

**MEETING OF THE  
DULUTH ECONOMIC DEVELOPMENT AUTHORITY  
Wednesday, May 23, 2012 - 5:15 p.m.  
City Hall Room 303**

**MINUTES**

**Call To Order:** The May 23, 2012, meeting of DEDA was called to order by Vice President Norr at 5:20 p.m.

**Present:** Nancy Aronson Norr, Jay Fosle, Dan Hartman, Emily Larson, Christine Townsend

**Absent Excused:** John Heino, Don Monaco

**Others Present:** Bob Asleson, Bill Burns, Jim Casserly, Chris Eng, Brittany Falkers, Brian Gorecki, Keith Hamre, Brian W. Hanson, Tim Howard, Arno Kahn, Mark Lambert, Rob Link, Bronwyn Lipinski, Mark McShane, Peter Passi, Jena Pike, Heidi Timm-Bijold

**APPROVAL OF MINUTES:** April 25, 2012. Accept as written. Vote: Unanimous Hartman/Townsend (4-0)

**PUBLIC HEARINGS**

1. **RESOLUTION 12D-23: AUTHORIZING THE SALE OF PROPERTY TO RIVERSIDE REDEVELOPMENT CO.**

No public comment.

2. **RESOLUTION 12D-24: AUTHORIZING A BUILDING IN DULUTH 2012 CONDITIONAL GRANT AGREEMENT WITH A & L DULUTH RENAISSANCE, LLC IN AN AMOUNT NOT TO EXCEED \$350,000**

No public comment.

3. **RESOLUTION 12D-25: APPROVING A FIFTH AMENDMENT TO THE DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO. 17**

No public comment.

4. **BUSINESS SUBSIDY PERTAINING TO A BUILDING IN DULUTH CONDITIONAL GRANT AGREEMENT WITH AAR AIRCRAFT SERVICES, INC. IN AN AMOUNT NOT TO EXCEED \$350,000**

Hanson read the summary of Business Subsidy Terms for AAR regarding the Conditional Grant Agreement. More detailed information will be given to the Commissioners in the future.

No public comment.

**5. BUSINESS SUBSIDY PERTAINING TO A LEASE AGREEMENT WITH AAR AIRCRAFT SERVICES, INC. FOR THE MRO FACILITY**

Hanson read the Summary of Business Subsidy Terms regarding the Lease of the Former NWA MRO. More detailed information will be given to the Commissioners in the future.

No public comment.

Vice President Norr explained that the Discussion items will be heard before the New Business in order to give Commissioner Larson more time to get to the meeting, due to her airplane delay.

**DISCUSSION**

**1. NORSHOR PRESENTATION**

Gorecki gave a brief report/timeline of the progress of the NorShor project to date. Fosle asked how a bid went out without a plan. Gorecki said the contractor selection was largely based on qualifications, and they have a good relationship with Johnson Wilson and subcontractors, so that when the time comes to enter into a contract, subcontractors will already be involved and have a better understanding of the work involved, which will help control costs.

**2. PARKING AGREEMENT**

McShane reviewed a letter from Matthew Kennedy, the City of Duluth's Parking Manager, explaining the City's intent to allow DEDA to add or remove parking facilities if needed. This is in response to the Board's concerns about this detail being left out of the original contract with the City at last month's meeting. Hanson stated Commissioner Monaco was briefed about this approach and had approved.

**3. STAFF UPDATE**

Hanson thanked Norr for agreeing to act as a sounding board during negotiations with AAR while President Monaco and Commissioner Heino are out of the country. A special meeting in early or middle June will need to be held for the lease agreement and BID agreement. The DEDA project model indicates that after 17 years, DEDA will have \$2 million in the bank, 200 new jobs in the City, a well maintained building, and a new roof on the MRO. Aside from the DEDA lease and BID agreements, there are three remaining City agreements for AAR; tax abatement, JOBZ, and MIF loan through State of Minnesota.

Hanson introduced Chris Eng as the newly hired Director of Business and Economic Development and Executive Director of DEDA. Eng said he is looking forward to working closely with the DEDA Board and the City, beginning June 25th.

The DEDA Update publication is complete, and staff put a lot of hard work into this, including Pakou Ly and Steve Forslund. Freelance writer Julie Zenner helped write the booklet. Hartman added that the publication is very professional looking and reflects our City of the First Class status.

## RESOLUTIONS FOR APPROVAL

### NEW BUSINESS

1. **RESOLUTION 12D-23: RESOLUTION AUTHORIZING THE PURCHASE OF CERTAIN TAX-FORFEITED PROPERTY FROM THE STATE OF MINNESOTA THROUGH ST. LOUIS COUNTY AND AUTHORIZING THE SALE OF SAID PROPERTY AND ADDITIONAL PROPERTY TO RIVERSIDE REDEVELOPMENT CO.**

**Staff:** Howard gave a brief history of the project, and is working with the St. Louis County Land and Minerals Department for the final phase of this project. This site includes the former Riverside school and is the headquarters for the Superior National Forest Service Center. Fosle asked if this was property Brad Johnson looked into in the past. Howard replied that it was, but he found the property not optimal for development and declined development

**Discussion:** Kahn said the building has worked well for the Forest Supervisory unit and is a top tier energy efficient building with the lowest carbon footprint among Forest Service buildings. This sale will facilitate their long term investment in Duluth.

