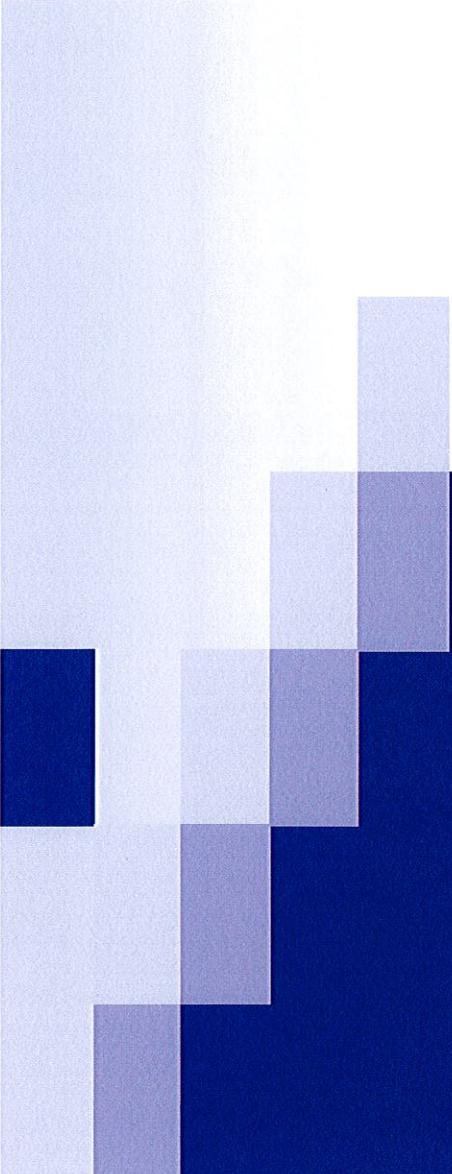


Exhibit A



Duluth Economic Development Authority

2016 Proposed Budgets (11/18/2015):

Operating Fund 860
Debt Service Fund 861
Capital Projects Fund 865
MRO Maintenance Fund 866
Storefront Loan Fund 867

Duluth Economic Development Authority

Executive Summary - DEDA Budgets 2016 Proposed Budgets

	Operating Fund 860	TIF Funds Debt Service Fund 861	Capital Projects Fund 865	MRO Maint Facility Fund 866	Storefront Loan Funds 867/868 (Cash Budget)
Revenues:					
Operating: Major Projects shown as Net Revenue/Expenditure					
Atlas (Net Revenue)	216,932				
Bayfront (Net Revenue)	-				
Parking (Net Revenue)	196,500				
NorShor/Temple (Net Revenue)	(36,158)				
Transfer from Debt Service					
Transfer from Operating					
Expenditures:					
Debt Service:					
Pay-As-You-Go Debt		(413,577)			
Capital Projects:					
NorShor Skywalk/Public Improvements			(600,000)		
NWA Maint Facility:					
Building Maintenance				(50,000)	
Insurance				(12,540)	
Loan Funds:					
Other Operating Fund shown as net revenue/expenditure	(265,556)		(409,597)	(77,575)	
Other Transfers / Expenditures					
Transfer to Capital Projects			(664,826)		
Net Revenues / Expenditures	111,718	-	331,541	260,332	134,474
Beginning Fund Balances	683,220	-	1,384,858	(50,239)	218,591
Ending Fund Balances	794,938	-	1,716,399	210,093	353,065

Exhibit A

Duluth Economic Development Authority

2016 Proposed Budgets – 11-18-2015

Operating Fund 860

>> Note that all the amounts for revenues in RED will have a corresponding RED amount in expenses. DEDA functions as a conduit between the grantors (DEED or EPA) and the grantees (developers) for several cleanup and development grants.

>> DEDA received an Industrial revenue bond fee of \$166,000 in July for the bond issuance of educational facilities revenue notes issued for the College of St. Scholastica. There are no issuance fees scheduled for 2016—only one small annual maintenance fee.

>> The \$91,232 budgeted for the sale of the Phoenix parking lot is the final year of a 4-year sales contract.

>> Last year parking revenues were at an all time high, perhaps because of favorable weather. My estimate of \$500,000 takes into account what I consider more normal summer parking activity.

>> TIF Admin Recovery (the portion of the City admin cost that we charge to the individual TIF Districts) has been reduced. The primary reduction was due to TIF District 7 being decertified at the end of 2015. Look for adjustments to this line in 2016 revisions as we get a better idea for how much time is spent working on projects in the individual TIF Districts.

