

**SPECIAL (ANNUAL) MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY**
Thursday, January 22, 2009 - 5:00 p.m.
City Council Chambers, 3rd Floor City Hall
MINUTES

CALL TO ORDER: President Stauber called the meeting to order at 6:30 p.m.

MEMBERS PRESENT: Jeff Anderson (VP), Tony Cuneo, Gary Eckenberg, Todd Fedora,
Jay Fosle, Sharla Gardner, Garry Krause, Jim Stauber (P)

Absent: Greg Gilbert

OTHERS PRESENT: Bob Asleson, Joan Christensen, Tom Cotruvo, Keith Hamre,
Cherie Merritt, DECC (Dan Russell), Secret Service (Craig Samborski), F.I. Salter (Dan
Greene), Bill Burns

APPROVAL OF MINUTES: December 1, 2008 Unanimous

RESOLUTIONS FOR APPROVAL

NEW BUSINESS

- 1. RESOLUTION 09D-01: RESOLUTION ELECTING OFFICERS FOR THE YEAR 2009.
(President, Vice President, Secretary, Treasurer). RESOLVED, by the Duluth
Economic Development Authority ("DEDA") that the following DEDA
Commissioners are hereby elected to the offices ascribed to them for the year
commencing on January 31, 2008.**

President:

President Stauber explained for benefit of the new Commissioners that the President presides over meetings.

Motion: Commissioner Fedora nominated Commissioner Stauber as President, with
Commissioner Gardner seconding the motion.

Vote: Unanimous

President is Jim Stauber for 2009.

Vice President:

President Stauber explained the Vice President presides over DEDA meetings in the absence of the President.

Motion: Commissioner Anderson nominated Commissioner Krause as Vice-President,
with Commissioner Fedora seconding the motion.

Vote: Unanimous

Vice President is Garry Krause for 2009.

Secretary:

President Stauber explained the Secretary is the other member besides the President signing agreements and contracts and that it entails sometimes going to City Hall in order to get paperwork signed in a timely manner.

Motion: Commissioner Fedora nominated Commissioner Eckenberg as Secretary, with
Commissioner Gardner seconding the motion.

Vote: Unanimous

Secretary is Gary Eckenberg for 2009.

Treasurer:

President Stauber explained there are slight duties concerning this office as there is a City staff person who handles most financial duties.

Motion: Commissioner Anderson nominated Commissioner Fedora as Treasurer, with Commissioner Gardner seconding the motion.

Vote: Unanimous

Treasurer is Todd Fedora for 2009.

2009 Slate of DEDA Officers:

President Stauber; Vice President Krause; Secretary Eckenberg; Treasurer Fedora

2. RESOLUTION 09D-06: RESOLUTION ACCEPTING THE RESPONSE TO REQUEST FOR PROPOSAL OF F. I. SALTER AND AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO AN AGREEMENT RELATING TO THE OPERATION AND MANAGEMENT OF DEDA LOTS AT BAYFRONT .

Discussion: Gardner asked for an explanation concerning the DECC and Secret Service in regard to their coming to an agreement. Cotruvo said there are two ways for DEDA to enter into a contract. DEDA can enter directly into an agreement with a party, or an RFP can be done. Staff's understanding was that the DEDA Commissioners requested an RFP should go out. Therefore, after the December meeting, City Purchasing Agent Dennis Sears placed an ad in the paper with requests for proposals. Proposals were received from Secret Service and F.I. Salter.

President Stauber said his thought is that the Executive Director was left with a nod rather than an actual motion regarding an RFP.

Public Input: Dan Green, Property Manager for F.I. Salter, said he is not aware of what the differences are between F.I. Salter's proposal and Secret Service's proposal. He said they responded to an RFP that was presented in the paper. He said they manage other parking lots so they have experience in such matters. Stauber asked what F.I. Salter's reimbursement would be. Green said F.I. Salter's reimburses at an hourly rate per employee. Stauber said DEDA receives all parking fees. Anderson said improvements on the lots have been discussed and asked what would happen with an agreement. Cotruvo said DEDA would pay for the cost of improvements, especially Lot C where there are issues with the proximity of the water. Class 5 gravel would be purchased by DEDA. Both proposals offered to administer the capital improvement construction contracts. Fedora said, in regard to dirt fill in Lot C, that Secret Service said in their proposal that they would provide dirt, paying for part of the work needed. Beyond that is the labor of bringing in the dirt and finishing of the gravel in the one block area.

Dan Russell, Executive Director, DECC - Russell said after attending the November meeting he made the assumption more involvement was needed, along with cooperation. He called Samborski, realizing that the needs of both could be met over the next two years. The fill to be used has been tested and tests out clean. New light poles that are not being used by the DECC are being given over for the DEDA lots. He was under the impression that DEDA members had wanted to take care of the lot so called a meeting of the DECC Board. They met and wrote a check for \$20,000 to help defray expenses. The DECC, after using their shuttle service for a period of time, determined the shuttle expense far outweighs revenues. However, they feel it is important to take care of customers needs so \$50,000 was budgeted just for shuttle expense and the DECC feels they need to support DEDA and the City. The cost of the permit alone for the DECC expansion project is \$300,000. Fedora asked a question regarding the DECC's support. Russell said there wouldn't have been revenue if the

DECC hadn't decided to cover the cost of the shuttle.

In answer to a question from Cuneo regarding management, Russell said there are 60 conventions per year and usage of the lots must be closely coordinated. Communication will be needed on an ongoing basis over the two year period between the DECC and Secret Service.

