

# Exhibit A



## Duluth Economic Development Authority

### 2019 Proposed Budgets (09/26/2018):

Operating Fund 860

Debt Service Fund 861

Capital Projects Fund 865

MRO Maintenance Fund 866

# Exhibit A

## Duluth Economic Development Authority

### Highlights for the 2019 Budget

#### Operating Fund 860

The Operating Fund is a 'non-TIF' fund, meaning it does not have the statutory spending restrictions that are imposed on tax increment funding. Consequently, we have more discretion for spending this funding—examples include: administrative costs, projects located outside an existing TIF district, non-TIF eligible costs, and more. This fund has the potential to require revision several times a year as we accept and spend down 'conduit-style' developer grants that are run through the fund.

DEDA's Parking Program – Our conservative expectation for 2019 is that we'll net nearly \$275,000. This continues to be an important source of funding for much of DEDA's day-to-day operations.

Administrative Fee – The City is undergoing a Cost Allocation study. After more than ten years at \$365,000 annually, the City has decided to raise the annual administrative fee to \$400,000.

Land Acquisitions – With the IDB Fees from the sale of the Essentia Tax-Exempt Bonds that are expected to be received in late 2018 (and reflected in the 2019 beginning fund balance), we are proposing that DEDA purchase certain parcels of underutilized property for future development.

-----

Funds 861 and 865 are tax increment funds ... meaning they have strict statutory limitations on how, what, when, and why tax increment can be used.

#### Debt Service Fund 861

Tax Increment – We expect the amount of increment that will be received from the County to be flat as compared to last year. No new districts are expected to be going online in the next couple of years but perhaps a moderate increase will occur and there may be need to revise the budget at some point in 2019. Tax rates for 2019 have yet to be determined so detail from the County is not available at this time.

#### Capital Projects Fund 865

The majority of the funding for this fund comes from the debt service fund transfer – the surplus increment remaining after current debt obligations have been fulfilled.

There will be continued discussion regarding bridges and skywalks connecting the Downtown to the Medical District. As will become apparent, it will take more than DEDA funding to complete some of this construction. The \$650,000 we are budgeting (setting aside) for 2019 out of District 19 will be added to the \$1.9 million that we budgeted and did not spend in 2018. These monies will be used to construct the bridge next to the Tech Village over 1st Avenue East.

# Exhibit A

-----  
MRO Maintenance Facility Fund 866

The primary purpose of this fund is to accumulate rent revenues for funding future repairs (the roof in particular) which is expected to need replacement at the end of its useful life. A moderate increase in rent is shown in the proposed budget.

# Exhibit A

## Duluth Economic Development Authority

### Executive Summary - DEDA Budgets 2019 Proposed Budgets 9/26/2018

	Operating Fund 860	TIF Funds		MRO Maint Facility Fund 866
		Debt Service Fund 861	Capital Projects Fund 865	
<b>Operating Fund #860</b>				
<b>Revenues</b>				
Parking Program Revenues	600,000			
TIF Admin Recovery	100,860			
Other	352,277			
<b>Proposed 2019 Fund 860 Revenue</b>	<b>1,053,137</b>			
<b>Expenses</b>				
Parking Program Expenses	(325,000)			
Atlas Cement Plant Expenses	(10,000)			
Cost Allocation Expenses (paid to City)	(400,000)			
Land Acquisitions	(1,500,000)			
Other	(172,444)			
<b>Proposed 2019 Fund 860 Expenses</b>	<b>(2,407,444)</b>			
<b>Debt Service Fund #861</b>				
<b>Revenues</b>				
Tax Increment received from the County		2,791,900		
<b>Proposed 2019 Fund 861 Revenues</b>		<b>2,791,900</b>		
<b>Expenses</b>				
PAYG Note Payments		(1,632,787)		
Transfer to City Debt Service (Medical District Ramp)		(412,842)		
Other Expenses		(22,653)		
Transfer of excess increment to Capital Projects		(723,618)		
<b>Proposed 2019 Fund 861 Expenses</b>		<b>(2,791,900)</b>		
<b>Capital Projects Fund #865</b>				
<b>Revenues</b>				
Transfer of excess increment from Debt Service			723,618	
Other			12,000	
<b>Proposed 2019 Fund 865 Revenues</b>			<b>735,618</b>	
<b>Expenses</b>				
Bridges & Skywalks			(650,000)	
Allocation of Admin Costs Charged to TIF Districts			(100,860)	
Other			-	
<b>Proposed 2019 Fund 865 Expenses</b>			<b>(750,860)</b>	
<b>MRO Maintenance Facility Fund #866</b>				
<b>Proposed 2019 Fund 866 Revenues</b>				453,540
<b>Proposed 2019 Fund 866 Expenses</b>				(91,800)
<b>Net Revenues / Expenditures</b>	<b>(1,354,307)</b>	<b>-</b>	<b>(15,242)</b>	<b>361,740</b>
<b>Beginning Fund Balances</b>	<b>2,346,464</b>	<b>6,770</b>	<b>473,001</b>	<b>688,793</b>
<b>Ending Fund Balances</b>	<b>992,157</b>	<b>6,770</b>	<b>457,759</b>	<b>1,050,533</b>

