

Beth and all,

This morning the County Board approved a proposal from CPA firm, Redpath and Company, to conduct the county audits for the next two years. This will save the county about \$30,000 annually, for at least the term of this two year contract. These will be the audits of 2021 and 2022, to be conducted in 2022 and 2023.

When Braidy sent out the Request for Proposals (RFP) for the county audit he included a RFP for the EDA, which includes Superior National. The EDA and the golf course are not obligated to use the same auditors as the county, but Braidy explained to me there are efficiencies created by doing them together. For example, the county bond for golf course renovations and the levy for the EDA come up in both audits, etc. The EDA could consider whether it makes sense to continue using the same auditors as the county, or develop a RFP as a stand alone.

The EDA currently budgets \$15,000 for annual audits with the Office of the State Auditor (OSA). Redpath and Company quoted \$15,000 - \$17,000 for the EDA and Superior National. When Braidy called me with this news, he said he didn't know why there was a range in the amount of the quote. We agreed to research whether it might be best for the EDA to stay with the OSA, move to the new auditors with the county, or go forward as a stand alone.

Braidy then contacted the OSA to see if the cost for the EDA and Superior National would remain consistent as a stand alone with their office. The OSA declined to audit the EDA and Superior National as a stand alone.

The EDA must now consider options for future audits.

NOTE: The audit of 2020 is near completion. Howard and I attended the exit interview with OSA staff last week. Their office will now finalize the report and send it to the EDA.

Next steps?

Braidy, can you send the proposal from Redpath and Company to Beth?

Perhaps Beth would want to meet with the EDA Finance Committee (Howard, Scott, Ann) to review the proposal?

I'm not sure if there is any urgency in getting this completed. However, proposals from professional firms often have a lifetime of 30 days. Again, I'm not sure if that is the case here. I'll leave this here now, for Beth and the EDA board to take up and move forward.

Mary Somnis
sommismary@gmail.com
218-410-0412

Housing and Redevelopment (HRA) Board Application

(Applications due Wednesday, September 22, by 5:00 p.m. CDT)

Candidate Name: _____

Physical Address: _____

Mailing Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ Email: _____

In which of the following areas do you have experience? (Check all that apply)

- Housing planning and development (number of years _____)
- Strategic planning (number of years _____)
- Public- or private-sector finance (number of years _____)
- Grant writing and management (number of years _____)
- Other (describe): _____ (number of years _____)

Relevant experience and/or employment: _____

Please list prior experience serving on a task force, board, or non-profit organization: _____

Why are you interested in serving on the HRA Board? _____

Please share any other information you feel important for consideration of this application: _____

Signature: _____

Date: _____



FIRST AMENDMENT TO PROMISSORY NOTE

THIS FIRST AMENDMENT TO PROMISSORY NOTE (the “First Amendment”) is made and entered into as of [enter date] by and among the Cook County/Grand Marais Joint Economic Development Authority (the “Noteholder”), and [borrower name] (the “Borrower”).

WHEREAS, the Borrower and Noteholder are parties to that certain Promissory Note, dated as of [enter promissory note date] (the “Note”), pursuant to which the Noteholder agreed to loan the Borrower \$13,500; and

WHEREAS, the Borrower agreed to pay to the Noteholder, the principal sum of \$13,500 and

WHEREAS, pursuant to the Note, The Borrower promises to pay \$13,500 in consecutive quarterly installments of \$375 payable on October 15, 2021; and

WHEREAS, the Cook County/Grand Marais EDA, upon receiving more applications than anticipated, reduced the award amounts to accommodate more Borrowers; and

WHEREAS, Lender and Borrower desire to amend the Note as set forth herein to reflect the change.

