

**MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
WEDNESDAY, MAY 26, 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, May 26, 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, May 26, 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, Matt Cartier, Ellie Just, ChaQuana McEntyre, Derek Medved, Tim McShane, Roz Randorf

Others Present: Chris Fleege, Robert Asleson, Amanda Anderson, Kevin Rymanowski, Lynn Daly, Mia Thibodeau

Absent: N/A

1. CALL TO ORDER: The May 26, 2021 meeting of DEDA was called to order by President Cartier at 5:15 p.m.

Commissioner McShane joined at 5:16 p.m.

2. PUBLIC TO ADDRESS THE COMMISSION

No public comment.

3. PUBLIC HEARINGS

RESOLUTION 21D-17: RESOLUTION APPROVING THE ISSUANCE AND SALE OF REVENUE BONDS (BENEDICTINE HEALTH SYSTEM), SERIES 2021

No comment.

RESOLUTION 21D-20: RESOLUTION ADOPTING A MODIFICATION TO THE DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO. 17, ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 34: REDEVELOPMENT DISTRICT THEREIN AND ADOPTING A TAX INCREMENT FINANCING PLAN THEREFOR

No comment.

4. APPROVAL OF MINUTES

-MEETING MINUTES FROM APRIL 28, 2021 MEETING

Vote to approve the April 28, 2021 meeting minutes (Roll call vote: Cartier, Filipovich, Just, McEntyre, Medved, McShane, Randorf) (Filipovich/Medved) Passed 7-0

5. APPROVAL OF CASH TRANSACTIONS

APRIL 1, 2021 TO APRIL 30, 2021

Director Fleege noted the payment to Kraus Anderson, which was the balance of their account for the Pastoret Terrace work. The rest are normal utility bills and work that was being done with Ehlers around TIF support.

Vote to approve the April 1, 2021 to April 30, 2021 cash transactions (Roll call vote: Cartier, Filipovich, Just, McEntyre, Medved, McShane, Randorf) (McShane/Randorf) Passed 7-0

NEW BUSINESS

6. RESOLUTIONS FOR APPROVAL

RESOLUTION 21D-17: RESOLUTION APPROVING THE ISSUANCE AND SALE OF REVENUE BONDS (BENEDICTINE HEALTH SYSTEMS), SERIES 2021

Staff: Director Fleege provided that DEDA is acting as a non-conduit for tax-exempt bonds for the Benedictine system. These will be for projects across their full footprint (spans over several states). Some portions are being refinanced and some are for new projects. The bonds are up to \$150 million. DEDA charges a small fee of 25 basis points and the generated revenue can then be used for economic development purposes.

Discussion: N/A

Vote to approve resolution 21D-17: (Roll call vote: Cartier, Filipovich, Just, McEntyre, Medved, McShane, Randorf) (Filipovich/Medved) Passed 7-0

RESOLUTION 21D-18: RESOLUTION AUTHORIZING THE ACQUISITION OF CERTAIN REAL PROPERTY IN THE LAKESIDE NEIGHBORHOOD FROM THE CITY OF DULUTH RELATED TO THE REBUILD DULUTH PROGRAM

Staff: Director Fleege explained that the property is being acquired from the City of Duluth for the Rebuild Duluth Program. This is a series of lots and there is a potential for multi housing. This will go on the tax rolls and will create housing. Many of the Rebuild Duluth projects are moving into the construction phase. The cost is nominal.

Discussion: N/A

Vote to approve resolution 21D-18: (Roll call vote: Cartier, Filipovich, Just, McEntyre, Medved, McShane, Randorf) (McShane/Just) Passed 7-0

RESOLUTION 21D-19: RESOLUTION AUTHORIZING THE ACQUISITION OF CERTAIN REAL PROPERTY IN THE CENTRAL HILLSIDE NEIGHBORHOOD FROM THE CITY OF DULUTH

Staff: Director Fleege explained that this was part of a complex transaction (land swap) to help facilitate the impound lot out in West Duluth. This swap included some DEDA property on Central Entrance and this creates an opportunity for redevelopment at the UDAC site. DEDA will eventually transfer this lot for a larger development that has not yet been fully vetted. The lot currently stands vacant.

Discussion: Commissioner Randorf inquired about what could possibly be built on the site. There is currently speculation around this site becoming a convenience store. There was a clarifying discussion on the current vote only being to acquire the land. Any other transfer of the land would then come back to DEDA for a vote. Commissioner Filipovich asked if development on the site would have to comply with zoning laws. Director Fleege will need to get back to the Commissioners on whether the site is zoned mixed-use commercial or residential. Commissioner Filipovich was also curious if part of the concept was to open up Oregon Creek and to make it a more environmentally friendly area. This lot would have to be coupled with other lots in order to develop anything on it, as the site being acquired is small.

