

DULUTH ECONOMIC DEVELOPMENT AUTHORITY
Tuesday, January 10, 2006
Meeting Minutes

MEMBERS PRESENT: Greg Gilbert, Laurie Johnson, Garry Krause, Tim Little,
Donny Ness, Roger Reinert, James Stauber, Russell Stewart, Russell Stover

MEMBERS ABSENT: None

OTHERS PRESENT: Thomas Cotruvo, Keith Hamre, Genie Stark, Robert
Asleson, Joan Christensen, Kevin Scharnberg, Earl Thedens-ARI, Jeff
Corey-NCLT, George Garnet-NHS, Bill Burns-Hanft Fride, media

CALL TO ORDER

**PUBLIC HEARINGS - 05D-09 - SALE OF PROPERTY IN HUNTERS GRASSY
POINT ADDITION DULUTH, 2ND DIVISION**

APPROVAL OF MINUTES - November 11, 2005

MOTION: (Stauber/Little) To approve minutes of November 11, 2005.
MOTION CARRIED UNANIMOUSLY.

RESOLUTION FOR APPROVAL

1. RESOLUTION 06D-02 - ELECTING OFFICERS FOR THE YEAR 2006

RESOLVED, by the Duluth Economic Development Authority ("DEDA") that
the following DEDA Commissioners are hereby elected to the offices ascribed to
them for the year commencing on January 31, 2006.

President:	James D. Stauber
Vice President:	Timothy Little
Secretary:	Russ Stewart
Treasurer:	Laurie Johnson

MOTION: (Little/Gilbert) To elect James D. Stauber as President.

MOTION: (Stover/No second) To elect Don Ness to President - Ness
declined.

MOTION CARRIED UNANIMOUSLY.

MOTION: (Stauber/Gilbert) To elect Tim Little as Vice President.

MOTION CARRIED UNANIMOUSLY.

Commissioner Stewart arrived.

MOTION: (Stauber/Little) To elect Russ Stewart as Secretary.

MOTION CARRIED UNANIMOUSLY.

MOTION: (Gilbert/Stauber) To elect Laurie Johnson as Treasurer)
MOTION CARRIED UNANIMOUSLY.

President elect Stauber assumed the chair.

Resolution taken out of order.

8. RESOLUTION 06D-10 - AUTHORIZING EXECUTION OF CONSENT OF MORTGAGE HOLDER AND A SECOND AMENDMENT TO DEDA BRIDGE LOAN WITH NEIGHBORHOOD HOUSING SERVICES, INC. RELATED TO THE LAKE SUPERIOR VIEW CONDOMINIUM PROJECT

RESOLVED, by the Duluth Economic Development Authority (DEDA) that the proper DEDA officials are hereby authorized to execute the Consent of Mortgage Holder consenting to the Declaration for Common Interest Community No. 81, and any supplements thereto, which submits the property to the condominium form of ownership, substantially in the form of that attached hereto.

FURTHER RESOLVED, that the property DEDA officials are hereby authorized to enter into a second amendment substantially in the form of that attached hereto to the DEDA bridge loan agreement (Contract No. 04 865 411) with Neighborhood Housing Services, Inc. (NHS) extending the term of the bridge loan, modifying the repayment terms, authorizing partial lien releases upon the sale of the rehabilitated units, and requiring NHS to execute a Second Note and Mortgage Modification Agreement.

MOTION: (Gilbert/Little) To approve Resolution 06D-10.

Hamre described this development and described lien release and extension to November 10, 2006. Commissioner Reinert arrives. Garnet updated Commissioners on the construction of the project. The first four units are complete (Phase I), construction has started on the second four rehabilitated units and completion of construction is anticipated by year end. All units should be sold by spring of 2007. Commissioner Krause expressed his desire that when bids are let out for subcontractors that multiple subcontractors are given the opportunity to bid on future projects.

MOTION CARRIED UNANIMOUSLY.

2. RESOLUTION 06D-01 - AUTHORIZING THE PURCHASE OF 54 PARKING METERS FOR THE STEAM PLANT LOT IN AN AMOUNT NOT TO EXCEED \$17,802

RESOLVED, by the Duluth Economic Development Authority ("DEDA") that the proper DEDA officials are hereby authorized to purchase 54 parking meters including housings, yokes and yoke plugs to be used in the Duluth-owned Steam Plant lot at a cost not to exceed \$17,802 including taxes and shipping, payable from Fund 860.

MOTION: (Stover/Ness) To approve resolution 06D-01.
Cotruvo said revenues from this lot come to DEDA.

MOTION CARRIED UNANIMOUSLY.

