

**MEETING OF THE  
DULUTH ECONOMIC DEVELOPMENT AUTHORITY  
WEDNESDAY, NOVEMBER 18, 2020 – 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, November 18, 2020, 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, November 18, 2020, 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](mailto: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.

**1. CALL TO ORDER:** The November 18, 2020 meeting of DEDA was called to order by Vice President McShane at 5:16 pm.

**Present:** Zack Filipovich, ChaQuana McEntyre, Tim McShane, Derek Medved, Roz Randorf

**Others Present:** Chris Fleege, Robert Asleson, Theresa Bajda, Chad Ronchetti, Jason Hale, Eric Monson, Sarah Harris, Jim Preusse, Jenn Small

**Absent:** Matt Cartier

**2. PUBLIC TO ADDRESS THE COMMISSION**

No Comments

**3. PUBLIC HEARINGS**

**RESOLUTION 20D-75: RESOLUTION AUTHORIZING AN OPTION AGREEMENT WITH AEON, INC. RELATED TO AN AFFORDABLE HOUSING DEVELOPMENT IN THE RAMSEY NEIGHBORHOOD**

**4. APPROVAL OF MINUTES**

**MEETING MINUTES FROM OCTOBER 28, 2020 MEETING**

*Duluth Economic Development Authority November 18, 2020 Meeting Minutes*

**Vote to approve the October 28, 2020 meeting minutes** (Roll call vote: McEntyre, Filipovich, McShane, Medved, Randorf) (Randorf, Medved) Passed unanimously 5-0

## **5. APPROVAL OF CASH TRANSACTIONS OCTOBER 1, 2020 TO OCTOBER 31, 2020**

**Vote to approve the October 1 – 31, 2020 cash transactions** (Roll call vote: McEntyre, Filipovich, McShane, Medved, Randorf) (Filipovich, Randorf) Passed unanimously 5-0

## **6. NEW BUSINESS**

## **7. RESOLUTIONS FOR APPROVAL**

### **RESOLUTION 20D-75: RESOLUTION AUTHORIZING AN OPTION AGREEMENT WITH AEON, INC. RELATED TO AN AFFORDABLE HOUSING DEVELOPMENT IN THE RAMSEY NEIGHBORHOOD**

**Staff:** Director Chris Fleege indicated this option agreement with the Developer AEON, Inc. allows them to compete for Low Income Tax Credits and is contingent upon securing said tax credits.

Jason Hale indicated this project is located on Wadena Street between 52<sup>nd</sup> and 53<sup>rd</sup> Avenue West and is comprised of properties assembled from DEDA and the Duluth HRA to support affordable housing development. Stated that an option agreement with a previous Developer was unsuccessful as they were unable to secure tax credits. Indicated the project would move forward in two phases, each phase having 60 units for a total of 120 units for those earning an average of 60% the Area Median Income.

**Discussion:** Commissioner Filipovich thanked Sarah Harris from AEON for joining the meeting and requested if they have applied and received tax credits in the past for similar projects.

Sarah Harris thanked Commissioners for their support and confirmed that AEON has applied for and secured tax credits for past projects. Stated the process is extremely competitive but they are hopeful to secure credits to move forward with an affordable housing project in Duluth.

**Vote to approve resolution 20D-75:** (Roll call vote: McEntyre, Filipovich, McShane, Medved, Randorf) (Filipovich, Randorf) Passed unanimously 5-0

### **RESOLUTION 20D-76: RESOLUTION AUTHORIZING A SHORT TERM LEASE AGREEMENT WITH LAKE SUPERIOR HELICOPTERS LLC FOR USE OF THE MRO**

**Staff:** Chad Ronchetti stated that Lake Superior Helicopters recently hired an two individuals who previously worked at AAR to pursue certification from the FAA for maintenance of helicopters. Indicated the benefit of them expanding their business is additional jobs to the Duluth market in a growing aviation cluster. Clarified that in order to pursue said certification, Lake Superior Helicopter needs a sterile facility, which the MRO is.

**Discussion:** Commissioner Filipovich questioned if this lease would have a conflict with the potential lease option DEDA approved earlier this year for aviation work at the MRO.

Chad Ronchetti indicated this would not interfere with Borsight as they will likely not know until the end of December and they would not exercise their option on the least until January. Confirmed this would also not interfere with the Cirrus lease.

