

**MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
WEDNESDAY, JUNE 23, 2021 – 5:15 P.M.
VIA ELECTRONIC MEANS PURSUANT TO MINNESOTA STATUTES
SECTION 13D.021**

MINUTES

Please take notice that the Duluth Economic Development Authority will hold a public hearing by other electronic means pursuant to Minnesota Statutes Section 13D.021 on Wednesday, June 23, 2021, at 5:15 p.m. All persons interested may monitor and participate in the hearing by visiting: <http://dulutheda.org/live-meeting> promptly at 5:15 p.m. on Wednesday, June 23, 2021, and written comments may be submitted to DEDA in advance of the meeting via the DEDA's web site at <http://dulutheda.org/contact-us/> or via email at cfleege@duluthmn.gov, and DEDA will decide if the conveyance is advisable.

The regular meeting place of DEDA is the Duluth City Council Chambers at City Hall, 411 West First Street, in Duluth, Minnesota. At this time board members of DEDA do not intend to attend the meeting in person; due to continually evolving restrictions and guidance from state and federal officials and agencies, the board members of DEDA will attend the meeting remotely via telephone or other electronic means pursuant to Minnesota Statutes Section 13D.021.

Present: Zack Filipovich, Ellie Just, ChaQuana McEntyre, Derek Medved, Roz Randorf

Others Present: Chris Fleege, Amanda Anderson, Jason Hale, Jon Commers, Michael Schraepfer, John Ramos, Meghan Elliott, Peter Passi, Sam Hale, Grant Carlson

Absent: Matt Cartier, Tim McShane

Set the chair of the meeting- Zack Filipovich nominated. Vote to elect Secretary Filipovich as the meeting Chair: (Just, McEntyre, Medved, Randorf) (4-0) Passes.

1. CALL TO ORDER: The May 26, 2021 meeting of DEDA was called to order by Secretary Filipovich at 5:26 p.m.

2. PUBLIC TO ADDRESS THE COMMISSION

No comment at the meeting. Public comment via e-mail was sent in from Mark Baker to share at the DEDA meeting. (Attached) Michael Schraepfer

3. PUBLIC HEARINGS

RESOLUTION 21D-22: RESOLUTION APPROVING A DEVELOPMENT AGREEMENT WITH PORTLAND LAND CO., LLC AND CORRESPONDING FINANCING FOR THE REDEVELOPMENT OF

THE 627 E 4TH STREET RESIDENTIAL REDEVELOPMENT PROJECT

Michael Schraepfer noted he is attending the meeting on behalf of Portland Land Company and would be happy to answer any questions. No others to address the commission.

RESOLUTION 21D-24: RESOLUTION ADOPTING A MODIFICATION TO THE DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO. 17, ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 35: REDEVELOPMENT DISTRICT THEREIN AND ADOPTING A TAX INCREMENT FINANCING PLAN THEREFOR

No public comment.

4. APPROVAL OF MINUTES - MEETING MINUTES FROM MAY 26, 2021

Vote to approve the May 26, 2021 meeting minutes (Medved/Just) (Roll call vote: Filipovich, Just, McEntyre, Medved, Randorf) Passed (5-0).

5. APPROVAL OF CASH TRANSACTIONS MAY 1, 2021 TO MAY 31, 2021

Normal month of transactions. No Commissioner questions.

Vote to approve the May 1, 2021 to May 31, 2021 cash transactions (Randorf/Just) (Roll call vote: Filipovich, Just, McEntyre, Medved, Randorf) Passed (5-0).

NEW BUSINESS

6. RESOLUTIONS FOR APPROVAL

RESOLUTION 21D-22: RESOLUTION APPROVING A DEVELOPMENT AGREEMENT WITH PORTLAND LAND CO., LLC AND CORRESPONDING FINANCING FOR THE REDEVELOPMENT OF THE 627 E 4TH STREET RESIDENTIAL REDEVELOPMENT PROJECT

Staff: Director Fleege noted there are some excess funds in other housing districts that will be utilized for this redevelopment (\$126,000). The building is a historic brownstone. Mr. Schraepfer will be spending over a million dollars to renovate the building and create much-needed housing units. Mr. Schraepfer did not have any additional commentary.

