

**MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
WEDNESDAY, NOVEMBER 17, 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, November 17, 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, November 17, 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: Matt Cartier, Zack Filipovich, ChaQuana McEntyre Tim McShane, Derek Medved, Roz Randorf

Absent: Ellie Just,

Others Present: Chris Fleege, Theresa Bajda, Jason Hale, Robert Asleson, Peter Passi, Mia Thibodeau

1. CALL TO ORDER: The November 17, 2021 meeting of DEDA was called to order by President Cartier at 5:16 p.m.

2. PUBLIC TO ADDRESS THE COMMISSION

3. PUBLIC HEARINGS

4. APPROVAL OF MEETING MINUTES

- MINUTES FROM OCTOBER 27, 2021 REGULAR MEETING

Vote to approve the October 27, 2021 meeting minutes (Randorf/McShane) (Roll call vote: Cartier, Filipovich, McEntyre, McShane, Medved, Randorf) Passed (6-0).

5. APPROVAL OF CASH TRANSACTIONS

- OCTOBER 1, 2021 TO OCTOBER 31, 2021

Vote to approve the October 1, 2021 to October 31, 2021 cash transactions

(McShane/Filipovich) (Roll call vote: Cartier, Filipovich, McEntyre, McShane, Medved, Randorf)
Passed (6-0).

6. NEW BUSINESS

7. RESOLUTIONS FOR APPROVAL

RESOLUTION 21D-43: RESOLUTION APPROVING THE EXECUTION AND FILING OF A REQUEST UNDER THE IRS VOLUNTARY CLOSING AGREEMENT PROGRAM (“VCAP”) RELATED TO THE DULUTH ECONOMIC DEVELOPMENT AUTHORITY’S HEALTH CARE FACILITIES REVENUE BONDS (ST. LUKE’S HOSPITAL OF DULUTH OBLIGATED GROUP) SERIES 2012

Staff: Director Fleege introduced Mia from Fryberger to share more about the resolution and necessity for the resolution and closing agreement.

Mia Thibodeau from Fryberger stated that DEDA has not previously filed a VCAP but when DEDA issued bonds earlier in September for St. Luke’s certain violations were discovered related to how proceeds of 2012 funds were spent. Confirmed that as part of the violation settlement, St. Luke’s is requesting DEDA to file the closing agreement to comply with IRS process. Indicated Fryberger will appear before the IRS on behalf of DEDA to ensure the interests of DEDA during filing of the VCAP. Confirmed St. Luke’s will be responsible for any penalties or violations and not DEDA.

Discussion: Cartier questioned if the filing will make it look like DEDA did something wrong.

Mia indicated in a conduit transaction the borrower is solely responsible for use of bond proceeds and for any violations, thus St. Luke’s will be responsible.

Robert Asleson stated the VCAP fee agreement includes provisions requiring DEDA be indemnified by St. Luke’s of any costs out of this transaction.

Vote to approve resolution 21D-43: (McEntyre/Medved) (Roll call vote: Cartier, Filipovich, McEntyre, McShane, Medved, Randorf) Passed (6-0).

RESOLUTION 21D-44: RESOLUTION AUTHORIZING PURCHASE OF CERTAIN TAX FORFEITED REAL PROPERTY FROM THE STATE OF MINNESOTA THROUGH ST. LOUIS COUNTY

Staff: Director Fleege stated this is blighted property that DEDA will ultimately use for a

housing project. Indicated funding for demolition has been secured and the short-term use will be emergency overflow parking for MN Dot during the Highway 53 project.

Brett Crecelius confirmed the blighted property has remained vacant since 2017 and staff are working with St. Louis county to acquire at the blighted fee amount while utilizing CDBG and Life Safety funds to complete building demolition.

Discussion: N/A

Vote to approve resolution 21D-44: (McShane/Randorf) (Roll call vote: Cartier, Filipovich, McEntyre, McShane, Medved, Randorf) Passed (6-0).