**Duluth Economic Development Authority Exhibit A**

**DEDA Operating Fund 860  
2019 Proposed Budget (09-26-2018)**

		2017	2018	2019	Parking Programs	Various Land Acquisitions	Atlas Cement Plant	Other Operating
		FINAL	Revised Budget 9/26/2018	Proposed Budget 9/26/2018				
<b>Revenues</b>								
	IDB Fees 403	2,609	1,577,527	2,442 #				2,442
	Investment Earnings 401	8,979	12,000	10,000 #				10,000
	Augusta TIF Recapture 404	3,835	3,835	3,835 #				3,835
	Sale of Phoenix Parking Ramp (contract for deed-final year) 405	93,443	-	-				-
	DEDA's Parking Program 402	627,215	625,000	600,000 #	600,000			-
	SLC Pastoret/Grand Ave demo contribution 415	-	-	325,000				325,000
	Project Development Fees / Services 407	18,500	6,000	6,000 #				6,000
	TIF Admin Recovery 498	113,360	113,806	100,860				100,860
	Sale of Soo Line bridge to State of MN 497	21,885	-	-				-
	DEED Redevelopment Grant - NorShor (Playhouse sub-grant) 497	3,965,514	1,640,813	-				-
	Tax Forfeited Land Purchase/Re-Sale 409	58,828	113,837	-				-
	Other Revenues 499	5,582	5,000	5,000 #				5,000
	Land Sale - AET Property	-	210,000	- #				-
	Projected Land Sales - Atlas Site 411	-	-	-			-	-
	Temple Opera Building Rent 410	27,811	23,767	- #				-
	Bayfront EPA Cleanup Grant - Lot D 494	7,134	-	-				-
	Conduit Grants - Harbor Bay / Grand Avenue Estates / IPS Cranes 450	655,341	50,000	-				-
	Cirrus Abatement - County & City / Expansion TIF 413	43,695	37,370	-				-
	Other 998	-	-	-				-
	<b>TOTAL REVENUES</b>	<b>5,675,617</b>	<b>4,418,955</b>	<b>1,053,137</b>	<b>600,000</b>	<b>-</b>	<b>-</b>	<b>453,137</b>
<b>EXPENDITURES</b>								
	Auditing Services 501	4,031	4,000	4,000 #				4,000
	Administrative Fees 598	365,000	365,000	400,000 #				400,000
	APEX - Marketing Program 503	7,642	10,000	10,000 #				10,000
	Northland Connection (Northspan) 504	15,000	15,000	15,000 #				15,000
	Northforce (Northspan) 525	23,583	30,000	25,500 #				25,500
	Other Professional Services 505	6,388	25,000	60,000 #				60,000
	DEDA's Parking Program 502	356,000	325,000	325,000 #	325,000			-
	Canal Park Business Assn Grant 506	-	3,750	- #				-
	Meeting Expenses 507	2,442	3,500	3,500 #				3,500
	Dues & memberships 518	1,280	2,000	2,000 #				2,000
	Marketing 522	-	10,000	10,000 #				10,000
	Website Development / Maintenance 511	8,275	8,523	- #				-
	Travel & Training 520	5,887	10,000	10,000 #				10,000
	Advertising/Promotion/Printing/Copying/Postage 513	791	1,500	1,000 #				1,000
	Other Services & Charges 514	1,809	10,000	5,000 #				5,000
	Self-Insurance 515	7,000	7,650	7,850 #				7,850
	Pastoret Terrace/5907 Grand Ave demo / Carrying Costs 516	2,920	5,000	5,000 #				5,000
	Stormwater/Street Lights & Maintenance Assessments 517	10,028	10,500	10,500 #				10,500
	Tax Forfeited Land Purchase/Re-Sale 509	58,246	113,837	-				-
	Property Taxes/Street Assessments on Land Held for Resale 519	3,383	3,094	3,094 #				3,094
	Atlas Cement Plant Cleanup / Carrying Expenses 512	6,064	50,000	10,000			10,000	-
	Atlas Stormwater & Erosion Control Improvements 524	90,000	-	-				-
	Professional Services - Bayfront - Lot D Cleanup / Carrying Costs 594	8,469	-	-				-
	Temple-Opera Operating Expenses / Carrying Costs 510	60,072	50,000	- #				-
	DEED Redevelopment Grant - NorShor (Playhouse sub-grant) 597	3,965,514	1,640,813	-				-
	Temple Opera R.E. Taxes 523	8,295	23,142	- #				-
	Temple Opera relocation benefits 592	-	20,000	-				-
	Conduit Grants - Harbor Bay / Grand Avenue Estates / IPS Cranes 550	655,341	50,000	-				-
	Land Acquisitions 999	-	-	1,500,000		1,500,000		-
	<b>TOTAL EXPENDITURES</b>	<b>5,673,458</b>	<b>2,797,309</b>	<b>2,407,444</b>	<b>325,000</b>	<b>1,500,000</b>	<b>10,000</b>	<b>572,444</b>
	<b>Net Revenue/Expenses</b>	<b>2,159</b>	<b>1,621,646</b>	<b>(1,354,307)</b>	<b>275,000</b>	<b>(1,500,000)</b>	<b>(10,000)</b>	<b>(119,307)</b>
	<b>BEGINNING FUND BALANCE</b>	<b>722,659</b>	<b>724,818</b>	<b>2,346,464</b>				
	<b>ENDING FUND BALANCE</b>	<b>724,818</b>	<b>2,346,464</b>	<b>992,157</b>				

