

**MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
WEDNESDAY, DECEMBER 15, 2021 – 5:15 P.M.
VIA ELECTRONIC MEANS PURSUANT TO MINNESOTA STATUTES
SECTION 13D.021
MINUTES**

Please take notice that the Duluth Economic Development Authority will hold a public hearing by other electronic means pursuant to Minnesota Statutes Section 13D.021 on Wednesday, December 15, 2021, at 5:15 p.m. All persons interested may monitor and participate in the hearing by visiting: <http://dulutheda.org/live-meeting> promptly at 5:15 p.m. on Wednesday, December 15, 2021, and written comments may be submitted to DEDA in advance of the meeting via the DEDA's web site at <http://dulutheda.org/contact-us/> or via email at cfleege@duluthmn.gov, and DEDA will decide if the conveyance is advisable.

The regular meeting place of DEDA is the Duluth City Council Chambers at City Hall, 411 West First Street, in Duluth, Minnesota. At this time board members of DEDA do not intend to attend the meeting in person; due to continually evolving restrictions and guidance from state and federal officials and agencies, the board members of DEDA will attend the meeting remotely via telephone or other electronic means pursuant to Minnesota Statutes Section 13D.021.

Present: Matt Cartier, Zack Filipovich, Ellie Just, ChaQuana McEntyre Tim McShane, Derek Medved, Roz Randorf

Absent:

Others Present: Chris Fleege, Theresa Bajda, Jason Hale, Robert Asleson, Brett Crecelius, Adam Fulton, Eleanor Bacso, Shari Marshik, Riki McManus, Steve Schwanke, Bob Cunningham, Jon Commers, Chad Ronchetti, Peter Passi, John Ramos

1. CALL TO ORDER: The December 15, 2021 meeting of DEDA was called to order by President Cartier at 5:16 p.m.

2. PUBLIC TO ADDRESS THE COMMISSION

3. PUBLIC HEARINGS

4. APPROVAL OF MEETING MINUTES

- MINUTES FROM NOVEMBER 17, 2021 REGULAR MEETING

Vote to approve the November 17, 2021 meeting minutes (McShane/Filipovich) (Roll call vote: Cartier, Filipovich, Just, McShane, Medved, Randorf) Passed (6-0).

5. APPROVAL OF CASH TRANSACTIONS
- NOVEMBER 1, 2021 TO NOVEMBER 30, 2021

Vote to approve the November 1 to November 30, 2021 cash transactions

(Filipovich/Randorf) (Roll call vote: Cartier, Filipovich, Just, McShane, Medved, Randorf) Passed (6-0).

6. NEW BUSINESS

7. RESOLUTIONS FOR APPROVAL

RESOLUTION 21D-47: RESOLUTION APPROVING COMMISSIONER JUST INTERIM SECRETARY OF DEDA

Staff: Director Fleege stated that electing officers is typical at the January meeting, but with Commissioner Filipovich's Council term ending at the end of the year, this prepares us for any document execution until a new secretary is voted at the regular January meeting.

Discussion: Commissioner Just volunteers for interim secretary position.

Vote to approve resolution 21D-47: (Filipovich/Just) (Roll call vote: Cartier, Filipovich, Just, McShane, Medved, Randorf) Passed (6-0).

RESOLUTION 21D-48: RESOLUTION ADOPTING A SCHEDULE OF REGULAR MEETING DATES FOR THE YEAR 2022

Vote to approve resolution 21D-48: (Randorf/Medved) (Roll call vote: Cartier, Filipovich, Just, McShane, Medved, Randorf) Passed (6-0).

RESOLUTION 21D-49: RESOLUTION AUTHORIZING THE EXECUTION OF A PURCHASE AGREEMENT WITH HOLIDAY COMPANIES FOR THE ACQUISITION OF CERTAIN REAL PROPERTY IN THE DENFELD NEIGHBORHOOD

Staff: Director Fleege introduced Jason Hale to provide background on project.

