



AGENDA

Tuesday, January 20, 2026 – 4:00pm
Grand Marais City Hall – Council Chambers
15 North Broadway Ave, Grand Marais, MN 55604

1. **Call to Order**
2. **Approval of Agenda**
3. **Annual Meeting**
 - a. **2026-01** RESOLUTION APPOINTING OFFICERS AND COMMITTEE MEMBERS FOR THE 2026 CALENDAR YEAR ([Pages 1-3](#))
4. **Public Comments**
5. **Approval of Meeting Minutes**
 - a. December 16, 2025 EDA Regular Meeting ([Pages 4-8](#))
6. **Review of Financials**
 - a. Balance Sheet EDA, as of December 31, 2025 ([Pages 9-12](#))
 - b. Bill Approval Status EDA, December Payments 2025 ([Page 13](#))
 - c. Balance Sheet Superior National Golf Course, as of December 31, 2025 ([Pages 14-18](#))
 - d. 2025 Business Development Fund Grant Report, information only ([Page 19](#))
7. **New Business**
 - a. **2026-02** RESOLUTION AUTHORIZING ENGAGEMENT OF REDPATH AND COMPANY FOR 2025 FINANCIAL AUDIT SERVICES ([Pages 20-32](#))
 - b. **2026-03** RESOLUTION AUTHORIZING 2026 CONSULTING AGREEMENT WITH NORTHLAND FOUNDATION AND CONTRACTING OF LOCAL BUSINESS CONSULTANT ([Pages 33-37](#))
 - c. Conflict of Interest Policy Draft, discussion ([38-45](#))
 - d. St. Catherine University Business Development Program Analysis ([Pages 46-56](#))
8. **Committee/Commissioner Reports**
 - a. Taconite Harbor Subcommittee – Strategic Plan Update
 - b. Golf Course Committee – Sale Update
 - c. Grant Review Committee Update
 - d. HR Committee Update
 - e. Expanded business consulting services discussion, Commissioner Benson
 - f. CC Food Access Council and Northwoods Food Project, Commissioner Benson
9. **Adjourn**

Next Meeting: Tuesday, February 17, 2026

MEMO

To: EDA Board of Commissioners

From: Theresa Bajda, North Shore Development Co.

Date: January 15, 2025

Subject: Election of 2026 Officers and Committee Appointments (Resolution 2026-01)

Background

At the January annual meeting, the EDA Board is required to elect officers and appoint representatives to standing committees for the upcoming calendar year. This action is pursuant to Article IV of the EDA's Bylaws, which were most recently amended on July 16, 2024, and Minnesota Statutes, §469.096, Subd. 2, which outlines the required office positions for economic development authorities. Consistent with statute and the Bylaws, the EDA must annually elect a: President, Vice President, Treasurer, Secretary, and Assistant Treasurer. While the President and Vice President must be separate individuals, the remaining offices may be held by the same Commissioner. The offices of Secretary and Assistant Treasurer need not be held by a commissioner. Historically, these roles have been fulfilled by the EDA's Executive Director. In the absence of a Director, it is recommended that the Board appoint a commissioner until the position is filled.

Board Officers 2025 Reference

Office	Commissioner
President	Peter Clissold
Vice President	Howard Hedstrom
Secretary	Siri Anderson
Treasurer	Mark Shackleton
Assistant Treasurer	David Mills

Following officer elections, the Board should also appoint representatives to the EDA's standing Committees, as referenced in the chart below.

Committee Assignments

Committee	Chair	Commissioner	Commissioner
Finance	Mark Shackleton	Vacancy	Vacancy
Personnel	Tracy Benson	David Mills	Alex Beebe-Guidice
Grant Review	Siri Anderson	Mark Shackleton	Alex Beebe-Guidice
Design Review	Mark Shackleton	Vacancy	Vacancy
Taconite Harbor	Tracy Benson	Siri Anderson	Dave Mills
Golf Course	Peter Clissold	Siri Anderson	Vacancy

Design Review Committee Reminder:

Section 15 of the Amended and Restated Declaration of Covenants, Conditions, Easements, and Restrictions ("Declaration") for the Cedar Grove Business Park ("Park") requires the EDA to maintain a Design Review Committee consisting of at least three (3) members of the EDA. Although all lots in the Park have been sold, this obligation remains active because not all site improvements have been

completed. Specifically, prior to any construction, owners must submit a stormwater management plan completed by a licensed stormwater engineer. The Design Review Committee is responsible for reviewing these plans to ensure they are consistent with the original purchase agreement and performance standards in the Declaration.

Recommended Action

Discuss and elect officers and make appointments to the EDA's committees for the 2026 calendar year by approval of Resolution 2026-01.

Attachments:

- Resolution 2026-01

**COOK COUNTY AND GRAND MARAIS JOINT ECONOMIC DEVELOPMENT AUTHORITY
STATE OF MINNESOTA
COOK COUNTY**

RESOLUTION NO. 2026-01

RESOLUTION APPOINTING OFFICERS AND COMMITTEE MEMBERS FOR THE 2026 CALENDAR YEAR

WHEREAS, Article IV of the Bylaws of the Cook County/Grand Marais Joint Economic Development Authority (“EDA”) requires the annual election of officers at the Board’s annual January meeting; and

WHEREAS, Minnesota Statutes § 469.096, Subd. 2 requires the EDA to elect a President, Vice President, Treasurer, Secretary, and Assistant Treasurer annually; and

WHEREAS, the EDA also annually appoints representatives to its standing committees at the Annual Meeting to ensure ongoing oversight and support of key initiatives.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Commissioners of the EDA hereby appoint the following commissioners to serve in the respective officer roles for the 2026 calendar year:

Office	Commissioner
President	
Vice President	
Secretary	
Treasurer	
Assistant Treasurer	

BE IT FURTHER RESOLVED, that the Board of Commissioners of the EDA hereby appoint the following Commissioners to serve on the EDA’s Committees for 2026:

Committee	Chair	Commissioner	Commissioner
Finance			
Personnel			
Grant Review			
Design Review			
Taconite Harbor			
Golf Course			

Board member _____ moved the adoption of the foregoing resolution, and said motion was duly seconded by Board member _____, and upon vote being taken thereon, the following voted in favor thereof:

Abstention:

and the following voted against the same:

Whereupon said resolution was declared duly passed and adopted by the Cook County and Grand Marais Joint Economic Development Authority on this 20th day of January 2026.

ATTEST: _____

Peter Clissold – Board President



MEETING MINUTES

Tuesday, December 16, 2025 – 4:00pm

Grand Marais City Hall – Council Chambers

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Members of the Board may participate in this meeting via electronic

Commissioners Present: Peter Clissold, Howard Hedstrom, David Mills, Mark Shackleton, Tracy Benson. Alex Beebe-Giudice and Siri Anderson joined remotely.

Commissioner Absent: None

Others Present: Pat Campanaro, Jeff Brand, minute taker Maggie Barnard

1. Call to Order

President Clissold called the December 16, 2025 Regular EDA meeting to order at 4:04 p.m.

2. Approval of Agenda

Clissold called for any additions or revisions to the agenda. Beebe-Giudice requested a discussion about the SBDC consultant be added. Clissold recommended adding to Committee/Commissioner reports and moving item 6c under new business to the end of the agenda.

Motion to approve the December 16, 2025 agenda (Mills/Hedstrom)

Vote Roll Call. Ayes: Anderson, Benson, Mills, Beebe-Giudice, Hedstrom, Shackleton, Clissold. Vote: Passed (7-0)

3. Public Comments

Clissold opened the public comment time and called for any public attendees to address the commissioners. No public comments. Clissold closed public comments.

4. Approval of Meeting Minutes

- a. November 18, 2025 EDA Regular Meeting ([Pages 1-4](#))

Motion to approve the November 18, 2025 meeting minutes (Hedstrom/Benson)

Vote Roll Call. Ayes: Anderson, Benson, Mills, Beebe-Giudice, Hedstrom, Shackleton, Clissold.

Vote: Passed (7-0)

5. Review of Financials

- a. Balance Sheet EDA, as of November 30, 2025 ([Pages 5-8](#))

Shackleton said he received the second levy payment as of today so balance is higher than report.

No questions or comments. **President and members accept and forward to audit.**

- b. Bill Approval Status EDA, November Payments 2025 ([Page 9](#))

Motion to approve EDA November 2025 payments (Mills/Benson)

Vote Roll Call. Ayes: Anderson, Benson, Mills, Beebe-Giudice, Hedstrom, Shackleton, Clissold.

Vote: Passed (7-0)

- c. Balance Sheet Superior National Golf Course, as of November 30, 2025 ([Pages 10-14](#))

Shackleton said it was a slow month as only the restaurant is open during winter months. Stated the cash position is lower and will need to be monitored closely in case there needs to be a balance transfer.

Inventory will be completed at year end and he estimates there is about \$50,000 in merchandise and \$10,000 in food & beverage products. **President and members accept and forward to audit.**

- d. 2025 Business Development Fund Grant Report, information only ([Page 15](#))

6. New Business

- a. **2025-45 RESOLUTION AUTHORIZING COST SHARE PARTICIPATION IN THE ASSISTED LIVING MARKET STUDY WITH THE COOK COUNTY HOUSING AND REDEVELOPMENT AUTHORITY** ([Pages 16-23](#))

Jeff Brand spoke to the Commissioners about his request for the EDA to participate in cost sharing for a study to update the Assisted Living Demand Analysis for Cook County in an amount of \$7,250. Noted

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Community engagement is not included in the current scope but has been discussed with other community sources and could be explored as a Phase II opportunity.

Anderson suggested Brand work with the region demographic specialist at DEED.

Brand confirmed he had a conversation with Carson at DEED.

Hedstrom indicated that an investigation of Assisted Living facilities was discussed in the past, but lack of staff housing created challenges. Discussed new apartment buildings in Grand Marais and confirmed support of the project and the usefulness of the study for future developers.

Benson questioned whether other sources of funding such as grants have been explored but expressed support.

Clissold noted this study is also an economic endeavor and requested Treasurer Shackleton confirm availability of funding to support the request.

Shackleton confirmed sufficient funding.

Motion to approve RESOLUTION 2025-45 (Hedstrom/Anderson)

Vote Roll Call. Ayes: Anderson, Benson, Mills, Beebe-Giudice, Hedstrom, Shackleton, Clissold.

Vote: Passed (7-0)

- b. **2025-46** RESOLUTION ADOPTING THE 2026 REGULAR MEETING SCHEDULE FOR THE COOK COUNTY/GRAND MARAIS JOINT ECONOMIC DEVELOPMENT AUTHORITY ([Pages 24-25](#))

Clissold confirmed meetings will continue to be on the third Tuesday of each month at 4:00 p.m. in 2026 as there were no conflicts with recognized holidays.

Motion to approve RESOLUTION 2025-46 (Benson/Shackleton)

Vote Roll Call. Ayes: Anderson, Benson, Mills, Beebe-Giudice, Hedstrom, Shackleton, Clissold.

Vote: Passed (7-0)

- c. **2025-47** RESOLUTION HONORING HOWARD HEDSTROM FOR HIS YEARS OF SERVICE TO THE COOK COUNTY/GRAND MARAIS JOINT ECONOMIC DEVELOPMENT AUTHORITY ([Page 26](#))

Clissold moved this agenda item to the end of the meeting.

- d. **2025-48** RESOLUTION AUTHORIZING 2026 EMPLOYMENT AGREEMENTS FOR SALARIED STAFF AT SUPERIOR NATIONAL AT LUTSEN GOLF COURSE ([Pages 27-54](#))

Clissold confirmed the agreement details are consistent with previous years, the exception being a 3% COLA wage increase and authorization for the EDA to terminate agreements upon any sale of the golf course.

Motion to approve RESOLUTION 2025-48 (Mills/Benson)

Vote Roll Call. Ayes: Anderson, Benson, Mills, Beebe-Giudice, Hedstrom, Shackleton, Clissold.

