

**REGULAR MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
WEDNESDAY, NOVEMBER 15, 2023 – 5:16 P.M.
COUNCIL CHAMBERS-CITY HALL
MINUTES**

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

Absent: ChaQuana McEntyre

Others Present: Amanda Anderson, Chad Ronchetti, Jean Coleman, Rob Finnigan, Ryan Pervenanze, Kelli Latuska, John Ramos

Motion by Randorf for Matt Cartier to be Acting President. (Randorf/Tomanek) (5-0)

CALL TO ORDER: The November 15, 2023 regular meeting of DEDA was called to order by President McEntyre at 5:16 p.m.

PUBLIC TO ADDRESS THE COMMISSION

No Comments.

PUBLIC HEARINGS

APPROVAL OF MEETING MINUTES

No meeting minutes for this meeting due to a short turnaround time.

APPROVAL OF CASH TRANSACTIONS

OCTOBER 1, 2023 TO OCTOBER 31, 2023

Director Ronchetti noted two items. The item from the Duluth Airport Authority for \$25,841 for Cirrus lots 18 & 19 are related to the addition with Cirrus Design Corp. The top line item on page 2 of \$39,976.36 is related to a transaction between the Duluth International Airport and Cirrus Design Corp. for the Innovation Center. The City is working as a conduit for lease payments between the Airport Authority and Cirrus. These are annual payments and there will also be some monthly payments. These are just pass through transactions. The rest of the transactions are standard.

Vote to approve cash transactions-October 1, 2023 to October 31, 2023: (Randorf/Forsman) Passed (6-0)

NEW BUSINESS

RESOLUTIONS FOR APPROVAL

RESOLUTION 23D-45: AUTHORIZING DEDA TO CONTRIBUTE \$63,500 TO THE CITY OF DULUTH FOR COMPLETION OF AN AUAR RELATED TO THE REDEVELOPMENT OF THE FORMER CENTRAL HIGH SCHOOL SITE

Director Ronchetti explained that an AUAR is an elevated EAW. DEDA is looking to support the City and the development. This is the former Central High School on top of the hill, not the one downtown that is being redeveloped. Ryan Pervenanze noted that “AUAR” is short for Alternative Urban Areawide Review. This is a hybrid between an EAW and an EIS. This request came about when working with the developer of the site. Stantec recommended looking at doing an AUAR which provides flexibility for the site for the current developer’s proposal, but what could be possible down the line as well.

Commissioner Randorf inquired about what some key data points would be for the AUAR. The AUAR will look at a variety of different uses beyond commercial and residential. It looks at all future use of the site including traffic flows and connectivity. Commissioner Randorf asked for if EAW’s measure impacts on the land and the water. The AUAR still covers everything an EAW would, but is also a bridge between having to require an EIS. This funding is to help the City look big picture. This is a flexible tool that is amendable every five years.

Vote to approve resolution 23D-45: (Tomanek/Just) Passed (6-0)

RESOLUTION 23D-46: RESOLUTION ADOPTING A MODIFICATION TO THE DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO. 17, ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 36: REDEVELOPMENT DISTRICT THEREIN AND ADOPTING A TAX INCREMENT FINANCING PLAN THEREFOR

Resolution 23D-46 and 23D-47 are inter-related. This is the resolution that establishes the TIF district. Staff has been working with Ehlers and the developer who is proposing a development on the corner of 1st & 1st at the northwest corner of 1st Street and 1st Avenue. This plan helps establish what the potential boundaries will be and what the potential increment could be for the project. The point of the TIF plan is to be the best place scenario and does not state that many units will be built, but rather this is what it would look like if that many were to be built.

Acting President Cartier asked about the resolution calling out TIF districts 17 and 36 and inquired what was happening with each. Director Ronchetti explained that the development district of the overall City is #17 and TIF district #36 is the actual boundaries of the district that would be generating the increment for the project. Pg. 15 of the TIF plan shows what the project area is in the development district. This resolution is establishing the TIF district as supported by the TIF plan that Ehlers has put together.

Vote to approve resolution 23D-46: (Randorf/Forsman) Passed (6-0)

RESOLUTION 23D-47: RESOLUTION APPROVING A TERM SHEET WITH BEAUTIFUL CITY DEVELOPMENT, LLC FOR PROPOSED SALE OF TECHNOLOGY VILLAGE AND MEDICAL DISTRICT PARKING RAMPS AND CONNECTED HOUSING DEVELOPMENTS ON EAST 1ST STREET CORRIDOR

The project being proposed by the developer is with Beautiful City Development. They are looking at a phased redevelopment of 1st Street. Some of the attachments for this resolution give background material- “Downtown East Redevelopment with Ramps” and the “response from the developer for the ramps.” The RFP was done in August of 2022. Some of the items within the developer’s response to the

ramps have changed since time has passed and deals are complicated. This is one piece of a redevelopment project that has been discussed and negotiated for years. First Street needs some redevelopment. Creating a TIF district would make this project possible. The agreement has 130 units minimum for this site and it is tied to the sale of the parking ramps (located in the attachments) and then would roll to a second phase which has yet to be identified or wholly scoped (the corner of East Third Avenue & First Street) with a minimum of 70 units. This would then trigger the sale of the MDR Ramp in combination. The MDR Ramp cannot be sold unless the building is constructed and the Tech Village Ramp is sold.

Commissioner Forsman asked about the other steps in the process that DEDA can expect to see. These resolutions are the creation of the TIF District which would support the first project. The Commissioners have in front of them the term sheet which is a substantial agreement on many of the terms that would be found in a development agreement. A development agreement would be brought to the commission and then ratified by the City Council. Because of the complexity of the deal, staff felt it was best to be transparent going into the TIF district creation. The next steps would be to create a full-blown development agreement for the first phase which would then have a land sale agreement for the parking ramps. Following that, at a subsequent meeting, would be a development agreement for the second phase.

Commissioner Randorf asked how the development relates to the 2023 housing study. A downtown housing study was just completed in September 2023 with Volk Zimmerman. The study calls for more than 2,200 units of housing in our downtown core over the next 5 years. Of the 2,200 units, 1,043 could be captured for multi-family, for rent units. Of the 1,043 units, there is market to capture 511 for rent, rental units that are 80% AMI or higher.

Commissioner Forsman inquired about the change in construction partner since the RFP. In the RFP response, P&R was proposed as a project partner. Rob Finnigan is leading the development partnership they are calling *Beautiful City*. The idea of the project has grown in scope and the timeline has extended due to some hurdles. McGough Development is the new construction partner. Each one of the blocks is a parking lot or vacant former office building so the development is not displacing anyone.

Commissioner Randorf thanked Mr. Finnigan for attending the meeting and she is super excited to support this.


Commissioner Forsman asked Director Ronchetti to walk through the structure of the terms on the parking ramp. The first step will be for the developer to construct 130 minimum units within the designated site for the first phase to be completed not later than August 2026. The developer would then be able to exercise their option to purchase the Tech Village Ramp for the privately appraised value of \$7 million dollars. The next phase would be a minimum of 70 units on the second site (on First and Third) no later than December of 2027. Once the developer provides a certificate of occupancy, they can then exercise the option to purchase the medical district ramp for \$1.

Vote to approve resolution 23D-47: (Forsman/Tomanek) Passed (6-0).

DISCUSSION

9. ADJOURN: President McEntyre adjourned the November 15, 2023 meeting of DEDA at 5:49 p.m.

Respectfully submitted,

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Chad Ronchetti- Executive Director