

**MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
Wednesday, August 27, 2014 - 5:15 p.m.
COUNCIL CHAMBERS, THIRD FLOOR CITY HALL**

MINUTES

CALL TO ORDER: The August 27, 2014 meeting of DEDA was called to order by President Norr at 5:15 p.m.

Present: Nancy Aronson Norr, Jay Fosle, Linda Krug, Emily Larson, Tim McShane, Don Monaco

Excused: John Heino

Others Present: Bob Asleson, Bill Burns, Joan Christensen, Christopher Eng, Bronwyn Lipinski, Candace Renalls, Heidi Timm-Bijold

PUBLIC HEARINGS

1. **RESOLUTION 14D-37: RESOLUTION AUTHORIZING AN INTERCREDITOR AGREEMENT AND A FIRST AMENDMENT TO THE BUILDING IN DULUTH 2012 CONDITIONAL GRANT AGREEMENT WITH TAJ PROPERTIES OF DULUTH, LLC (A. W. KUETTEL & SONS, INC.)**

No public comment.

2. **RESOLUTION 14D-38: RESOLUTION AUTHORIZING A THIRD AMENDMENT TO THE BUILDING IN DULUTH 2011 CONDITIONAL GRANT AGREEMENT WITH OLD CITY HALL, LLC**

No public comment.

APPROVAL OF MINUTES: June 25, 2014 Accept as written. Vote: Unanimous
Krug/Larson (6-0)

RESOLUTIONS FOR APPROVAL

NEW BUSINESS

1. **RESOLUTION 14D-37: RESOLUTION AUTHORIZING AN INTERCREDITOR AGREEMENT AND A FIRST AMENDMENT TO THE BUILDING IN DULUTH 2012 CONDITIONAL GRANT AGREEMENT WITH TAJ PROPERTIES OF DULUTH, LLC (A. W. KUETTEL & SONS, INC.)**

Staff: Eng explained that the loan was originally financed by a construction loan but is now being replaced by a permanent financing loan. DEDA has been asked to subordinate and enter into an intercreditor agreement.

Discussion: Monaco asked if other BID recipients will want to do this, and Eng said that it's possible, but he is currently unaware of any others. Norr asked what information the borrower is providing to ensure the subordinate position is secure. Eng has reviewed the financial statements and has asked the corporate officers to guarantee our loan. Eng has also received the revolving loan fund package from the Northspan Group and ARDC, and although it is subordinate it is still a strong position regarding collateral.

Vote to Approve Resolution 14D-37: Passed Unanimously Krug/McShane (6-0)

2. **RESOLUTION 14D-38: RESOLUTION AUTHORIZING A THIRD AMENDMENT TO THE BUILDING IN DULUTH 2011 CONDITIONAL GRANT AGREEMENT WITH OLD CITY HALL, LLC**

Staff: Eng said that this amendment is related to the Lange Motor Building, removing the requirement for review by the Department of Interior for historic renovation. This review would allow them to apply for historic tax credits, but they have decided not to apply for these credits. The number of jobs has remained the same at twelve, but now includes permanent jobs as well as construction jobs. Also, disbursement of funds held at Arrowhead Abstract & Title has changed to pay for materials as they show up instead of on a reimbursement basis.

Discussion: Larson asked about the incentive to included permanent jobs versus only construction jobs, and why the addition of the Little Davis-Bacon if it wasn't previously required. Eng replied that originally the Old City Hall and Lange motor buildings were tied together for the number of construction jobs created, but the company that worked on the Old City Hall building did not submit their requirements. The amendment will allow permanent jobs to be added to the total, and they will still be required to report on the new jobs at the Lange Motor Building. Adding the Little Davis-Bacon language was done to assure that they comply with the prevailing wage requirement. Larson asked how documentation will be improved for FTEs – what will be different from the noncompliance of the Old City Hall building. Burns reported that the previous contractor refused to give payroll reports, but the owners will try to get the reports from subcontractors who are local, versus out of town contractor. In order to avoid this again with the Lange Motor Building, they will request the reports before the final payment is made, not after. Norr asked how many regular jobs exist at Tycoons. Burns reported 25 FTEs, with 34 employees. Krug asked why they will no longer be pursuing historic tax credits. Burns said that they are not practical for this project, but the design of the building will fit into the current district/location. Norr asked about the plans for the Lange Motor Building, and Burns said the plans are not specific now. Monaco commented that the agreement states the project will commence on or before October 1st and wonders if that is feasible. Burns replied that yes that will happen.

Vote to Approve Resolution 14D-38: Passed Monaco/Krug (5-0-1) McShane abstains.

3. **RESOLUTION 14D-39: RESOLUTION AUTHORIZING A FOURTH AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT WITH BARR ENGINEERING COMPANY FOR MANAGEMENT OF ENVIRONMENTAL CLEANUP AT THE ATLAS INDUSTRIAL PARK SITE**

Staff: Timm-Bijold explained that this contract has been extended by a year and increased by \$113,000 to address high soil pH caused by stormwater run-off. Barr will construct stormwater ponds on edge of property next summer to help with this problem. 100% of these funds will be grant reimbursed.

Vote to Approve Resolution 14D-39: Passed Unanimously Larson/Krug (6-0)

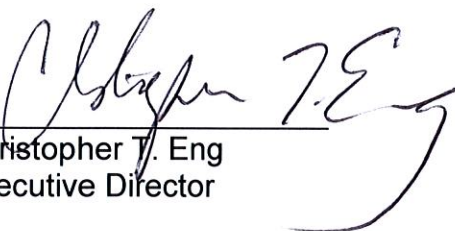
DISCUSSION

1. **DIRECTOR'S REPORT**

- A) Eng said that the NorShor Theatre presentation originally planned for tonight will be moved to September because they are still in negotiations. A Committee of the Whole will be prepared for the City Council in October, with a development agreement expected at the October DEDA meeting, then final approval from the City Council in November.

ADJOURNMENT: President Norr adjourned the August 27, 2014 meeting of the DEDA at 5:35 p.m.

Respectfully submitted,



Christopher T. Eng
Executive Director

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