

**MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
WEDNESDAY, JUNE 24, 2020 - 5:15 P.M.
VIA ELECTRONIC MEANS PURSUANT TO MINNESOTA STATUTES
SECTION 13D.021**

MINUTES

Please take notice that the Duluth Economic Development Authority will hold a public hearing by other electronic means pursuant to Minnesota Statutes Section 13D.021 on Wednesday, June 24, 2020, at 5:15 p.m. All persons interested may monitor and participate in the hearing by visiting: <http://dulutheda.org/live-meeting> promptly at 5:15 p.m. on Wednesday, June 24, 2020, and written comments may be submitted to DEDA in advance of the meeting via the DEDA's web site at <http://dulutheda.org/contact-us/> or via email at cfleege@duluthmn.gov, and DEDA will decide if the conveyance is advisable.

The regular meeting place of DEDA is the Duluth City Council Chambers at City Hall, 411 West First Street, in Duluth, Minnesota. At this time board members of DEDA do not intend to attend the meeting in person; due to continually evolving restrictions and guidance from state and federal officials and agencies, the board members of DEDA will attend the meeting remotely via telephone or other electronic means pursuant to Minnesota Statutes Section 13D.021.

Call To Order: The June 24, 2020 meeting of DEDA was called to order by Vice President McShane at 5:21 p.m.

Present: Zack Filipovich, Tim McShane, Derek Medved, Roz Randorf

Others Present: Amanda Anderson, Robert Asleson, Joan Christensen, Lori Davey, Chris Fleege, Jason Hale, Chad Ronchetti, John Ramos

Absent: Matt Cartier, Craig Chilcote

PUBLIC TO ADDRESS THE COMMISSION

None.

PUBLIC HEARINGS

None.

APPROVAL OF MINUTES: April 22, 2020 meeting minutes. Accepted as written.

Vote to approve the April 22, 2020 meeting minutes: Roll call vote: Filipovich, McShane, Medved, Randorf. (Randorf/Filipovich) Passed (4-0).

APPROVAL OF MINUTES: May 27, 2020 meeting minutes. Accepted as written.

Vote to approve the May 27, 2020 meeting minutes: Roll call vote: Filipovich, McShane, Medved, Randorf. (Filipovich/Randorf) Passed (4-0).

APPROVAL OF CASH TRANSACTIONS- MAY 1, 2020 TO MAY 31, 2020

Director Fleege noted the transactions are mostly normal, but bond revenue had been received from the bond issuance with Essentia for \$162,500 and DEDA was issued a refund of \$80,000 from the St. Louis County Auditor for the hazmat abatement at the Pastoret Terrace. Normal parking revenues are still being received. One item to note is that the \$33,333 are funds that are paid for City services such as attorney services and other support staff to DEDA. The budget will be discussed next month when there is more information around property tax. Commissioner Filipovich inquired about commissioner meeting payouts of \$35 per meeting. Lori Davey was deferred to and she said she had not yet seen the invoices for those. Lori will look into this further.

Vote to Approve Cash Transactions: Roll call vote: Filipovich, McShane, Medved, Randorf. Passed Unanimously. (Medved/Randorf) (4-0)

NEW BUSINESS

RESOLUTIONS FOR APPROVAL

1. RESOLUTION 20D-49: RESOLUTION AUTHORIZING AN AGREEMENT WITH ELECTRIC SCIENTIFIC COMPANY TO REPAIR AND INSTALL FIRE SUPPRESSION FACILITIES IN THE MRO IN THE AMOUNT OF \$115,500

Staff: Director Fleege explained that fire protection has been an ongoing project after there had been an inadvertent discharge of the deluge system while the facility was operating. Burns and McDonald and Leo Daly were hired to prepare drawings and specs to bid this. The bids were opened last Friday, June 19, 2020 and Director Fleege is recommending awarding the bid to Electric Scientific Company. The current tenant is leaving, but there has had to be a 24 hour fire watch while the planes were still in the facility. The deluge system will need to be

operational in the facility for the future for a tenant or for storage. Fixing the system will help to market the building going forward. Director Fleege shared that this expense has been factored in and is forecasting that we will be positive over the next 36 months.

Discussion: Commissioner Filipovich asked if there are any larger ongoing costs for the fire suppression system and what would happen if the fund balance was drawn down to zero or even a negative. Director Fleege does not anticipate any additional items over and above what he and Chad Ronchetti had worked out. Chad Ronchetti added the ongoing monitoring costs for Electric Scientific would be about \$1,000 per year and Leo Daly was about \$7,500 for administrative fees. There are no other outstanding obligations related to the MRO facility.

Vote to Approve Resolution 20D-49: Roll call vote: Filipovich, McShane, Medved, Randorf. Passed Unanimously. (Filipovich/Medved) (4-0).

2. RESOLUTION 20D-50: RESOLUTION AUTHORIZING A LICENSE AGREEMENT WITH THE DULUTH SEAWAY PORT AUTHORITY FOR THE USE OF DEDA LOT D

Staff: Director Fleege and staff were approached by the Port who provides storage for Altec. The Port was looking for an alternate or overflow storage for incoming wind turbines and parts that will need to be stored. This will provide DEDA with some revenue and storage capacity for Altec to utilize a segmented portion of Lot D. There is no risk of contamination from the storage of Altec's proposed items.

Discussion: Jason Hale explained that this license agreement goes through the end of October. Commissioner Randorf asked if there was any developer interest in Lot D. Director Fleege said there is a lot of interest in developing this site, but one of the big issues is the seawall. It will be about \$10-\$15 million to ensure the seawall is functioning and there is some contamination that would need to be addressed. The longer term goal of this site is to find someone to develop it so the license agreement was created with that in mind. Commissioner Filipovich looked to Jason Hale for an update on the developer that was initially looking at Lot D. Commissioner Filipovich also inquired about Altec only utilizing portions of the Lot D site. Jason Hale explained that the site has been segmented and the two and a half acres to the east, along the waterfront had been capped with some dredge finds about two years ago and has been stabilized, but it's really fine material that has not been compacted. For this reason, that portion of the site has not been used. The other segmented chunk of land in the northwest corner along Railroad St. is being utilized by a contractor working on the Twin Ports interchange. The contractor has a short term license agreement which will provide compensation to DEDA on a monthly basis. The developers that were in play terminated their agreement and agreement as of last year and the predominant reason was the development partners backed out of the project. Commissioner Filipovich also inquired about whether the City was looking for a more commercial developer or industrial developer for the site. Director Fleege explained this site area is earmarked for commercial development.

Vote to Approve Resolution 20D-50: Roll call vote: Filipovich, McShane, Medved, Randorf. Passed Unanimously. (Filipovich/Medved) (4-0).

DISCUSSION

DIRECTOR'S REPORT

-Budget/Financials Update: Director Fleege sent out a spreadsheet for ongoing costs for the MRO facility when it is vacant. AAR will be paying three months of rent through October and that is included on the spreadsheet. Director Fleege covered the specific dollar amounts on the spreadsheet and the current expenses. The monthly burn rate would be about \$15,000. The balance would be about \$755,000 with rents received and current obligations. AAR will be responsible for taxes in 2021. Two different scenarios were run; one with the City paying taxes and the other with AAR paying the taxes in 2021.

Update on Verso: The facility has been idled and they are working on selling the facility. The City is working with Verso to identify potential buyers. There will be weekly check-in meetings with Verso and there could be some financial impacts to the City.

ADJOURNMENT: Vice President McShane adjourned the June 24, 2020 meeting of DEDA at 6:04 p.m.

Respectfully submitted,

Christopher E. Fleege

Chris Fleege
Executive Director
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