>> DEDA will be a conduit for a DEED grant for the NorShor redevelopment project. Look in expenses for the corresponding expense.

>> Heidi reported that an organization has shown interest in the Atlas Site, so we've budgeted the potential sale for 2016.

>> Although Bayfront-Lot D was budgeted for 2015, it's become apparent that the cleanup will more than likely not occur in 2015, so I've deleted it in my 'Current Forecast—my best estimate of how the fund will end the 2015 year, and I've added the revenue (and expense) back again into the 2016 budget.

>> Expenses in general – they're my best guess in many cases, primarily based on past experience. Keep in mind that projects that remain uncompleted as of the end of 2015 will be carried forward and added in a future budget revision.

Debt Service Fund 861

>> Note the large fall off in revenue from 2015 to 2016. This is primarily due to the fact that District 7 was decertified and went off-line at the end of 2015. Revenues are rounded to the nearest thousand and primarily based on past experience. The revenues will be adjusted in a future revision after tax rates have been approved by all the taxing jurisdictions and the County has completed their TIF projections.

>> Regarding PAYG debt, all of these numbers are based on development agreements that detail what each developer is to be paid—generally a percentage of TIF generated by the development.

>> Note that once the annual obligations (debt) have been satisfied, the excess over and above the annual debt is transferred to the Capital Projects Fund, to be used for TIF-eligible projects.

Exhibit A

Capital Projects Fund 865

>> The primary source of revenue in this fund comes from the excess increment remaining after annual debt has been satisfied (see the above Debt Service Fund).
>> The NorShor Theater project is expected to get fully underway in early 2016—after the December, 2015 closing. For Federal tax credit purposes, the developer is expected to pay back the interim note and DEDA will be contributing \$600,000 back into the project for public related, and TIF-eligible expenses.
>> TIF admin Recovery - see the comment regarding this in the Operating Fund.
>> Again, as with the Operating Fund, keep in mind that projects that remain uncompleted as of the end of 2015 will be carried forward and added in a future budget revision.

MRO Maintenance Facility Fund 866

>> This fund's sole purpose is to accumulate MRO rents for a period of years in order to anticipate expected capital maintenance costs (primarily replacement of the roof) that will likely occur in 15 (or so) years.
>> Note the column entitled 'Current Forecast'. Recently there was damage (set off of the fire suppression system and wind damage to the outside of the building) that occurred at the MRO. We were originally going to budget the repairs for 2016, however, I believe the expenses will actually occur in 2015. Consequently I've added the additional 'Current Forecast' column and I'm projecting normal repairs/maintenance for 2016.

Storefront Loan Fund 867

>> This is a 'cash' budget. In other words, this budget reflects the measurement of expected inflows and outflows of cash (verses revenues and expenses shown in the other funds).
>> The fund will have been all but depleted with the 2015 loan to the Playhouse that will occur in the December closing. I'm expecting 'normal' loan repayments to be around \$135,000 for 2016, as this fund slowly builds back its cash balance. The Playhouse loan will be expected to be repaid over a 10-15 year period.

