

**MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
Wednesday, April 25, 2012 - 5:15 p.m.
City Hall Council Chambers**

MINUTES

- Call To Order:** The April 25, 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, Christine Townsend
- Others Present:** Bob Asleson, Richard Brown, Bill Burns, Christine Gradl Seitz, Keith Hamre, Brian W. Hanson, Sandy Hoff, Tony Janowiec, Matthew Kennedy, Bronwyn Lipinski, Mark McShane, Michael Mills, Jena Pike, Kevin Scharnberg, Heidi Timm-Bijold

APPROVAL OF MINUTES: March 28, 2012. Accept as written. Vote: Unanimous Hartman/Larson (6-0)

PUBLIC HEARINGS

1. **RESOLUTION 12D-15: RESOLUTION AUTHORIZING THE ACQUISITION OF CERTAIN PROPERTY FROM THE CITY SUBJECT TO THE CITY'S CONVEYANCE OF THE SAME TO DEDA AT NO COST, RELATED TO PROPERTY IN THE UPPER RIVERSIDE AREA**

No public comment.

RESOLUTIONS FOR APPROVAL

NEW BUSINESS

1. **RESOLUTION 12D-15: RESOLUTION AUTHORIZING THE ACQUISITION OF CERTAIN PROPERTY FROM THE CITY SUBJECT TO THE CITY'S CONVEYANCE OF THE SAME TO DEDA AT NO COST, RELATED TO PROPERTY IN THE UPPER RIVERSIDE AREA**

Staff: McShane gave a brief history of this land sale process and explained that this process should be completed soon, pending DEDA approval.

Norr arrives at 5:21.

Discussion: Hartman asked about why the City owned this land originally. McShane said that the whole tract of land was not needed for the development of the building, so

it was left as public open space. One portion of the land had potential for development, but after three attempts the land was found to be too costly to develop and plans were canceled. Hanson added that this will put the land back on the tax rolls.

Vote to Approve Resolution 12D-15: Passed Unanimously Fosle/Norr (7-0)

- 2. RESOLUTION 12D-16: RESOLUTION AUTHORIZING THE CONVEYANCE OF CERTAIN FREE-CONVEYED PROPERTY TO THE STATE OF MINNESOTA, SUBJECT TO THE CITY'S CONVEYANCE OF THE SAME TO DEDA AT NO COST RELATED TO PROPERTY IN THE UPPER RIVERSIDE AREA**

Staff:

Discussion:

Vote to Approve Resolution 12D-16: Passed Unanimously Larson/Hartman (7-0)

President Monaco asked the Board to allow Richard Brown from JNBA to speak about his program at this time. All agreed.

DISCUSSION

1. JNBA

Brown spoke about the 2 year minor in financial planning at the Labovitz School that allows students to sit for their certification exam sooner and find jobs faster after graduation. DEDA space in the Tech Village is used for this program, including a learning lab that allows JNBA to partner with UMD and work closely with the students. JNBA has hired several students from this program to work at their firm. Heino asked about possible future growth. Brown said they hope to grow the program in the future and have looked into other space possibilities in the Tech Village. Larson said she has worked with one of the program students and was very impressed and thinks this program exemplifies the DEDA mission.

- 3. RESOLUTION 12D-17: RESOLUTION AMENDING RESOLUTION 12D-08 SUBSTITUTING MODIFIED MEMORANDUM OF UNDERSTANDING WITH SHERMAN ASSOCIATES, INC.**

Staff: Hanson explained that DEDA had approved a previous version of this MOU, but a shortcoming in the MOU was discovered by Sherman's attorney that could jeopardize the historic tax credits. DEDA staff worked with the Playhouse to ensure the change requested by Sherman could be accommodated by the Playhouse.

Discussion: Monaco asked if there is anything in writing with the Playhouse stating their intentions. Hanson said the Playhouse attorney drafted a memo endorsing the

proposed structure. Seitz said that they know they have to restructure, but don't know exactly how that will look at this time. A letter from the Playhouse endorsing the move forward and working with Sherman was sent.

