MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
WEDNESDAY, OCTOBER 26, 2022 – 5:15 P.M.
COUNCIL CHAMBERS-CITY HALL
MINUTES

Present: Matt Cartier, Arik Forsman, Ellie Just, Roz Randorf

Absent: ChaQuana McEntyre, Terese Tomanek

Others Present: Amanda Anderson, Gary Anderson (City Councilor), Eleanor Bacso, Theresa Bajda, Tom Church, Chris Fleege, Peter Passi, Ethan Scrivner

1. CALL TO ORDER: The October 26, 2022 meeting of DEDA was called to order by President Cartier at 5:15 p.m.

2. PUBLIC TO ADDRESS THE COMMISSION

No comments.

3. PUBLIC HEARINGS

No public hearings.

APPROVAL OF MEETING MINUTES

SEPTEMBER 28, 2022 REGULAR MEETING MINUTES

No discussion.

VOTE TO APPROVE THE SEPTEMBER 28, 2022 REGULAR MEETING MINUTES: (Randorf/Just) Vote: Passed (4-0).

APPROVAL OF CASH TRANSACTIONS

SEPTEMBER 1, 2022 TO SEPTEMBER 30, 2022

Director Fleege noted funds are coming in for housing projects. More money will be coming in for 2022 and then will be spent in 2023. The rest of the transactions were standard.

VOTE TO APPROVE THE SEPTEMBER 1 TO SEPTEMBER 30, 2022 CASH TRANSACTIONS: (Just/Randorf) Vote: Passed (4-0).

OLD BUSINESS

NEW BUSINESS

4. RESOLUTIONS FOR APPROVAL

RESOLUTION 22D-61: RESOLUTION APPROVING THE DEDA 2023 BUDGETS

There were no changes to the budget as it was presented at last month's DEDA meeting.

Vote to approve resolution 22D-61: (Randorf/Forsman) Vote: Passed (4-0).

RESOLUTION 22D-62: RESOLUTION AUTHORIZING FIRST AMENDMENT TO DEVELOPMENT AGREEMENT WITH MERGE LLC FOR THE DEVELOPMENT OF THE URBANE DULUTH PROJECT INCREASING DEDA'S SUPPORT TO THE PROJECT BY $700,000.

Theresa Bajda addressed the commissioners. Last month commissioners saw an amendment to the supplemental funding that changed the affordability mix. This is a request to increase the TIF by $700,000. The project had not maxed out on available TIF funds at the time of the development agreement. Cost for construction came back significantly higher; it went from $9.2 million to well over $12 million. The developer passed an additional but-for test showing there was a gap in the Urbane project. The terms of the development agreement will stay the same. The project is being replicated in two other locations in Minnesota by the same developer and the costs associated with this project are coming in 30% higher. Commissioner Forsman asked about what an updated timeline would look like for this project. Theresa provided background that a building permit was issued by Construction Services. The developer could begin some ground work and would like to be in the ground with utilities before the ground freeze. An additional request will go in front of the Housing Trust Fund Advisory Committee on Thursday for a million-dollar bridge loan. It is a 0%, 18-month construction bridge loan. This should allow the bank to close on financing and Kraus Anderson continues to do value engineering.

Vote to approve resolution 22D-62: (Forsman/Randorf) Vote: Passed (4-0).

RESOLUTION 22D-63: RESOLUTION OF THE DULUTH ECONOMIC DEVELOPMENT AUTHORITY FINDING A PARCEL IS OCCUPIED BY A STRUCTURALLY SUBSTANDARD BUILDINGS AND MEETS THE REQUIREMENTS OF A REDEVELOPMENT TAX INCREMENT FINANCING DISTRICT UNDER MINNESOTA STATUTES §469.174, SUBD. 10

This resolution was for a tract of land that had experienced a fire and there was substantial damage to one of the buildings. The report preserves the ability for the establishment of a possible future TIF district and provides the required findings that would be needed for future redevelopment. This is a pre-emptive action taken by DEDA to preserve the TIF ability before any demolition takes place. The resolution is asking that commissioners acknowledge the letter and findings and there is no redevelopment plan at this time. Commissioner Forsman inquired

about the multiple owners of multiple parcels and wanted clarification around what area was encompassed. Director Fleege stated the redevelopment area could possibly encompass that section of block, but is not relegated to it. The driving factor is the potential demolition of the building that caught fire. President Cartier clarified that this is not to set up a TIF district. Director Fleege confirmed this is not to set up a district, rather it is approving the report and other action would need to be taken by DEDA to establish a district and then it would go to City Council.

Vote to approve resolution 22D-63: (Just/Randorf) Vote: Passed (4-0).

RESOLUTION 22D-64: RESOLUTION AUTHORIZING PURCHASE OF CERTAIN TAX FORFEITED REAL PROPERTY FROM THE STATE OF MINNESOTA THROUGH ST. LOUIS COUNTY

This is a chunk of land out in West Duluth. Theresa Bajda provided background. Commissioners had previously seen a development agreement with this parcel with Fathers Rise Together. Fathers Rise Together had a purchase agreement with the county to purchase this parcel. The property had a building on it that was blighted. It was called out in the development agreement that in exchange for the City's use of CDBG funds that Fathers Rise Together would build up to five units to support individuals who have been release from incarceration. DEDA will acquire the property for $500, terminate the existing agreement with Fathers Rise Together and there will be a future land sale to Fathers Rise Together, conveying the property and maintain the stipulations of the original development agreement. There will be up to and at least five units of housing true to Fathers Rise Togethers' mission.

Vote to approve resolution 22D-64: (Randorf/Just) Vote: Passed (4-0).

Vote to suspend the rules to allow resolution 22D-65 to be heard: (Forsman/Randorf)

RESOLUTION 22D-65: RESOLUTION AUTHORIZING TRANSFER OF UP TO $75,000 IN FUNDING FOR LINCOLN PARK FIBER PILOT PROJECT

There is a four block stretch in Lincoln Park that is being rebuilt right now and the street is open. This is within the area that the proposed fiber project would be in and servicing a lot of the businesses in Lincoln Park. This would allow DEDA to put in conduit and boxes that would be necessary for fiber. It will be 4-5 times cheaper to install the infrastructure now while work is currently being done. DEDA is providing a bridge for this funding and with Council approval of the Enterprise Fund, there will be $1 million that Council had set aside for Broadband that would reimburse DEDA.

Vote to approve resolution 22D-65: (Randorf/Just) Vote: Passed (4-0).

DISCUSSION

- **DIRECTOR'S REPORT**

  Chris Fleege introduced Attorney Ethan Scrivner to the Commissioners.

  -DEDA Property Transactions

  -Temp authorization to transfer unobligated TIF Funds

9. ADJOURN: President Cartier adjourned the October 26, 2022 meeting of DEDA 5:33 p.m.

Respectfully submitted,

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Chris Fleege--Executive Director