Vote: Passed (7-0)

- e. **2025-49** RESOLUTION ADOPTING 2026 WINTER OPERATIONS PLAN FOR SUPERIOR NATIONAL AT LUTSEN GOLF COURSE ([Pages 55-58](#))

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Clissold state this plan essentially represents the restaurant being open during the winter months.

Motion to approve RESOLUTION 2025-49 (Benson/Mills)

Vote Roll Call. Ayes: Anderson, Benson, Mills, Beebe-Giudice, Hedstrom, Shackleton, Clissold.

Vote: Passed (7-0)

- f. **2025-50** RESOLUTION AUTHORIZING 2026 PROFESSIONAL SERVICES AGREEMENT WITH MIKE LARSON
(Pages 59-68)

Clissold confirmed the EDA had contracted with Larson in 2024 and 2025 to support management and oversight, FEMA work and sale negotiation. Indicated that the 2026 agreement reflects similar scope but includes septic and irrigation project.

Hedstrom and Mills expressed support.

Motion to approve RESOLUTION 2025-50 (Mills/Hedstrom) Vote: Passed (7-0)

Vote Roll Call. Ayes: Anderson, Benson, Mills, Beebe-Giudice, Hedstrom, Shackleton, Clissold.

Vote: Passed (7-0)

- g. One Roof Community Housing Subordination Request (Pages 69-71)

Clissold indicated One Roof Community Housing submitted a request to the EDA to consider allowing them to utilize existing equity in the Four Directions project in Lutsen to support purchase of a new office building in Duluth. Stated that legal counsel at Fryberger confirmed the EDA and County Board would have to amend the existing Development Agreement and applicable loan documents. Confirmed no action is required at this time, rather discussion and feedback for One Roof.

Hedstrom expressed support and noted One Roof is well managed, which presents minimal risk.

Mills and Beebe-Giudice expressed support.

Benson noted that Fryberger presents both entities, however it is likely not a conflict.

- h. **2025-51** RESOLUTION OF SUPPORT FOR THE MINNESOTA DEPARTMENT OF NATURAL RESOURCES
TRANSPORTATION ALTERNATIVES PROGRAM GRANT APPLICATION FOR THE GITCHI-GAMI STATE TRAIL
EXTENSION (Pages 72-75)

Motion to approve RESOLUTION 2025-51 (Shackleton/Anderson)

Vote Roll Call. Ayes: Anderson, Benson, Mills, Beebe-Giudice, Hedstrom, Shackleton, Clissold.

Vote: Passed (7-0)

- i. **2025-52** RESOLUTION AUTHORIZING APPLICATION FOR AND, UPON APPROVAL, ACCEPTANCE OF A
GRANT FROM THE DEPARTMENT OF IRON RANGE RESOURCES AND REHABILITATION FOR AN AMOUNT
NOT TO EXCEED \$145,000 TO SUPPORT INFRASTRUCTURE IMPROVEMENTS FOR SISU + LÖYLY EXPANSION
(Pages 76-78)

Mills expressed support for the business and their community involvement.

Motion to approve RESOLUTION 2025-52 (Hedstrom/Shackleton)

Vote Roll Call. Ayes: Anderson, Benson, Mills, Beebe-Giudice, Hedstrom, Shackleton, Clissold.

Vote: Passed (7-0)

- j. Conflict of Interest Policy Review and Questionnaire Renewal (Pages 79-83)



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Beebe-Giudice said he sees good improvements in the document however he wants more clarification on the process of declaration. He said he researched past EDA documents that refer to a State Statute that governs economic development: statute 469-098. There is a process in declaring, disclosing, and investigating a conflict and he would like a little more direction.

Mills expressed support for including the statute.

Clissold said he has only seen conflicts arise in the Business Grant Funds applications with family involvement, the most common conflict.

Beebe-Giudice agrees the grant application is the most frequent occurrence of conflict. Currently a person with a conflict is allowed to remain in the meeting and speak on the topic which can provide critical facts. The State Statute says a conflicted member may not even be present during discussion and the person should leave the room. This removes nonverbal influence as well. Maybe a solution is to take that member's comments in writing to other members. It is especially difficult with such a small town and relationships however it is important to follow state law. Perceived conflict is also a concern so it is important that in such a small town there are clear statements such as when Howard declared that although the lumber company has his name, he is not involved with any aspect of that business.

7. Committee/Commissioner Reports

a. Taconite Harbor Subcommittee – Strategic Plan Update

Clissold said the third meeting is Wednesday night and the focus will be on environmental impacts. There has been 100% participation so far, lots of questions, engagement and commitment. MN Power has been engaged as well.

b. Golf Course Committee – Sale Update

Clissold shared that the due diligence period expires December 19, and the EDA can expect another extension. Irrigation and septic need research and plan for implementation.

Hedstrom feels ultimately the deal will succeed.

c. Grant Review Committee Update

Beebe-Giudice thanked NSDC for their help with revisions.

Anderson said the St. Kate's study was finished and she will share results in the January meeting.

Clissold said the 2026 Budget was approved as presented and submitted by the Board of Commissioners.

d. HR Committee Update

Job posting is now live, and there may be a couple of applicants.

e. Update on County Commissioner Vacancy, Residency

Clissold said they talked about residency requirements by both the City of Grand Marais and the County at the November meeting with three Commissioners appointed by the city, and four from Cook County. Confirmed intent is to have four from the County should not be City of Grand Marais residents as the goal is to offer as much varied representations as possible.



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Mills confirmed this was also approved by Board of Commissioners today.

f. SBDC Consultant Discussion

Beebe-Giudice said he is concerned that there are no updates from November and December and he has not seen a renewal from the current consultant. He asked what is the direction for this role?

Clissold said Northland has agreed to fill the gap of a representative service in early 2026 for existing clients. He also confirmed he knows of four applicants that could be interviewed by the EDA HR committee for recommendations to Northland.

Beebe-Giudice asked what is being done to recruit?

Clissold said the EDA is not actively marketing the position as the consultant is not an EDA employee, but the EDA has a contract with Northland for this consultant position, the EDA is the liaison.

Beebe-Giudice suggests the EDA should update the website to reflect the opening.

g. 6. c. **2025-47** RESOLUTION HONORING HOWARD HEDSTROM FOR HIS YEARS OF SERVICE TO THE COOK COUNTY/GRAND MARAIS JOINT ECONOMIC DEVELOPMENT AUTHORITY ([Page 26](#))

Clissold read the resolution honoring Hedstrom for 12 years of service to the EDA and expressed gratitude for his expertise and dedication.

Hedstrom thanked Commissioners and stated it was an honor to serve in the role and work for the community.

Motion to approve RESOLUTION 2025-47 (Mills/Anderson). Vote Roll Call. Ayes: Anderson, Benson, Mills, Beebe-Giudice, Hedstrom, Shackleton, Clissold.

Vote: Passed (7-0)

8. Adjourn

Motion to adjourn at 5:35 p.m. by Hedstrom.

Next Meeting: Tuesday, January 20, 2026

Respectfully submitted by minute taker Maggie Barnard.

Cook County/Grand Marais Economic Development Authority

Balance Sheet

As of December 31, 2025

	TOTAL		
	AS OF DEC 31, 2025	AS OF DEC 31, 2024 (PY)	% CHANGE
ASSETS			
Current Assets			
Bank Accounts			
GMSB Checking Account	133,860.84	101,549.05	31.82 %
GMSB Money Market	248,761.20	234,957.07	5.88 %
NSFCU 5162030 Checking	6,354.87	6,321.97	0.52 %
NSFCU Money Market (87)	0.00	0.00	
NSFCU Patronage	37.24	34.85	6.86 %
NSFCU Savings	10.19	10.19	0.00 %
Total Bank Accounts	\$389,024.34	\$342,873.13	13.46 %
Accounts Receivable			
Accounts Receivable	0.00	0.00	
Total Accounts Receivable	\$0.00	\$0.00	0.00%
Other Current Assets			
Due from Lutsen Recreation	0.00	0.00	
Due from Lutzen Mountainside	8,437.50	9,787.50	-13.79 %
Note Payable Gunflint Vue LLC	200,000.00	200,000.00	0.00 %
Prepaid Rent	915.00	915.00	0.00 %
Taxes Receivable - current	16,054.18	16,054.18	0.00 %
Taxes Receivable - delinquent	8,396.00	8,396.00	0.00 %
Undeposited Funds	0.00	0.00	
Total Other Current Assets	\$233,802.68	\$235,152.68	-0.57 %
Total Current Assets	\$622,827.02	\$578,025.81	7.75 %
Fixed Assets			
Land Held for Resale	114,000.00	114,000.00	0.00 %
Total Fixed Assets	\$114,000.00	\$114,000.00	0.00 %
Other Assets			
Tac Area Bus Relief Note Rec	0.00	0.00	
Total Other Assets	\$0.00	\$0.00	0.00%
TOTAL ASSETS	\$736,827.02	\$692,025.81	6.47 %

Cook County/Grand Marais Economic Development Authority

Balance Sheet

As of December 31, 2025

	TOTAL		
	AS OF DEC 31, 2025	AS OF DEC 31, 2024 (PY)	% CHANGE
LIABILITIES AND EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
Accounts Payable	34,631.86	28,763.98	20.40 %
Total Accounts Payable	\$34,631.86	\$28,763.98	20.40 %
Credit Cards			
Visa Credit Card	173.28	246.64	-29.74 %
Total Credit Cards	\$173.28	\$246.64	-29.74 %
Other Current Liabilities			
Contingent Liability	0.00	0.00	
Deferred Revenue	0.00	0.00	
Due to City of Grand Marais	149,812.55	149,812.55	0.00 %
Due to Cook County	28,103.89	28,103.89	0.00 %
Due to Workforce Recruitment	0.00	0.00	
Salaries/Benefits	0.00	0.00	
Total Other Current Liabilities	\$177,916.44	\$177,916.44	0.00 %
Total Current Liabilities	\$212,721.58	\$206,927.06	2.80 %
Long-Term Liabilities			
Unavailable Rev - Deferred Tax	8,396.00	8,396.00	0.00 %
Total Long-Term Liabilities	\$8,396.00	\$8,396.00	0.00 %
Total Liabilities	\$221,117.58	\$215,323.06	2.69 %
Equity			
Opening Bal Equity	118,003.47	118,003.47	0.00 %
Retained Earnings	358,699.28	362,284.21	-0.99 %
Net Income	39,006.69	-3,584.93	1,188.07 %
Total Equity	\$515,709.44	\$476,702.75	8.18 %
TOTAL LIABILITIES AND EQUITY	\$736,827.02	\$692,025.81	6.47 %

Cook County/Grand Marais Economic Development Authority

Budget vs. Actuals: Budget_FY25_P&L - FY25 P&L

January - December 2025

	TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
Income				
EDA Levy				
Levy County - Operations	442,712.92	459,800.00	-17,087.08	96.28 %
Levy County Cedar Grove Pass Thru	55,360.27	60,000.00	-4,639.73	92.27 %
Total EDA Levy	498,073.19	519,800.00	-21,726.81	95.82 %
Grant Income				
IRRR Papa Charlies Demolition	400,000.00		400,000.00	
IRRRB - Waste Transfer System	450,000.00		450,000.00	
Misc Income	6,000.00		6,000.00	
Total Grant Income	856,000.00		856,000.00	
Interest Income				
Northland SBDC Income	4,013.42		4,013.42	
Rent HRA	32,777.50	49,980.00	-17,202.50	65.58 %
Total Income	\$1,395,464.11	\$569,780.00	\$825,684.11	244.91 %
GROSS PROFIT	\$1,395,464.11	\$569,780.00	\$825,684.11	244.91 %
Expenses				
Contingency				
Dues/Memberships	785.92	24,756.19	-24,756.19	11.23 %
Operating Expenses				
Advertising/Marketing/Website	4,734.87	2,000.00	2,734.87	236.74 %
Bank Charges	52.00	200.00	-148.00	26.00 %
Insurance	2,834.00	3,392.00	-558.00	83.55 %
Meeting Expenses & Per Diem	3,325.00	4,000.00	-675.00	83.13 %
Office Expenses				
Copy Machine	208.06		208.06	
Equipment/Computers/Virtual	1,803.94	5,000.00	-3,196.06	36.08 %
Supplies	428.85	3,200.00	-2,771.15	13.40 %
Total Office Expenses	2,440.85	8,200.00	-5,759.15	29.77 %
Rent Expense	14,026.28	15,600.00	-1,573.72	89.91 %
Telephone	856.48	360.00	496.48	237.91 %
Total Operating Expenses	28,269.48	33,752.00	-5,482.52	83.76 %
Professional Services				
Accounting Support	5,142.00	5,000.00	142.00	102.84 %
Legal	5,925.00	10,000.00	-4,075.00	59.25 %
Misc Services	38,343.00		38,343.00	
Public Financing Consulting	12,082.83	2,000.00	10,082.83	604.14 %
SBDC Consultant Expense	32,475.92	20,000.00	12,475.92	162.38 %
SBDC Expenses - Other	22.00	3,000.00	-2,978.00	0.73 %
State Audit	24,360.00	23,000.00	1,360.00	105.91 %
Total Professional Services	118,350.75	63,000.00	55,350.75	187.86 %
PROJECTS				
Business Development Program	197,809.80	200,000.00	-2,190.20	98.90 %

