

**MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
Wednesday, September 26, 2018 - 5:15 p.m.
COUNCIL CHAMBERS, THIRD FLOOR CITY HALL**

MINUTES

Call To Order: The September 26, 2018 meeting of DEDA was called to order by President McShane at 5:18 p.m.

Present: Nancy Aronson Norr, Matt Cartier, Craig Chilcote, Noah Hobbs, Zack Filipovich, Tim McShane

Others Present: Ingrid Hornibrook, Heather Rand, Joan Christensen, Bob Asleson, Kevin Scharnberg, David Montgomery, Kristi Stokes, Peter Passi,

Absent: Barb Russ

PUBLIC TO ADDRESS THE COMMISSION

Kristi Stokes with Greater Downtown Council (GDC) spoke on behalf of board of directors to show support in demolition of the Pastoret building. Kristi addressed the continued disrepair of the building and the negative impacts the condemned, abandoned building has been as a 8 year source of blight to downtown. She stated that the GDC Board feels the building is beyond saving and feels DEDA staff have done their due diligence to market the building to private sector real estate developers for historic restoration or related redevelopment and she urged commissioners to support building demolition.

PUBLIC HEARINGS

- 1. RESOLUTION 18D-37: 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 SAGES PROSPERO MANAGEMENT, LLC**

No public comment.

Rand gave the background history of the building, which includes its condemnation status and continued deterioration as a vacant building including it being used as a meth lab. She noted that the building would require decontamination of chemicals related to the making of meth at a cost estimated of close to \$600,000. Real estate developer Sages and Prospero LLC have been working with the City of Duluth Planning department to ensure feasibility of this project for bringing it back up to city code and ready for habitation as a 5 plex (rental housing).

APPROVAL OF MINUTES: August 22 & September 5 Special, 2018 meetings

Vote to approve the August 22 and September 5 Special, 2018 meeting minutes:

Unanimous Filipovich/Cartier (6-0)

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

Tabled due to budget presentation.

Vote to approve cash transactions: Tabled until next meeting

NEW BUSINESS

RESOLUTIONS FOR APPROVAL

2. RESOLUTION 18D-35: RESOLUTION AMENDING AND APPROVING THE 2018 DEDA OPERATING BUDGET

Staff: Rand suggested 18D-39 be moved to agenda item #3 and be considered along with 18D-35.

Motion to move 18D-39 to agenda item #3: Unanimous (Norr/Filipovich 6-0)

Rand presented the accomplishments and 2019 work plan for DEDA and pointed out the suggested revisions for the 2018 budget.

Discussion: McShane asked when the IDB fees would come to DEDA. Rand explained that for budgeting purposes it is anticipated that by years end the Essentia and Cambia/Woodland hills bonds would close and fees secured for DEDA.

Vote to Approve Resolution 18D-35: Passed Unanimously (Norr/Filipovich 6-0)

7. RESOLUTION 18D-39: RESOLUTION APPROVING THE DEDA 2019 BUDGETS

Staff: See comments in 18D-35

Discussion: Rand explained 2019 proposed budget was similar to 2018 without any grants or special project revenue projected with the exception of IDB (bonding) fees from 2018 carry-over. Minimal discussion was held on proposed budget for 2019.

Vote to Approve Resolution 18D-39: Passed Unanimously (Filipovich/Cartier 6-0)

3. RESOLUTION 18D-36: RESOLUTION AUTHORIZING CONSULTING CONTRACT WITH SAS+ASSOCIATES, INC. FOR PHASE I PLANNING SERVICES RELATED TO THE DOWNTOWN WATERFRONT PUBLIC INVESTMENT PLANNING IN THE AMOUNT OF \$39,015

Staff: Rand gave a background on the work done so far with planning for potential downtown waterfront development. Rand gave an explanation as to where the potential development would occur between Fitger's on waterfront, running downtown, through canal park, in front of DECC, past Bayfront Park and Pier B to DEDA's Lot D. She

explained that the goal of the downtown waterfront public infrastructure study was to conceptually plan to refresh and maximize the public gathering spaces along Duluth's downtown waterfront. The study would be phase I. Phase II would move the project into public process and city planning and city parks and rec/administration department's would be involved.

