

**MEETING OF THE  
DULUTH ECONOMIC DEVELOPMENT AUTHORITY  
Wednesday, March 27, 2019 - 5:15 p.m.  
COUNCIL CHAMBERS, THIRD FLOOR CITY HALL**

**MINUTES**

- Call To Order:** The March 27, 2019 meeting of DEDA was called to order by President McShane at 5:15 p.m.
- Present:** Nancy Aronson Norr, Craig Chilcote, Zack Filipovich, Tim McShane
- Others Present:** Bob Asleson, Amanda Auvinen, William Burns, Joan Christensen, Keith Hamre, Gary Moline, Chad Ronchetti, John Sullivan
- Absent:** Matt Cartier, Noah Hobbs, Barb Russ

**PUBLIC TO ADDRESS THE COMMISSION**

**PUBLIC HEARINGS**

**APPROVAL OF MINUTES:** January 23, 2019 Special meeting

**Vote to approve the January 23, 2019 meeting minutes:** Unanimous  
Filipovich/Chilcote (4-0)

**APPROVAL OF CASH TRANSACTIONS – January 01, 2019 to February 28, 2019**

Mr. Hamre stated that these are standard cash transactions. A lot of carrying costs with Temple Opera Building and he is hoping that they will have a development agreement soon.

**Vote to approve cash transactions:** Unanimous Norr/Chilcote (4-0)

**NEW BUSINESS**

**RESOLUTIONS FOR APPROVAL**

1. **RESOLUTION 19D-06: RESOLUTION AUTHORIZING CONSENT TO COLLATERAL ASSIGNMENT OF PARKING LEASE WITH DULUTH GRAND LLC TO NATIONAL BANK OF COMMERCE**

**Staff:** Hamre explained that this resolution is a consent of collateral assignment. This is the Sheridan development from 2005 and we provided parking spaces within the

medical district ramp.

**Discussion:** None

**Vote to Approve Resolution 19D-06:** Passed Unanimously (Filipovich/Chilcote 4-0)

2. **RESOLUTION 19D-07: RESOLUTION AUTHORIZING A TERMINATION OF LAND SALE AGREEMENT WITH THE HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA**

**Staff:** This property is adjacent to Menards out in West Duluth. The first resolution 19D-07 is a termination of the land sale agreement. 19D-08 is authorizing the payment of \$5,250 to HRA property that was part of the Creating Neighborhoods at Work program that was funded by the Minnesota Housing Finance Agency. Part of the resale policy was to have the parcels reimburse the fund for the acquisition of other additional parcels. Resolution 19D-09 is an option agreement for a new developer.

**Discussion:** Applications will be due in June. Within this option agreement, ASI agreed to pay \$10,000 for the site. The actual market value of the property is \$58,000 that provides ASI a savings of \$48,000 in this agreement. This will have to come back to DEDA for full approval after ASI receives low income housing tax credits. ASI will find out the disposition in October of this year. Construction of the 76 units will commence next year.

Mr. Sullivan explained that most of the work that he does is in Minnesota, Colorado or Las Vegas, Nevada. The new structure will be a mixture of individuals (veterans and those with disabilities). ASI already owns 90 units here in Duluth and there are waiting lists for those facilities. ASI has a services component-PTSD rehab and staff on hand to assist. Sullivan explained that ASI is making a 9% tax credit application. Hamre explained that ASI is also looking at Opportunity Zone funding.

**Vote to Approve Resolution 19D-07:** Passed Unanimously (Filipovich/Chilcote 4-0)

3. **RESOLUTION 19D-08: RESOLUTION AUTHORIZING ACQUISITION OF CERTAIN REAL PROPERTY IN THE RAMSEY NEIGHBORHOOD FROM THE HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA**

**Staff:** No questions or comments.

**Discussion:** None.

**Vote to Approve Resolution 19D-08:** Passed Unanimously (Filipovich/Chilcote 4-0)

**4. RESOLUTION 19D-09: RESOLUTION AUTHORIZING AN OPTION AGREEMENT WITH ACCESSIBLE SPACE, INC. RELATED TO A SUPPORTIVE HOUSING DEVELOPMENT IN THE RAMSEY NEIGHBORHOOD**

