

**MEETING OF THE  
DULUTH ECONOMIC DEVELOPMENT AUTHORITY  
Wednesday, February 27, 2013 - 5:15 p.m.  
Room 303, City Hall**

**MINUTES**

**Call To Order:** The February 27, 2013, 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, Bill Burns, Joan Christensen, Christopher Eng, Bronwyn Lipinski, Dan McCourtney, Derrick Passe, Peter Passi, Toni Rothmeier, Kevin Scharnberg, Mary Francis Skala, Paul Strother, Jan Talle, Ken Talle, Heidi Timm-Bijold

**PUBLIC HEARINGS**

1. **RESOLUTION 13D-05: RESOLUTION APPROVING A PROJECT BY PINWOOD-DULUTH, INC. UNDER MINNESOTA STATUTES, SECTION 469.152 THROUGH 469.165 AND APPROVING A JOINT POWERS AGREEMENT**

No public comment.

**APPROVAL OF MINUTES:** January 23, 2013 Special Meeting and January 23, 2012. Accept both with one change in regular meeting minutes; change \$114 to \$14 Million on page two under the Director's Report. Vote: Unanimous Heino/Larson (7-0)

President Monaco presented a Certificate of Appreciation to Danny Martinez for his work bringing AAR to Duluth.

**RESOLUTIONS FOR APPROVAL**

**NEW BUSINESS**

1. **RESOLUTION 13D-05: RESOLUTION APPROVING A PROJECT BY PINWOOD-DULUTH, INC. UNDER MINNESOTA STATUTES, SECTION 469.152 THROUGH 469.165 AND APPROVING A JOINT POWERS AGREEMENT**

**Staff:**

**Discussion:** Skala explained that bonds will be used to finance both the Duluth and Cloquet locations. Rothmeier, the Director of Pinewood, explained that Pinewood has worked with adults with developmental disabilities since 1993. Larson asked if this is

the first joint powers agreement with Cloquet, and Skala replied that it is the third.

**Vote to Approve Resolution 13D-05:** Passed Unanimously Norr/Hartman (7-0)

**2. RESOLUTION 13D-06: RESOLUTION AUTHORIZING A DEVELOPMENT AGREEMENT WITH RAMSAY IV, LLC PERTAINING TO RAMSAY NEIGHBORHOOD HOUSING DEVELOPMENT IN AN AMOUNT NOT TO EXCEED \$480,000**

**Staff:** Eng said that this project is an opportunity to develop more housing in the Spirit Valley neighborhood using TIF District 3 funds.

**Discussion:** Ken Talle thanked the City for its cooperation for the first three phases of his housing projects, and now phase four which includes 3 units of four- family homes. Strother gave a presentation to show project details. Hartman asked if the funeral home that will be torn down is on a historic register, and Strother said he does not think it is.

**Vote to Approve Resolution 13D-06:** Passed Unanimously Heino/Townsend (7-0)

**3. RESOLUTION 13D-07: RESOLUTION APPROVING THE TERMS OF A \$1,700,000 TAX INCREMENT INTERFUND LOAN IN CONNECTION WITH PROPOSED TAX INCREMENT DISTRICT FOR THE 425 WEST SUPERIOR STREET PROJECT**

**Staff:** Eng explained that this resolution allows DEDA to borrow funds from within DEDA that will be reimbursed after the bonds are issued for the project, and includes setting up the tax increment financing district.

**Discussion:** Monaco asked about the process and expenditures. Eng said that DEDA has engaged with Ehlers to create the TIF district, including a financial analysis of the TIF plan. LHB will make sure the project qualifies for a TIF district by doing a survey of buildings in the district. It is possible that DEDA could be involved with demolition of the old television station, but most likely that will be the City's project. It is intended that the City will own the parking ramp portion the project, but DEDA will be asked to work as a partner to help facilitate the development. Monaco asked how staff came up with the \$1.7 million figure. Eng replied that he and Asleson did some work and came up with a number to include demolition and site improvements that is large enough to capture pre-development costs.

Derrick Passe lives near the development site has three concerns that were not addressed in the resolution; the traffic study only listed Superior Street and 5<sup>th</sup> Avenue West, structural integrity because they are only twenty feet away from the building/demolition site, and no funding for an EAW. He also listed problems with obstructed views. Monaco asked who should address these concerns – DEDA or other entities. Asleson stated that this is an unusual project because of the preliminary work that must be done. In order to incur expenses that would be reimbursable from bond proceeds, this type of resolution is required. The final outlines of project are not



determined, so the exact relationship of City and DEDA is not yet defined. Liability for demolition will be covered by the City or DEDA or the developer through insurance. View shed issues can be refined when we know exactly what will be built. Asleson said the traffic study can be financed by either DEDA or the City and will include all traffic generated by the project – the entire project area, not just 5<sup>th</sup> Avenue West and Superior Street. The state will decide if an EAW will be needed, which can depend on the final project scope. If a grant agreement is received from DEED, they may decide an EAW is necessary. There are three levels of project definitions to determine if an EAW is required; small projects do not require one, large projects all require one, and in the middle, it is a discretionary EAW that is determined by DEED or SHPO. Eng said that he will do a Committee of the Whole for this project for the City Council in April. Monaco said he wants to make sure these issues are addressed in future meeting agendas.

