

**MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
Wednesday, July 22, 2015 - 5:15 p.m.
COUNCIL CHAMBERS, THIRD FLOOR CITY HALL**

MINUTES

Call To Order: The July 22, 2015 meeting of DEDA was called to order by President Norr at 5:18 p.m.

Present: Nancy Aronson Norr, John Heino, Emily Larson, Tim McShane

Excused: Jay Fosle, Linda Krug, Don Monaco

Others Present: Bob Asleson, Bill Burns, Sue Kerry, Joan Christensen, Christopher Eng, Mark Ketterer, Bronwyn Lipinski, John Ramos, Mary Frances Skala

PUBLIC HEARINGS

1. **RESOLUTION 15D-28: RESOLUTION APPROVING THE ISSUANCE AND SALE OF EDUCATIONAL FACILITIES REVENUE NOTES, SERIES 2015 (HEALTH SCIENCES EDUCATION FACILITY CORPORATION PROJECT), AND AUTHORIZING THE EXECUTION OF DOCUMENTS RELATING THERETO**

No public comment.

APPROVAL OF MINUTES: June 24, 2015. Accept as written. Vote: Unanimous Heino/Larson (4-0)

RESOLUTIONS FOR APPROVAL

NEW BUSINESS

1. **RESOLUTION 15D-28: RESOLUTION APPROVING THE ISSUANCE AND SALE OF EDUCATIONAL FACILITIES REVENUE NOTES, SERIES 2015 (HEALTH SCIENCES EDUCATION FACILITY CORPORATION PROJECT), AND AUTHORIZING THE EXECUTION OF DOCUMENTS RELATING THERETO**

Discussion: Skala explained that this resolution is for notes issued for the construction of a graduate education building on the Bluestone campus on Woodland Avenue. The A note is for \$10 Million which will consume the entire amount of DEDA's bank qualification for 2015. There will be a second note for approximately \$7 million issued on a taxable basis, because it cannot be designated this calendar year. They will come back to DEDA as early as possible next year to designate the second B note as bank qualified under the 2016 allocation of bank qualification. There is no liability to DEDA for either note. Eng said the DEDA will collect a 1% fee for use of DEDA's bonding authority, which is good source of unrestricted revenue for DEDA.

Vote to Approve Resolution 15D-28: Passed Unanimously Heino/McShane (4-0)

2. RESOLUTION 15D-29: RESOLUTION ADOPTING THE MINNESOTA GENERAL RECORDS RETENTION SCHEDULE FOR CITIES

Staff: Eng explained that DEDA will adopt the same record retention policy that the City approved in 2012.

Discussion: Heino asked how long records will be kept. Christensen said that different documents have different time limits – some could be a year, others could be forever. Staff would refer to the state guidelines for any questions.

Vote to Approve Resolution 15D-29: Passed Unanimously McShane/Larson (4-0)

3. RESOLUTION 15D-30: RESOLUTION ACCEPTING AN UNCONDITIONAL GRANT FROM THE SPEDCO ECONOMIC DEVELOPMENT FOUNDATION

Staff: Eng said that this is a grant to DEDA through Republic bank from SPEDCO.

Vote to Approve Resolution 15D-30: Passed Unanimously Larson/Heino (4-0)

4. RESOLUTION 15D-31: RESOLUTION ADOPTING AN AMENDMENT TO THE TAX INCREMENT FINANCING PLAN FOR TAX INCREMENT FINANCING DISTRICT NO. 7 (COUNTY NO. 32)

Staff: Eng explained that there were TIF District 7 funds earmarked for the newest Ken Talle development, but the project is no longer able to move forward. Since the funds expire at the end of the year, staff have been trying to find other uses for this money, including economic development purposes. The money could be used for public infrastructure, water and streets near the Stryker Bay area, to benefit businesses like Loll and HDPE. TIF District 7 is a redevelopment district with a housing emphasis, and in order to use this money for economic development projects instead of housing, the TIF plan would need to be amended. This amendment will go to County Board and City Council for approval. Individual projects using the money would come back to the DEDA Board for approval.

Discussion: Norr asked if Eng has talked to Commissioner Fosle about this, and Eng has not, but has talked with some of the neighbors in this district. Larson asked if there is an urgency to pass this resolution tonight. Eng said that the timing is sensitive because at the end of the year, the money will go back to county, and it takes time to do an RFP, get a project under contract, and for a 30 day notice to the County and City Council. Construction could take place in 2016, but the money must be committed this year. The money could still be used for housing, even if this resolution is passed.

Vote to Approve Resolution 15D-31: Passed Unanimously McShane/Heino (4-0)

5. RESOLUTION 15D-32: RESOLUTION AUTHORIZING A THIRD AMENDMENT TO A LEASE AGREEMENT WITH AAR AIRCRAFT SERVICES, INC

Staff: Eng explained that this resolution is to approve the purchase and installation of crane and hoist system that will be owned by DEDA and will stay in the MRO building. AAR has

invested a lot of money in the building and is asking for some financial help with this in the form of 3 months free rent, for a total of \$78,434.49.

Discussion: Ketterer explained that AAR is currently working without the proper equipment that increases risk of damage to the airplanes. They are trying to extend their lease with Air Canada for 2-5 more years, and also want to extend their lease with the City. They have been replacing a lot of equipment and upgrades in the building already. Heino asked what, apart from helping AAR, is the advantage to DEDA to do this. Eng responded that if AAR ever left, it could be used by a new tenant. If DEDA did not own it, AAR could take it with them.

Vote to Approve Resolution 15D-32: Passed Unanimously Heino/Larson (4-0)

6. RESOLUTION 15D-33: RESOLUTION APPROVING INTERIM EXECUTIVE DIRECTOR OF DEDA

Discussion: Commissioners thanked Eng for his service to DEDA. Heino voiced concern with the handoff of the NorShor project. Eng said that the funding package is close to completion, and a development agreement should appear before the DEDA board as early as next month, closely followed by presentation at the City Council. Eng said he will come back for both of these meetings if needed. Norr reported that she and McShane have been very involved in the project, which will help with continuity. Heino added that it is important to communicate with public that this is a complicated project and to be transparent, so as not to appear suspicious. Eng reported that this resolution is to approve David Montgomery as Interim Executive Director for DEDA, until a new director is found.

Vote to Approve Resolution 15D-33: Passed Unanimously McShane/Heino (4-0)

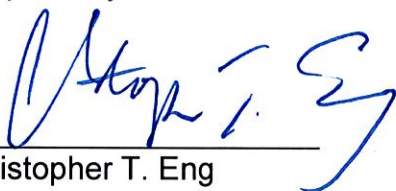
DISCUSSION

1. DIRECTOR'S REPORT

- A) Eng said the NorShor project is making good progress.
- B) The Business & Economic Development department has had some turnover; Jason Hale and Gail Leverson have been hired to replace Jan Saxhaug and Ross Lovely.

ADJOURNMENT: President Norr adjourned the July 22, 2015, meeting of the DEDA at 6:00 p.m.

Respectfully submitted,



Christopher T. Eng
Executive Director

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