NOW, THEREFORE, in consideration of the premises and the mutual promises herein made, and in consideration of the representations, warranties and covenants herein contained, and intending to be legally bound hereby, the parties hereto agree as follows:

Amendment to Promissory Note. The Parties hereby agree to the following amendment to the Note:

The parties agree that sentence one of paragraph one of the Note shall be replaced to read in its entirety:

FOR VALUE RECEIVED, the undersigned (“Borrower”) promises to pay [redacted], or order, the principal sum of [redacted], payable to Cook County/Grand Marais Economic Development Authority, PO Box 597, 425 West Highway 61, Grand Marais, MN 55604, or such other place as the Note holder may designate, in consecutive quarterly installments of [redacted] on the 15th day of the first month of each quarter beginning October 15th, 2021. Such quarterly installments shall continue through September 202xx when 50% loan forgiveness will be determined.

2. Miscellaneous. Except as expressly provided in this First Amendment, all of the terms and provisions in the Note are and shall remain in full force and effect, on the terms and subject to the conditions set forth therein. This First Amendment does not constitute, directly or by implication, an amendment or waiver of any provision of the Note or any other right, remedy, power or privilege of any party thereto, except as expressly set forth herein. Any reference to the Note in the Note or any other agreement, document, instrument or certificate entered into or issued in connection therewith shall hereinafter mean the Note, as amended by this First Amendment (or as the Note may be further amended or modified in accordance with the terms thereof). The terms of this First Amendment shall be governed by, enforced and construed and interpreted in a manner consistent with the provisions of the Note.

[SIGNATURE PAGES IMMEDIATELY FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized representatives, all as of the day and year first above written.



BORROWER:

[Borrower Name]

By: _____
Name:
Title:

LENDER:

COOK COUNTY/GRAND MARAIS
JOINT ECONOMIC DEVELOPMENT
AUTHORITY

By: _____
Name: Beth Drost
Title: Executive Director

Borrower	Representative	Date Signed	Amount	Payment Amount	Payment #1 10/15/2021	Payment #2 1/15/2021	Payment #3 4/15/2020	Payment #4 7/15/2019	Payment #5 10/15/2018	Payment #6 1/15/2018	Payment #7 4/15/2017	Payment #8 7/15/2016
Cascade Vacation Rentals	Steve Surbaugh	4/27/2021	\$13,500	\$337.50								
Coldwater Foundation	Kevin Sutton	5/7/2021	\$13,500	\$337.50								
Fika Coffee	Josh Lindstrom	4/9/2021	\$13,500	\$337.50								
Hedstrom Lumber	Chris Hegg	4/12/2021	\$13,500	\$337.50								
JNS Customs	Steven Hahn	4/9/2021	\$13,500	\$337.50								
Joy Enterprises	Jill Terrill	4/15/2021	\$13,500	\$337.50								
Lutsen Reflections	Teri Chilefone	5/13/2021	\$13,500	\$337.50								
Lutzen Mountainside Lodge	Teri Chilefone	5/13/2021	\$13,500	\$337.50								
North House Folk School	Greg Wright/Mike Prom	5/3/2021	\$13,500	\$337.50								
Sivertson Gallery	Jan Sivertson	4/8/2021	\$13,500	\$337.50								
Voyageur Canoe Outfitting	Mike Prom	4/15/2021	\$13,500	\$337.50								
Basecamp Bungalows	Keith Bergeron	4/14/2021	\$10,950	\$272.75								
Mueller Studio	Greg Mueller	4/12/2021	\$10,950	\$272.75								
Wellspring Therapy	Patricia Francis	4/14/2021	\$10,950	\$272.75								
Gunflint Mercantile	Chelsea Pusc	4/12/2021	\$6,750	\$337.50								
The Fisherman's Daughter	Abby Tofte	4/13/2021	\$6,750	\$337.50								
Lutsen Recreation					June 11							

NOTICE OF PUBLIC HEARING ON PROPOSED SALE OF PROPERTY AT:

CEDAR GROVE BUSINESS PARK

NOTICE IS HEREBY GIVEN, that the Cook County/Grand Marais Joint Economic Development Authority will hold a public hearing on Tuesday, October 12, 2021 at 4:00PM, on the proposed sale of vacant lands located at Cedar Grove Business Park.