Cook County/Grand Marais Economic Development Authority

Budget vs. Actuals: Budget_FY25_P&L - FY25 P&L

January - December 2025

	TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
Cedar Grove Business Park Pass Thru	55,360.27	60,000.00	-4,639.73	92.27 %
Property Tax	0.00		0.00	
Total Cedar Grove Business Park Pass Thru	55,360.27	60,000.00	-4,639.73	92.27 %
Cedar Grove Special Assessments	3,979.23	6,256.65	-2,277.42	63.60 %
IRRRB - Pincushion Trails	25,000.00		25,000.00	
IRRRB - Waste Transfer System	450,000.00		450,000.00	
IRRRB Papa Charlie's Demolition	400,000.00		400,000.00	
Total PROJECTS	1,132,149.30	266,256.65	865,892.65	425.21 %
Staff Expenses				
Director Salary (w/ benefits)	71,822.85	120,115.20	-48,292.35	59.79 %
Training/Travel/Mileage	5,079.12	5,000.00	79.12	101.58 %
Total Staff Expenses	76,901.97	125,115.20	-48,213.23	61.46 %
Tax				
Payroll		0.00	0.00	
Total Tax		0.00	0.00	
Total Expenses	\$1,356,457.42	\$519,880.04	\$836,577.38	260.92 %
NET OPERATING INCOME	\$39,006.69	\$49,899.96	\$ -10,893.27	78.17 %
NET INCOME	\$39,006.69	\$49,899.96	\$ -10,893.27	78.17 %

Bill Approval Status

Cook County/Grand Marais Economic Development Authority

December 1-31, 2025

BILL NUMBER	VENDOR	DATE	AMOUNT	PAID STATUS	APPROVAL STATUS	DUE DATE
222	Drosera Holdings	12/01/2025	1,203.11	Paid		12/16/2025
	Sundew Technical Services	12/01/2025	186.39	Paid		12/16/2025
150502898	RedPath and Company	12/07/2025	14,360.00	Paid		12/17/2025
	The Mayhew LLC	12/08/2025	21,463.10	Paid		12/18/2025
	Hedstrom, Howard	12/10/2025	300.00	Paid		12/20/2025
	Sweetwater Design LLC	12/11/2025	25,000.00	Paid		12/21/2025
	City of Grand Marais	12/11/2025	25,894.41	Paid		12/21/2025
576	Sweetwater Design LLC	12/14/2025	612.50	Paid		12/24/2025
	Sundew Technical Services	12/15/2025	32.00	Paid		12/30/2025
2512	Maggie Barnard	12/17/2025	75.00	Paid		01/16/2026
	Tracy Benson	12/19/2025	360.00	Paid		12/29/2025
251201	Pete Mott	12/19/2025	263.50	Paid		12/19/2025
	Clissold, Peter	12/19/2025	360.00	Paid		12/29/2025
	Shackleton, Mark	12/19/2025	390.00	Paid		12/29/2025
	Siri Anderson	12/19/2025	360.00	Paid		12/29/2025
	Mike Larson	12/23/2025	12,083.33	Paid		01/02/2026
4006	North Shore Development Co.	12/31/2025	6,250.00	Paid		01/30/2026
	Alexander Bebe-Guidice	12/31/2025	360.00	Paid		01/10/2026
	Cook County Auditor's Office	12/31/2025	681.98	Paid		01/10/2026
	Sarena Crowley	12/31/2025	300.00	Paid		01/30/2026
	Cook County News Herald	12/31/2025	40.50	Paid		01/10/2026
	Northshore Journal	12/31/2025	103.13	Paid		01/10/2026

Superior National

Balance Sheet

As of December 31, 2025

	TOTAL	
	AS OF DEC 31, 2025	AS OF DEC 31, 2024 (PY)
ASSETS		
Current Assets		
Bank Accounts		
Cash on Hand	1,143.58	1,100.00
NSFCU CD	438.69	
NSFCU Checking	0.00	0.00
NSFCU Checking 5162029	118,042.57	336,197.48
NSFCU Money Market	1,832.49	111,208.87
NSFCU Patronage Rebate	1,760.81	1,432.68
NSFCU Savings	10.00	10.00
Total Bank Accounts	\$123,228.14	\$449,949.03
Accounts Receivable		
Accounts Receivable	0.00	0.00
Total Accounts Receivable	\$0.00	\$0.00
Other Current Assets		
	\$64,575.01	\$53,209.13
Total Current Assets	\$187,803.15	\$503,158.16
Fixed Assets		
Accumulated Depreciation	-6,879,182.51	-6,879,182.51
Building - Club House	476,180.90	452,876.97
Building - Maintenance	85,707.03	85,707.03
Capital Items	478.11	0.00
Club House Equipment	64,827.73	59,408.99
Golf Course Equipment	1,044,675.03	1,044,675.03
Golf Course Land	213,685.00	213,685.00
Land Improvements - 1st 18 Hole	2,705,805.25	2,705,805.25
Land Improvements - New Nine	1,966,820.63	1,966,820.63
Land Improvements 2013 - 2017	5,973,887.00	5,973,887.00
Loss of disposal of fixed assets	0.00	0.00
Total Fixed Assets	\$5,652,884.17	\$5,623,683.39
Other Assets		
Accumulated amortization	-99,294.00	-99,294.00
Deferred Outflow - Pension	76,178.00	76,178.00
Right to use leased assets	99,294.00	99,294.00
Total Other Assets	\$76,178.00	\$76,178.00
TOTAL ASSETS	\$5,916,865.32	\$6,203,019.55

Superior National

Balance Sheet

As of December 31, 2025

	TOTAL	
	AS OF DEC 31, 2025	AS OF DEC 31, 2024 (PY)
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
*Accounts Payable	29,065.85	5,670.61
Total Accounts Payable	\$29,065.85	\$5,670.61
Credit Cards	\$0.00	\$0.00
Other Current Liabilities		
Capital Reserves	0.00	0.00
Direct Deposit Payable	0.00	0.00
Due to EDA	0.00	0.00
Gift Certificates	31,392.22	24,808.22
Minnesota Department of Revenue Payable	0.00	0.00
Payroll Liabilities		
Child Support	0.00	0.00
Credit One Garnishment	172.82	25.90
Federal Taxes (941/944)	-34.64	0.00
MN Income Tax	-2.75	0.00
MN Unemployment Taxes	-5,198.44	11,228.31
PERA Employee	3,931.00	0.01
PERA Life	0.00	0.00
Rent	0.00	0.00
Total Payroll Liabilities	-1,132.01	11,254.22
Sales Tax Payable	-1,246.94	-29,771.57
Tips Payable	1,863.89	2,096.34
Total Other Current Liabilities	\$30,877.16	\$8,387.21
Total Current Liabilities	\$59,943.01	\$14,057.82
Long-Term Liabilities		
Deferred Inflow - Pension	119,899.00	119,899.00
Lease Liability	0.00	0.00
Loan Payable - Cook County	2,169,972.00	2,169,972.00
Net Pension Liability	94,504.00	94,504.00
Total Long-Term Liabilities	\$2,384,375.00	\$2,384,375.00
Total Liabilities	\$2,444,318.01	\$2,398,432.82
Equity	\$3,472,547.31	\$3,804,586.73
TOTAL LIABILITIES AND EQUITY	\$5,916,865.32	\$6,203,019.55

Superior National

Profit and Loss

December 2025

	TOTAL	
	DEC 2025	JAN - DEC 2025 (YTD)
Revenue		
Golfing Related Sales		
Cart Rentals	-80.00	202,488.25
Club Rentals/Lessons		9,290.24
Driving Range Fees		16,405.92
Greens Fees	-276.00	858,211.45
Membership Fees		80,695.32
Total Golfing Related Sales	-356.00	1,167,091.18
Lutsen 99er		25,000.00
Merchandise, Beverage & Food		
Beverage Sales	3,404.21	181,107.91
Food Sales	4,968.57	155,134.38
Merchandise Sales	841.99	209,709.07
Total Merchandise, Beverage & Food	9,214.77	545,951.36
Sales - Unallocated	-538.18	-5,326.85
Total Revenue	\$8,320.59	\$1,732,715.69
Cost of Goods Sold		
Beverage CoGS	1,557.10	66,384.78
Food CoGS	3,135.44	79,004.00
Merchandise CoGS	265.95	173,286.26
Total Cost of Goods Sold	\$4,958.49	\$318,675.04
GROSS PROFIT	\$3,362.10	\$1,414,040.65
Expenditures		
Administrative & General		
Computers/POS		1,604.58
Credit Card Fees	517.31	44,089.57
Insurance		35,877.19
Licenses/Permits/Dues		3,785.49
Misc Expense		589.26
Office Expense	1,415.27	11,698.84
Total Administrative & General	1,932.58	97,644.93
Capital Expenditures		304,865.62
Club House		
Cart Lease		97,049.96
Cash Over/Short	19.38	-294.27
Repairs and Maintenance	2,783.58	11,071.37
Supplies	72.16	14,400.58

Superior National

Profit and Loss

December 2025

	TOTAL	
	DEC 2025	JAN - DEC 2025 (YTD)
Utilities		429.81
Electric - Club House		6,801.05
Internet - Club House	469.00	3,124.50
Propane - Club House		1,735.62
Telephone - Club House	159.20	3,284.79
Television - Club House	181.68	2,136.30
Total Utilities	809.88	17,512.07
Total Club House	3,685.00	139,739.71
Grounds Maintenance		
Cart Maintenance		12,038.16
Dues/Memberships		3,100.64
Fertilizer & Chemicals		3,413.83
Gas/Lube		4,525.51
Irrigation Expense		5,472.03
Seed & Soil	11,215.01	69,504.63
Shop Expense	26.00	3,339.24
Small Tools/Parts	829.39	44,533.52
Supplies	2,681.86	22,886.93
Utilities		2,284.05
Electric	288.38	18,748.30
Garbage		6,012.25
Internet		127.90
Propane	2,467.63	46,727.37
Septic		9,195.84
Telephone		749.28
Total Utilities	2,756.01	83,844.99
Vehicle Maintenance/Gas	5,385.48	9,004.29
Total Grounds Maintenance	22,893.75	261,663.77
Payroll Expenses		585.00
Payroll Burden		
Payroll Taxes	2,802.92	82,877.31
Retirement/PERA	2,668.09	38,512.65
Work Comp Insurance		5,631.16
Total Payroll Burden	5,471.01	127,021.12
Salaries/Wages		1,045.00
Grounds	4,800.00	322,125.74
Proshop	741.92	117,571.67
Salaried Employees	30,307.68	382,638.33
Total Salaries/Wages	35,849.60	823,380.74
Travel Expense		6,177.36
Uniforms		8,204.89

