

**REGULAR MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
WEDNESDAY, JUNE 28, 2023 – 05:15 P.M.
COUNCIL CHAMBERS-CITY HALL
MINUTES**

Present: Ellie Just, Connor Randall, Roz Randorf, Terese Tomanek

Absent: Matt Cartier, Arik Forsman, ChaQuana McEntyre

Others Present: Amanda Anderson, Chris Virta, Mia Thibodeau, Peter Passi, Theresa Bajda, Angie Stier, Adam Fulton

Adam Fulton called on the Board to nominate and vote on an acting President for this single meeting. Commissioner Randorf volunteered to serve as acting President for the meeting. Vote: (4-0)

CALL TO ORDER: The June 28, 2023 regular meeting of DEDA was called to order by Treasurer Randorf at 5:17 p.m.

CONDUIT BOND PRESENTATION

Chris Virta and Mia Thibodeau presented to the Board about conduit bonds.

PUBLIC TO ADDRESS THE COMMISSION

No public comment.

PUBLIC HEARINGS

No public hearings.

APPROVAL OF MEETING MINUTES

APRIL 26, 2023 MEETING MINUTES

Vote to approve April 26, 2023 Meeting Minutes: (Tomanek/Just) Vote: Passed (4-0)

APPROVAL OF CASH TRANSACTIONS

APRIL 1, 2023 TO APRIL 30, 2023

Vote to approve April 1, 2023 to April 30, 2023 Cash Transactions: (Just/Randall) Vote: Passed (4-0)

NEW BUSINESS

RESOLUTIONS FOR APPROVAL

RESOLUTION 23D-27: RESOLUTION APPROVING APPOINTMENT OF ADAM FULTON AS TEMPORARY DEDA EXECUTIVE DIRECTOR

Vote to approve resolution 23D-27: (Tomanek/Just) Vote: Passed (4-0)

RESOLUTION 23D-28: RESOLUTION AUTHORIZING ACCEPTANCE OF \$128,000 FROM THE CITY OF DULUTH AND APPROVAL OF A FIRST AMENDMENT TO DEVELOPMENT AGREEMENT WITH PLOVER PLACE, LLC FOR CONSTRUCTION OF THE NEW MODEL OF HOUSING FOR HOMELESS.

The New Model of housing is seeking to construct 24 new units of housing operated by OneRoof Community Housing. These units will be located on Palm Street, just behind Central Entrance. The request is to increase support for this project to about \$1.7 million to address a construction gap. The County is also increasing their contribution which is a little more than what the City is increasing. The project will not be under construction for awhile yet, but it is hopeful they will start by the end of the year. The official date in the statement of purpose is January 1, 2024.

Vote to approve resolution 23D-28: (Tomanek/Just) Vote: Passed (4-0).

RESOLUTION 23D-29: RESOLUTION AUTHORIZING A FIFTH AMENDMENT TO THE DEVELOPMENT AGREEMENT WITH LSC FLATS, LLC RELATED TO CONSTRUCTION OF STUDENT HOUSING NEAR LAKE SUPERIOR COLLEGE, EXTENDING CONSTRUCTION DATES THEREUNDER

This resolution is seeking a time extension for Titanium Partners who is the operator for LSC Flats, LLC. They are working to figure out the best approach to the development. There is a financing gap in this project and staff continue to be supportive and work with the developer as to how to address that. It is an expensive site to get utilities to. Commissioner Tomanek asked for clarification around her understanding that if the “project does not get built soon, it will not get built.” Director Fulton provided the developer has an intent to proceed on the project. The property has been transacted upon and the development entity now owns it. There are no other agreements with Lake Superior College that may be operative. If the developer fails to meet the dates, the developer could be in default of the agreement and could then be asked to return the property back to the economic development authority. Staff is continuing to work proactively with this development group. Commissioner Tomanek commented she has been impressed with the developer’s commitment to building as economically as possible and for keeping housing affordable.

Vote to approve resolution 23D-29: (Tomanek/Just) Vote: Passed (4-0).

RESOLUTION 23D-30: RESOLUTION AUTHORIZING A REDEVELOPMENT GRANT APPLICATION IN AN AMOUNT NOT EXCEED \$300,000 TO THE MINNESOTA DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT RELATING TO PROPERTY LOCATED AT 3401 GRAND AVENUE AND COMMITTING A MATCH OF NOT LESS THAN FIFTY PERCENT OF THE AWARDED AMOUNT.

This is a project that is located adjacent to Wheeler. Senior Housing Developer Theresa Bajda provided the project is the former Holiday gas station site that Merge is taking on. There is an American Rescue Plan investment of right around \$4 million which will provide 80 units of housing for persons earning between 60-80% (mixed income project). Due to the existing soil conditions, Merge would have had to bring in a bunch of fill and let that settle in hopes that it can then support a residential foundation or find an alternative. Kraus Anderson is working on an alternative design with a heartier foundation which has underground parking. In trying to close on the roughly \$3 million gap, the HRA was able to increase their TIF commitment last month by \$500,000. The DEED Redevelopment grant is asking for \$300,000. The developer is also seeking equity investors to come in larger for the rest. The 50% match will come from the developer as part of their costs. DEDA will not be contributing to the match.

Commissioner Tomanek inquired about the name of the project—The Residence. Commissioner Randorf asked why the grant was for “not to exceed \$300,000” when there is a larger gap. Ms. Bajda clarified that the qualifying costs under the redevelopment grant are fairly strict. What staff has identified are about \$600,000—soil remediation, utility improvements and stormwater/environmental improvements on the site. To clarify, if DEDA did get the grant for \$300,000, the developer would match \$150,000.

Vote to approve resolution 23D-30: (Tomanek/Just) Vote: Passed (4-0)

RESOLUTION 23D-31: RESOLUTION AUTHORIZING A FIRST AMENDMENT TO DEVELOPMENT AGREEMENT SUPPLEMENT WITH MERGE LLC FOR THE URBANE DULUTH PROJECT.

This is the former Esmond/Seaway Hotel project that is currently under construction on West Superior Street. This is simply a modification to our process and payments as they go through the project and does not modify any other material terms.

Commissioner Tomanek asked if the Board could be reminded what population would live at the Urbane. This is not less than 40 units total and all of them must be available to those with incomes at or below 80% of the area median income. Ms. Bajda clarified the ARPA investment that the board is amending tonight bought rents down to 70% for the first 10 years. Commissioner Tomanek inquired about how much ARPA money was put into the project. Ms. Bajda provided the ARPA committed amount is \$784,240 and that was to buy down rents more.

Vote to approve resolution 23D-31: (Just/Randall) Vote: Passed (4-0)

DISCUSSION

Adam Fulton will be the temporary DEDA Executive Director. The Director position for Planning & Economic Development was posted and is seeking good candidates.

The Economic Development audit was released last week and is on the website.

Economic Developer, Angie Stier, provided a brief update on the business boost program. The Board discussed some of the updates.

9. ADJOURN: President McEntyre adjourned the June 28, 2023 regular meeting of DEDA at 5:56 p.m.

Respectfully submitted,

DocuSigned by:

Adam Fulton

Adam Fulton- Executive Director