

**SPECIAL MEETING OF THE  
DULUTH ECONOMIC DEVELOPMENT AUTHORITY  
Tuesday, January 16, 2007  
Meeting Minutes**

**MEMBERS PRESENT:** Greg Gilbert, Laurie Johnson, Garry Krause, Tim Little, Roger Reinert,  
James Stauber, Russ Stover

**MEMBERS ABSENT:** Don Ness, Russ Stewart

**OTHERS PRESENT:** Thomas Cotruvo, Robert Asleson, Keith Hamre, Joan Christensen, Kevin  
Scharnberg, Scott Keenan (Grandma's Marathon)

**CALL TO ORDER 5:00**

**President Stauber called the meeting to order.**

**PUBLIC HEARINGS: RESOLUTION 07D-06 - SALE OF PROPERTY IN ANDREWS  
DIVISION TO CITY OF DULUTH**

Keith Hamre said there is a public purpose to the sale of property. Swan Lake Road wasn't in the right of way, a couple of outlots were created for storm water drainage purposes. Because there is a public purpose, the title should be in the City's name and not DEDA.

**APPROVAL OF MINUTES OF DECEMBER 11, 2006**

Motion to Accept by Stover/ Reinert. Minutes accepted.

**NEW BUSINESS**

**RESOLUTIONS FOR APPROVAL**

1. **RESOLUTION 07D-01 - RESOLUTION ELECTING OFFICERS FOR THE YEAR 2007**

**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, 2007.**

**President:  
Vice President:  
Secretary:  
Treasurer:**

Nominees slate:

President: Stauber  
Objections/Other nominations: none

Vice President: Little

Objections/Other nominations:

Gilbert/Stover nominated Commissioner Krause for VP. Little said he had no objection to Krause being Vice President, to pull his own name and leave Krause as the nominee.

Objections/Other nominations: none

Vote to put Krause on the slate of officers: Unanimous

Treasurer: Johnson

Objections/Other nominations: none

Secretary: Stewart

Objections/Other nominations: none

Reinert/Gilbert made a motion to hold the vote to later in the meeting as Ness and Stewart were absent at the time of the matter being discussed. Passed.

Later in evening, although Stewart and Ness were absent and President Stauber said he had not spoken with Stewart, he felt Secretary Stewart would agree to take the office again.

President: James Stauber  
Vice President: Garry Krause  
Secretary: Russ Stewart  
Treasurer: Laurie Johnson

Vote to accept slate as presented: Passed unanimously

2. **RESOLUTION 07D-02 - RESOLUTION AUTHORIZING A LICENSE AGREEMENT WITH GRANDMA'S MARATHON, INC. FOR THE USE OF DEDA'S PARKING LOTS**

**RESOLVED by the Duluth Economic Development Authority (DEDA) that the proper DEDA officials are hereby authorized to execute a license agreement (07 860 \_\_\_\_\_) with Grandma's Marathon, Inc. substantially in the form of the copy attached hereto for use of the Northwest Lot and the Canal Park Lot for Grandma's Marathon activities at no cost.**

Tom Cotruvo said a provision was included providing that Grandma's Marathon will work with DEDA and the City to deal with surface area repairs to the lots.

**Concerns/Questions:**

Krause said he had wondered about the holes and how much it may cost to repair them. Cotruvo said water seeps into the holes and cracks the blacktop. He said the complete repaving of the lot won't be done but repairs will be.

Scott Keenan, Grandma's Marathon said the agreement states repairs will be done where needed.

Vote to approve Resolution 07D-02: Passed unanimously

3. **RESOLUTION 07D-03 - RESOLUTION APPOINTING MEMBERS TO THE ADVISORY BOARD FOR DEVELOPMENT DISTRICT NO. 24 (DULUTH RENAISSANCE PROJECT)**

**RESOLVED, by the Duluth Economic Development Authority ("DEDA") that the following-named individuals are hereby appointed as members to the Advisory Board for Tax Increment District No. 24 (Duluth Renaissance District) pursuant to the provisions of Minnesota Statutes §469.132:**

1. Kristi Stokes - Greater Downtown Council
2. Scott Lunt - Bulls Eye Silk Screen

### 3. Rob Finnigan - A & L Properties

#### Concerns/Questions:

Krause asked if DEDA and staff typically appoint someone who represents the applicants of the project? Cotruvo said someone involved in the development is typically one of the committee members. There is a requirement that a majority of members must be owners or tenants within the new district.

