

**MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
WEDNESDAY, MAY 25, 2022 – 5:15 P.M.
COUNCIL CHAMBERS-CITY HALL
MINUTES**

Present: Matt Cartier, Arik Forsman, ChaQuana McEntyre, Roz Randorf

Absent: Ellie Just, Renee Van Nett

Others Present: Amanda Anderson, Robert Asleson, Brett Crecelius, Chris Fleege, Adam Fulton, Peter Passi, Steven Robertson

1. CALL TO ORDER: The April 27, 2022 meeting of DEDA was called to order by President Cartier at 5:15 p.m.

2. PUBLIC TO ADDRESS THE COMMISSION

No comment.

3. PUBLIC HEARINGS

RESOLUTION 22D-30: RESOLUTION AUTHORIZING FIFTH AMENDMENT TO AGREEMENT WITH THE LAKEVIEW PROPERTIES LLC INCREASING THE PROJECT SUPPORT BY \$1.3 MILLION

No comment.

APPROVAL OF MEETING MINUTES

APRIL 20, 2022 SPECIAL MEETING MINUTES

VOTE TO APPROVE THE APRIL 20, 2022 SPECIAL MEETING MINUTES: (Forsman/Randorf) Vote: Passed (4-0).

APPROVAL OF CASH TRANSACTION

APRIL 1, 2022 TO APRIL 30, 2022

No discussion or comments.

VOTE TO APPROVE THE APRIL 1 to APRIL 30, 2022 CASH TRANSACTIONS: (Randorf/McEntyre) Vote: Passed (4-0).

NEW BUSINESS

4. RESOLUTIONS FOR APPROVAL

RESOLUTION 22D-26: RESOLUTION AUTHORIZING A FIRST AMENDMENT TO THE LAND SALE AGREEMENT WITH SIMPLY TINY DEVELOPMENT, LLC RELATED TO THE REBUILD DULUTH PROGRAM

Staff: Director Fleege provided this allows for a 12-month extension on this multi-unit site on an infill. The developer had a late start and was working on locking down financing.

Discussion: N/A

Vote to approve resolution 22D-26: (Randorf/McEntyre) Vote: Passed (4-0).

RESOLUTION 22D-27: RESOLUTION APPROVING TERMINATION OF CITY CONTRACT NO. 24268 AND AUTHORIZING AN AGREEMENT WITH NEW BURNHAM, LLC FOR ADDITIONAL AFFORDABLE UNITS IN THE NEW BURNHAM APARTMENTS PROJECT.

Staff: There is an existing development agreement with New Burnham. The financing office realized there was a process by which they could substitute ARP dollars which have some cumbersome reporting requirements with general dollars. The ARP dollars can be used to fund revenue shortfalls during the COVID 19 Pandemic. This was approved at Council and approves the affordability at the New Burnham project. The total amount is \$380,000 and is 10 units at 70% AMI. This will be acting as a conduit to allow these funds to increase the affordability of the units. There are no additional funds, just a substitution of funds.

Discussion: Commissioner Randorf noted that Council saw the same thing happen with GDC funding and inquired on whether or not commissioners would see all of the ARPA projects come through in this manner where the accounting is going to slightly change. Director Fleege answered that it is his understanding that projects in the \$6 million-dollar range have this ability and DEDA may see some of the smaller projects. Larger projects would follow the normal process. Commissioner Randorf clarified if this resolution was the same type of accounting scenario as the GDC accounting resolution and Director Fleege confirmed that it is the same and there is another one following this resolution.

Commissioner Forsman confirmed with Director Fleege that it's a 1:1 revenue replacement and asked if it would go back to Council since it's a budgetary impact or if Administration can move it. Director Fleege thought Council would be doing the movement as DEDA is just acting as a conduit.

Attorney Asleson added that Council has already approved the transfer of the funds and the determination of the prior agreement that is no longer applicable. DEDA's approval in excess of \$100,000 will have to go back to Council.

Vote to approve resolution 22D-27: (Forsman/Randorf) Vote: Passed (4-0).

Commissioner McEntyre asked about needing to possibly remove herself from a vote on the Armory Project if she had provided a letter of support for the project. President Cartier noted that the resolution regarding the Armory was to be removed from the agenda today.

RESOLUTION 22D-28: RESOLUTION AUTHORIZING AN AGREEMENT WITH MERGE LLC FOR ADDITIONAL AFFORDABILITY IN THE URBANE DULUTH PROJECT

Staff: Director Fleege provided that this resolution is the same rationale as the prior resolutions discussion and Council has previously approved.

Discussion: N/A

Vote to approve resolution 22D-28: (Randorf/McEntyre) Vote: Passed (4-0).

RESOLUTION 22D-29: RESOLUTION AUTHORIZING REDEVELOPMENT GRANT CONTRACT OF \$672,918 WITH MINNESOTA DEED FOR THE HISTORIC ARMORY PROJECT

Staff:

Discussion: President Cartier noted for the Commissioners that staff needed more time with this resolution and it's being returned to staff for the June meeting.

Resolution 22D-29 was returned to staff and there was no vote.

