

**MEETING OF THE  
DULUTH ECONOMIC DEVELOPMENT AUTHORITY  
WEDNESDAY, APRIL 26, 2023 – 5:15 P.M.  
COUNCIL CHAMBERS-CITY HALL  
MINUTES**

**Present:** Matt Cartier, Arik Forsman, Ellie Just, ChaQuana McEntyre, Connor Randall, Roz Randorf

**Absent:** Terese Tomanek

**Others Present:** Amanda Anderson, Jean Coleman, Chris Fleege, Emily Nygren, Peter Passi, Theresa Bajda, Nancy Cashman

**1. CALL TO ORDER:** The April 26, 2023 meeting of DEDA was called to order by President McEntyre at 5:15 p.m.

**2. PUBLIC TO ADDRESS THE COMMISSION**

No comments.

**3. PUBLIC HEARINGS**

**RESOLUTION 23D-17: RESOLUTION AUTHORIZING A PURCHASE AGREEMENT WITH THE CITY OF DULUTH FOR IMPROVEMENTS AND PERSONAL PROPERTY LOCATED AT THE DULUTH INTERNATIONAL AIRPORT**

No Comments.

**RESOLUTION 23D-18: RESOLUTION AUTHORIZING A DEVELOPMENT AGREEMENT WITH CIRRUS DESIGN CORPORATION AND CITY OF DULUTH FOR SALE OF IMPROVEMENTS AND PERSONAL PROPERTY LOCATED AT THE DULUTH INTERNATIONAL AIRPORT**

No Comments.

**RESOLUTION 23D-19: RESOLUTION AUTHORIZING A LAND SALE AGREEMENT WITH CENTER CITY HOUSING CORPORATION**

No Comments.

**RESOLUTION 23D-20: RESOLUTION AUTHORIZING AN OPTION AGREEMENT WITH CENTER CITY HOUSING CORPORATION RELATED TO AN AFFORDABLE HOUSING DEVELOPMENT IN THE RAMSEY NEIGHBORHOOD**

No Comments.

**APPROVAL OF MEETING MINUTES**

**FEBRUARY 22, 2023 REGULAR MEETING MINUTES**

No discussion.

**VOTE TO APPROVE THE FEBRUARY 22, 2023 REGULAR MEETING MINUTES:** (Randorf/Cartier) Vote: Passed (6-0).

## **APPROVAL OF CASH TRANSACTIONS**

### **FEBRUARY 1, 2023 TO FEBRUARY 28, 2023**

One item to note: DEDA did support the Itasca Economic Development Coalition for the business pitch as part of Innovate 218. Entrepreneurs went through training and then were able to make a pitch. DEDA's funding helped businesses from the Duluth area.

**VOTE TO APPROVE THE FEBRUARY 1 TO FEBRUARY 28, 2023 CASH TRANSACTIONS:** (Forsman/Randorf) Vote: Passed (6-0).

## **NEW BUSINESS**

### **4. RESOLUTIONS FOR APPROVAL**

#### **RESOLUTION 23D-17: RESOLUTION AUTHORIZING A PURCHASE AGREEMENT WITH THE CITY OF DULUTH FOR IMPROVEMENTS AND PERSONAL PROPERTY LOCATED AT THE DULUTH INTERNATIONAL AIRPORT**

DEDA is the agent for the transaction. Cirrus was able to purchase the MRO building and that allowed them to move many employees over from the Incubator space. The job creation and investment in the MRO are tied into this transaction. The City is selling the building to DEDA for \$1 and then DEDA will facilitate the transaction and the fund will go back to the City. Commissioner Forsman called out that a line in the resolution states "the proceeds of the sale will be used to fund the City's broadband internet project" which is not a final determination on how proceeds are spent. Commissioner Forsman asked for some clarification around the verbiage. President McEntyre asked if the language could be changed in the future to utilize the proceeds toward something else if the language stays as written.

\$2 million dollars was transferred at the end of last year; a million dollars came from ARPA replacement funds and the other million came from a decommissioned TIF district. Those funds have been sent aside in the Enterprise Fund for Broadband. There is no way to spend any of the funds without Council approval. DEDA would be refunded for some of the Entry Point expenses.

Commissioner Randorf inquired about doing an amendment to the resolution to take out the last line of the statement of purpose. If the funds go into the General Fund, there is no earmark for the money. This transaction is for the Incubator building. The City initially helped secured the EDA funds for Cirrus and there were encumbrances on the building. DEDA's bond costs were recovered by leases that Cirrus had been paying. Commissioner Randorf made a motion to amend the statement of purpose for resolution 23D-17 to state as follows: "The purpose of this resolution is to approve a job creation development agreement with the City of Duluth and Cirrus, conveying the Incubator building at the Duluth International Airport directly to Cirrus. Proceeds from the sale may be used to fund the City's Broadband Internet project subject to further City Council approval."

