

**MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
Wednesday, June 27, 2012 - 5:15 p.m.
City Hall Room 303**

MINUTES

Call To Order: The June 27, 2012, meeting of DEDA was called to order by Vice President Aronson Norr at 5:17 p.m.

Present: Nancy Aronson Norr, Jay Fosle, Dan Hartman, John Heino, Emily Larson, Christine Townsend

Absent Excused: Don Monaco

Others Present: Jeff Aanenson, Rick Ball, Charlie Bell, Joan Christensen, Christopher Eng, Keith Hamre, Tony Janowiec , Matthew Kennedy, Mark McShane, Terri Nowak, David Peterson, Candace Renalls , Kevin Scharnberg, Heidi Timm-Bijold, Sandra Wood

RESOLUTIONS FOR APPROVAL

NEW BUSINESS

- 1. RESOLUTION 12D-33: RESOLUTION APPROVING A GUARANTY AGREEMENT IN AN AMOUNT NOT TO EXCEED \$50,000 RELATED TO A MINNESOTA INVESTMENT LOAN FUND AGREEMENT WITH AAR AIRCRAFT SERVICES, INC.**

Staff: Timm-Bijold stated that the MIF Loan A Agreement between the City and AAR was approved by the City Council on June 25. That loan agreement allows AAR to draw down loan proceeds upfront; it also structures the loan as forgivable assuming AAR's provision of capital improvements to the MRO facility and the creation of stated job goals. One condition of the grant agreement between DEED and the City for the use of MIF loan funding is the provision of \$250,000 in loan guaranty to the City by five guarantors, each at \$50,000. This DEDA resolution commits DEDA as one of the five guarantors.

Discussion: Aronson Norr asked about the risk, and Timm-Bijold confirmed this has been a fast-paced timeline however, she does not believe it is a high risk situation for DEDA.

Vote to Approve Resolution 12D-33: Passed Unanimously Heino/Fosle (6-0)

2. RESOLUTION 12D-34: RESOLUTION AWARDING A CONSTRUCTION CONTRACT TO NORTHLAND CONSTRUCTORS OF DULUTH, LLC, FOR COMPLETION OF ATLAS INDUSTRIAL PARK IMPROVEMENTS FOR A TOTAL AMOUNT OF \$1,697,482.42

Staff: Timm-Bijold stated the DEDA received three competitive bids for this project in which Northland Constructors was the lowest qualified bidder. This phase will focus on infrastructure construction and associated contamination cleanup. No construction agreement is attached as City Engineering staff has been redirected to efforts related to the recent flood.

Discussion: Hartman asked what portion of the project budget is DEDA's responsibility. Timm-Bijold stated the amount of the DEDA match for remediation and construction is \$572,000. Hartman asked about the portion that is grant funded; that amount is approximately \$1.1 million. Hartman thanked Timm-Bijold for securing such funds.

Vote to Approve Resolution 12D-34: Passed Unanimously Hartman/Larson (6-0) subject to staff reviewing the construction agreement.

3. RESOLUTION 12D-35: RESOLUTION AUTHORIZING A PROFESSIONAL SERVICES AGREEMENT WITH LHB, INC. FOR CONSTRUCTION ADMINISTRATION SERVICES RELATING TO THE ATLAS INDUSTRIAL PARK SITE

Staff: Timm-Bijold stated it was suggested there be an entity to oversee the technical aspects of construction to ensure DEDA is receiving what is specified in the bid. Purchasing Agent Dennis Sears felt the agreement with LHB was fair and reasonable.

Discussion: Larson asked if there was a competitive bid process for this, and Timm-Bijold stated there was not. Sears confirmed this was not necessary because LHB is familiar with the project and is a credible entity.

Vote to Approve Resolution 12D-35: Passed Unanimously Heino/Hartman (6-0)

4. RESOLUTION 12D-36: RESOLUTION AUTHORIZING A COOPERATIVE AGREEMENT WITH THE CITY OF DULUTH RELATING TO A DEED GRANT FOR THE CONSTRUCTION OF INFRASTRUCTURE AT THE ATLAS INDUSTRIAL PARK SITE

Staff: DEDA is the property owner at Atlas and is also the entity entering into the construction and professional services agreements for this 2012 project. One of the grants funding the project, a DEED Infrastructure grant, was awarded to the City. This resolution approves an agreement in which DEDA agrees to perform under the obligations laid out in the DEED/City grant agreement.

