

**MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
Wednesday, October 24, 2012 - 5:15 p.m.
City Hall Room 303**

MINUTES

- Call To Order:** The October 24, 2012, meeting of DEDA was called to order by President Monaco at 5:15 p.m.
- Present:** Nancy Aronson Norr, Jay Fosle, Dan Hartman, John Heino, Emily Larson, Don Monaco, Christine Townsend
- Others Present:** Bob Asleson, Ron Brochu, Joan Christensen, Dan Delmore, Christopher Eng, Alex Giulliani, Sandy Hoff, Bronwyn Lipinski, Mark McShane, John Strange, Heidi Timm-Bijold

PUBLIC HEARINGS

1. **RESOLUTION 12D-48: RESOLUTION AUTHORIZING THE SALE OF THE PHOENIX BUILDING PARKING LOT TO JOSEPH R. LINK**

No public comment.

APPROVAL OF MINUTES: September 26, 2012. Accept as written. Vote: Unanimous Heino/Larson (7-0)

RESOLUTIONS FOR APPROVAL

NEW BUSINESS

1. **RESOLUTION 12D-48: RESOLUTION AUTHORIZING THE SALE OF THE PHOENIX BUILDING PARKING LOT TO JOSEPH R. LINK**

Staff: Eng recommends that DEDA sell this parking lot to Rob Link for \$100,000 under a contract for DEED at 3% interest.

Discussion:

Vote to Approve Resolution 12D-48: Passed Unanimously Norr/Heino (7-0)

2. **RESOLUTION 12D-49: RESOLUTION AUTHORIZING A SECOND AMENDMENT TO THE LAND SALE AGREEMENT WITH WHITE PINE DEVELOPMENT**

Staff: McShane explained that because the economy declined, sales also declined for the development, and then the flood caused significant damage to the roads. Roads needs to be reconstructed for a second time and public access to Moose Mountain must be given as was a requirement of the first agreement. This is a two year extension to the time line so that the road can be completed and stabilized, which would allow the City to accept it.

Discussion:

Vote to Approve Resolution 12D-49: Passed Unanimously Norr/Hartman (7-0)

3. RESOLUTION 12D-50: RESOLUTION AUTHORIZING FIRST AMENDMENT TO OPTION RENEWAL AND PRE-DEVELOPMENT AGREEMENT WITH PIER B HOLDING LLC FOR THE PIER B PROPERTY IN BAYFRONT

Staff: Timm-Bijold explained that Pier B needs an extension to the end of the year due to delays that are not under their control.

Discussion: Hoff explained that part of the delay is because the silos will be a much bigger expense than originally thought, so they will not be able to build inside; but they will leave them as a free standing building. Giuliani said that they will hear in next two weeks from their lenders regarding a term sheet, but have had a very good response from the SBA. Fosle asked if this site will be JOBZ eligible, but Timm-Bijold responded that it is not.

Vote to Approve Resolution 12D-50: Passed Unanimously Larson/Townsend (7-0)

4. RESOLUTION 12D-51: RESOLUTION ACCEPTING A REDEVELOPMENT GRANT AGREEMENT WITH THE STATE OF MINNESOTA WITH PIER B HOLDING, LLC

Staff: Timm-Bijold explained that we were awarded \$968,744 in redevelopment grant money this past spring, but it comes from two different sources; one is general fund the other is general obligation bond money. The bond money can only go to the entity that will own the property, and because DEDA will not own the public infrastructure, we can't accept the money. The State Attorney General's office decided to split the grant into two different agreements. This resolution refers to the first agreement for \$495,909 where DEDA will be a conduit for Pier B, who will use the money for silo interior demolition and for repair of the seawalls. Pier B will match the grant dollar for dollar. The City will be accepting the other agreement next month for \$462,865 that will be used for public utilities, also matched by Pier B.

Discussion:

Vote to Approve Resolution 12D-51: Passed Unanimously Heino/Hartman (7-0)

Timm-Bijold recognized Giuliani and Clyde Park for being nominated for two ReScape MN Brownfields awards, which is a great accomplishment.

