

**REGULAR MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
WEDNESDAY, March 27, 2024 – 12:16 P.M.
COUNCIL CHAMBERS-CITY HALL
MINUTES**

Present: Janet Kennedy, Dan Markham, Connor Randall, Roz Randorf

Absent: Arik Forsman, Ellie Just, ChaQuana McEntyre

Others Present: Amanda Anderson, Tricia Hobbs, Tom Church, Amanda Mangan

CALL TO ORDER: The March 27, 2024 meeting of DEDA was called to order by President Randall at 5:15 p.m.

Dan Markham has a business relationship with Merge Urban Development which refers to items 24D-20, 24D-21, 24D-22, and 24D-23 so abstained from voting on those items.

PUBLIC TO ADDRESS THE COMMISSION

Gary Eckenberg-2421 W. 6th St. speaking in favor of resolution 24D-17.

Gary is a member of the Historical Preservation Committee which first heard this item and is also a neighbor of the property—has lived there for 47 years. The property has been derelict for about 40 years. The landmark designation allows the property to be used as mixed use. He asked that DEDA have some contingencies around making the property acceptable.

Gary Eckenberg-2421 W. 6th St. speaking in favor of resolution 24D-18.

Concerns were brought to the HPC regarding no plans for the building, no proof of funds or estimates for restoration of the building.

Asher Estrin-2417 W. 6th St. speaking neutrally on resolution 24D-18.

Asher spoke out against the resolution at the Planning Commission meeting, but is now neutral. There are some concerns around the timeline and what the plans look like. With a multi-unit property, there is no available parking on the street and whether or not there will be off street parking.

PUBLIC HEARINGS

RESOLUTION 24D-17: RESOLUTION AUTHORIZING THE ACQUISITION OF CERTAIN REAL PROPERTY IN THE LINCOLN PARK NEIGHBORHOOD FROM BELANGER 1916, LLC

No public comments on item 24D-17.

RESOLUTION 24D-18: RESOLUTION AUTHORIZING CONVEYANCE OF CERTAIN REAL PROPERTY IN THE LINCOLN PARK NEIGHBORHOOD TO FESTIES, INC.

No public comments on item 24D-18.

APPROVAL OF MEETING MINUTES

MINUTES FROM DECEMBER 20, 2023 SPECIAL MEETING

No comments.

Vote to approve December 20, 2023 Special Meeting Minutes: (Randorf/Kennedy) Passed (4-0)

APPROVAL OF CASH TRANSACTIONS

Cash transactions for February 1, 2024 - February 29, 2024

Commissioner Kennedy asked what revision had been made to the financial report. Tricia Hobbs answered that the additions were a correction to reflect accurate category descriptions. There was no strike through provided on the document. The transaction that was corrected was New History Inc. on 2-12-24, \$8,051.22. Finance said the PO was different so this was a clerical error.

Vote to approve cash transactions for February 1, 2024 to February 29, 2024: (Markham/Randorf) Passed (4-0)

NEW BUSINESS

RESOLUTIONS FOR APPROVAL

RESOLUTION 24D-17: RESOLUTION AUTHORIZING THE ACQUISITION OF CERTAIN REAL PROPERTY IN THE LINCOLN PARK NEIGHBORHOOD FROM BELANGER 1916, LLC

Tricia Hobbs is filling in for Director Ronchetti who is testifying at the Capitol. Staff worked to coordinate to help eliminate fees and make the process quick and to purchase from current ownership and simultaneously selling to a local developer who has a successful track record with blight redevelopment. There is no additional cost to DEDA and DEDA will be able to compensate staff for their time with this transaction. This action will save a local historic building and the best method of preservation is use. The blighted property is in Lincoln Park and the buyer is planning at least one unit of housing and a minimum \$200,000 investment.

Commissioner Randorf inquired about addressing the parking issue that was brought up by the speaker in regards to the blight issues and timeline. Ms. Hobbs said she would bring those items back to Director Ronchetti to discuss. Attorney Mangan said she did not know whether parking had been discussed. Parking requirements may be a Planning Commission decision. There was discussion about the mixed-use component and scope of the project. The requirement is for a minimum of one unit, but up to six proposed, but ultimately is a Planning Commission decision. The intent of the local historic designation provides for the mixed use. Six units could be a parking concern.

President Randall asked if \$200,000 is within the wheelhouse of the developer's past projects. Staff Tom Church added Festies, Inc. recently completed a rehab of a blighted property that was condemned due to fire and was roughly around \$380,000 in costs, supported by a \$300,000 housing trust fund loan. The developers are currently working on one, possibly two other projects with support of the housing trust fund.