**Vote to Approve Resolution 12D-23:** Passed Unanimously Fosle/Hartman (4-0)

Timm-Bijold thanked Howard for his almost 35 years working at the City, as he is retiring at the end of the month.

2. **RESOLUTION 12D-24: RESOLUTION AUTHORIZING A BUILDING IN DULUTH 2012 CONDITIONAL GRANT AGREEMENT WITH A & L DULUTH RENAISSANCE, LLC IN AN AMOUNT NOT TO EXCEED \$350,000**

**Staff:** Hanson explained that Enbridge is looking to expand in a location with the capacity to hold up to 150 people. They are currently served in the Twin Ports by A&L Properties, who proposed to renovate 41,000 square feet of unoccupied space in downtown Duluth, within TIF district 24. DEDA's grant is leveraged 9 to 1 in this project, with 9 FTEs for the construction phase of the project. DEDA opted for a separate piece of property as collateral, which is the Muffler Clinic land nearby. Fosle thanked Mr. Link

for the potential of this project.

**Discussion:** Link said this is an exciting project and was happy to be able to persuade this tenant to come into the downtown area. Enbridge is also a tenant of Link's in Superior and they are a great tenant. Hartman thanked Link for his proactive approach.

**Vote to Approve Resolution 12D-24:** Passed Unanimously Fosle/Hartman (4-0)

3. **RESOLUTION 12D-25: RESOLUTION APPROVING AN AMENDMENT TO THE DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO. 17, ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 25 (BLUESTONE COMMONS), APPROVING THE TAX INCREMENT FINANCING PLAN FOR TAX INCREMENT FINANCING DISTRICT NO. 25 AND AMENDING THE TAX INCREMENT FINANCING PLANS FOR TAX INCREMENT FINANCING DISTRICT NOS. 14, 15, 19, 20, 21, 22 AND 24**

**Staff:** Hamre explained that the original development area had to be expanded to include TIF District 25, and the Planning Commission did find this in compliance with the comprehensive plan and has endorsed it.

**Discussion:**

*Larson arrives at 6:21*

**Vote to Approve Resolution 12D-25:** Passed Unanimously Fosle/Hartman (5-0)

4. **RESOLUTION 12D-26: RESOLUTION AUTHORIZING AGREEMENT WITH SUMMIT MANAGEMENT, LLC. FOR THE DEVELOPMENT OF THE BLUESTONE COMMONS PROJECT**

**Staff:** Hamre explained that an amended resolution is presented tonight because the first version listed simple interest, but it should have read compound interest. This is a 6 to 8 phase project that will produce a tax generation of \$943,610 per year after the TIF district expires.

**Discussion:** Norr asked if the initial increment value will be increasing over time. Hamre confirmed that is the case. Lambert explained that a lot of things have fallen into place and tremendous progress is being made. He has met with the College of St. Scholastica, UMD and an architect to discuss the joint reuse of the school. Hamre pointed out Exhibit I that summarizes the project very well, including the need for assistance. One condition for this project is to comply with local zoning codes, and they have been approved. Hartman pointed out the fact that there is a prevailing wage clause in contract, and City staff oversee this part of the contract to make sure workers are actually getting a prevailing wage. However, this does not fall under the project labor agreement because it is not construction on a public building and it is not under contract for construction services with the City. Christensen added that this is a DEDA

business subsidy and not a City business subsidy. Christenson also said the title of the resolution needs to be changed because the agreement is with Bluestone Commons, LLC, not Summit management. Casserly thanked Christensen for her work on this agreement and for streamlining the process for future TIF developments.

**Vote to Approve Resolution 12D-26:** Passed Unanimously Fosle/Townsend (5-0)

*Fosle left 6:27, back 6:29.*

**5. RESOLUTION 12D-27: RESOLUTION AMENDING AND APPROVING THE 2012 DEDA BUDGETS**

**Staff:** Hanson gave a brief update to include key changes in the DEDA budget.

*Hartman left 6:28, back 6:29.*

**Discussion:**

**Vote to Approve Resolution 12D-27:** Passed Unanimously Fosle/Larson (5-0)

**6. RESOLUTION 12D-28: RESOLUTION APPROVING INTERIM EXECUTIVE DIRECTOR OF DEDA**

**Staff:** Hanson explained that Heidi Timm-Bijold will be the Interim Executive Director of DEDA until Mr. Eng starts with the City.

**Discussion:**

**Vote to Approve Resolution 12D-28:** Passed Unanimously Fosle/Hartman (5-0)

**ADJOURNMENT:** Vice President Norr adjourned the May 23, 2012 meeting of the DEDA at 6:36 p.m.

Respectfully submitted,



Brian W. Hanson  
Executive Director

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