5. RESOLUTION 12D-52: RESOLUTION AUTHORIZING A CONTAMINATION CLEANUP GRANT PROGRAM APPLICATION TO THE STATE OF MINNESOTA FOR THE LAKEROCK ENTERPRISES INC. DBA HDPE SUPPLY PROJECT

Staff: Timm-Bijold introduced Dan Delmore, a local entrepreneur and owner of HDPE Supply (High Density PolyEthylene), who wants to build a new company in Duluth by Stryker Bay, which is a superfund site. This grant application will be used to clean up the brownfield site. Barr is the environmental engineering company Delmore has chosen, and they believe it could cost up to \$500,000 for phase I. We can ask for 75% of the project, with Delmore providing the remaining 25%.

Discussion: Delmore likes the idea of making something out of a site that no one else has been able to use, and it brings presence to an area of Duluth where there are quite a few companies already using his company's product. Norr asked Delmore if he will be able to go forward with the project if DEDA does not receive the full grant amount. Delmore said it wouldn't make sense for him to continue without the grant.

Vote to Approve Resolution 12D-52: Passed Unanimously Fosle/Heino (7-0)

6. **RESOLUTION 12D-53: RESOLUTION AUTHORIZING AN AMENDED AND RESTATED SUBLEASE AGREEMENT OF TECH VILLAGE SPACE TO INTERSTATE PARKING COMPANY**

Eng withdrew the resolution.

7. **RESOLUTION 12D-54: RESOLUTION AUTHORIZING A LOAN TO ST. LUKE'S HOSPITAL OF DULUTH RELATED TO DEDA'S BOND FEE AND ACCEPTING A PROMISSORY NOTE OBLIGATING REPAYMENT THEREOF**

Staff: Eng reported that St. Luke's requested to pay the large bond fee over nine month period starting January 1, 2012 because they didn't budget for this fee.

Discussion:

Vote to Approve Resolution 12D-54: Passed Unanimously Norr/Larson (7-0)

8. **RESOLUTION 12D-55: RESOLUTION AUTHORIZING REIMBURSEMENT TO HALLETT DOCK COMPANY FOR PROFESSIONAL SERVICES RELATED TO PRELIMINARY WETLAND REVIEW IN AN AMOUNT NOT TO EXCEED \$1,600**

Staff: Eng explained that along with local partners, he is trying to recruit a large employer to Duluth that would bring a \$350,000-\$400,000 investment to the area. They are looking at a 40 acre site near Hallett Docks, and want to find out how much land is buildable in this location. DEDA would share this cost with MN power and Hallett Dock equally, to hire Barr Engineering to do wetland delineation.

Discussion: Eng reported that an RFP was not used because it is a small expense, Barr is uniquely qualified to do this work, and they need this to happen fairly quickly.

Vote to Approve Resolution 12D-55: Passed Townsend/Hartman (6-0-1) Norr abstained.

DISCUSSION

Norr reported that DEED Commissioner Mark Phillips is leaving his position, and he has been a great supporter of DEDA. She suggested DEDA express thanks to him. Eng will draft a thank you letter to Phillips as well as a welcome letter to the new Commissioner, Katie Clark.

1. DIRECTOR'S REPORT

AAR Eng reported that AAR is welcoming Air Canada as their customer. A lease agreement

amendment will be brought to the Board in the near future. AAR also received FFA certification. The fire alarm system is not working properly and DEDA is responsible to replace or fix this. AAR held another job fair at the DECC and will do another at the MRO. Sales tax will be exempt for parts, comparable to other states. Norr reported Danny Martinez was very complimentary to the City and DEDA for the work put into AAR. Heino suggested DEDA advertise for this success. Monaco has seen this story in at least 5 national publications.

Economic Development Strategic Plan Interviews with firms begin tomorrow. A contract will be proposed to the Board for consideration in November.

Land Sale This past Monday night the City Council approve the conveyance of land to DEDA for a Dollar General store to be built in Gary New-Duluth. The developer has been asked to meet with the adjacent neighbors.

Eng reported that Mark McShane will retire from the City next week.

A new business developer will join the City's Business and Economic Development department in the coming weeks.

Monaco asked about possible financing through DEDA for Pier B, in case they cannot acquire the needed funding. Eng will look into possible options.

ADJOURNMENT: President Monaco adjourned the October 24, 2012 meeting of the DEDA at 6:35 p.m.

Respectfully submitted,



Christopher T. Eng
Executive Director

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