

**MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
Wednesday, August 22, 2018 - 5:15 p.m.
COUNCIL CHAMBERS, THIRD FLOOR CITY HALL**

MINUTES

Call To Order: The August 22, 2018 meeting of DEDA was called to order by President McShane at 5:16 p.m.

Present: Matt Cartier, Zack Filipovich, Tim McShane, Barb Russ, Nancy Aronson Norr

Others Present: Ingrid Hornibrook, Heather Rand, Joan Christensen, Dave Hartford, Bob Asleson, Heidi Timm-Bijold, Chris Virta

Absent: Craig Chilcote, Noah Hobbs

PUBLIC TO ADDRESS THE COMMISSION

PUBLIC HEARINGS

1. RESOLUTION 18D-29: RESOLUTION APPROVING, ON A PRELIMINARY BASIS, FINANCING FOR A PROJECT OF CAMBIA HILLS OF EAST BETHEL, LLC

Rand explained that this resolution would signify DEDA intent to issue bonds for this local nonprofit board to move forward with an organization expansion and service provision.

No public comment.

2. PUBLIC HEARING REGARDING THE ISSUANCE AND SALE OF HEALTH FACILITIES REVENUE BONDS, SERIES 2018A (ESSENTIA HEALTH OBLIGATED GROUP)

Rand explained approval would show initial support of a bond issuance for the \$800 million Essentia Health investment proposed for downtown Duluth. Rand indicated there will be an additional public hearing to include bond refinancing of \$75 million of Essentia debt that was not included in this public notice. Rand suggested a motion to continue this public hearing to a DEDA Special Meeting scheduled for September 6th.

Motion to continue: Norr/Filipovich (5/0) Unanimous.

No public comment.

3. PUBLIC HEARING REGARDING THE PURCHASE OF CERTAIN TAX-

FORFEITED PROPERTY FROM THE STATE OF MINNESOTA THROUGH ST. LOUIS COUNTY AND THE SALE OF SAID PROPERTY TO SAGES PROSPERO MANAGEMENT, LLC

Rand explained this would support a project that will enable the developer to create more housing in Duluth. The developer was unable to attend this meeting and Rand suggested continuing this public hearing until the September 26 scheduled regular DEDA meeting.

Motion to continue: Cartier/Filipovich (5/0) Unanimous.

APPROVAL OF MINUTES: July 25, 2018 meeting

Vote to approve the July 25, 2018 meeting minutes: Unanimous Filipovich/Russ (5-0)

APPROVAL OF CASH TRANSACTIONS – July 1, 2018 – July 31, 2018

No comments.

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

NEW BUSINESS

RESOLUTIONS FOR APPROVAL

1. RESOLUTION 18D-29: RESOLUTION APPROVING, ON A PRELIMINARY BASIS, FINANCING FOR A PROJECT OF CAMBIA HILLS OF EAST BETHEL, LLC

Staff: See comments in public hearing notice section from Rand. Dave Hartford, from Woodland Hills - Cambia, indicated this would create another level of care between hospital care and mental health care for children with mental health issues. Hartford summarized the structure of the business, which serves children from ages between 7- 17. Woodland Hills board of directors and staff leadership operate out of a Duluth facility. Total projected project cost is \$31.5M.

Discussion:

Vote to Approve Resolution 18D-29: Passed Unanimously (Cartier/Filipovich 5-0)

2. RESOLUTION 18D-30: RESOLUTION AUTHORIZING REIMBURSEMENT TO THE ARROWHEAD REGIONAL DEVELOPMENT COMMISSION FOR A PORTION OF THE COST OF A PROFESSIONAL SERVICES AGREEMENT RELATED TO THE DULUTH WATERFRONT TRAFFIC CIRCULATION MODELING PROJECT

Staff: Rand explained the approval of this resolution would set the table for continued development on Duluth's downtown waterfront. Rand explained the growth of tourism occurring on the waterfront and indicated traffic flow and parking needs should be improved. Rand explained that a RFP would be issued by ARDC on behalf of funders for the project.

Discussion: Filipovich asked what the total cost of the study is. Rand said that

estimated total cost would be \$50,000 for the proposal, but there isn't a way to obtain an accurate number until bids are submitted. Filipovich asked if MN DOT is committing to the actual work that would change the traffic flow in Canal Park and Bayfront. Rand explained that MN DOT would not commit to further investment without a professional study, but MN DOT is supportive and actively engaged.

Vote to Approve Resolution 18D-30: Passed Unanimously (Russ/Norr 5-0)

3. RESOLUTION 18D-31: RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A FUNDING AGREEMENT WITH THE DULUTH SEAWAY PORT AUTHORITY AND THE CITY OF DULUTH RELATED TO THE PURCHASE OF INFORMATION TECHNOLOGY EQUIPMENT FOR DULUTH'S CRUISE SHIP TERMINALS

Staff: Rand explained that US Customs and Border Protection has said that in order to have an international customs check point in Duluth, the City and its partners need to provide funding to purchase IT equipment for passenger processing at such facility. Rand explained the potential financial gain and estimated local spending Duluth could experience from a Duluth port sized cruise ship business. The Duluth Seaway Port Authority has applied for a federal grant for these funds with may reduce upfront costs from partners.

Discussion: Filipovich confirmed that if grant funds are awarded, City, DEDA, and Port would not have to put up the funds. Norr confirmed that Federal government proposed up to four ports on the Great Lakes with US customs and Border protection terminals and Duluth would be one of them. Timm-Bijold explained that the four ports are the only locations the cruise ships stop that cross international lines. Norr explained that leasing IT equipment doesn't meet the qualifications of the Border Protection agency. Norr said there are 42 vessels under construction for use on the Great Lakes and it seems wise to pursue this opportunity.

Vote to Approve Resolution 18D-31: Passed Unanimously (Filipovich/Cartier 5-0)

4. RESOLUTION 18D-32: RESOLUTION AUTHORIZING A SECOND AMENDMENT TO THE FORGIVABLE LOAN AGREEMENT WITH PALADIN PROPERTIES, LLC RELATED TO THE WEST THEATER CENTER FOR THE ARTS

Staff: Rand explained DEDA's past support of the West Duluth Theater and said this amendment would provide Paladin Properties more time to complete the project.

Discussion: Filipovich indicated his excitement in this project and the Spirit Valley neighborhood.

Vote to Approve Resolution 18D-32: Passed Unanimously (Filipovich/Russ 5-0)


DISCUSSION

DIRECTOR'S REPORT

Rand updated commissioners on upcoming events for which they should expect invitations, the Pastoret EAW process, 2019 budget preparation, Opportunity Zones as a new economic development tool, a potential new housing project near Lake Superior college, market rate housing in the downtown district, and the potential ask of support to hire a consultant to offer suggestions to refresh publically used spaces in the downtown waterfront area.

ADJOURNMENT: President McShane adjourned the August 22, 2018 meeting of the DEDA at 5:54 p.m.

Respectfully submitted



Heather Rand
Executive Director
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