Superior National

Profit and Loss

December 2025

	TOTAL	
	DEC 2025	JAN - DEC 2025 (YTD)
Wages	0.00	532.87
Sick Pay	0.00	10,813.60
Total Wages	0.00	11,346.47
Total Payroll Expenses	41,320.61	976,715.58
Professional Services		22,208.00
Accounting/Audit	500.00	6,968.00
Consulting	12,083.33	56,500.00
Legal		8,308.50
Marketing and Promotion		96,105.90
Total Professional Services	12,583.33	190,090.40
Reconciliation Discrepancies		-0.80
Total Expenditures	\$82,415.27	\$1,970,719.21
NET OPERATING REVENUE	\$ -79,053.17	\$ -556,678.56
Other Revenue		
Interest Income	22.48	4,592.98
Misc Income		220,046.16
Total Other Revenue	\$22.48	\$224,639.14
NET OTHER REVENUE	\$22.48	\$224,639.14
NET REVENUE	\$ -79,030.69	\$ -332,039.42

Business Development Fund Grant Awards Approved in 2025

Grantee	Board Approval Date	Contract Executed Date	Contract #	Award	Required Match	Total Project Cost	W9 Received	Grants Issued to Date	Actual Match to Date	Award Balance	Match Balance	Actual Project Costs to Date	Project Deadline	Final Report Received	Description/Progress Notes
Britt Malec, LLC	3/18/2025	5/30/2025	C202506	\$1,000.00	\$0.00	\$946.97	6/6/2025	\$1,000.00	\$193.27	\$0.00	\$0.00	\$1,193.27	3/18/2026	7/22/2025	Printer & Supplies. Final report received
Ruby Loon Graphics, LLC	4/15/2025	7/21/2025	C202507	\$5,852.44	\$585.24	\$6,437.68	5/22/2025	\$5,997.98	\$0.00	-\$145.54	\$585.24	\$5,997.98	4/15/2026	pending	Screen Printing/Heat Transfer Equipment. Resolution approved \$6,000 but grant contract approved \$5,582.44 with grantee match of \$585.24. \$5,997.98 was issued to grantee. 7/22/2025 emailed grantee for documentation of 10% match of the grant amount issued to date (\$599.80) and sent final report form.
Unimoose Enterprises	4/15/2025	7/23/2025	C202508	\$24,254.00	\$6,063.56	\$30,317.56	10/1/2024	\$24,254.00	\$6,063.56	\$0.00	\$0.00	\$30,317.56	4/15/2026	7/23/2025	Welding Equipment/Concrete Apron Repair. Original grant for \$25,000; grantee confirmed project complete. No additional grant/match.Final report received.
Scruffy Dog Vintage Emporium, LLC	5/20/2025	8/21/2025	C202519	\$25,000.00	\$6,250.00	\$34,069.52	pending	\$0.00	\$0.00	\$25,000.00	\$6,250.00	\$0.00	6/1/2026	pending	Building Repairs & Signage. 7/23/2025 contracted routed for execution; was never completed. Emailed grantee. L/M 8/20/2025.
Sydney's Frozen Custard, L.L.C	5/20/2025	8/11/2025	C202526	\$25,000.00	\$6,250.00	\$36,593.00	pending	\$0.00	\$0.00	\$25,000.00	\$6,250.00	\$0.00	6/1/2026	pending	Building Repairs/Create Breezeway/Expand Menu. 8/11/2025 confirmed LLC registered.
Fika Coffee, LLC	5/20/2025	5/20/2025	C202505	\$25,000.00	\$6,250.00	\$37,073.10	6/2/2025	\$25,000.00	\$15,033.99	\$0.00	-\$8,783.99	\$40,033.99	5/20/2026	pending	Roastery Equipment. Final report form emailed to Grantee 7/22/2025 for future.
Raven Moon Ridge, LLC	5/20/2025	7/17/2025	C202504	\$3,200.00	\$0.00	\$3,196.20	9/30/2025	\$1,943.45	\$0.00	\$0.00	\$0.00	\$1,943.45	12/31/2026	pending	Solar Panel System/Mobile Charging Unit; original award \$3,196.20; grantee came in under budget. No additional expenses.
Beran's Handcrafted Log Cabins	6/17/2025	7/30/2025	C202520	\$10,000.00	\$1,000.00	\$39,900.00	7/2/2025	\$10,000.00	\$81,360.13	\$0.00	\$0.00	\$91,360.13	6/18/2026	pending	Excavator.
The Mayhew, LLC	6/17/2025	7/22/2025	C202509	\$25,000.00	\$28,440.00	\$53,440.00	12/22/2025	\$21,463.10	\$43,158.35	\$3,536.90	-\$14,718.35	\$64,621.45	6/17/2026	pending	Environmental Work. Grant to support future environmental studies; match previously incurred costs Phase I.
CedarSun Electric, LLC	7/15/2025	7/17/2025	C202503	\$10,000.00	\$1,000.00	\$31,304.98	7/17/2025	\$10,000.00	\$6,758.10	\$0.00	-\$5,758.10	\$16,758.10	1/31/2026	pending	equipment purchase electrical contracting
Wild Wes Tire and Timber LLC	7/15/2025	7/17/2025	C202502	\$10,000.00	\$1,000.00	\$12,181.35	7/24/2025	\$10,000.00	\$2,181.35	\$0.00	-\$1,181.35	\$12,181.35	12/31/2026	pending	equipment purchase new auto repair
Sweetwater Design Studios LLC	7/15/2025	7/18/2025	C202501	\$25,000.00	\$6,250.00	\$78,283.03	7/17/2025	\$25,000.00	\$11,398.22	\$0.00	-\$5,148.22	\$36,398.22	12/31/2026	pending	Grinder pumps for commerical spaces
The Beaver House LLC	9/16/2025	7/19/2025	C202527	\$10,693.00	\$1,069.00	\$63,409.75	7/19/2025	\$0.00	\$0.00	\$10,693.00	\$1,069.00	\$0.00	12/31/2026	pending	interior renovation, windows, doors and flooring

TOTAL **\$199,999.44** **\$427,153.14** **\$134,658.53** **\$300,805.50**

2025 BDF Allocation	\$200,000.00
Available Balance (less encumberd/awarded funds)	\$0.56
Actual Balance (less expended reimbursements)	\$65,341.47

MEMO

To: EDA Board of Commissioners

From: Theresa Bajda, North Shore Development Co.

Date: January 15, 2025

Subject: 2025 Financial Audit Services – Redpath and Company (Resolution 2026-02)

Background

The Cook County/Grand Marais Joint Economic Development Authority (EDA) has historically engaged Redpath and Company to conduct its annual financial audits, including financials for the EDA and Superior National at Lutsen Golf Course. Redpath is familiar with the EDA's structure, past audit history, and financial systems.

Attached is a proposed engagement letter from Redpath for the 2025 audit. The proposed fee is \$25,500, which reflects a modest increase over the prior year. For comparison:

- 2024 audit fee: \$23,200 + 5% technology/support fee = \$24,360
- 2025 audit fee: \$25,500 (no separate tech/support line item)

The total fee represents a 4.7% increase.

Recommended Action

Approve Resolution 2026-02 authorizing engagement of Redpath and Company for 2025 audit services and authorize NSDC to route the engagement letter to the EDA Board President and Treasurer for signature.

Attachments:

- Resolution 2026-02
- 2025 Engagement Letter Redpath

**COOK COUNTY AND GRAND MARAIS JOINT ECONOMIC DEVELOPMENT AUTHORITY
STATE OF MINNESOTA
COOK COUNTY**

RESOLUTION NO. 2026-02

RESOLUTION AUTHORIZING ENGAGEMENT OF REDPATH AND COMPANY FOR 2025 FINANCIAL AUDIT SERVICES

WHEREAS, the Cook County/Grand Marais Joint Economic Development Authority (EDA) requires annual financial audits in compliance with state statute; and

WHEREAS, Redpath and Company has provided these audit services in prior years and is familiar with the EDA's operations, accounting systems, and audit requirements; and

WHEREAS, Redpath and Company has submitted a proposed engagement letter to perform the EDA's 2025 financial audit for a total fee not to exceed \$25,500.

NOW, THEREFORE, BE IT RESOLVED, that the EDA Board of Commissioners hereby authorize the Board President and Treasurer to execute the engagement letter with Redpath and Company and proceed with audit services for the 2025 calendar year.

Board member _____ moved the adoption of the foregoing resolution, and said motion was duly seconded by Board member _____, and upon vote being taken thereon, the following voted in favor thereof:

Abstention:

and the following voted against the same:

Whereupon said resolution was declared duly passed and adopted by the Cook County and Grand Marais Joint Economic Development Authority on this 20th day of January 2026.

ATTEST: _____
Peter Clissold – Board President

December 19, 2025

Cook County / Grand Marais Joint
Economic Development Authority
Grand Marais, Minnesota

This letter agreement defines the terms and objectives of our engagement and the nature and limitations of the services Redpath and Company, LLC will provide to Cook County / Grand Marais Joint Economic Development Authority (the EDA) for the year ended December 31, 2025.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the disclosures, which collectively comprise the basic financial statements of the EDA as of and for the year ended December 31, 2025. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as the budgetary comparison schedule, to supplement the EDA's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the EDA's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

- Budgetary Comparison Schedule – General Fund
- Schedules of Proportionate Share of Net Pension Liability
- Schedules of Pension Contributions

In connection with our audit of the basic financial statements, we will read the introductory section and consider whether a material inconsistency exists between the introductory section and the basic financial statements, or the introductory section otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the introductory section exists, we are required to describe it in our report.



The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objectives also include reporting on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

We will also issue a report on compliance based on the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minnesota Statute 6.65.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the minimum procedures for auditors as prescribed by Minnesota Statute 6.65, and will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing*

Standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and direct confirmation of certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We may also request written representations from your attorneys as part of the engagement.

Audit Procedures – Internal Control

We will obtain an understanding of the entity and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures – Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the EDA's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions* requires that we test whether the entity has complied with certain provisions of Minnesota statutes. Our audit will include such tests of the accounting records and other procedures as we consider necessary in the circumstances.

Other Services

We will also assist with the following other services based on information provided by you:

- preparation of the financial statements and related notes in conformity with accounting principles generally accepted in the United States of America
- preparation of pension related workpapers and journal entries
- preparation of lease liability and right to use leased asset workpapers, calculations, journal entries and footnote disclosures

These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the services defined above. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities relating to the financial statements and related notes, the other services listed above, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with the nonaudit services listed above, that you have reviewed and approved those services prior to the issuance of the financial statements, and that you have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us; for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers); and for the evaluation of whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for the 12 months after the financial statements date or shortly thereafter (for example, within an additional three months if currently known). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards*.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the entity involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, or grant agreements that we report.

With regard to publishing the financial statements on your website, you understand that websites are a means of distributing information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information on the website with the original document.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

Information Requirements

We will provide you with an information request, which outlines the information needed to complete our services.

The terms of this engagement, including timing and estimated cost, is directly dependent on the quality and timeliness of the information and data you provide. A lack of information may also cause delays in the timely completion of the engagement. In the event that information cannot be provided, you may incur additional costs if we attempted to generate such information, or we may even be unable to continue the engagement in the absence of such information. It is in your best interest to provide accurate and timely information.

Engagement Administration, Fees and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing. We will schedule the engagement based in part on deadlines, working conditions, and the availability of your key personnel. We will plan the engagement based on the assumption that your personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. If, for whatever reason, your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate.

Andy Hering is the engagement Partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

We will provide copies of our reports to the EDA; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Redpath and Company and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to oversight agencies, regulators, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for the purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Redpath and Company personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

Unless additional work is requested or required, our fee for these services will be \$25,500.

