

**MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
Wednesday, September 23, 2015 - 5:15 p.m.
COUNCIL CHAMBERS, THIRD FLOOR CITY HALL**

MINUTES

Call To Order: The September 23, 2015 meeting of DEDA was called to order by Vice President McShane at 5:15 p.m.

Present: Nancy Aronson Norr, Craig Chilcote, Jay Fosle, Megan Haserodt, Linda Krug, Emily Larson, Tim McShane

Others Present: Bob Asleson, Ron Brochu, Joan Christensen, Steve Fenlen, Jason Hale, Bronwyn Lipinski, Rick McKelvey, David Montgomery, Peter Passi, John Ramos, Heidi Timm-Bijold

Vice President McShane welcomed two new commissioners to the DEDA Board; Craig Chilcote and Megan Haserodt. Chilcote has not been sworn in yet, so he will refrain from voting tonight.

PUBLIC HEARINGS

1. **RESOLUTION 15D-41: RESOLUTION APPROVING A PROJECT BY ST. FRANCIS HEALTH SERVICES OF MORRIS, INC. AND CONSENTING TO THE ISSUANCE OF OBLIGATIONS BY THE CITIES OF CHISHOLM AND MORRIS, MINNESOTA**

No public comment.

APPROVAL OF MINUTES: August 26, 2015. Accept as written. Vote: Unanimous Fosle/Krug (6-0)

RESOLUTIONS FOR APPROVAL

NEW BUSINESS

1. **RESOLUTION 15D-41: RESOLUTION APPROVING A PROJECT BY ST. FRANCIS HEALTH SERVICES OF MORRIS, INC. AND CONSENTING TO THE ISSUANCE OF OBLIGATIONS BY THE CITIES OF CHISHOLM AND MORRIS, MINNESOTA**

Staff: Montgomery explained that St. Francis Health Services wishes to refinance existing obligations and needs DEDA's consent because their facility is within the City of Duluth.

Vote to Approve Resolution 15D-41: Passed Unanimously Fosle/Krug (6-0)

Montgomery asked to change the order of the second and third resolutions below.

2. **RESOLUTION 15D-43: RESOLUTION ADOPTING A MODIFICATION TO THE DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO. 17, ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 29 THEREIN AND ADOPTING A TAX INCREMENT FINANCING PLAN THEREFOR**

Staff: Montgomery said this resolution is a new TIF District No. 29 for the Kenwood and Arrowhead project. It is a 26 year plan for a redevelopment district within Development District No. 17 to include both housing and commercial. It has been approved by the Planning Commission and has met the "But For" test. There is \$3.6 M in TIF eligible costs, but the maximum is set at \$2.8 M because of a minimum assessment agreement with the County, which values the property at \$9.9 M.

Discussion: Larson asked about the traffic concerns at this intersection. Hale reported that staff have partnered with City Engineering and Planning departments, and the developer to discuss traffic issues at this site. After reviewing traffic studies, they realized that there are about \$1 M worth of traffic improvements needed at the site. They had two meetings with neighborhood citizens and have been discussing plans to find most cost effective way to handle both pedestrian safety and traffic flow. The developer is contributing 20% (\$200,000) of the traffic costs. Fosle asked about the amount of active TIF districts and if there is any state statute that limits the number of open TIF districts in a city at one time. Scharnberg believes there are eleven or twelve open districts. Timm-Bijold added that Chris Eng researched this topic and found that Duluth has a lower amount of TIF districts compared to other similar sized cities; she will find this information and share it with the Board. Fosle asked if the amount of local government aid to those cities was included; Timm-Bijold said she will check.

Vote to Approve Resolution 15D-43: Passed Unanimously Krug/Aronson Norr (6-0)

3. **RESOLUTION 15D-42: RESOLUTION AUTHORIZING AN AGREEMENT WITH KENWOOD VILLAGE LLC FOR THE DEVELOPMENT OF THE KENWOOD VILLAGE MIXED USE PROJECT**

Staff: Hale explained that this \$21 M development will be both commercial and residential with 80 units of market rate apartment housing. Construction is scheduled to start by June 2016 and finish by September 2017.

Discussion: McKelvey added that the housing will be high quality units and the retail component will be approximately 14,000 square feet, including two restaurants, one financial institution, and five or six retail spaces. Traffic has been a challenging topic, but they view this as an opportunity, not a problem. Fosle asked if Kenwood Village, LLC is a new company. McKelvey said it is an entity set up for this project by United Properties. Timm-Bijold added that this is United Properties' first project in Duluth, but they are very well known in the twin cities. McKelvey said that United Properties just celebrated 100 years in real estate business and gave a brief summary of the company. Montgomery said staff will add this type of background information to future resolutions. Krug asked where the other 80% of the \$1,000,000 for traffic costs will come from. Montgomery replied that this money will come from the City, but staff is already having discussions with the County for assistance. Fosle asked if any of the relevant streets are MSA streets that could

possibly qualify for state aid. Montgomery said that there is some MSA dollars that could be used. Haserodt asked how an underground parking structure was feasible with the geotechnical complications. McKelvey responded that only one corner of the property included bedrock, and the rest of the site worked well. McShane wondered how it was decided that the developer would cover 20% of the traffic costs, and Montgomery responded that it was through negotiations. McKelvey added that the developer also dedicated 10 feet of their property along Kenwood Avenue to the City for future street reconstruction, which has a value of \$100,000.

Vote to Approve Resolution 15D-42: Passed Unanimously Norr/Larson (6-0)

4. **RESOLUTION 15D-44: RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO FILE A PETITION WITH THE CITY OF DULUTH TO VACATE CERTAIN EASEMENTS FOR PUBLIC STREET, ROADWAY AND UTILITY PURPOSES WITHIN THE PLAT OF ATLAS INDUSTRIAL PARK**

Staff: Christensen reported that as part of the redevelopment of the former Atlas site, DEDA granted the City street and utility easements. It is now being replatted per City code, so underlying easements must be extinguished. This resolution authorizes the Executive Director to process those vacations.

Vote to Approve Resolution 15D-44: Passed Unanimously Krug/Fosle (6-0) .

Fosle leaves 6:01

DISCUSSION

1. DIRECTOR'S REPORT

- A) Montgomery gave an update on the NorShor project. In order to bring to DEDA and Council in October, a special meeting may be needed.
- B) The City is still looking for a Director of Business & Economic Development; there are many resumes coming in and the post will stay open for a while longer. Staff has been stepping up during this time to fill in where needed.

ADJOURNMENT: Vice President McShane adjourned the September 23, 2015, meeting of the DEDA at 6:07 PM.

Respectfully submitted,



David Montgomery
Acting Executive Director

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