RESOLUTION 21D-45: RESOLUTION OF THE DULUTH ECONOMIC DEVELOPMENT AUTHORITY FINDING A PARCEL IS OCCUPIED BY A STRUCTURALLY SUBSTANDARD BUILDING AND MEETS THE REQUIREMENTS FOR REDEVELOPMENT TAX INCREMENT FINANCING DISTRICT UNDER MINNESOTA STATUES §469.174, SUBD. 10

Staff: Director Fleege stated this is the former Shopper City parking ramp that has some former retail on the first floor. Confirmed that similar to the resolution at the October meeting regarding the hanger building, this certification certifies the building is blighted and positions it for any future TIF funding should that be an opportunity down the road.

Discussion: Cartier questioned what the current owner plans to do.

Director Fleege indicated ownership is tough as it involves a trust and they are working with the current owner regarding next steps. Confirmed that demolition is likely to be greater than \$500,000 and utilizing increment financing would be helpful for removal and any future redevelopment.

Robert Asleson indicated that in order to include the structure as substandard for purposes of creating a future TIF redevelopment district, the building has to be standing when the district is created or pre-certified as substandard so it can be counted down the road as part of the district.

Commissioner Filipovich questioned how long its been since the ramp has safely accommodated parking and noted the potential land that could be freed up and added to property tax base in the future.

Director Fleege stated not sure when it was condemned but still working for ownership and related responsibility.

Jason Hale stated the property has been condemned approximately 18 months and has remained vacant since Maurices headquarters moved locations.

Vote to approve resolution 21D-45: (Filipovich/McShane) (Roll call vote: Cartier, Filipovich, McEntyre, McShane, Medved, Randorf) Passed (6-0).

RESOLUTION 21D-46: RESOLUTION AUTHORIZING A CONTAMINATION CLEANUP GRANT APPLICATION IN AN AMOUNT NOT EXCEED \$2,000,000 TO THE MINNESOTA DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT RELATING TO PROPERTY LOCATED AT 424 SOUTH LAKE AVENUE AND COMMITTING A MATCH OF NOT LESS THAN TWENTY-FIVE PERCENT OF THE AWARDED AMOUNT

Staff: Director Fleege stated that DEED has specific language so this resolution is being rerouted for approval.

Theresa Bajda confirmed the resolution was approved by City Council in October 2021 but being the applicant is DEDA, a resolution from the DEDA board is required to accompany the application.

Discussion: McEntyre questioned what language has changed from the first resolution to the one being presented tonight.

Theresa Bajda confirmed the third resolved statement has been added in addition to the resolution coming from DEDA (the application) versus City Council.

Commissioners questioned DEDA's responsibility financially with approval of this resolution and should the grant be awarded.

Jason Hale indicated that if awarded, DEDA would have multiple opportunities for the site including housing above structure due to ample height opportunities in the existing form district. Noted there are opportunities to work with other 2/3 owners for a robust project. Confirmed that this application does not commit DEDA to providing half a million dollars in match as that would be negotiated with other owners through use of a subrecipient agreement in the event the grant is funded and a viable project exists.

Filipovich questioned whether returning grant funds after award in the event a project wasn't

slated would hurt chances of future grant awards with DEED.

Jason Hale indicated that projects fall through and it happens. Stated he would not anticipate that damaging existing relation with DEED as they would repurpose funding to other applicants.

Vote to approve resolution 21D-46: (McEntyre/Filipovich) (Roll call vote: Cartier, Filipovich, McEntyre, McShane, Medved, Randorf) Passed (6-0).

8. DISCUSSION

I. DIRECTORS REPORT

II. ARPA FUNDING DISCUSSION

Indicated that bracing work at the Pastoret building is contingent on the plaintiff posting bonds to pay for the work. Confirmed bonds had not been posted yet so they will hold off on DEDA approving any additional funding for bracing work. Noted pleadings are scheduled to continue on December 20th.


Stated staff are still working through how best to utilize ARPA funding and hope to bring proposal to the board in coming months.

Confirmed they are working with Cirrus to lease a portion of the MRO for short-term solution to their desire to expand operations.

Discussion: N/A

9. ADJOURN: President Cartier adjourned the November 17, 2021 meeting of DEDA at 6:09p.m.

Respectfully submitted,

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Chris Fleege
Executive Director

12/16/2021