

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

MINUTES

Call To Order: The March 28, 2012, meeting of DEDA was called to order by President Monaco at 5:17 p.m.

Present: Nancy Aronson Norr, Jay Fosle, Dan Hartman, John Heino, Emily Larson, Don Monaco

Absent Excused: Christine Townsend

Others Present: Bob Asleson, Jim Cassidy, Steve Fenlon, Keith Hamre, Brian W. Hanson, Matthew Kennedy, Mark Lambert, Bronwyn Lipinski, Mark McShane, Michael Mills, Jena Pike, Kevin Scharnberg, Heidi Timm-Bijold

APPROVAL OF MINUTES: February 22, 2012. Accept as written. Vote: Unanimous
Hartman/Larson (6-0)

PUBLIC HEARINGS

1. **RESOLUTION 12D-11: RESOLUTION GIVING PRELIMINARY AND FINAL APPROVAL TO THE ISSUANCE AND SALE OF A REVENUE NOTE, SERIES 2012 (THE DULUTH REGIONAL CARE CENTER, INC. PROJECT), IN THE AGGREGATE AMOUNT OF NOT TO EXCEED \$1,500,000 AND AUTHORIZING THE EXECUTION OF DOCUMENTS RELATING THERETO**

Steve Fenlon of Midwest Healthcare Capital explained that DEDA will have to pay nothing in this transaction. Michael Mills, Executive Director of Duluth Regional Care Center, which is a non-profit business that provides residential and support services for individuals with disabilities, said they plan to build two residential facilities at two sites and replace one existing building.

RESOLUTIONS FOR APPROVAL

NEW BUSINESS

1. **RESOLUTION 12D-11: RESOLUTION GIVING PRELIMINARY AND FINAL APPROVAL TO THE ISSUANCE AND SALE OF A REVENUE NOTE, SERIES 2012 (THE DULUTH REGIONAL CARE CENTER, INC. PROJECT), IN THE AGGREGATE AMOUNT OF NOT TO EXCEED \$1,500,000 AND AUTHORIZING THE EXECUTION OF DOCUMENTS RELATING THERETO**

Staff: Hanson explained that DEDA has the ability to issue revenue bonds. For this project, a 1% upfront fee was negotiated, which is different from what is in the current schedule. This fee is consistent with the market and a good opportunity for DEDA.

Discussion: Monaco asked about the financial implications to DEDA for this transaction. Hanson said DEDA is acting as a conduit, and is 100% risk free. Hartman asked what the benefit would be for DEDA. Hanson replied that DEDA is helping a facility get started with a low interest rate due to the tax free status of the debt, and DEDA gets the 1% fee.

Vote to Approve Resolution 12D-11: Passed Unanimously Hartman/Heino (6-0)

2. **RESOLUTION 12D-12: RESOLUTION APPROVING AND AUTHORIZING THE EXECUTION OF AN AMENDMENT TO DULUTH ECONOMIC DEVELOPMENT AUTHORITY \$2,600,000 HEALTH CARE FACILITIES REVENUE NOTE, SERIES 2000A (CENTER FOR ALCOHOL AND DRUG TREATMENT PROJECT)**

Staff: Hanson explained that in 2000, DEDA issued a note for this facility which included in their loan agreement the option to review their interest rate in the future. The borrower and lender concluded that a small reduction of interest rate is appropriate, which has no risk involved for DEDA.

Discussion: Monaco asked about borrower defaults in the document. Hanson replied that it is outside of our scope of interest and concern.

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

3. **RESOLUTION 12D-13: RESOLUTION APPROVING A MISSION STATEMENT FOR DEDA**

Staff: Hanson thanked Commissioners Heino, Norr and President Monaco, along with all of the Commissioners for their suggestions, comments and input during this process.

Discussion: Commissioners were pleased with the final product and Norr suggested that this document be added to the DEDA packet each month.

Vote to Approve Resolution 12D-13: Passed Unanimously Heino/Hartman (6-0)

4. **RESOLUTION 12D-14: RESOLUTION ADOPTING AN AMENDMENT TO THE TAX INCREMENT FINANCING PLAN FOR TAX INCREMENT FINANCING DISTRICT NO. 7 (COUNTY NO. 32)**

Staff: Hamre explained that this amendment to TIF District #7, known as the West Duluth Housing District, is to amend the budget to increase the amount of tax revenue and land acquisition expenditures, with the intent to increase the City's tax base by redeveloping sites with new housing. This will go before the City Council for a public hearing. The County Commissioners and the School Board will be notified.

Discussion: Heino asked if there have been some success with these lots. Hamre said that 27 housing units have been acquired and 10 redeveloped. There are also some big projects completed with TIF 7 funds; Park Place, Ramsay neighborhood, and the Hillside development. Monaco asked about the role DEDA has in this process and Asleson explained that DEDA is the tax increment authority and the entity that approves the use of tax increment and the tax increment budget. Hanson added that staff has prepared letters to go to each County Commissioner in the Duluth district, and

they will have the opportunity to meet with staff. A discussion was held to further explain the TIF process.

Vote to Approve Resolution 12D-14: Passed Unanimously Norr/Heino (6-0)

DISCUSSION

1. WOODLAND SCHOOL REDEVELOPMENT

Mark Lambert gave an informational summary of his Bluestone project for the Woodland school redevelopment site, and said that he will need help from DEDA in the future to complete his project with TIF assistance. Jim Cassidy, an attorney working with Mr. Lambert on this project, talked about the TIF eligibility study. Norr asked if both local, independently owned retail opportunities are being pursued, along with popular chain stores. Lambert replied that he has been reaching out both locally and nationally.

2. PARKING

Hanson introduced the new parking manager for City, Matthew Kennedy, who gave a brief talk about how his work experience brought him to Duluth. Hanson also said that a contract with Interstate Parking is not ready to bring the Board, but there should be an approximate 10% increase in net revenue to DEDA. This includes parking at Canal Park, the Lincoln Lot and the Phoenix Lot.

3. STAFF REPORT

Hanson said that he will market the MRO facility at the national MRO convention next week, unless there is a signed agreement in place, but AAR wants to find a customer before they commit to Duluth. We received a \$968,000 grant from DEED for Bayfront, and will have a press event Friday at 11:00 AM at the Bayfront Lafarge property.

Larson leaves 6:23 PM

Fosle asked if there is anything in the bylaws regarding the number of DEDA meetings a commissioner can miss. Hanson said we will review the bylaws for this information.

ADJOURNMENT: President Monaco adjourned the March 28, 2012 meeting of the DEDA at 6:40 p.m.

Respectfully submitted,



Brian W. Hanson
Executive Director

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