Vote to Approve Resolution 12D-17: Passed Unanimously Norr/Hartman (7-0)

4. RESOLUTION 12D-18: RESOLUTION AUTHORIZING A FIVE-YEAR JOINT DEDA AND CITY OF DULUTH (CITY) AGREEMENT WITH INTERSTATE PARKING COMPANY OF MINNESOTA LLC (INTERSTATE) AND FURTHER AUTHORIZING AN AGREEMENT WITH THE CITY REGARDING RESPECTIVE RIGHTS AND OBLIGATIONS ALL RELATED TO THE MANAGEMENT OF PARKING FACILITIES

Staff: McShane said the first agreement is a master agreement between 3 parties; DEDA, the City and Interstate Parking Company. Projections look very positive and we will see more marketing that may increase revenues with more modern technologies. The second agreement is between DEDA and the City clarifying roles and expectations. The City Council has approved both of these agreements.

Discussion: Hartman quoted the projected DEDA income of \$177,033, but asked what last year's income was. Hanson said the budget was \$161,000; the projected income includes a 10% increase. Heino asked if users will be consulted about technology, because if they do not like it, revenues may be affected. McShane said there is even more customer friendly technology available; Interstate can give more details about this. Norr referenced the \$1,200 budgeted for security and asked if this will increase. Kennedy explained that there are two line items for security; the first is the \$1,200, and a second, larger amount is also included. Monaco noted one area where DEDA's interests are not mentioned as the City's interests are, in regard to adding and removing parking lots, and wondered why. Christensen said it is unclear, but this agreement could be approved with additional language allowing DEDA to add or subtract lots. Asleson said this could represent a significant modification that would be cause the need to go back to Council for approval again. Larson asked if this change would delay the contract. McShane said timing has been an issue, but we could proceed with the agreement as it is, with an amendment to follow. Christensen agreed we could pass both as is and bring amendment at a later date. Hartman asked how a 10% income increase will be achieved. Hanson listed marketing, efficiency, website, and more user friendly features. Tony Janowiec, from Interstate added; 24 hour customer service system, technology enhancements, 727-PARK phone number posted at all sites, new City parking website with many online features, web enabled validations, discount offers, etc. Monaco asked which DEDA lots are not included in this agreement. Christensen said the Bayfront lots that are leased to the DECC are not included.

Hartman left at 6:11, back 6:12.

Hartman left at 6:13, back 6:14

Vote to Approve Resolution 12D-18: Passed Unanimously Norr/Larson (6-0) Hartman not present at time of vote.

5. RESOLUTION 12D-19: RESOLUTION ADOPTING AN INDUSTRIAL DEVELOPMENT BOND POLICY

Staff: Christensen said DEDA was not issuing these bonds because customers could go elsewhere and not pay annual fees. This new policy only includes a 1% fee.

Discussion:

Vote to Approve Resolution 12D-19: Passed Unanimously Larson/ Townsend (7-0)

6. RESOLUTION 12D-20: RESOLUTION AUTHORIZING FIRST AMENDMENT TO CONTRACT NO. 07 865 510 WITH AMERICAN ENGINEERING AND TESTING TO A MONTH-TO-MONTH CONTRACT

Staff: McShane explained that in 2008 DEDA sold a tract of land to AET with the intent to develop the site, but they were unable to do this. Since that time, the contract has received three one-year extensions. For 2012, staff recommends a month-to-month renewal term, giving DEDA more flexibility. The land is on 38th Avenue West near Superior Street with I-35 frontage/visibility.

Discussion: Hartman asked if there is a map for this site. Hanson said one could be provided. Monaco asked if there is a list of DEDA owned properties to sell. Hanson replied that we do not, that sales are made available on a case by case basis as development opportunities arise.