Vote to approve resolution 21D-19: (Roll call vote: Cartier, Filipovich, Just, McEntyre, Medved, McShane, Randorf) (McEntyre/Medved) Passed 7-0

RESOLUTION 21D-20: RESOLUTION ADOPTING A MODIFICATION TO THE DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO. 17, ESTABLISHING TAX INCREMENT FINANCING

DISTRICT NO. 34: REDEVELOPMENT DISTRICT THEREIN AND ADOPTING A TAX INCREMENT FINANCING PLAN THEREFOR

Staff: Director Fleege explained this is for the Historic Old Central project that is to be 125 units of housing; 10% of those units will be affordable housing. The project will preserve a very historic building. A developer is willing to develop this site, but will need considerable public assistance. This TIF plan is for up to 26 years and is \$2.9 million. This will be the first step in the approval process and then the resolution will be sent to Council for approval. The site has surface lots so there is enough parking for the future residents.

Discussion: President Cartier asked for clarification around the district numbers. Director Fleege noted the redevelopment district (17) is almost all of the City of Duluth and a new stand-alone district (34) is being created. District 34 sits within the boundaries of District 17.

Attorney Asleson clarified that District 17 is an overall redevelopment area within the City. District 34 is specific to the Central Old High School project and only encompasses the property that will be involved in this development. Commissioner Filipovich asked if the \$2.9 million would be paid back before the 26 years. Director Fleege anticipates it to be paid off sooner and believes the calculations to be a more conservative approach to repayment. Commissioner Filipovich asked about how much the historic tax credits were. Director Fleege is not sure of the exact amount and will have to get back to the commissioners. Commissioner Filipovich wanted to know the rationale for moving forward with the TIF district before the development agreement is reviewed and voted on. Council has the final say on approval. The approval of the TIF resolution will not have any bearing on the development agreement.

Vote to approve resolution 21D-20: (Roll call vote: Cartier, Filipovich, Just, McEntyre, Medved, McShane, Randorf) (Filipovich/Randorf) Passed 7-0

RESOLUTION 21D-21: RESOLUTION APPROVING A DEVELOPMENT AGREEMENT WITH SATURDAY ZENITH, LLC FOR THE DEVELOPMENT OF THE ZENITH HISTORIC OLD CENTRAL HIGH SCHOOL PROJECT

Staff: Tabling this item as the development agreement is not yet ready.

Discussion: N/A

Motion on proposed resolution 21D-21: (McShane/Filipovich)

Vote and motion to table resolution 21D-21: (Roll call vote: Cartier, Filipovich, Just, McEntyre, Medved, McShane, Randorf) (Filipovich/Medved)

7. DISCUSSION

DIRECTORS REPORT

Many items have been pushed out to the June meeting. City Hall will re-open to the public after Memorial Day. The Priley Circle door will be open and there will be a welcome desk for folks to check in.

The Verso sale did go through. ST Paper purchased the site from Verso and are now the owners. Director Fleege thanked DEDA and Baker Tilly for all of their help and involvement in the transaction. St. Louis County approved their portion of tax abatement and City Council approved support for the job creation fund (a DEED program). 80 jobs will be created at the mill. DEED held their public hearing last Friday and staff is recommending \$1.3 million award on the JCF and ST Paper is pursuing \$3 million in MIF and new market tax credits. The legislature did not approve a lot of the bonding. ST Paper moving forward with the project is contingent on securing all of the subsidies and securing their financing. They are hoping to hire back at least 15 employees right away and then will ramp up to the 80 needed employees for their full operation.

DEDA has been sponsoring work on the Lot D Development and some conceptual drawings will be coming forward from a firm for a board briefing.

DEDA has been funding some detailed engineering for the cruising project. A request may come forward to purchase some fencing to support this project.

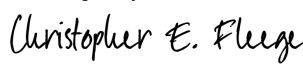
DEDA is entering into an agreement with the Blue Angels who will be at the air show up at the airport. The MRO Hangar will be used if there is inclement weather and will span over a two-day period.

Commissioner McShane inquired about any update on the legal proceedings for the Pastoret Terrace. Attorney Asleson had no comments to add. Director Fleege shared that there have been ongoing challenges at the site. There was a hit and run where someone took out the fencing on First Street. No additional funds are needed at this time to correct the fencing. There are pleadings on the 20th to the Court of Appeals and there should be some type of notice roughly 90 days thereafter.

Commissioner Randorf asked if the next meeting would be via WebEx. The direction has been to follow what City Council decides and will follow suit.

9. ADJOURNMENT: President Cartier adjourned the May 26, 2021 meeting of DEDA at 6:00 p.m.

Respectfully submitted,

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Chris Fleege
Executive Director

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