

**MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
Wednesday, November 28, 2012 - 5:15 p.m.
City Hall Room 303**

MINUTES

- Call To Order:** The November 28, 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, Rick Ball, Joan Christensen, Christopher Eng, Steve Fenlin, Keith Hamre, Bronwyn Lipinski, Dan Netti, David Peterson, Candace Renalls, Kevin Scharnberg, Mary Frances Skala, Heidi Timm-Bijold

PUBLIC HEARINGS

1. **RESOLUTION 12D-56: RESOLUTION AUTHORIZING THE CONVEYANCE TO THE HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA OF CERTAIN PROPERTY AND RATIFYING ACCEPTANCE OF THE CONVEYANCE OF CERTAIN PROPERTY FROM THE CITY OF DULUTH ALL RELATED TO THE PARK PLACE DEVELOPMENT PROJECT**

Hamre explained that DEDA partnered with the HRA in 2008 to develop senior housing and now Charlie Bell is planning the Park Place development for senior cooperative housing, up to 40 units. HRA will oversee the development, after DEDA transfers the land to the HRA.

No public comment.

2. **RESOLUTION 12D-57: RESOLUTION AUTHORIZING A SECOND AMENDMENT TO A LEASE AGREEMENT WITH AAR AIRCRAFT SERVICES, INC**

No public comment.

3. **RESOLUTION 12D-58: RESOLUTION GIVING APPROVAL TO A PROJECT BY ST. FRANCIS HEALTH SERVICES OF MORRIS, INC. UNDER MINNESOTA STATUTES, SECTION 469.152 THROUGH 469.165 AND APPROVING A JOINT POWERS AGREEMENT**

Fenlin was asked by St. Francis to arrange a tax exempt refinancing. St. Francis operates nursing homes, independent living facilities, assisted living facilities, and

facilities for persons with disabilities. Bremer Bank will be the holder of the note

No other public comment.

4. PUBLIC HEARING FOR A LAND SALE AGREEMENT WITH NOVOS DEVELOPMENT, LLC IN THE AMOUNT OF \$50,000

Eng explained that this item will be on a future agenda.

No public comment.

APPROVAL OF MINUTES: October 24, 2012. Accept as written. Vote: Unanimous
Heino/Hartman (7-0)

RESOLUTIONS FOR APPROVAL

NEW BUSINESS

- 1. RESOLUTION 12D-56: RESOLUTION AUTHORIZING THE CONVEYANCE TO THE HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA OF CERTAIN PROPERTY AND RATIFYING ACCEPTANCE OF THE CONVEYANCE OF CERTAIN PROPERTY FROM THE CITY OF DULUTH ALL RELATED TO THE PARK PLACE DEVELOPMENT PROJECT**

Staff:

Discussion: Ball said he is working with the City Council to fill a gap in financing through establishing a TIF district, which is needed for the project to continue. Hamre reported that the HRA board notified the County this week. Heino asked about public awareness, and Fosle said that Bell brought this up at a public business meeting and Hamre said there was an article in the Duluth News Tribune. Eng said that the economic impact to DEDA includes funds from District 7 to be used for property acquisition.

Vote to Approve Resolution 12D-56: Passed Unanimously Norr/Heino (7-0)

- 2. RESOLUTION 12D-57: RESOLUTION AUTHORIZING A SECOND AMENDMENT TO A LEASE AGREEMENT WITH AAR AIRCRAFT SERVICES, INC**

Staff: Eng said DEDA offered to lower the rent for AAR in order to level the playing field to encourage Air Canada to come to Duluth.

Discussion: Larson asked about the length of the lease, and Eng said it is a longer lease, but the reduction/incentive is only for 5 years.

Vote to Approve Resolution 12D-57: Passed Unanimously Larson/Townsend (7-0)

3. **RESOLUTION 12D-58: RESOLUTION GIVING APPROVAL TO A PROJECT BY ST. FRANCIS HEALTH SERVICES OF MORRIS, INC. UNDER MINNESOTA STATUTES, SECTION 469.152 THROUGH 469.165 AND APPROVING A JOINT POWERS AGREEMENT**

Staff:

Discussion: Monaco asked about the financial impact on DEDA. Eng said it is approximately \$500. Morris is issuing the bonds and is asking DEDA to release the loan to be refinanced.

Vote to Approve Resolution 12D-58: Passed Unanimously Heino/Hartman (7-0)

4. **RESOLUTION 12D-59: RESOLUTION AUTHORIZING AN AMENDMENT TO THE AGREEMENT WITH THE CITY OF DULUTH (CITY) RELATING TO THE INTERSTATE PARKING AGREEMENT**

Staff: Eng said because of last month's sale of the Phoenix Lot to Rob Link, the Interstate contract had to be reduced by about \$21.00 per month, and to state that Interstate will no longer manage the lot.

Discussion: Christensen said that when this went before the City Council earlier this month, one revision was made, and that was to have this item brought before the DEDA Board instead of having it approved by DEDA's Executive Director.

Vote to Approve Resolution 12D-59: Passed Unanimously Norr/Hartman (7-0)

5. **RESOLUTION 12D-60: RESOLUTION ACCEPTING A BROWNFIELD CLEANUP GRANT FOR BAYFRONT LOT D PROJECT FROM THE U. S. ENVIRONMENTAL PROTECTION AGENCY AND AUTHORIZING AND RATIFYING THE EXECUTION OF THE AGREEMENT RELATED THERETO**

Staff: Timm-Bijold explained that this is a \$200,000 grant for the cleanup of Lot D, which may be used for the proposed DNR transient boat facility, or some other project. This can contribute to the cleanup once a redevelopment plan has been identified. DEDA must use the money by August 2015.