Vote to Approve Resolution 12D-20: Passed Unanimously Fosle/Hartman (7-0)

7. RESOLUTION 12D-21: RESOLUTION AUTHORIZING A CONTAMINATION CLEANUP GRANT PROGRAM APPLICATION TO THE STATE OF MINNESOTA FOR THE PIER B BAYFRONT PROJECT

Staff: Timm-Bijold explained that we are submitting a contamination grant application to DEED. The total project will be \$1.4-\$1.8 million, which is slightly less than was written in this resolution, but recommends it be passed as written to give DEDA more leeway. DEDA can ask for 75% of the project cost, and Pier B will pay the entire 25% match.

Discussion: Hoff gave a brief summary of where the project is at this time. Monaco suggested that if there are many items for the July DEDA meeting, it would be nice to have a month notice to review materials.

Vote to Approve Resolution 12D-21: Passed Unanimously Heino/Hartman (7-0)

8. **RESOLUTION 12D-22: RESOLUTION APPOINTING MEMBERS TO THE ADVISORY BOARD FOR DEVELOPMENT DISTRICT 17**

Staff: Christensen explained that to create a TIF district, it has to be in a physical geographical area called a project area, and this area is called Development District 17. The Woodland School redevelopment project is currently not in this district, so the boundaries need to be expanded. A technical requirement of TIF project areas, when changing boundaries, is the creation of an advisory board. This resolution appoints three members with land ownership and interest in this project area to this advisory board.

Discussion: Hartman asked for a map of the new area. Christensen replied that they are currently crafting the new area map. Norr asked about the requirements of the members of the advisory board, and if the third individual should be a more neutral party. Christensen believes the advisory board would meet one time – it is a minor responsibility, and they do not continue on. Monaco asked about what power the board has. Christensen said it is an old statute; there is no vote, just input to Executive Director and the Planning Commission. Hanson added that the process of creating a TIF district requires that any citizen may provide input, and this group does not have significant regulatory authority.

Vote to Approve Resolution 12D-22: Passed Unanimously Norr/Larson (7-0)

Larson leaves 6:43.

DISCUSSION

President Monaco thanked Hanson for his service to DEDA and looks forward to working with him in his new role at APEX.

2. EXECUTIVE DIRECTOR POSITION PROCESS

Hanson explained that the Director of Business and Community Development posting is out and several strong candidates have applied. HR screens applicants, then gives recommendations to administration. DEDA will have input as well as staff in this process. Norr asked about the possibility of an interim director if there is a delay in this appointment. Monaco said it is the intent of the Mayor to fill the position right away, but this could be discussed with administration. Christensen explained that the position of Executive Director is appointed by Mayor and approved by DEDA Board.

3. STAFF REPORT

- A) Hanson received a BID proposal from a party who will be able to start construction by July 1st. A more formal review will take place, and a proposal could be on the May agenda.

- B) Hanson reported that an agreement was reached with AAR for the MRO facility. He thanked Heino and Monaco for their guidance and mentorship

during this process. Going forward, a lease agreement is expected to be brought to the May DEDA meeting. Then a JOBZ agreement, a BID agreement, and an abatement agreement with 10 years of property tax benefits between three years of JOBZ and seven years of abatement. Fosle had questions and suggestions about the roof repair.

Fosle said he will miss Hanson as DEDA Executive Director.

Fosle asked McShane to give a brief talk about the Mayor's Land Use Task Force. McShane did, and said he would provide the report to Commissioners.

Fosle asked President Monaco to run a more formal meeting and to be recognized before speaking. Monaco prefers discussion with minimal formality, and will try to make sure everyone is heard.

Monaco and Heino both thanked Hanson for all the hard work he does and has done for DEDA.

ADJOURNMENT: President Monaco adjourned the April 25, 2012 meeting of the DEDA at 7:12 p.m.

Respectfully submitted,



Brian W. Hanson
Executive Director

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