

Meeting of the Koochiching Economic Development Authority

Wednesday, November 22nd, 2017
City Council Chambers

Board Members Present: Bob Anderson, Allen Rasmussen, Mike Hanson, Wade Pavleck, Brian McBride, Brian Briggs (Alternate), Representative Rob Ecklund

Members Absent: Harley Droba

Staff Present: Paul Nevanen, Kyra Hasbargen

Others Attending: JoAnn Smith, Crystal Clance, Dan McCarthy, Cheyanne Farmer (KCC-TV), Marty Goulet, Pat Bracken, Kalan Wagner

Meeting called to order at 1:03 p.m. by Chairman Rasmussen.

- 01 Approve agenda –**Motion by Anderson, a second by Briggs to accept the agenda. Motion carried unanimously.**
- 02 Approve minutes from 10/18/17 – **Motion by Hanson, a second by Anderson to approve the 10/18/17 meeting minutes. Motion carried unanimously.**
- 03 Public Comment – None
- 04 Treasurer’s Report – Nevanen presented the CWT financial reports in Treasurer McBride’s absence for October and monthly bills for November in the amount of \$16,087.87, JLR bills of \$14,397.25 and New Cold Box bills of \$320,097.16, along with a transfer of \$10,000 to KEDA and \$15,000 to CWT while explaining the details. **Motion by Anderson, a second by Briggs to approve the October CWT financial reports and bills for November with a total of \$16,087.87, JLR bills of \$14,397.25 and New Cold Box bills of \$320,097.16, along with a transfer of \$10,000 to KEDA and \$15,000 to CWT. Motion carried unanimously.** Nevanen presented the KEDA financials for October and bills for November in the amount of \$28,621.23. Anderson questioned the Northome brochure ad. Nevanen explained it is with the Northland Progressive and sponsored an advertisement in the brochure as a marketing piece. **Motion by Anderson, a second by Briggs to approve the October KEDA financial reports and bills for November in the amount of \$28,621.23. Motion carried unanimously.**
- 05 Cantilever Distillery – Project Overview – Rasmussen questioned waiting on the presentation until the County Board Members arrived at the meeting. The Board agreed. Pat Bracken, Marty Goulet and Kalan Wagner introduced themselves. Goulet began by stating they submitted a formal application for tax abatement on November 18th, noting they decided to move forward with the project last December and have been working with Nevanen at KEDA during that time and has been very helpful in the process. Goulet explained the project in full detail, noting they purchased two properties and referred to the maps that he provided, explaining Phase I of the distillery and building Phase II. Goulet explained the detail of the buildings, the manufacturing process of using local peat, grain and water and keeping the concept with a local history. Bracken added they are conducting a study to create a brand that supports the area, adding they want to create a destination for people to come to, noting they want to start the investment and manufacturing right away, however there is a long lead time to get to some of the different malt whisky’s which would take anywhere from 2-12 years to age, and explained some of the challenges. Rasmussen questioned the project not cash flowing for several years. Goulet stated that is the reason they are asking for a tax

abatement of 15 years. Goulet and Bracken explained some of their anticipated products further, noting they will start with a vodka and gin to start. Pavleck stated the project fits perfectly for tax abatement and had encouraged the group to bring it forward, noting a significant investment for the project, however it does take time. Nevanen noted the risk assessment and strength of the project, adding their track record of success and the significant amount of funds that have already been invested to set up the project, the consultants, and keeping with the Ranier history. Nevanen stated the City of Ranier agreed this will complement other area businesses, and the group is asking for tax abatement for Phase I and Phase II, adding risk factors to the County are little to none. Smith stated she looked at their business plan and documents and feels it is a good fit and also agrees it will complement other area businesses. McBride questioned if there will be new construction or renovations done to the buildings. Goulet responded most likely new construction due to the condition of the buildings, however they are still determining which route to take. Discussion on the building architecture and the history of Ranier. Nevanen explained adopting a new process of review of personal financial information, noting several concerns were raised by the investment group, adding Bob Palmquist with Northspan could do this type of work and then he would provide a report to the County of his findings, therefore he would recommend to amend the County's policy to allow for a 3rd party to review personal financials and have Palmquist complete that part of the process. McCarthy stated he doesn't want to see a business opportunity with a great idea hampered due to the public getting involved in personal finances. Goulet referenced the current property taxes on the buildings of about \$800 and is projected to increase to \$15,000, however the project will trigger other happenings in the Community. **Motion by Anderson, a second by Briggs to approve a resolution to Koochiching County Board in support of Cantiliver Distillery with a recommendation of tax abatement and the use of a 3rd party to review personal financial documents. Motion carried unanimously.**

