

**MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
WEDNESDAY, May 22, 2024 – 5:15 P.M.
COUNCIL CHAMBERS-CITY HALL
MINUTES**

Present: Arik Forsman, Dan Markham, Connor Randall, Roz Randorf

Absent: Ellie Just, ChaQuana McEntyre, Janet Kennedy

Others Present: Ariana Dahlen, Samantha Smith, Chad Ronchetti, Jean Coleman, Incline Team (Jeff Schiltz, Mike Dosan, John Erickson, Brian Mortemore, and David Bolf)

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

PUBLIC TO ADDRESS THE COMMISSION

John Ramos - Publisher of the Duluth Monitor, made comment to the commission regarding the development of Lazaro Striker, stating that there has been no proof of development provided.

PUBLIC HEARINGS

No comment.

APPROVAL OF MEETING MINUTES

MINUTES FROM JANUARY 24, 2024 REGULAR MEETING

No comments.

Vote to approve January 24, 2024 Meeting Minutes: (Randorf/Forsman) Vote: Passed (4-0)

APPROVAL OF CASH TRANSACTIONS

MARCH 1, 2024 TO MARCH 31, 2024

Director Chad Ronchetti noted the transactions related to the AUAR for the Central and Hill locations. DEDA, back in November, 2023, had approved the use of \$63,500 to be used to support the AUAR.

Commissioner Randall inquired as to whether or not a modification needed to be made to a mistake in the report which listed the AUAR as EAW prior to voting to approve. Director Ronchetti responded saying because the notes are internal, there is no need to make the modification, but would reach out to finance to confirm the modification is made.

Director Ronchetti also commented on \$19,000 DEDA funded towards a lodging capacity analysis and DEDA staff is working with the administration to time the announcement of those results.

Vote to approve cash transactions-March 1, 2024 to March 31, 2024: (Markham/Randorf) Vote: Passed (4-0)

APRIL 1, 2024 TO APRIL 30, 2024 (4-0)

Director Ronchetti called attention to the AMI consulting engineers funding that was provided for a report on geotechnical work and sample borings on the Lot D site. DEDA is working with the University of Minnesota for the potential placement of the Large Lakes Observatory on that site and evaluated the potential for a slip to accommodate any future boat usage. Nothing of concern was found through this report.

Vote to approve cash transactions-April 1, 2024 to April 30, 2024: (Markham/Randorf) Vote: Passed (4-0)

NEW BUSINESS

RESOLUTIONS FOR APPROVAL

RESOLUTION 24D-24: RESOLUTION AUTHORIZIING LEASE AGREEMENT WITH RED WAGON POPCORN LLC FOR THE LEASE OF SPACE IN THE LIGHTHOUSE LOT FOR OPERATION OF A VENDING BUSINESS

Director Ronchetti provided insight on this resolution. Director Ronchetti stated that the Red Wagon Popcorn cart is looking to renew their lease with DEDA for their location at the Lighthouse Lot. Each year, Red Wagon popcorn leases out a couple spaces in that lot. In return from leasing this space, DEDA receives 10% of their revenues. The Popcorn Wagon changed ownership last year and has since renovated and upgraded the wagon used.

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

RESOLUTION 24D-25: RESOLUTION ADOPTING A MODIFICATION TO THE DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO. 17 TO ESTABLISH TAX INCREMENT FINANCING DISTRICT (TIF) NO. 37 – INCLINE PLAZA PHASE 1 AND APPROVE ITS ASSOCIATED FINANCING PLAN

Director Ronchetti provided insight on this resolution. Director Ronchetti stated that in January, 2024, an associated development agreement was presented to DEDA and was approved. As an attachment to the development agreement, a draft TIF plan was provided. This is a formalization of the final TIF plan that will move through City Council if approved and will certify the district. This means that it was start the 5-year clock for when eligible costs need to be submitted by the developer for any increment. This is limited to the eligible project, which includes 120 condominium units, 220-unit multi-family project. Those three buildings would be able to submit eligible costs for the development. This redevelopment district is a pay-as-you-go note so they will not get reimbursed until they construct something, submit eligible costs, verify costs to ensure they have expended, and issue the reimbursement. This is a 20-year increment district. It is estimated that the district will run and terminate to 2025 but DEDA and the city can decertify the district at any time that the promissory note is paid. It is estimated that over the life of the district, over \$75,000,000 in increment will be generated, but net present value, as of May 2024, is just over \$29,000,000. In the TIF plan, there is an estimated \$15,000,000 worth of public investment as well with roads and utilities and \$18,000,000 in other eligible costs associated with the project.

Director Ronchetti then goes over the requirements for the development agreement. In Phase 1, they are required to construct no less than 60 condominiums with commencement date no later than October 15th. Construction must be started this year for a minimum of 160 units for condominiums and must be completed no later than December of 2026. If these proposed developments occur, it is estimated that the three buildings will generate \$170,000,000 in taxable value.

Commissioner Arik Forsman asked if there had been any substantive changes made to the draft since it was presented to DEDA council back in November. Director Ronchetti confirmed that no substantive changes had been made.

Commissioner Forsman asked for the development team to speak on progress and expectations. Bill Burns, attorney for the developer, made comment saying that they are very close to schedule. He commended DEDA staff for keeping pace with the project and stated that the design is well under way. They anticipate construction to start in July/August, with bid for residency in the first building will be shortly behind the infrastructure.

Commissioner Forsman also asked about the orientation of the site, asking where on the site the multi-family project was to be placed. Mike Dosan from ICS and confirmed that the 220-unit project will be the next building up from the condominiums.

Vote to approve Resolution 24D-25: (Markham/Randorf) Vote: Passed (4-0)

DISCUSSION

Introductions for new staff, Ariana Dahlen and Samantha Smith were given.

Director Ronchetti stated that there had been discussion from the board to adjust the current meeting times from 5:15pm to 12pm. Director Ronchetti stated that he had met with President Connor Randall about this and there was concern that there would be difficulty getting quorum if the meeting time was moved. The preference is to stay at the current meeting time of 5:15 for the remainder of the year.

Director Ronchetti also reported that one-on-one meetings will be held between himself and DEDA Commissioners to discuss future projects and to clear up any questions or concerns.

9. ADJOURN: President Randall adjourned the May 22, 2024 meeting of DEDA at 6:15 p.m.

Respectfully submitted,

Signed by:

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Tricia Hobbs - Executive Director