

**MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
WEDNESDAY, AUGUST 24, 2022 – 5:15 P.M.
COUNCIL CHAMBERS-CITY HALL
MINUTES**

Present: Matt Cartier, Arik Forsman, Roz Randorf, Terese Tomanek

Absent: Ellie Just, ChaQuana McEntyre

Others Present: Theresa Bajda, Chris Fleege

1. CALL TO ORDER: The August 24, 2022 meeting of DEDA was called to order by President Cartier at 5:18 p.m.

2. PUBLIC TO ADDRESS THE COMMISSION

No comments.

3. PUBLIC HEARINGS

RESOLUTION 22D-51: RESOLUTION AUTHORIZING PURCHASE AGREEMENT WITH CIRRUS DESIGN CORPORATION D/B/A CIRRUS AIRCRAFT CONVEYING THE MRO BUILDING

No public comment.

RESOLUTION 22D-52: RESOLUTION AUTHORIZING BUSINESS SUBSIDY AGREEMENT WITH CIRRUS DESIGN CORPORATION D/B/A CIRRUS AIRCRAFT RELATED TO THE MRO BUILDING

No public comment.

APPROVAL OF MEETING MINUTES

JULY 27, 2022 MEETING MINUTES

No discussion.

VOTE TO APPROVE THE JULY 27, 2022 MEETING MINUTES: (Forsman/Randorf) Vote: Passed (4-0).

APPROVAL OF CASH TRANSACTION

JULY 1, 2022 TO JULY 31, 2022

Director Fleege noted fund 861 reflects activity for payments on TIF notes that happens twice a year.

VOTE TO APPROVE THE JULY 1 TO JULY 31, 2022 CASH TRANSACTIONS: (Randorf/Tomanek)
Vote: Passed (4-0).

NEW BUSINESS

4. RESOLUTIONS FOR APPROVAL

RESOLUTION 22D-40: RESOLUTION APPROVING A DEVELOPMENT AGREEMENT WITH INDEPENDENT SCHOOL DISTRICT NO. 709 AND APPROVING FINDINGS CONCERNING PARCELS WITHIN THE PROPOSED PLAT OF CENTRAL OVERLOOK

Staff: Director Fleege explained this resolution better defines the eligible properties and to preserve the ability for a redevelopment TIF district. Demolition timing was included as well.

Discussion: President Cartier asked for clarification around what the resolution entails.

Vote to approve resolution 22D-40: (Forsman/Tomanek) Vote: Passed (4-0).

RESOLUTION 22D-48: RESOLUTION ELECTING A VICE PRESIDENT

Staff: Director Fleege discussed the VP opportunity with Commissioner McEntyre and she is willing to serve in this capacity.

Discussion: There was discussion about how to nominate a VP and who would need to bring a name forward. Commissioner Tomanek asked if the Commission needed to wait until Commissioner McEntyre was present for the nomination. Director Fleege confirmed he did have a conversation with Commissioner McEntyre and she was willing to serve.

Commissioner Randorf made an amended motion to elect Commissioner McEntyre. Second by Commissioner Forsman.

Vote to approve resolution 22D-48: (Forsman/Tomanek) Vote: Passed (4-0).

RESOLUTION 22D-49: RESOLUTION AUTHORIZING FIRST AMENDMENT TO AGREEMENT WITH THE CITY OF DULUTH AMENDING PROPERTY DESCRIPTION

Staff: This resolution corrects legal descriptions. Attorney Asleson added there was a minor legal description change.

Discussion: This resolution is related to the Lester Park amendment. Commissioner Tomanek asked for a little bit of background relating to this resolution. Director Fleege provided that Council transferred this property to DEDA with the understanding that a section of it would be affordable. 10 acres are set aside along the existing Lester Park area and there is another area that is undefined and is mixed use. Another 34 acres will be the area that DEDA will go out for RFP's on. The legal description just needed to get cleaned up before the RFP process began. Council wanted to have the affordable component and there is a fair amount of stipulations around that. Commissioner Tomanek inquired on the deadline for RFPs. Theresa Bajda provided the deadline is at the end of December to convey the property from City to DEDA and close on it. An environmental assessment and a wetland delineation have been done and the ALTA survey is being wrapped up as they are working through the title commitments. Staff is brainstorming how to make this happen since there is no road going into the development and there are no utilities. Staff is still working on the best route to take. An RFP could be issued and a master developer could assemble it and say they would like someone to respond to a specific tract. Smaller RFP's could be issued. There are a lot of conversations going on for how to best approach. Theresa Bajda confirmed that this is the "Lower 9" that they are speaking about. The bottom two holes and the driving range is the scope. The thought was to keep the clubhouse and parking lot as a trailhead to the remaining greenspace that will still be there. Council also wanted full value of the property.

Vote to approve resolution 22D-49: (Randorf/Forsman) Vote: Passed (4-0).

RESOLUTION 22D-50: RESOLUTION APPROVING A PROJECT ON BEHALF OF ST PAPER 1, LLC AND CONSENTING TO THE ISSUANCE OF TAXABLE CONDUIT REVENUE BONDS BY THE PUBLIC FINANCE AUTHORITY

Staff: Director Fleege provided these bonds are on behalf of ST Paper. DEDA is consenting to allow for the issuance of the bonds for 25 basis points. DEDA wants this project to move forward and ST Paper has been working hard to come up with a financing package. This would be the best course for their project.