3. RESOLUTION 06D-03 - AUTHORIZING EXECUTION OF A MEMORANDUM OF UNDERSTANDING WITH THE CITY OF DULUTH (CITY) PROVIDING FOR PARTICIPATION BY DEDA IN THE CITY'S SELF-INSURANCE PROGRAM FOR 2006 IN THE AMOUNT OF \$6,500

RESOLVED, by the Duluth Economic Development Authority (DEDA) that the proper DEDA officials are hereby authorized to enter into a Memorandum of Understanding with the City which provides for participation by DEDA in the City's self-insurance program for 2006, substantially in the form of that attached hereto (Contract No. 04 0860 ____), in the amount of \$6,500.00, payable from Fund 860, Org. 8640.

MOTION: (Reinert/Ness) To approve Resolution 06D-03.

Commissioner Johnson arrives.

MOTION CARRIED UNANIMOUSLY.

4. RESOLUTION 05D-04 - REMOVING CERTAIN PROPERTIES FROM TIF DISTRICT NO. 2.

RESOLVED, by the Duluth Economic Development Authority ("DEDA") that the Tax increment Financing Plan for Duluth Tax Increment Financing District No. 2 is hereby amended to delete those properties referenced on Exhibit A attached hereto and made a part hereof.

FURTHER RESOLVED, that DEDA staff is hereby directed to notify the St. Louis County Auditor of the removal of said properties from TIF District No 2 and the Plan therefore.

MOTION: (Little/Krause) To approved Resolution 06D-04.

Cotruvo said that this was a housekeeping only matter and that the parcels were already included in the TIF Plan for District No. 22. Gilbert asked for an updated Sources and Uses for the Parking Ramp and the Skywalk. Cotruvo said he would put something together for Commissioner review.

YEAS: Gilbert, Johnson, Krause, Little, Ness, Reinert, Stauber, Stover
NAYS: Stewart

MOTION CARRIED.

5. RESOLUTION 06D-07- AUTHORIZING TRANSFER OF SMDC IDB FEES TO CITY

RESOLVED, by the Duluth Economic Development Authority ("DEDA") that the proper DEDA officials are hereby authorized to transfer from Fund 860 and deposited into City Debt Services Fund 320, when and as received by DEDA, all industrial development bond fees paid by the St. Mary's/Duluth Clinic Health System resulting from the issuance by DEDA of industrial development bonds for the benefit of the St Mary's/Duluth Clinic Health System Digestive Disease/Cancer Center Project.

MOTION: (Little/Stover) To approve Resolution 06D-07.
MOTION CARRIED UNANIMOUSLY.

6. RESOLUTION 06D-08 - AUTHORIZING TRANSFER OF \$1,000,000 IN STOREFRONT LOAN FUNDS TO THE CITY MEDICAL DISTRICT FUND

RESOLVED, by the Duluth Economic Development Authority ("DEDA") that the proper DEDA officials are hereby authorized to transfer \$1,000,000 from Fund 867 to Fund 435. Said funds to defray construction costs of the Medical District Ramp.

Krause requested the fund balance before and after the transfer. Krause expressed concern because there are extensive areas with blighted storefronts who could use these funds. Reinert said, "For the record, these dollars need to be spent downtown. DEDA hasn't had a history of transfer a large amounts of dollars out of this fund."

MOTION: (Little/Johnson) To approve Resolution 06D-08.
MOTION CARRIED UNANIMOUSLY.

7. RESOLUTION 06D-09 - AUTHORIZING SALE OF CERTAIN PROPERTY IN HUNTERS GRASSY POINT ADDITION DULUTH, 2ND DIVISION TO NORTHERN COMMUNITIES LAND TRUST (NCLT)

RESOLVED by the Duluth Economic Development Authority ("DEDA") that

- 1. DEDA does hereby makes the following determinations and findings:**
 - A. That the sale of property described below to NCLT is in the best interests of the City of Duluth and its people and that the transaction furthers the general plan for economic development in the area.**
 - B. That, after not less than ten (10) or more than twenty (20) days' published notice, the public hearing was held in Council Chambers City Hall, Duluth, Minnesota at or shortly after 5:00 p.m. on January 10, 2006, regarding the proposed sale.**
 - C. That the sale of the property described below to NCLT conforms in all respects to the requirements of Minnesota Statutes 469.105.**
- 2. That the proper DEDA officials are hereby authorized to execute the Land Sale Agreement, substantially in the form of the copy attached hereto, with NCLT for the sale of property described below, in St. Louis County, Minnesota, for the amount of \$7,000, said sum to be payable to Fund 860:**