Discussion: Jason Hale stated the property is near the ore docks between Wheeler Fields and indicated there once was a condemned structure and Holiday gas station. Confirmed a closure letter was received from the MPCA after the underground tanks were removed and the Parks Division no longer sees use for the City owned parcels. Assembling parcels from the County, City, and Holiday Companies will provide just shy of two acres for future multi-family housing development. Anticipate Developer providing proposal in conjunction with the ARPA RFP.

Vote to approve resolution 21D-49: (McShane/Medved) (Roll call vote: Cartier, Filipovich, Just, McShane, Medved, Randorf) Passed (6-0).

RESOLUTION 21D-50: RESOLUTION AUTHORIZING THE ACQUISITION OF CERTAIN REAL PROPERTY IN THE DENFELD NEIGHBORHOOD FROM THE CITY OF DULUTH

Vote to approve resolution 21D-50: (Filipovich/Randorf) (Roll call vote: Cartier, Filipovich, Just, McShane, Medved, Randorf) Passed (6-0).

RESOLUTION 21D-51: RESOLUTION AUTHORIZING ACQUISITION OF CERTAIN TAX FORFEITED REAL PROPERTY FROM THE STATE OF MINNESOTA THROUGH ST. LOUIS COUNTY

Vote to approve resolution 21D-51: (Randorf/McShane) (Roll call vote: Cartier, Filipovich, Just, McShane, Medved, Randorf) Passed (6-0).

RESOLUTION 21D-52: RESOLUTION AUTHORIZING ACCEPTING CONVEYANCE OF REAL PROPERTY IN THE OBSERVATION HILL NEIGHBORHOOD FROM THE HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA FOR REDEVELOPMENT PURPOSES

Staff: Director Fleege turned over to Jason Hale and indicated it will likely be the last small infill property for DEDA acquisition.

Discussion: Jason Hale indicated that infill sites for Rebuild Duluth had been coming through DEDA as staff created an inventory of sites for the program. Stated the Housing Trust Fund will provide some infill sites to be conveyed to qualified Developers, but after this site, the HRA will take over holding smaller infill sites for the program. This last site will provide DEDA ownership of roughly ten infill sites for the first wave of HTF applications received.

Vote to approve resolution 21D-52: (Medved/Filipovich) (Roll call vote: Cartier, Filipovich, Just, McShane, Medved, Randorf) Passed (6-0).

RESOLUTION 21D-53: RESOLUTION APPROVING AMERICAN RESCUE PLAN ACT AGREEMENT WITH THE CITY OF DULUTH AND NEW BURNHAM, LLC FOR DEVELOPMENT OF THE BURNHAM APARTMENTS PROJECT

Staff: Director Fleege stated that ARPA funds will ultimately be approved by City Council, but because the Development Agreement for TIF went through DEDA it makes more sense to have both agreements follow each other. This additional funding will increase the number of affordable units.

Discussion: Jason Hale thanked Attorney Asleson for his work on this and confirmed the agreement provides additional funding in exchange for 30% more units at 70% AMI. Indicated that linking the terms of the TIF Development Agreement to this ARPA Agreement makes sense as the defaults within the TIF Agreement will remain the same.

Commissioner Filipovich thanked Developer and City Staff for their work on the project and expressed excitement to see the historic structure restored for additional workforce housing in downtown Duluth.

Vote to approve resolution 21D-53: (Filipovich/Just) (Roll call vote: Cartier, Filipovich, Just, McShane, Medved, Randorf) Passed (6-0).

RESOLUTION 21D-54: RESOLUTION DIRECTING EVALUATION AND CONCEPT EVALUATION FOR CANAL PARK ALLEY BETWEEN BUCHANAN STREET AND SUTPHIN STREET

Staff: Director Fleege indicated he will defer to Commissioner Filipovich who worked with staff to bring this resolution forward. Stated it will allow for a high-level study and collaboration with local businesses to determine what transformation of this alley could look like to become more pedestrian and commerce friendly.

