

**MEETING OF THE  
DULUTH ECONOMIC DEVELOPMENT AUTHORITY  
WEDNESDAY, JANUARY 25, 2023 – 5:2 P.M.  
COUNCIL CHAMBERS-CITY HALL  
MINUTES**

**Present:** Matt Cartier, Arik Forsman (present at 5:40 pm), ChaQuana McEntyre, Connor Randall, Roz Randorf

**Absent:** Ellie Just, Terese Tomanek

**Others Present:** Amanda Anderson, Bob Boone, Steve Schwanke, Peter Passi, Shari Marshik, Theresa Bajda, Brett Crecelius, Heidi Timm-Bijold, John Ramos, Tricia Hobbs, Debbie Friedman, Pete Krieger

**1. CALL TO ORDER:** The January 25, 2023 meeting of DEDA was called to order by President Cartier at 5:21 p.m.

**2. PUBLIC TO ADDRESS THE COMMISSION**

No comments.

**3. PUBLIC HEARINGS**

**RESOLUTION 23D-02: RESOLUTION AUTHORIZING THE CONVEYANCE OF PROPERTY TO ONE ROOF COMMUNITY HOUSING FOR DEVELOPMENT OF AFFORDABLE HOUSING**

No comments.

**RESOLUTION 23D-04: RESOLUTION APPROVING THE DULUTH PRODUCTION INCENTIVE PROGRAM TO INCENTIVIZE VISUAL MEDIA PRODUCTION IN DULUTH, ESTABLISH PROGRAM GUIDELINES FOR THE PROGRAM AND AUTHORIZING AGREEMENT WITH UPPER MIDWEST FILM OFFICE FOR PROGRAM ADMINISTRATIVE SERVICES.**

Shari Marshik, the Executive Director of UMFO provided a program update. Applications for the program exceeded funding. 12 projects were completed across the region under the programs. The state has seen \$17 million in economic activity due to film, tv and content production. The film industry is very interested in Duluth and is a risk-free way to capitalize on a city-wide “manufacturing plant.” Stability in the programs is necessary.

**APPROVAL OF MEETING MINUTES**

**OCTOBER 26, 2022 REGULAR MEETING MINUTES**

No discussion.

**VOTE TO APPROVE THE OCTOBER 26, 2022 REGULAR MEETING MINUTES:** (Randorf/McEntyre) Vote: Passed (4-0).

## **APPROVAL OF CASH TRANSACTIONS**

### **NOVEMBER 1, 2022 TO NOVEMBER 30, 2022**

Deputy Director Fulton called out the TIF payments reflected and a disbursement to the Leijona/New Burnham project.

#### **VOTE TO APPROVE THE NOVEMBER 1 TO NOVEMBER 30, 2022 CASH TRANSACTIONS:**

(McEntyre/Randorf) Vote: Passed (4-0).

### **DECEMBER 1, 2022 TO DECEMBER 31, 2022**

#### **VOTE TO APPROVE THE DECEMBER 1 TO DECEMBER 31, 2022 CASH TRANSACTIONS:**

(McEntyre/Randall) Vote: Passed (4-0).

## **NEW BUSINESS**

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

#### **RESOLUTION 23D-12: RESOLUTION ELECTING OFFICERS FOR THE YEAR 2023**

Deputy Director Fulton provided the nomination of officers is as follows:

President: ChaQuana McEntyre

Vice-President: Matt Cartier

Secretary: Ellie Just

Treasurer: Councilor Roz Randorf

**Vote to approve the slate of officers for resolution 23D-12:** (McEntyre/Randall) Vote: Passed (4-0).

#### **RESOLUTION 23D-01: RESOLUTION ADOPTING A SCHEDULE OF REGULAR MEETING DATES FOR THE YEAR 2023**

No discussion.

**Vote to approve resolution 23D-01:** (Randorf/McEntyre) Vote: Passed (4-0).

#### **RESOLUTION 23D-02: RESOLUTION AUTHORIZING THE CONVEYANCE OF PROPERTY TO ONE ROOF COMMUNITY HOUSING FOR DEVELOPMENT OF AFFORDABLE HOUSING**

Deputy Director Fulton recognized this resolution pertains to property in the Irving Fairmont area of the city where there was a Brownfields re-vitalization plan. Brett Crecelius gave some background on the site. The site was queued up for the second round of Rebuild Duluth. This is a prime site for development. This strengthens One Roof's application to MHFA which helps to support the funding for the project.

