

**MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
WEDNESDAY, APRIL 28, 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, April 28, 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, April 28, 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.

1. CALL TO ORDER: The April 28, 2021 meeting of DEDA was called to order by Commissioner Filipovich at 5:16 p.m.

Present: Zack Filipovich, Roz Randorf, Ellie Just, Derek Medved

Others Present: Robert Asleson, Chris Fleege, Theresa Bajda, Jason Hale, Daniel Fanning, Brian Forcier, Emily Nygren, Peter Passi, Jenn Reed Moses, Adam Fulton

Absent: ChaQuana McEntyre, Tim McShane, Matt Cartier

2. PUBLIC TO ADDRESS THE COMMISSION

No public comments.

3. PUBLIC HEARINGS

RESOLUTION 21D-12: RESOLUTION AUTHORIZING SALE OF CERTAIN REAL PROPERTY IN THE DULUTH HEIGHTS NEIGHBORHOOD TO THE CITY OF DULUTH FOR NOMINAL CONSIDERATION

No public comments.

4. APPROVAL OF MINUTES

-MEETING MINUTES FROM FEBRUARY 24, 2021 MEETING

Vote to approve the February 24, 2021 meeting minutes (Roll call vote: Randorf, Medved, Filipovich, Just) (Medved/Randorf) Passed 4-0

5. APPROVAL OF CASH TRANSACTIONS

FEBRUARY 1, 2021 TO FEBRUARY 28, 2021

MARCH 1, 2021 TO MARCH 31, 2021

Vote to approve the February 1-28, 2021 and March 1-31, 2021 cash transactions (Roll call vote: Randorf, Medved, Filipovich, Just) (Randorf/Medved) Passed 4-0

NEW BUSINESS

6. RESOLUTIONS FOR APPROVAL

RESOLUTION 21D-12: RESOLUTION AUTHORIZING SALE OF CERTAIN REAL PROPERTY IN THE DULUTH HEIGHTS NEIGHBORHOOD TO THE CITY OF DULUTH FOR NOMINAL CONSIDERATION

Staff: Director Fleege indicated this impound lot in West Duluth will be sold by DEDA to the City for \$1 who in turn will sell to the Developer for future site development.

Discussion: Commissioner Randorf questioned if DEDA was selling to the buyer for a \$1.

Director Fleege clarified the City will sell to the Developer for said amount.

Vote to approve resolution 21D-12: (Roll call vote: Randorf, Medved, Filipovich, Just) (Medved/Randorf) Passed 4-0

RESOLUTION 21D-13: RESOLUTION MAKING A DECLARATION TO REIMBURSE EXPENDITURES FROM THE PROCEEDS OF AN ISSUE OF TAX EXEMPT BONDS

Staff: Director Fleege stated this will help facilitate the issuance of bonds for the buyer of the Verso Paper Mill. This process will take a considerable amount of time but this declares DEDA will act as a non-conduit bond issuer. The City is not taking on any financial risk rather serving as a conduit to issue the tax-exempt bonds. DEDA would have a small fee of 25 basis points, so if bonds were issued, DEDA would be eligible for compensation.

Discussion: N/A

Vote to approve resolution 21D-13: (Roll call vote: Randorf, Medved, Filipovich, Just)
(Randorf/Medved) Passed 4-0

RESOLUTION 21D-14: RESOLUTION AUTHORIZING AN AGREEMENT TO INSURE CERTAIN DEDA PROPERTY UNDER THE CITY OF DULUTH'S PROPERTY AND BOILER INSURANCE POLICIES IN AN AMOUNT NOT TO EXCEED \$28,387.71.

Staff: Director Fleege indicated this is a process DEDA has done for a number of years to secure lower cost insurance coverage by leveraging the City policy. If we went into the market place separately as DEDA we would pay a higher rate. This insurance policy protects the MRO facility.

Discussion: N/A

Vote to approve resolution 21D-14: (Roll call vote: Randorf, Medved, Filipovich, Just)
(Medved/Randorf) Passed 4-0

RESOLUTION 21D-15: RESOLUTION AUTHORIZING A SECOND AMENDMENT TO THE DEVELOPMENT AGREEMENT WITH LSC FLATS, LLC RELATED TO CONSTRUCTION OF STUDENT HOUSING NEAR LAKE SUPERIOR COLLEGE

Staff: Director Fleege indicated this is a project that the Developer is still hopeful to move forward with but due to the pandemic and remote student learning, project investors have paused to see future enrollment numbers at Lake Superior College. This amendment extends the agreement deadlines by one year.

