



# City of Duluth

411 West First Street  
Duluth, Minnesota 55802

## Meeting Agenda

### Duluth Economic Development Authority.

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Wednesday, November 15, 2023

5:15 PM

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#### CALL TO ORDER

#### PUBLIC TO ADDRESS THE COMMISSION

#### PUBLIC HEARINGS

#### APPROVAL OF MEETING MINUTES

#### APPROVAL OF CASH TRANSACTIONS

23. OCTOBER 1, 2023 TO OCTOBER 31, 2023

Attachments: [DEDA October 2023 Monthly Cash Activity](#)

#### NEW BUSINESS

#### RESOLUTIONS FOR APPROVAL

23D-45 AUTHORIZING DEDA TO CONTRIBUTE \$63,500 TO THE CITY OF DULUTH FOR COMPLETION OF AN AUAR RELATED TO REDEVELOPMENT OF THE FORMER CENTRAL HIGH SCHOOL SITE

Attachments: [23D-45-AUAR Boundaries Aerial Map](#)

23D-46 RESOLUTION ADOPTING A MODIFICATION TO THE DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO. 17, ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 36: REDEVELOPMENT DISTRICT THEREIN AND ADOPTING A TAX INCREMENT FINANCING PLAN THEREFOR

Attachments: [23D-46-EXHIBIT A TIF Plan.Duluth TIF 36 \(11.9.2023\)](#)

23D-47 RESOLUTION APPROVING A TERM SHEET WITH BEAUTIFUL CITY DEVELOPMENT, LLC FOR PROPOSED SALE OF TECHNOLOGY VILLAGE AND MEDICAL DISTRICT PARKING RAMPS AND CONNECTED HOUSING DEVELOPMENTS ON EAST 1ST STREET CORRIDOR

Attachments: [23D-47-RFP 072022 - Downtown East Redevelopment w Ramps](#)  
[23D-47-Term Sheet Draft 1st St and Ramps 11 7 23 for DEDA](#)

**DISCUSSION**

**ADJOURN**

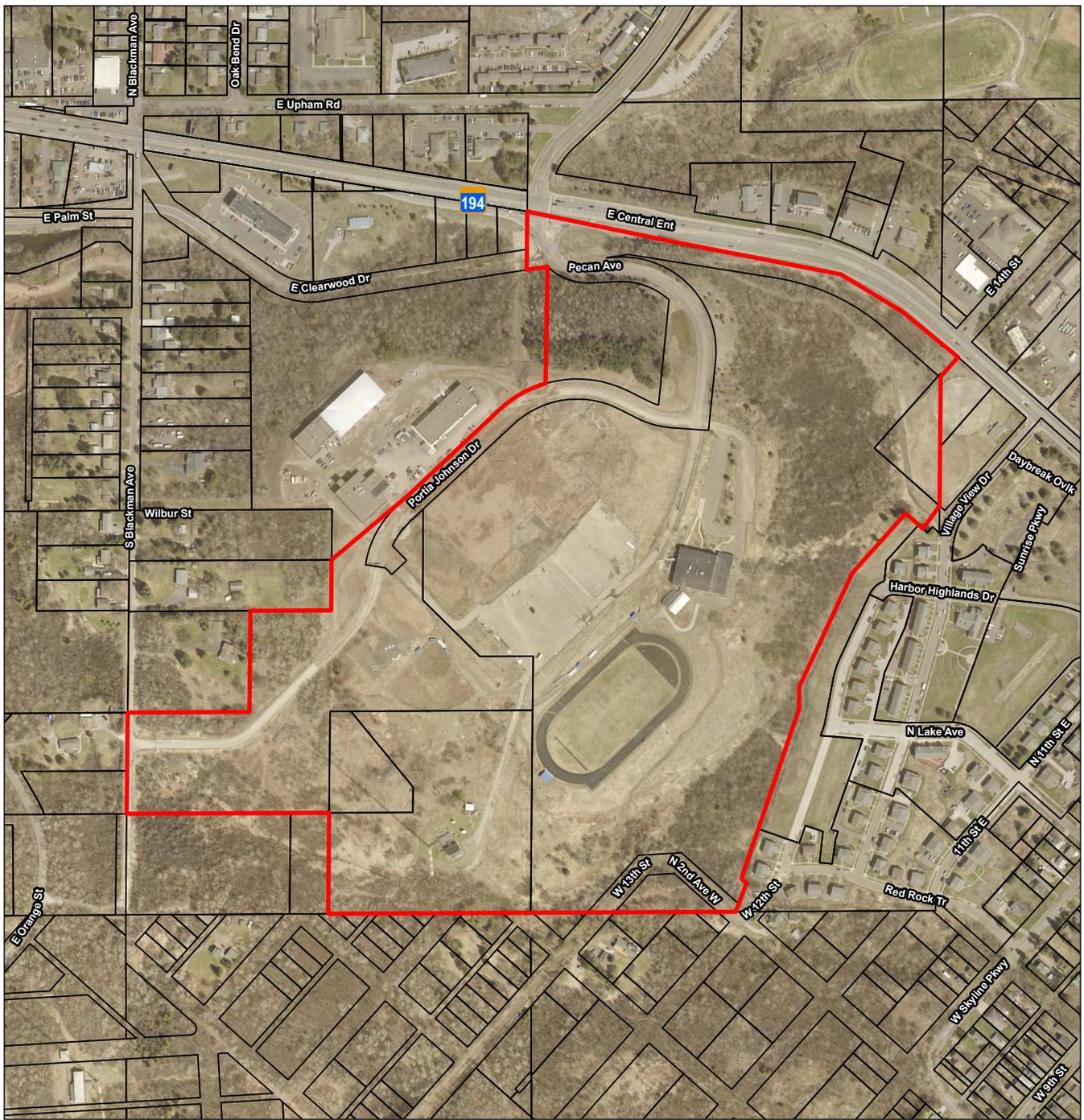
# Duluth Economic Development Authority

## October 2023 Cash Activity - all DEDA Funds

ACCUMULATED TRANSACTION LISTING, G/L Date Range 10/01/23 to 10/31/23 (as of 11/02/23)

