

**REGULAR MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
WEDNESDAY, JULY 26, 2023 – 5:15 P.M.
COUNCIL CHAMBERS-CITY HALL
MINUTES**

Present: Arik Forsman, Ellie Just, Connor Randall, Terese Tomanek

Absent: Matt Cartier , ChaQuana McEntyre, Roz Randorf

Others Present: Amanda Anderson, Adam Fulton, Theresa Bajda, Emily Nygren, Jean Coleman, Mark Laverty, Peter Passi, Eddy Wolf

CALL TO ORDER: The July 26, 2023 regular meeting of DEDA was called to order by Acting President Forsman at 5:19 p.m.

Election of temporary DEDA President for the July 26, 2023 meeting.
Erik Forsman was elected. General motion: (4-0).

PUBLIC TO ADDRESS THE COMMISSION

No Comments.

PUBLIC HEARINGS

No Comments.

RESOLUTION 23D-32: RESOLUTION APPROVING A SECOND AMENDMENT TO THE DEVELOPMENT AGREEMENT WITH SATURDAY ZENITH, LLC FOR THE DEVELOPMENT OF THE ZENITH HISTORIC OLD CENTRAL HIGH SCHOOL PROJECT

No public comments.

RESOLUTION 23D-33: RESOLUTION AUTHORIZING A LAND SALE AGREEMENT WITH RYAN COMPANIES

No public comments.

APPROVAL OF MEETING MINUTES

MAY 23, 2023 SPECIAL MEETING MINUTES

No comments.

Vote to approve May 23, 2023 Special Meeting Minutes: (Tomanek/Just) Vote: Passed (4-0)

APPROVAL OF CASH TRANSACTIONS

MAY 1, 2023 TO MAY 31, 2023

Vote to approve cash transaction-May 1, 2023 to May 31, 2023: (Just/Randall) Vote: Passed (4-0)

JUNE 1, 2023 TO JUNE 30, 2023

Vote to approve cash transaction-June 1, 2023 to June 30, 2023:(Tomanek/Randall) Vote: Passed (4-0)

No additional financial comments.

NEW BUSINESS

RESOLUTIONS FOR APPROVAL

RESOLUTION 23D-32: RESOLUTION APPROVING A SECOND AMENDMENT TO THE DEVELOPMENT AGREEMENT WITH SATURDAY ZENITH, LLC FOR THE DEVELOPMENT OF THE ZENITH HISTORIC OLD CENTRAL HIGH SCHOOL PROJECT

This is an important building for our community. Theresa Bajda provided that this amendment would provide an increase in TIF by 995,000. The total TIF would be \$5,465,000. TIF for this project is supporting the historic redevelopment of no less than 120 residential units. 10% of the units will be restricted for individuals earning 60% or less of the area median income. DEDA and the City Council approved the existing development agreement and TIF plan back in 2021. Since then, St. Louis County's Assessors Office has increased their opinion of value of the final project from \$15.6 million to \$22.1 million. This changes the amount of project tax capacity that is available and thus provides more TIF over the district's life of 26 years. Staff worked with Ehlers to re-run the numbers and look at Saturday Properties proforma. The former TIF amount would be likely paid closer to years 19-20 versus year 26 as previously projected. In the development agreement is stipulates the residential units and those that are rent restricted are attached to the period that it takes to pay off the TIF note. Increasing the TIF amount supports a significant construction gap (the project was once \$46 million and now is closer to \$56 million), we also will provide closer to 26 years duration. The project has increased in costs by roughly \$10 million since the project started. Theresa noted historic redevelopment and conversion projects are typically challenging. The developer has been working diligently to close gap with additional historic state and federal tax credits, as well as additional investor equity and member loans. The project is still on track to be completed by year end.

Commissioner Tomanek asked about what estimated percentage of the project was complete at the current time. Mark Laverty provided they are about 70% of the way complete by looking at their current construction budget. Commissioner Tomanek followed up with asking if there could be additional increases that will come up to finish the project. Mr. Laverty added they have been working with Kraus Anderson on some cost overruns. They are at the point in the building that everything has been opened up and there should be no further surprises. They started construction last May. Many supplies had been ordered well in advance.

They are a residential housing company and they want to provide the mix of housing. HUD financing is in place and you cannot legally have leases under 6 months with any HUD funds so they are covered. Commissioner Tomanek inquired if any of the approximately 120 units have already been rented. The developer started actively leasing about a month prior. There is a live website with a remote leasing person and they offer tours on Saturday. There are 13 leases out of 122 apartments so far. The building

will be opening December 7th. They are telling the residents January 1. All of the units are framed in and sheetrock is installed in many of them.

Vote to approve resolution 23D-32: (Tomanek/Just) Vote: Passed (4-0)

RESOLUTION 23D-33: RESOLUTION AUTHORIZING A LAND SALE AGREEMENT WITH RYAN COMPANIES

Universal Atlas Cement operated on the Atlas site starting in 1916. It has been vacant and under a level of Brownfield status since the late 70's. Heidi Timm-Bijold put a lot of time and effort into trying to get this site redeveloped. This is the two northernly parcels along state highway 23 and near Commonwealth. Economic Developer Emily Nygren added this is a total of 18.12 acres for the project and an estimated purchase price of \$94,224. The final price will be determined with a survey. This is a former Brownfields site that is ready for development. The project is not seeking subsidy and is purchasing two of the more challenging parcels in the park. The project will have a minimum investment of \$9 million and seek to create at least 5 jobs. The developer Ryan Companies will purchase and develop the site for a future tenant who is yet to be named. Construction will be underway within one year of closing and with an expected completion and occupancy date before the end of 2025. The development intends to improve street infrastructure off of Commonwealth. Remaining acreage available at the site is about 28 acres.

Eddy Wolf of Ryan Companies added they have entered into an NDA with the client.

Vote to approve resolution 23D-33: (Tomanek/Just) Vote: Passed (4-0).

DISCUSSION

Some updates: The Incubator sale took place. This allowed Cirrus to transform into the premier maker of personal aviation and jets. Administration continues to work hard to fill the Director Position for Planning & Economic Development.

Work on the economic development audit continues. Theresa has been working hard on the housing analysis. The consultant has made good progress. There is also a Tourism & Lodging analysis. The Marketing Match program is live, as well as the 1200 Fund Mentorship Loan Program in concert with DEDA. In August there will be a presentation from the Northland Foundation on NorthForce.

9. ADJOURN: Acting President Forsman adjourned the July 26, 2023 meeting of DEDA at 5:41 p.m.

Respectfully submitted,

DocuSigned by:
Adam Fulton
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Adam Fulton- Executive Director