

**MEETING OF THE  
DULUTH ECONOMIC DEVELOPMENT AUTHORITY  
TUESDAY, AUGUST 25, 2020 – 12:00 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 Tuesday, August 25, 2020, at 12:00 p.m. All persons interested may monitor and participate in the hearing by visiting: <http://dulutheda.org/live-meeting> promptly at 12:00 p.m. on Tuesday, August 25, 2020, 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](mailto: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.

**Call To Order:** The August 25, 2020 meeting of DEDA was called to order by Vice President McShane at 12:00 p.m.

**Present:** Matt Cartier, Craig Chilcote, Zack Filipovich, Tim McShane, Derek Medved, Roz Randorf

**Others Present:** Amanda Anderson, Robert Asleson, Theresa Bajda, Lori Davey, Chris Fleege, Bill King, Chad Ronchetti

**Absent:** N/A

**PUBLIC TO ADDRESS THE COMMISSION**

**PUBLIC HEARINGS**

1. **RESOLUTION 20D-51: RESOLUTION AUTHORIZING A FIRST AMENDMENT TO THE LAND SALE AGREEMENT WITH HUGHES OLSEN WORKSHOP LLC RELATED TO THE REBUILD DULUTH PROGRAM.**

No comment.

2. **RESOLUTION 20D-52: RESOLUTION AUTHORIZING A FIRST AMENDMENT TO THE LAND SALE AGREEMENT WITH HUGHES OLSEN WORKSHOP LLC RELATED TO THE REBUILD DULUTH PROGRAM.**

No comment.

**APPROVAL OF MINUTES:** June 24, 2020 meeting minutes.

**Vote to approve the June 24, 2020 meeting minutes:** Roll call vote: Cartier, Chilcote, Filipovich, McShane, Medved, Randorf (McShane/Randorf) Passed unanimously (6-0).

**APPROVAL OF CASH TRANSACTIONS- JUNE 1, 2020 TO JUNE 30, 2020**

Director Fleege wanted to note that the payment of \$443,000 to the Entrepreneur Fund was the funding that was set up for the small business loan program and a report will be forthcoming in about 6 months' time. There were two land transactions that took place with the State of Minnesota. There was also an item from Ehlers in regards to the Costco project.

**Vote to Approve June 1-June 30, 2020 Cash Transactions:** Roll call vote: Cartier, Chilcote, Filipovich, McShane, Medved, Randorf (Chilcote, Filipovich) Passed unanimously (6-0).

**APPROVAL OF CASH TRANSACTIONS- JULY 1, 2020 TO JULY 31, 2020**

Director Fleege stated that the transactions were normal for the month, but wanted to note that all of the payments should be caught up for paying the DEDA Commissioners and that is listed. There was also title work that was being done for the Rebuild Duluth program which was listed in the transactions.

**Vote to Approve July 1-July 31, 2020 Cash Transactions:** Roll call vote: Cartier, Chilcote, Filipovich, McShane, Medved, Randorf (Filipovich, Randorf) Passed unanimously (6-0).

**NEW BUSINESS**

**RESOLUTIONS FOR APPROVAL**

**1. RESOLUTION 20D-51: RESOLUTION AUTHORIZING A FIRST AMENDMENT TO THE LAND SALE AGREEMENT WITH HUGHES OLSEN WORKSHOP LLC RELATED TO THE REBUILD DULUTH PROGRAM.**

**Staff:** Director Fleege talked about resolutions 20D-51 and 20D-52 together. Hughes Olsen Workshop LLC is partnering with One Roof to have these two narrow lots be eligible for the Land Grant Trust Housing Program. They will sell these for \$150,000 and will cost about \$200,000 to construct. They have also asked for an additional year to make this project work. By amending this agreement they will be able to receive the grant. Both of the lots are almost identical in layout.

**Discussion:** Commissioner Randorf asked about how money would be recouped since a loss will be taken on this project. She also inquired on whether or not there would be some sort of financial recap in the future. Director Fleege explained that there would be a recap as that was built-in to the agreement. The final constructed costs will be shared with Commissioners.

**Vote to Approve Resolution 20D-51:** Roll call vote: Cartier, Chilcote, Filipovich, McShane, Medved, Randorf (Chilcote/Medved) Passed unanimously (6-0).