**Vote to Approve Resolution 13D-07:** Passed Unanimously Norr/Heino (7-0)

*Hartman leaves.*

**4. RESOLUTION 13D-08: RESOLUTION AUTHORIZING A LEASE AGREEMENT WITH JERRY HOOVER FOR THE OPERATION OF A VENDING WAGON IN THE CANAL PARK LOT**

**Staff:** Eng explained that the vending wagon has been in the same location for many years and this is simply a two year extension of the lease.

**Discussion:** Monaco asked if anyone else has shown interest in this space, and Eng said no. Monaco asked about the Canal Park Parking Lot Policy that states DEDA gives half of its 10% gross receipts received from Mr. Hoover to the Canal Park Merchants Association. Eng explained that this is an ongoing relationship with the Canal Park Business Association because they are also in the food business, so DEDA shares the gross receipts. Monaco would like to address this fairness issue at a future meeting.

**Vote to Approve Resolution 13D-08:** Passed Unanimously Larson/Townsend (6-0)

**5. RESOLUTION 13D-09: RESOLUTION GRANTING WISCONSIN CENTRAL, LTD. A LIMITED RIGHT OF ENTRY UPON PROPERTY OWNED BY DEDA IN THE ATLAS INDUSTRIAL PARK**

**Staff:** Timm-Bijold explained that this resolution is to allow CN entry on DEDA land impacted by the CN's possible construction of a second track, where they may do some soil testing. The CN will pay DEDA \$500 upfront, and they will know which routes they may use on our land. DEDA has no liability. The property is part of the MPCA VIC program, so testing would have to be passed by them. CN would reimburse DEDA for all costs incurred for testing if necessary.

**Discussion:**

**Vote to Approve Resolution 13D-09:** Passed Unanimously Fosle/Heino (6-0)

**6. RESOLUTION 13D-10: RESOLUTION AUTHORIZING A FIRST AMENDMENT TO THE LAND SALE AGREEMENT WITH MINNESOTA POWER, A DIVISION OF ALLETE, INC.**

**Staff:** Eng explained that this is an extension of an agreement with no change in the actual project.

**Discussion:** McCourtney explained a piece of needed equipment was delayed, which caused the project delay.

**Vote to Approve Resolution 13D-10:** Passed Fosle/Larson (5-0-1) Norr abstains.

**7. RESOLUTION 13D-11: RESOLUTION APPROVING THE TERMS OF \$250,000 TAX INCREMENT INTERFUND LOAN IN CONNECTION WITH PROPOSED TAX INCREMENT DISTRICT FOR THE SILOS AT PIER B PROJECT**

**Staff:** Eng said that this resolution has the same language as the previously discussed resolution 13D-07, allowing for reimbursement of costs incurred by DEDA as the project moves forward.

**Discussion:** Heino asked if there is enough cash flow for both large projects, and Eng responded that there is.

**Vote to Approve Resolution 13D-11:** Passed Unanimously Townsend/Larson (6-0)

*Fosle leaves 6:17.*

**DISCUSSION**

**1. PIER B UPDATE - postponed**

**2. DIRECTOR'S REPORT**

- A) A bill was introduced in the legislature for \$4.95 million for proceeds for a skywalk extension as part of the NorShor historic renovation project. This would reduce DEDA's contribution for the match and would be part of a bonding bill.
- B) The Homegrown Music Festival requested use of Norshor office space for 60 days. In return, they would give us ad space in their field guide, which we will use for a workforce recruitment message.
- C) Staff will be working on a land sale policy for all DEDA property. There currently is no policy for land sales.



D) Staff is also working on a bond 501C3 conduit financing policy; we currently have a policy but are looking for a more formal application.

E) The Economic Development Strategic Plan process is under way and a draft should be ready in May or June. Monaco suggested that the Board could discuss this when they meet for a strategy session this summer or fall.

Heino mentioned that he talked with Kerry Welsh from St. Louis County about property assessments, and there may be some parking property questions asked soon for the highest/best use for the value of parking properties.

*Townsend leaves 6:27*

**ADJOURNMENT:** President Monaco adjourned the February 27, 2013 meeting of the DEDA at 6:28 p.m.

Respectfully submitted,



Christopher T. Eng  
Executive Director

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