- 06 Representative Ecklund Update – Representative Ecklund gave an update on what is happening with the State and in the House, and some of the issues they are facing. Ecklund referenced the Legislative Citizens Commission (LCC) having some extra funds to help until the session starts and noted the biggest thing for the Legislation will be the Bonding Bill, adding there is roughly \$3.2 billion in requests across the state, with the main focus on infrastructure, sewer projects, and an Aquifer in Mankato. Ecklund stated he is hopeful about the passing of a \$1 billion bonding bill. Anderson questioned if there were any project in the County looking for bond funds or if the Grand Mound was requesting funding. Ecklund responded the Grand Mound was looking at bond funds, however after a meeting yesterday with the Minnesota Historical Society, they may reconsider the request, adding Ash River Trail has a request in for a Clean Water effort similar to the Kabetogama Sewer Project. Anderson questioned if there is anything involving the forest industry. Ecklund stated the DNR has provided a study to get more cords put up north of Ely, and explained a current issue they are facing around there, adding the same request will be put in for November but the forecast is better than what it has been. Short discussion on a potential hatchery on Lake Vermillion and the fish native and non-native to the lakes.
- 07 Director's Report – Nevanen referenced Granite Digital who recently went before the City of International Falls Planning and Zoning Board to request a re-zoning of the Armory property and to amend the zoning district to include Data Centers as a Conditional Use in the C-1B District. Nevanen state the construction of the new cold box has been completed, the reimbursement process with DEED is in process and a Certificate of Occupancy was issued by the City, adding the project came in under budget. Nevanen referenced the Minnesota Housing Partnership who continues to meeting with a group of stakeholders to explore housing issues throughout Koochiching County, noting a possible county-wide housing study is under consideration. Nevanen mentioned representatives from Minnesota Power were recently in International Falls to meet with a number of community leaders and business owners to give an update on a variety of Minnesota Power's programs and initiatives and discuss their rate structure and increase proposal. Nevanen noted he

continues to participate in a review of the City's Draft Comprehensive Plan, Zoning and Land Use Regulations with the City's consultants and Committee, adding the City and MnDOT hosted a public engagement meeting and workshop last month to discuss the process of the Highway 53 Visual Quality Process. Anderson stated he is pleased with how the visual quality process is going with the design, noting there will be a citizen approval process in February and explained the other steps that will need to be taken and a hope of going out for bids in December 2019. Short discussion on MnDOT's recommendations of lanes and the design of the corridor. Nevanen explained he and JoAnn Smith recently had an opportunity to meet with representatives of the Northland Foundation, Northspan and local bankers to learn more about the various programs they provide to the region. Short discussion on the Northland Foundation, gap financing and lending.

- 08 Request for Leave of Absence – Kyra Hasbargen – Hasbargen explained she is requesting a leave of absence beginning approximately March 1st to May 31st, 2018 for maternity leave, adding she will be doing some contracting work for the Airport from home due to the complexity of the position; however Smith will be helping out with the KEDA side of duties. The Board questioned if the leave will be unpaid or paid. Hasbargen explained she has a Short-term Disability insurance benefit through the County which will allow her to be paid at 60% of her income. **Motion by Anderson, a second by Hanson to approve a 12 week leave of absence for Kyra Hasbargen expected to begin March 1st, 2018 and paid at 60% per the County guidelines for Short-term Disability. Motion carried with Briggs abstaining.**
- 09 Other (City/County Updates) – Anderson stated the Airport project is completed and just finishing up a few final touches, adding Phase II is expected to begin May 2018. Anderson noted an old apartment building was taken down and removed by the City this week, for the owner to expand its car wash, service and gas station. Anderson referenced the TeePee Motel fire and there being an entrepreneur looking at purchasing the building with negotiations of purchasing the Shorelunch Café building also which is not operating. Briggs noted the owner of Forestland is also expanding his oil business to bring fuel in on rail cars and is clearing the property next to the railroad tracks off of Hwy 155. Pavleck and McBride entered the meeting and apologized for being late and explained their other meeting they were in. Anderson referenced the recent Charter flight that went out to Laughlin with 129 passengers, noting the new terminal secure area now has 99 seats, vending and bathrooms.
- 10 Public Comment Period – None.
- 11 The next board meeting was scheduled for Monday, December 18th at 1:00 p.m. at the County Boardroom. **Meeting adjourned at 2:47 p.m.**