Discussion: Commissioner Filipovich thanked staff and indicated he has high hopes for this area in the future after speaking with many business owners in the Canal Park area. Hopeful this high-level study and discussion will provide momentum for activating the alley to be more commerce friendly.

Vote to approve resolution 21D-54: (Filipovich/Medved) (Roll call vote: Cartier, Filipovich, Just, McShane, Medved, Randorf) Passed (6-0).

RESOLUTION 21D-55: RESOLUTION AUTHORIZING DECERTIFYING TIF DISTRICTS 19 AND 24 AND AUTHORIZING REPAYMENT OF EXCESS INCREMENTS

Staff: Director Fleege indicated this is administrative in nature and after DEDA consultant Ehlers took a look at all the TIF districts they found two districts had met their obligations but were still accruing increment.

Discussion: Bob Asleson stated that as district obligations are fully satisfied, the District should not pay additional increment to the Authority, but we did collect beyond the date. Board approval is required to decertify the districts and return collected increment to the County for disbursement.

Vote to approve resolution 21D-55: (Randorf/Filipovich) (Roll call vote: Cartier, Filipovich, McShane, Medved, Randorf) Passed (5-0).

RESOLUTION 21D-56: RESOLUTION OF INTENT TO ESTABLISH DULUTH PRODUCTION INCENTIVE PROGRAM AND TO FUND SAID PROGRAM IN THE AMOUNT OF \$200,000

Staff: Director Fleege introduced Eleanor Bacso to provide overview and answer any questions.

Discussion: Eleanor stated the resolution before Commissioners approves the total amount of funding, but not the program guidelines themselves as those will be brought to DEDA for approval at a later meeting. The original discussion was to fund the program with \$150,000 but the need is great and looking at a rare economic opportunity to support a thriving market provided the increased request.

Commissioner Randorf thanked those who have worked on the project and agrees with opportunity in Duluth having seen success by IRRRB and St. Louis County. Questioned if there was potential downside to the program or rebate setup of reimbursement.

Eleanor stated one downside is the initial investment may not be enough for the appetite in Duluth for additional production.

Shari Marshik from Upper Midwest Film indicated she does not see a downside to the program and confirmed the program guidelines will be designed with clear goals and success measures in place so we ensure the economic impact is positive in Duluth.

Commissioner Filipovich expressed support but questioned if the \$200,000 is one time or a recurring incentive.

Eleanor stated the hope would be that this initial investment would be expensed by the end of 2022 and a continued conversation related to additional funding would be based on program success.

Vote to approve resolution 21D-56: (Randorf/Filipovich) (Roll call vote: Cartier, Filipovich, McShane, Randorf) Passed (4-0).

8. DISCUSSION

I. DIRECTORS REPORT

Staff: Director Fleege recognized Commissioner Filipovich at his last DEDA meeting and thanked him for his invaluable service to the business community. Making headway on the

MRO with Cirrus and will continue to work with them on leasing the building.

II. LOT D DEVELOPMENT

Staff: Deputy Director Fulton expressed appreciation for joining meeting today and thanked Commissioners that attended the onsite walk through at Lot D to discuss what would be appropriate for the site. Confirmed staff issued an RFI to begin dialogue with potential development partners and received three great responses. Selection Committee of internal staff from multiple Divisions recommend Inland Development. No action requested of DEDA board at this time, rather an opportunity to meet Inland Development and start dialogue related to the site and its future.

Discussion: Bob Cunningham and Steve Schwanke from Inland Development thanked Commissioners and Staff and stated the first challenge their team is faced with is identifying the extraordinary costs for site redevelopment so dialogue can begin related to this challenge and how to excel with redevelopment. Reviewed previous projects their group worked on in Minnesota.

Commissioner Filipovich thanked consultants for their work and proposal.

9. ADJOURN: President Cartier adjourned the December 15, 2021 meeting of DEDA at 6:30 p.m.

Respectfully submitted,

Chris Fleege
Executive Director