RESOLUTION 22D-30: RESOLUTION AUTHORIZING FIFTH AMENDMENT TO AGREEMENT WITH THE LAKEVIEW PROPERTIES LLC INCREASING THE PROJECT SUPPORT BY \$1.3 MILLION

Staff: Director Fleege provided background. This a market-rate housing project on the corner of 4th Ave East and Superior Street (within the Medical District). A TIF district was approved back in 2018. The resolution reflects the length of time the project has taken and a gap exists in financing for the project due to high material costs (estimated at \$85 million now—when the project was first approved estimates were closer to \$60 million). The site is challenging and tight to work on as many other projects have been going on in close proximity. Housing is needed at all levels, both affordable and market-rate. The resolution will have to go

to Council for final approval of the TIF increase.

Discussion: N/A

Vote to approve resolution 22D-30: (Randorf/McEntyre) Vote: Passed (4-0).

RESOLUTION 22D-31: RESOLUTION AUTHORIZING A LAND SALE AGREEMENT WITH SAIA, MOTOR FREIGHT

Staff: This land sale agreement is out at the Atlas site (DEDA owned property). Ikonics has one of the buildings that they recently transacted with Second Harvest. This would be a new purchase agreement. The buyer intends to build a warehousing/trucking operation. This resolution allows DEDA to be able to enter into a land transaction for \$17,000 to sell the property.

Discussion: Commissioner Forsman asked how many acres are there. Director Fleege thought it was 3.4 acres and it's just one of the lots that SAIA will be purchasing. Commissioner McEntyre inquired about what job openings if any would be opened up to the community based off of the new development. Director Fleege noted there would be jobs with this development, but that DEDA is working through a broker so there was no firm number commitment on the number of jobs just yet. SAIA feels jobs will grow as their operation grows. There was no development agreement because they are not utilizing any public assistance. Director Fleege will report out how many jobs they will be bringing. SAIA was unsure of how quickly the business would grow so they were hesitant to do a lot of commitment to that type of development agreement. President Cartier asked if this is SAIA's first facility in Duluth. Director Fleege confirmed it is their first facility in this market so they are coming in to build a presence. SAIA is currently out of Wisconsin. Attorney Asleson pointed out that 10 FTE's was what the company had committed to. Commissioner McEntyre asked if there would be on the job training or if people needed to have a trade or certification before they are able to work. Director Fleege noted any drivers would need a CDL, but a certification may not be the case for those in the warehouse. Elena Foshay and DEED have various training programs and resources for those businesses as they relocate here. Much of the early communication was with the intermediate broker and now one on one's are starting to occur with the actual buyer.

Vote to approve resolution 22D-31: (Forsman/Randorf) Vote: Passed (4-0).

RESOLUTION 22D-32: RESOLUTION OF THE DULUTH ECONOMIC DEVELOPMENT AUTHORITY FINDING PARCELS ARE OCCUPIED BY STRUCTURALLY SUBSTANDARD BUILDINGS AND MEET THE REQUIREMENTS OF A REDEVELOPMENT TAX INCREMENT FINANCING DISTRICT UNDER

MINNESOTA STATUTES §469.174, SUBD. 10

Staff: Director Fleege explained this resolution is the site that is the New/Old Central, the top of the hill central where the school district is building a transportation hub and their administration building. They are looking to subdivide this property and have an area that would be available for development. This is a finding by DEDA acknowledging the existing building is a blighted building and allows for a redevelopment TIF district to be created. The action allows for development over the next 3 years to be able to leverage the TIF tool. The school district is moving forward with the construction of the other two structures which is underway and they would like to be able to move forward with the demolition. A development agreement will be brought forward as things develop further.

Discussion: Commissioner Randorf asked if the land could be re-platted without the designation. Director Fleege explained the land could be re-platted, but to preserve the ability to create the redevelopment and to utilize the TIF under a redevelopment, that is what you're preserving is the financial tool. It will likely be housing, but it could be any number of things that could go on that site.

Vote to approve resolution 22D-32: (McEntyre/Randorf) Vote: Passed (4-0).

RESOLUTION 22D-33: RESOLUTION REJECTING NON-RESPONSIVE PROPOSAL FOR REDEVELOPMENT OF PASTORET/ROBESON BUILDINGS.

Staff: Director Fleege explained this an RFP that the Planning & Economic Development Housing Team lead to evaluate if there were any viable options for historic restoration. This RFP was initially advertised over a month to begin with, but was extended to May 20, 2022 via our normal distribution channels. The RFP was posted on the city website and emailed to 700 plus subscribers. Out of the advertisement there was one response which was deemed not viable due to a lack of all required elements. This resolution is to document the rejection and this process took place.

Discussion:

Vote to approve resolution 22D-33: (Forsman/Randorf) Vote: Passed (4-0).

DISCUSSION

President Cartier circled back to Commissioner McEntyre's question about the letter of support she provided since it will be coming back up at a later meeting. Attorney Asleson would work

with Commissioner McEntyre before the next DEDA meeting to hear the details about the letter of support and to provide an answer. Commissioner Randorf asked if it was similar to Council in that the Commissioner would have to have financial gain. Attorney Asleson added there would have to be some sort of financial benefit, but that DEDA does have some more stringent rules that would apply.

9. ADJOURN: President Cartier adjourned the May 25, 2022 meeting of DEDA 5:37 p.m.

Respectfully submitted,

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Chris Fleege--Executive Director