Craig Samborski, Secret Service - Samborski said he and the DECC are neighbors concerning the Bayfront Park and lots, as well as with DEDA. Scheduling could be difficult over the next two years. Bentleyville alone will take 37 days/nights, thereby adding another entity involved in parking in that area.

Krause asked if F.I. Salter would see any difficulty in working with the DECC. Green said no but would want to see details written out. As it is an unknown to F.I. Salter as to how much parking would be needed on an ongoing basis, they would have to look at the overall construction process. Krause asked Cotruvo why the staff recommendation to select F.I. Salter worked out this way. Cotruvo said that four staff were involved in reviewing the two proposals, with the usual process being used, giving points for each item. Cotruvo added that DEDA should fence Lot C and improving the lot. There will come a time during the coming 2 years where that may be the only lot available for the DECC for parking, and it is likely that it will be needed for parking beyond that point in time.

Cuneo asked if there is a large financial difference between the two proposals. Cotruvo said it is a hard question to answer as projections can be made but one cannot make a finite estimate. It can depend on circumstances whether one entity is better to hire than another. In the "optimistic" projections which we proposed, DEDA's net revenues are much higher under the F.I. Salter proposal.

AMEND: Fosle offered an amendment to the motion, replacing F.I. Salter in the resolution with Secret Service. Gardner seconded the amendment. Vote on Amendment: 7/1 (Krause)

Vote to Approve Resolution 09D-06 as Amended: Unanimous

3. **RESOLUTION 09D-03: RESOLUTION AUTHORIZING EXECUTION OF A MEMORANDUM OF UNDERSTANDING WITH THE CITY OF DULUTH (CITY) PROVIDING FOR PARTICIPATION BY DEDA IN THE CITY'S SELF-INSURANCE PROGRAM FOR 2009 IN THE AMOUNT OF \$6,500 .**

Vote to Approve Resolution 09D-03: 7/1 Krause

4. **RESOLUTION 09D-04: RESOLUTION SUPPORTING THE PETITION FOR A STREET AT THE FORMER ATLAS CEMENT PLANT SITE TO BE NAMED NICK GLUMAC DRIVE.**

Discussion: Stauber said he recalls that in the past two street name change requests were denied. Is there a specific way of doing the process. Cotruvo said the Planning Commission hears and votes on street name changes and sends this forward to Council. Stauber said this street does not have a name. Gardner said DEDA owns the majority of property, with Ikonics being the other owner and they requested the change.

Vote to Approve Resolution 09D-04: Unanimous

5. **RESOLUTION 09D-05: RESOLUTION AUTHORIZING A FIRST AMENDMENT TO THE DEVELOPMENT AGREEMENT WITH IKONICS CORPORATION RELATING TO THE FORMER ATLAS CEMENT PLANT SITE .**

Staff: Cotruvo said this sale had been approved for 15 acres, with 11 being settled. There are four (4) left. DEDA has decided to apply for a Brownsfield assessment grant, to be received in May 2009. This would allow time to determine the best location for the remaining 4 acres by December 2010.

Vote to Approve Resolution 09D-05: 7/0/1 (Fedora abstains).

6. RESOLUTION 09D-02: RESOLUTION AMENDING RESOLUTION 08D-40 TO AUTHORIZE USE OF GRANT TO FUND "PULPIT" IN OLD CITY HALL.

Staff: Cotruvo said the resolution amending Resolution 08D-40 more closely defines what the improvements are that are involved.

Discussion: Krause asked for more details. Stauber said he could answer as he has been involved. The owner had come before DEDA and the City. DEDA approved a \$25,000 grant, with the understanding that the pulpit was included. Paperwork spoke to it being included but that wasn't discussed at the time.

Vote to Approve Resolution 09D-02: 7/1 Krause

7. RESOLUTION 09D-07: RESOLUTION AUTHORIZING AN AGREEMENT WITH LIPE BROTHERS CONSTRUCTION FOR EQUIPMENT SERVICES RELATED TO THE CIRRUS NORTH HANGAR IN AN AMOUNT NOT TO EXCEED OF \$7,000.

Staff: Cotruvo said that at the Cirrus North site, formerly the NWA base maintenance center, the scaffolding equipment purchased was almost \$1 million each and there are two sets. The equipment occupies floor space that Cirrus would like to use. Cotruvo and staff have worked with 3 different brokers to sell the equipment but with the market down there are no good offers. Disassembling one set will buy DEDA time by having one set moved to allow Cirrus their work space, while keeping it available for sale by DEDA.

Vote to Approve Resolution 09D-07: Unanimous

DISCUSSION ITEMS:

A. Bylaws - President Stauber refers to Robert's Rules. Suggest that as long as Council remains DEDA, follow City Council Rules.

Eckenberg, as a new DEDA Commissioner, wanted to know if a Commissioner explains their reason for abstaining. Stauber said that DEDA Commissioners have never been required to explain an abstention. Fedora said that because of a professional relationship he will abstain at times. There may be something one feels may be of a conflicting nature. Krause said Brown had a liberal view. Krause looks at his relationship with someone and if they are close to the subject at hand and he feels he can't be impartial, he abstains. Fosle said he abstains from all ISD 709 as he works for them.

Christensen said City Attorney Brown had done a memo on abstaining after researching State Statute. She doesn't recall that Commissioners have to give a reason for abstaining, but that she will check into it.

B. President Stauber told the Commissioners a February meeting of DEDA is not planned at this time. The next meeting is March 2, 2009.

Respectfully submitted,

TOM COTRUVO
Executive Director

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