Out-of-pocket costs, such as confirmation and courier fees, will be billed in addition to the fees stated above. We bill our fees monthly as work progresses and expect payment within thirty (30) days. Each invoice includes a detailed description of the services provided. Amounts over thirty (30) days will be considered delinquent. We reserve the right to assess a 1.5% per month service charge on any balance older than thirty (30) days. In the event it becomes necessary to refer this account to an attorney for collection (whether or not suit is commenced), you will be responsible for payment of all reasonable costs of such collections, including reasonable attorney fees. Our policy is to suspend work if your account becomes overdue by sixty (60) days or more, and work will not be resumed until your account is paid in full. Should we elect to discontinue services, you will be responsible for all time and expenses incurred through the date of termination regardless of whether we have issued a report or other final product.

The above fees are based on the anticipated scope of services, anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered. The following circumstances may result in a change in scope of services and an increase in fees:

- Significant audit adjustments, internal control deficiencies or compliance findings
- New accounting standards
- Failure to complete the preparation work by the applicable due dates
- Inaccurate records
- Turnover in your staff
- Significant unanticipated or undisclosed transactions, issues, or other such unforeseeable circumstances
- Delays causing scheduling changes or disruption of previously scheduled timing of work (fieldwork)
- Circumstances requiring revisions to work previously completed or delays in resolution of issues that extend the period of time necessary to complete the audit
- Fraud or misuse of public funds

Our fees do not include bookkeeping or accounting assistance, preparation of audit workpapers, reconciliations or similar assistance (unless otherwise noted in the sections above). Our fees for such services will be dependent on the level of effort required.

Services requested by you that are not included in this engagement letter will be billed dependent on the level of effort required and will be subject to all the terms of this letter.

Our fees and rates are adjusted annually for general economic factors.

If we are requested or required to provide documents or testimony to support litigation proceedings as a professional service on your behalf (that is, litigation in which we are not a party as a result of our engagement), you will be billed for our time at the current standard rates and all out-of-pocket expenditures, including copying costs and legal fees.

Record Keeping Responsibilities

The AICPA Code of Professional Conduct requires Redpath and Company, LLC to maintain our independence with regard to certain attestation services provided to the EDA. These rules require the EDA to take responsibility for all nonattest services. Redpath and Company, LLC cannot serve as custodian for your data in such a way that your data is incomplete and accessible only through Redpath and Company, LLC or the Redpath portal. As such, any financial report, reconciliation, document, and calculation (depreciation schedules, journal entries, etc.) that we prepare or update on your behalf will be sent to you at the completion of each attest or nonattest service. You are responsible for downloading and maintaining these records as well as all supporting documents generated in the normal course of business until the retention period expires.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by regulators. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation. Our firm's records retention policy will differ considerably from yours. Every entity has different record keeping requirements, because regulations vary by industry, entity structure, the state(s) of operation, and most importantly, the needs to the specific entity. Retention policies are determined by taking into consideration legal, fiscal, operational, and historical values of any given type of record.

Confidentiality

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of your information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Privacy

We have established policies and procedures obligating our employees and/or contractors with access to personal information to ensure that any non-public, personal information is protected as confidential and in conformance with security practices designed to keep it secure at all times. We maintain appropriate physical, technological and administrative controls to comply with industry standards and applicable law in safeguarding your personal information from loss, misuse, alteration or destruction (unless the destruction is according to our records retention schedule). We do not sell personal information to third parties. We do not disclose non-public

information except as necessary to provide our services (see Confidentiality above) and as required by law. We do not disclose non-public, personal information we receive to our affiliates unless authorized by you, or necessary to provide our services or in the event of an assignment.

Governing Law; Dispute Resolution

This letter agreement and our services are governed by the laws of the State of Minnesota and applicable federal laws of the United States of America.

In the event of any dispute arising out of or in connection with this letter agreement, including any question regarding its existence, validity, termination, or breach hereof, our services, or fees for our engagement (a “Dispute”), the EDA and our firm mutually agree to try in good faith to resolve the Dispute through: (i) good faith discussions; and (ii) if not resolved under (i) then, upon the written request of either party, such Dispute may be resolved through mediation by selecting a third-party to help reach an agreement, in accordance with the following paragraph (Mediation). If we are unable to resolve the fee dispute through mediation, then, with the consent of both parties, such disputes may be settled by binding arbitration. We both acknowledge that should a dispute over fees arise that cannot be resolved through mediation, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury. Instead, we are accepting the use of arbitration for resolution.

We believe that most disagreements can be resolved to mutual satisfaction in a friendly, non-threatening environment. While we do not expect there to be any problems whatsoever with our relationship, misunderstandings can occur. Therefore, we agree that any Dispute arising under this letter agreement (including the scope, nature and quality of services to be performed by us, our fees or other terms of the engagement) shall be submitted to mediation. A competent and impartial third-party, acceptable to both parties, shall be appointed to mediate, and each disputing party shall pay an equal percentage of the mediator’s fees and expenses. No suit or arbitration proceeding shall be commenced under this letter agreement until at least sixty (60) days after the mediator’s first meeting with the involved parties. If the dispute requires litigation, the court shall be authorized to impose all defense costs against any non-prevailing party found not to have participated in the mediation process in good faith.

Reporting

We will issue a written report upon completion of our audit of the EDA’s financial statements which will also address other information in accordance with AU-C 720, *The Auditor’s Responsibilities Relating to Other Information Included in Annual Reports*. Our report will be addressed to the Board of Commissioners of the EDA. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit.

Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor’s report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will state (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The report will also state that the report is not suitable for any other purpose. If during our audit we become aware that the EDA is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

This letter agreement supersedes all prior communications, understandings, and agreements, whether oral or written, in connection with this engagement. Amendments to this engagement must be confirmed by both parties. If you do not understand any of the terms of this letter agreement, please call me and I will be happy to review them with you.

Thank you for the opportunity to be of service.

Sincerely,

Redpath and Company, LLC

REDPATH AND COMPANY, LLC
St. Paul, Minnesota

Response

If you agree to the terms of this engagement, please designate below the individual who will be overseeing our services, sign this letter and return to us a signed copy. If a designated individual is not assigned below, it will be assumed that the individual within management who signs the engagement letter will oversee our nonattest services.

The individual(s) assigned to oversee the nonaudit services is:

_____ (name and title)

Management signature

Governance signature

Title

Title

Date

Date

MEMO

To: EDA Board of Commissioners

From: Theresa Bajda, North Shore Development Co.

Date: January 16, 2025

Subject: 2026 SBDC Business Consultant & Contract with Northland Foundation (Resolution 2026-03)

Background

The Cook County/Grand Marais Joint Economic Development Authority (EDA) has a longstanding partnership with the Northland Foundation and its Small Business Development Center (SBDC) program to support entrepreneurs and small businesses in Cook County. The EDA receives dedicated funding annually from Northland to engage a local business consultant, allowing it to provide no-cost business consulting services throughout the county.

For the 2026 calendar year, Northland Foundation has agreed to compensate the EDA up to \$39,000, which supports 600 hours of consulting at an hourly rate of \$65. The EDA utilizes this funding to contract with an independent consultant to fulfill this role. The consultant also coordinates reporting and invoicing directly with the Northland Foundation.

Following a public call for interest, the EDA's HR Committee reviewed materials and recommends appointment of Rachelle Christianson to serve as the EDA's SBDC business consultant. Rachael is not an employee of the EDA and would serve in an independent consulting capacity, paid on an hourly basis, not to exceed the parameters established by the Northland agreement.

In addition, the EDA will continue to offer use of its office space in Grand Marais to the consultant at no cost to support service delivery.

Recommended Action

Approve Resolution 2026-03 authorizing execution of a 2026 consulting agreement with the Northland Foundation and authorizing the EDA Board President to extend an offer to Rachelle Christianson and execute a consulting agreement for services on behalf of the EDA.

Attachments:

- Resolution 2026-03
- 2026 Northland Foundation Consulting Agreement

**COOK COUNTY AND GRAND MARAIS JOINT ECONOMIC DEVELOPMENT AUTHORITY
STATE OF MINNESOTA
COOK COUNTY**

RESOLUTION NO. 2026-03

**RESOLUTION AUTHORIZING 2026 CONSULTING AGREEMENT WITH NORTHLAND FOUNDATION AND
CONTRACTING OF LOCAL BUSINESS CONSULTANT**

WHEREAS, the Cook County/Grand Marais Joint Economic Development Authority (“EDA”) is committed to supporting entrepreneurs and small businesses throughout Cook County; and

WHEREAS, the EDA has maintained a long-standing partnership with the Northland Foundation and its Small Business Development Center (“SBDC”) program to provide no-cost, locally accessible business consulting services; and

WHEREAS, the Northland Foundation has agreed to compensate the EDA up to \$39,000 for the 2026 calendar year, to support 600 hours of direct small business consulting at a rate of \$65/hour; and

WHEREAS, the EDA desires to engage an independent consultant, not an employee, to fulfill this role and offer consulting services to Cook County businesses and entrepreneurs; and

WHEREAS, the EDA’s HR Committee has reviewed applicants and recommends offering the consulting position to Rachelle Christianson.

NOW, THEREFORE, BE IT RESOLVED, that the EDA Board of Commissioners hereby authorize the execution of a consulting agreement with Northland Foundation for 2026 SBDC consulting services.

BE IT FURTHER RESOLVED, that the EDA Board of Commissioners hereby authorize the Board President to extend an offer to Rachelle Christianson and execute a consulting agreement for 2026 for an amount not to exceed \$39,000 or 600 hours at \$65/hour, with the understanding that:

1. The consultant is an independent contractor and not an employee of the EDA;
2. All hours and invoices must be submitted and coordinated in alignment with Northland Foundation’s requirements; and
3. The consultant may utilize the EDA office space in Grand Marais at no cost to support service delivery.

Board member _____ moved the adoption of the foregoing resolution, and said motion was duly seconded by Board member _____, and upon vote being taken thereon, the following voted in favor thereof:

Abstention:

and the following voted against the same:

Whereupon said resolution was declared duly passed and adopted by the Cook County and Grand Marais Joint Economic Development Authority on this 20th day of January 2026.

ATTEST: _____
Peter Clissold – Board President

CONSULTING AGREEMENT

Cook County/Grand Marais Economic Development Authority (Consultant) agrees to furnish to the Northland Foundation the following services from January 1, 2026 to December 31, 2026.

Description of services to be provided:

Small Business Consultant (See Exhibit A).

Any change to the description of services, whether or not the change requires additional time and/or resources, must be approved by the Northland Foundation in a signed Addendum to this consulting agreement before the proposed changes to the described services are performed and before payment can be authorized.

Compensation

The Northland Foundation agrees to pay Consultant a fee of up to \$39,000.00 (thirty-nine thousand dollars) for the duration of this Agreement at a rate of \$65 per hour and for 600 hours of direct consulting and preparation time.

Terms of Payment

To receive payment for services and expenses, consultants must submit an invoice which includes specific dates of service and documentation of work performed as well as receipts for expenses. The Northland Foundation will pay uncontested invoices within 30 days of receipt of invoice. Invoices will be generated by the Northland Foundation using direct consulting and preparation time entered into Neoserra by the consultant. Invoices will be emailed to each consultant for review monthly. Consultants will have a minimum of 1 business day to review invoices and contest any issues before they are approved by the Northland Foundation for payment. In most circumstances, contractors will have 1.5 to 2 days to review invoices prior to their approval. Invoicing for 2026 will follow the dates in the table below.

End of Month	Neoserra data entry completed by:	Northland to send invoices to contractors by:	Contractor to review within 1.5 business day:
01/31/2026	02/03/2026	02/05/2026	02/06/2026
02/28/2026	03/03/2026	03/05/2026	03/06/2026
03/31/2026	04/02/2026	04/06/2026	04/07/2025
04/30/2026	05/04/2026	05/06/2026	05/07/2026
05/31/2026	06/02/2026	06/04/2026	06/05/2026
06/30/2026	07/02/2026	07/06/2026	07/07/2026
07/31/2026	08/03/2026	08/05/2026	08/06/2026
08/31/2026	09/02/2026	09/04/2026	09/08/2026
09/30/2026	10/02/2026	10/06/2026	10/07/2026
10/31/2026	11/02/2026	11/04/2026	11/05/2025
11/30/2026	12/02/2026	12/04/2026	12/07/2026
12/31/2026	01/04/2027	01/06/2027	01/07/2027

Independent Contractor

The Consultant is considered an independent contractor and not an employee of the Northland Foundation. No statement contained in the Agreement shall be construed so as to find the Consultant to be an employee of the Northland Foundation. It is understood that the Consultant shall use independent, professional discretion in performing the services outlined in the Agreement. This Consultant shall be self-directed and shall determine his or her own methods, work schedule and other operational work details. The Northland Foundation will define the Consultant's study objectives, but the Northland Foundation does not direct or control the Consultant's work. The Northland Foundation expects that business and personal liability insurance coverage be the responsibility of the Consultant.

