

RESOLUTION 14D-25

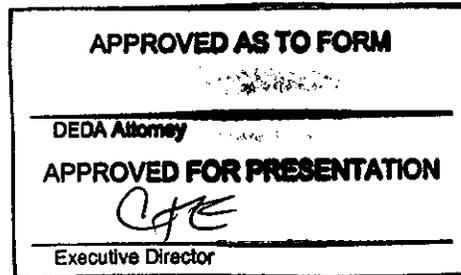
**RESOLUTION AMENDING AND APPROVING
THE 2014 DEDA BUDGETS**

BE IT RESOLVED, by the Duluth Economic Development Authority (DEDA) that the attached DEDA Operating Fund, Debt Service Fund, and Capital Projects Fund, and MRO Maintenance Fund budgets for the year 2014 are hereby amended and approved.

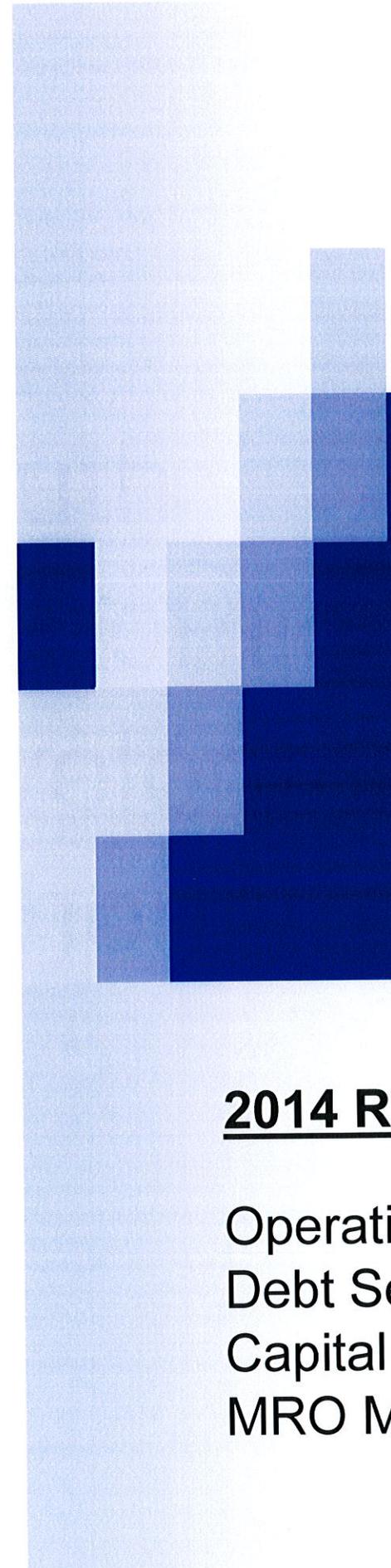
Approved by the Duluth Economic Development Authority this 28th day of May, 2014.

ATTEST:

Executive Director



STATEMENT OF PURPOSE: The purpose of this resolution is to revise the above mentioned 2014 DEDA budgets for budgeted projects from 2013 which were not completed by the close of the year, new spending authorization by the DEDA board since the original 2014 budget was approved, and changes resulting from new and better estimates of 2014 revenues and expenditures.



Duluth Economic Development Authority

2014 Revised Budgets (05/28/2014):

Operating Fund 860

Debt Service Fund 861

Capital Projects Fund 865

MRO Maintenance Fund 866

Duluth Economic Development Authority

Operating Fund (860)

The Operating Fund accounts for the Authority's operating and administrative expenses. In addition, expenditures on projects which are not TIF eligible or are not located in a specific TIF district may be accounted for in this fund. In the past this fund has been used as a conduit for DEED and EPA grants, tax forfeited property acquisition and subsequent sales, and non-TIF district land development. Operating Fund revenues are a combination of IDB issuance fees, loan and lease payments, parking revenue collections, and grants.

Debt Service Fund (861)

The Debt Service Fund accounts for all tax increment received annually from St. Louis County and all annual debt obligations paid. The revenue for this fund consists primarily of tax increment revenues. Expenses are comprised of fixed bond payments, Pay-As-You-Go debt payments to developers, and transfers to the City for pledged debt and district admin fees. All annual increment received in excess of annual debt is transferred to the Capital Projects Fund.

