

**SPECIAL MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY**
Wednesday, October 20, 2010 - 6:00 p.m.
Room 303, City Hall

MINUTES

Call To Order: The October 20, 2010, special meeting of DEDA was called to order by President Heino at 6:00 p.m.

Present: Jeff Anderson, Nancy Aronson Norr, Tony Cuneo, Todd Fedora, John Heino, Christine Townsend

Absent:

Absent Excused: Don Monaco

Others Present: Bob Asleson, Lisa Baumann (Duluth News Tribune), Richard Brown, Joan Christensen, Terri Fitzgibbons, Brian W. Hanson, Sandy Hoff, John Hovland, Marcel LaBond, Bronwyn Lipinski, Kevin Scharnberg, Heidi Timm-Bijold.

APPROVAL OF MINUTES: September 15, 2010. Accept as written. Vote: Unanimous (6-0)

UPDATE: Richard Brown gave an update about the new JNBA office space and Learning Lab project in the Tech Village.

RESOLUTIONS FOR APPROVAL

NEW BUSINESS

1. RESOLUTION 10D-39: RESOLUTION AUTHORIZING A GRANT APPLICATION TO THE STATE OF MINNESOTA FOR THE CONTAMINATION CLEAN-UP OF THE ATLAS SITE

Staff: Timm-Bijold stated that the second phase of the Atlas site clean-up includes soil clean-up for a total of 16 acres; 7 acres will be for streets and utilities work, and 9 acres for redevelopment projects. Of these 9 acres, IKONICS is interested in 4 of them, leaving 5 acres to remediate for a smaller project. The clean-up project has an estimated cost of \$780,000. We can apply to DEED for 75% of a project, which would be \$585,000. That leaves \$195,000 to come from a local match - from DEDA. The source of funds to DEDA for this match could come from sale proceeds of the 9 acres (approximately \$261,000); an EPA grant application for the Atlas clean-up (results won't be revealed until May of 2011); and/or financing from an EPA funded revolving loan fund for which the City has applied.

Discussion:

Vote to Approve Resolution 10D-39: Passed Unanimously (6-0)

2. RESOLUTION 10D-40: RESOLUTION AUTHORIZING AMENDMENT TO AGREEMENT NO. 10 865 591 WITH PIER B HOLDING LLC EXTENDING THEIR OPTION TO ACQUIRE BAYFRONT PROPERTY FOR DEVELOPMENT UNDER SPECIFIED TERMS

Staff: Timm-Bijold reported that a project proposal is not ready at this time from Pier B or from DEDA. What has been accomplished includes: environmental assessments; DNR technical assessments regarding seawall integrity issues; continued efforts to secure more money to fine-tune planning and designs for proposed transient boat facility; conversations with the State Historic Preservation Office (SHPO) who will weigh in heavily with any 106 Review; and talks with U.S. Fish and Wildlife, a possible source of construction money. What will be done must be good for the whole of Bayfront, as well as for Pier B and DEDA, so a nine month extension is requested to work on a master plan. Hoff added that it is difficult to plan for the property other than a broad range concept with so many other “moving parts”. For example, they are not sure what the connectivity will be, where a parking structure may fit, what the traffic flow may be, or what our ability is to bridge slips two and three. Pier B is working on concept plans to bring to SHPO, DEDA Commissioners, and City officials with creative abstract ideas. The last six months have been spent in fact finding mode.

Discussion: Fedora asked if the milestone dates/deadlines are too tight or if more time would be needed. Fedora made an amendment to move milestones back 60 days: change Milestone 1 (one) deadline to February 1, 2011, Milestone 2 (two) deadline to April 15, 2011, Milestone 3 (three) deadline to June 30, 2011 and Milestone 4 (four) deadline to September 30, 2011. Norr seconded. Motion to amend passed 6-0.

Cuneo asked how SHPO will be involved. Timm-Bijold explained that in 1995 an eligibility determination was made that our waterfront could be eligible to be put on the National List of Historic Places, although the paperwork was not filed. But because it was found to be eligible, any time federal money is used a 106 Review will weigh-in regarding any impact of a historical nature. SHPO will want to make sure the right materials are used and they are historically significant in construction. They will work to support and guide our decisions. Hoff added that because SHPO is an unknown right now, they are in the process of concept drawings to present to them for feedback. Resolution approved as amended.

Vote to Approve Resolution 10D-40 as amended: Passed Unanimously (6-0)

3. RESOLUTION 10D-41: RESOLUTION AUTHORIZING AN AMENDMENT TO THE LAND SALE AGREEMENT WITH WHITE PINE DEVELOPMENT

Staff: In July 2008 DEDA conveyed a deed to the State of Minnesota for property that was developed into East Ridge Estates. They have made significant progress on their milestones, but are asking for a one year extension.

