

**MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
Wednesday, December 18, 2019 – 5:15 P.M.
COUNCIL CHAMBERS, THIRD FLOOR, CITY HALL**

MINUTES

- Call To Order:** The December 18, 2019 meeting of DEDA was called to order by President McShane at 5:15 p.m.
- Present:** Nancy Aronson Norr, Tim McShane, Zack Filipovich, Barb Russ, Noah Hobbs (came in at 5:18 p.m.)
- Others Present:** Amanda Anderson, Robert Asleson, Joan Christensen, Lori Davey, Chris Fleege, Adam Fulton, Jenn Moses, Peter Passi, John Ramos, Shawn Wellnitz
- Absent:** Matt Cartier, Craig Chilcote

PUBLIC TO ADDRESS THE COMMISSION

PUBLIC HEARINGS

APPROVAL OF MINUTES: October 23, 2019. Accepted as written.

Vote to approve the October 23, 2019 meeting minutes: Unanimous. Aronson Norr/Filipovich (5-0)

APPROVAL OF CASH TRANSACTIONS- November 1, 2019 – November 30, 2019

No comments from Adam Fulton. Lori Davey was present for any detailed answers if needed. No questions.

Vote to Approve Cash Transactions: Passed Unanimously. Aronson Norr/Filipovich (5-0)

Adam Fulton introduced the new Director of Planning & Economic Development, Chris Fleege. Chris gave a short introduction.

NEW BUSINESS

RESOLUTIONS FOR APPROVAL

1. RESOLUTION 19D-39: RESOLUTION APPROVING A FOURTH AMENDMENT TO THE AGREEMENT WITH ETOR PROPERTIES LIMITED LIABILITY COMPANY FOR DEDA TO LEASE PROPERTY IN THE NORTHWEST IRON LOT FOR PUBLIC PARKING PURPOSES

Staff: Adam Fulton explained this is an extension of an agreement with ETOR for the main parking lot in the central area of Canal Park. This agreement is for maintenance and use and runs through the end of next year.

Discussion: No discussion.

Vote to Approve Resolution 19D-39: Passed Unanimously. Filipovich/Russ (5-0)

2. RESOLUTION 19D-40: RESOLUTION AUTHORIZING A FIRST AMENDMENT TO THE PROPERTY DEMOLITION AGREEMENT WITH THE CITY OF DULUTH FOR DEMOLITION SERVICES IN CERTAIN WESTERN NEIGHBORHOODS

Staff: Adam Fulton explained this is an extension of an agreement with the City of Duluth. There was money left over in TIF District 7 and the intent was to do some additional demolition of blighted properties.

Discussion: Commissioner Norr asked if the property that the demolition would take place on would become a property of the Rebuild Duluth program. Adam Fulton explained that this would just be demolition of the blighted property and that there are no ownership rights to the underlying land.

Vote to Approve Resolution 19D-40: Passed Unanimously. Filipovich/Aronson Norr (5-0)

3. RESOLUTION 19D-41: RESOLUTION AUTHORIZING A VENDING SERVICE LEASE AGREEMENT WITH MICHAEL AMENDOLA FOR THE OPERATION OF A VENDING WAGON IN THE LIGHTHOUSE LOT

Staff: Adam Fulton explained that this is an extension of the popcorn wagon agreement. Ten percent of gross receipts are paid back to DEDA during their operating season. There is a possibility that the lighthouse lots may be partially or fully closed during lakewalk reconstruction this summer. The popcorn wagon may have to temporarily relocate and the owner is fully aware.

Discussion: President McShane inquired on if there would be an opportunity for other folks to bid on or utilize that space or to utilize it in a different way. Adam Fulton explained that there has not been an RFP process to utilize portions of the parking lot and the vending wagon agreement has been in effect for a very long time so the intent is to continue to prioritize that.