Discussion: Secretary Filipovich is excited for the project and building renovation and the historic charm is being kept. A thank you to Mr. Schraepfer for his investment in this project and in Duluth.

Vote to approve resolution 21D-22: (Medved/Just) (Roll call vote: Filipovich, Just, McEntyre, Medved, Randorf) Passed (5-0)

RESOLUTION 21D-23: RESOLUTION APPROVING A DEVELOPMENT AGREEMENT WITH NEW BURNHAM, LLC FOR THE DEVELOPMENT OF THE BURNHAM APARTMENTS PROJECT

Staff: Director Fleege explained that this project is known as the former St. Louis County jail building. The developer is looking at creating 32 units and have secured the historic tax credits on the project. Jason Hale clarified that the resolution title was changed in the last minute and the agreement is actually with New Burnham, LLC. The building has been vacant since before 2010. Grant Carlson purchased the building in 2010. The MN historic tax credits sunset in June and they have not been renewed or extended. This project secured \$2.5 million in tax credits before the program ended. It appears that there are actually 34 units of housing. Mr. Commers mentioned that Mr. Carlson has tried a number of different strategies to move forward with renovation of the property. The use of tax increment financing is one of the strongest local options to support this public/private partnership and will be helpful in reactivating this site. Meghan Elliott, the third partner, is also on the call.

Discussion: Commissioner Filipovich spoke in front of the City Council about saving the structure before he graduated from UMD due to its significant history. He is happy to see this project moving forward.

Vote to approve resolution 21D-23: (Randorf/Medved) (Roll call vote: Filipovich, Just, McEntyre, Medved, Randorf) Passed (5-0)

RESOLUTION 21D-24: RESOLUTION ADOPTING A MODIFICATION TO THE DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO. 17, ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 35: REDEVELOPMENT DISTRICT THEREIN AND ADOPTING A TAX INCREMENT FINANCING PLAN THEREFOR

Staff: Director Fleege clarified that DEDA works closely with Ehlers, a municipal advisory group, and they run the pro formas. DEDA staff then look to see if there is a financial gap. A financial analysis is done and a true gap has to be identified. If the developer receives TIF and historic tax credits, additional grants would be needed for the project. The historic tax credits will expire if the project is not completed and in service by 2022. This resolution establishes the new TIF district No. 35, which is specifically for this project. This is a perfect application for TIF and is the correct tool to use in this situation.

The correspondence that staff received will be added to the record and kept on file.

Discussion: N/A

Vote to approve resolution 21D-24: (McEntyre/Medved) (Roll call vote: Filipovich, Just, McEntyre, Medved, Randorf) Passes (5-0)

7. DISCUSSION
DIRECTORS REPORT

Director Fleege sent Commissioners and invitation to the Ehlers Financing Series for Elected Officials. The Commissioners are able to register for the conference and would receive all three of the programs in the series. On Wednesday, October 20, Ehlers is hosting a conference around TIF Districts, it would be useful for the Commissioners to join to understand TIF districts, and how they are used as a few more will be coming forward to the Commission.

There will be a brown bag meeting at Lot D. One of DEDA's strategic plans to address this after. A consultant was hired and they will be on site for a presentation (July 12, 2021 from noon to 1 PM) The presentation will be about 45 minutes. The site is adjacent to the Pier B site and will be an open meeting to the public.

There will be a number of development agreements and TIF plans coming forward for the July meeting.

9. ADJOURNMENT: Secretary Filipovich adjourned the June 23, 2021 meeting of DEDA at 5:56 p.m.

Respectfully submitted,

DocuSigned by:



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Chris Fleege

Executive Director

8/27/2021

Duluth Economic Development Authority June 23, 2021 Meeting Minutes

From: [Mark A. Baker](#)
To: [Amanda Anderson](#)
Subject: DEDA Meeting
Date: Wednesday, June 23, 2021 9:58:32 AM

Hello:

These comments and questions are in relation to the proposed St. Louis County Jail development project, specifically the Tax Increment Financing proposal being considered by the DEDA at its meeting on 23 June, 2023.

1. In the proposed Development Agreement between the Developer and the DEDA, it is noted that "Developer has requested assistance from DEDA for demolition of the so-called Annex building, redevelopment of the existing building, site preparation and infrastructure costs and other costs eligible for public financing related to the Project as is hereinafter set forth since, without such assistance, the Project would not be economically viable".

