

**SPECIAL MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
WEDNESDAY, February 28, 2024 – 12:16 P.M.
COUNCIL CHAMBERS-CITY HALL
MINUTES**

Present: Arik Forsman, Janet Kennedy, Dan Markham, ChaQuana McEntyre, Connor Randall

Absent: Ellie Just, Roz Randorf

Others Present: Amanda Anderson, Chad Ronchetti, Adam Ruhland, Mia Thibodeau, Emily Nygren, Angie Stier, Peter Passi, Eric Lohn,

CALL TO ORDER: The February 28, 2024 special meeting of DEDA was called to order by President McEntyre at 12:25 p.m.

PUBLIC TO ADDRESS THE COMMISSION

Adam Ruhland addressed the commission on the matter of approval Resolution 24D-12 and gave thanks to the councilors for support. It was clarified that public is able to address council on any matter or issue.

***Arik Forsman left meeting after quorum.

PUBLIC HEARINGS

RESOLUTION 24D-12: RESOLUTION AUTHORIZING A CONDITIONAL AGREEMENT WITH BIG HILL, LLC FOR THE CONVEYANCE OF PROPERTY IN THE WOODLAND NEIGHBORHOOD FOR \$185,000.

This resolution looks to authorize a conditional agreement with Big Hill, LLC. Markham moved for approval with amending section 3 to read as follows: "Developer hereby agrees that by April 2026, developer will have completed construction of the project as herein defined on the property. For the purposes of this agreement, the project shall consist of the construction of a restaurant with a drive-thru, renovating the 800 square foot building with construction to begin no later than April 2025 and complete no later than April, 2026 on properties of lots 9-11, block 4, Woodland Park, Second Division, St. Louis County Minnesota. For the length of the term, from the date that the city building official has issued certificates of occupancy under the state building code for all units". It was stated that this statement needs to be a public hearing opened and closed before a motion can be made.

It was explained that this project would create 2-3 FT jobs for Woodland Heights. Ruhland gave context for the project. This would allow for the creation of a seasonal ice cream business with drive-thru coffee and a donut bakery.

APPROVAL OF MEETING MINUTES

Meeting minutes - 02 for the November 15th, 2023 DEDA meeting.

Vote to approve Meeting Minutes: (Kennedy/Randall) Passed (4-0)

APPROVAL OF CASH TRANSACTIONS

This discussion was in regards to the Cash transactions for January 01, 2024 through January 31, 2024.

One item was noted for the cash transactions regarding a record transfer from 537 of \$834,316. This sum of money was reallocation of funds from City Council to DEDA from the sale of the Cirrus building.

Vote to approve Cash transactions: (Markham/Randall) Passed (4-0)

NEW BUSINESS

RESOLUTIONS FOR APPROVAL

RESOLUTION 24D-11: RESOLUTION CONFIRMING THE APPOINTMENT OF DAN MARKHAM TO THE DULUTH ECONOMIC DEVELOPMENT AUTHORITY

This resolution looked to confirm the appointment of Dan Markham to the Duluth Economic Development Authority for a 6-year term expiring on February 27, 2030. A roll-call vote was had as Councilor Forsman participated virtually in the meeting via Teams.

Vote to approve resolution 24D-11: (Kennedy/Randall) Passed (4-0)

RESOLUTION 24D-03: RESOLUTION ELECTING OFFICERS FOR THE YEAR 2024

Executive Director Chad Ronchetti thanked President McEntyre for her service as President of the board.

Vote to approve resolution 24D-03: (Kennedy/Randall) Passed (4-0)

RESOLUTION 24D-12: RESOLUTION AUTHORIZING A CONDITIONAL AGREEMENT WITH BIG HILL, LLC FOR THE CONVEYANCE OF PROPERTY IN THE WOODLAND NEIGHBORHOOD FOR \$185,000.

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The amended motion carried.

Vote to approve resolution 24D-12: (Markham/Randall) Passed (4-0)

RESOLUTION 24D-13: RESOLUTION AMENDING DEDA BYLAWS

This resolution amended the Bylaws of DEDA to require that the President and Vice President shall be elected from non-City Council members of the DEDA Board.

Vote to approve resolution 24D-13: (Randall/Markham) Passed (4-0)

RESOLUTION 24D-14: RESOLUTION ALIGNING DEDA PURCHASING POLICIES WITH CITY OF DULUTH

Director Ronchetti explained that the purpose of this resolution is to align the purchasing policy with the City of Duluth. The current limit for professional services is at \$40,000, with the City of Duluth having recently amended theirs to be \$50,000. Director Ronchetti states that we reflect city policy when changes are made by default.

