

**SPECIAL MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
Wednesday, March 1 - 5:15 p.m.
LARGE CONFERENCE ROOM, FOURTH FLOOR CITY HALL**

MINUTES

Call To Order: The March 1, 2017 meeting of DEDA was called to order by President McShane at 5:15 p.m.

Present: Matt Cartier, Craig Chilcote, Zack Filipovich, Tim McShane, Elissa Hansen, Barb Russ

Others Present: Joan Christensen, Jason Hale, Josh MacInnes, Heather Rand, Peter Passi, Brad Johnson, Bob Asleson, Ingrid Hornibrook

Absent: Nancy Aronson Norr

PUBLIC TO ADDRESS THE COMMISSION

PUBLIC HEARINGS

1. **RESOLUTION 17D-04:** RESOLUTION AUTHORIZING THE PURCHASE OF CERTAIN TAX-FORFEITED PROPERTY FROM THE STATE OF MINNESOTA THROUGH ST. LOUIS COUNTY AND AUTHORIZING THE SALE OF SAID PROPERTY TO LOTUS REALTY SERVICES, INC

No public comment.

2. **RESOLUTION 17D-05:** RESOLUTION AUTHORIZING THE PURCHASE OF CERTAIN TAX-FORFEITED PROPERTY FROM THE STATE OF MINNESOTA THROUGH ST. LOUIS COUNTY AND AUTHORIZING THE SALE OF SAID PROPERTY TO ONE ROOF COMMUNITY HOUSING

No public comment.

APPROVAL OF MINUTES: Vote to approve the January 25, 2017 minutes:
Unanimous Hansen/Filipovich (6-0)

NEW BUSINESS

APPROVAL OF CASH TRANSACTIONS – January 01, 2017 – January 31, 2017

Rand went over numbers pertaining to the MRO facility.

Vote to approve cash transactions: Unanimous Filipovich/Chilcote (6-0)

MOTION TO RECONSIDER RESOLUTION 17D-01 REGARDING ELECTING OFFICERS FOR

THE YEAR 2017

Vote to approve motion to reconsider resolution 17D-01 regarding electing officers for the year 2017: Unanimous Filipovich/Hansen (6-0)

MOTION TO AMEND RESOLUTION 17-01 TO ELECT ZACK FILIPOVICH AS SECRETARY AND BARB RUSS AS TREASURER

Vote to approve amended resolution 17D-01 to elect Zack Filipovich as Secretary and Barb Russ as Treasurer: Unanimous Chilcote/Cartier (6-0)

RESOLUTIONS FOR APPROVAL

1. **RESOLUTION 17D-04: RESOLUTION AUTHORIZING THE PURCHASE OF CERTAIN TAX-FORFEITED PROPERTY FROM THE STATE OF MINNESOTA THROUGH ST. LOUIS COUNTY AND AUTHORIZING THE SALE OF SAID PROPERTY TO LOTUS REALTY SERVICES, INC**

Staff: MacInnes gave an overview of the project plan and goals.

Discussion: Brad Johnson explained that DEDA's approval will help to lay the groundwork so Kwik Trip will be able to build.

Russ asked about the impact of area businesses due to the arrival of Kwik Trip locations. Rand noted that the Kwik Trip locations have been a positive addition to the community. MacInnes noted that after a Kwik Trip has been built, there is typically increased business activity surrounding the site.

Filipovich inquired about the parcel that is not included in the acquisition. MacInnes reported that the feedback gathered at public process meetings has been positive. Filipovich wondered about the other tax-forfeit parcel included in the map and MacInnes explained that it would act as a buffer between Kwik Trip and the residents. Filipovich asked about what is on the longer blue parcel on the map. Brad Johnson representing Lotus Realty LLC said it was scrub trees and wetlands. Johnson said there is a wetland delineation plan for the site. Filipovich asked about the job offerings. Rand explained that they will land around \$12/hour, but she is going off memory. She also reminded the commission that DEDA would be taking this action to get land back on the tax rolls.

Hansen asked about the small triangle south of the site. MacInnes said it would not be included in the land sale.

