

**MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
WEDNESDAY MARCH 26, 2025 – 5:15 P.M.
COUNCIL CHAMBERS-CITY HALL
MINUTES**

Present: Anna Bailey, Chiamaka Enemuoh, Arik Forsman, Janet Kennedy, Dan Markham, Connor Randall

Absent: Roz Randorf

Others Present: Amanda Mangan, Tricia Hobbs, Ariana Dahlen, Sam Smith, Ben VanTassel, Nick Anderson, Amanda Anderson

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

PUBLIC TO ADDRESS THE COMMISSION

No comments.

PUBLIC HEARINGS

RESOLUTION 25D-15: RESOLUTION AUTHORIZING THE CONVEYANCE OF PROPERTY TO FITWELL INVESTMENTS LIMITED PARTNERSHIP FOR DEVELOPMENT

No comments.

RESOLUTION 25D-16: RESOLUTION AUTHORIZING THE CONVEYANCE OF PROPERTY TO ABC SUPPLY FOR DEVELOPMENT

President Randall noted that while there is a public hearing on this item, it does not have a corresponding resolution on the agenda for this month.

No comments.

APPROVAL OF MEETING MINUTES

MINUTES FROM FEBRUARY 26, 2025, MEETING

No comments.

Vote to approve February 26, 2025, Meeting Minutes: (Markham, Kennedy) Vote: Passed (6-0)

APPROVAL OF CASH TRANSACTIONS

FEBRUARY 1, 2025 TO FEBRUARY 28, 2025

Hobbs noted a few items from MPCA related to the Atlas site.

Vote to approve cash transactions – February 1, 2025, to February 28, 2025: (Markham, Kennedy)
Vote: Passed (6-0)

NEW BUSINESS

RESOLUTIONS FOR APPROVAL

RESOLUTION 25D-15: RESOLUTION AUTHORIZING THE CONVEYANCE OF PROPERTY TO FITWELL INVESTMENTS LIMITED PARTNERSHIP FOR DEVELOPMENT

Hobbs stated this item is to move forward an action to convey one of the remaining parcels at the Atlas site. This agreement is with Fitwel Investments for the creation of a 20,000 square foot multi-tenant building. Fitwel is the parent company to SCR who will lease one of the spaces within the building, with the remaining three spaces being available for lease from other manufacturing and light industrial tenants.

Commissioner Markham asked what the goals for development on that site are moving forward and for any timeline expectations. Pat Welty with Fitwel stated that more due diligence needs to be done on the property before they can proceed. Approval is required from the MPCA before development can begin. The goal is to begin construction this summer with hopes to be done and into that space by Spring 2026. With construction costs driving the finishing size of the property, they plan to complete the 20,000 square foot development but hope to grow to 30,000 square feet.

Commissioner Kennedy asked staff what the MPCA's role is in this development in looking at possible site contamination. Hobbs stated that for zoning, those regulations will fall under the city's industrial zoning code. Welty stated that Fitwel already has a branch office in Duluth. Everything that will be done on their site will be within the established environmental guidelines by the MPCA as well as the EPA. The MPCA will need to approve the site before they can move forward with development.

President Randall asked for clarification as to how many units on the site will be available for lease. Welty stated that Fitwel Properties will own the building and SCR will lease a space within the building.

Vote to approve Resolution 25D-15: (Markham, Kennedy) Vote: Passed (6-0)

RESOLUTION 25D-17: RESOLUTION AUTHORIZING AN EIGHTH AMENDMENT TO AGREEMENT WITH LAKEVIEW PROPERTIES LLC MODIFYING THE PROJECT DESCRIPTION, CONDITIONALLY APPROVING A PARTIAL SALE OF PROPERTY AND PROJECT, AND ESTABLISHING UPDATED PROJECT MILESTONE REQUIREMENTS.

Hobbs stated that this item is three-fold. The intended purpose of this item is to facilitate a partial sale of the property and project to an existing project investor. It will also update the project description and extend the project completion timeline to align with other relevant timelines. DEDA's approval and authorization of this sale will allow the developer to move forward with some plan improvements in their commercial spaces and amenities. DEDA's approval of the sale is conditioned upon the developer creating a common interest community, so splitting the property into two separate units while maintaining overall control and responsibility for the project. The investor must also agree to the existing obligations under the development agreement. The project description will be amended to allow the developer to address an emerging need in the market for

fully furnished extended stay hospitality units on floors 3 and 4, up to 34 units. These units can still be leased out as annual rentals as well. The remaining 176 units will be reserved for long-term market rate rentals. The completion date will be amended to December 31, 2025 to be aligned with other project deadlines that the developer has with their general contractor.