Discussion: Monaco asked about the matching funds, and Timm-Bijold replied that she believes that the \$40,000 match will come from DEED state cleanup money.

Vote to Approve Resolution 12D-60: Passed Unanimously Norr/Larson (7-0)

6. **RESOLUTION 12D-61: RESOLUTION ADOPTING THE 2013 DEDA BUDGETS**

Staff: Scharnberg explained a revision handed out to Commissioners for the parking portion of the operating fund. The \$80,000 increase in expenses is for the commission (lease) paid for a portion of the Northwest Iron Lot and for real estate taxes. Both were omitted on the original budget by mistake.

Discussion: Eng went through the budget line by line. Hartman asked about the budgeted \$50,000 in the Temple Opera building fund showing no income so far. Scharnberg said Oneida has the money sitting in a reserve fund that DEDA could draw from at any time. It is used by Oneida to deposit tenant rent and pay building expenses. Heino asked if some of this money could be put into an account that could earn interest. Eng will check into this for the next meeting. Monaco asked why there is no Bayfront land rent reported. Scharnberg reported that this is for Bentleyville and we haven't received anything from them yet. Scharnberg will make this change. Hartman asked why the DEED RAP grant for Lot D shows zero income. Scharnberg said he will check into why we have not received this yet. The amount budgeted for the Cirrus abatement payment is \$48,803, but only \$8,900 has been received. This includes County abatement, City abatement and tax increment still being collected in District 15. Scharnberg said he was expecting the County to pay \$27,700, but nothing has been received yet. Eng and Scharnberg will check on this as well.

A lengthy marketing discussion took place, including for the storefront loan program. Hartman asked about revenues that are flexible and if they could be separated from others within the budget. Flexible revenues include the St Luke's loan fee, excess parking revenues over expenses, IDB bond interest or fees, project development fees, and land sales. Scharnberg will reformat the budget layout to put restricted (TIF monies, grants, etc.) and unrestricted/flexible monies in separate sections. Monaco asked about more than \$2 million in three Atlas budget items that do not show up in actual or proposed columns. Eng reported that a \$1.1 million pay request had just come through today, but that any of the 2012 budget that remains unspent at the end of 2012 will be carried forward into the 2013 budget when it is revised in May. Monaco suggested that we be deliberate about finding ways to use decertified TIF district money before the County takes it back. He would like to have a separate discussion about TIF districts and how to use the funds in them. The \$100,000 in the West Duluth storefront loan program is simply listed as a placeholder for any interested parties in the West Duluth District. Eng said he will work with Kris Ridgewell to market the program. Timm-Bijold said the program money comes with restrictions, so not every project fits. Fosle asked for a copy of the guidelines of storefront loan program and boundaries of the district so he can bring information to the business owners. It was suggested that we seek feedback from those who looked at this program and chose not to use it. Based on the feedback we get, DEDA would consider making potential changes to the guidelines.

Vote to Approve Resolution 12D-61: Passed Unanimously Townsend/Heino (7-0) subject to changes discussed above.

7. RESOLUTION 12D-62: RESOLUTION APPROVING REIMBURSEMENT OF ONE-HALF OF THE CITY OF DULUTH'S ECONOMIC DEVELOPMENT STRATEGIC PLAN NOT TO EXCEED \$50,000

Staff: Eng reported that staff has chosen Moran Stahl & Boyer to create the Economic Development strategic plan. After the DEDA Board approves this plan, it will go to the City Council for approval.

Larson left 6:41.

Discussion: Eng reported that this firm came with high recommendation from the DEED Shovel Ready program, and Norr said that Brainerd also recommends them. Also part of the interview team, besides City staff, were Kristy Stokes from the Greater Downtown Council, David Ross from the Chamber of Commerce, and Brian Hanson from Apex.

Vote to Approve Resolution 12D-62: Passed Unanimously Heino/Hartman (6-0)

8. RESOLUTION 12D-63: RESOLUTION AUTHORIZING AN AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT WITH GERLACH BEAUMIER & TROGDON, LLP FOR LEGAL SERVICES RELATED TO THE TITLE REGISTRATION OF THE PLAT OF SPIRIT VALLEY

Staff: Eng said that this resolution is to take care of some title work in the Spirit Valley neighborhood.

Discussion: Christensen received a commitment from the firm that they will complete the project for \$45,500 even if it takes more money to actually do the work.

Vote to Approve Resolution 12D-63: Passed Unanimously Norr/Townsend (6-0)

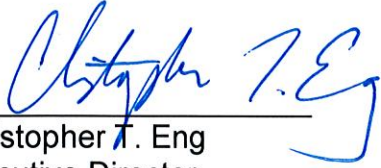
DISCUSSION

1. DIRECTOR'S REPORT

- A. The City has hired Ross Lovely as a new business developer in the Business & Economic Development Department.
- B. Clyde Park won a Minnesota Brownfield ReScape award for Community Impact.
- C. There will be an update next month for the NorShor Theatre.
- D. We hope to enter into a contract for a TIF District for Duluth Corporate Tower next month.
- E. The Dollar General Store resolution will be on a future agenda.

ADJOURNMENT: President Monaco adjourned the November 28, 2012 meeting of the DEDA at 6:57 p.m.

Respectfully submitted,



Christopher T. Eng
Executive Director

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