Vote to Approve Resolution 17D-04: Passed Unanimously (Filipovich/Chilcote 6-0)

2. **RESOLUTION 17D-05: RESOLUTION AUTHORIZING THE PURCHASE OF CERTAIN TAX-FORFEITED PROPERTY FROM THE STATE OF MINNESOTA THROUGH ST. LOUIS COUNTY AND AUTHORIZING THE SALE OF SAID**

PROPERTY TO ONE ROOF COMMUNITY HOUSING

Staff: Rand explained how the County and City work together to get tax-forfeited property back into productive use. Rand explained that 1Roof has committed to investing in the tax-forfeit parcel and creating six units of housing. Rand recommends approval so more workforce housing can be added to the downtown landscape. The building is currently condemned and empty.

Discussion: Russ asked if these were parcels that were put up for auction and no one bid. Rand explained that the City is notified of parcels before they are put up to auction by county and provided opportunity to pursue locating a developer.

Filipovich recognized that this is a first and necessary step towards a positive outcome.

Vote to Approve Resolution 17D-05: Passed Unanimously Filipovich/Hansen (6-0)

3. **RESOLUTION 17D-06: RESOLUTION AUTHORIZING A SUB-RECIPIENT FUNDING AGREEMENT WITH GRAND AVENUE ESTATES OF DULUTH, LLLP**

Staff: Hale provided an overview of the project and the reason for using DEDA as the pass-through entity for a contamination investigation and cleanup grand DEDA staff secured from the State Department of Employment and Economic.

Discussion: McShane asked about the \$10,000 administrative fee. Hale explained that DEDA charges an administrative fee to the developer. McShane asked about the grant. Hale explained the grant aided in the cleanup of unexpected contamination that was located on site that halted construction. McShane asked about the price range of the homes. Hale explained the type of housing and the projected cost of the housing.

Vote to Approve Resolution 17D-06: Passed Unanimously (Filipovich/Hansen 6-0)

4. **RESOLUTION 17D-07: RESOLUTION DIRECTING STAFF TO RENEW MARKETING EFFORTS RELATED TO THE PASTORET TERRACE PROPERTY IN LINE WITH DEDA'S NOVEMBER 3, 2016 RFP AND REJECTING PROPOSALS PREVIOUSLY RECEIVED**

Staff: Rand gave an overview of the RFP process and explained how the screening committee came to their decision to reject all three proposals received and continue marketing the site.

Discussion: Filipovich asked about the marketing plan that is in place. Rand explained that City staff will reach out to developers and organizations who indicated timing issues when the RFP was originally released in addition to reaching out to historic preservation community, like the State Historic Preservation Office. Rand explained that developers would also like DEDA to assemble parcels for them and expressed hesitation in being the first investment in the area.

Cartier indicated his involvement on the screening committee and said each proposal projected low job creation and unattractive housing options.

Chilcote and Russ suggested demolishing the building so the site can be marketed as vacant land. Hansen also mentioned she wants to see something happen sooner rather than later.

Rand recommended that DEDA market the site over the next six months and then revisit the development of the site including the demolition decision.

Filipovich asked how a transaction would work with included adjacent lots. Rand explained the DEDA could assemble the properties for developers and market the site as a larger project perhaps with a letter of understanding from interested adjacent property owners. Rand said that the goal is to find a developer that will focus on historic preservation or a developer who will have a larger project concept to pursue. Filipovich said he appreciates staff's efforts in finding the right developer and that he is willing to wait for an ideal end result.

Russ asked if the original litigation is still in process. Asleson explained there is nothing to indicate that the lawsuits would affect DEDA's title to the property.

Filipovich commented that he wants the building to be developed in a responsible way and reuse of an existing structure is usually the greenest path.

Vote to Approve Resolution 17D-07: Passed Unanimously (Filipovich/Russ 6-0)

DISCUSSION

DIRECTOR'S REPORT

Rand went over the anticipated items on the March 22nd DEDA meeting agenda. Filipovich asked about the process of the Lot D RFP. Rand explained that City staff and the recommended development team have come to terms on an option agreement. Filipovich asked if proposals were first rejected and then a developer was chosen during after clarification. Hale explained that the RFP process was a two-part process with a finalist considered in a part two RFP evaluation and then narrowed down to one.

ADJOURNMENT: President McShane adjourned the March 1, 2017 meeting of the DEDA at 6:07 p.m.

Respectfully submitted



Heather Rand
Executive Director

irh