Any and all income tax return that you file with appropriate federal or state taxing authorities must indicate your status as self-employed. You will not be treated by the Foundation as an employee for purposes of the Federal Insurance Contributions Act, the state laws including, without limitation, those pertaining to workers' compensation, unemployment compensation, and state income tax withholding. As a contractor, you do not qualify for any employee benefits that the Foundation provides to its employees including, without limitation, insurance, vacations, and pension benefits.

Cancellation of Agreement

Consultant reserves the right to terminate this agreement upon 30 days notice with no penalty.

The Northland Foundation shall also reserve the right to terminate this agreement upon 30 days notice and upon making all final payments to consultant for services completed.

This Agreement is binding on the parties and their successors and assigns. This Agreement cannot be modified except by written instrument signed by the parties. This Agreement sets forth the full and final agreement on the subject matter hereof and supersedes all prior and contemporaneous negotiations or agreements, whether oral or written. This Agreement shall be governed in accordance with Minnesota law.

NORTHLAND FOUNDATION:

Vicki Hagberg

Signer ID: 6QLYN4V0T4...

Vicki Hagberg

Regional Director, Northland Small Business Development Center

11/12/2025 PST

Date

CONSULTANT:

Peter Clissold, Board President - Cook County EDA

Signer ID: GHNPXNL4T6...

Cook County/Grand Marais Economic Development Authority

11/12/2025 PST

Date

EXHIBIT A**SCOPE OF WORK****FOR THE PERIOD OF January 1, 2026 TO December 31, 2026**

Under the direction of the Regional Director of the Small Business Development Center, Consultant will provide consulting to entrepreneurs and business owners concerning the formation, management, financing, and operation of a business enterprise. Consulting may be conducted face to face, by telephone, or through the Internet. Consulting may include a reasonable amount of preparation time.

Consultant will provide technical service consulting at a rate of \$65.00 per hour not to exceed \$39,000.00. Costs to be paid by the Northland Foundation should appear on each invoice and be submitted along with documentation of services provided to entrepreneurs and businesses through reports from the MN Small Business Development Center (SBDC) database, Neoserra. Invoicing shall follow the processes and calendar identified in **Terms of Payment** of the Consulting Agreement.

1. Consultant will meet the core competencies of the Association of Small Business Development Centers (ASBDC) network and have the professional, educational requirements established by the MN SBDC Network.
2. Consultant will not recommend the purchase of goods and/or services which they have an interest in or represent.
3. Consultant will not accept fees or commissions from third parties who have supplied goods and/or services on consultant's recommendation to the SBDC client,
4. Consultant will not accept fees or commissions from the SBDC client for services provided as a consultant during the SBDC engagement, nor;
5. Consultant will not solicit the private engagement of services at any time during, or within six (6) months subsequent to, the term of consultant's engagement with the SBDC client.
6. In order to be compensated, Consultant **will do the following:**
 - Document all time related to this business consulting contract into Neoserra.
 - The Consulting Record Form will be used for client tracking in the Neoserra client tracking system.
 - Each client record will contain details of the assistance provided consistent with the requirements of the MN SBDC Network.
 - Client records will be maintained in a timely manner, updated no less than weekly.
 - Consultant will utilize the on-line Request for Consulting when appropriate and will forward to the Regional SBDC office all Requests for consulting forms (641's) and will maintain in the Consultant office all backup data relevant to the assistance provided to the client, e.g. business financials, marketing plans, business plans.
 - Consultant may only request compensation for consulting services provided to clients that have filled out and signed a Request for consulting (form 641).
 - Narratives of the consulting record must substantiate the number of hours spent with the client and be detailed enough so that a consultant or reviewer not associated with the case can clearly understand the work completed and be reasonably prepared to continue to serve the client.
 - All non-client activity will be recorded in Neoserra under professional development. Professional development activity must be pre-approved by the Regional Director or Program Coordinator to be considered for compensation.
7. Consultant agrees to hold strictly confidential all information obtained during the course engagement with their clients unless otherwise directed by SBDC administrator.
8. Consultant acknowledges receipt of the SBDC Conflict of Interest Policy and agree to abide by all provisions of that Policy.
9. Consultant will abide by all of SBDC's rules, policies and procedures when on SBDC's property including, but not limited to, the prohibition of the use of drugs and alcohol, as well as the banning of weapons.
10. Consultant agrees to defend, indemnify and hold SBDC harmless from any and all claims, causes of action, expenses, damages or costs (including reasonable attorney's fees) arising from or related to the performance of this Agreement by Consultant, or its officers, directors, agents or employees, or arising out of or related to any defects or deficiencies in the goods and/or services furnished under this Agreement.
11. If Consultant is interviewed by a newspaper, magazine, or other media source, the Consultant agrees to use best efforts to highlight affiliation with the SBDC.

MEMO

To: EDA Board of Commissioners

From: Theresa Bajda, North Shore Development Co.

Date: January 15, 2025

Subject: Conflict of Interest Policy – Statutory Review and Proposed Revisions

Background

At the EDA's last meeting, the Board requested a review of the Conflict of Interest Policy as commissioners prepared to complete the annual Conflict of Interest Disclosure Questionnaire. During that discussion, questions were raised regarding alignment with Minnesota statute, clarity around disclosure requirements, and the process for addressing potential conflicts of interest.

In response, NSDC reviewed the applicable statutes governing conflicts of interest for public officials and Economic Development Authorities, including Minnesota Statutes §471.88 and 469.098, as well as best practice guidance materials from League of Minnesota Cities. Based on that review, a revised Conflict of Interest Policy is attached for Board discussion.

Note: NSDC is not an attorney. This memo and related policy materials should not be considered or construed as legal advice; rather, these are NSDC's recommendation regarding how the EDA's current conflict of interest materials could be improved, as discussed below. The Board should seek legal counsel if it has any questions about legal interpretation/applicability regarding the enclosed, proposed policy.

Purpose of Revisions

The primary objective of the proposed revisions is simplification and clarification, not creation of new standards or obligations.

Minnesota's conflict of interest statutes are intentionally narrow and procedural. They focus on three core requirements:

1. Disclosure of potential conflicts
2. Transparency for the public record
3. Abstention from discussion and voting when required

The revised policy is intended to clearly reflect those statutory requirements and to remove language that could, unintentionally suggest the Board is expected to act as legal counsel, investigators, or decision-makers of conflicts.

Key Clarifications in the Revised Policy

1. Alignment with State Statue

The revised policy explicitly references Minnesota Statutes §471.88 and 469.098 and clarifies that state law controls in the event of any inconsistency. This ensures the policy is grounded in existing legal requirements rather than creating additional or unintended obligations.

2. Annual Questionnaire vs. Meeting-Specific Disclosure

The revisions clarify an important distinction that was central to the Board’s discussion:

- The annual Conflict of Interest Disclosure Questionnaire serves as an ongoing, baseline disclosure tool.
- When a specific matter comes before the Board, a commissioner with an interest, whether undisclosed or disclosed in the annual Questionnaire, must state the conflict on the record and abstain from participation, with the disclosure and abstention reflected in the meeting minutes.
- A separate written disclosure is required only if a conflict was not previously disclosed, consistent with state statute.

This approach supports transparency without requiring duplicative paperwork.

3. Abstention (Not Investigation)

The revised policy emphasizes that most conflicts are routine and resolved through disclosure and abstention. Language implying internal investigation, retroactive reviews, or disciplinary proceedings was removed to avoid confusion and unnecessary escalation.

If questions arise about whether a conflict exists or how it should be handled, the policy now clearly indicates that legal counsel – not the Board – is the appropriate resource.

4. Removal of Waiver Provisions

The prior policy included language suggesting the Board could waive certain conflicts. Because Minnesota law generally does not permit statutory conflicts of interest to be waived by board action, this section was removed to avoid implying authority the EDA does not have.

What is Not Changing

The revised policy does not reduce the Board’s ethical obligations. Commissioners are expected to:

- Complete the Conflict of Interest Disclosure Questionnaire annually
- Disclose potential conflicts as they arise
- Abstain from discussion and voting when required
- Ensure disclosures and abstentions are reflected in the public record

The revisions are intended to make these expectations clearer and easier to follow, not more complex.

Format of Proposed Changes

For ease of review, the attached policy is provided in the following format:

- Underline text indicates new or revised language
- ~~Strikethrough text~~ indicates language proposed for removal

Conclusion

The revised Conflict of Interest Policy reflects the Board's direction to review statutory alignment while intentionally keeping the process straightforward. The goal is to support compliance through clear disclosure and abstention practices, rather than to over-engineer procedures or place the Board in an inappropriate legal enforcement role.

Recommended Action

Review and discuss the proposed Conflict of Interest Policy changes and communicate any desired edits to NSDC. Formal adoption of any amendments can be provided to the Board at the regular February meeting.

Attachments:

- Conflict of Interest Policy Draft
- Conflict of Interest Disclosure Questionnaire

**COOK COUNTY/GRAND MARAIS JOINT ECONOMIC DEVELOPMENT AUTHORITY
CONFLICT OF INTEREST POLICY**

Adopted April 18, 2023

Last Amended: TBD

I. Purpose

The purpose of this policy is to protect the interests of the Cook County/Grand Marais Joint Economic Development Authority (the “EDA”). In the regular course of business, board commissioners and employees of the EDA may have the opportunity to advance their own personal interests with or against the interests of the EDA. Acting in such a manner is unacceptable and any party who acts outside of the EDA’s best interest may be subject to disciplinary action.

This policy will be required to be reviewed and signed annually for each Board member and EDA employees. This document will be collected by the Executive Director and retained on file with the attached questionnaire at the EDA office (425 W Hwy 61, Grand Marais).

This policy is intended to implement and be consistent with Minnesota Statutes §471.88 and 469.098, as amended. In the event of any inconsistency between this policy and state law, the state law shall control.

II. Definitions

Employee: any person who is employed by the EDA in a part or full-time capacity and in accordance with the labor laws of Minnesota.

Board Members: the appointed or elected members of the EDA Board that oversees and acts on behalf of the EDA.

Financial Interest: The interest that any individual may have in the monetary transactions of the EDA, including any interest that could reasonably be expected to result in personal financial gain or loss. ~~In particular, any interest that could have a direct bearing on the financial gain/loss of the said individual.~~

Gifts: Physical items, services or hospitality of value from actual or prospective grantees, contractors, developers, recipients of EDA assistance, or others who do business with the EDA may not be accepted¹

III. Process

Duty to Disclose

Every employee ~~and~~ board member of the EDA must avoid and disclose any actual or potential conflict of interest, or the appearance of a conflict of interest, as required by Minnesota Statutes §471.88. ~~situation giving rise to a conflict of interest or the appearance of a conflict of interest, including receiving gifts or hospitality (as defined above), whenever possible. Failure to do so could result in disciplinary actions against the employee or board member.~~

¹*This does not apply to gifts of hospitality that are in no way connected to EDA duties, such as those motivated solely by a family or personal relationship.*

Disclosure shall occur in the following ways:

- Annual disclosure through completion of the Conflict of Interest Disclosure Questionnaire; and
- Disclosure on the record at a meeting when specific matter involving a potential conflict is considered or discussed.

If a potential conflict of interest is identified that was not previously disclosed, the board member or employee shall submit a written disclosure to the Executive Director or Board Secretary prior to the EDA taking action on the matter, or within one week of learning of the potential conflict, whichever is later, consistent with Minnesota Statutes §471.88.