Discussion: N/A

Vote to approve resolution 22D-50: (Randorf/Tomanek) Vote: Passed (4-0).

RESOLUTION 22D-51: RESOLUTION AUTHORIZING PURCHASE AGREEMENT WITH CIRRUS DESIGN CORPORATION D/B/A CIRRUS AIRCRAFT CONVEYING THE MRO BUILDING

Staff: Cirrus will be calling this their "Innovation Center". They plan to move their back-office

functions from the south end of the airport to the north end in the Innovation Center. A lot of their prototype work will be in this facility. The term sheet and agreement state \$7 million in spend, but it likely will be in excess of \$10 million. There will be more production capacity freed up as staff relocates. This building has an operating cost of about \$57,000 per month. Selling this building will allow DEDA to focus on economic development rather than maintaining and operating a building. This resolution is for the conveyance.

Discussion: Commissioner Forsman asked if there was any highlights Director Fleege wanted to cover.

Vote to approve resolution 22D-51: (Randorf/Forsman) Vote: Passed (4-0).

RESOLUTION 22D-52: RESOLUTION AUTHORIZING BUSINESS SUBSIDY AGREEMENT WITH CIRRUS DESIGN CORPORATION D/B/A CIRRUS AIRCRAFT RELATED TO THE MRO BUILDING

Staff: The subsidy agreement has the tax abatement elements and documents that. The value of the building has gone up.

Discussion: N/A

Vote to approve resolution 22D-52: (Forsman/Tomanek) Vote: Passed (4-0).

RESOLUTION 22D-53: RESOLUTION AUTHORIZING SIDE LETTER AGREEMENT WITH CIRRUS DESIGN CORPORATION D/B/A CIRRUS AIRCRAFT RELATED TO THE MRO BUILDING

Staff: The side letter agreement is best efforts around supporting Cirrus with employment. Elena Foshay and the workforce team has been working with Cirrus' HR teams around retention and recruitment strategies. This investment likely means Cirrus' headquarters will remain in Duluth for the long term.

Discussion: N/A

Vote to approve resolution 22D-53: (Tomanek/Randorf) Vote: Passed (4-0).

RESOLUTION 22D-54: RESOLUTION ESTABLISHING THE BUSINESS BOOST MARKETING ASSISTANCE PROGRAM, APPROVING PROGRAM GUIDELINES AND ALLOCATING \$200,000 TO FUND SAID PROGRAM

Staff: Council authorized \$500,000 to DEDA to support businesses. Originally it was ARPA dollars and a resolution was brought back to Council for revenue offset. DEDA will be utilizing

\$200,000 of the \$500,000 to target businesses and allow them to do marketing. Forum Communications approached DEDA stating they had run this type of program in different markets and that it had been effective.

Discussion: President Cartier asked about staffing and the management of the program. Director Fleege added that the process has been a little slow due to some staffing shortages. Some external resources may need to be obtained to help administer the program and some details are still being worked out. The slate of individual grants will need to be brought back to DEDA for approval. Commissioner Randorf inquired about the administering party and if they are a neutral party rather than a media company. Director Fleege stated that staff administering. The original resolution talked about qualifying media and number of employees and Commissioner Randorf wanted clarification around whether or not those items were still included. Director Fleege noted that staff missed taking out the references to Forum Communications in the main body of the attachment. Staff will be going back through and adjusting different elements. The idea was to be geared toward smaller businesses. Commissioners will have the opportunity to review and the requests will come in batches. Attorney Asleson added that each application is required to be accompanied by a plan of what the business intends to do.

Commissioner Forsman asked for some additional background on where the idea for the program originated and what the objective is. Director Fleege provided that Forum Communications approached DEDA with this idea. The idea is to help small, local businesses advertise, post-COVID. Forum Communications is providing matches. –clarification is needed around whether or not Forum Communications is providing matches for all of the applicants or only those who are utilizing their advertising platforms. The board chatted about the terminology of “match” and that public funds are being used for this program. Theresa Bajda added a point of suggestion: a request for qualifications could be issued to local media companies who would like to participate. This money was originally ARPA and through revenue replacement this money is removed from the time constraint. There was some discussion around the grants mirroring a 1200 Fund program and the process and details of the proposed program. Business recovery has been lagging and this initiative is a way that DEDA could support small businesses. The Board and Staff discussed the tabling of this resolution until some details are ironed out. Commissioner Randorf asked that the term “matching funds” be pulled out of the resolution and delineated.

Vote to approve resolution 22D-54: Forsman motioned to table this resolution. Randorf 2nd.

DISCUSSION

Director Fleege apologized to the Board for getting items out last minute in relation to the Cirrus items.

9. ADJOURN: President Cartier adjourned the August 24, 2022 meeting of DEDA 6:00p.m.

Respectfully submitted,

DocuSigned by:

Christopher E. Fleege

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Chris Fleege--Executive Director