Vote to Approve Resolution 19D-41: Passed Unanimously. Filipovich/Hobbs (5-0)

4. RESOLUTION 19D-42: RESOLUTION AUTHORIZING AN AGREEMENT WITH THE CITY OF DULUTH PROVIDING FOR PARTICIPATION BY DEDA IN THE CITY'S SELF INSURANCE PROGRAM FOR 2020 IN THE AMOUNT OF \$7,350.

Staff: Adam Fulton explained this is an agreement with the City that is consistent with past practice and is an annual renewal for the City.

Discussion: Commissioner Norr asked whether the yearly amount has been reviewed. Adam Fulton explained that this is a liability coverage only and not a property coverage. Joan Christenson added that the liability insurance covers trips/falls or negligence claims. Property insurance coverage covers buildings.

Vote to Approve Resolution 19D-42: Passed Unanimously. Aronson Norr/Filipovich (5-0)

5. RESOLUTION 19D-43: RESOLUTION OF THE DULUTH ECONOMIC DEVELOPMENT AUTHORITY FINDING A PARCEL IS OCCUPIED BY STRUCTURALLY SUBSTANDARD BUILDINGS AND MEETS THE REQUIREMENTS OF A REDEVELOPMENT TAX INCREMENT FINANCING DISTRICT UNDER MINNESOTA STATUTES §469.174, SUBD. 10

Staff: Adam Fulton explained this if related to the Pastoret and Robeson Ballroom properties. LHB performed an evaluation of the building to determine whether there are blight characteristics. This resolution is the formal finding that there are blight characteristics on the site and preserves DEDA's ability to create a TIF district, so should it desire to do so, in the future. If blight findings are not adopted, the guidelines for potentially creating a TIF district may not be met.

Discussion: Commissioner Aronson Norr asked if the findings would provide an opportunity for DEDA to expand the TIF district to include adjacent properties. Adam Fulton responded that it would be likely this could happen, but each property would have to be evaluated individually. President McShane asked for a comment on any ongoing litigation. Adam Fulton asked to refer specific questions to the attorney's office. Appeal deadlines have not yet been met. Commissioner Filipovich inquire about whether any action on this resolution would affect the ongoing litigation. There was discussion around the action not affecting litigation and the timeline may be 90 days, but that is just speculation. The City Council would still need to act before the City would give any notice to proceed.

Vote to Approve Resolution 19D-43: Passed Unanimously. Hobbs/Aronson Norr (5-0)

6. RESOLUTION 19D-44: RESOLUTION AUTHORIZING A FIRST AMENDMENT TO THE OPTION AGREEMENT WITH ACCESSIBLE SPACE, INC. RELATED TO A SUPPORTIVE HOUSING DEVELOPMENT IN THE SPIRIT VALLEY NEIGHBORHOOD

Staff: Adam Fulton explained this resolution relates to property in the Spirit Valley neighborhood on the corner of Grand Avenue and Central Avenue. DEDA entered into an option agreement with ASI last year for the construction of an affordable housing development. ASI sought low-income housing tax credits from the Minnesota Housing Finance Agency and they were unsuccessful. ASI has indicated they would like to modify their application to MHFA for 2020 and that they believe they will be successful in obtaining the low income tax credits this year. ASI's proposal is consistent with the goals of the City and DEDA in this area to create new housing units that are needed. This housing development will be about 3-4 stories high and provide 76 units of housing.

Discussion: No discussion.

Vote to Approve Resolution 19D-44: Passed Unanimously. Filipovich/Russ (5-0)

7. RESOLUTION 19D-45: RESOLUTION AUTHORIZING A SECOND AMENDMENT TO THE DEVELOPMENT AGREEMENT WITH NORTHSTAR DEVELOPMENT INTEREST, LLC RELATED TO THE VOYAGEUR LAKEWALK INN REDEVELOPMENT

Staff: Adam Fulton explained this is a request for an extension to the end of April. The developer has made progress, but they have a need for additional time to try to place the TIF note debt. The developers anticipate starting before April. The first mortgage has been finalized, the demolition contractor has been selected, the TIF note will need to be placed and then they are able to get started.