Location: Commissioner's Room
Cook County Courthouse
411 W 2nd Street
Grand Marais, Minnesota

The legal description of the property proposed for sale is:

Block 7 Lot 1 to Three Families Brewing LLC

The terms and conditions of the sale are open to the public at the EDA office at 425 W Highway 61, Suite B, Grand Marais, Minnesota during regular business hours. At the hearing, the Cook County/Grand Marais Joint Economic Development Authority will meet to decide if the sale is advisable.

All interested persons may appear at the public hearing and present their views orally or in writing.

Ordered and authorized by the Cook County/Grand Marais Joint Economic Development Authority pursuant to Minnesota Statutes Section 469.105.

Submitted by
Beth Drost, Executive Director



September 1, 2021

Dear Board Members ,

August is predictably a slower month for my work due in part to our busy season as well as some time I took off for vacation.

I booked 9.5 hours on Covid related counseling and 14.25 hours in business consulting on non-Covid related business planning, either in person, on Zoom, phone or email.

In a separate piece of business I worked on 2021 planning. Today you will be asked to support a grant that the Northland Foundation is requesting from the State of Minnesota to support my efforts here. The exciting news is that if approved this grant will also allow me to bring in, and be compensated for, my outreach efforts in providing business support and training. Currently I can only bill for direct contact I have with clients!

I also booked economic financial impact to the county of \$968,262 in grants various restaurants received from the Restaurant Revitalization Fund.

Let me know if you have any questions.

Pat
pcampanaro@gmail.com
651-336-2964

Director's Report September 7, 2021

This Director's Report follows the format and information that was included in the Director's Reports of July 13 and August 10, 2021. Where there is no update on a topic, please refer to past reports for status.

As I write this report, I expect it will be my last. I will, of course continue to communicate with Beth and the board, as appropriate, forever.

LEVY REQUEST 2022

Scott and I presented to the County Board on August 10. There were some questions. The conversation was cordial and informative.

Commissioner Hawkins requested a couple of past years, and year-to-date, EDA P&L reports showing actual as compared to budget and the previous year. Beth, Paul, and I met and discussed the addition of this information to the EDA financial reports, going forward.

As expected, the County Board took no action on the levy request. It will be included in the 2022 budget process, with preliminary budget set in September and final budget approved in December.

CEDAR GROVE BUSINESS PARK

ZONING

At the August 10 meeting of the EDA board, I provided all relevant documents and a timeline proposed by Mike Roth and me. The process of amending the City of GM ordinance should also include review of the Declaration of Covenants.

NOTE: Amendments to the Declaration of Covenants must be approved by written consent of 75% of the property owners. See Section 24 of the Declaration of Covenants for more details.

STATUS OF OWNERSHIPS

JEREMY AND JOHANNA LARSON, LOT 5, BLOCK 5

Work continues on the lot. Jeremy is coordinating with Keith Anderson.

ADAM AND MICA HARJU, LOT 12, BLOCK 5

Closing documents are being prepared. Harju's have requested a change of name on the Development Agreement. We will make that change and proceed to closing.

NORTH SHORE LAUNDRY AND CVR, LOTS 1,2,3, BLOCK 6

We closed on these sales and construction is underway.

COOK COUNTY HISTORICAL SOCIETY, LOT 5, BLOCK 7

No update.

COOK COUNTY TOWING

1. The EDA should recommend that they invest in a fence/wall to screen their property. This property is constantly in violation of Section 5 of the Declaration of Covenants, *Condition of Property and Screening*.
2. The EDA could also help them find resources to purchase the lot behind them. There has been some communication with them about this recently, and an introduction to Keith Anderson. It remains to be seen if they are interested in pursuing the purchase of that lot.
3. Mike Roth mentioned to me that they should be made aware that if/when a sheen of gas or oil is found downstream, they could be found liable. Storage of salvage in the drainage system is not appropriate.