Discussion:

Vote to Approve Resolution 10D-41: Passed Unanimously (6-0)

4. **RESOLUTION 10D-42: RESOLUTION AUTHORIZING THE ACQUISITION OF CERTAIN PROPERTY FROM THE CITY IN AN AMOUNT NOT TO EXCEED \$2,500, SUBJECT TO THE CITY'S CONVEYANCE OF THE SAME TO DEDA, RELATED TO TITLE CLEARANCE OF ONEOTA INDUSTRIAL PARK FIRST ADDITION**

Staff: Hanson explained that this resolution is to reimburse DWP for title work costs, which is a Tax Increment Finance (TIF) eligible expense.

Discussion:

Vote to Approve Resolution 10D-42: Passed Unanimously (6-0)

5. **RESOLUTION 10D-43: RESOLUTION AUTHORIZING AMENDMENT TO THE 2010 DEDA BUDGETS**

Staff: Scharnberg presented a final budget update for the year. Some funds in TIF accounts are being moved to non-TIF/operating fund accounts to eliminate the co-mingling of TIF-restricted funds and non-TIF-restricted funds.

Discussion:

Vote to Approve Resolution 10D-43: Passed Unanimously (6-0)

6. **RESOLUTION 10D-44: RESOLUTION AMENDING RESOLUTIONS 93D-25 AS AMENDED BY RESOLUTION 93D-83 RELATED TO DEDA'S BIDDING AND PURCHASING POLICIES AND PROCEDURES**

Staff: Hanson explained that this resolution will allow DEDA to be consistent with the City's purchasing policy, and that DEDA will follow the City's purchasing policy and changes from now forward.

Discussion:

Vote to Approve Resolution 10D-44: Passed Unanimously (6-0)

7. RESOLUTION 10D-45: RESOLUTION AUTHORIZING A TENANT ESTOPPEL CERTIFICATE AND A SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT RELATED TO DEDA'S LEASE OF PROPERTY IN THE TECHNOLOGY BUILDING

Staff: Hanson explained that this is standard form used in refinancing or extending credit. Change in the agreement was made after extensive review of the mortgage.

Discussion:

Vote to Approve Resolution 10D-45: Passed (5-0-1). Fedora abstains.

DISCUSSION

1. NORSHOR THEATRE

Staff: Since the September DEDA meeting, Hanson concluded that until there is a full picture of the project, he doesn't want to bring a budget that raises more questions. He proposes to shift gears away from details of construction budget toward getting a complete renovation plan done. Time and effort need to be put into fundraising, preparation for a possible bonding bill, and for securing tax credits. Fedora asked if it is the plan to transfer ownership of the theatre to a private developer. Hanson said that they could take on a limited partner. Norr suggested that DEDA have a couple of scenarios ready whether there is a bonding bill or not. Heino asked what has changed since the September meeting. Hanson replied that staff realized they may invest in a bathroom now that will not meet long term needs, or put it in the wrong location. Fedora asked if the management contract with Playhouse has any provisions for this "dark" time when no revenue is coming in, or if they continue to be paid whether the theatre is open or not. Hanson said that he will look at amending the contract with the Playhouse to reflect the current situation. Cuneo wanted to know what the timeline would be if in mid January there is a preliminary budget, drawing and designs. Hanson replied that if we do receive bonding money, we could go ahead with a plan, and construction could take most of 2011. If we do not get the bonding, we will re-access in March, start the accessibility project, and then will be able to have events later in 2011. A bonding answer may not be known until May. Christensen added that bonding money usually needs to be matched, and then DEDA would be spending money. Asleson said that grant funds usually require a local match and money spent before the match does not count toward the total. Anderson requested that staff present scenarios in the future. Cuneo requested an outline of a fundraising plan for the November DEDA meeting, including a cost benefit analysis on whether having the theatre open during fundraising makes a difference in income, including the priority of investment. Fedora asked if an appraisal has been done on the Temple Opera and Annex to possibly sell to fund the renovation. Hanson said that Temple Opera and Annex currently allow this

project to stay net cash positive, and where the skywalk will go through the buildings needs to be planned before a sale.

2. STRATEGIC PLANNING PROCESS

STAFF: Hanson said that an internal assessment of information is not complete. He requests more time, and will have information for the November meeting.

Heino asked the Board to think about leadership within DEDA before the end of the year.

Hanson had a few updates from last meeting. PACT had not received any feedback about not having the last DEDA meeting on the air. We will continue to monitor for a couple more months.

Meeting audio recordings can and will be posted on the DEDA website.

Hanson will share information about any big Economic Development Coalition (EDC) projects and Norr, as an EDC member, can also share this information.

ADJOURNMENT: President Heino adjourned the October 20, 2010, meeting of the DEDA at 7:28 p.m.

Respectfully submitted,



Brian W. Hanson
Executive Director

bel