Capital Projects Fund (865)

The Capital Projects Fund finances and accounts for all of DEDA's TIF-related, district-specific capital projects. The primary source of revenue for this fund is the transfer of excess tax increment from the Debt Service Fund. Expenditures paid from this fund must meet the requirements of each district's TIF plan and qualify as a TIF eligible expense.

MRO Maintenance Facility Fund (866)

Beginning in 2013, this fund will accumulate rent revenues received from AAR. Those accumulated revenues will be used for major capital maintenance expenditures that are scheduled for the building in the foreseeable future.

Storefront Loan Fund (867)

The loan fund is presented on a 'cash basis' as opposed to the modified accrual basis of accounting. In this budget we're simply accounting for inflows (loan repayments) and outflows (new loan distributions) of cash.

Duluth Economic Development Authority

2014 Revised Budgets – 05-28-2014

This will be the first revision to the original 2014 budget which was approved on November 20, 2013. Some of the revised amounts are the result of approved spending since the original budget was approved (for example, the recent re-purchase of the AET property or the Jay Street gasholder project), while other changes are based upon revised estimates/projections. In addition, as is normally the case at the conclusion of any year, for 2013 there were uncompleted projects in various stages of completion. Consequently, a significant amount of the adjustments are the result of uncompleted 'encumbered' contracts that we will 'carry forward' and add to the 2014 budget.

I've bolded and increased the font on the budgets for the more significant changes.

Operating Fund 860

The following 12-31-2013 balances on uncompleted contracts that have been incorporated into the 2014 Operating Fund Budget:

L H B Engineers & Architects - \$4,274.30
Barr Engineering - \$34,288.34
Bay West, Inc. - \$61,985.15
Ehler's & Associates - \$18,270.00
ETOR Properties, LLC - \$50,979.00
Kennedy & Graven - \$18,597.25
Carduus, LLC - \$1,279.40
Duluth LISC - \$50,000
Northspan Group, Inc. - \$1,509.11

Revenues

- >> IDB Fees – Additional fees are expected from an anticipated industrial development bond issuance which is in the works and expected to take place in the next couple months.
- >> Sale of Soo Line bridge to State of MN – This is the amount held out of the original Interstate 35 bridge sale several years ago. No recovery was made in 2013; we'll try again in 2014
- >> Sale of Land – Commissioners approved the \$50,000 purchase and resale of property for the Dollar General store that will be located in Gary New Duluth. In addition we are anticipating the sale of property to the Canadian Pacific Railway for their expansion on the Atlas site.
- >> Projected Land Sales – Atlas – A sale of Atlas property is not expected to occur this year and will be delayed to 2015.
- >> Temple Opera Building Rent – The anticipated sale of the Norshor/Temple Opera building is expected to take place in September, so we've revised our estimates of rents/expenses.
- >> Various Cleanup Grants – Several cleanup grants (related to Bayfront, Atlas, and HDPE Supply) were in various stages of completion at the end of 2013. We are adding the remaining portion of the uncompleted projects (both grant receipts and corresponding expenditures) to the 2014 budget.
- >> The Jay Street gasholder project was approved in December, 2013—subsequent to the original 2014 budget.

Expenditures

- >> Land Purchase – The repurchase of the AET property comprised \$210,000 of the new budget. The balance is from the purchase & subsequent resale of the Dollar General property in Gary New Duluth—see revenue above.
- >> Various cleanup projects – additional expenditures for uncompleted projects—see revenue above.
- >> Temple Opera Operating Expenses – see revenue explanation above.
- >> Jay Street gasholder project – Approved by the commissioners subsequent to the approval of the original 2014 budget.
- >> Central High School Redevelopment project – Approved an ‘expense sharing’ agreement with ISD #709 to assist the school district in the redevelopment of the Central High School property.

Debt Service Fund 861

Only slight modifications to the Debt Service budget. The County came out with their TIF projections in March so I am now able to adjust the TIF revenue we expect to receive for each TIF district. My November projections were my best guess estimates and were close, but the new amounts are based on actual tax revenues the County is billing out to taxpayers. The small changes in tax increment result in slight changes in the payments we make on the PAYG notes.

