

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

Call To Order: The August 3, 2009, meeting of DEDA was called to order by Vice President Anderson at 5:00 p.m.

Present: Jeff Anderson, Tony Cuneo, Todd Fedora, Brian W. Hanson, John Heino, Don Monaco, Christine Townsend

Others Present: Bob Asleson, Joan Christensen, Terri Fitzgibbons, Desiree Miller (Duluth Police Explorers), Don Ness, Mike Thamm (Duluth Police Explorers), Heidi Timm-Bijold, John Lamb (Lake Superior Warehousing), Kevin Scharnberg

APPROVAL OF MINUTES: June 1, 2009. Fedora/Cuneo to accept as written.
Vote: Unanimous (7-0)

RESOLUTIONS FOR APPROVAL

NEW BUSINESS

1. RESOLUTION 09D-28: RESOLUTION ELECTING OFFICERS FOR THE REORGANIZED DEDA

Staff: Ness recommended a self-nomination process, and if there is more than one nominee, a selection process can be used. Ness suggested whomever is elected President should serve through the end of the year and be one of the three City Councilors.

Fedora and Anderson both self-nominated for President. Fedora stated his background in accounting, finance, and economic development and his experience as a board member of the Duluth Airport Authority, working on Cirrus, GAP financing, Minnesota Power, City of Duluth, and 1200 fund, make him qualified.

Anderson stated he served last year as Vice President of DEDA and was involved in strategies and discussion of reorganization. He is interested in maintaining an active role through the end of the year but probably not after that to ensure this transition of DEDA goes smoothly.

Vote for Fedora for President: Yeas: Fedora, Hanson, Heino
Nays: Anderson, Cuneo, Monaco, Townsend

Vote for Anderson for President: Yeas: Anderson, Cuneo, Monaco, Townsend
Nays: Fedora, Hanson, Heino

Anderson is elected President.

Heino self nominated for Vice President.

Cuneo self nominated for Secretary.

Hanson self nominated for Treasurer.

MOTION: Cuneo/Monaco to amend Resolution 09D-28 adding the names Anderson, President; Heino, Vice President; Cuneo, Secretary; and Hanson, Treasurer.

Vote on Resolution 09-28: Passed Unanimously (7-0)

2. RESOLUTION 09D-29: RESOLUTION ADOPTING AMENDED BYLAWS OF THE DULUTH ECONOMIC DEVELOPMENT AUTHORITY

Staff: Ness stated the two proposed bylaw amendments relate to the City Council resolution reflecting the organizational changes of DEDA and standing date/time for regular meetings. The current bylaws indicate regular DEDA meetings be held the first Monday of each month. This will no longer work due to City Council meetings. The third Tuesday or third Wednesday of each month was proposed.

Discussion: Monaco prefers Tuesdays. Fedora prefers Wednesdays. Hanson prefers Wednesdays. Cuneo prefers Tuesdays. Ness stated most of the business of DEDA is with developers who are bringing forth proposals and suggested the possibility of holding meetings over the lunch hour. Cuneo asked if there is a state statute that DEDA meets monthly or could it meet on an as-needed basis. Ness stated the bylaws outline a monthly meeting but meetings can be canceled due to lack of business. Ness stated a standard meeting time each month is helpful. Monaco would prefer evening meetings as it is easier for others to attend. Monaco proposed 6 p.m. on Wednesdays. Heino agrees we should hold meetings when the public can attend.

MOTION: Monaco/Hanson to amend Resolution 09D-29 to add language to bylaws to hold regular DEDA meetings the third Wednesday of each month at 6 p.m.

Vote on Resolution 09D-29: Passed Unanimously (7-0)

3. RESOLUTION 09D-30: RESOLUTION APPOINTING INTERIM EXECUTIVE DIRECTOR OF DEDA

Staff: Ness recommended Heidi Timm-Bijold to serve as interim executive director of DEDA. Timm-Bijold has extensive experience working with DEDA over the course of her career. She has managed our storefront loan program as well as many redevelopment and clean up projects DEDA has undertaken. She is in an excellent position to step into this role on an interim basis. The City is undertaking a hiring process to fill the position of Manager of Business Resources with a selection anticipated by the end of August. Ness stated there are many options available to the DEDA board in selecting a permanent executive director. This person could be the new manager of Business Resources, other city staff, or otherwise. Ness stated traditionally the role of executive director has been filled by a city staff person, but it does not necessarily need to follow that model.

Timm-Bijold stated she is willing to serve as interim executive director because she wants to assist the Mayor and DEDA in the reorganization. Timm-Bijold has high expectations of herself and would be happy to work with them if that is their decision.