Duluth Economic Development Authority

DEDA Operating Fund 860
2016 Proposed Budget

Exhibit A

	2015			2016	Norshor / Annex / Temple Opera	Parking Programs	Bayfront Redevelopment	Atlas Cement Plant	Other Operating
	Actual thru 10-15-2015	Revised Budget 10-28-2015	Current Forecast	Proposed Budget					
Revenues									
IDB Fees	166,000	168,700	168,700	2,686					2,686
Investment Earnings	6,116	7,000	7,000	1,000					1,000
Augusta TIF Recapture	3,835	3,835	3,835	3,835					3,835
Sale of Phoenix Parking Ramp (Interest-2nd/3rd year)	-	14,246	14,246	91,232					91,232
DEDA's Parking Program	443,816	550,000	550,000	500,000				500,000	
Construction Assessments - Chadco	-	14,652	14,652	-					
Gifts / Donations	1,000	1,000	1,000	1,000					1,000
Project Development Fees / Services	20,922	21,000	21,000	10,000					10,000
TIF Admin Recovery	-	145,302	145,302	77,575					77,575
Sale of Soo Line bridge to State of MN	-	21,800	-	21,800					21,800
DEED Redevelopment Grant - NorShor (Playhouse sub-grant)	-	-	-	6,950,000	6,950,000				
Tax Forfeited Land Purchase/Re-Sale (Harbor Bay Development)	86,713	86,713	86,713	-					
Projected Land Sales - Atlas Site	-	-	-	235,000					235,000
DEDA's 2011 EPA Atlas Cleanup Grant	25,886	73,765	73,765	-					
Temple Opera Building Rent	57,399	65,000	70,000	65,000					
Bayfront EPA Cleanup Grant - Lot D	-	199,675	-	199,675					199,675
DEED match to the Bayfront EPA Cleanup Grant - Lot D	-	40,000	-	40,000					40,000
Bayfront (Pier B) Cleanup Grant	999,000	999,000	999,000	-					
Bayfront (Pier B) Redevelopment Grant - Infrastructure	495,909	495,909	495,909	-					
DEED Grant - Lincoln School Apts	95,843	95,843	95,843	-					
DEED - HDPE Supply cleanup	114,867	201,753	201,753	-					
DEED Grant- Harbor Bay Flats	-	250,000	250,000	-					
Cirrus Abatement - County & City / Expansion TIF	15,631	43,270	43,270	43,270					43,270
TOTAL REVENUES	2,532,937	3,498,463	3,241,988	8,242,073	7,015,000	500,000	239,675	235,000	252,398
EXPENDITURES									
Auditing Services	3,328	4,000	4,000	4,000					4,000
Administrative Fees	365,000	365,000	365,000	365,000					365,000
APEX - Marketing Program	7,460	15,000	15,000	15,000					15,000
Northland Connection	15,000	15,000	15,000	15,000					15,000
Other Professional Services	30,697	26,000	35,000	55,000					55,000
DEDA's Parking Program	200,891	300,000	300,000	300,000					
Canal Park Business Assn Grant	-	3,500	5,642	3,500	300,000	3,500	300,000	3,500	
Meeting Expenses	2,192	3,500	2,800	3,500					3,500
Telephone	298	720	400	720					720
Dues & memberships	250	3,000	1,000	3,000					3,000
Marketing	27,839	35,000	30,000	15,000					15,000
Website Development / Maintenance	15,127	15,127	15,127	8,034					8,034
Travel & Training	4,326	5,000	5,000	5,000					5,000
Advertising/Promotion/Printing/Copying/Postage	21	1,500	1,500	500					500
Other Services & Charges	6,150	6,500	6,500	5,000					5,000
Self-Insurance	7,000	7,000	7,000	7,000					7,000
Tax Forfeited Land Purchase/Re-Sale	-	-	-	-					
Stormwater/Street Lights & Maintenance Assessments	8,971	12,000	12,000	12,000					12,000
Tax Forfeited Land Purchase/Re-Sale (Harbor Bay Flats)	86,713	86,713	86,713	-					
Property Taxes/Street Assessments on Land Held for Resale	4,154	4,200	4,200	4,200					4,200
Atlas Cement Plant Cleanup	56,112	73,765	73,765	-					
Atlas R.E. Taxes	10,882	18,068	18,068	18,068					18,068
Atlas Contingency	-	50,000	50,000	-					
Professional Services - Bayfront - Lot D Cleanup	-	239,675	-	239,675					239,675
Bayfront (Pier B) Cleanup Grant	999,000	999,000	999,000	-					
Bayfront (Pier B) Redevelopment Grant - Infrastructure	495,909	495,909	495,909	-					
Lincoln School GP LLC	95,843	95,843	95,843	-					
Nor Shore / Temple-Opera Operating Expenses	75,566	95,000	95,000	75,000	75,000				
DEED Redevelopment Grant - NorShor (Playhouse sub-grant)	-	-	-	6,950,000	6,950,000				
Temple Opera R.E. Taxes	26,158	26,158	26,158	26,158					
Grants & awards - HDPE Supply	114,867	201,753	201,753	-					
DEED Grant- Harbor Bay Flats	-	250,000	250,000	-					

Duluth Economic Development Authority

DEDA Operating Fund 860

2016 Proposed Budget

Exhibit A

	2015			2016					
	Actual thru 10-15-2015	Revised Budget 10-28-2015	Current Forecast	Proposed Budget	Norshor / Annex / Temple Opera	Parking Programs	Bayfront Redevelopment	Atlas Cement Plant	Other Operating
TOTAL EXPENDITURES	2,659,754	3,453,931	3,217,378	8,130,355	7,051,158	303,500	239,675	18,068	517,954
Net Revenue/Expenses	(126,817)	44,532	24,610	111,718	(36,158)	196,500	-	216,932	(265,556)
BEGINNING FUND BALANCE	658,610		658,610	683,220					
ENDING FUND BALANCE	531,793		683,220	794,938					