Johnson asked if there was there a surplus of interested parties (i.e. were there more than 3) and how long they serve. Cotruvo said the people on the slate were asked by DEDA and will be on the advisory committee for the duration of the district (approximately 25 years, with replacements as needed).

Vote to approve Resolution 07D-03: Passed unanimously

4. **RESOLUTION 07D-04 - RESOLUTION 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 2007 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 2007, substantially in the form of that attached hereto (Contract No. 07 860 \_\_\_\_), in the amount of \$6,500.00, payable from Fund 860, Org. 8640, Obj. 5361.**

Cotruvo reported this is a standard contract accomplished each year.

Vote to approve Resolution 07D-04: Passed unanimously

5. **RESOLUTION 07D-05 - RESOLUTION OF THE DULUTH ECONOMIC DEVELOPMENT AUTHORITY TO ISSUE LEASE REVENUE REFUNDING BONDS, SERIES 2007A, TO REFUND ITS LEASE REVENUE BONDS, SERIES 1995A, AND APPROVING TERMS OF OFFERING, ALL REGARDING THE WASHINGTON SCHOOL COMMUNITY CENTER PROJECT.**

**BE IT RESOLVED, by the Board of Commissioners of the Duluth Economic Development Authority of Duluth, Minnesota (the "Authority"), as follows:**

1. **The Authority has issued its \$2,720,000 Lease Revenue Bonds, Series 1995A (the "Series 1995A Bonds"), of which \$1,640,000 in principal amount is outstanding on the date hereof. The proceeds of the Series 1995A Bonds were used to develop community center facilities, including meeting rooms, community police offices, storage space and athletic facilities, consisting of a gymnasium, swimming pool and changing facilities and related improvements for parking and park/open space within the City of Duluth's portion of the former Washington Junior High School (the "Project").**
2. **The City has requested that the Authority issue its approximately \$1,345,000 Lease Revenue Refunding Bonds, Series 2007A (the "Bonds"), to provide funds to prepay and redeem the outstanding Series 1995A Bonds, to establish a reserve fund and to pay the costs of issuance of the Bonds. The principal of and interest on the Bonds would be payable from lease rentals from the City's lease of the Project sufficient to provide for the prompt and full payment of the Bonds and interest accruing thereon.**
3. **The Authority hereby approves the terms and conditions of the Bonds and the sale thereof as set forth in the official terms of offering on file with the Authority's Executive Director. Each and all of the terms and provisions set forth in the official terms of offering are adopted and confirmed as the terms and conditions of the Bonds and the sale thereof, and the Authority shall meet at the time and place fixed therein to consider the amendment to lease, supplemental trust indenture and related documents needed to sell the Bonds.**
4. **The Authority's staff, the financial advisor and bond counsel shall work with the**

**City to arrange for the sale of the Bonds.**

**5. The terms and conditions of the amendment to lease, supplemental trust indenture and the Bonds shall be approved in a subsequent resolution of the Board of Commissioners.**

Hamre said a refinance is being requested. A lease with option to purchase was the choice at the time of the original bond and lease revenue bonds through DEDA was the chosen way. The current way is to refinance through lease revenue refunding bonds. A \$142,566 savings at 8.69% presents valuable savings, which exceeds the norm by quite an amount. There will be a joint meeting on the 25<sup>th</sup> of January of DEDA and the City Council for a final vote, with interest rates and debt service information included at that time.

**Vote** to approve Resolution 07D-05: Passed unanimously

**6. RESOLUTION 07D-06 - RESOLUTION AUTHORIZING SALE OF CERTAIN PROPERTY IN ANDREWS DIVISION TO CITY OF DULUTH**

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

1. DEDA does hereby make the following determinations and findings:
  - A. That the sale of property legally described as Outlot A, Andrews Division First Addition (the Property) to the City of Duluth at no cost for the purposes of storm water management 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, Third Floor City Hall, Duluth, Minnesota at or shortly after 5:00 p.m. on January 16, 2007, regarding the proposed sale.
  - C. That the sale of the Property to the City of Duluth conforms in all respects to the requirements of Minnesota Statutes 469.105.
2. The proper DEDA officials are hereby further authorized to execute all documents necessary to effectuate the sale of the hereinbefore described property to the City.

**Concerns/Questions:**

Krause said he is concerned about a deep retention pond with no guard rails. He wondered if it is appropriate to change ownership before safety measures are taken.