# Exhibit A

**Duluth Economic Development Authority**  
**DEDA DEBT SERVICE FUND 861**  
**2019 Proposed Budget (09/26/2018)**

	2017 <b>FINAL</b>	2018 <b>Revised Budget (06-27-2018) *</b>	2019 <b>Proposed Budget (09-26-2018)</b>	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 27	Endi dist 28	Kenwood Village dist 29
Beginning Fund Balance	2,124	8,621	6,770	-	710	600	560	1,355	555	620	715	563	542	550
<b>Revenues</b>														
Investment Earnings	4,743	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Tax Increment</b>	1,672,197	2,792,007	2,791,900	60,400	46,300	490,900	54,500	797,000	29,300	199,900	352,000	421,300	198,600	141,700
Other Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	1,676,940	2,792,007	2,791,900	60,400	46,300	490,900	54,500	797,000	29,300	199,900	352,000	421,300	198,600	141,700
<b>Total Available</b>	1,679,064	2,800,628	2,798,670	60,400	47,010	491,500	55,060	798,355	29,855	200,520	352,715	421,863	199,142	142,250
<b>Expenditures</b>														
<u>DEVELOPER PAYMENTS (PAYG)</u>														
Glen Place Apts (Augusta)	41,763	56,620	56,055	56,055										
Garfield Business Park	21,414	25,444	25,444				25,444							
Village Place Apartments	27,739	16,347	16,347						16,347					
NorShor Theatre	129,510	201,753	201,753					201,753						
Sheraton Hotel & Condominiums	131,360	152,084	152,084					152,084						
Duluth Renaissance Project	133,013	179,347	179,352							179,352				
Bluestone Commons	249,436	316,802	316,800								316,800			
Pier B	71,472	379,247	379,170									379,170		
Harbor Bay	-	178,209	178,252										178,252	
Kenwood Village	-	127,064	127,530											127,530
<u>OTHER</u>														
Transfer to City's Debt Service Fund	-	412,842	412,842	-	-	-	-	412,842	-	-	-	-	-	-
Transfer to Other Districts/Funds	396,267	17,750	15,373	3,835	-	-	-	-	11,538	-	-	-	-	-
Excess TIF returned to County	-	-	-	-	-	-	-	-	-	-	-	-	-	-
County Administrative Fee/other admin expenses	7,264	7,280	7,280	510	710	600	560	1,355	555	620	715	563	542	550
<b>Total Expenditures</b>	1,209,238	2,070,789	2,068,282	60,400	710	600	26,004	768,034	28,440	179,972	317,515	379,733	178,794	128,080
<b>Fund Balance before transfer</b>	469,826	729,839	730,388	-	46,300	490,900	29,056	30,321	1,415	20,548	35,200	42,130	20,348	14,170
<b>Less: Transfer @ Y/e to Capital Projects</b>	461,205	723,069	723,618	-	45,590	490,300	28,496	28,966	860	19,928	34,485	41,567	19,806	13,620
<b>Ending Fund Balance</b>	8,621	6,770	6,770	-	710	600	560	1,355	555	620	715	563	542	550
Anticipated Decertification Dates				2020	2021	2026	2027	2030	2031	2034	2040	2042	2043	2043

\* When the 2018 budget was revised on June 27th, 2018, we anticipated the creation of District 30 and that revised budget reflected activity for that district. The creation of that district never moved forward and the district was never created. For the 2019 proposed budget we've assumed that District 30 never happened and we've adjusted the revised 2018 amounts and applicable balances accordingly.

