

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

	TIF Funds				Storefront Loan Funds 867/868 (Cash Budget)
	Operating Fund 860	Debt Service Fund 861	Capital Projects Fund 865	MRO Maint Facility Fund 866	
Revenues:					
Operating: Major Projects shown as Net Revenue/Expenditure					
Atlas (Net Revenue)	216,932	1,488,000	344,290	322,872	134,474
Bayfront (Net Revenue)	-				
Parking (Net Revenue)	196,500				
Norshor/Temple (Net Revenue)	(36,158)				
Transfer from Debt Service			664,826		
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)				
Other Transfers / Expenditures		(409,597)	(77,575)		
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

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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.

DEDA Operating Fund 860

2016 Proposed Budget

	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
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	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		300,000			
Canal Park Business Assn Grant	-	3,500	5,642	3,500		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	26,158				
Grants & awards - HDPE Supply	114,867	201,753	201,753	-					
DEED Grant- Harbor Bay Flats	-	250,000	250,000	-					

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 Rennaisance 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

2016 Proposed Budget

Capital Projects Fund 865

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
BEGINNING FUND BALANCE	3,594,962	1,384,858	-	147,035	881,465	36,483	309,853	1,715	8,307	-	-	-	-
Revenues													
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

2027

2030

2031

2034

2040

25 yrs AFRTI

25 yrs AFRTI

25 yrs AFRTI

to be used for
future Fannie
Rose Skywalk

to be used for
future Temple
Opera Skywalk

Duluth Economic Development Authority

DEDA MRO Maintenance Facility Fund 866

2016 Proposed Budget

	2014 ACTUAL 12-31-2014
BEGINNING FUND BALANCE	(29,256)
Investment Earnings	-
Building Rent	181,999
Reimbursement	2,290
TOTAL REVENUES	184,289
TOTAL AVAILABLE	155,033
Repairs/Maintenance	48,881
Other Services/Supplies	263
Capital Equipment replacement	108,493
Property Insurance	10,400
TOTAL EXPENDITURES	168,037
ENDING FUND BALANCE	(13,004)

Revenues

EXPENDITURES

	Revised Budget 10-28-2015	2015 Current Forecast
	(13,004)	(13,004)
	-	-
	313,740	313,740
	-	-
	313,740	313,740
	300,736	300,736
	60,000	260,000
	-	-
	78,435	78,435
	12,540	12,540
	150,975	350,975
	149,761	(50,239)

2016 Proposed Budget
(50,239)
-
322,872
-
322,872
272,613
50,000
-
12,540
62,540
210,093

Duluth Economic Development Authority

Storefront Loan Funds

'Cash' Budgets

Proposed 2016 Budget

----- Fund 867 -----

	<u>Storefront Loans</u>		
	<u>2014 Actual Activity</u>	<u>2015 Revised Budget</u>	<u>2016 Proposed Budget</u>
Cash Balance - January 1st	1,989,601	3,444,351	218,591
<u>Revenues:</u>			
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
<u>Expenditures:</u>			
Grants/Awards	-	-	-
Other Services & Charges	-	-	-
<u>Loans:</u>			
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