Discussion: No discussion.

Vote to Approve Resolution 19D-45: Passed Unanimously. Filipovich/Russ (5-0)

8. RESOLUTION 19D-47: RESOLUTION CONDITIONALLY COMMITTING DEDA TO GRANT TO THE ENTREPRENEUR FUND INC. \$250,000 TO FUND LEVERAGED GRANTS AND LOAN TO FOR START-UP AND EXPANDING BUSINESSES.

Staff: Adam Fulton explained the final grant of funds would come back before the DEDA board. The Entrepreneur Fund has been working to create new business opportunities in Duluth and this commitment will help support the commitment to businesses. There were unanticipated land sales to MN Dot that have made this grant a possibility. Shawn Wellnitz of the Entrepreneur Fund shared current commitments and that the fund has closed \$4.5 million in loans in 2019.

Discussion: Commissioner Hobbs and Shawn Wellnitz discussed the possibility of an ongoing relationship between the Entrepreneur Fund and DEDA. President McShane asked if there would be confirmation that the DEDA funds would be used for businesses within Duluth proper. Adam Fulton responded that there could be some type of reporting put into place in the agreement to make sure the Entrepreneur Fund is funding investment in the City of Duluth. Mr. Wellnitz said a report back to DEDA would not be an issue.

Vote to Approve Resolution 19D-47: Passed Unanimously. Hobbs/Aronson Norr (5-0)

9. RESOLUTION 19D-48: RESOLUTION AUTHORIZING AN AGREEMENT WITH RACHEL CONTRACTING, LLC FOR THE DEMOLITION OF THE PASTORET TERRACE BUILDING IN THE AMOUNT NOT TO EXCEED \$148,683.

Staff: Adam Fulton explained that the Pastoret Terrace is going through several steps in a process and this resolution in no way is the final action. There is still ongoing litigation and the consideration of the resolution is subject to legal counsel. The resolution is to create a path for what the intended action is. Rachel contracting won the bid out of seven total bids that ranged from \$148K-\$400K. The path of approvals was discussed before a notice to proceed is issued.

Discussion: Commissioner Filipovich inquired about SHPO's approval and the timeline. Adam Fulton noted that they are cautious about how the City is proceeding with historic buildings. There was discussion around SHPO adding another item and if Rachel Contracting knew about possible changes and who would bear the cost of such changes. Adam Fulton does not anticipate that anything would have an impact on this agreement, but if so, there may be a modification and it would be brought back. Adam Fulton also discussed the large range of bids and that this is possible because some firms are more or less busy, equipment expense, etc.

Vote to Approve Resolution 19D-48: Passed Unanimously. Hobbs/Russ (5-0)

DISCUSSION

DIRECTOR'S REPORT—Fire suppression evaluation (MRO), Workforce Initiative, EPA Grant Award--\$300K.

Adam Fulton announced that the 2020 workplan has commenced up at AAR and calls for the evaluation of the fire suppression system. A contract is anticipated with Burns & McDonnell who has lots of experience with that line of work.

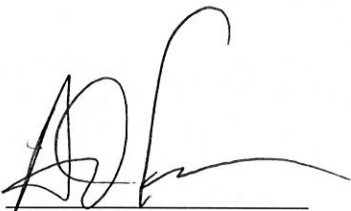
The workforce initiative is underway to utilize the \$50,000 front the AAR contract for aviation related recruitment for the region.

Adam also wanted to note that the EPA grant award to the City was for \$300,000 and is for redevelopment of Brownfield sites. The City is looking at two sites: one in Morgan Park and one in Lincoln Park.

Note: This is Noah Hobbs last DEDA meeting.

ADJOURNMENT: President McShane adjourned the December 18, 2019 meeting of DEDA at 6:06 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'AF', written over a horizontal line.

Adam Fulton
Interim Executive Director
ama