

**REGULAR MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
WEDNESDAY, OCTOBER 25, 2023 – 5:16 P.M.
COUNCIL CHAMBERS-CITY HALL
MINUTES**

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

Absent: Matt Cartier, ChaQuana McEntyre

Others Present: Amanda Anderson, Chad Ronchetti, Jean Coleman, Lynette Crandall, Shari Marshik, Rikki McManus, Lori Davey, Rebecca St. George, Ryan Grover

CALL TO ORDER: The October 25, 2023 regular meeting of DEDA was called to order by Acting President Randorf at 5:15 p.m.

PUBLIC TO ADDRESS THE COMMISSION

No Comments.

PUBLIC HEARINGS

[RESOLUTION 23D-42:](#) RESOLUTION AUTHORIZING A PURCHASE AGREEMENT FOR THE SALE OF ORDEAN PLAZA FROM THE DULUTH ECONOMIC DEVELOPMENT AUTHORITY TO 424W, LLC

No public comments.

APPROVAL OF MEETING MINUTES

[August 23, 2023 MEETING MINUTES](#)

No comments.

Vote to approve August 23, 2023 Meeting Minutes: (Tomanek/Randall) Vote: Passed (5-0)

APPROVAL OF CASH TRANSACTIONS

[SEPTEMBER 1, 2023 TO SEPTEMBER 30, 2023](#)

Director Ronchetti reviewed one transaction in the packet.

Vote to approve cash transactions-September 1, 2023 to September 30, 2023: (Just/Forsman) Vote: Passed (5-0)

NEW BUSINESS

RESOLUTIONS FOR APPROVAL

RESOLUTION 23D-42: RESOLUTION AUTHORIZING A PURCHASE AGREEMENT FOR THE SALE OF ORDEAN PLAZA FROM THE DULUTH ECONOMIC DEVELOPMENT AUTHORITY TO 424W, LLC

This resolution is for the sale of the Ordean Plaza outside of the Ordean building in the Downtown from DEDA to 424W, LLC, an operating LLC of Titanium Partners. DEDA purchased this property from the City of Duluth last month and will now sell to the private party who will operate it as part of their development. The space will remain largely open to the public and will be “the most Instagram-able place in Duluth.” Commissioner Randorf commented-she wanted to thank Brian Forcier and Titanium Partners for the project. This is a piece of an \$8 million-dollar housing project in the downtown to convert five of the top floors into housing.

Vote to approve resolution 23D-42: (Tomanek/Just) Vote: Passed (5-0)

RESOLUTION 23D-43: RESOLUTION AUTHORIZING SEVENTH AMENDMENT TO AGREEMENT WITH LAKEWALK PROPERTIES LLC MODIFYING THE INTEREST RATE PAYABLE, ESTABLISHING UPDATED PROJECT MILESTONE DATE REQUIREMENTS, AND ADJUSTING TIF NOTE DATES.

This resolution is the seventh amendment to a development agreement established nearly five years ago for a site in downtown between where the Sheraton Hotel is and where the recent Essentia investment is on 3rd Ave E. This amendment has several things tied to it. One is an adjustment to the TIF note, adjusting the rate from 6.25% to 7.25%. This was a request by the developer to help with the financing package that is needed to commence construction. This rate adjustment will increase the rate at which the TIF increment collects. The TIF amount is not changing. For the extension of the development agreement timeline—they are looking to extend when the construction should be completed. The current completion date is June of 2024. A 15-story building cannot be built in that amount of time so the developer is requesting the timeline be extended to September 30, 2025. There are other provisions in this development agreement that hold the developer to construction commencement in 2023. Some of the developer commitments is that they show close on their lender financing before the end of this calendar year and they will start construction on the site of foundations for the building by the end of this calendar year (which will address some of the site concerns). Further they have committed to a complete application for the foundations and structural permit through level 3 by no later than the end of this year. Developer has committed to the eligible project costs for TIF by June of 2024. If any single deadline is not completed by the developer, DEDA may immediately terminate the agreement at that point.

Commissioner Tomanek asked if there were any penalties for the developer if construction does not begin in 2023. There are no financial penalties, but canceling the agreement is the most significant penalty. Commissioner Tomanek asked if construction does not happen and the agreement is canceled, how long of a turnaround would there be before a new RFP would be issued. Director Ronchetti noted that the site is privately held by Landmark Development. There would be no RFP process. The City of Duluth has begun enforcement actions on this site. Life Safety has done its inspection and sent a letter to the ownership. If this does not commence, there are requirements within the demo and wrecking permit and actions within Life Safety that can be taken to address the site.

Commissioner Forsman applauded the team for negotiating the conditions of the agreement. He noted he was on the fence about voting and this is the seventh and final amendment he would be supporting, understanding there was COVID and significant changes in interest rates. The condition of the site was commented on. Commissioner Forsman is in favor of full enforcement, if construction doesn't happen.