Eric Monson stated they are working to increase their offerings for helicopter maintenance and with AAR leaving, they found incredibly talented mechanics in the area. Indicated their goal is to focus on avionics and go through ha certification process with the FAA, which begins with a facility to undergo said certification.

Commissioner Randorf questioned Director Fleege on page 6 of the lease term and requested clarification as to whether it was a one month or one year lease.

Director Chris Fleege stated that not knowing whether Borsight would need the facility or not, staff intentionally limited the lease to be short term. Indicated the lease creates an incubator space for Lake Superior Helicopters to obtain their certification from the FAA and get their business off the ground. Confirmed this is a one-month lease with an option to extend.

Commissioner Medved questioned how long a certification with the FAA takes.

Eric Monson stated the space would allow for submission of an initial application to the FAA with the layout of the MRO facility included. Confirmed the entire certification process takes roughly six months, but this gets them started with the application process. Additional months would benefit them, but are not necessary in filing the initial application.

Director Chris Fleege stated that Borsight would need roughly 90 days to ramp up, which provides flexibility in leasing the space.

Commissioner McEntrye questioned what opportunities for mechanic jobs would be available at the facility.

Eric Monson stated the two mechanics they hired are at great wages and after completing certification and ramping up, they are hopeful to hire 12-14 mechanics long term. Confirmed the certification with the FAA is a stepping-stone in expanding their business in Duluth.

Commissioner McEntrye questioned if there was an opportunity for apprenticeship for young people to learn how to be mechanics at their facility.

Eric Monson confirmed they have already spoke to Lake Superior College's Aviation Maintenance Program staff to bring students into the facility for hands on learning as part of the program. Indicated they are unable to have more than two or three students at a time due to site restraints but are excited to have helicopter maintenance as part of the aviation program.

**Vote to approve resolution 20D-76:** (Roll call vote: McEntrye, Filipovich, Medved, Randorf) (Medved, Filipovich) Passed unanimously 5-0

## **8. DISCUSSION**

### **DIRECTORS REPORT**

- **Upcoming Tax Forfeit Pass Through Inquiries**

Director Chris Fleege stated that at the December meeting staff will bring forward two tax forfeit pass through agreements that provide lands to businesses so the tax forfeit property can be put to good use.

Director Chris Fleege stated there is a potential buyer for the Verso plant and they are currently working through challenges of selling an idle plant. Indicated there may be an additional ask of DEDA to offer a loan of up to \$500,000 to the potential buyer as an incentive to purchase the plant and resume operations. Stated that the consultant Baker Tilly has exhausted the funds we issued to them for services as Verso and staff will likely bring forward an amendment in December for additional funding.

Director Chris Fleege confirmed that City Hall is currently closed to the public but staff are available and working remotely.

Director Chris Fleege confirmed the resolution for maintenance at the Pastoret was modified by City Councilors to be contingent upon a court order or mediated settlement with the party to expend funds to secure the building and make any required improvements. Indicated that no additional work would be done until they receive more clarity from the court.

Commissioner McShane questioned the amount of funds expended since the fire.

Director Chris Fleege estimated \$10,000-\$20,000 to secure the building post fire.

Commissioner McShane requested clarification on the scenarios the court may present.

Director Chris Fleege indicated the first court order was to preserve the building from further degradation but it is unclear what that actually means and are waiting for more information from the courts.

Commissioner Medved questioned whether the Verso building was being heated and what actions would be taken over the winter if the plant were to begin operations again in the spring.

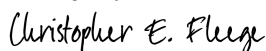
Director Chris Fleege indicated he is unsure when the potential buyer would resume operations but they anticipate them wanting to move quickly so the plant is no longer idle and employees can get back to work.

Commissioner Medved questioned if the interested party is aware of DEDA's potential loan support.

Director Chris Fleege stated there has been preliminary communication to the potential buyer but the decision to offer a loan is contingent upon DEDA and Council approval. Confirmed that part of Baker Tilly's work was to run the numbers to determine whether a funding gap truly existed in getting the plant operating again.

**9. ADJORNMENT:** Vice President McShane adjourned the November 18, 2020 meeting of DEDA at 5:57 p.m.

Respectfully submitted,

DocuSigned by:  
  
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Chris Fleege  
Executive Director