**Vote to approve resolution 23D-17:** (Cartier/Just) Vote: Passed (6-0)

**Vote to approve the resolution 23D-17 as amended:** (Cartier/Just) Vote: Passed (6-0)

**RESOLUTION 23D-18: RESOLUTION AUTHORIZING A DEVELOPMENT AGREEMENT WITH CIRRUS DESIGN CORPORATION AND CITY OF DULUTH FOR SALE OF IMPROVEMENTS AND PERSONAL PROPERTY LOCATED AT THE DULUTH INTERNATIONAL AIRPORT**

The Board briefly discussed amending this resolution as well. Commissioner Randorf called for a motion to amend the statement of purpose for 23D-18 to read: “The purpose of this resolution is to approve a job-creation development agreement with the City of Duluth and Cirrus, conveying the incubator building at the Duluth International Airport directly to Cirrus. Proceeds of the sale may be used to fund the City’s broadband internet project, based on the approval of the Council.

**Vote to approve resolution 23D-18:** (Forsman/Cartier) Vote: Passed (6-0).

**Vote to approve resolution 23D-18 as amended:** (Randorf/Forsman) Vote: Passed (6-0).

**RESOLUTION 23D-19: RESOLUTION AUTHORIZING A LAND SALE AGREEMENT WITH CENTER CITY HOUSING CORPORATION**

Director Fleege invited the Center City Housing representatives to share about the project. DEDA will be taking care of the sale. Nancy Cashman, the Director from Center City Housing Corp. addressed the board. This resolution is for the Wadena West project—60 units of permanent supportive housing for single adults with high term barriers to long-term housing stability. There will be 30 one-bedroom units and 30 will be efficiencies. The one-bedroom units will have section 8 certificates and the efficiencies have housing support. The building will completely affordable and the tenants will pay 1/3 of their income for rent. There will be many comprehensive, on-site, supportive services. (i.e.-transportation services, medication safe keeping, employment support, etc.) There will also be 24-hour front desk support. This project is a typical Center City Housing project.

**Vote to approve resolution 23D-19:** (Cartier/Just) Vote: Passed (6-0).

**RESOLUTION 23D-20: RESOLUTION AUTHORIZING AN OPTION AGREEMENT WITH CENTER CITY HOUSING CORPORATION RELATED TO AN AFFORDABLE HOUSING DEVELOPMENT IN THE RAMSEY NEIGHBORHOOD**

This resolution is for an option agreement. The developer is pursuing LITCH funding. The site itself was split in half. They are going in for funding in July and are confident they will be selected. This is a smaller project—30 units, but will also have the housing support subsidy so it will also be affordable. The Memorial Park Apartments are nearby and does not cash flow. Center City’s plan is to give folks the first right of refusal on the 30 new units. The Memorial Park Apartments may either be sold or demolished. This will serve a similar population to the Wadena West project.

**Vote to approve resolution 23D-20:** (Randorf/Just) Vote: Passed (6-0)

**RESOLUTION 23D-21: RESOLUTION AUTHORIZING THE ISSUANCE AND DELIVERY OF AN ALLONGE**

This resolution is for a re-adjustment of the interest schedule. Fryberger is our bond Council and DEDA issues conduit bonds. This is in relation to the school funding. There is no risk to DEDA; more so just resetting the index on the bonds by making the correction. Amanda Anderson read the statement of purpose to clarify the resolution for commissioners.

**Vote to approve resolution 23D-21:** (Cartier/Just) Vote: Passed (6-0)

**RESOLUTION 23D-22: RESOLUTION AUTHORIZING CANCELLATION OF LAND SALE AGREEMENT WITH SIMPLY TINY DEVELOPMENT, LLC RELATED TO THE REBUILD DULUTH PROGRAM**

Director Fleege asked Senior Housing Developer Theresa Bajda to provide an update. Many of the developers were faced with complexities due to costs and COVID. This developer is almost complete on one of the tiny home projects off of 6<sup>th</sup> Avenue. The second property has had multiple extensions and they are outside of the negotiated term of the agreement. They were also not able to do it to the cost they were scored and selected for in their application. The development agreement states if the project ends up being 25% over what had initially been proposed that they would agree to just pay the price that was listed in the development agreement. The developer is now looking to pay the listed price and cut ties with the Rebuild Program and continue developing on their timeline. \$29,500 is a greater sum of money than what DEDA had paid or incurred to have this site.

Commissioner Randorf asked if there would be a future resolution to approve the \$29,500 property sale. Theresa clarified that the cancellation action will take place during this resolution. They have the deed, developers will authorize a check to DEDA, and DEDA will release the covenant on the property at the county level. DEDA's legal Counsel, Jean Coleman, verified what Theresa stated was correct.

**Vote to approve resolution 23D-22:** (Forsman/Just) Vote: Passed (6-0)

**DISCUSSION**

**- DIRECTOR'S REPORT**

The Business Boost Program has an RFI that will be going out to the business community seeking out those interested in providing services at matched cost. Staff will do a grant program that will allow businesses to do some marketing—could be radio spots, storefront, etc.—a wide array of options. This process will identify which businesses would like to participate. There will then be an RFP process which will be targeting smaller businesses. Angie Stier, a newer economic developer with the City, will be working on this program and we anticipate launching it late summer 2023. There will be 2 rounds of the grants that will be going out. President McEntyre inquired about how businesses were being notified about getting on the business list. Director Fleege clarified.

Potential Special Meeting in the next week or so and it will be posted.

**9. ADJOURN:** President McEntyre adjourned the April 26, 2023 meeting of DEDA 5:52 p.m.

Respectfully submitted,

DocuSigned by:

*Adam Fulton*

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Adam Fulton—Interim Executive Director