**Vote to approve resolution 23D-02:** (McEntyre/Randorf) Vote: Passed (4-0).

**RESOLUTION 23D-03: RESOLUTION APPROVING A TEN-YEAR DEVELOPMENT AGREEMENT WITH PLOVER PLACE, LLC FOR CONSTRUCTION OF THE NEW HODEL OF HOUSING FOR HOMELESS AT A TOTAL COST NOT TO EXCEED \$1,600,000.**

Peter Krieger and Debbie Friedman from One Roof were both present from One Roof to represent this project. This is a 24-unit project. Theresa Bajda from the City of Duluth provided the Commissioners likely recalled seeing a resolution that was approving the transfer of money from the City of Duluth to DEDA of American Rescue Plan funds. Funding criteria allows general fund dollars to be offset and then general fund dollars can be transferred to cover qualifying housing costs. It makes some of the qualifications and terms of the development agreements less stringent and allows for the City to not have to put out a large RFP and to stay true to the mission of the American Rescue Plan. The City has been working with One Roof on the New Housing Model for homelessness (Plover Place). This will be two buildings, 12 single occupancy units, one of which in each will be fully accessible. The micro spaces reduce the overall footprint, provides more efficiency in cost and there will be supportive services on site to maximize success for this population. Working with Ideal Homes and pre-fab manufacturing units, the intent is to find a way to reduce overall construction costs. Construction is anticipated to begin no later than January 1, 2024 and they are hoping for completion by December 31, 2025. President Cartier asked about why it's a ten-year development agreement. Being as this is a "new model", being it is a manufactured unit and this is a hard use population, they did not want to overcommit to twenty or thirty years.

Pete Krieger from One Roof provided comments as well. This is a "new model" and they requested the shorter term to have the flexibility to make changes. They want to be able to adapt because this will be challenging. The ultimate goal of the project is to be able to duplicate this in other places throughout the county and state. Commissioner Randorf asked what the options are after ten years if the concept was not proven. Mr. Krieger added One Roof could raise additional funds or obtain a mortgage. The funding model as of now does not have a mortgage. There is a bathroom in each unit and the rooms are smaller, similar to a dorm room. Deputy Director Fulton provided clarification on the funding for this project—this is funding associated with the cost neutral transfer from the City of Duluth to DEDA and is related to the housing allocation under the American Rescue Plan as allocated by the City Council and Mayor Larson.

**Vote to approve resolution 23D-03:** (Randorf/McEntyre) Vote: Passed (4-0).

**RESOLUTION 23D-04: RESOLUTION APPROVING THE DULUTH PRODUCTION INCENTIVE PROGRAM TO INCENTIVIZE VISUAL MEDIA PRODUCTION IN DULUTH, ESTABLISH PROGRAM GUIDELINES FOR THE PROGRAM AND AUTHORIZING AGREEMENT WITH UPPER MIDWEST FILM OFFICE FOR PROGRAM ADMINISTRATIVE SERVICES.**

Commissioner Randorf asked if this item was identical to the first agreement. Deputy Director Fulton provided that it is roughly the same. Commissioner Randorf wanted to thank Shari Marshik and the UMFO for this program.

**Vote to approve resolution 23D-04:** (Randorf/McEntyre) Vote: Passed (4-0).

**RESOLUTION 23D-05: RESOLUTION AUTHORIZING A FIRST AMENDMENT TO THE DEVELOPMENT AGREEMENT WITH PORTLAND LAND CO., LLC**

This first amendment modifies the total number of units in the building from 16 to 21 and modifies the completion deadline out to September 2024. The project remains on track and staff remains grateful for the work of the Portland Land Co, LLC and their parent company, Heirloom Properties. A representative from Heirloom Properties is present for questions.

