

**MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
Wednesday, February 17, 2010 - 6:00 p.m.
City Council Chambers
MINUTES**

Call To Order: The February 17, 2010, meeting of DEDA was called to order by President Heino at 6:00 p.m.

Present: Jeff Anderson, Tony Cuneo, Todd Fedora, John Heino, Christine Townsend

Absent Excused: Don Monaco

Others Present: Brian W. Hanson; Heidi Timm-Bijold; Cherie Merritt; Richard Brown, JBNA

APPROVAL OF MINUTES: January 20, 2010. Anderson/Townsend to accept as written. Vote - Unanimous

RESOLUTIONS FOR APPROVAL

NEW BUSINESS

1. RESOLUTION 10D-07: RESOLUTION AUTHORIZING A SUBLEASE AGREEMENT WITH JNBA FINANCIAL ADVISORS RELATING TO A PORTION OF THE SPACE LEASED BY DEDA IN THE TECH VILLAGE

Staff: Hanson stated that JBNA is a Minneapolis-based financial planning and asset management firm interested in leasing approximately 2,130 feet of space on the first floor of the Technology Village. The space consists of a business and learning premises space, with market-based rent in the business portion and a slightly lesser cost in the learning space.

Applicant: Brown stated that this lease would allow UMD to be one of the most unique colleges in the country as it would offer both classroom and real life experience which is a requirement of the Financial Markets Program. Brown feels this will also provide students with experience necessary for this job market.

Discussion: Anderson asked Hanson if the space under discussion is the only space controlled by DEDA. Hanson said it is not as there are 9,500 total square feet controlled by DEDA. Anderson asked Brown if it is important for JBNA to have storefront space, and Brown feels it is. Anderson asked what DEDA paid for the space or what they pay

now. Hanson said DEDA entered into a 15 year lease agreement with the Technology Village for 10,000 square feet for the sum of \$1.7 million on sliding market scale. Approximately 2,000 square feet is under discussion. The front space has been used for approximately six out of the past nine years and has never been leased at a market rate.

Townsend asked Brown where he envisions the students going after this program, and Brown stated that he envisions them working at brokerage houses and other such firms. He added that brokerage houses are the largest growing population within the financial areas. In the past 18 months there has been a change with more students going into the private areas which gives students the opportunity to experience what it would be like in the work arena. Townsend asked if JBNA will stay in Duluth. Brown stated he hopes to have a base in Duluth and that 97% of clients here have stayed with the firm for the past several years.

Hanson stated there is also an annual common area maintenance fee of approximately \$8 per square foot that DEDA pays for the Technology Village.

Fedora asked if the area under discussion is currently unoccupied, and Hanson confirmed it has been unoccupied since June of 2009.

Vote on Resolution 10D-07: Unanimous 5-0

2. RESOLUTION 10D-08: RESOLUTION COMMITTING DEDA TO PETITION FOR ROADS AND UTILITIES AND TO PAY ITS PORTION OF THE LOCAL SHARE

Staff: Timm-Bijold stated this proposal provides an opportunity for DEDA to construct infrastructure at the Atlas site. DEDA purchased the 62 acre former Atlas Cement Plant site; Ikonics subsequently purchased 11 of those acres. The remaining property of this future industrial park will require remediation, streets, utilities, etc. This is an excellent time to make infrastructure investments.

DEED currently has infrastructure monies available outside of their normal grant cycle. Timm-Bijold is of the opinion DEED is very interested in a DEDA/Port Authority project; The Port Authority recently entered into a purchase agreement with U.S. Steel for 123 acres and hence, they would benefit from an infrastructure investment as well.

The City will own these future utilities; therefore, the City will be the applicant to DEED and will be requesting a \$500,000 grant. This resolution commits DEDA to provide 66% of the match, and the Port Authority will provide the remaining 34%.

The purpose of this resolution is for DEDA to commit to its portion of the match as well as to commit to petitioning the City to construct the streets and utilities conditioned upon receiving DEED's infrastructure grant. At this time, this resolution does not commit to

the source of the match. Commissioners will be asked to consider a future resolution outlining that detail if the City is awarded the grant.

Discussion: President Heino asked Timm-Bijold if she is aware of concerns from Ikonics regarding site access as Glumac Drive is located in an area which is proposed to be expanded. Timm-Bijold stated access for them will remain. Fedora questioned the funding source. Hanson said Storefront Loan monies could possibly be utilized and the balance of this fund is approximately \$2.8 million.

Vote on Resolution 10D-08: Unanimous (5-0)

ADJOURNMENT: The Wednesday, February 17, 2010, meeting of the DEDA was adjourned by President Heino at 6:39 p.m.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Brian W. Hanson", is written over a horizontal line.

Brian W. Hanson
Executive Director

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