

**MEETING OF THE  
DULUTH ECONOMIC DEVELOPMENT AUTHORITY  
WEDNESDAY, JULY 27, 2022 – 5:15 P.M.  
COUNCIL CHAMBERS-CITY HALL  
MINUTES**

**Present:** Matt Cartier, Arik Forsman, Ellie Just, Tim McShane

**Absent:** ChaQuana McEntyre, Roz Randorf, Terese Tomanek

**Others Present:** Amanda Anderson, Chris Fleege

**1. CALL TO ORDER:** The July 27, 2022 meeting of DEDA was called to order by President Cartier at 5:16 p.m.

**2. PUBLIC TO ADDRESS THE COMMISSION**

No comment.

**3. PUBLIC HEARINGS**

**RESOLUTION 22D-41: RESOLUTION AUTHORIZING THE CONVEYANCE OF PROPERTY TO ONE ROOF COMMUNITY HOUSING FOR DEVELOPMENT OF AFFORDABLE HOUSING**

No public comment.

**RESOLUTION 22D-42: RESOLUTION AUTHORIZING SIXTH AMENDMENT TO AGREEMENT WITH LAKEWALK PROPERTIES LLC MODIFYING THE INTEREST RATE PAYABLE AND ESTABLISHING UPDATED PROJECT START DATE REQUIREMENT.**

No public comment.

**RESOLUTION 22D-44: RESOLUTION AUTHORIZING A LAND SALE AGREEMENT WITH MERGE, LLC**

No public comment.

**APPROVAL OF MEETING MINUTES**

**JUNE 22, 2022 MEETING MINUTES**

No discussion.

**VOTE TO APPROVE THE JUNE 22, 2022 SPECIAL MEETING MINUTES:** (Forsman/McShane) Vote:  
Passed (4-0).

## **APPROVAL OF CASH TRANSACTION**

**JUNE 1, 2022 TO JUNE 30, 2022**

No discussion.

**VOTE TO APPROVE THE JUNE 1 to JUNE 30, 2022 CASH TRANSACTIONS:** (McShane/Just) Vote: Passed (4-0).

## **NEW BUSINESS**

### **4. RESOLUTIONS FOR APPROVAL**

#### **RESOLUTION 22D-41: RESOLUTION AUTHORIZING THE CONVEYANCE OF PROPERTY TO ONE ROOF COMMUNITY HOUSING FOR DEVELOPMENT OF AFFORDABLE HOUSING**

**Staff:** Director Fleege provided the property being conveyed is in the West Duluth neighborhood on 3<sup>rd</sup> Street. This is a property that One Roof will develop. This is a vacant infill site and a home will be built there and will become a part of the Community Trust Fund for individuals who qualify.

**Discussion:** No discussion.

**Vote to approve resolution 22D-41:** (McShane/Just) Vote: Passed (4-0).

#### **RESOLUTION 22D-42: RESOLUTION AUTHORIZING SIXTH AMENDMENT TO AGREEMENT WITH LAKEWALK PROPERTIES LLC MODIFYING THE INTEREST RATE PAYABLE AND ESTABLISHING UPDATED PROJECT START DATE REQUIREMENT.**

**Staff:** In May the TIF amount was increased by \$1.3 million. The challenge for the project has been escalating interest rates. To secure the financing gap, the TIF amount will not be increased (\$7.5 million). Just the interest on the note will be changing to help close the financing gap. The amendment has construction starting by September and the building permits would be issued by November. This is a market rate project with 190 units across from the Vision Northland project.

**Discussion:** President Cartier clarified they would be starting the project in September of 2022.

**Vote to approve resolution 22D-42:** (Forsman/Just) Vote: Passed (4-0).

**RESOLUTION 22D-43: RESOLUTION AUTHORIZING PROFESSIONAL SERVICES AGREEMENT WITH NORTHLAND SMALL BUSINESS DEVELOPMENT SERVICES (SBDC) FOR GENERAL SERVICES RELATED TO PROGRAM CONSULTING FOR SMALL BUSINESS AND ENTREPRENEURS LOCATED IN DULUTH, MINNESOTA IN THE AMOUNT OF \$20,000**

**Staff:** The University of Minnesota: Lebovitz School used to sponsor this program until it moved to the Northland Foundation. This is DEDA's second year contributing funding to the program. An additional attachment was added that shows the number of businesses that were serviced in 2021 and year to date for 2022 and it is broken down by segments. Funding for the agreement runs from July 1<sup>st</sup> thru June 30<sup>th</sup>. There are other partners as well for the program and this is DEDA's way to help some of the smaller businesses. It is likely that the investment will increase in the future. The Northland Foundation will likely attend a DEDA meeting to give an update to the Board.

