

**MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
Wednesday, February 26, 2014 - 5:15 p.m.
COUNCIL CHAMBERS, THIRD FLOOR CITY HALL**

MINUTES

CALL TO ORDER: The February 26, 2014, meeting of DEDA was called to order by President Norr at 5:15 p.m.

Present: Nancy Aronson Norr, Jay Fosle, John Heino, Linda Krug, Emily Larson, Tim McShane

Excused: Don Monaco

Others Present: Bob Asleson, Jules Atangana, Rick Ball, Joan Christensen, Christopher Eng, Judy Gibbs, Keith Hamre, Howie Hanson, Pam Kramer, Bronwyn Lipinski, Patrick Loomis, Dan Maddy, Bill Mague, Kevin Scharnberg, Eddie Smith, Heidi Timm-Bijold, Matt Trainer

Norr asked for a moment of silence for Charlie Bell's passing.

PUBLIC HEARINGS

1. **RESOLUTION 14D-06: RESOLUTION AUTHORIZING THE CONVEYANCE TO THE CITY OF DULUTH CERTAIN PROPERTY FOR THE CROSS CITY TRAIL**

No public comment.

APPROVAL OF MINUTES: January 22, 2014 Accept as written. Vote: Unanimous Larson/Krug (5-0)

RESOLUTIONS FOR APPROVAL

NEW BUSINESS

1. **RESOLUTION 14D-06: RESOLUTION AUTHORIZING THE CONVEYANCE TO THE CITY OF DULUTH CERTAIN PROPERTY FOR THE CROSS CITY TRAIL**

Staff: Timm-Bijold explained that nothing has changed since this was discussed at the last DEDA meeting; this resolution is to convey land to the City for the Cross City Trail, which was the original purpose for these properties, and there is no other proposed use for these parcels.

Heino arrives 5:20.

Discussion: Fosle opposes this resolution because of safety issues due to location of the parcels, the lack of an economic development purpose, the loss of parking on Superior Street, and the removal of a traffic light at Carlton and Superior Streets. City Councilors received a notice today about a public meeting to discuss the trail on March 18th, so he thinks DEDA should wait to vote on this resolution until after the public meeting. Further discussion was held regarding timelines. Loomis stated that the timeline is tight and postponing this decision could halt the trail progress.

Fosle made a motion to table this resolution. No second. Motion failed.

Vote to Approve Resolution 14D-06: Passed Larson/Krug (5-1) Fosle opposed.

2. RESOLUTION 14D-07: RESOLUTION AUTHORIZING A LOAN AGREEMENT WITH THE DULUTH HOUSING AND REDEVELOPMENT AUTHORITY IN THE AMOUNT OF \$230,000 PERTAINING TO THE SEAWAY HOTEL PROJECT

Discussion: Ball said that both the Minnesota Housing Finance Agency (MHFA) and the Greater Minnesota Housing Fund have provided funds to help with immediate structure issues of the Seaway and have agreed to help with future issues, which allowed the HRA to step in to provide professional property management, subject to further funding from MHFA. Fosle asked if this is a forgivable loan. Eng said that it is a payable loan with money coming from revenues above the cost of operating the building, and from the sale of the building after HRA expenses. Heino asked if there is an exit strategy; Hamre said there is not, but there is a commitment to this project in the next 18 months with the Small Area Plan, which is the economic development portion of the project. The HRA would be the temporary owner of the building but Ball is confident in the in team being assembled, including Center City Housing, DW Jones, LISC and others. It is a risk that HRA may have to continue to manage the building after three years, but they are prepared to do so, and would not put people out on the street without other opportunities.

Vote to Approve Resolution 14D-07: Passed Krug/Larson (5-1) Fosle opposes.

Fosle leaves 6:15.

DISCUSSION

- 1. WASHINGTON CENTER / ART SPACE STUDIOS** – Eng explained that DEDA is being asked to extend the current loan to Art Space Studios in the Washington Center Building for at least two years. Mague gave some background information about the project and is asking for an extension to the \$80,000 (fifth position) mortgage of DEDA for five years to address how to recommit the property, address depreciation of building, and capital repairs. Norr suggested taking a conservative approach and line DEDA up with other subordinate debt holders. McShane agreed.

2. **NORSHOR UPDATE** – Eng expressed sincere thanks to the Duluth Fire Department for their quick response to an electrical fire at the NorShor last week that resulted in a low amount of damage, and to city staff who made repairs necessary to have everything running again. The Theatre is part of the governor’s bonding bill as well as the house and senate bonding bills. The sale to Sherman and construction are scheduled for September.

3. **DIRECTOR’S REPORT**
 - A) AAR had some issues with snow and ice on the roof including some ice damage. They currently have 300 employees with a 4th line starting soon.
 - B) Northforce.org website to recruit talent to Duluth for job openings is up and running.
 - C) A successful housing summit hosted by the City was recently held to address the housing shortage in Duluth with 240 people in attendance.

ADJOURNMENT: President Norr adjourned the February 26, 2014 meeting of the DEDA at 6:34 p.m.

Respectfully submitted,



Christopher D. Eng
Executive Director

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