**Staff:** No questions or comments.

**Discussion:** None

**Vote to Approve Resolution 19D-09:** Passed Unanimously (Chilcote/Filipovich 4-0)

**5. RESOLUTION 19D-10: RESOLUTION AUTHORIZING A GRANT/DEVELOPMENT AGREEMENT WITH MOLINE MACHINERY LLC FOR THE DEVELOPMENT OF A NEW MANUFACTURING FACILITY IN WEST DULUTH IN THE AMOUNT OF \$125,000**

**Staff:** Hamre explained that Moline Machinery is a manufacturing entity that is working on a 25,000 square foot expansion of their facility. During the permitting process, a sewer line that needed repairs was uncovered. The easement through which a sewer line runs was previously vacated and the sewer line is the property owner's responsibility. Moline experienced more than 20% increase in cost so they approached DEDA for help with funding for the sewer line replacement. Preserving the 83 well-paid manufacturing jobs is very valuable and Executive Director Hamre recommend to the DEDA commission to approve the \$125,000. Once the construction of the sewer line is complete, it will meet City standards and ownership will be conveyed back to the City. Moline has high paying trade jobs all located in the industrial park. DEDA staff felt it was important to step up and retain those positions.

**Discussion:** Commissioner Norr asked Mr. Ronchetti if funds were available due to the bonding projects. Executive Director Hamre explained that since the expansion project was already underway there was not a job creation component and therefore some of DEDA's tool were unavailable. Commissioner Chilcote asked where the \$125,000 number came from. Mr. Moline had gotten some estimates from Rachel and a full replacement of the sewer line would be best. Mr. Ronchetti replied that there is room for contingency so as not to exceed the \$125,000. Filipovich asked how much contingency is built-in and if this is considered environmental because of Keen Creek. This is a preservation of Keen Creek (a designated trout stream) as the failure of the sewer line could contaminate creek. Mr. Burns explained that Erik Shaffer spent a lot of time reviewing the number \$125,000 to make sure it was accurate.

**Vote to Approve Resolution 19D-10:** Passed Unanimously (Filipovich/Norr 4-0)

**6. RESOLUTION 19D-11: RESOLUTION AUTHORIZING AN AGREEMENT WITH JAMAR COMPANY FOR REPAIR OF THE MRO BUILDING IN THE AMOUNT OF \$109,457.04**

**Staff:** Mr. Hamre explained this resolution is a repair of the MRO facility that AAR is currently occupying. This is to repair a section of the roof. Mr. Ronchetti is currently working with AAR on this project and is familiar with the plan and the program. Mr. Ronchetti explained that DEDA is responsible for the maintenance of the structure. The roof was installed in 1996 and it has almost reached the end of its life. Jamar has been working on this roof almost its entire life. They have prepared a program to repair the whole roof in phases. This is phase 1 to prepare for phase 2.

**Discussion:** Zack asked how long the construction process would take to which Ronchetti replied it would take about three months. Commissioner Norr asked about a reserve to see if there are sufficient funds. Ronchetti explained there is a dedicated fund for this building. Every dollar of the lease payments from AAR is invested back into the building and there are funds available. Last year's lease payments will fund the roof repair.

**Vote to Approve Resolution 19D-11:** Passed Unanimously (Filipovich/Chilcote 4-0)

## **DISCUSSION:**

## **DIRECTOR'S REPORT**

Mr. Hamre followed up on the strategic planning session. Great discussion about what tools DEDA needs to utilize more often. The mission is to assist with job preservation. DEDA will be one of the groups invited to a workshop meeting including the Planning commission and the Heritage commission. Filipovich asked Hamre about the potential Temple Opera development agreement. Hamre would like the agreement to be complete in April. Commissioner Filipovich also asked about an update on the Pastoret Terrace Building. Hamre had no current update.

**ADJOURNMENT:** President McShane adjourned the March 27, 2019 meeting of the DEDA at 5:57 p.m.

Respectfully submitted



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Keith Hamre  
Executive Director  
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