

**MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY**
Wednesday, January 25, 2012 - 5:15 p.m.
Room 303, City Hall

MINUTES

- Call To Order:** The January 25, 2012, meeting of DEDA was called to order by President Heino at 5:15 p.m.
- Present:** Nancy Aronson Norr, Jay Fosle, Dan Hartman, John Heino, Emily Larson, Don Monaco, Christine Townsend
- Others Present:** Bill Burns, Joan Christensen, Brian W. Hanson, Bronwyn Lipinski, Kevin Scharnberg, Heidi Timm-Bijold

President Heino welcomed the three new City Councilor Commissioners Larson, Fosle and Hartman.

APPROVAL OF MINUTES: December 14, 2011. Accept as written. Vote: Unanimous Hartman/Fosle (7-0)

RESOLUTIONS FOR APPROVAL

NEW BUSINESS

1. RESOLUTION 12D-01: RESOLUTION ELECTING OFFICERS FOR THE YEAR 2012

Staff:

Discussion: Heino thanked those commissioners that volunteered to fill the officer positions.

Vote to Approve Resolution 12D-01: Passed Unanimously Norr/Hartman (7-0)

President Monaco thanked Heino for his leadership over the past years.

2. RESOLUTION 12D-02: RESOLUTION ADOPTING A SCHEDULE OF REGULAR MEETING DATES FOR THE YEAR 2012

Staff:

Discussion: Fosle asked if resolutions could be on the DEDA website. Hanson replied that this can be done. In regard to a notation at the bottom of the schedule, Christensen explained that according to the bylaws, the asterisk denoting a special meeting does not need to be on the meeting schedule. Heino motioned to amend the schedule without the “* denotes special meeting”. Townsend seconded.

Vote to Approve Resolution 12D-02: Amended Resolution Passed Unanimously
Heino/Townsend (7-0)

- 3. RESOLUTION 12D-06: RESOLUTION AUTHORIZING THE TERMINATION OF A DEVELOPMENT AND LOAN AGREEMENT AND EXECUTION OF A MORTGAGE SATISFACTION UPON PAYMENT IN THE AMOUNT OF \$5,592 RELATED TO AN AFFORDABLE HOUSING AT 20TH AVENUE WEST AND 3RD STREET**

Staff: Women's Transitional Housing owns a facility at 20th Avenue West and 3rd Street. DEDA has a mortgage on the facility that is scheduled to be forgiven in 2013. The mortgage was placed to secure TIF funds and ensure the funds would be used by the developer to provide low-income housing through 2013. Women's Transitional Housing has requested the mortgage be satisfied so they can sell the facility. DEDA has asked that the developer refund a portion of the TIF, related to the two remaining years of the agreement compliance period.

Discussion:

Vote to Approve Resolution 12D-06: Passed Unanimously Norr/Larson (7-0)

- 4. RESOLUTION 12D-03: RESOLUTION AUTHORIZING AN AGREEMENT TO INSURE CERTAIN DEDA PROPERTY UNDER THE CITY OF DULUTH'S PROPERTY AND BOILER INSURANCE POLICIES IN AN AMOUNT NOT TO EXCEED \$15,254**

Staff: Hanson explained that this insurance includes the NorShor Theater and the MRO facility, and is a 2% increase from last year. It is a savings of half of what DEDA would pay without partnering with the City's policy and includes boiler insurance which has the benefit of an annual boiler inspection.

Discussion: Fosle asked if this is a current contract, and Hanson replied that it is. Monaco asked about basis of the values of these buildings. Hanson said that it does not affect the insurance coverage if the building values vary a little, and he will have to look into the source for the valuations.

Vote to Approve Resolution 12D-03: Passed Unanimously Fosle/Hartman (7-0).

- 5. RESOLUTION 12D-04: RESOLUTION AUTHORIZING THE ACCEPTANCE OF A SUPPLEMENTAL GRANT FOR ATLAS FROM THE STATE OF MINNESOTA DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT**

Staff: Timm-Bijold stated that DEDA requested this clean-up grant from the state for \$265,072 because of additional issues to be addressed at Atlas.

Discussion: A discussion was held about the grant and Atlas site details. Monaco asked if future resolutions could include a brief historical chronology for topics that require many resolutions; for context and for new commissioners. Fosle asked if any marketing has been done for this site. Hanson said that target marketing is something will be done when the 5

acres are ready to be developed. He will talk to Ikonics about what would be a good fit in the park.

Vote to Approve Resolution 12D-04: Passed Unanimously Norr/Larson (7-0)

6. RESOLUTION 12D-05: RESOLUTION AUTHORIZING A LICENSE AGREEMENT WITH THE CITY OF DULUTH FOR PARKING ON LOT B, C AND D IN BAYFRONT AND USE OF DEDA PROPERTY ADJACENT THERETO

Staff: Hanson reported that staff has been working to clarify property ownership between the City and DEDA in Bayfront. The next step in that process is to formalize a license agreement for Park property and parking at Bayfront Festival Park. In the future, land swaps between DEDA and the City will be discussed. The proposed License Agreement will enhance Bayfront operations with one common manager of the park and the parking lot, create revenue certainty for DEDA and ensure completion of the trail, outside the park.

Discussion: Hartman asked if there could be any conflict of interest for the DEDA Commissioners who are also City Councilors. Christensen said that typically there is not, unless a commissioner has a personal or monetary interest. Hartman asked if this contract includes the Bentleyville parking contract. Hanson replied that DEDA has a 2 year contract with Bentleyville that will end after 2012, then the City will negotiate any future contract with Bentleyville. Commissioners and staff discussed the rationale and need for paragraph 12 in the agreement. Fosle asked if the seawalls are in better condition now, or if parking lots have been fenced for safety? Timm-Bijold replied that the seawalls are not in good condition and they will use grant resources for their restoration. Hanson said the dangerous areas now have fences. Monaco suggested that we strike paragraph 12 and figure out what is fair at time of a sale. Norr and Heino agreed. Heino motioned to amend the resolution and strike paragraph 12 on page 5. Hartman seconded.

Vote to Approve Resolution 12D-05: Amended Resolution Passed Unanimously Heino/Hartman (7-0)

DISCUSSION

1. MRO MARKETING

Hanson explained that negotiations are ongoing, but he is encouraged and will keep the Board up-to-date when there is something to announce. Norr asked if there is any language about an expiration date in the negotiations. Hanson said there is not, and if they want to talk to other prospects, they will.

2. BUSINESS SUBSIDY POLICY UPDATE

Hanson explained that the previous DEDA business subsidy policy did not follow state statute closely and was not consistent with the City's business subsidy policy. In December, staff brought a policy to the DEDA Board that was passed after it was amended to include a supermajority vote in certain circumstances. This was then discussed by the City Council in December, and pulled for further consideration by Administration.

Larson would like an in-service or meeting to learn about the big projects in which DEDA is involved. Hanson said that there will be an orientation in February.

Monaco would like to have more strategic discussions, and asked if it is okay if Hanson or Timm-Bijold could send out an email to Commissioners with helpful information when relevant. Christenson said as long as Commissioners do not "reply all" in an email, that would be fine.

Heino asked about a DEDA mission, vision, and elevator speech, as discussed at previous DEDA meetings. Hanson said he will send this out to Commissioners right away.

Hartman inquired about adding the DEDA budget on the DEDA website, as well as one group email address that would go to all DEDA Commissioners.

ADJOURNMENT: President Monaco adjourned the January 25, 2012 meeting of the DEDA at 6:42 p.m.

Respectfully submitted,



Brian W. Hanson
Executive Director

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