G/L Date	Journal Number	Sub Ledg	Name	Net Amount	Description
<b><u>FUND 860 - OPERATING FUND</u></b>			<b>Beginning Balance \$</b>	<b>5,027,728.43</b>	
10/01/23	2023-0000088	GL	Cost Allocation - DEDA	(33,333.33)	Cost Allocation - DEDA
10/03/23	2023-00007994	RA	Pay Group OReilly LLC	491.95	rent
10/10/23	2023-00008079	AP	Beauty Lawn Care Service	(575.00)	Maintenance: Mow-Trim-Rake-Haul-Woodland
10/10/23	2023-00008079	AP	Matthew T Cartier	(35.00)	DEDA Meeting 9/27/23
10/10/23	2023-00008079	AP	Duluth Public Utilities - Comfort Systems	(1,617.11)	902 Railroad St 8/4/23-9/6/23
10/10/23	2023-00008079	AP	Ehlers and Associates Inc	(397.50)	2023-2025 Financial Services DEDA PED 23 860 102 Yr 1 of 3
10/10/23	2023-00008079	AP	Ehlers and Associates Inc	(700.00)	2023-2025 Financial Services DEDA PED 23 860 102 Yr 1 of 3
10/10/23	2023-00008079	AP	Arik Forsman	(35.00)	DEDA Meeting 8/23/23
10/10/23	2023-00008079	AP	Helmer Law, PLLC	(2,380.00)	23 860 100 Project Management Services
10/10/23	2023-00008079	AP	Ellie Ann Just	(35.00)	DEDA Meeting 8/23/23
10/10/23	2023-00008079	AP	Ellie Ann Just	(35.00)	DEDA Meeting 9/27/23
10/10/23	2023-00008079	AP	ChaQuana McEntyre	(35.00)	DEDA Meeting 8/23/23
10/10/23	2023-00008079	AP	ChaQuana McEntyre	(35.00)	DEDA Meeting 9/27/23
10/10/23	2023-00008079	AP	Prairie Restorations Inc	(350.00)	Service Knotweed Treatment 9/18/23
10/10/23	2023-00008079	AP	Connor Randall	(35.00)	DEDA Meeting 8/23/23
10/10/23	2023-00008079	AP	Rozalind Randorf	(35.00)	DEDA Meeting 8/23/23
10/10/23	2023-00008079	AP	Rozalind Randorf	(35.00)	DEDA Meeting 9/27/23
10/10/23	2023-00008079	AP	St Louis County Recorder	(138.00)	DEDA Filing Fee 1072403.0-1072405.0
10/10/23	2023-00008079	AP	St Louis County Recorder	(46.00)	DEDA Filing Fee 1072406.0
10/10/23	2023-00008079	AP	Terese Marie Tomanek	(35.00)	DEDA Meeting 9/27/23
10/10/23	2023-00008079	AP	Twin Ports Testing	(6,585.00)	23 860 129 Monitoring Well Abandonment
10/10/23	2023-00008079	AP	Duluth Airport Authority	(25,841.00)	DEDA / Cirrus Lots 18 & 19 ; 2023 Annual
10/12/23	2023-00009614	AP	US Bank	(139.04)	Sep 2023 USB
10/16/23	2023-00009482	GL	Clear Due To/From Prior to Posting Pay 21	(6,289.47)	
10/17/23	2023-00009508	RA	Passport Parking	8,136.97	Sep-23
10/17/23	2023-00009508	RA	Interstate Parking	82,325.32	Sep-23
10/23/23	2023-00009577	AP	Duluth Public Utilities - Comfort Systems	(866.76)	335 W Superior St 8/30/23-9/28/23
10/23/23	2023-00009577	AP	Helmer Law, PLLC	(1,428.00)	23 860 100 Project Management Services
10/23/23	2023-00009577	AP	LHB, Inc.	(680.00)	DEDA 22 860 246 Lincoln Park Fiber Build Out
10/23/23	2023-00009577	AP	Zimmerman/ Volk Associates, Inc.	(6,485.69)	Analysis of Residential Market Potential 23 860 101
10/23/23	2023-00009577	AP	Duluth Public Utilities - Comfort Systems	(1,617.11)	902 Railroad St 9/7/23-10/5/23
10/23/23	2023-00009577	AP	Ehlers and Associates Inc	(2,100.00)	2023-2025 Financial Services DEDA PED 23 860 102 Yr 1 of 3
10/23/23	2023-00009577	AP	Ehlers and Associates Inc	(7,575.00)	2023-2025 Financial Services DEDA PED 23 860 102 Yr 1 of 3
10/24/23	2023-00009713	RA	Red Wagon Popcorn	1,670.93	Aug-23
10/24/23	2023-00009713	RA	Red Wagon Popcorn	2,048.10	Jul-23
10/24/23	2023-00009713	RA	Red Wagon Popcorn	892.33	Sep-23