In light of the current housing market in Duluth, which is expected to continue into the future, and considering that 10% of the units will receive less rent than the other units, please describe the specific financial analyses undertaken by city staff to document this financial need? IRR? ROI?

2. The Tax Increment Plan projects that the Estimated Annual Tax Increment to be \$150,014.00(present dollars) for 26 years. This is money that would ordinarily go to the various taxing entities in the city. But during this 26 year period, these entities will be incurring both operational and infrastructure maintenance costs attributable to the project. Children living in the project will attend public school; tenants will utilize public safety, health, social services and recreation amenities in the city. In addition, capital goods such as streets, sidewalks, public utilities and the like will be accumulating depreciation during these years,

Please explain in detail what additional revenues will be acquired or costs eliminated to make up for these expenditures for which the taxing entities will not be supported by this project over the 26 years of the TIF??

Please distribute these questions to the DEDA board and make part of the public record.

Thank you!

Mark A. Baker

**MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
WEDNESDAY, JULY 12, 2021 – 12:00 P.M.
LOT D
9th AVENUE WEST AND RAILROAD STREET**

MINUTES

Present: Matt Cartier, Zack Filipovich, Ellie Just, ChaQuana McEntyre, Roz Randorf

Others Present: Jeff Miller, Lance Bernard, Adam Fulton, Robert Asleson, Jeff Stollenwerk, Kate Ferguson, Chad Ronchetti, Jason Hale, John Ramos, Howie Hanson, Scott Sannes

Absent: Derek Medved, Tim McShane

1. CALL TO ORDER: The July 12 Special DEDA Meeting was called to order by President Cartier at noon.

NEW BUSINESS

2. PRESENTATION RELATED TO THE REDEVELOPMENT OF LOT D BY HKGI

Presentation by Jeff Miller and Lance Bernard from HKGI.

President Cartier asked if there was going to be a decision made by DEDA in the end about the infrastructure or if a developer will be deciding. There will be an RFI process. HKGI's presentation is a framework for the site. Commissioner Randorf asked about if there are height limits on Lot D or if the view shed will be protected. There was discussion around not wanting a tall and wide building on the site. Commissioner Filipovich asked about the ratio of pervious to impervious surfaces. HKGI did not get into that level of detail, but rather was trying to minimize impervious surfaces. Commissioner Filipovich inquired about the timeline or next steps. HKGI will be helping to develop an RFI that will be broadcast widely. The group discussed the past of the site. Commissioner Randorf inquired about how to get green roofs as a requirement. Green roofs could be added as a stipulation in the RFI. The consultants are looking at ways to fully maximize the site.

Commissioner Randorf inquired about how long a plan on the site would take. The goal is to have a development partnership and then establish a timeline. The site may need to be developed in phases. When DEDA acquired the site, it was acquired as a package deal with where Pier B was also and it was zoned industrial. The best thing to do is to add certain aspects in the RFP and then let developers bring additional ideas forward. Commissioner McEntyre

inquired about public process/comment. The DEDA board would decide on the public engagement piece. Someone commented that this is an industrial area and some buffer may be needed for all of the industrial traffic and noise.

In 2015, the Port Authority wanted to note they were not a part of the discussion on Lot D. There are concerns around a reasonable buffer for dust and noise, for navigation, for safe approach to the facility and safe tie up. There is a potential that boats that are offloading may “hang over” the property line for Lot D and the area would need to be secured for offloading or movement of the ship.

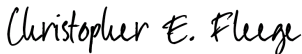
HKGi will be working on cleaning up the framework over the next few weeks. There was a discussion about finding a development partner to help with funding, but it is very early on and the City and DEDA is unsure of what any potential funding may look like. The purpose of HKGi’s work is to help a developer realize what the City and Economic Development Authorities direction or idea for the site looks like.

3. DISCUSSION

9. ADJOURN: Special meeting adjourned the July 12, 2021 Special meeting of DEDA at 1:00 p.m.

Respectfully submitted,

DocuSigned by:



8/27/2021

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Chris Fleege

Executive Director

Duluth Economic Development Authority July 12, 2021 Special Meeting Minutes