

**MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
Monday, June 1, 2009 - 5:00 p.m.
City Council Chambers, 3rd Floor City Hall**

Call To Order: The June 1, 2009, meeting of DEDA was called to order by President Stauber at 5:00 p.m.

Present: Jeff Anderson, Tony Cuneo, Gary Eckenberg, Todd Fedora, Jay Fosle, Sharla Gardner, Garry Krause, Jim Stauber

Absent: Greg Gilbert

Others Present: Tom Cotruvo, Kevin Scharnberg, Bob Asleson, Joan Christensen, Terri Fitzgibbons, Craig Samborski, Michael Dosan, Brandon Stahl

Public Announcements: Stauber announced citizens interested in serving on the DEDA board should contact him. Stauber also solicited applicants for the Vaxjo, Sweden, trip regarding green economic development. Applicants cannot be DEDA Commissioners or staff. A selection committee will consist of President Stauber, Tom Cotruvo, and other commissioners.

APPROVAL OF MINUTES: May 4, 2009. Gardner/Fedora to accept as written. Vote: Unanimous

RESOLUTIONS FOR APPROVAL

NEW BUSINESS

1. RESOLUTION 09D-27: RESOLUTION AUTHORIZING CONVEYANCE OF PROPERTY BY QUITCLAIM DEED TO MICHAEL G. AND KIMBERLY A. DOSAN THEREBY EXTINGUISHING A PLANTING OR LANDSCAPING EASEMENT

Staff: Cotruvo stated this project was undertaken by Community Development, and when the land was platted by DEDA, the decision was made to include a landscape easement. Dosan purchased Lot 5 and would like to build a garage on a portion of the easement. Staff has no objections to eliminating the easement, and Dosan will be required to comply with zoning regulations. Notification of the proposal was sent to neighbors and utility entities; no comments were received.

Discussion: Fedora asked if Lots 1 and 2 are developed. Dosan stated it is a housing development created 11 years ago, and all of the lots have houses on them. Fedora asked if we could vacate the easement for all the lots. Christensen stated we cannot vacate the easements at this meeting but could at a future meeting due to notice requirements. Fedora encouraged this in order to get the land back on the tax rolls, and Cotruvo felt taxes would not be affected as it is a landscape easement.

Vote on Resolution 09-27: Passed Unanimously (8-0)

2. RESOLUTION 09D-23: RESOLUTION APPROVING THE DECERTIFICATION OF TAX INCREMENT FINANCING DISTRICT NOS. 1 and 2 a/k/a COUNTY DISTRICTS 01 and 02

Staff: Cotruvo stated these were the first tax increment financing (TIF) districts created by Duluth in 1974 and 1975 and are known as Twin Ports Truck District and Downtown District, both of which are slated to expire. The debt retired in August of 2008, and the balance can only be used for outstanding debt or must be returned to the State. Once decertified, the TIF collected will be transferred to the County to be disbursed as property tax dollars of which the City will receive a portion.

Vote on Resolution 09-23: Passed Unanimously (8-0)

3. RESOLUTION 09D-24: RESOLUTION AMENDING SOURCES FOR UP TO \$1,636,049 IN FUNDING FOR THE SKYWALK CONNECTION FROM THE FIRST STREET PARKING RAMP TO THE GREYSOLON PLAZA

Staff: Cotruvo stated the funding authorized in 2008 included funds from District 20 (medical district), District 7 (scattered housing), and District 22 (Sheraton hotel/condo project), as well as bonding. At that time, Commissioners suggested funding sources other than bonding, which saves interest and issuance fees. The new source of funds would pay for the Skywalk without using bonds but rather TIF funds, half of which are from housing and the remainder from the following: United Health Care District, Medical District, and Eastern Business District/Waterfront.

Discussion: Anderson asked the timeline for this Skywalk. Cotruvo stated contracts have been authorized. Final design work is not yet completed, but he believes this should be completed within the month with construction completed by this winter. Anderson asked if housing funds are an allowable use for the Skywalk, and Cotruvo stated it is allowable and especially since the Skywalk area includes downtown housing. Fosle asked about funding from scattered housing. Cotruvo stated these are grants from the districts, not loans.