# Exhibit A

## Duluth Economic Development Authority

### Capital Projects Fund 865 2019 Proposed Budget (09-26-2018)

		2017	2018	2019	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 27	Endi dist 28	Kenwood Village dist 29	
		FINAL	Revised Budget 06-27-2018 *	Proposed Budget 09-26-2018												
<b>BEGINNING FUND BALANCE</b>		1,606,902	1,946,352	473,001	-	146,137	196,027	84,895	2,243	7	40,068	3,624	-	-	-	
<b>Revenues</b>																
	Investment Earnings 41	18,112	12,000	12,000	-	1,000	7,800	1,500	1,500	-	200	-	-	-	-	
	Other - Interdistrict Loans	-	-	-	-	-	-	34,993	-	-	-	-	(21,567)	(9,806)	(3,620)	
	Transfer from Debt Service 43	461,207	723,069	723,618	-	45,590	490,300	28,496	28,966	860	19,928	34,485	41,567	19,806	13,620	
	Other Revenues 42	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>TOTAL REVENUES/TRANSFER</b>		479,319	735,069	735,618	-	46,590	498,100	64,989	30,466	860	20,128	34,485	20,000	10,000	10,000	
<b>TOTAL AVAILABLE</b>		2,086,221	2,681,421	1,208,619	-	192,727	694,127	149,884	32,709	867	60,196	38,109	20,000	10,000	10,000	
<b>Expenditures</b>																
	District 19 Bridge / District 22 Skywalk 60	-	1,907,986	650,000	-	-	650,000	-	-	-	-	-	-	-	-	
	Garfield Square Project 54	-	43,000	-	-	-	-	-	-	-	-	-	-	-	-	
	Housing Rehab - City 56	-	43,129	-	-	-	-	-	-	-	-	-	-	-	-	
	Infrastructure - S 59th Ave West 58	14,919	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Irving Exterior Home Renovation Forgivable Loan Program 62	11,590	-	-	-	-	-	-	-	-	-	-	-	-	-	
	TIF Admin Cost Allocation 59	113,360	108,806	100,860	-	5,000	5,000	-	25,000	860	5,000	20,000	20,000	10,000	10,000	
	West Duluth Theatre 55	-	50,000	-	-	-	-	-	-	-	-	-	-	-	-	
	NorShor Skywalk/Public Improvements/A & E 52	-	55,500	-	-	-	-	-	-	-	-	-	-	-	-	
	Other 99	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>TOTAL EXPENDITURES</b>		139,869	2,208,421	750,860	-	5,000	655,000	-	25,000	860	5,000	20,000	20,000	10,000	10,000	
<b>ENDING FUND BALANCE</b>		1,946,352	473,001	457,759	-	187,727	39,127	149,884	7,709	7	55,196	18,109	-	-	-	
					Anticipated Decertification Dates	2015	2021	2026	2027	2030	2031	2034	2040	2042	2043	2043

\* When the 2018 budget was revised on June 27th, 2018, we anticipated the creation of District 30 and that revised budget reflected activity for that district. The creation of that district never moved forward and the district was never created. For the 2019 proposed budget we've assumed that District 30 never happened and we've adjusted the revised 2018 amounts and applicable balances accordingly.

# Exhibit A

## Duluth Economic Development Authority

### DEDA MRO Maintenance Facility Fund 866

2019 Proposed Budget - 09-26-2018

		2017	2018	2019
		<u>FINAL</u>	Proposed Budget <u>10/25/2017</u>	Proposed Budget <u>09/26/2018</u>
<b>BEGINNING FUND BALANCE</b>		429,176	345,161	688,793
<b>Revenues</b>				
	Investment Earnings	5,869	8,000	12,000
	Building Rent	419,555	427,632	441,540
	<b>TOTAL REVENUES</b>	425,424	435,632	453,540
	<b>TOTAL AVAILABLE</b>	854,600	780,793	1,142,333
<b>EXPENDITURES</b>				
	Repairs/Maintenance	139,509	75,000	75,000
	Long-Term MRO Maintenance Planning	3,490	-	-
	Capital Replacement	350,074	-	-
	Property Insurance	16,366	17,000	16,800
	<b>TOTAL EXPENDITURES</b>	509,439	92,000	91,800
	<b>ENDING FUND BALANCE</b>	345,161	688,793	1,050,533