

**MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
WEDNESDAY, OCTOBER 23, 2024 – 5:15 P.M.
COUNCIL CHAMBERS-CITY HALL
MINUTES**

Present: Ellie Just, Janet Kennedy, Connor Randall, Roz Randorf

Absent: Arik Forsman, Dan Markham, ChaQuana McEntyre,

Others Present: Amanda Mangan, Tricia Hobbs, Ariana Dahlen, Sam Smith, Nick Anderson, Peter Pascente, William Burns

CALL TO ORDER: This meeting was called to order at 5:15 p.m.

PUBLIC TO ADDRESS THE COMMISSION

No public comment was made to the commission.

PUBLIC HEARINGS

RESOLUTION 24D-44: RESOLUTION AUTHORIZING THE CONVEYANCE OF PROPERTY TO TWIN PORTS TESTING, INC. AND JBJ ATLAS PROPERTIES, LLC.

No comment.

APPROVAL OF MEETING MINUTES

MINUTES FROM SEPTEMBER 25, 2024, MEETING

No comments.

Vote to approve September 25, 2024, Meeting Minutes: (Kennedy, Just) Vote: Passed (4-0)

APPROVAL OF CASH TRANSACTIONS

September 1, 2024, to September 30, 2024

Hobbs noted an item related to progress being made on the seawall dredging project. She also noted there are funds coming through from Ryan Company related to the Amazon Atlas soil storage. Finally, Hobbs noted the transaction for the New Garrick's/Shopper's Ramp took place as well and DEDA is now the official owners of those buildings.

Commissioner Randorf noted an error on the cash transaction. In the description for a DEDA meeting fee, the description for small business marketing match was incorrectly listed. Hobbs stated this will be corrected.

Vote to approve cash transactions-September 1, 2024, to September 30, 2024: (Randorf, Kennedy)
Vote: Passed (4-0)

NEW BUSINESS

RESOLUTIONS FOR APPROVAL

RESOLUTION 24D-44: RESOLUTION AUTHORIZING THE CONVEYANCE OF PROPERTY TO TWIN PORTS TESTING, INC. AND JBJ ATLAS PROPERTIES, LLC.

Hobbs gave background on this item stating that this item is regarding the Atlas site for the conveyance of property to Twin Ports Testing and JBJ Properties. They plan to develop a 10,000 square foot building for their materials testing business.

Vote to approve Resolution 24D-44: (Just, Randorf) Vote: Passed (4-0)

RESOLUTION 26D-45: RESOLUTION AUTHORIZING A CONSENT TO COLLATERAL ASSIGNMENT OF DEVELOPMENT DOCUMENTS BY INCLINE PLAZA DEVELOPMENT LLC IN FAVOR OF SOLPACIFIC INCOME FUND, LLC RELATED TO THE INCLINE PLAZA PROJECT

Hobbs gave background on this item stating that this item provides consent for a key financing component for the Incline Village project. This is for DEDA's consent to the collateral assignment of the development agreement TIF note by the developer to the lender, Solpacific to be able to move the process forward in Phase 1 of this project.

Commissioner Randorf requested the representative to speak on the project to provide an overview. Bill Burns is the attorney for the Incline project. He stated that the collateral assignment is a piece of the financing mechanism for this project. The project currently has a budget of \$50 million for Phase 1. He stated that there is a letter of credit that requires this assignment as a condition and will be terminated when the building is completed.

Commissioner Kennedy asked for history on this process and if there is any risk of loss for DEDA. Burns stated that this process is common. Once the building is complete, the assignment will be satisfied and there will not be any risk to DEDA. The only risk presented to DEDA was when DEDA adopted the TIF for this project when it began if the project were to fail. He stated that this is a common financing strategy and is standard.

Hobbs added that attorney Mangan confirmed that DEDA has followed this process in some development processes in the past.

Vote to approve Resolution 24D-45: (Randorf, Just) Vote: Passed (4-0)

RESOLUTION 24D-46: RESOLUTION AUTHORIZING A DEVELOPMENT AGREEMENT WITH STUDIO CAFÉ LLC FOR THE REDEVELOPMENT OF A 22 W 1ST STREET IN DOWNTOWN DULUTH IN THE AMOUNT OF \$140,000

Hobbs gave background on this item, explaining that this is for a development agreement in partnership with Studio Café. They are in the process of a redevelopment on 1st Street.

President Randall asked the representative from Studio Café to speak on this item. Peter Pascente, the owner of the business, gave a brief history of his background and this project. Pascente stated that the building had been vacant for years prior to his decision to purchase it. He connected with the Entrepreneur Fund as he began creating his business plan for the café. The front brick façade was removed and replaced using the original bricks. Pascente utilized the location where Dream Cloud Café has previously been to begin his business on a smaller scale.

Commissioner Randorf asked if Pascente is planning to keep the smaller location. He stated that might and has considered turning that location into a deli.

President Randall asked how the \$140,000 will be used in the project. Pascente stated that the total cost of the project is between \$800,00 and \$900,000. The \$140,000 will be used to improve the store front as well as other plumbing and electrical work.

Vote to approve Resolution 24D-46: (Randorf, Just) Vote: Passed (4-0)

DISCUSSION

Hobbs gave a review of the DEDA preliminary budget for 2025. Starting with General Fund 860, Hobbs noted line item 4324 for Miscellaneous Services: 2024 and 2025 Passenger Cruise Ship Revenue Share Agreement with the DECC. This item is specifically noting the \$9 per passenger number from the DECC. For line item 4644 for Reimbursements and Fees, Hobbs noted the updated DEDA fee schedule and stated that standard operating procedures are being put in place to ensure fees are collected and recorded appropriately. Noting the ARPA funds, Hobbs mentioned that there are several contracts and commitments being tracked that are bound to certain fund amounts. For line item 5331, Hobbs noted an increase in budget for staff travel and training given the number of new staff that were onboarded recently.

Commissioner Randorf asked about line item 4640 for \$300,000 for the Lester Acre Sale that might happen in 2025. Hobbs stated that this item is a hold over and that is a place holder as it is tentative. A budget update will be given in the next DEDA meeting.

President Randall asked about line item 5319 for Other Professional Services and its increase. Hobbs clarified that this is the total budget for all professional services utilized by DEDA.

Commissioner Randorf asked about the \$14 million for the ARPA funds and asked for an update for funds that are not already promised or bound. Hobbs confirms that an update will be given to the commission to ensure the board is fully updated. Hobbs reiterated that any money that comes out of the is fund will require DEDA's approval. Commissioner Randorf asked about where in the budget TIF pooling is tracked.

Hobbs stated that Capital Projects Fund 865 reflects TIF pooling. Hobbs stated that the Shopper's Park Demo is noted as \$1.4 million. Commissioner Randorf asked about the ending balance for the TIF pooling, to which Hobbs confirmed it was \$1.8 million. Hobbs stated that staff will be meeting with Ehlers to confirm that their projections align with what City staff have projected and this will be shown through a TIF Status Report.

Hobbs gave an overview of the TIF Assistance Fund 861. Hobbs stated that this is what finance staff

uses to track the various commitments DEDA has related to TIF.

9. ADJOURN: President Randall adjourned the September 25, 2024, meeting of DEDA at 5:45 p.m.

Respectfully submitted,

Signed by:

Tricia Hobbs

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Tricia Hobbs- Interim Executive Director