Exhibit A

Duluth Economic Development Authority

DEDA DEBT SERVICE FUND 861

2016 Proposed Budget

	2015 Revised Budget (10-28-2015)	2016 Proposed Budget	Augusta dist 13	Washington Center dist 16	Tech Village dist 19	Garfield dist 21	Medical Dist Expansion dist 22	5th Street Village Place dist 23	Duluth Renaissance dist 24	Bluestone dist 25	Pier B dist 26	21st Ave E dist 28	Kenwood Village dist 29
Actual Beginning Fund Balance	160,443	-	-	-	-	-	-	-	-	-	-	-	-
Revenues													
Investment Earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax Increment	2,115,168	1,488,000	34,000	45,000	300,000	53,000	690,000	30,000	142,000	194,000	-	-	-
Other Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	2,115,168	1,488,000	34,000	45,000	300,000	53,000	690,000	30,000	142,000	194,000	-	-	-
Total Available	2,275,611	1,488,000	34,000	45,000	300,000	53,000	690,000	30,000	142,000	194,000	-	-	-
Expenditures													
DEVELOPER PAYMENTS (PAYG)													
Spirit Bay Development (7)	14,300	-	-	-	-	-	-	-	-	-	-	-	-
United Cerebral Palsey (7)	6,764	-	-	-	-	-	-	-	-	-	-	-	-
Glen Place Apts (Augusta)	29,838	29,655	29,655	-	-	-	-	-	-	-	-	-	-
Washington Center (Artspace)	44,869	44,290	-	44,290	-	-	-	-	-	-	-	-	-
Garfield Business Park	25,040	22,000	-	-	-	-	22,000	-	-	-	-	-	-
Village Place Apartments	70,351	16,347	-	-	-	-	-	16,347	-	-	-	-	-
Ramsey Townhome Project (7)	20,274	-	-	-	-	-	-	-	-	-	-	-	-
Sheraton Hotel & Condominiums	136,304	-	-	-	-	-	-	-	-	-	-	-	-
Duluth Renaissance Project	127,501	127,319	-	-	-	-	-	127,319	-	-	-	-	-
Bluestone Commons	81,236	173,966	-	-	-	-	-	-	173,966.00	-	-	-	-
OTHER													
Transfer to City's Debt Service Fund	393,500	388,000	-	-	-	-	-	388,000	-	-	-	-	-
Transfer to Other Districts/Funds	233,110	16,068	3,835	-	-	-	-	-	12,233	-	-	-	-
Excess TIF returned to County	233,238	-	-	-	-	-	-	-	-	-	-	-	-
County Administrative Fee/other admin expenses	10,344	5,529	510	710	600	560	1,350	560	535	704	-	-	-
Total Expenditures	1,426,669	823,174	34,000	45,000	600	22,560	389,350	29,140	127,854	174,670	-	-	-
Fund Balance before transfer	848,942	664,826	-	-	299,400	30,440	300,650	860	14,146	19,330	-	-	-
Less: Transfer @ Y/e to Capital Projects	848,942	664,826	-	-	299,400	30,440	300,650	860	14,146	19,330	-	-	-
Ending Fund Balance	-	-	-	-	-	-	-	-	-	-	-	-	-