Failure to disclose a known conflict may result in disciplinary action.

Investigating potential conflict:

Review of Potential Conflicts

When a possible conflict of interest is disclosed, the disclosure shall be noted in the official meeting minutes.

Most conflicts are routine and may be resolved through disclosure and abstention.

~~arises, board members will collect all of the pertinent information and may question any concerned parties. If the board determines that a conflict exists, steps will be taken to address the conflict. If no conflict exists, the inquiry may be documented but no further action will be taken.~~

If necessary, the Board Chair may seek guidance from legal counsel to determine whether a conflict exists and how it should be addressed. If a conflict of interest is identified after an action has been taken, the disclosure shall be documented, and the Board may consult legal counsel regarding any appropriate corrective or disciplinary steps.

Addressing Conflicts of Interest

~~When an actual conflict of interest exists, the affected board member or employee shall abstain from discussion and voting on the matter. is found, any transactions that may have been affected will be reviewed retroactively. Affected parties both within and outside of the business, including shareholders, directors, employees, and contractors will be notified. An investigation will also be conducted by the board to determine the extent of the conflict and the intentions of the parties involved. If the conflict in question involves a member or members of the board, such a member will be excused from the deliberations, that member may not be present for the deliberations on the conflict in question, and may not vote on the issue.~~

The abstention and the nature of the disclosed conflict shall be recorded in the official meeting minutes. At the discretion of the Board Chair, the interested board member may be asked to step away from the table during deliberation; however, physical absence from the meeting is not required by statute.

- a. ~~Conflict of interest waiver: If the Board determines that it is not able, with reasonable efforts, to obtain a more advantageous transaction, arrangement, proceeding or other matter from another person or entity not involving the Interested person, and that the financial interest is not so substantial as to be likely to affect the integrity of the services which the board may expect from the interested person, the Board may vote to waive the potential Conflict of Interest and proceed with the proposed transaction, arrangement, proceeding or other matter and the interested person's participation in the matter.~~

Disciplinary Action

As all conflicts of interest will be reviewed on a case-by-case basis, a review may result in disciplinary action. ~~The Board retains board has full discretion to deem determine appropriate action, consistent with applicable law and employment agreements. what disciplinary action is both fitting and necessary, including suspension and/or termination of employment.~~

IV. Acknowledgment:

The employee and board member named below acknowledges receipt of this Conflict of Interest Policy and understands their obligation to disclose potential conflict of interest and to abstain from participation when required by law. This policy shall be reviewed and acknowledged annually. ~~understands the procedure for conflicts of interest with the EDA, including their duty to disclose any known or potential conflicts.~~

~~Furthermore, the employee/board member agrees to abide by the procedures outlined in this policy for the duration of their professional relationship with the EDA.~~

~~This document will be reviewed and signed by employees and board members annually in January of the next year.~~

Name: _____ Date: _____

Signature: _____

**COOK COUNTY/GRAND MARAIS JOINT ECONOMIC DEVELOPMENT AUTHORITY
CONFLICT OF INTEREST DISCLOSURE QUESTIONNAIRE**

Purpose

The purpose of this questionnaire is to help the Cook County/Grand Marais Joint Economic Development Authority (EDA) identify and document any potential conflicts of interest that may arise from your personal, financial, or professional relationships. This questionnaire supports compliance with Minnesota Statutes §471.88 and 469.098 and the EDA’s Conflict of Interest Policy.

A “Yes” response does not automatically constitute a conflict of interest. Disclosure is intended to promote transparency and allow potential issues to be addressed through routine disclosure and abstention, when required. ~~— but disclosing potential connections allows the EDA to maintain transparency and address issues before they arise.~~ For example, if your spouse owns a local contracting company that might apply for an EDA grant in the future – that relationship should be disclosed – even if no current funding has been awarded.

Relationship to Board Meetings

Completion of this questionnaire does not replace the obligation to disclose a potential conflict of interest on record at an EDA meeting when a specific matter is considered or discussed. When applicable, the disclosure and any abstention from discussion or voting will be reflected in the meeting minutes.

Section 1: Financial Interests

1. Do you or an immediate family member have a direct or indirect financial interest in any organization, business, or property that currently does business with – or is seeking to do business with – the EDA? *(Examples: You or your immediate family member own shares in a business that has received an EDA Business Development Fund grant, or you rent to a business currently working with the EDA).*
Yes No

If yes, please describe: [Click or tap here to enter text.](#)

2. Do you or an immediate family member have any ownership interest, investment, or financial relationship that could be reasonably perceived as influencing your judgement as a Commissioner? *(Examples: You co-own land next to a proposed EDA-supported housing development, or you’ve invested in a business that may benefit from EDA-funded infrastructure).*
Yes No

If yes, please describe: [Click or tap here to enter text.](#)

Section 2: Employment, Positions, and Outside Activities

3. Are you or an immediate family member employed by, consulting for, or serving in a leadership role (board member, officer, etc.) with any organization that receives – or may seek – funding, contracts, or support from the EDA? *(Examples: Your sibling serves on a board of a nonprofit applying for EDA pass-thru grant funds; you're a paid consultant for a business interested in expanding locally with EDA assistance).*
- Yes No

If yes, please describe: Click or tap here to enter text.

4. Do you serve on any boards, commission, committees, or advisory groups whose interests may intersect with EDA activities? *(Examples: You also serve on the Planning Commission or a housing nonprofit involved in a joint project with the EDA).*
- Yes No

If yes, please describe: Click or tap here to enter text.

5. Are there any other interests, relationships, or circumstances you wish to disclose? *(Examples: A relative has inquired about apply for EDA support).*

Click or tap here to enter text.

None

Acknowledgement

I understand that this annual disclosure does not eliminate the obligation to disclose a potential conflict of interest at an EDA meeting when a specific matter arises, and to abstain from participation as required by law.

Name: _____

Date: _____

Signature: _____

St. Catherine University Student Cost-Benefit Analysis of EDA directed investments in small businesses of Cook County and Grand Marais. This document provides a summary of highlights from student presentations and final papers. Work was completed by students enrolled in ECON 3650: Cost-Benefit Analysis with Dr. Lacey Chu, Fall 2025.

<p>Group 1: Retail Sector</p>	<p>Natalee Sigfrids, Alysia Aboody, Chiana Vang</p>
<ul style="list-style-type: none"> • Scope: Analyzed 15 companies (9 EDA grant recipients, 6 IRRR loan recipients) to determine cost-effectiveness². • Findings: The EDA grants resulted in a Benefit-Cost Ratio (BCR) of roughly 19–22 and an Internal Rate of Return (IRR) of 480%³. • Comparison: While IRRR loans showed a higher BCR (~27) and better short-term effectiveness, the EDA grants were determined to be better long-term investments⁴. 	
<p>“The results concluded that small business development programs were highly cost-effective, with the one-time cost generating \$459,728 and recurring annual benefits totaling over \$2.2 million, driven by increased economic activity, business survival, and reduced public assistance needs.</p> <p>It remained strong across all discount rates, even under conservative assumptions (3%, 5%, and 8% discount rates), the program produced a Net Present Value between \$8.4 Million and \$9.7 Million and a benefit-cost ratio between 19 and 22. These values indicate consistently positive returns to the county. The grant delivered exceptional economic returns; the Internal Rate of Return exceeds 400%, reflecting extremely high payoff relative to initial investment. Benefits substantially exceeded costs in every scenario.</p> <p>The program strengthens Cook County's economic resilience by helping small businesses survive, supporting employment, and expanding taxable economic activity.</p> <p>The grant contributes to long-term community stability and growth. Improvements in reporting and follow-up would strengthen the program evaluation by encouraging reports on basic business outcomes, such as sales trends, employment changes, and how the grant funds were used. This would give the EDA clear insights into which aspects of the program are most effective and which areas may need adjustment.”</p>	

<p>Group 2: Housing vs. Lodging</p>	<p>Maka Chikowero, Paige Loidolt & Katie Rivas Sanchez</p>
<ul style="list-style-type: none"> • Scope: Evaluated \$1.82 million in funding split between housing grants (49%) and development/lodging infrastructure (41%)⁵. • Findings: Lodging produced a significantly higher Net Present Value (\$15.6M) and BCR (15.17) compared to housing (\$5.9M NPV and 3.77 BCR)⁶. • Conclusion: While lodging offers higher financial returns, the group recommended prioritizing housing to ensure workforce stability and long-term resident retention⁷. 	
<p>“Our team’s project investigates whether future land use in Grand Marais should prioritize housing development or continue to support lodging operations. By comparing the social and economic costs and benefits of each alternative, we aim to determine which option offers the greatest long-term value to the community.</p> <p>We focused on identifying revenue streams, outcomes for the community, and long-term advantages for housing development and lodging expansion in Grand Marais while developing the assumptions and data for benefits. We assumed a 5% discount rate, which reflects societal discounting and is commonly used in community-focused analysis.</p> <p>For housing development, benefits were assumed to be derived from steady rental income and community gains, such as workforce retention, consistent residency, and alleviating locals from current ongoing housing shortages. Monetized benefits include the estimated rental revenue generated by new or renovated units. In contrast, non-monetized benefits account for the improved quality of life, reduced commuting costs, and enhanced access to stable housing for essential workers. Housing stability is linked to long-term economic resilience, especially in small rural communities like Grand Marais. Stable housing reduces local turnover and strengthens the year-round economy by supporting schools, small businesses, and essential services. These are considered social and worktime benefits.</p> <p>Beyond the immediate financial gains, lodging investments primarily benefit from existing tourism demand, generating high annual cash flow and positive cost-benefit ratios. Yet, these advantages may come at the expense of year-round housing security, workforce stability, and local affordability. In contrast, housing development projects, while producing smaller short-term economic returns, offer deeper social value by</p>	

retaining residents, stabilizing employment, and sustaining the community's long-term economic base.

When viewed through a 5% social discount rate, housing projects demonstrate lasting value over a 10-year horizon, reinforcing the need to balance short-term profitability with intergenerational equity. Ultimately, a blended approach that pairs limited lodging expansion with mixed-use or workforce housing initiatives could help Grand Marais sustain both its economic resilience and community integrity. Strategic collaboration between the EDA, IRRR, and local developers, combined with regular policy reviews, would ensure that future investments align with both economic responsibility and social well-being.”

Group 3: Professional Services	Fatima-Asma Arrale, Sandra Chauca, Cristina Flores-Alatriste, Chloe Rutten
<ul style="list-style-type: none"> • Scope: Analyzed 11 businesses across trades, office, childcare, and health sectors⁸. • Findings: The analysis showed a negative Net Present Value and a BCR of 0.38, indicating calculated financial benefits were lower than costs based on limited data⁹. • Sector Performance: The "Trades and Technical" category performed better than other professional service categories¹⁰. • This category had significant negative impacts from a fire and COVID. Data pool is so small as to be reflective of those acts of G-d rather than the investment strategy. 	
<p>Research includes data from grant recipients, the EDA, and student researchers, focusing on four sub-sectors: Trades & Technical, Office & Community, Childcare & Education, and Health & Wellness. Data was collected from 2016 to 2025, including grant amounts and project costs, with additional insights gathered through a survey sent to grant recipients.</p> <p>Assumptions and Data Analysis</p> <ul style="list-style-type: none"> • The analysis assumes that fiscal benefits to Cook County mirror the financial benefits experienced by businesses receiving grants. • Total grant costs for professional services amounted to \$129,257, with benefits calculated at an average financial gain of 38%, totaling \$49,194 over ten years. <p>Limitations of the Study</p> <ul style="list-style-type: none"> • Data collection faced significant limitations, with only one survey response, leading to potential bias in generalizing findings. • External factors like the COVID-19 pandemic may have influenced the financial outcomes, complicating the assessment of grant effectiveness. <p>Cost Benefit Analysis Findings</p> <ul style="list-style-type: none"> • Present value of costs totaled \$113,310, while benefits were \$43,058, resulting in a net present value (NPV) of -\$70,252 and a benefit-cost ratio (B/C) of 0.38. 	