Vote to approve resolution 24D-14: (Randall/Markham) Passed (4-0)

RESOLUTION 24D-15: RESOLUTION TO ACKNOWLEDGE AND APPROVE THE RENEWAL, WITH UPDATED TERMS, OF A PARKING LOT LICENSE AGREEMENT THROUGH APRIL 30, 2029, BETWEEN BARR ENGINEERING AND INTERSTATE PARKING COMPANY OF MINNESOTA LLC RELATED TO PARKING LOTS OWNED BY DEDA.

Director Ronchetti explains that this resolution is to update a parking agreement that was going to expire and was subsequently renegotiated. This involved agreement on taxes and increase of rate. Angie Stier, Economic Developer for City of Duluth, specified changes that were made. Stier explained that they had worked with BARR Engineering to come to the new terms. With the existing agreement set to expire at the end of March, 2024, there was a push to renew the agreement. This is a new contract with a 5-year term that was requested. The rate was increased to reflect current rates. The rates per parking spot pass were increased from \$40 to \$58 which is concurrent with the rates of the DECC.

Vote to approve resolution 24D-15: (Kennedy/Randall) Passed (4-0)

RESOLUTION 24D-16: RESOLUTION APPROVING THE MODIFICATION OF BOND DOCUMENTS RESULTING FROM THE AFFILIATION OF ST. LUKE'S HOSPITAL OF DULUTH WITH ASPIRUS, INC.

Director Ronchetti explained that St. Luke's is having an affiliation with Aspirus, Inc. St. Luke's is in possession of conduit bonds from DEDA. Mia Thibodeau of Fryberger Firm, who act as Bond Council to DEDA, explained that conduit bonds are allowed under Minnesota statutes and the issuance of conduit bonds benefit private parties for projects permitted under the statutes. The typical structure for a conduit financing is the authority issues obligations, the proceeds are loaned to the borrower and then the borrower signs a loan agreement, agreeing to be solely responsible for debt service on those bonds. In the loan agreement, the borrowers agree to be solely responsible for the payment of the obligation and expenses incurred related to the issuance of the obligation.

In regards to the resolution, St. Luke's has entered into an affiliation agreement with Aspirus Inc., which is a Wisconsin-based healthcare provider. DEDA issued multiple conduit obligations, the proceeds of which were loaned to St. Luke's pursuant to loan agreements. The surety of the loan agreement was the

issuance of “master note”, under an obligated group that St. Luke’s is a party to. St. Luke’s has an obligated group that is comprised of St. Luke’s, Lakeview Hospital in Two Harbors, and the St. Luke’s foundation. As part of the affiliation, that obligated group will go away, and St. Luke’s will become a member of the Aspirus obligated group. Because of this, the notes that were issued under the St. Luke’s master indenture need to be replaced with the notes that will be issued by the Aspirus obligated group. The Aspirus obligated group will substitute as security for the existing obligations. Because of this, many bond documents need to be updated, as listed in Resolution 24D-16. The supplement documents, the loan agreements, and the replacement bonds are the main documents that need updating. Director Ronchetti stated the conduit bond has no risk to DEDA at all because of the loan agreements and no guarantees.

Vote to approve resolution 24D-16: (Kennedy/Randall) Passed (4-0)

DISCUSSION

Director Ronchetti noted the service of Matt Cartier on the DEDA board.

Angie Stier discussed the results of the Small Business Marketing Match that occurred in 2023. The program started off with \$200,000 that was for two different rounds of disbursement. In the first round, applications opened on July 24th, and continued through September 24th. 21 applications were received and of this group, 15 applications were followed through to reimbursement which totaled \$59,240. 7 of these businesses were non-profits, 6 were BIPOC or minority owned businesses, and 10 were located in core investment areas within the city. The major businesses that participated were service or tourism industries with much digital focus. Most businesses were referred to this program by local groups. Feedback on the program was positive, however some applicants would have appreciated more time to develop marketing plans. The second round of the program has been launched with \$140,000 left of the original allocation. The second round of this program can assist a total of 28 businesses, if each business is allocated \$5,000. First round applicants cannot receive second round funding. A panel of City Staff will determine business eligibility and will be using the same metrics as used in the first round. Applicants of the second round of this program will be notified mid-May.

9. ADJOURN: President McEntyre adjourned the February 28, 2024 meeting of DEDA at 1:16 p.m.

Respectfully submitted,

Chad Ronchetti- Executive Director