Anticipated Decertification Dates

2020 2021 2026 2027 2029 2031 2034 2040 25 yrs AFRI 25 yrs AFRI 25 yrs AFRI

Exhibit A

Duluth Economic Development Authority

Capital Projects Fund 865

2016 Proposed Budget

11/19/2015

	2015 Revised Budget 10-28-2015	2016 Proposed Budget	West Duluth Housing dist 7	Washington dist 16	Tech Village dist 19	Garfield dist 21	Medical Dist dist 22	Village Place dist 23	Renaissance dist 24	Bluestone dist 25	Pier B dist 26	21st Ave E dist 28	Kenwood Village dist 29
Revenues													
BEGINNING FUND BALANCE	3,594,962	1,384,858	-	147,035	881,465	36,483	309,853	1,715	8,307	-	-	-	-
Investment Earnings	600	-	-	-	-	-	-	-	-	-	-	-	-
ASI Redruth Loan Repay	510	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from Debt Service	848,942	664,826	-	-	299,400	30,440	300,650	860	14,146	19,330	-	-	-
Norshor Theatre Interim Note Repayment	-	300,000	-	-	-	-	300,000	-	-	-	-	-	-
Washington School Loan Repay	45,579	44,290	-	44,290	-	-	-	-	-	-	-	-	-
Other - Interdistrict Loans	-	-	-	-	(15,000)	-	-	-	-	-	15,000	-	-
TOTAL REVENUES/TRANSFER	895,631	1,009,116	-	44,290	299,400	15,440	600,650	860	14,146	19,330	15,000	-	-
TOTAL AVAILABLE	4,490,593	2,393,974	-	191,325	1,180,865	51,923	910,503	2,575	22,453	19,330	15,000	-	-
Expenditures													
NorShor Project (various entities)	300,000	600,000	-	-	-	-	600,000	-	-	-	-	-	-
Seawall Infrastructure Repairs	890,000	-	-	-	-	-	-	-	-	-	-	-	-
Baywalk Extension	110,000	-	-	-	-	-	-	-	-	-	-	-	-
Excess TIF returned to St. Louis County	18,144	-	-	-	-	-	-	-	-	-	-	-	-
One Roof Housing	80,000	-	-	-	-	-	-	-	-	-	-	-	-
Housing Rehab	180,000	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure - S 59th Ave West	1,172,289	-	-	-	-	-	-	-	-	-	-	-	-
TIF Admin Cost Allocation	145,302	77,575	-	5,000	5,000	5,000	25,000	2,575	5,000	15,000	15,000	-	-
HRA Acquisition/Demolition	200,000	-	-	-	-	-	-	-	-	-	-	-	-
Other	10,000	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	3,105,735	677,575	-	5,000	5,000	5,000	625,000	2,575	5,000	15,000	15,000	-	-
ENDING FUND BALANCE	1,384,858	1,716,399	-	186,325	1,175,865	46,923	285,503	-	17,453	4,330	-	-	-

Decertification Dates

2015

2021

2026
to be used for
future Fannie
Rose Skywalk

2027

2030
to be used for
future Temple
Opera Skywalk

2031

2034

2040

25 yrs AFRTI

25 yrs AFRTI

25 yrs AFRTI

Duluth Economic Development Authority

DEDA MRO Maintenance Facility Fund 866

2016 Proposed Budget

	<u>2014</u>	<u>2015</u>	<u>2016</u>
	<u>ACTUAL 12-31-2014</u>	<u>Revised Budget 10-28-2015</u>	<u>Proposed Budget</u>
BEGINNING FUND BALANCE	(29,256)	(13,004)	(50,239)
Revenues			
Investment Earnings	-	313,740	313,740
Building Rent	181,999	-	-
Reimbursement	2,290	-	-
TOTAL REVENUES	184,289	313,740	313,740
TOTAL AVAILABLE	155,033	300,736	272,633
Expenditures			
Repairs/Maintenance	48,881	60,000	260,000
Other Services/Supplies	263	-	-
Capital Equipment replacement	108,493	78,435	78,435
Property Insurance	10,400	12,540	12,540
TOTAL EXPENDITURES	168,037	150,975	350,975
ENDING FUND BALANCE	(13,004)	149,761	(50,239)

Duluth Economic Development Authority

<u>Storefront Loan Funds</u>		<u>Proposed 2016 Budget</u>		
'Cash' Budgets		Fund 867		
		<u>Storefront Loans</u>		
2014 Actual Activity	2015 Revised Budget	2016 Proposed Budget		
1,989,601	3,444,351	218,591		
Cash Balance - January 1st				
Revenues:				
Investment Earnings	2,097	24,000	750	
Repayments on Outstanding Loans	1,452,653	250,240	133,724	
Transfer from District-Specific Loan Fund	-	-	-	
Misc. Services	-	-	-	
Total Revenues	1,454,750	274,240	134,474	
Total Available	3,444,351	3,718,591	353,065	
Expenditures:				
Grants/Awards	-	-	-	
Other Services & Charges	-	-	-	
Loans:				
Downtown	-	-	-	
East Downtown	-	-	-	
Lincoln Park	-	-	-	
Hillside	-	-	-	
Loan to Playhouse / District 22	-	3,500,000	-	
Total Expenditures	-	3,500,000	-	
Cash Balance - December 31st	3,444,351	218,591	353,065	

Exhibit A