

**MEETING OF THE  
DULUTH ECONOMIC DEVELOPMENT AUTHORITY  
Wednesday, November 28, 2018 - 5:15 p.m.  
COUNCIL CHAMBERS, THIRD FLOOR CITY HALL**

**MINUTES**

**Call To Order:** The November 28, 2018 meeting of DEDA was called to order by President McShane at 5:15 p.m.

**Present:** Nancy Aronson Norr, Craig Chilcote, Zack Filipovich, Noah Hobbs, Tim McShane

**Others Present:** Bob Asleson, Amanda Auvinen, Bronwyn Bauer, Mike Boeslaeger, Joan Christensen, Jason Hale, Keith Hamre, Eric Lohn, John Strange, Kevin Scharnberg, Mia Thibodeau, Heidi Timm-Bijold

**Absent:** Matt Cartier and Barb Russ

**PUBLIC TO ADDRESS THE COMMISSION**

**PUBLIC HEARINGS**

- 1. RESOLUTION 18D-40: RESOLUTION APPROVING THE ISSUANCE AND SALE OF HEALTH CARE FACILITIES REVENUE BONDS, SERIES 2018 (ST. LUKE'S HOSPITAL OF DULUTH OBLIGATED GROUP)**

No comments.

**APPROVAL OF MINUTES:** September 26, 2018. Accept as written. Vote: Unanimous Norr/Chilcote (5-0)

**APPROVAL OF CASH TRANSACTIONS – August 1, 2018 – October 31, 2018**

Hamre noted Fund 860 was mostly normal transactions. MN Deed grant on Grand Ave Estates for the amount of \$63,819.51 was a reimbursement and is complete. Scharnberg explained the 3 months of cash transactions.

**Vote to approve cash transactions:** Unanimous Filipovich/Chilcote (5-0)

**NEW BUSINESS**

**RESOLUTIONS FOR APPROVAL**

- 1. RESOLUTION 18D-40: RESOLUTION APPROVING THE ISSUANCE AND SALE**

**OF HEALTH CARE FACILITIES REVENUE BONDS, SERIES 2018 (ST. LUKE'S HOSPITAL OF DULUTH OBLIGATED GROUP)**

**Staff:** Hamre explained that this resolution is to authorize the issuance of tax-exempt bonds for DEDA to finance the new emergency room and Building A located at 10<sup>th</sup> Ave East and 2<sup>nd</sup> Street, and other improvements to the parking structure and medical office. Hamre introduced John Strange, who gave a power point presentation about the project. Hamre added this Medical District project would be looking at over a billion dollars' worth of investments over the next three years, and will include going down to the legislature to get additional funding for public infrastructure and district energy. The upgrade of the pedestrian movement and access to the Lakewalk will create a pedestrian friendly campus.

**Discussion:** Norr asked about the size of the building and about the repurposing of the old facility. Strange explained the expansion of Building A Phase 2 will expand the OR and bring all operating rooms out of old building and into new building. Zoning will be to 300ft and the old facility will be for support services: dietary, central supply, financing operations and billing. Filipovich agreed that this project would be a continued investment in the community.

**Vote to Approve Resolution 18D-40:** Passed Unanimously Chilcote/Norr (5-0)

**2. RESOLUTION 18D-41: RESOLUTION AUTHORIZING AN AGREEMENT WITH THE CITY OF DULUTH FOR DEMOLITION SERVICES IN CERTAIN WESTERN NEIGHBORHOODS**

**Staff:** Hamre explained that DEDA had a contract looking to expend all of the District 7 remaining resources to provide building sites in the community. The agreement expires but \$43,129 was remaining and there were still sites for demolition. The legal process caused a delay so the previous contract was not completed on time. The remaining funds will not complete all the units of demolition, but get most of the way through two demolitions. All three properties are considered blighted and need to be removed. Housing is one of the top issues and there is a need to create buildable sites for western neighborhoods.

**Discussion:** Hobbs asked for clarity on why this is not St. Louis County money or why we are not using CDBG. How did we get the dollars for DEDA for the demo? Hamre responded that some of the money was from TIF dollars and the earmarked remaining balance would be for site prep. The county's demolition funds only come in on tax-forfeited properties, the tax forfeiture timeline has been reduced to three years, and this project has not reached tax forfeiture.

**Vote to Approve Resolution 18D-41:** Passed Unanimously Filipovich/ Hobbs (5-0)

**3. RESOLUTION 18D-42: RESOLUTION AUTHORIZING A FIRST AMENDMENT TO THE DEVELOPMENT AGREEMENT WITH KENWOOD VILLAGE LLC**

**Staff:** Hamre discussed the 80 units in the Kenwood Village project. When United Properties developed the property, they said they were going to sell the property once they were leased up. United Properties approached a buyer, Chester Park LLC, who asked for some amendments to the development agreement. One of the amendments was that if the TIF note is paid in full prior to the 26 years, the development agreement expires when the TIF contract expires. The second amendment includes allowing the DEDA Executive Director to approve any future conveyances.

**Discussion:** Norr asked if there were any deliberations to the sale price and what an appropriate market value would be? Hamre replied that a minimum valuation assessment was completed and he is still working with Saint Louis County on the valuation process. Hale commented that the sale price is well in excess of the minimum assessed value.

**Vote to Approve Resolution 18D-42:** Passed Unanimously Norr/Hobbs (5-0)

## DISCUSSION

### 1. DIRECTOR'S REPORT

Hamre addressed new City department structure, combining the Business and Economic Development department with the Planning and Construction Services department. This will give customers the full range of services and provide an elevated level of customer service. Putting everyone together in the same area to see the project through from start to ribbon cutting. Filipovich asked with all new projects, would staff have capacity to work efficiently. Hamre explained Construction services is gearing up for the department merger already. Will be talking with the Business Development department to find out where they are with their project list. Hobbs asked how this new department structure would fit in with the Red Tape Reduction Task Force. Hamre responded that having a team approach for customers would allow us to implement the Red Tape Reduction Task Force and would provide an elevated level of customer service by working with the customer through the entire process from start to finish.

**ADJOURNMENT:** President McShane adjourned the November 28, 2018 meeting of the DEDA at 5:49 p.m.

Respectfully submitted

  
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Keith Hamre  
Interim Executive Director

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