**2. RESOLUTION 20D-52: RESOLUTION AUTHORIZING A FIRST AMENDMENT TO THE LAND SALE AGREEMENT WITH HUGHES OLSEN WORKSHOP LLC RELATED TO THE REBUILD DULUTH PROGRAM.**

**Staff:** No additional information.

**Discussion:** No discussion.

**Vote to Approve Resolution 20D-52:** Roll call vote: Cartier, Chilcote, Filipovich, McShane, Medved, Randorf (Randorf/Filipovich) Passed unanimously (6-0).

**3. RESOLUTION 20D-53: RESOLUTION CONSENTING TO THE REFUNDING OF A HEALTH CARE FACILITIES REVENUE NOTE BY THE HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA.**

**Staff:** Director Fleege indicated that DEDA has initiated bonding dollars for the Essentia Health expansion and thus has exceeded its bonding capacity at this time. The Housing and Redevelopment Authority of Duluth, MN (HRA) will consent to issue bonds to support the health care facility so they can move forward with refinancing and additional improvements.

**Discussion:**

**Vote to Approve Resolution 20D-53:** Roll call vote: Cartier, Chilcote, Filipovich, McShane, Medved, Randorf (Chilcote, Filipovich) Passed unanimously (6-0).

**4. RESOLUTION 20D-54: RESOLUTION ACCEPTING A CONTAMINATION INVESTIGATION AND REMEDIAL ACTION PLAN ("RAP") DEVELOPMENT GRANT APPLICATION IN THE AMOUNT OF \$50,000 FROM THE MINNESOTA DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT RELATING TO PROPERTY LOCATED AT 424 SOUTH LAKE AVENUE, AUTHORIZING EXECUTION OF GRANT AGREEMENT AND COMMITTING LOCAL MATCH.**

**Staff:** Director Fleege indicated this parking lot located in center area between Little Angie's Cantina, the Sports Garden, and Grandma's Restaurant. Stated that DEDA owns 1/3<sup>rd</sup> of the lot and the other 2/3<sup>rd</sup>s is own by Grandma's Restaurant. Staff have been working on Phase I and II environmental evaluation to determine the extent of cleanup required at this site for any

future development. The next step with using DEED grant dollars will be to quantify the environmental challenges and determine the extent of the required cleanup prior to considering any future development. DEDA will meet the local grant match requirement.

**Discussion:** Commissioner Randorf questioned what it looks like down the road for DEDA and sale of the property. Director Fleege indicated that all has to be determined and any future land transactions would go before the DEDA board. Reiterated DEDA's mission to promote economic development and commitment to the Canal Park area. Commissioner Randorf questioned the extent of the environmental study. Director Fleege indicated the first step will be to determine the extent of cleanup required, not the actual cleanup or remediation actions. Commissioner Filipovich encouraged acceptance of this resolution and discussed the importance of grant funding for important environmental remediation.

**Vote to Approve Resolution 20D-54:** Roll call vote: Cartier, Chilcote, Filipovich, McShane, Medved, Randorf (McShane, Randorf) Passed unanimously (6-0).

**5. RESOLUTION 20D-55: RESOLUTION AUTHORIZING LEASE TERMINATION AGREEMENT WITH AAR AIRCRAFT SERVICES INC. AND SETTLING ALL FINANCIAL OBLIGATIONS THEREUNDER.**

**Staff:** Director Fleege indicated that by the end of July AAR discontinued operations and furloughed their staff. Contact between City Staff and AAR was extensive prior to the closure to determine if there was a way to preserve operations and staff at the Duluth location. AAR had a six-month obligation in lease and expenses after they gave notice. This settlement is the rent for the three months remaining on their lease. City is on good terms with AAR and hopeful they will once again operate out of MRO in the future.

**Discussion:** Commissioner Filipovich thanked Director Fleege and Chad Ronchetti for their hard work during the pandemic to preserve the relationship with AAR. Thankful for the immediate revenue stream from Cirrus in resolution 20D-56.

**Vote to Approve Resolution 20D-55:** Roll call vote: Cartier, Chilcote, Filipovich, McShane, Medved, Randorf (Medved/Chilcote) Passed unanimously (6-0).