- Despite negative financial returns, grants supported community growth and business stability.

Recommendations for Future Research

- EDA should enhance data collection and survey participation to improve analysis accuracy.
- Future studies should measure broader impacts, such as job creation and community service improvements, beyond financial metrics.

Conclusion on Grant Effectiveness

- The analysis indicates that while grants did not yield positive financial returns based on limited data, they may provide significant indirect benefits to the community.
- Improved data collection is essential for informed decision-making regarding future grant allocations.

Group 4: Restaurants	Hazel Fang, Leslie Varela, Sarah Wangen
<ul style="list-style-type: none"> • Scope: Compared the impact of \$78,010 in restaurant grants against the alternative of returning that capital to taxpayers¹. • Findings: The grant program generated over \$100,000 in community benefits, whereas the taxpayer investment alternative generated approximately \$25,000¹². • Ratios: The grant program achieved a BCR between 1.83 and 3.25 depending on the multiplier used¹³. 	
<p>This Cost-Benefit Analysis (CBA) evaluates the economic impact and financial performance of the IRRR loan and the EDA grant for retail businesses in Cook County over a 48-month term. The primary goal was to determine if these small business development programs were cost-effective and strengthened Cook County's economic resilience. The analysis utilized a 3% base discount rate, with a sensitivity analysis conducted at 4% and 5%.</p> <p><i>IRRR Loan:</i></p> <ul style="list-style-type: none"> • Proved to be a significant contributor to Cook County's economic growth. • Costs were minimal, identified solely as the funds disrupted, and the initial investment was recovered quickly. • The Benefits-Cost Ratio (BCR) ranged from 26.99 to 27.78 across the three discount rates, indicating more than \$26 in benefits for every dollar invested. • The Net Present Value (NPV) was consistently above \$685,000, ranging from \$685,157.56 at 5% to \$719,755.33 at 3%. • Demonstrated strong short-term effectiveness. • No Internal Rate of Return (IRR) could be calculated due to the lack of costs. <p><i>EDA Grant:</i></p> <ul style="list-style-type: none"> • Generated substantial long-term economic benefits and was highly cost-effective. • Total program cost was \$459,728. Grant costs were \$105,377, and administrative costs were \$354,391. • Annual benefits totaled over \$2.2 million, driven by sales tax revenue, avoided public assistance costs, and multiplier effects. • At the 3% discount rate, the NPV was approximately \$9.71 million, and the BCR was 22.13. • The Internal Rate of Return (IRR) was 483% at a 3% discount rate. 	

Comparison:

- Both programs were cost-effective investments.
- The IRRR loan showed a higher BCR, while the EDA grant indicated better long-term investment.
- Sensitivity analyses confirmed that investment outcomes for both remained positive, even at higher discount rates.

<p>Group 5: Arts, Crafts & Manufacturing</p>	<p>Lilly Gillespie, Sami Pineda, and Julia Schmitt-Mischke</p>
<ul style="list-style-type: none"> • Scope: Investigated if grants are more effective than reducing the tax burden on residents¹⁴. • Findings: Grants and loans combined achieved a BCR of 19.47, while tax reductions resulted in a BCR of only 0.665¹⁵. • Valuation: The estimated Net Present Value of the grants was over \$6.1 million, compared to a negative value (-\$1,303) for the tax reduction alternative¹⁶. 	
<p>“Based on our assumptions, data and cost benefit analysis, our recommendation is that EDA grants and loans should be continued and expanded in the arts, crafts and manufacturing industries in Cook County, MN.</p> <p>The cost-benefit ratio is 19.47% when the grants and loans are combined, which means that \$1 spent will result in almost \$20 of economic benefit.</p> <p>The tax-reduction method has a cost-benefit ratio of 0.665 which is less than 1. This ratio being less than 1 represents that the expenditure exceeds the benefits. In other words, a reduction in taxes does not increase the amount of economic activity enough to offset its cost.</p> <p>This is also indicated in the net present value (NPV) analysis. The grants and loans create an NPV value of more than 6.1 million dollars. The tax reduction method has a negative NPV value of -\$3,518,299. This means that the tax reduction policy would have an overall negative economic impact.</p> <p>Our recommendation is also supported by the individual analyses. With grants having a cost of \$1,000 and a payoff of \$4,339, they provide a great return to the EDA at a low financial risk. Loans generate an even greater benefit of about \$8,667 but have more costs and are more current to change when the owner of the business regards them. The results were similar even with the sensitivity analysis (2% discount rate and 7% discount rate) of the assumptions being tested, grants and loans continued to show a cost-benefit ratio significantly greater than 1, while the tax-reduction always produced a value less than 1. Additionally, this tax-reduction option, besides failing to do well in the cost-benefit, created a negative NPV, which means that the policy could not create economic increment in the long run for Cook County, MN.”</p>	

<p>Group 6: Tourism Industry</p>	<p>Eleanor Anderson, Hawti Boranto, and Najma Hussein</p>
<ul style="list-style-type: none"> • Scope: Compared EDA tourism grants (\$31,500/year avg) against a hypothetical property tax cut¹⁷. • Findings: EDA grants passed economic efficiency tests with a BCR > 1, while tax cuts failed with a BCR < 1 and negative IRR¹⁸. • Sensitivity: Even under "low benefit" assumptions, the grants outperformed the tax cut strategy¹⁹. 	
<p>“Even after discounting, Cook County gets more tourism revenue than the annual cost of the grant program. This demonstrates long-term economic productivity, rather than Cook County receiving a temporary or one-time gain. Figure 1 shows a positive net present value, which aligns with the calculated NPV of \$46,225.20, indicating that the grant program satisfies a major criterion for feasibility. Since the NPV is greater than 0, the program is beneficial and increases economic well-being. Finally, Cook County’s economy, which is heavily tourism-driven, helps tourism revenue spill over into retail, lodging, dining, recreation, and other sectors. The benefits demonstrate a multiplier effect, where each dollar generates additional gains for other industries and ultimately yields more than its initial value.</p> <p>Overall, Figure 1 shows that the EDA tourism grants generate a higher discounted benefit than costs in every year, demonstrating the program yields positive long-term returns for Cook County and is an effective public investment.</p> <p>“Figure 2 illustrates the significant dependence of the grant program's effectiveness on the actual level of financial improvement businesses achieve. The drop from high scenario to medium and low shows that the program becomes less efficient when business gains are smaller. Meaning the grant program is noticeably changing due to uncertainty. Figure 2 illustrates the need for more effective feedback from grant recipients, as small changes in benefits can significantly impact the viability of the grants.</p> <p>Funding for EDA grants comes from Cook County property taxes. Therefore, an alternative to funding tourism through EDA grants would be to cut tourism spending from property tax revenue to allow for Cook County residents and business owners to spend more of their income as they see fit. Maintaining the assumption that the annual allotment of grants to tourism is \$31,500, and given that the entire pool of EDA grant</p>	

money is \$200,000, tourism comprises roughly 16% of property tax spending. If the EDA were to reduce property taxes rather than offer grants to tourism, we would then anticipate a 16% decrease in property tax collection. Using the median home value of \$290,000 provided by the EDA website, the League of Minnesota Cities estimates annual property taxes in Grand Marais to be roughly \$2,338 (League of Minnesota Cities, 2025). A 16% reduction would mean roughly a \$375 tax cut for residents of Cook County. Therefore, an alternative policy to providing tourism EDA grants could be to cut taxes by \$375 per resident.

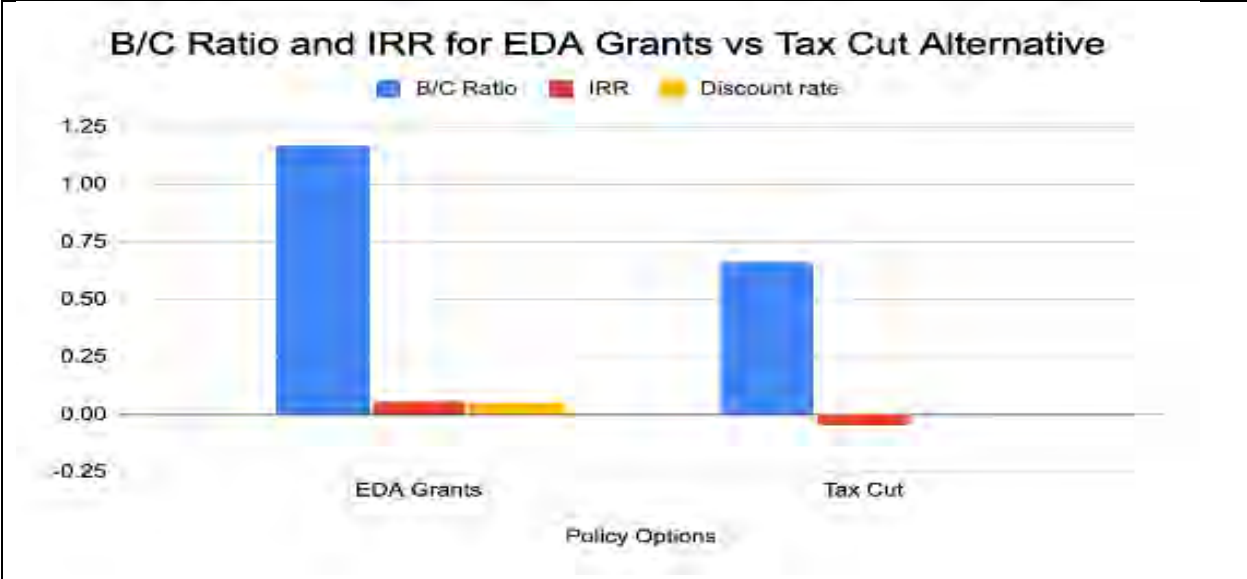
As with our analysis of EDA grants, these costs do not take into consideration any of the indirect costs of tax cuts. This includes potential job loss due to decreased government revenue, less pointed benefits toward tourism, or ripple effects on interest rates and deficit spending.

Benefit:

In order to quantify the overall social benefit of a tax cut, we need to know how much the people of Cook County spend rather than save when they earn additional income - this is called the marginal propensity to consume (MPC). For the purposes of our analysis, society as a whole only benefits from money that returns into the local community through spending. Individuals may benefit from saving their money and accruing interest, but in considering an alternative to public grants for tourism, the benefit of a tax cut is how much additional money Cook County residents spend as a result of the lower tax burden to bolster the economy for tourism.

According to a 2021 study to analyze the impact of the 2020 stimulus checks provided during COVID, economists from the University of Wisconsin-Superior determined that the average MPC of residents in rural Minnesota and Wisconsin (specifically including Grand Marais) was roughly 66% (Mahjabeen and Pratoomchat, 2021). That means that for every additional dollar earned, residents spend 67% and save the other 34%. In our hypothetical tax cut of \$375 per resident, that would mean an additional \$248 of spending in Cook County.

There are some indirect benefits not accounted for in this analysis, including job creation from increases in economic activity, higher financial stability in light of modern inflation, and more private investment that can lead to higher risk-taking for businesses.



The grant program shows a B/C Ratio above 1.0 and an IRR higher than the discount rate, verifying that it generates a positive return to Cook County. By comparison, the tax cut alternative has a B/C ratio below 1.0 and a negative IRR, showing that the tax cut fails to provide any return to the county. Figure 4 clearly demonstrates that EDA grants offer a significantly greater economic value than property tax reductions.

LIMITATIONS, CONCLUSIONS, AND RECOMMENDATIONS

Our analysis has several limitations, including a small sample size, the absence of direct tourism responses, and the exclusion of indirect costs such as housing, infrastructure restraints, and environmental impacts. Despite these constraints, our analysis shows that EDA tourism grants produce higher discounted benefits than costs across all years, outperforming tax cuts. Based on our findings, we recommend prioritizing grants over tax cuts to better support tourism, and require grant recipients to do follow-up surveys for future research to strengthen future research.”