

**SPECIAL MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
Wednesday, May 29, 2019 – 5:15 P.M.
ROOM 303, THIRD FLOOR, CITY HALL**

MINUTES

Call to Order: President McShane called the May 29, 2019 meeting of DEDA to order at 5:15 p.m.

Present: Matt Cartier, Zack Filipovich, Noah Hobbs, Tim McShane, Nancy Aronson Norr

Others Present: Bob Asleson, Amanda Auvinen, William Burns, Joan Christensen, Lori Davey, Peter DeSutter, Keith Hamre, Chad Ronchetti

Absent: Craig Chilcote, Barb Russ

PUBLIC TO ADDRESS THE COMMISSION

No public comment.

PUBLIC HEARINGS

1. **RESOLUTION 19D-18: RESOLUTION AUTHORIZING THE DULUTH ECONOMIC DEVELOPMENT AUTHORITY TO GRANT A UTILITY EASEMENT TO THE CITY OF DULUTH OF DEDA-OWNED PROPERTY IN MARINE DIVISON**

This resolution is to grant the easement to the City for a gas line on a piece of property that was marketed. The site has not been buildable because of the gas line.

No public comment.

APPROVAL OF MINUTES: April 24, 2019 Meeting

Vote to approve the April 24, 2019 meeting minutes: Filipovich/Arsonson Norr (5-0)
Unanimous.

APPROVAL OF CASH TRANSACTIONS – April 1, 2019 – April 30, 2019

Mr. Hamre stated that all are standard monthly transactions. The closing on the Temple Opera building will take place within the next 30 days and will shorten the amount of transactions on the register.

Vote to approve cash transactions: Vote: Unanimous. Filipovich/Hobbs (5-0)

NEW BUSINESS

RESOLUTIONS FOR APPROVAL

1. **RESOLUTION 19D-18: RESOLUTION AUTHORIZING THE DULUTH ECONOMIC DEVELOPMENT AUTHORITY TO GRANT A UTILITY EASEMENT TO THE CITY OF DULUTH OF DEDA-OWNED PROPERTY IN MARINE DIVISON**

Staff: Mr. Hamre described where this property is located. This is for a 10-foot easement with the gas utility that runs through the property. This is an odd shaped lot because it is Soo Line property. Chad Ronchetti is working to find a buyer for this lot.

Discussion: None.

Vote to Approve Resolution 19D-18: Passed Unanimously. Filipovich/ Aronson Norr (5-0)

2. **RESOLUTION 19D-19: RESOLUTION AUTHORIZING SECOND AMENDMENT TO AGREEMENT NO 14-865-732 WITH HRA PERTAINING TO THE ESMOND/SEAWAY PROJECT EXTENDING THE TERM THEREOF.**

Staff: Mr. Hamre explained the Seaway Project was a troubled SRO property that the HRA took ownership on. Phase 1 was to stabilize the building, Phase 2 was to develop new supportive housing (19th Ave W & Garfield), and Phase 3 is to redevelop the site itself. The resolution will be to extend the term of the agreement to July 1, 2020 to match up with the loan through the Greater Minnesota Housing Fund.

Discussion: The progress of the Garfield Square Project was discussed. Garfield Square should be finished by the end of 2019 and has to have one occupant by December 31, 2019. The building is to be completed by the end of October and full occupancy is expected by next March. Mr. Hamre explained there is a three-week timeframe for responses for the RFP process and the site is being marketed as part of the Opportunity Zones.

Vote to Approve Resolution 19D-19: Passed Unanimously. Filipovich/Aronson Norr (5-0)

3. **RESOLUTION 19D-20: RESOLUTION AUTHORIZING AN OPTION AGREEMENT WITH MERGE, LLC FOR THE SALE AND REDEVELOPMENT OF THE PASTORET TERRACE BUILDING AND THE PAUL ROBESON BALLROOM**

Staff: Mr. Hamre explained this is an initial option agreement and there is no price

attached. The interested developer does urban redevelopment and a typical project is about 60-75 units including mixed-use development. DEDA has been marketing the Pastoret/Ballroom for the better part of 3 years.

Discussion: Commissioner Filipovich was looking for an update on the litigation of the Pastoret Terrace. Mr. Hamre explained that briefings are due in by this Friday and that will mark the start of the 45-60 days in which the judge will have to make a decision. The judge did a walk-thru of the property. A Historic Mitigation Plan has to be approved by SHPO and environmental conditions will have to be mitigated. There was discussion about the conditional option being effective for a period of 1 year or when the lawsuits are finished; whichever is greater. There has been no conversation yet around what type of housing will be created here.

Vote to Approve Resolution 19D-20: Passed Unanimously. Filipovich/Cartier (5-0)

4. **RESOLUTION 19D-21: RESOLUTION AUTHORIZING A FIRST AMENDMENT TO THE LAND SALE AGREEMENT WITH S&V HOLDINGS, LLC RELATED TO THE SALE OF THE BERGMAN BUILDING LOCATED AT 20 WEST 5TH STREET**

Staff: Mr. Hamre explained that this resolution is to correct the date of February 1, 2019 to February 1, 2020 to help clear the title action.

Discussion: None.

Vote to Approve Resolution 19D-21: Passed Unanimously. Filipovich/Aronson Norr (5-0)

5. **RESOLUTION 19D-22: RESOLUTION AUTHORIZING A LEASE AGREEMENT WITH AAR AIRCRAFT SERVICES, INC.**

Staff: Mr. Hamre stated that the funds from rental income are going back into the facility for maintenance. This is a long-term lease with AAR.

Chad Ronchetti explained that AAR signed a twenty-year lease with three, 5-year options. A point to call out was that \$50,000 a year will be for attracting, training and recruitment of A & P mechanics. AAR currently runs 3 out of 4 available bays at the MRO Facility. The demand to run the fourth bay is there, but AAR has a large shortage of staff. Eighty percent of the available space of the building is leased by AAR and the agreement has the flexibility for AAR to rent the other twenty percent of the building that is not currently being used as they grow.

Discussion: This agenda item was taken first as AAR representatives were present. Commissioner Norr asked about the lease rate, which is \$2.80 per square foot and remains the status quo. The main change was the ability to flex in the remaining 20% of the building. \$100,000 is the maintenance obligation, which is down from the \$110,000

in the prior lease. Keith Hamre addressed the major repairs: the roof and the wall, which should last many years. The maintenance reserve is at \$800,000 currently. Commissioner Norr asked if AAR hits full employment if DEDA will still be obligated to put in \$50,000 a year for training/recruitment. DEDA is obligated to the \$50,000 annually for five years and after five years, an annual review will be conducted to determine need.

Vote to Approve Resolution 19D-22: Passed Unanimously. Filipovich/Cartier (5-0)

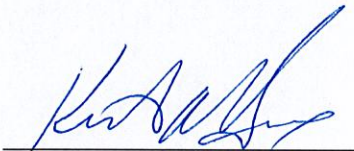
DISCUSSION

DIRECTOR'S REPORT

Mr. Hamre reminded DEDA Commissioners that May 30, 2019 is the public US Steel/Mud Lake Workshop. Chad Ronchetti has been working on the Business Retention/Expansion process and has been getting out visiting businesses.

ADJOURNMENT: President McShane adjourned the May 29, 2019 special meeting of the DEDA at 5:55 p.m.

Respectfully submitted



Keith Hamre
Executive Director
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