

**SPECIAL MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
WEDNESDAY, APRIL 20, 2022 – 12:15 P.M.
COUNCIL CHAMBERS-CITY HALL
MINUTES**

Present: Arik Forsman, Ellie Just, ChaQuana McEntyre, Tim McShane, Roz Randorf, Renee Van Nett

Absent: Matt Cartier

Others Present: Amanda Anderson, Robert Asleson, Chris Fleege, Chris Johnson (St. Luke's), Mia Thibodeau

1. CALL TO ORDER: The April 20, 2022 special meeting of DEDA was called to order by Vice President McShane at 12:15 p.m.

2. PUBLIC TO ADDRESS THE COMMISSION

No public comments.

3. PUBLIC HEARINGS

RESOLUTION 22D-20: RESOLUTION APPROVING THE ISSUANCE AND SALE OF HEALTH CARE FACILITIES REVENUE BONDS, SERIES 2022B (ST. LUKE'S HOSPITAL OF DULUTH OBLIGATED GROUP)

No public comments.

NEW BUSINESS

4. RESOLUTIONS FOR APPROVAL

RESOLUTION 22D-20: RESOLUTION APPROVING THE ISSUANCE AND SALE OF HEALTH CARE FACILITIES REVENUE BONDS, SERIES 2022B (ST. LUKE'S HOSPITAL OF DULUTH OBLIGATED GROUP)

Staff: Director Fleege invited the St. Luke's representatives to speak. This was a request from St. Luke's for DEDA to act as a non-conduit for health care facilities revenue bonds. Chris Johnson spoke on behalf of St. Luke's. Mr. Johnson provided St. Luke's is targeting \$80 million total for their project. There will be around \$7 million dollars spent in Two Harbors on a surgical expansion at the facility there. The rest of the money will be spent on the main St. Luke's campus in Duluth. This will allow St. Luke's to build on top of current building A and expanding

the ICU and critical and cardiac care capacity to meet the demands of the community. St. Luke's will be remodeling the floors in the old historic hospital facility to provide an updated look. St. Luke's also intends to reimburse itself for the purchase of the Pavilion building which happened in December of 2021—about \$7 to \$8 million of reimbursement. About \$200,000 will come to DEDA for the fees that St. Luke's is paying on the bonds.

Discussion: Commissioner Randorf thanked St. Luke's for investing in Duluth and the Downtown and patient care. Commissioner Randorf asked about how the bond trustee is determined or why a local entity wasn't used. Mr. Johnson explained that typically US Bank was used prior and due to pricing and the response time, the request was sent back out to market. UMB was the recommendation for this size of activity and they are really the industry leader. St. Luke's financial advisor recommended UMB.

Commissioner Van Nett thanked St. Luke's for the work and raised the topic of parking issues and the community impact and response. Commissioner Van Nett asked for clarification on whether or not the bonds and this project would be impacting citizens. Mr. Johnson provided that St. Luke's has a very comprehensive main campus redevelopment plan. Much of the plan revolves around the facility and works on revitalizing the old facility and keeping it so they don't have to build more towers and obstruct views and take up more parking. Alongside this project, St. Luke's will have a new parking ramp development next to the Northland building that will be happening in the next couple of years with DEED funds that were okayed a few years ago. This will be a \$14 million investment and will double the space of the current parking ramp; adding 250-300 more spaces and will likely alleviate parking on the streets from patients and employees. St. Luke's intent is to make their campus more walkable and incorporate green space. St. Luke's is focused on keeping in mind the community as the campus is revitalized. Community members are invited into speaking sessions and investigation around what the community would like to see from St. Luke's.

Commissioner McEntyre asked about how St. Luke's is being intentional within the community to ensure BIPOC community members have access to contracts to do work on the building and really just wanted to bring that to light. Mr. Johnson stated he will bring that note back to St. Luke's.

Commissioner Forsman asked if there will be a Project Labor Agreement for the work at St. Luke's. Mr. Johnson confirmed, to his knowledge, there would be a PLA. Commissioner Forsman also inquired about the 'statement of purpose' as it relates to Two Harbors and the approval contingency. The ask was, if the Two Harbors portion did not pass, would the Duluth portion still proceed.

Director Fleege provided the bond issuance is contingent upon the transaction and the closing. Director Fleege deferred to Mia Thibodeau from Fryberger to explain in greater detail. Mia added, for state law purposes, the City of Two Harbors has to approve because proceeds from these bonds are being spent in their jurisdiction. If Two Harbors did not approve, likely this would come back in front of the DEDA board to split the project somehow.

Vote to approve resolution 22D-20: (Randorf/Van Nett) Passed (6-0).

Commissioner Van Nett added she would like to ensure the Project Labor Agreement is in place for this project.

DISCUSSION

Director Fleege explained that normal development agreements have the community benefits and PLAs incorporated, especially when public assistance is provided on projects. When the parking ramp is built with bond dollars, the PLAs and community benefits will also be incorporated. In this issuance DEDA is acting as a conduit and St. Luke's is not receiving any subsidy from the City or those projects at this time. This is the distinction on when those elements are required.

9. ADJOURN: Vice President McShane adjourned the April 20, 2022 special meeting of DEDA at 12:26 p.m.

Respectfully submitted,

Chris Fleege--Executive Director