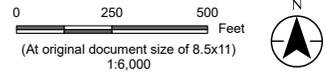
G/L Date	Journal Number	Sub Ledg	Name	Net Amount	Description
10/31/23	2023-00009884	RA	Cirrus Design Corporation	39,976.36	Invoice #2023-70000112 and Invoice #2023-70000113 Invoice #2023-70000114
10/31/23	2023-00009904	GL	Investment Earnings for October	19,123.00	Investment Earnings for October
<b>FUND 860 - OPERATING FUND</b>				<b>Ending Balance: 10-31-2023</b>	<b>5,082,899.38 TB</b>
<b><u>FUND 861 - DEBT SERVICE</u></b>				<b>Beginning Balance \$</b>	<b>262,890.16</b>
10/31/23	2023-00009904	GL	Investment Earnings for October	1,041.00	Investment Earnings for October
<b>FUND 861 - DEBT SERVICE</b>				<b>Ending Balance: 10-31-2023</b>	<b>263,931.16 TB</b>
<b><u>FUND 865 - CAPITAL PROJECTS</u></b>				<b>Beginning Balance</b>	<b>2,000,747.55</b>
10/31/23	2023-00009904	GL	Investment Earnings for October	7,923.00	Investment Earnings for October
<b>FUND 865 - CAPITAL PROJECTS</b>				<b>Ending Balance: 10-31-2023</b>	<b>2,008,670.55 TB</b>
<b><u>FUND 866 - MRO FACILITY</u></b>				<b>Beginning Balance</b>	<b>350,467.27</b>
10/31/23	2023-00009904	GL	Investment Earnings for October	1,388.00	Investment Earnings for October
<b>FUND 866 - MRO FACILITY</b>				<b>Ending Balance: 10-31-2023</b>	<b>351,855.27 TB</b>
<b><u>FUND 867 - STOREFRONT LOANS</u></b>				<b>Beginning Balance</b>	<b>579,264.58</b>
10/06/23	2023-00008113	RA	Women in Construction	668.07	Loan #90012
10/13/23	2023-00009457	RA	The Duluth Playhouse	25,000.00	1200 Fund Loan #99002
10/31/23	2023-00009904	GL	Investment Earnings for October	2,357.00	Investment Earnings for October
<b>FUND 867 - STOREFRONT LOANS</b>				<b>Ending Balance: 10-31-2023</b>	<b>607,289.65 TB</b>



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**Legend**  
 AUAR Area  
 Parcel Boundary



*Project Location* T69N, R50W, S21 Duluth, St. Louis Co., MN  
*Prepared by* KJM on 2023-10-24  
 TR by XXX on 2020-XX-XX  
 IR by XXX on 2020-XX-XX

*Client/Project* City of Duluth  
 Duluth Central High School Redevelopment Site  
 Scoping EAW  
 227706270

*Figure No.* 2  
*Title* Project Location Aerial Map

**Notes**  
 1. Coordinate System: NAD 1983 HARN Adj MN St Louis CS96 Feet  
 2. Data Sources: Stantec, St. Louis Co., MnDOT  
 3. Background: 2023 St. Louis Co. Pictometry

Planned Adoption Date: December 11, 2023

# Duluth Economic Development Authority

City of Duluth, St. Louis County,  
Minnesota

## MODIFICATION TO THE DEVELOPMENT PROGRAM

Development District No. 17

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## Tax Increment Financing (TIF) Plan

Establishment of Tax Increment Financing District No. 36  
(a redevelopment district)



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Prepared by:

Ehlers  
3060 Centre Pointe Drive  
Roseville, Minnesota 55113

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**BUILDING COMMUNITIES. IT'S WHAT WE DO.**

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# **Modification to the Development Program for Development District No. 17**

## **FOREWORD**

The following text represents a Modification to the Development Program for Development District No. 17. This modification represents a continuation of the goals and objectives set forth in the Development Program for Development District No. 17. Generally, the substantive changes include the establishment of Tax Increment Financing District No. 36.

For further information, a review of the Development Program for Development District No. 17, is recommended. It is available from the Executive Director at the City of Duluth. Other relevant information is contained in the tax increment financing plans for the tax increment financing districts located within Development District No. 17.

# Tax Increment Financing Plan for Tax Increment Financing District No. 36

## FOREWORD

The Duluth Economic Development Authority ("DEDA"), the City of Duluth (the "City"), staff and consultants have prepared the following information to expedite the Establishment of Tax Increment Financing District No. 36 (the "District"), a redevelopment tax increment financing district, located in Development District No. 17.

## STATUTORY AUTHORITY

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, DEDA and the City have certain statutory powers pursuant to *Minnesota Statutes ("M.S."), Sections 469.090 - 469.1082*, inclusive, as amended, *M.S., Sections 469.174 to 469.1794*, inclusive, as amended (the "TIF Act"), and MN Laws 2023, Chapter 64, Article 8, Section 10 to assist in financing public costs related to this project.

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Development Program for Development District No. 17.

## STATEMENT OF OBJECTIVES

The District currently consists of eleven (11) parcels of land and adjacent roads and internal rights-of-way. The District is being created to facilitate redevelopment of 1st Street and construction of approximately 165 units of market rate rental housing in the City. DEDA has not entered into an agreement with a developer at the time of preparation of this TIF Plan, but development is likely to occur in 2024. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for Development District No. 17.

The activities contemplated in the Modification to the Development Program and the TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of Development District No. 17 and the District.

## DEVELOPMENT PROGRAM OVERVIEW

Pursuant to the Development Program and authorizing state statutes, DEDA or the City are authorized to undertake the following activities in the District:

1. Property to be Acquired - Although not anticipated at this time, elected property located within the District may be acquired by DEDA or the City and is further described in this TIF Plan.
2. Relocation - Relocation services, to the extent required by law, are available pursuant to *M.S., Chapter 117* and other relevant state and federal laws.
3. Upon approval of a developer’s plan relating to the project and completion of the necessary legal requirements, DEDA or the City may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.
4. DEDA or the City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.

## DESCRIPTION OF PROPERTY IN THE DISTRICT AND PROPERTY TO BE ACQUIRED

The District encompasses all property and adjacent roads and internal rights-of-way and abutting roadways identified by the parcels listed below.

Parcel number	Address	Owner
010-0930-00030	unassigned	H&G Dev. LLC
010-0930-00040	15 E 1st St	H&G Dev. LLC
010-0930-00050	unassigned	H&G Dev. LLC
010-0930-00060	unassigned	H&G Dev. LLC
010-0930-00070	unassigned	H&G Dev. LLC
010-0930-00090	31 E 1st St	1st. & 1st. Prop.
010-0930-00095	25 E 1st St	H&G Dev. LLC
010-0950-00720	unassigned	H&G Dev. LLC
010-0950-00660	unassigned	H&G Dev. LLC
010-0950-00620	unassigned	H&G Dev. LLC
010-0950-00622	unassigned	H&G Dev. LLC

Please also see the map in Appendix A for further information on the location of the District.