**6. RESOLUTION 20D-56: RESOLUTION AUTHORIZING OVERFLOW TEMPORARY PARKING SPACE LEASE AGREEMENT WITH CIRRUS DESIGN CORPORATION D/B/A CIRRUS AIRCRAFT FOR USE OF THE MRO.**

**Staff:** Director Fleege indicated that the MRO building will allow Cirrus to store large aircrafts while they wait for key parts and components. Cirrus to leverage the space and continue providing employment in Duluth. Excited to open the facility to them. Thanked Chad Ronchetti and other City Staff for their hard work to negotiate a rate and agreement that worked for both parties.

**Discussion:**

**Vote to Approve Resolution 20D-56:** Roll call vote: Cartier, Chilcote, Filipovich, McShane, Medved, Randorf (McShane, Filipovich) Passed unanimously (6-0).

**7. RESOLUTION 20D-57: RESOLUTION AUTHORIZING AN AGREEMENT WITH THE CITY OF DULUTH FOR DEMOLITION OF THE ONEOTA STREET RAILROAD BRIDGE IN THE AMOUNT OF NOT TO EXCEED \$130,000.**

**Staff:** Director Fleege indicated this property was part of transaction when DEDA was acquiring property years ago to keep Northstar Ford in Duluth. Over the years, DEDA tried to liquidate the properties, but was left with this one that has a bridge on it. Indicated the demolition has not gone to bid yet, but LHB Consultants have provided a not to exceed with contingency built in for the cost of demolition due to its dilapidated state. The bridge currently presents a public safety concern.

**Discussion:** Commissioner Randorf questioned if a buyer for a bridgeless less piece of land is in the works. Director Fleege indicated it is a public safety concern presented by Public Works and no buyer is presently seeking the property.

**Vote to Approve Resolution 20D-57:** Roll call vote: Cartier, Chilcote, Filipovich, McShane, Medved, Randorf (Chilcote, McShane) Passed unanimously (6-0).

**8. RESOLUTION 20D-58: RESOLUTION AUTHORIZING FIRST AMENDMENT TO AGREEMENT WITH BAKER TILLY MUNICIPAL ADVISERS LLC PERTAINING TO THE UPGRADING AND CONVERSION OF THE DULUTH PAPER MILL AND RECYCLE FIBER PLANT, INCREASING THE AMOUNT PAYABLE THEREUNDER BY \$20,000.**

**Staff:** Director Fleege indicated the base agreement and first two exhibits might have missed the DEDA agenda packet and will be sent to Commissioners following the meeting. City began working with Verso in early July to identify and onboard a consultant to look at facility upgrades necessary to incentivize a new buyer of the Verso facility. The City hired Baker Tilly for said consultant work with an original contract amount not to exceed \$40,000. The additional \$20,000 increase will allow the consultant to perform additional research on new market tax credits, opportunity zone funding, and census tract funding.

**Discussion:** Commissioner Filipovich thanked Director Fleege, City staff, and partners for working on this. The closing and reopening of this or different mill will have a large impact on Duluth in terms of tax base, utilities, and employment. Indicated the cost is justified to help present a package to potential buyers for this facility. Making sure we have this type of industry in Duluth at this site is a very good thing. Recommended support of this resolution.

**Vote to Approve Resolution 20D-58:** Roll call vote: Cartier, Chilcote, Filipovich, McShane, Medved, Randorf (Filipovich, Randorf) Passed unanimously (6-0).

## **DISCUSSION**

### **DIRECTOR'S REPORT**

Director Fleege thanked Commissioners for joining over their lunch break to make this meeting possible.

#### **-Rebuild Duluth Update—Round Two**

Director Fleege indicated details about a round two of the Rebuild Duluth program will be brought to the DEDA board at their regular September meeting.

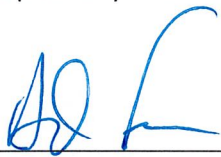
#### **-Budget/Financials Update**

Director Fleege indicated Lori Davey would provide a broader financial update at the regular September meeting. Noted that NE Small Business Development Center received \$30,000 from DEDA for consulting services during the pandemic. They have since received federal funding and returned the money to DEDA.

Director Fleege indicated Commissioner Chilcote would be stepping down from the DEDA Board. Thanked Commissioner Chilcote for his service and time. Indicated he will work diligently to fill the two vacant DEDA positions.

**ADJOURNMENT:** Vice President McShane adjourned the August 19, 2020 Special meeting of DEDA at 12:49 p.m.

Respectfully submitted,



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Adam Fulton  
Deputy Director