**Vote to approve resolution 23D-05:** (McEntyre/Randall) Vote: Passed (4-0).

**RESOLUTION 23D-06: RESOLUTION AUTHORIZING A 2023-2025 PROFESSIONAL SERVICES AGREEMENT WITH EHLERS AND ASSOCIATES, INC. FOR GENERAL SERVICES RELATED TO FINANCIAL CONSULTING IN A YEARLY AMOUNT OF \$75,000.**

Staff relies on Ehlers for our financial guidance when it comes to re-development and other financial analysis that is associated with the work of DEDA. This is a standard contract that simply exceeds the professional services amount and require board action.

**Vote to approve resolution 23D-06:** (McEntyre/Randorf) Vote: Passed (4-0).

**RESOLUTION 23D-07: RESOLUTION OF THE DULUTH ECONOMIC DEVELOPMENT AUTHORITY FINDING A PARCEL IS OCCUPIED BY STRUCTURALLY SUBSTANDARD BUILDINGS AND MEETS THE REQUIREMENTS OF A REDEVELOPMENT TAX INCREMENT FINANCING DISTRICT UNDER MINNESOTA STATUTES §469.174, SUBD. 10**

The building at 131 West First is the Advanstar building. This building is marketed for redevelopment by its ownership group. There are no pre-conceived notions about what redevelopment means. Staff recognizes this is a multi-story structure and the goal for the building will be to create additional vitality in the downtown through its reuse. This finding preserves the ability to create and utilize financial tools such as tax increment financing, should that be something that is wished to be pursued in the future. At present this is simply an analysis of the structural condition and the building is maintained in a state of cleanliness. There are no issues in the neighborhood due to this building. This report establishes the basis to create a redevelopment TIF district should that be something that is of interest.

**Vote to approve resolution 23D-07:** (Randorf/McEntyre) Vote: Passed (4-0).

*Commissioner Forsman arrived at 5:40 p.m.*

**RESOLUTION 23D-08: RESOLUTION AUTHORIZING A FUNDING AGREEMENT WITH THE CITY OF DULUTH, ACCEPTING \$500,000 FOR THE PURPOSE OF SUPPORTING ECONOMIC DEVELOPMENT EFFORTS BY DEDA**

This \$500,000 is part of the cost neutral transfer between the City of Duluth and DEDA and are funds that were pledged a little more than a year ago by the City Council. DEDA is working on a range of initiatives to provide these funds into the community for recovery from COVID. One of the efforts was previously considered by DEDA, the Business Boost program which is under process of development and would provide for some additional supplemental marketing efforts for small businesses locally. Other similar programs are under development under the direction of Director Fleege. Commissioner Randorf asked if there was a list of applicants for the Business Boost Program and/or if the program has been fully activated. There has not been staff capacity to get the program finalized, but it will be underway in 2023.

**Vote to approve resolution 23D-08:** (McEntyre/Randorf) Vote: Passed (5-0).

**RESOLUTION 23D-09: RESOLUTION APPROVING A PRE-DEVELOPMENT AGREEMENT WITH INLAND DEVELOPMENT FOR LOT D**

Staff is proposing and would recommend an amendment to the motion to provide for some modifications to the agreement related to some of the dates provided therein. Proposed modifications include: page 4, part 3a- there are proposed exclusive negotiation rights that would expire on December 31, 2024. Due to some information received from the state granting partner, staff recommends pushing the date out to December 31, 2025. On page 6, part 5a-under the concept plan generation, staff is recommending shifting the concept plan completion date from April 15, 2023 to August 15, 2023. On page 7, staff is proposing to modify the finance plan date from June 15, 2023 to June 15, 2024. Also, on page 7, staff is proposing modification of the market study concept plan completion date from September 30, 2023 to November 30, 2023. On page 8, staff recommends shifting the EAW paragraph language from within thirty (30) days to read “within ninety (90) days and changing the title of “concept” plan to read “traffic” plan. Staff will be proposing these amendments to address the complexity of the funding from outside sources. These amendments arose from a meeting that was post-completion of the DEDA agenda.