Commissioner Randorf asked what DEDA is asking as the minimum expectation. Attorney Mangan added that the minimum is 1 unit and a \$200,000 investment and the timeline is that development must start within a year of the sale. Exhibit to 24D-18, page 4, section 6g. The buyer shall devote the property to its intended use as set forth, which is the one unit of housing and \$200,000 of investment. If buyer fails to do so, DEDA may cancel the sale and title will revert back to DEDA. Commissioner Kennedy inquired

about what types of mixed uses are allowed and if there are any restrictions around variances. Ms. Hobbs did not have the information available and staff could bring that information back.

Vote to approve resolution 24D-17: (Randorf/Markham) Passed (4-0)

RESOLUTION 24D-18: RESOLUTION AUTHORIZING CONVEYANCE OF CERTAIN REAL PROPERTY IN THE LINCOLN PARK NEIGHBORHOOD TO FESTIES, INC.

24D-18 and 24D-17 are two transactions happening simultaneously. Commissioner Kennedy stated the same concerns in making sure the mixed-use fits with the community and that the community has input and how the parking would help support the community. Tricia Hobbs noted the comments to share with Director Ronchetti.

Vote to approve resolution 24D-18: (Markham/Kennedy) Passed (4-0)

RESOLUTION 24D-19: RESOLUTION AUTHORIZING A TARIFF REVENUE SHARING AGREEMENT BETWEEN THE DULUTH ECONOMIC DEVELOPMENT AUTHORITY AND THE DULUTH ENTERTAINMENT AND CONVENTION CENTER AUTHORITY

Tricia Hobbs worked with Attorney Mangan on this item. This is complementing the items related to cruising in February. This will be \$9/per cruise passenger coming in through the cruise ships which will be collected by the DECC (the tariff authority) and then sent along to DEDA to cover the cost of the dredging to replenish the fund that DEDA discussed and move the dredging project forward. President Randall asked about the timeline for recollection of investment. 10 years is what staff thinks will satisfy the investment. It really is dependent on the number of cruise passengers coming through.

Vote to approve resolution 24D-19: (Randorf/Markham) Passed (4-0)

RESOLUTION 24D-20: RESOLUTION AUTHORIZING ASSIGNMENT OF TWO CONTRACTS TO THE DULUTH ECONOMIC DEVELOPMENT AUTHORITY

This action will allow staff to work with Finance to transfer the contracts to DEDA so the American Rescue Plan funds can be considered spent and reporting can be complete. This will allow for the transfer of existing ARPA contracts with Merge LLC and Center City Housing from the City of Duluth to DEDA.

Vote to approve resolution 24D-20: (Kennedy/Randorf) Passed (3 in favor, 0 against and 1 abstention-Markham)

RESOLUTION 24D-21: RESOLUTION AUTHORIZING FIFTH AMENDMENT TO DEVELOPMENT AGREEMENT WITH THE MERGE LLC FOR THE DEVELOPMENT OF THE URBANE DULUTH PROJECT TO UPDATE THE PROJECT SITE'S PROPERTY DESCRIPTION

This is a clerical correction. The original development agreement only included lots 321 and 323 so this is clarifying that lot 325 is also included in the project site.

Vote to approve resolution 24D-21: (Randorf/Kennedy) Passed (3 in favor, 0 against and 1 abstention-

Markham)

RESOLUTION 24D-22: RESOLUTION AUTHORIZING MERGE LLC TO ASSIGN THEIR DEVELOPMENT AGREEMENT FOR THE DEVELOPMENT OF THE URBANE DULUTH PROJECT TO URBANE 218 LLC

This resolution authorizes the assignment of the development agreement with Merge to their operating LLC which is Urbane 218, LLC which is a common business practice for developments of this type.

Vote to approve resolution 24D-22: (Kennedy/Randorf) Passed (3 in favor, 0 against and 1 abstention-Markham)

RESOLUTION 24D-23: RESOLUTION AUTHORIZING AN ESTOPPEL AGREEMENT WITH URBANE 218 LLC FOR THE DEVELOPMENT OF THE URBANE DULUTH PROJECT

Once a promissory note for TIF is created upon construction being complete, the note will then be assigned to the lender. Commissioner Randall was inquiring about an update. Director Ronchetti is in regular communication with the developer and contractor. They are very close to closing and are working on one final term which relates to some payments around outstanding bills with the contractors that they are working on financing. Closing should be happening late this week. Commissioner Randorf asked whether there were concerns about weather elements effecting the building as is. Director Ronchetti did not express any concern or worry related to those pieces.


Vote to approve resolution 24D-23: (Kennedy/Randorf) Passed (3 in favor, 0 against and 1 abstention-Markham)

DISCUSSION

Commissioner Kennedy was curious to find out more about the weathering of buildings.

9. ADJOURN: President Randall adjourned the March 27, 2024 meeting of DEDA at 5:45 p.m.

Respectfully submitted,

Signed by:

9662CB816C3F44D...
Tricia Hobbs - Executive Director