He also urged Landmark to step up their game on community engagement. Commissioner Forsman shared that Cheryl Fosdick at CF Design wrote a letter to Landmark and had not received a response.

Commissioner Randorf noted she has received a huge number of blight calls on that site over the last few years. Commissioner Randorf asked what activity will be expected on that site during October, November and December of 2023. Director Ronchetti explained grading activities would begin which would mean a more secure site/perimeter. Director Ronchetti commended staff for their five years of time spent on this project.

Lynnette Crandall, the legal counsel to Landmark Development and the Lakeview Properties, spoke on behalf of the Landmark team. A permanent construction fencing will be established and the team will be fully on-site. The final legal documents are being negotiated with the construction lender. The TIF note is the final piece and a date is being decided on within the next 10-14 days for closing. Ms. Crandall noted the Commissioners points were well taken regarding the community engagement efforts and someone from the team will follow up on that item. Commissioner Randorf inquired with Ms. Crandall on what the last few months of 2023 will look like for the site.

Vote to approve resolution 23D-43: (Tomanek/Randall) Vote: Passed (5-0)

RESOLUTION 23D-44: RESOLUTION APPROVING THE DEDA 2024 BUDGETS

Director Ronchetti reviewed a few items for the 2024 proposed budget. There is a \$245,000 ear marked for the demo of the Pastoret Terrace. There are no plans to do demo on the Pastoret, but is holding the remaining funding that was in place years back from St. Louis County. The parking program and parking revenues are the steadiest income streams DEDA has. In 2023 there were several allocations, all of which were ARPA funding that was allocated to DEDA to spend the ARPA funding in the community. 2024 does not have ARPA money funded in the proposed budget. There is a \$200,000 UMFO grant & award. UMFO is here today to present and show their impact with the assistance of DEDA and County incentives.

Commissioner Tomanek asked for clarification between DEDA parking and City parking revenues. DEDA owns lots and has lease agreements in Canal Park. City parking revenues largely come from parking ramps and the parking meters and potentially miscellaneous lots around the City.

Commissioner Forsman asked about the Lester sale and how the \$300,000 number was arrived at or if it was a placeholder and whether the budget is inclusive of the budget that was earmarked for DEDA a few meetings ago. Director Ronchetti confirmed the \$300K was just a placeholder and that he believes the asking price from parks was \$1.8 million. The allocation was not in the budget as the Council resolutions went through afterwards.

Vote to approve resolution 23D-44: (Forsman/Just) Vote: Passed (5-0).

DISCUSSION

- **Upper Midwest Film Office (UMFO) Presentation**

-Shari Marshik, the Executive Director of the Upper Midwest Film Office, presented-(20 min)

- **Award for Residence Project**

Director Ronchetti called the Commissioners attention to a successful grant application by DEDA and city staff in partnership with Merge Urban Development who has proposed an 80-unit affordable housing project on Grand Avenue between Wheeler Field and railroad bridge. This funding would go to the redevelopment of the site itself and not the project. Back in the day this used to be a gas station. It is considered a Brownfield and there are still a few hot spots.

- **Lester Park RFPs**

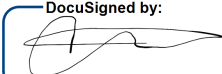
An RFP was put out on how to develop the lower section of Lester Park. DEDA has land control of the site. Two responses were received-one from Oppidan Development Group and the other from Inland Development Partners. Both had excellent proposals and both addressed different community needs. Inland Development proposed parceling off the property to address single family homes with some townhomes. They did not meet the affordability component of the RFP so that was a consideration. Oppidan proposed mostly market-rate, but mostly assisted living and 55+ active senior living with some co-op living similar to Zavago, next to Ecumen. They did meet the affordability requirements of the proposal and addressing the 55+ market and the significant demand for 55+ active living. The benefit of active living is that it vacates a lot of the existing housing stock which helps the housing cycle.

The selection committee did meet: Thomas Church (Senior Housing Developer with the City of Duluth), Gary Anderson (District City Councilor), Arik Forsman (DEDA & City Councilor), Rachel Johnson (APEX), Matt Baumgartner (Duluth Chamber of Commerce), Jim Filby Williams (Park, Properties and Libraries-City of Duluth), Jessica Peterson (Parks Manager), Patrick Boyle (St. Louis County), and Chad Ronchetti (Director of Planning & Economic Development. Each person on the committee did their own independent analysis and scoring. All of the score sheets are available to the public. Out of the meeting it was a unanimous decision to move forward with Oppidan.

Oppidan spoke briefly about some of their projects and their background.

9. ADJOURN: President McEntyre adjourned the September 27, 2023 meeting of DEDA at 6:16 p.m.

Respectfully submitted,

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Chad Ronchetti- Executive Director