Vote on Resolution 09-30: Passed Unanimously (7-0)

4. RESOLUTION 09D-31: RESOLUTION AUTHORIZING A SERVICE AGREEMENT WITH THE DULUTH POLICE EXPLORERS AND THE CITY OF DULUTH FOR PARKING ON DEDA-OWNED AND CITY-OWNED LOTS DURING THE BAYFRONT BLUES FEST

Staff: Timm-Bijold stated during Blues Fest the Explorers for Lot A will receive 75% of proceeds and the City will receive 25%. Lot C is a DEDA lot, so Explorers will receive 75% and DEDA will receive 25%. Lot D is owned by DEDA and is managed by Secret Service during the Blues Fest and revenues are split 50%.

Vote on Resolution 09-31: Passed Unanimously (7-0)

5. RESOLUTION 09D-32: RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE AN ACCESS LETTER RELATING TO ENVIRONMENTAL ASSESSMENT ACTIVITIES AT THE FORMER UNITED ATLAS CEMENT PLANT SITE

Staff: Timm-Bijold stated this is a tremendous opportunity. DEDA owns this site and was successful last year in securing monies to remediate 11 acres of it for the Ikonics development. A grant to assess the remainder of the site was sought from the EPA which was denied. However, a Targeted Brownfields Assessment (TBA) was offered to keep the momentum of this site going. The property is owned by DEDA but the EPA TBA project is through the City. Another grant application for clean up will be submitted for 2010. Redevelopment at this site cannot occur until there is a satisfactory remediation.

Vote on Resolution 09-32: Passed Unanimously (7-0)

6. RESOLUTION 09D-33: RESOLUTION AUTHORIZING THE TERMINATION OF THE LEASE AGREEMENT WITH LAKE SUPERIOR WAREHOUSING COMPANY FOR DEDA-OWNED LOT D IN BAYFRONT

Staff: Timm-Bijold stated this request was submitted to DEDA staff after packets were sent out, and a decision was made to bring it to the DEDA now rather than making the lessee wait another month. Ness supported this. Last year DEDA entered into an agreement with Lake Superior Warehousing as they needed land to store wind turbines. This demand has since ebbed, and the land is no longer needed. The lease stipulates the agreement can be terminated by either party. The DEDA can make the lessee wait 90 days prior to terminating the lease. DEDA has been receiving \$3,500 per month, and this revenue would be lost if it were terminated prior to the 90 days. There is the possibility of allowing Secret Service to manage the lot in which the DEDA would receive 50% of the proceeds. The lessee has made some improvements to the lot. If this resolution were approved, the right to terminate would be effective July 31, 2009.

Discussion: Monaco asked about the use of the property prior to the lease and if anyone else is interested in this property. Timm-Bijold stated she is uncertain of the prior use but believes it was parking for special events. She knows it is Lamb's hope that he would come to DEDA again to use the lot if the market demand called for it. Ness stated that the future of the Bayfront is one of the larger issues which will come before the DEDA soon. There have been discussions about engaging in a public process to determine the vision for this area. Ness urged commissioners to consider their thoughts for the future use of this site.

Vote on Resolution 09-33: Passed 6-0-1 (Fedora Abstained)

DISCUSSION

Budget: Ness proposed within the next two months to have a more comprehensive workshop or retreat with DEDA Commissioners to explore the purpose and direction of DEDA as well as review the budget and other materials.

Scharnberg reviewed the various DEDA funds, stating that the operating fund is used for non-Tax Increment Financing (TIF) matters. Tax increment is accounted for in TIF funds--a debt service fund, a loan fund, and a capital projects fund. Two other loan funds are non-tax increment funds.

Ness stated the TIF funds are segregated into TIF districts into which the tax increment flows through to pay various eligible costs. As taxes increase, usually from new development, the tax increment is captured and can be used by DEDA to finance the new development. DEDA has also relied upon TIF revenues to support its operations. In recent years, many TIF districts have been retiring which is good for the City, County, and School District, but it does have an economic impact on DEDA and will more so in the coming years.

Next Meeting: Timm-Bijold stated September 10 has been reserved as a special meeting, but in deference to the new bylaws the new regular meeting would be September 16. Anderson concurred the next meeting should be September 16.

ADJOURNMENT: Vice President Anderson adjourned the August 3, 2009, meeting of the DEDA at 5:47 p.m. Motion to adjourn by Cuneo/Monaco.

Respectfully submitted,



Heidi Timm-Bijold
Interim Executive Director

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