Discussion: Aronson-Norr cautioned against setting a precedent that DEDA become the checking account for the City of Duluth Planning Department and suggested co-funding options be explored. Filipovich asked for an estimate of phase II costs. Rand explained that there currently is not a cost estimate for phase II, as it is too soon to determine a scope. Filipovich reiterated Aronson-Norr's comments on using DEDA as the sole funder for this project. Chilcote asked how SAS+Associates was selected. Rand explained they were chosen after numerous conversations between multiple City of Duluth departments who looked at various consultant firms and determined clearly that SAS+Associates is good fit and local firm. Another reason why SAS+Associates was chosen is because the firm is familiar with the Duluth community and staff felt they would take into serious consideration the work that has already been done to the Downtown Waterfront on planning initiatives the last 20 years as some of their principles have been involved with such.

Vote to Approve Resolution 18D-36: Passed Unanimously (Filipovich/Cartier 6-0)

4. RESOLUTION 18D-37: 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 SAGES PROSPERO MANAGEMENT, LLC

Staff: Rand said St. Louis county, along with City and DEDA staff strongly recommend approval of this resolution. See comments in public notice section.

Discussion:

Vote to Approve Resolution 18D-37: Passed Unanimously (Cartier/Hobbs 6-0)

CLOSE MEETING

Present: Nancy Aronson Norr, Matt Cartier, Craig Chilcote, Noah Hobbs, Zack Filipovich, Tim McShane, Heather Rand, Joan Christensen, Bob Asleson, Kevin Scharnberg, Ingrid Hornibrook

Vote to close meeting: Passed Unanimously (Chilcote/Norr 6-0)

- 5. Closed meeting pursuant to the Minnesota Open Meeting Law, Minn. Stat. 13D.05, subd. 3 (b), to discuss litigation strategy with legal counsel regarding:**
- a. Respect Starts Here, a membership organization, and Eric Ringsred v. City of Duluth and Duluth Economic Development Authority, St. Louis County District Court File No. 69DU-CV-18-952;**
 - b. Eric Ringsred and Temple Corp. v. City of Duluth, Duluth Economic Development Authority, and Heather Rand; and**

- c. **Paul King and Copasetic Inc. v. Duluth Economic Development Authority, St. Louis County, and State of Minnesota, St. Louis County District Court File No. 69DU-CV-17-529; and Minnesota Court of Appeals Case No. A18-0041.**

This portion of the public meeting must be closed to the public pursuant to Minn. Stat. § 13D.05, subd. 3(b).

Vote to open meeting: Passed Unanimously (Filipovich/Cartier 6-0)

REOPEN PUBLIC MEETING

6. **RESOLUTION 18D-38: RESOLUTION DIRECTING STAFF TO APPLY FOR A DEMOLITION PERMIT FOR THE PASTORET TERRACE AND ROBISON BUILDINGS AND TO SECURE BIDS THEREFORE**

PUBLIC COMMENT

Michael Poupore representing Duluth Preservation Alliance feels removing this building would not remove blight, but rather it would remove a historic building and important resource. He stated that he believes the building to be still structurally sound and that restoration should still be pursued by DEDA. Poupore went over the financial gain associated with historic preservation and feels proposals received during the RFP process from a year ago should be nurtured and more fully explored.

Staff: Rand said DEDA staff has used best efforts to secure a developer to redevelop or restore the building but have not been successful with such as of yet. DEDA staff recommends approval of resolution and also suggest DEDA continue to market the property for historic preservation until such time as it is potentially demolished.

Discussion: Filipovich said he would be voting in favor of this resolution. Filipovich acknowledged the architectural elegance of the Pastoret, the history of the addition of the Robeson Bar and the fact that the building's footprint has been divided multiple times. Filipovich noted that he is supporting this resolution because this important block in Duluth's downtown must be allowed to move forward. Filipovich noted the difficulty in marketing the building because of the lawsuits associated with the building. Filipovich suggest that SHPO and DEDA inventory the contents of the building that have historic value in preparation of demolition of the building. Filipovich would like to see those physical aspects of the ornate architecture of the building preserved and reused.

Vote to Approve Resolution 18D-38: Passed Unanimously (Filipovich/Norr 6-0)

DISCUSSION

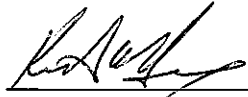
DIRECTOR'S REPORT

Hornibrook presented the new DEDA website design and DEDA commissioners were asked to review it via link that will be sent electronically and submit comments to staff

before it goes live by end of the year.

ADJOURNMENT: President McShane adjourned the September 26, 2018 meeting of the DEDA at 6:45 p.m.

Respectfully submitted



Keith Hamre
Interim Executive Director
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