Discussion: Commissioner Randorf questioned if it was just a one-year extension.

Jason Hale confirmed the amendment extends the agreement one year and also noted high construction costs as a contributing factor to lender comfort.

Vote to approve resolution 21D-15: (Roll call vote: Randorf, Medved, Filipovich, Just)
(Randorf/Just) Passed 4-0

RESOLUTION 21D-16: RESOLUTION AUTHORIZING A FIRST AMENDMENT TO THE CONSTRUCTION MANAGEMENT AGREEMENT WITH KRAUS ANDERSON CONSTRUCTION FOR SERVICES RELATED TO THE PASTORET/ROBISON PROPERTY

Staff: Director Fleege indicated the last resolution passed was for construction management, but when it went to Council, funding had to be conditional upon a stipulated agreement because of the current litigation. The original contract was then awarded at \$39,500 which was

in the Director's spending threshold. These funds were used to secure the building and complete estimates related to ongoing facility maintenance. The request for a first amendment is due to the fact that additional dollars have been spent to further secure the building to ensure public safety. The increase from \$39,500 to \$69,500 is beyond the Director's threshold of approval and thus requires DEDA board approval. Additional work sticks to Councils directive to maintain public safety.

Discussion: Commissioner Medved questioned what would happen if the amount was not approved by DEDA and whether that would interfere with a court order.

Director Fleege indicated that the threshold is over so the authorization from DEDA is triggered by the increase in cost. Additional vandalism on site required necessary action to secure the building for public safety. Not necessarily court ordered. DEDA is currently over the approved \$39,500 by about \$5,000-6,000 because of the emergency work to install a camera.

Commissioner Medved questioned what additional funds would be used in the Summer.

Director Fleege indicated they don't anticipate doing anything beyond securing the building until we get a court order which will dictate next steps.

Commissioner Medved questioned if we could approve half the amount and keep an eye on it into the future and come back for additional funding if necessary for winter costs like snow removal.

Director Fleege stated we could approve \$15,000 to keep the grass mowed and site safe.

Commissioner Medved indicated the \$39,500 is already a high cost and want to show the public how much this adds up.

Commissioner Randorf stated intention to be as frugal as possible as the building is a declining asset with public money being spent. Open to amendment to lower approved cost.

Commissioner Medved proposed an amendment to the resolution that would approve a first amendment to the Kraus Anderson contract in an amount not to exceed \$54,500.

Vote to approve resolution 21D-16: (Roll call vote: Randorf, Medved, Filipovich, Just)
(Randorf/Just) Passed 4-0

Vote to approve resolution 21D-16 as amended: (Roll call vote: Randorf, Medved, Filipovich, Just) (Medved/Randorf) Passed 4-0

7. DISCUSSION

DIRECTORS REPORT

Director Fleege indicated there will be TIF district requests coming forward at future meetings. Verso Paper Mill getting some traction. Lots of activity with the stimulus funding that has come through. Getting the word out on available programs and connecting agencies to financial support. Sun Country adding direct flights from Duluth to Arizona and Florida. Looking at other providers that may have MRO needs. Working more diligently in the future to find a tenant. Working with Developer on Lot D and foresee future public engagement and briefing session. Lincoln Park Flats project hosting groundbreaking May 19th and has extended invitation to DEDA Commissioners and City Councilors.

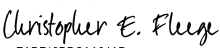
Commissioner Randorf questioned what City requires to approve a TIF district.

Director Fleege indicated a level of affordability in the project and public policies goals like prevailing wage and community benefits plan is typical.

Director Fleege indicated they have been working with the Developer on their proposal for Enger Golf Course and will be working with Councilors in the near future to get more feedback and gauge support. Due to it being park property, Council approval must pass by majority. Likely be a TIF district ask depending on what the future development looks like.

9. ADJOURNMENT: Commissioner Filipovich adjourned the April 28, 2021 meeting of DEDA at 6:05 p.m.

Respectfully submitted,

DocuSigned by:

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Chris Fleege
Executive Director