Lynnett Slater Crandall of Lakeview Properties and Landmark Development team gave an overview of the progress on their project.

Commissioner Forsman asked what the driver was for the conversion of units for this project. Crandall stated that this was to allow for flexible rentals for folks in the area near Essentia. Commissioner Forsman also asked for confirmation that none of the 34 units would be used for vacation rentals. Crandall stated that it is not their intent and that they are looking to aim the rental of these spaces towards people who need extended stays and to folks who are looking for permanent homes in Duluth.

Commissioner Kennedy noted that in her experience being a traveling physical therapist, she had utilized extended stay locations in the past and understands the importance of having these options available in Duluth.

Commissioner Markham asked for updates since the seventh amendment to this resolution was passed and where their expectations for hitting milestones are currently. Crandall stated that the milestones listed in the agreement will take them to the certificate of completion. She noted that they faced challenges due to COVID and other external factors that slowed their progress. This agreement would allow them to move their completion date from September to December to account for those challenges.

President Randall asked for clarification on the change in scope and if it will require new financing approval. Crandall stated that there is no additional debt with this, and it is all added equity.

President Randall asked Hobbs if additional adjustments will be needed to the development agreement for the TIF. Hobbs stated that it is all included in this item so no additional adjustments will be needed.

Commissioner Kennedy asked if the TIF timeline will change at all. Hobbs stated that the certificate of completion deadline extension is that change. Commissioner Kennedy asked when the TIF will end. Hobbs stated that it is a 26-year redevelopment TIF. Commissioner Kennedy asked the developer about the amenities offered on the first and second floor and if it will be accessible to people living in the surrounding community. Crandall confirmed that it will be accessible and are looking to peruse a market-style concept for that plan.

Commissioner Bailey noted that as a small business owner who owns a smaller multi-use property she appreciates the developer's plans to peruse their project with multiple uses in mind.

President Randall asked that with the change in scope, if there is a possibility of added increment at the end. Hobbs stated that this is established with the TIF plan.

Vote to approve Resolution 25D-17: (Bailey, Enemuoh) Vote: Passed (6-0)

RESOLUTION 22D-42A: RESOLUTION AUTHORIZING SIXTH AMENDMENT TO AGREEMENT WITH LAKEVIEW PROPERTIES, LLC MODIFYING THE INTEREST RATE PAYABLE AND ESTABLISHING UPDATED PROJECT START DATE REQUIREMENT.

Hobbs stated that this amendment is to list the LLC name properly after a clerical error was noted.

Vote to approve Resolution 22D-42A: (Kennedy, Markham) Vote: Passed (6-0)

RESOLUTION 23D-43A: RESOLUTION AUTHORIZING SEVENTH AMENDMENT TO AGREEMENT WITH LAKEVIEW PROPERTIES LLC MODIFYING THE INTEREST RATE PAYABLE, ESTABLISHING UPDATED PROJECT MILESTONE DATE REQUIREMENTS, AND ADJUSTING TIF NOTE DATES.

Hobbs stated that this amendment is to list the LLC name properly after a clerical error was noted.

Vote to approve Resolution 23D-43A: (Kennedy, Bailey) Vote: Passed (6-0)

DISCUSSION

Hobbs welcomed the two new DEDA Commissioners, Anna Bailey and Chiamaka Enemuoh, to the board.

Shari Marshik with the Upper Midwest Film Office gave a presentation on the organization, their incentive program, and the investments that have been made so far. She gave an overview of the films shot in Duluth, explained how funding was spent and the impact that investment had on the local economy. Marshik described some of the challenges they faced and how they plan to move forward in the coming years as the program continues.

ADJOURN: President Randall adjourned the March 26, 2025 Meeting of DEDA at 6:12 p.m.

Respectfully submitted,

Signed by:

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Tricia Hobbs - Executive Director