**Discussion:** N/A

**Vote to approve resolution 22D-43:** (Just/McShane) Vote: Passed (4-0).

**RESOLUTION 22D-44: RESOLUTION AUTHORIZING A LAND SALE AGREEMENT WITH MERGE, LLC**

**Staff:** Director Fleege explained the resolution aggregates a number of properties between Wheeler and the ball fields. County, City held and DEDA acquired properties are being combined. Brett Crecelius provided the proposed project is 80 units at 3401 Grand by Wheeler Field. 40% at 60% AMI and 60% at 80% AMI. This land sale agreement will go hand in hand with the HRA's proposed creation of a TIF district. There will be a development and ARPA agreement, both with stipulations on what is going to be built. This will be in place when they go to Planning Commission to get variances so they have site control.

**Discussion:** Commissioner Forsman asked how the purchase price was arrived at. Brett Crecelius explained how the purchase price was decided upon. \$12,000 was spent on obtaining the lots. \$100,000 was the number that was determined to work in their proforma and would still give DEDA a return.

**Vote to approve resolution 22D-44:** (McShane/Just) Vote: Passed (4-0).

**RESOLUTION 22D-45: RESOLUTION AUTHORIZING THE EXECUTION OF A PURCHASE AGREEMENT WITH THE CITY OF DULUTH FOR THE ACQUISITION OF CERTAIN REAL PROPERTY IN THE FAIRMOUNT NEIGHBORHOOD**

**Staff:** Last month, County and City parcels were brought together for this project. This is the purchase agreement for that project. This was approved by Council and is being brought to DEDA for approval. This is approximately a five-and-a-half-acre site out in the former DWP roundhouse area. There is a developer who is interested for 100 units of market-rate housing.

**Discussion:** N/A

**Vote to approve resolution 22D-45:** (Forsman/Just) Vote: Passed (4-0).

**RESOLUTION 22D-46: RESOLUTION AUTHORIZING A FIRST AMENDMENT TO THE LAND SALE AGREEMENT WITH ANACHI, LLC RELATED TO THE REBUILD DULUTH PROGRAM**

**Staff:** There is a one-year extension to complete the construction. It has been challenging in this market because of pricing.

**Discussion:** N/A

**Vote to approve resolution 22D-46:** (Just/McShane) Vote: Passed (4-0).

**RESOLUTION 22D-47: RESOLUTION AUTHORIZING A SECOND AMENDMENT TO A PROFESSIONAL SERVICES AGREEMENT WITH ENTRYPOINT LLC FOR ADDITIONAL PROFESSIONAL SERVICES TO EXPAND THE SCOPE OF WORK, INCREASE THE CONTRACT AMOUNT BY \$11,000 FOR A NEW TOTAL AMOUNT NOT TO EXCEED \$76,000 AND EXTEND THE TERMINATION DATE TO DECEMBER 31, 2022**

**Staff:** Council was asked to approve the \$76,000. There was a timing issue of when DEDA meetings were vs. when Council meetings were. The intention was to extend the contract out far enough. It is likely Entry point will only be utilized through October, but staff has been working with them on an application to DEED for the Boarder to Boarder grant of \$3.2 million for Broadband. Entry point has been providing some technical expertise to pull the application together.

**Discussion:** N/A

**Vote to approve resolution 22D-47:** (McShane/Just) Vote: Passed (4-0).

**DISCUSSION**

Director Fleege thanked Vice President Tim McShane for his years of service with DEDA as he will be submitting his resignation after the July 27<sup>th</sup> meeting.

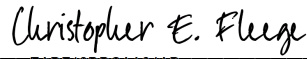
Update: Cirrus intends to purchase the MRO and they are getting very close to an agreement (hoping to have that in August).

The Mayor is conducting an economic development audit that she spoke on in her State of the City address. The focus will primarily be on City staff and processes. There likely will be involvement from the DEDA Board as well. Baker Tilly was hired to do the audit work. There will be a number of involved stakeholders.

Some ideas will be brought forward from the developer on Lot D.

**9. ADJOURN:** President Cartier adjourned the July 27, 2022 meeting of DEDA 5:37 p.m.

Respectfully submitted,

DocuSigned by:  
  
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Chris Fleege--Executive Director