**Vote** to approve Resolution 07D-06: (6-1)

Yeas: Stover, Reinert, Stauber, Little, Johnson, Gilbert

Nays: Krause

**7. RESOLUTION 07D-07 - RESOLUTION TEMPORARILY TRANSFERRING FUNDS FROM TIF DISTRICT 7 IN THE AMOUNT OF \$66,422 TO TIF DISTRICT 14 TO MEET NWA TIF PAYMENT OBLIGATION.**

RESOLVED, by the Duluth Economic Development Authority ("DEDA") that the proper DEDA officials are hereby authorized to temporarily transfer the amount of \$66,422 from the account for Tax Increment District No. 7 to the Tax Increment District fund for Tax Increment District No. 14 in order to make the payment required to the State of Minnesota for the 1995 State of Minnesota Secured Series 1995A Bonds.

RESOLVED FURTHER, that the term of said transfer shall be considered to be an interfund loan to the Tax Increment District No. 14 fund, the duration of said loan shall be deemed to be

for a period of not to exceed one year and such loan shall bear interest payable to the source fund at an interest rate equal to that which said funds would have earned if they had remained on deposit in such source fund.

Cotruvo said Northwest Airlines did make a tax payment recently. DEDA received of \$127,192 from St. Louis County. A shortfall of the \$66,422 remains because NWA did not pay the entire amount needed to make the February 1<sup>st</sup> bond payment. This resolution would authorize use of TIF District #7 funds to cover the shortfall. There is continuing discussion with DEDA's attorney, as DEDA is trying to get some funds back through the bankruptcy court.

**Concerns/Questions:**

Krause asked how the monies will be paid back to the district it's being taken from. Cotruvo said once bankruptcy proceedings are completed it is hoped the delinquent funds will be recovered by DEDA. The most recent information is that Northwest has asked for another month for disclosure of their plans. There should be a roadmap developed of how claims will be treated under the plan - right now they are looking at mid- February.

Stover asked where District 7 is. Cotruvo said it is a scattered site, but is primarily in West Duluth.

**Vote** to approve Resolution 07D-06: Passed unanimously

8. **RESOLUTION 07D-08 - RESOLUTION AUTHORIZING FIRST AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT WITH LHB ENGINEERS & ARCHITECTS FOR WORKING DRAWINGS AND GEOTECHNICAL SERVICES FOR THE DOWNTOWN SKYWALK EXTENSION PROJECT IN THE AMOUNT OF \$139,055.**

RESOLVED, by the Duluth Economic Development Authority ("DEDA") that the proper DEDA officials are hereby authorized to enter into a First Amendment to DEDA Contract No. 06 865 485 (DEDA Contract No. 06 865 485<sub>(1)</sub>) substantially in the form of that attached hereto, with LHB Engineers & Architects to authorize preparation of working drawings for the downtown skywalk extension from Lake Superior Place to Tech Village Project and to reimbursement of said firm for the costs of survey and geotechnical investigation work related to said project in the amount of not to exceed \$139,055, payable from Fund 865, Agency 860, Organization 8604, Object 5302.

Cotruvo said the City has been working to stay within budget and design development drawings should be done within the next week. \$126,000 is budgeted for construction documents, some monies are for geo-technical work and, since most of Skywalk plan is for a bridge, \$3,000 is included in the total for survey work. Before any construction work is done, this project will go out for bid and come back before DEDA.

**Concerns/Questions:**

Reinert asked if a review of the Skywalk system itself can be done. Cotruvo said the first stage is just being completed, over 4<sup>th</sup> Avenue and through the new parking ramp. The next section will be the extension from the Sheraton to the parking ramp, with a planned opening by summer. After that will come the connection to the Greysolon Plaza building. The difficulty with coming into the Greysolon Plaza building is that it is residential on the upper floors and having the general public come into it at that level is not acceptable to the developer. Changing the configuration to come into the building further west could cost another \$1 million. There is no funding reserved at this time for this section beyond the cost of the bridge over 3<sup>rd</sup> Avenue East, which would be paid from MSA funds.

**Vote** to approve Resolution 07D-06: (6-1)

Yeas: Stover, Reinert, Stauber, Little, Johnson, Gilbert

Nays: Krause

President Stauber said the City Administration said approximately \$239,000 would be adequate payment from DEDA for 2007 City Services. DEDA and City Council will have to accept the 1% increase for staff salaries. A resolution will be before them, along with one for the Executive Director at the February meeting.

The January 16, 2007 meeting of DEDA was adjourned at 5:30 p.m.