JOSH TOLKAN, LOT 11, BLOCK 5

Josh has requested a time extension. I believe this is on your agenda for Sept 7.

ANIMAL SHELTER, LOT 7, BLOCK 5

No update.

FORT ROAD PROPERTIES, LOTS 4, 6, BLOCK 7

No update.

VOYAGEUR BREWING

The offer has been accepted. Beth, Mike Prom, and I are working on the Development Agreement. The EDA needs to schedule a Public Hearing.

TAX INCREMENT FINANCING

I have reached out to Bruce Kimmel a couple of times via email and received no replies. I'll leave this here for Beth and the EDA to follow up.

GRANTS, NEW AND IN PROCESS

NEW GRANTS

No new grants are in development now. Bluefin Bay and Sawbill Village may soon request EDA assistance with IRRR and other resources.

IN PROCESS, FROM THE JULY 31, 2021, EDA BALANCE SHEET AND P&L

Due to Business Development from 2019 – I have closed out this grant.

Due to Workforce Recruitment

1. I have closed out this grant and will submit the Final Report.

2. Sarah Hamilton has requested that EDA apply to Lloyd K. Johnson Foundation for a new grant for next year. I have discussed this with Joan Gardner-Goodno. She has approved that the EDA should submit a letter of intent, which they accept quarterly. September and November are the next months to submit. They will then advise whether the EDA should proceed to full application.

Northland Foundation/SBDC

1. The EDA should prepare a request for additional funds.
2. The EDA budget shows income as \$30,000. The contract with Northland Foundation is for \$25,000.
3. The July expenses total \$25,587.50. The August P&L expense total will be about \$28,000.
4. We expected to request additional funds from Northland Foundation in September. Now is the time.

IRRR Mtn Bike Tofte – Lutsen – I have closed out this grant.

Grand Marais Fire Recovery – Joel St. John is approved to submit development costs for the funds remaining in this grant. The final report is due on 1/31/22.

Housing Projects – In 2020, the EDA committed \$50,000 to the Hedstrom Lumber Workforce Housing project. They will submit invoices when they have completed the qualifications to receive these EDA funds.

NOTE: I recently attended a gathering of the homeowners at Nordic Star, hosted by One Roof. I observed a neighborhood of happy people. I heard there are 12 children living there, of which 6 ride the school bus every day. Fabulous!

Engineering -

1. In October, Keith will begin to do the work that is included in a DNR Coastal Grant of \$15,000. Beth and I plan to schedule a zoom with Keith for introductions.
2. Not a grant, but the EDA approved up to \$3000 for Keith Anderson to do stormwater work for Cedar Grove. We have paid \$980 to date on this work. I expect an invoice soon for a recent visit and meeting with Keith.
3. Keith is researching which lot owners have submitted the Subdivision Registration to MN PCA. He will provide us with a list of those that are needed, and I will show Beth what needs to be done.

Business Development Program – The EDA approved the balance of funds remaining in 2021 to North Shore Laundry. The EDA should request invoices to release these funds. Invoices should not include acquisition of the lots.

TABR BUSINESS RELIEF LOANS

I recently sent this email to Beth and the Finance Committee:

As you all know, the Promissory Notes for the TABR loans call for overpayments from the borrowers. The Promissory Notes include a payment amount that is based on the loans being in the amount of \$15,000. None of the loans ended up being in that amount.

When this came to our attention, there was some discussion and appeared to be consensus to go ahead with collecting the overpayments and then send refunds in 2023. As I work through the process of tying up loose strings, and with further thought, I have a recommendation.

If the EDA is going to proceed with collecting overpayments you may want to inform the borrowers, in the interest of transparency. I see potential for negative reactions from the borrowers if they don't learn of this until 2023. Beth and the EDA board do not need this two years from now.