Krause stated this project is an example of his concern of the new DEDA formation being under the direct control of the Mayor. He feels this is not economic development and he does not support taking TIF funds from other districts. Gardner asked if DEDA is legally obligated to build the Skywalk, and Cotruvo stated there is a contractual obligation as the City entered into an agreement with SMDC for the parking ramp project and the Sheraton project. Asleson verified both these agreements do obligate DEDA to build the Skywalk and this resolution merely reallocates the existing funding sources. Cuneo asked about excess money in the Sheraton district, and Cotruvo stated future projects discussed include the Lakewalk connection to Superior Street at the former Muffler Clinic site as well as additional Skywalk connections. Fedora asked if this funding change to finance the Skywalk without issuing debt, and Cotruvo confirmed this. Fosle asked if housing TIF can be used for infrastructure, and Cotruvo stated a Skywalk is an eligible expense as infrastructure in specific circumstances such as this.

Vote on Resolution 09-24: Passed 6-2 (Krause, Fosle)

4. **RESOLUTION 09D-25: RESOLUTION AUTHORIZING A SECOND AMENDMENT TO THE AGREEMENT WITH SECRET SERVICE ENTERTAINMENT, LLC, THE CITY OF DULUTH AND LAKE SUPERIOR CENTER AUTHORITY RELATED TO SPECIAL EVENTS HELD AT BAYFRONT FESTIVAL PARK**

Staff: Cotruvo stated this resolution reflects new changes made to parking management at Bayfront Park.

Vote on Resolution 09-25: Passed Unanimously (8-0)

5. **RESOLUTION 09D-26: RESOLUTION AUTHORIZING AN AMENDED AND RESTATED AGREEMENT FOR PROPERTY MANAGEMENT SERVICES WITH SECRET SERVICE ENTERTAINMENT LLC PROVIDING FOR THE OPERATION AND MANAGEMENT OF DEDA PROPERTY IN BAYFRONT**

Staff: Cotruvo stated this amends an existing agreement to add a parking provision for Fourth Fest and Blues Fest, as well as changes in relation to capital improvements of the lots. Staff recommends approval.

Discussion: Fosle asked Cotruvo the term of these agreements, and Cotruvo stated this is a three year agreement.

Vote on Resolution 09-26: Passed Unanimously (8-0)

DISCUSSION

1. 1200 FUND: Cotruvo stated the 1200 Fund is a private, non-profit corporation formed in 1986 by the City of Duluth in which one City Councilor serves at the appointment of the Mayor. The focus of the fund is to create jobs by providing low interest loans to companies that are being created, expanding, or considering relocating their business elsewhere. Cotruvo reviewed the requirements, process, and structure, which includes a Board of Directors and Loan Review Committee.

Krause asked if the City funds this program, and Cotruvo stated City funds originally funded the program by way of the Minnesota Power franchise fee, but it is now a revolving fund. Krause asked about a recent decline in activity. Cotruvo stated low interest loans are not as popular now due to lower commercial rates. Fosle asked how often the board meets, and Cotruvo stated it is as-needed. Fosle asked if the loans are forgivable, and Cotruvo stated they are not. Anderson stated since he was appointed to the 1200 Fund the Board has met once. Gardner asked about the Cirrus loan, which exceeded the limit. Cotruvo stated it was a complex expansion in 2005 so the Fund loaned money to DEDA. Gardner asked if there is a term limit for Board members, and Cotruvo stated terms were not specified in the bylaws. Gardner asked how businesses can learn of the Fund, and Cotruvo stated banks are aware of the program as well as his office. Krause asked how to get on the Board, and Cotruvo stated members are appointed by the Mayor. Krause asked how term limits could be instituted, and Cotruvo stated Krause could suggest this.

ADJOURNMENT: President Stauber adjourned the June 1, 2009, meeting of the DEDA at 6:02 p.m.

Respectfully submitted,

A handwritten signature in blue ink that reads "Tom Cotruvo" followed by a stylized flourish or set of initials.

TOM COTRUVO
Executive Director

tmf