DEDA or the City may acquire any parcel within the District including interior and adjacent street rights of way. Any properties identified for acquisition will be acquired by DEDA or the City only in order to accomplish one or more of the following: storm sewer improvements; provide land for needed public streets, utilities and facilities; carry out land acquisition, site improvements, clearance and/or development to accomplish the uses and objectives set forth in this plan. DEDA or the City may acquire property by gift, dedication, condemnation or direct purchase from willing sellers in order to achieve the objectives of this TIF Plan. Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs.

## **DISTRICT CLASSIFICATION**

DEDA and the City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1794*, as amended, inclusive, find that the District, to be established, is a redevelopment district. This redevelopment district is established pursuant to *MN Laws 2023, Chapter 64, Article 8, Section 10*.

- The District is a redevelopment district pursuant to special law consisting of eleven (11) parcel(s).

Pursuant to *M.S., Section 469.176, Subd. 7*, the District does not contain any parcel or part of a parcel that qualified under the provisions of *M.S., Sections 273.111, 273.112, or 273.114 or Chapter 473H* for taxes payable in any of the five calendar years before the filing of the request for certification of the District.

## **DURATION & FIRST YEAR OF DISTRICT'S TAX INCREMENT**

Pursuant to *M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1*, the duration and first year of tax increment of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the District will be 25 years after receipt of the first increment by DEDA or the City (a total of 26 years of tax increment). DEDA or the City elects to receive the first tax increment in 2026, which is no later than four years following the year of approval of the District.

Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2051, or when the TIF Plan is satisfied. DEDA or the City reserves the right to decertify the District prior to the legally required date.

**ORIGINAL TAX CAPACITY, TAX RATE & ESTIMATED CAPTURED NET TAX CAPACITY VALUE/INCREMENT & NOTIFICATION OF PRIOR PLANNED IMPROVEMENTS**

Pursuant to *M.S., Section 469.174, Subd. 7 and M.S., Section 469.177, Subd. 1*, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor in 2023 for taxes payable 2024.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2025) the amount by which the original value has increased or decreased as a result of:

- 1. Change in tax exempt status of property;
- 2. Reduction or enlargement of the geographic boundaries of the District;
- 3. Change due to adjustments, negotiated or court-ordered abatements;
- 4. Change in the use of the property and classification;
- 5. Change in state law governing class rates; or
- 6. Change in previously issued building permits.

In any year in which the current Net Tax Capacity (NTC) value of the District declines below the ONTC, no value will be captured and no tax increment will be payable to DEDA or the City.

The original local tax rate for the District will be the local tax rate for taxes payable 2023, assuming the request for certification is made before June 30, 2024. The rates for 2024 were not available at the time the District was established. The ONTC and the Original Local Tax Rate for the District appear in the table below.

Pursuant to *M.S., Section 469.174 Subd. 4 and M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within Development District No. 17, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. DEDA and the City request 100% of the available increase in tax capacity be used for repayment of the obligations of DEDA or the City and current expenditures, beginning in the tax year payable 2026. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Tax Capacity		
Project estimated Tax Capacity upon completion	773,399	
Original estimated Net Tax Capacity	7,910	
Fiscal Disparities	0	
Estimated Captured Tax Capacity	<b>765,489</b>	
Original Local Tax Rate	134.0690%	Pay 2023
Estimated Annual Tax Increment	<b>\$1,026,284</b>	
Percent Retained by the City	100%	

Note: Tax capacity includes a 3.00% inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 26. The tax capacity of the District in year one is estimated to be \$97,969.

Pursuant to *M.S., Section 469.177, Subd. 4*, DEDA shall, after a due and diligent search, accompany its request for certification to the County Auditor or its notice of the District enlargement pursuant to *M.S., Section 469.175, Subd. 4*, with a listing of all properties within the District or area of enlargement for which building permits have been issued during the eighteen (18) months immediately preceding approval of the TIF Plan by the municipality pursuant to *M.S., Section 469.175, Subd. 3*. The County Auditor shall increase the original net tax capacity of the District by the net tax capacity of improvements for which a building permit was issued.

The City has reviewed the area to be included in the District and determined that no building permits have been issued during the 18 months immediately preceding approval of the TIF Plan by the City.

## SOURCES OF REVENUE/BONDS TO BE ISSUED

The total estimated tax increment revenues for the District are shown in the table below:

SOURCES	
Tax Increment	\$ 18,270,723
Interest	1,827,072
<b>TOTAL</b>	<b>\$ 20,097,795</b>

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. DEDA or the City reserves the right to issue bonds (as defined in the TIF Act) or incur other indebtedness as a result of the TIF Plan. As presently proposed, the projects within the District will be financed by pay-as-you-go notes and interfund loans.

Any refunding amounts will be deemed a budgeted cost without a formal modification to this TIF Plan. This provision does not obligate DEDA or the City to incur debt. DEDA or the City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

DEDA or the City may issue bonds secured in whole or in part with tax increments from the District in a maximum principal amount of \$11,687,145. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

**USES OF FUNDS**

Currently under consideration for the District is a proposal redevelopment of 1st Street and construction of approximately 165 units of market rate rental housing in the City. DEDA and the City have determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described herein.

DEDA has studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

<b>USES</b>	
Land/Building Acquisition	\$ 2,000,000
Site Improvements/Preparation	750,000
Utilities	500,000
Other Qualifying Improvements	6,610,073
Administrative Costs (up to 10%)	1,827,072
<b>PROJECT COSTS TOTAL</b>	<b>\$ 11,687,145</b>
Interest	8,410,650
<b>PROJECT AND INTEREST COSTS TOTAL</b>	<b>\$ 20,097,795</b>

The total project cost, including financing costs (interest) listed in the table above does not exceed the total projected tax increments for the District as shown in the Sources of Revenue section.