Capital Projects Fund 865

The following 12-31-2013 balances on uncompleted contracts that have been incorporated into the 2014 Capital Projects Fund Budget:

Housing & Redevelopment Authority - \$306,660.83
Gerlach, Baumier, & Trogden - \$18,473.68

Revenues

Technology Village rents – Enbridge was renting TV space on a month-to-month basis. They gave notice in mid-January and moved out by the end of January.

Expenditures

- >> Seawall infrastructure repairs – District 4 money was designated for this project in 2013, but the project was not started. It is expected to begin in 2014 in conjunction with the Pier B project.
- >> Baywalk extension – Same as the Seawall repairs. Both projects will be completed in conjunction with the Pier B project.
- >> Ramsey IV – Again, this project had money (District #3) designated to it in 2013, but was not started. It is expected to begin in 2014.

MRO Maintenance Facility Fund 866

- >> Rent revenues are scheduled to increase beginning in July. In addition, AAR will be expanding to the 2nd floor of the MRO so expect rent to be adjusted again in the next revised budget.
- >> Repairs/Maintenance – The significant snowfall this past winter cause roof problems which needed to be corrected.
- >> Capital equipment replacement – The original power source units previously used by Northwest Airlines, and now AAR, have begun to fail and were in need of immediate attention. The power units are crucial in running the airplane systems and diagnostics while the plane is refurbished/maintained at the facility.

