

Meeting of the Koochiching Economic Development Authority

Wednesday, February 22nd, 2017
City Council Chambers

- Board Members Present:** Bob Anderson, Allen Rasmussen, Harley Droba, Jerry Struss (Alternate), Ron Nordby (Alternate)
- Members Absent:** Brian McBride, Mike Hanson, Wade Pavleck
- Staff Present:** Paul Nevanen, Kyra Hasbargen
- Others Attending:** Laurel Beager (The Journal), Crystal Clance

Meeting called to order at 12:00 p.m. by Chairman Rasmussen.

- 01 Approve agenda – **Motion by Anderson, a second by Struss to accept the agenda as presented. Motion carried unanimously.**
- 02 Approve minutes from 1/23/17 – **Motion by Droba, a second by Anderson to approve the 1/23/17 meeting minutes. Motion carried unanimously.**
- 03 Public Comment –None
- 04 Treasurer’s Report – Nevanen presented the CWT financial reports in Treasurer McBride absence for January and monthly bills for February in the amount of \$29,016.83. Nevanen noted a transfer of \$27,000 from JLR account to CWT. **Motion by Anderson, a second by Struss to approve the January CWT financial reports and bills for February in the amount of \$29,016.83 and a \$27,000 transfer from the JLR account to the CWT account. Motion carried unanimously.** Nevanen presented the KEDA financials for January and bills for February in the amount of \$15,211.59. **Motion by Droba, a second by Anderson to approve the January KEDA financial reports and bills for February in the amount of \$15,211.59. Motion carried unanimously.** Anderson noted that Councilor Jaksa raised a point of CWT carrying a large \$300,000 balance and that CWT should carry the financing of a third cold box. Anderson stated it might be helpful to have a graph that shows cash flow. Nevanen responded he is comfortable with the process of the CWT and budgets knowing the JLR lease payment amount, however other customers are unknown, adding there are annual facility improvements of \$25,000-70,000 per year of which some are requests from JLR and is determined who pays for the specific improvements. Nevanen explained since 2001 when the CWT building was built, there has been a significant amount of money put back into the facility to keep it up to date. Nevanen stated CWT supports and funds KEDA for the year as there are not City and County funds received for annual support. Nevanen suggested looking back to the beginning, noting the facility has been managed very well and there is much more to it than what is in the fund balance at the beginning of the year, as it needs to carry through to the end of the year. Anderson reaffirmed the CWT pays for the KEDA and also pays a monthly lease payment to the Airport Commission for the facility. Droba noted the KEDA paid interest back to the entities for the loans on the last cold box built in 2013. Nevanen stated the CWT funds also helped to make Jenny Herman’s position fulltime. Nordby stated in his opinion the question from Jaksa is good, however there is not enough funds in the balance to make capital improvements. Struss questioned if technology has an effect on the CWT facility. Nevanen responded it does, noting their current need is for fast charging electric ports for the newer vehicles.
- 05 Personnel Committed – Rasmussen explained the personnel committee consisting of Anderson, McBride, Nevanen, Elaine Hansen (SBDC), and himself met on January 17th to conduct three interviews for the Small Business Development Center, Business Consultant position, adding there

was lots of discussion on the candidates. Rasmussen stated there were standard interview questions asked of each candidate and after reviewing each candidate, JoAnn Smith had the most votes on the scoring system that was being used. Nevanen explained Hansen's role with being included with the interviews, noting all were good candidates, adding Smith has an engineering background and has practical experience with owning two businesses currently. Nevanen stated he has offered the position at \$50,000 per year plus benefits which is based on her education and background, contingent on board approval. **Motion by Droba, a second by Anderson to accept the Personnel Committed recommendation of hiring JoAnn Smith for the Small Business Development Center, Business Consultant position. Motion carried unanimously.** Short discussion on her starting date and how the position grew because of Jenny Herman and her hard work, as well as the analysis she did of the community and different reports she provided.

- 06 Director's Report – Nevanen read through his director's report, referencing the Granite Digital Data Center and working with Joe Mershon, noting the project began nearly 9 years ago and explained the process and where it is currently with securing a site for the project and having City and County support as well as potentially working with DEED. Discussion on the project, the site, the funding and other data centers in Minnesota. Nevanen stated things are continuing with JLR on plans for a third cold box as part of their next five-year lease and plan to use a similar model as was used for the last cold box in financing the construction utilizing City, County, DEED and KEDA as partners. Nevanen noted the test season is beginning to wind down but have groups here into mid-March. Nevanen stated he continues to meet with the Regional Forest Products Alliance and explained the groups purpose. Nevanen provided a brief update from Tom Murn of Frontier on the status of the Rainy Lake/Gold Shores area fiber, noting they have completed the build-out and are currently in the testing mode and hoping to activate the lines late March to early April.
- 07 Other (City/County Updates) – Rasmussen questioned if there has been any progress with the cellular tower near Rainy Lake Houseboats. Nordby stated Verizon has two conditional use sites, however they have stated it is not in their 2017 plan, adding T-Mobile is building a tower in Littlefork. Anderson touched on the Comprehensive Plan the City is conducting and explained a few of the things they are looking at. Anderson noted the Airport Commission toured the Terminal construction site today, adding the project is slightly behind schedule but is gaining speed. Anderson stated Tim Horton's is now opened and Sammy's Pizza has applied for a liquor license in the old Giovanni's location which will take effect May 1st. Nordby reported on the Island View Sewer Project and the one bid that was received was extremely higher than expected and referenced the Great Northern Transmission Line's progress. Nevanen stated RRCC is facing some difficult challenges and wanted to conduct a study of its economic impact on the community, and reached out to UMD's Bureau of Business and Economic Research, who didn't charge a fee for conducting the study. The study concluded college has an \$8.5 million annual impact on the local economy.
- 08 Public Comment Period – Crystal Clance questioned the Tilapia Fish and RECAP projects status. Anderson responded regarding the tilapia fish company and stated there has not been any contact with the head of the project. Droba added, Councilor Jaksa has been the liaison on that project and would have the information. Laurel Beager stated there was an issue at the other plant in Silver Bay and the project has been delayed to her knowledge. Nevanen questioned if there was a timeline for the agreement. Droba stated the agreement doesn't start until wetland credits are applied for, noting that has not been done yet. Nevanen responded to the RECAP project stated it is still in the works and talks with Coronal every other week on progress updates. Discussion on the RECAP project.
- 09 The next board meeting was scheduled for Wednesday, March 15th at 12:00 p.m. in the County Boardroom. **Meeting adjourned at 1:24 p.m.**