I believe the EDA can write a letter to the borrowers which states the correct amount of their payments due. This letter can be written as an addendum or amendment to the Promissory Notes. The letter should request that each borrower respond and acknowledge the lower payment amount due. Signing and notarizing new Promissory Notes is not necessary.

First payments on the forgivable loans come due in October. I met with Marja at GMSB, quite a while ago, and have the documents for the borrowers to complete if they are willing to set up automatic payments. One form is for those who are customers of GMSB and one form is for those who are not customers of GMSB. If borrowers set up automatic payments, there will be less admin time needed for Beth and Paul. Beth will probably have to remind them to send their quarterly financial reports, however.

I recommend that the EDA board take this up at the September 7 meeting and decide on the best way forward.

The TABR loans, Promissory Notes and requirements of the borrowers are one thing that Beth and I have not yet focused on together. It is on our list of things to do. We will walk through the details of the admin work that is needed with this program and I will hand over to her the GMSB forms for borrowers to set up automatic payment. She can then correspond with them in a timely manner, before the October payments are due.

Thank you for your consideration of my thoughts about this.

Beth is preparing an amendment to the Promissory Notes for your consideration at the Sept 7 meeting.

HOUSEKEEPING, RECORDS, BYLAWS, COMMITTEES

Beth and I are working together through records.

All documents regarding the creation of the EDA and the Bylaws have been sent to the committee (Ann and Beth) and all board members.
Committees – see August 10 Director’s Report for this list.

EDA WEBSITE

This has been largely neglected. Many updates are needed. Beth and I met with WA Fisher. She will continue to work with them on website maintenance.

AUDIT OF 2020

The Audit of 2020 is complete. The Office of the State Auditor is preparing the report.

I recently sent this email to Beth and the EDA board regarding the Audit of 2021:

This morning the County Board approved a proposal from CPA firm, Redpath and Company, to conduct the county audits for the next two years. This will save the county about \$30,000 annually, for at least the term of this two-year contract. These will be the audits of 2021 and 2022, to be conducted in 2022 and 2023.

When Braidy sent out the Request for Proposals (RFP) for the county audit he included a RFP for the EDA, which includes Superior National. The EDA and the golf course are not obligated to use the same auditors as the county, but Braidy explained to me there are efficiencies created by doing them together. For example, the county bond for golf course renovations and the levy for the EDA come up in both audits, etc. The EDA could consider whether it makes sense to continue using the same auditors as the county or develop an RFP as a stand-alone.

The EDA currently budgets \$15,000 for annual audits with the Office of the State Auditor (OSA). Redpath and Company quoted \$15,000 - \$17,000 for the EDA and Superior National. When Braidy called me with this news, he said he didn't know why there was a range in the amount of the quote. We agreed to research whether it might be best for the EDA to stay with the OSA, move to the new auditors with the county, or go forward as a stand-alone.

Braidy then contacted the OSA to see if the cost for the EDA and Superior National would remain consistent as a stand-alone with their office. The OSA declined to audit the EDA and Superior National as a stand-alone.

The EDA must now consider options for future audits.

NOTE: The audit of 2020 is near completion. Howard and I attended the exit interview with OSA staff last week. Their office will now finalize the report and send it to the EDA.

Next steps?

Braidy, can you send the proposal from Redpath and Company to Beth?

Perhaps Beth would want to meet with the EDA Finance Committee (Howard, Scott, Ann) to review the proposal?

I'm not sure if there is any urgency in getting this completed. However, proposals from professional firms often have a lifetime of 30 days. Again, I'm not sure if that is the case here.

I'll leave this here now, for Beth and the EDA board to take up and move forward.

SUPERIOR NATIONAL

Implementation of media plan is ongoing. Update to website is in discussion.

TRANSITION

TIMING

Beth and I have worked together for 9 days since she began on August 9. We have completed high level overviews and “in the weeds” details on much of the work that is underway. Several introductions have been made, with more on our schedules soon.