Duluth Economic Development Authority

DEDA Operating Fund 860

2014 Revised Budget (05-28-2014)

	2013 FINAL	2014 Original Budget 11/27/2013	2014 Revised Budget 5/28/2014	Norshor / Annex / Temple Opera	Parking Programs	Bayfront Redevelopment	Atlas Cement Plant	Other Operating	Actual YTD 4/30/2014
Revenues									
IDB Fees	878,771	4,918	44,329					44,329	
Investment Earnings	(80,078)	200	200					200	253
Augusta TIF Recapture	3,595	3,835	3,835					3,835	
Duluth Housing Summit Sponsorships	-	-	8,455					8,455	8,455
Sale of Phoenix Parking Ramp (Interest-2nd year)	3,000	3,000	3,000					3,000	
DEDA's Parking Program	426,880	430,000	425,000		425,000				7,380
Construction Assessments - Chadco	30,000	15,000	15,000					15,000	
City Reimb-Econ. Develop. Strategic Plan	(10,700)	-	-						
Project Development Fees / Services	19,089	10,000	15,000					15,000	
TIF Admin Recovery	178,806	203,806	203,806					203,806	
Sale of Soo Line bridge to State of MN	-	-	21,800					21,800	
Sale of land - Kalkbrenner	109,729	-	-						
Other reimbursements	5,298	-	-						
Sale of Land	-	-	60,000				10,000	50,000	
DEED - Atlas Cleanup/Infrastructure grant	105,739	-	-						
Projected Land Sales - Atlas Site	-	235,000	-						
DEDA's 2011 EPA Atlas Cleanup Grant	13,971	33,500	162,948				162,948		
City Utility Contribution - Atlas Infrastructure	18,000	-	-						
Temple Opera Building Rent	119,384	140,000	60,000	60,000					31,111
Bayfront Land Rent (Bentlyville Parking)	-	60,000	62,000					62,000	
Sale of Bayfront Lot C	-	-	-						
Bayfront EPA Cleanup Grant - Lot D	-	-	200,000			200,000			
DEED match to the Bayfront EPA Cleanup Grant - Lot D	-	-	40,000			40,000			
Bayfront (Pier B) Cleanup Grant	-	-	999,000			999,000			
Bayfront (Pier B) Redevelopment Grant - Infrastructure	-	-	495,879			495,879			
Pier B - Bayfront option to purchase	-	-	10,000			10,000			10,000
Jay Street Gas Holder RAP/Investigation Project	-	-	31,436					31,436	
DEED - HDPE Suply cleanup	22,338	-	281,449					281,449	
Cirrus Abatement - County & City / Expansion TIF	43,810	48,803	43,770					43,770	
TOTAL REVENUES	1,887,632	1,188,062	3,186,907	60,000	425,000	1,744,879	172,948	784,080	57,199
EXPENDITURES									
Auditing Services	4,245	4,050	4,500					4,500	
Administrative Fees	365,000	365,000	365,000					365,000	121,667
Northspan Group - Talent Base	16,424	20,000	31,510					31,510	
APEX - Marketing Program	-	20,000	20,000					20,000	
Northland Connection	30,000	15,000	31,000					31,000	
Other Professional Services	12,307	10,000	10,000					10,000	500
DEDA's Parking Program	262,803	250,000	260,000		260,000				64,077
Canal Park Business Assn Grant	3,145	3,500	3,500		3,500				
Meeting Expenses	2,560	3,500	3,500					3,500	1,138
Telephone	509	960	720					720	168
Dues & memberships	1,750	2,000	3,000					3,000	2,750
Marketing	7,682	30,000	35,000					35,000	10,000
Website Development / Maintenance	-	40,000	44,435					44,435	7,327
Travel & Training	9,708	10,000	10,000					10,000	4,564
Advertising/Promotion/Printing/Copying/Postage	133	500	500					500	400
Other Services & Charges	1,007	1,000	1,000					1,000	1,245
Self-Insurance	7,000	7,000	7,000					7,000	7,000
Land purchase	109,637	-	260,000					260,000	210,000
Stormwater Assessments	8,967	9,684	9,120					9,120	1,517
Property Taxes/Street Assessments on Land Held for Resale	8,396	8,450	15,748					15,748	10,620
Atlas Cement Plant Cleanup	110,925	33,500	162,948				162,948		13,446
Atlas Infrastructure	111,342	-	-						
Atlas R.E. Taxes	18,310	18,500	18,068				18,068		9,034
Atlas Contingency	2,675	-	50,000				50,000		
Bayfront Master Plan - Other Consulting	8,721	-	16,279			16,279			
Professional Services - Bayfront - Lot D Cleanup	1,063	-	238,937			238,937			
Bayfront (Pier B) Cleanup Grant	4,800	-	994,200			994,200			
Bayfront (Pier B) Redevelopment Grant - Infrastructure	-	-	495,879			495,879			
Temple-Opera Operating Expenses	116,715	108,000	66,040	66,040					61,343
Duluth Economic Development Strategic Plan (DEDA share)	78,600	-	-						
LISC Econ Dev Assistance	-	-	50,000					50,000	25,000
Jay Street Gas Holder RAP/Investigation Project	-	-	41,996					41,996	40,985
Grants & awards - HDPE Supply	22,338	-	281,449					281,449	
Duluth Housing Summit Expenses	-	-	7,303					7,303	7,303
Central High School Redevelopment project	-	-	35,000					35,000	
Maxfield Housing Study	-	-	5,000					5,000	
TOTAL EXPENDITURES	1,326,762	960,644	3,578,632	66,040	263,500	1,745,295	231,016	1,272,781	600,084
Net Revenue/Expenses	560,870	227,418	(391,725)	(6,040)	161,500	(416)	(58,068)	(488,701)	(542,885)
BEGINNING FUND BALANCE	324,297	945,148	885,167						
ENDING FUND BALANCE	885,167	1,172,566	493,442						