Estimated costs associated with the District are subject to change among categories without a modification to the TIF Plan. The cost of all activities to be considered for tax increment financing will not exceed, without formal modification, the budget above pursuant to the applicable statutory requirements. Pursuant to *M.S., Section 469.1763, Subd. 2*, no more than 25% of the tax increment paid by property within the District will be spent on activities related to development or redevelopment outside of the District but within the boundaries of Development District No. 17, (including administrative costs, which are considered to be spent outside of the District) subject to the limitations as described in the TIF Plan.

**ESTIMATED IMPACT ON OTHER TAXING JURISDICTIONS**

The estimated impact on other taxing jurisdictions assumes that the redevelopment contemplated by the TIF Plan would occur without the creation of the District. However, DEDA or the City has determined that such development or redevelopment would not occur "but for" tax increment financing and that, therefore, the fiscal impact on other taxing jurisdictions is \$0. The estimated fiscal impact of the District would be as follows if the "but for" test was not met:

Impact on Tax Base			
Entity	2022/Pay 2023 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) upon completion	Percent of CTC to Entity Total
St. Louis County	249,820,603	765,489	<b>0.3064%</b>
City of Duluth	101,021,500	765,489	<b>0.7577%</b>
ISD 709 (Duluth)	112,874,293	765,489	<b>0.6782%</b>

Impact on Tax Rates				
Entity	Pay 2023 Extension Rate	Percent of Total	CTC	Potential Taxes
St. Louis County	60.9700%	45.48%	765,489	<b>\$ 466,719</b>
City of Duluth	40.9030%	30.51%	765,489	<b>313,108</b>
ISD 709 (Duluth)	26.1770%	19.53%	765,489	<b>200,382</b>
Other	6.0190%	4.49%	765,489	<b>46,075</b>
	<b>134.0690%</b>	<b>100.00%</b>		<b>\$1,026,284</b>

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Pay 2023 rate.

The total net capacity for the entities listed above are based on Pay 2023 figures. The District will be certified under the Pay 2024 rates, which were unavailable at the time this TIF Plan was prepared.

Pursuant to *M.S., Section 469.175 Subd. 2(b)*:

- (1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is \$18,270,723;
- (2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is expected. With any addition of new residents, police calls for service will be increased. New developments add an increase in traffic, and additional overall demands to the call load. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The probable impact of the District on fire protection is not expected to be significant. With any addition of new residents, calls for service as well as inspection and code enforcement will be increased. Typically new buildings generate few calls, if any, and are of superior construction. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities. In addition, vaving new development on the vacant site will mitigate the attractive nuisance conditions that currently exist.

The impact of the District on public infrastructure is expected to be minimal. The development is not expected to significantly impact any traffic movements in the area. The current infrastructure for sanitary sewer, storm sewer and water will be able to handle the additional volume generated from the proposed development. Based on the development plans, there are no additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks. The development in the District is expected to contribute sanitary sewer (SAC) and water (WAC) connection fees.

The probable impact of the issuance of any general obligation tax increment bonds payable from tax increment revenues from the District on the City's ability to issue debt for general fund purposes is expected to be minimal. It is not anticipated that there will be any general obligation debt issued in relation to this project, therefore there will be no impact on the City's ability to issue future debt or on the City's debt limit.

- (3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is \$3,567,362;
- (4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is \$8,308,900;
- (5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S., Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

No requests for additional information from the county or school district regarding the proposed development for the District have been received.

## SUPPORTING DOCUMENTATION

Pursuant to *M.S., Section 469.175, Subd. 1 (a), clause 7* this TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S., Section 469.175, Subd. 3, clause (b)(2)* and the findings are required in the resolution approving the District.

- (i) In making said determination, reliance has been placed upon (1) written representation made by the Developer to such effects, (2) review of the Developer's proforma; and (3) City staff awareness of the feasibility of developing the project site within the District, which is further outlined in the City Council resolution approving the establishment of the District and Appendix C.
- (ii) A comparative analysis of estimated market value both with and without establishment of the District and the use of tax increments has been performed. Such analysis is included with the cashflow in Appendix B and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the District and the use of tax increments.