I sent an email to over 100 contacts, announcing my last day of full-time with the EDA as of August 24. In truth, I have worked at home every day the remainder of the week, resulting in full-time for this pay period.

I am tying up loose strings, closing out grants and talking with project people through the ongoing transition. Lots of questions. I am providing full assurance that if/when needed, Beth can reach out to me to help but that they will enjoy working with her and that she is doing a great job.

HARDWARE, PHONE, LAPTOP, OTHERS

Beth has acquired a new computer system and is all set up.

Beth is now receiving emails addressed to director@prosperitynorth.com.

Beth has acquired a new cell phone for the EDA and transferred 387-3112.

This phone process was complex and lengthy. Beth persevered and got it done!

I have removed myself from EDA email and telephone contact information.

OVERLAP AND CONTINUED SUPPORT

I am making good progress with my “short list” of things to do. These are nearly complete, consisting of things like closing out old business and writing this report.

I will have company here the week of August 30, but I have carved out some time to attend pre-arranged meetings. Beth and I will also set up specific times that I will be available to answer questions, help find things, etc.

Beth and I have plans to schedule times in September for checking-in.

I fully intend to work no more than parttime in September. However, the Harju and Voyageur Brewing lot sales are progressing to closing. I believe it will be helpful if I can work with Beth through these transactions. It is not intuitive. It is a process that I learned over time, and I want to give her everything she needs to move forward in a good way.

Beth is driving, I'm her wingman. I will continue to go with the flow of the process, at the pleasure of Beth and the board.

I request the privilege of an exit interview if any board members are interested and available. I also recommend the board conduct annual performance reviews with Beth. I only had two in five years. This is not healthy for the organization.

We started to create a strategic vision for the EDA some time ago. It got lost in the busy workload. With new board members and a new executive director, this might be a good initiative for the EDA to consider working on a strategic plan.

Board members have recently discussed how to expand public engagement. I suggest that you consider live-streaming EDA meetings, as do the county and city. Post them online for people to view at their convenience. Let the community learn the facts, in real time, rather than creating a different narrative.

I have truly loved this job. Thank you for choosing me to serve the Cook County community in this way for the past five years.



TO: CC/GM EDA Board of Directors
FROM: Beth Drost, Director
RE: Director's Report
DATE: September 7, 2021

Good afternoon honored board members; I am pleased to write this first report for you. I have been really enjoying the work so far with the EDA and I hope to be running at full steam for you as of now!

Mary has written a comprehensive update on what is ongoing, finished, and needing action on. I will use this document to guide me as it has a lot of detail. I will not repeat here what she has written in her report.

When I set-up individual meetings with board members, I want to get an idea of what you would like to see in the monthly report going forward. I beg the board's patience in the transition, I want to give you what you want in the format that works best for all of you.

Mary has closed out many of the "old" grants and business and is joining me on just a few more meetings with some of the developers who are finalizing sales. I am very appreciative of the ongoing help from Mary and I see her as a very valuable resource. I hope to be able to continue communicating with her on a weekly basis for another month. I think it would be good to get the schedule in writing so Mary knows what we expect from her after September.

Highlights

The Cook County Board of Commissioners unanimously approved the creation of the Housing Redevelopment Authority. I was excited to be in attendance for the vote. We also learned that the County Board would like to create the HRA with its own BOD and has already advertised it, it closes September 22. See the application [here](#). We have not yet learned where the position will be housed.

Last month, we closed on three lots at Cedar Grove and began to see development for the first time in a while. There is more lot clearing at CGBP. This month, one more lot is ready to go to a public hearing (Voyageur Brewing) and one more is working through the development agreement and will shortly be final (Harju). I learned the closing process with Mary for these lots. Mary has also prepped a lot of the work for the brewery lot and we are close to closing. I have walked along with this deal and am confident taking it to public hearing next month and then closing.