Discussion: Larson asked if the City Council is also reviewing this, and Timm-Bijold

confirmed.

Vote to Approve Resolution 12D-36: Passed Unanimously Hartman/Larson (6-0)

5. RESOLUTION 12D-37: RESOLUTION APPOINTING CHRISTOPHER ENG AS EXECUTIVE DIRECTOR

Discussion: Aronson Norr stated DEDA has had some discussions about the nature of the two roles of DEDA Executive Director and Director of Business Development and have agreed this arrangement is in the best interest of the City and DEDA. Eng thanked the Authority for the opportunity and thanked the staff for their assistance during the transition.

Vote to Approve Resolution 12D-37: Passed Unanimously Heino/Hartman (6-0)

6. RESOLUTION 12D-38: RESOLUTION APPROVING THE DECERTIFICATION OF TAX INCREMENT FINANCING DISTRICT NO. 14 aka COUNTY DISTRICT NO. 68

Staff: Timm-Bijold stated St. Louis County requested a timeline for when the district would be decertified. The County agreed the funds currently in the district, \$324,000, could be utilized by DEDA for the AAR BID Project. The decertification will occur December 31, 2012.

Discussion: Aronson Norr confirmed the money could not be used after that time anyway because of the BID deadlines. Timm-Bijold confirmed.

Vote to Approve Resolution 12D-38: Passed Unanimously Heino/Townsend (6-0)

DISCUSSION

- 1. PARK PLACE DEVELOPMENT** – Keith Hamre provided background on the project. Rick Ball described the role of the HRA, which includes land assembly, oversight, and TIF administration. David Peterson of the HRA provided further details about the project, which is a 40 unit residential senior cooperative living facility.

Sandra Wood, with Park Place Development, provided an overview of the project. Charlie Bell, also with Park Place Development, provided additional information, emphasizing the need and demand for this type of senior housing. Fosse echoed this sentiment and is eager for the project to break ground. Fosse asked about funding from TIF District 3. Hamre stated this is being considered for infrastructure. Heino asked if DEDA is involved in a housing development because it is a carryover from previous years. Hamre confirmed. Hartman appreciated the background information presented.

2. **EQUIPMENT FOR DEDA PARKING LOTS** – Mark McShane stated the equipment in DEDA lots has become very dated and problematic. Interstate Parking has contracted with the City of Duluth and the DEDA for parking operations and services for whom Interstate has proposed parking improvements. Matthew Kennedy gave a brief overview of the parking situation in Canal Park. Significant deficiencies have been identified, and the purpose of purchasing new equipment would be to address many of these issues. Kennedy then presented financial estimates for the cost of new equipment (approximately \$44,000) and resulting revenues.

Kevin Scharnberg stated funding for this would have to come from the DEDA General Fund. McShane stated the Northwest Iron lot is co-owned by Etor, and there would be a cost sharing of the equipment. Aronson Norr asked about seasonal parking, and Kennedy stated next year they may consider extending the dates that parking is charged. Fosle stated consistency among lots will be important. Eng stated the increased revenues for this year alone is significant. Christensen verified the expenditure amount does not meet the threshold necessary for DEDA approval.

3. **STAFF UPDATE** – Timm-Bijold stated there is a July DEDA meeting scheduled, but it falls over Council break. Commissioners concurred to keep the meeting as scheduled.

Eng stated there will be two job description approvals for Business Developer and Senior Business Developer before the City Council at their next meeting.

4. **STRATEGY SESSION** – Timm-Bijold stated the sessions have been delayed due to the transition period with the Executive Director position.

OTHER BUSINESS

Aronson Norr stated regional stakeholders have been brought together to address the aftermath of the flooding. Eng stated he has previous experience with flood issues and updated Commissioners on the federal funding process.

ADJOURNMENT: Vice President Aronson Norr adjourned the June 27, 2012, meeting of the DEDA at 6:33 p.m.

Respectfully submitted,



Christopher T. Eng
Executive Director



Heidi Timm-Bijold
Interim Executive Director

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