Duluth Economic Development Authority
DEDA DEBT SERVICE FUND 861

2014 Revised Budget (05-28-2014)

	2013 FINAL	2014 Original Budget (11-27-2013)	2014 Revised Budget (05-28-2014)	West Duluth Housing dist 7	Augusta dist 13	Cirrus I dist 15	Washington Center dist 16	Tech Village dist 19	United Health Care dist 20	Garfield dist 21	Medical Dist Expansion dist 22	5th Street Village Place dist 23	Duluth Renaissance dist 24	Bluestone dist 25	Actual YTD 4/30/2014
Actual Beginning Fund Balance	51,722	-	113,277	-	-	104,875	22	-	-	-	-	2,290	-	6,090	113,277
Revenues															
Investment Earnings	173	-	-	-	-	-	-	-	-	-	-	-	-	-	139
Tax Increment	2,205,530	2,349,400	2,249,442	635,084	34,556	55,306	45,330	300,462	339,552	56,814	664,109	22,209	95,002	1,018	
Other Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Revenues	2,205,703	2,349,400	2,249,442	635,084	34,556	55,306	45,330	300,462	339,552	56,814	664,109	22,209	95,002	1,018	139
Total Available	2,257,425	2,349,400	2,362,719	635,084	34,556	160,181	45,352	300,462	339,552	56,814	664,109	24,499	95,002	7,108	113,416
Expenditures															
BOND/NOTE PAYMENTS															
Cirrus Bond	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fremont	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tech Village Bond	97,175	98,800	98,800	-	-	-	-	98,800	-	-	-	-	-	-	-
Total Fixed Payments	97,175	98,800	98,800	-	-	-	-	98,800	-	-	-	-	-	-	-
DEVELOPER PAYMENTS (PAYG)															
Spirit Bay Development	14,377	14,400	14,400	14,400	-	-	-	-	-	-	-	-	-	-	-
United Cerebral Palsey	6,426	7,000	7,000	7,000	-	-	-	-	-	-	-	-	-	-	-
Glen Place Apts (Augusta)	26,595	26,455	30,211	-	30,211	-	-	-	-	-	-	-	-	-	-
Washington Center (Artspace)	44,300	44,390	44,642	-	-	-	44,642	-	-	-	-	-	-	-	-
Garfield Business Park	21,949	20,600	20,600	-	-	-	-	-	-	20,600	-	-	-	-	-
Village Place Apartments	96,348	96,347	96,347	80,000	-	-	-	-	-	-	-	16,347	-	-	-
Ramsey Townhome Project	61,872	40,100	40,100	40,100	-	-	-	-	-	-	-	-	-	-	-
Sheraton Hotel & Condominiums	135,585	145,000	141,379	-	-	-	-	-	-	-	141,379	-	-	-	-
Duluth Renaissance Project	89,053	101,759	85,020	-	-	-	-	-	-	-	-	-	85,020	-	-
Bluestone Commons	-	75,960	376	-	-	-	-	-	-	-	-	-	-	376	-
OTHER															
Transfer to City's Debt Service Fund	389,249	386,000	380,000	-	-	-	-	-	-	-	380,000	-	-	-	-
Transfer to Other Districts/Funds	8,809	63,153	170,233	-	3,835	159,666	-	-	-	-	-	6,732	-	-	-
Transfer to MRO Fund 866	(1,600)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
County Administrative Fee/other admin expenses	10,903	10,800	10,800	4,300	510	515	710	600	560	560	1,350	560	535	600	-
Total Expenditures	1,001,041	1,130,764	1,139,908	145,800	34,556	160,181	45,352	99,400	560	21,160	522,729	23,639	85,555	976	-
Fund Balance before transfer	1,256,384	1,218,636	1,222,811	489,284	-	-	-	201,062	338,992	35,654	141,380	860	9,447	6,132	113,416
Less: Transfer @ Y/e to Capital Projects	1,143,108	1,218,636	1,222,811	489,284	-	-	-	201,062	338,992	35,654	141,380	860	9,447	6,132	-
Ending Fund Balance	113,276	-	-	-	-	-	-	-	-	-	-	-	-	-	113,416
Anticipated Decertification Dates				2015	2020	2020	2021	2026	2016	2027	2029	2031	2034	2038	