Steve Schwanke from Inland Development Partners provided it may take longer to put together the amount of funds, predominantly through grants proceeds. Commissioner Randorf questioned if the concept would stay pretty solid or if it would change. Mr. Schwanke believes there may be some changes. The Board discussed some of the steps regarding the project. Deputy Director Fulton clarified that this is a pre-development agreement and there is additional work needed. Commissioner Forsman asked if there was legislation being worked on regarding Lot D. Lot D was identified as a priority area for potential legislative modification. The initial proposal in 2018 was to allow for multiple districts, but that was changed in the final legislation by the state legislature to one district. Staff is seeking a reversion to provide for multiple districts and is seeking an extension to the maximum limit for a TIF district. TIF districts are limited to 25 years and staff is seeking an extension of 10 years due to the complexity of this site.

**MOTION/Second for resolution 23D-09:** (Forsman/McEntyre)

**Vote to approve resolution 23D-09 with proposed staff amendments:** (Forsman/McEntyre) Vote:

Passed (5-0).

**RESOLUTION 23D-10: RESOLUTION AUTHORIZING A DEVELOPMENT AGREEMENT WITH HARBORVIEW PHASE V, LLC FOR CONSTRUCTION OF THE AFFORDABLE SKYRIDGE FLATS PROJECT**

This is a subsequent cost neutral transfer of funds from the City for housing projects. This is a project up at Harbor Highlands. There has been funding support from the State of MN Housing Finance Agency. Completion at Harbor Highlands has been long coming. The HRA had this project out to bid and it came back higher. Theresa Bajda added Skyridge Flats is the 5<sup>th</sup> of 6 phases. This will be 70 units of affordable one-bedroom apartments for seniors 55+ and all are reserved for household making 50% AMI or less. 21 of those units will be further restricted to 30% AMI and 7 units will be set aside for homeless veterans. They scored well on their application for housing infrastructure bonds through MN Housing Financing Agency. The bids were \$2 million dollars higher than originally estimated. DEDA was able to provide \$300,000 and the HRA worked to value engineer with their selected contractors to reduce an additional \$500,000. The County is also supporting and they will defer a greater sum of the developer fee to close the \$2 million-dollar gap. Commissioner McEntyre called out on the first page of the development agreement that there are some highlighted areas that do not have numbers completed. The 23D-10 will be filled in when signing the agreement.

**Vote to approve resolution 23D-10:** (Randorf/McEntyre) Vote: Passed (5-0).

**RESOLUTION 23D-11: RESOLUTION AUTHORIZING GRANT IN THE AMOUNT OF \$150,000 TO THE 1200 FUND FOR SUBGRANT TO ALHAMBRA THEATRE**

The resolution is proposing a grant of \$150,000. The funds would be sub-granted to the Al Hambra Theater by the 1200 Fund who has already reviewed and approved the grant contingent on action by the DEDA board. The 1200 Fund is also providing \$50,000 through the Advance Duluth Program for a total amount to the Al Hambra and West Theater's for \$200,000. Mr. Boone is working to create a second screen at the West Theater and acquired the adjacent property which he found out was an old theater. Staff has determined this project is critical to the revitalization of the Spirit Valley neighborhood and is very pleased to see the expansion. The 1200 Fund will manage the project with reports back to DEDA.

Bob Boone gave a brief overview of how he acquired the adjacent property which was an old Vaudeville Theatre. He intends to restore the look of the theater to that of a 1913 Vaudeville Theatre. There will be a hole punched through to connect the two properties. This will allow for more events per week and to offer inexpensive children's matinees during the week.

Commissioner Randorf asked if Bob Boone was utilizing a restoration specialist. He is currently working with Duluth's leading plaster restoration artist, Curtis Ballows and they are already  $\frac{3}{4}$  of the way done with the restoration. Commissioner Forsman noted he also sits on the 1200 Fund Board and was able to have a really good discussion regarding the project and it was approved unanimously. Commissioner Forsman has already voted on this item once for the records. This item will also need to go to City

Council to be ratified as well and for the records, Commissioner Forsman will be voting on this item three times.

**Vote to approve resolution 23D-11:** (McEntyre/Forsman) Vote: Passed (5-0).

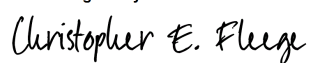
**DISCUSSION**

- **DIRECTOR'S REPORT**

No items.

**9. ADJOURN:** President Cartier adjourned the January 25, 2023 meeting of DEDA 6:04 p.m.

Respectfully submitted,

DocuSigned by:  
  
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Chris Fleege—Executive Director