

**MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
Wednesday, January 22, 2014 - 5:15 p.m.
COUNCIL CHAMBERS, THIRD FLOOR CITY HALL**

MINUTES

Call To Order: The January 22, 2014, meeting of DEDA was called to order by President Monaco at 5:17 p.m.

Present: Jay Fosle, John Heino, Linda Krug, Emily Larson, Tim McShane, Don Monaco

Excused: Nancy Aronson Norr

Others Present: Bob Asleson, Rick Ball, Matt Bolf, Joan Christensen, Christopher Eng, Keith Hamre, Joel Kilgore, Bronwyn Lipinski, Patrick Loomis, Peter Passi, Eddie Smith, Heidi Timm-Bijold

APPROVAL OF MINUTES: December 18, 2013. Accept as written. Vote: Unanimous Larson/McShane (5-0)

RESOLUTIONS FOR APPROVAL

NEW BUSINESS

1. RESOLUTION 14D-01: RESOLUTION ELECTING OFFICERS FOR THE YEAR 2014

Discussion: Monaco welcomed Commissioner Krug to her first DEDA meeting. He said he had previously spoken with Norr who is willing to take on the role of President. He is willing to serve as Vice-President since no others are interested. Larson would be happy to maintain her role as secretary. McShane would be happy to maintain his role as treasurer.

Heino arrives 5:18.

Vote to Approve Resolution 14D-01: Passed Unanimously Larson/McShane (6-0)

2. RESOLUTION 14D-02: RESOLUTION ADOPTING A SCHEDULE OF REGULAR MEETING DATES FOR THE YEAR 2014

Vote to Approve Resolution 14D-02: Passed Unanimously McShane/Krug (6-0)

3. **RESOLUTION 14D-03: RESOLUTION AUTHORIZING AN AGREEMENT TO INSURE CERTAIN DEDA PROPERTY UNDER THE CITY OF DULUTH'S PROPERTY AND BOILER INSURANCE POLICIES IN AN AMOUNT NOT TO EXCEED \$16,000**

Staff: Eng explained that this is an annual insurance renewal for the MRO, NorShor Theatre and Temple opera building with the same cost as last year.

Vote to Approve Resolution 14D-03: Passed Unanimously Krug/Larson (6-0)

4. **RESOLUTION 14D-04: RESOLUTION AUTHORIZING A REDEVELOPMENT PROGRAM GRANT AGREEMENT WITH THE STATE OF MINNESOTA AND FURTHER AUTHORIZING A SUB-RECIPIENT FUNDING AGREEMENT WITH LINCOLN SCHOOL GP LIMITED LIABILITY CORPORATION**

Staff: Timm-Bijold said that this resolution authorizes DEDA to accept a grant from the State, and also authorizes a sub-recipient agreement with Lincoln School GP LLC, who will provide the match to the grant.

Vote to Approve Resolution 14D-04: Passed Unanimously Larson/Krug (6-0)

5. **RESOLUTION 14D-05: RESOLUTION AUTHORIZING A PROFESSIONAL SERVICES AGREEMENT WITH BAY WEST, INC. IN AN AMOUNT NOT TO EXCEED \$41,995.85 FOR WORK AT THE JAY STREET GAS HOLDER SITE**

Staff: Timm-Bijold explained that DEDA would like to do some environmental testing on this city-owned property in lakeside neighborhood, because there may be environmental issues due to its former use as a gas holder site for the City. A neighborhood meeting will be held after the test results are available, but this agreement is only for soil testing, not future use of the site.

Discussion: Monaco asked about DEDA's role in the future of this site. Timm-Bijold said that DEDA will most likely have no other role after testing is complete. Fosle asked where the \$10,000 match will come from, and Timm-Bijold said from the general fund.

Vote to Approve Resolution 14D-05: Passed Unanimously McShane/Krug (6-0)

DISCUSSION

1. **SEAWAY HOTEL** – Eng said that a request from HRA for assistance with the acquisition of the Seaway Hotel will be brought to the DEDA Board in February. Hamre explained that the City has been working with the owner of the hotel to rectify housing issues for a year and a half to prevent having to condemn the building, but the owner has made no improvements. The Lincoln Park business district has expressed their frustration about needing to change what's happening

at the Seaway because it is negatively affecting businesses. If the HRA and the City took on this project, they could try to improve both the housing and commercial issues. Rick Ball will look at housing portion of the project, and the Minnesota Housing Finance Agency (MHFA) and Greater Minnesota Housing Fund could work on the repair portion. The acquisition cost would be \$230,000, and they would like DEDA to consider a deferred loan to the HRA, provided they meet some benchmarks. The planning department will start a Small Area Plan in March to look at residential, commercial and mixed-use development in the Lincoln Park neighborhood. Eng added that TIF #16 housing district funds will be used for the deferred loan and a special meeting may be needed at the beginning of February for this action. Fosle asked why the HRA needs a forgivable loan when they have money, and said he could not support the project with a forgivable loan. Ball responded that the current HRA funds are already earmarked for specific projects. The need for a forgivable loan is because the HRA will need to manage the new project and will have to operate at a loss for several years; they are trying to get funding from MHFA to cover the operating loss. Monaco asked staff to consider structuring the terms of the loan for potential of repayment. Krug asked about future management of the facility. Ball anticipates professional property management with Center City Housing as an Asset Manager, at no cost to the HRA or project, who would subcontract D.W. Jones as Professional Property Management on site, focusing on safety and security. McShane asked about parking needs in this area, and Hamre said it will be a key component of the small area plan.

2. **GARDNER BUILDING** – Eng explained that a local business was interested in acquiring and remodeling this building for market rate housing, but since the agenda was published has decided against it.
3. **CONVEYANCE OF DEDA PROPERTY FOR CROSS CITY TRAIL** – Bolf reported that the City has federal, state and local funding secured for phase 2 and 3 of the trail. Part of the funding requirements specify the plans be finished and approved by MnDOT and all right-of-way be acquired prior to March 31, 2014. There are areas of land owned by DEDA needed for trail, and it is expected to be brought to the DEDA Board in February for conveyance. Larson asked if there are any proposed uses for this land. Timm-Bijold said there is not much marketable appeal. Fosle asked about losing on-street parking and Bolf replied that there will be a block and a half of on-street parking eliminated. Eng reminded the Board that DEDA will only vote on these parcels of DEDA land, and the City council will vote on the actual trail plans.

Larson leaves 6:06.

Loomis added that public meetings will be held in the future for the trail.

4. DIRECTOR'S REPORT

- A) Eng and Hamre met with school district administration regarding the reuse of the Central High School site. DEDA may have a role, in retail, commercial, and market rate housing. Discussions will continue.
- B) This is the first DEDA meeting back in Council Chambers after three years in Room 303, and they will continue until the Board decides otherwise.
- C) A special meeting for the HRA loan agreement for the acquisition of the Seaway Hotel will most likely be held in early February.

Fosle expressed his thanks for holding the DEDA meeting in Council Chambers again.

ADJOURNMENT: President Monaco adjourned the January 22, 2014 meeting of the DEDA at 6:11 p.m.

Respectfully submitted,



Christopher T. Eng
Executive Director

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