# DISTRICT ADMINISTRATION

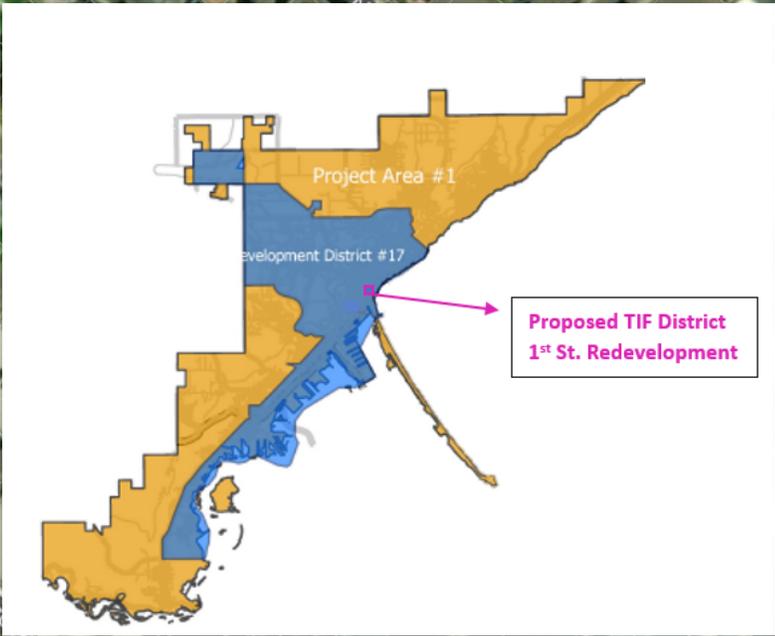
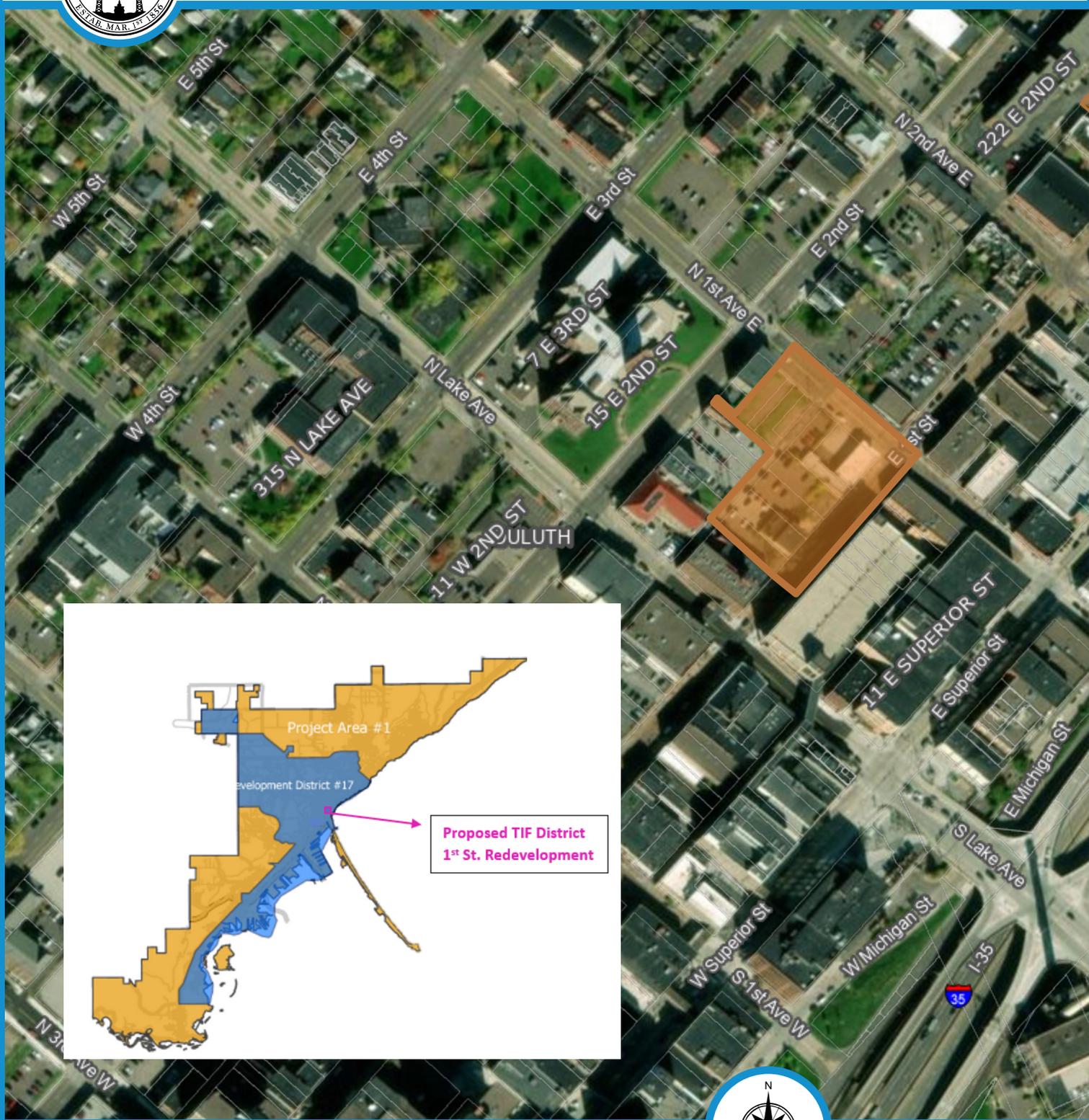
Administration of the District will be handled by the Executive Director.

**Appendix A: Map of Development District No. 17 and the TIF District**



# County Land Explorer

St. Louis County, Minnesota



## Proposed 1st St. Redevelopment TIF District



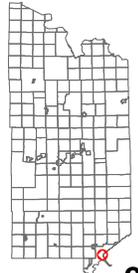
St. Louis County [www.stlouiscountymn.gov/explorer](http://www.stlouiscountymn.gov/explorer) Minnesota

### Disclaimer

This is a compilation of records as they appear in the Saint Louis County Offices affecting the area shown. This drawing is to be used only for reference purposes and the County is not responsible for any inaccuracies herein

Map created using County Land Explorer  
[www.stlouiscountymn.gov/explorer](http://www.stlouiscountymn.gov/explorer)

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# Appendix B: Estimated Cash Flow for the District

## TIF District No. 36 (15 East 1st. Street Redevelopment) - 3% Inflation

City of Duluth, MN

165 Market Rate Apartments



### ASSUMPTIONS AND RATES

<b>DistrictType:</b>	Redevelopment
<b>District Name/Number:</b>	
<b>County District #:</b>	
<b>First Year Construction or Inflation on Value</b>	<b>2024</b>
<b>Existing District - Specify No. Years Remaining</b>	
<b>Inflation Rate - Every Year:</b>	<b>3.00%</b>
<b>Interest Rate:</b>	<b>5.00%</b>
<b>Present Value Date:</b>	<b>1-Aug-25</b>
<b>First Period Ending</b>	1-Feb-26
<b>Tax Year District was Certified:</b>	<b>Pay 2024</b>
<b>Cashflow Assumes First Tax Increment For Development:</b>	2026
<b>Years of Tax Increment</b>	26
<b>Assumes Last Year of Tax Increment</b>	2051
<b>Fiscal Disparities Election [Outside (A), Inside (B), or NA]</b>	<b>NA</b>
<b>Incremental or Total Fiscal Disparities</b>	<b>NA</b>
<b>Fiscal Disparities Contribution Ratio</b>	NA Pay 2023
<b>Fiscal Disparities Metro-Wide Tax Rate</b>	NA Pay 2023
<b>Maximum/Frozen Local Tax Rate:</b>	134.069% Pay 2023
<b>Current Local Tax Rate: (Use lesser of Current or Max.)</b>	134.069% Pay 2023
<b>State-wide Tax Rate (Comm./Ind. only used for total taxes)</b>	33.0030% Pay 2023
<b>Market Value Tax Rate (Used for total taxes)</b>	0.15310% Pay 2023