Duluth Economic Development Authority

Capital Projects Fund 865

2014 Revised Budget (05-28-2014)

5/21/2014

	2013 FINAL	2014 Original Budget 11-27-2013	2014 Revised Budget 05-28-2014	West Duluth Redevelop dist 3	Waterfront dist 4	West Duluth Housing dist 7	Jefferson dist 10	Washington dist 16	Tech Village dist 19	U.H. Care dist 20	Garfield dist 21	Medical Dist dist 22	Village Place dist 23	Renaissance dist 24	Bluestone dist 25	Pier B dist ?	Actual YTD 4/30/2014
Revenues																	
BEGINNING FUND BALANCE	5,042,496	3,985,176	5,497,495	2,035,159	1,039,415	841,338	-	327,337	491,878	375,165	44,750	340,660	(576)	2,369	-	-	5,497,496
Investment Earnings	1,090	1,000	1,000	400	300	200	-	100	-	-	-	-	-	-	-	-	1,005
ASI Redruth Loan Repay	1,700	1,725	1,725	-	-	1,725	-	-	-	-	-	-	-	-	-	-	-
Technology Village rent/CAM reimb	110,594	104,936	30,800	-	-	-	-	-	30,800	-	-	-	-	-	-	-	-
Transfer from Debt Service	1,143,108	1,218,636	1,222,811	-	-	489,284	-	-	201,062	338,992	35,654	141,380	860	9,447	6,132	-	20,193
Washington School Loan Repay	44,300	44,390	44,642	-	-	-	-	44,642	-	-	-	-	-	-	-	-	-
Other - Interdistrict Loans	1,265	-	-	-	-	-	-	-	-	-	(25,000)	-	-	-	-	25,000	-
TOTAL REVENUES/TRANSFER	1,302,057	1,370,687	1,300,978	400	300	491,209	-	44,742	231,862	338,992	10,654	141,380	860	9,447	6,132	25,000	21,198
TOTAL AVAILABLE	6,344,553	5,355,863	6,798,473	2,035,559	1,039,715	1,332,547	-	372,079	723,740	714,157	55,404	482,040	284	11,816	6,132	25,000	5,518,694
Expenditures																	
Seawall Infrastructure Repairs	-	-	890,000	-	890,000	-	-	-	-	-	-	-	-	-	-	-	-
Baywalk Extension	-	-	110,000	-	110,000	-	-	-	-	-	-	-	-	-	-	-	-
West Duluth Storefront Grant Program	-	150,000	150,000	150,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Spirit Valley title registration	9,094	-	18,474	18,474	-	-	-	-	-	-	-	-	-	-	-	-	-
Park Place	-	500,000	500,000	500,000	-	-	-	-	-	-	-	-	-	-	-	-	-
TIF Admin Cost Allocation	178,806	203,806	203,806	30,000	20,000	30,000	2,946	10,000	5,000	20,000	15,000	30,000	860	10,000	15,000	15,000	-
Ramsay IV	-	-	600,000	600,000	-	-	-	-	-	-	-	-	-	-	-	-	-
HRA Acquisition/Demolition	523,429	400,000	706,661	-	-	706,661	-	-	-	-	-	-	-	-	-	-	-
Housing Activities	-	325,000	325,000	-	-	-	-	325,000	-	-	-	-	-	-	-	-	7,330
Tech. Village Project/CAM Charges/Lease	134,364	134,085	134,085	-	-	-	-	-	134,085	-	-	-	-	-	-	-	-
NorShor Skywalk/Public Improvements	-	340,000	340,000	-	-	-	-	-	-	-	-	340,000	-	-	-	-	24,167
Other	1,364	10,000	10,000	-	-	-	-	-	-	-	-	-	-	-	-	10,000	-
TOTAL EXPENDITURES	847,057	2,062,891	3,988,026	1,298,474	1,020,000	736,661	2,946	335,000	139,085	20,000	15,000	370,000	860	10,000	15,000	25,000	31,497
ENDING FUND BALANCE	5,497,496	3,292,972	2,810,447	737,085	19,715	595,886	(2,946)	37,079	584,655	694,157	40,404	112,040	(576)	1,816	(8,868)	-	5,487,197
			Decertification Dates	Decertified 2007	Decertified 2009	2015	Decertified 2009	2021	2026	2016	2027	2030	2031	2034	2038	25 yrs AFRTI	

Duluth Economic Development Authority

DEDA MRO Maintenance Facility Fund 866

2014 Revised Budget (05-28-2014)

	2013 Actual	2014 Proposed Budget 11-27-2013	2014 Revised Budget 5/28/2014	Actual YTD 4/30/2014
BEGINNING FUND BALANCE	(29,717)	(31,971)	(29,256)	(29,256)
Revenues				
Investment Earnings	-	100	100	-
Building Rent	50,260	182,000	182,000	20,942
Reimbursement	4,465	-	-	-
TOTAL REVENUES	54,725	182,100	182,100	20,942
TOTAL AVAILABLE	25,008	150,129	152,844	(8,314)
EXPENDITURES				
Repairs/Maintenance	43,877	-	50,000	40,210
Other Services/Supplies	1,614	-	-	-
Capital Equipment replacement	-	-	108,650	-
Property Insurance	8,773	8,800	8,800	-
Rent Payment to DAA	-	36,400	36,400	-
TOTAL EXPENDITURES	54,264	45,200	203,850	40,210
ENDING FUND BALANCE	(29,256)	104,929	(51,006)	(48,524)