Tax Rates		
Exempt Class Rate (Exempt)		0.00%
Commercial Industrial Preferred Class Rate (C/I Pref.)		
First \$150,000		1.50%
Over \$150,000		2.00%
Commercial Industrial Class Rate (C/I)		2.00%
Rental Housing Class Rate (Rental)		1.25%
Affordable Rental Housing Class Rate (Aff. Rental)		
First \$100,000		0.25%
Over \$100,000		0.25%
Non-Homestead Residential (Non-H Res. 1 Unit)		
First \$500,000		1.00%
Over \$500,000		1.25%
Homestead Residential Class Rate (Hmstd. Res.)		
First \$500,000		1.00%
Over \$500,000		1.25%
Agricultural Non-Homestead		1.00%

### BASE VALUE INFORMATION (Original Tax Capacity)

Map ID	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year	Property Tax Class	Current	Class	After	Area/ Phase	
									Original		Original	After	Conversion		
								Market Value	Market Value		Tax Capacity	Conversion	Orig. Tax Cap.		
1	010-0930-00030	H&G Dev. LLC	unassigned	67,200	9,000	76,200	100%	76,200	Pay 2024	C/I Pref.	1,143	Rental		953	1
2	010-0930-00040	H&G Dev. LLC	15 E 1st St	114,000	6,300	120,300	100%	120,300	Pay 2024	C/I Pref.	1,805	Rental		1,504	1
3	010-0930-00050	H&G Dev. LLC	unassigned	84,000	8,100	92,100	100%	92,100	Pay 2024	C/I Pref.	1,382	Rental		1,151	1
4	010-0930-00060	H&G Dev. LLC	unassigned	50,400	8,100	58,500	100%	58,500	Pay 2024	C/I Pref.	878	Rental		731	1
5	010-0930-00070	H&G Dev. LLC	unassigned	24,000	7,200	31,200	100%	31,200	Pay 2024	C/I Pref.	468	Rental		390	1
6	010-0930-00090	1st. & 1st. Prop.	31 E 1st St	139,200	0	139,200	100%	139,200	Pay 2024	C/I Pref.	2,088	Rental		1,740	1
7	010-0930-00095	H&G Dev. LLC	25 E 1st St	15,000	0	15,000	100%	15,000	Pay 2024	C/I Pref.	225	Rental		188	1
8	010-0950-00720	H&G Dev. LLC	unassigned	13,600	0	13,600	100%	13,600	Pay 2024	C/I Pref.	204	Rental		170	1
9	010-0950-00660	H&G Dev. LLC	unassigned	21,200	0	21,200	100%	21,200	Pay 2024	C/I Pref.	318	Rental		265	1
10	010-0950-00620	H&G Dev. LLC	unassigned	19,600	0	19,600	100%	19,600	Pay 2024	C/I Pref.	294	Rental		245	1
11	010-0950-00622	H&G Dev. LLC	unassigned	45,900	0	45,900	100%	45,900	Pay 2024	C/I Pref.	689	Rental		574	1
				<b>594,100</b>	<b>38,700</b>	<b>632,800</b>		<b>632,800</b>			<b>9,492</b>			<b>7,910</b>	

Note:

1. Base values are for pay 2023 based upon review of County website on 10-5-23.
2. Located in SD # 709.

**TIF District No. 36 (15 East 1st. Street Redevelopment) - 3% Inflation**

City of Duluth, MN  
165 Market Rate Apartments



PROJECT INFORMATION (Project Tax Capacity)													
Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2024	Percentage Completed 2025	Percentage Completed 2026	Percentage Completed 2027	First Year Full Taxes Payable
1	Apartments	190,000	190,000	165	31,350,000	Rental	391,875	2,375	25%	75%	100%	100%	2028
<b>TOTAL</b>					<b>31,350,000</b>		<b>391,875</b>						
Subtotal Residential				165	31,350,000		391,875						
Subtotal Commercial/Ind.				0	0		0						

Note:

1. Market value based on assessed value of Endi project in Duluth.

TAX CALCULATIONS									
New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Apartments	391,875	0	391,875	525,383	0	0	47,997	573,380	3,475.03
<b>TOTAL</b>	<b>391,875</b>	<b>0</b>	<b>391,875</b>	<b>525,383</b>	<b>0</b>	<b>0</b>	<b>47,997</b>	<b>573,380</b>	

Note:

1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	573,380
less State-wide Taxes	0
less Fiscal Disp. Adj.	0
less Market Value Taxes	(47,997)
less Base Value Taxes	(10,605)
<b>Annual Gross TIF</b>	<b>514,778</b>

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	632,800
New Market Value - Est.	31,350,000
Difference	30,717,200
Present Value of Tax Increment	8,957,804
Difference	21,759,396
Value likely to occur without Tax Increment is less than:	21,759,396



## TIF District No. 36 (15 East 1st. Street Redevelopment) - 3% Inflation

City of Duluth, MN

165 Market Rate Apartments

TAX INCREMENT CASH FLOW														
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities NA	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
														02/01/26
100%	97,969	(7,910)	-	90,059	134.069%	120,741	60,370	(217)	(6,015)	54,138	51,529	0.5	2026	08/01/26
							60,370	(217)	(6,015)	54,138	101,801	1	2026	02/01/27
100%	293,906	(7,910)	-	285,996	134.069%	383,432	191,716	(690)	(19,103)	171,923	257,556	1.5	2027	08/01/27
							191,716	(690)	(19,103)	171,923	409,511	2	2027	02/01/28
100%	391,875	(7,910)	-	383,965	134.069%	514,778	257,389	(927)	(25,646)	230,816	608,543	2.5	2028	08/01/28
							257,389	(927)	(25,646)	230,816	802,720	3	2028	02/01/29
100%	403,631	(7,910)	-	395,721	134.069%	530,540	265,270	(955)	(26,431)	237,883	997,962	3.5	2029	08/01/29
							265,270	(955)	(26,431)	237,883	1,188,442	4	2029	02/01/30
100%	415,740	(7,910)	-	407,830	134.069%	546,774	273,387	(984)	(27,240)	245,162	1,379,963	4.5	2030	08/01/30
							273,387	(984)	(27,240)	245,162	1,566,812	5	2030	02/01/31
100%	428,212	(7,910)	-	420,302	134.069%	563,495	281,748	(1,014)	(28,073)	252,660	1,754,679	5.5	2031	08/01/31
							281,748	(1,014)	(28,073)	252,660	1,937,964	6	2031	02/01/32
100%	441,059	(7,910)	-	433,149	134.069%	580,718	290,359	(1,045)	(28,931)	260,382	2,122,243	6.5	2032	08/01/32
							290,359	(1,045)	(28,931)	260,382	2,302,028	7	2032	02/01/33
100%	454,291	(7,910)	-	446,381	134.069%	598,458	299,229	(1,077)	(29,815)	268,337	2,482,787	7.5	2033	08/01/33
							299,229	(1,077)	(29,815)	268,337	2,659,136	8	2033	02/01/34
100%	467,919	(7,910)	-	460,009	134.069%	616,730	308,365	(1,110)	(30,725)	276,529	2,836,437	8.5	2034	08/01/34
							308,365	(1,110)	(30,725)	276,529	3,009,414	9	2034	02/01/35
100%	481,957	(7,910)	-	474,047	134.069%	635,550	317,775	(1,144)	(31,663)	284,968	3,183,322	9.5	2035	08/01/35
							317,775	(1,144)	(31,663)	284,968	3,352,988	10	2035	02/01/36
100%	496,416	(7,910)	-	488,506	134.069%	654,934	327,467	(1,179)	(32,629)	293,660	3,523,564	10.5	2036	08/01/36
							327,467	(1,179)	(32,629)	293,660	3,689,980	11	2036	02/01/37
100%	511,308	(7,910)	-	503,398	134.069%	674,901	337,450	(1,215)	(33,624)	302,612	3,857,287	11.5	2037	08/01/37
							337,450	(1,215)	(33,624)	302,612	4,020,513	12	2037	02/01/38
100%	526,647	(7,910)	-	518,737	134.069%	695,466	347,733	(1,252)	(34,648)	311,833	4,184,610	12.5	2038	08/01/38
							347,733	(1,252)	(34,648)	311,833	4,344,705	13	2038	02/01/39
100%	542,447	(7,910)	-	534,537	134.069%	716,648	358,324	(1,290)	(35,703)	321,331	4,505,652	13.5	2039	08/01/39
							358,324	(1,290)	(35,703)	321,331	4,662,674	14	2039	02/01/40
100%	558,720	(7,910)	-	550,810	134.069%	738,466	369,233	(1,329)	(36,790)	331,113	4,820,530	14.5	2040	08/01/40
							369,233	(1,329)	(36,790)	331,113	4,974,536	15	2040	02/01/41
100%	575,482	(7,910)	-	567,572	134.069%	760,938	380,469	(1,370)	(37,910)	341,189	5,129,357	15.5	2041	08/01/41
							380,469	(1,370)	(37,910)	341,189	5,280,403	16	2041	02/01/42
100%	592,746	(7,910)	-	584,836	134.069%	784,084	392,042	(1,411)	(39,063)	351,568	5,432,247	16.5	2042	08/01/42
							392,042	(1,411)	(39,063)	351,568	5,580,387	17	2042	02/01/43
100%	610,528	(7,910)	-	602,618	134.069%	807,925	403,962	(1,454)	(40,251)	362,257	5,729,309	17.5	2043	08/01/43
							403,962	(1,454)	(40,251)	362,257	5,874,598	18	2043	02/01/44
100%	628,844	(7,910)	-	620,934	134.069%	832,480	416,240	(1,498)	(41,474)	373,268	6,020,652	18.5	2044	08/01/44
							416,240	(1,498)	(41,474)	373,268	6,163,144	19	2044	02/01/45
100%	647,710	(7,910)	-	639,800	134.069%	857,773	428,887	(1,544)	(42,734)	384,608	6,306,384	19.5	2045	08/01/45
							428,887	(1,544)	(42,734)	384,608	6,446,130	20	2045	02/01/46
100%	667,141	(7,910)	-	659,231	134.069%	883,824	441,912	(1,591)	(44,032)	396,289	6,586,608	20.5	2046	08/01/46
							441,912	(1,591)	(44,032)	396,289	6,723,661	21	2046	02/01/47
100%	687,155	(7,910)	-	679,245	134.069%	910,657	455,329	(1,639)	(45,369)	408,320	6,861,429	21.5	2047	08/01/47
							455,329	(1,639)	(45,369)	408,320	6,995,838	22	2047	02/01/48
100%	707,770	(7,910)	-	699,860	134.069%	938,295	469,148	(1,689)	(46,746)	420,713	7,130,948	22.5	2048	08/01/48
							469,148	(1,689)	(46,746)	420,713	7,262,763	23	2048	02/01/49
100%	729,003	(7,910)	-	721,093	134.069%	966,762	483,381	(1,740)	(48,164)	433,477	7,395,264	23.5	2049	08/01/49
							483,381	(1,740)	(48,164)	433,477	7,524,534	24	2049	02/01/50
100%	750,873	(7,910)	-	742,963	134.069%	996,083	498,042	(1,793)	(49,625)	446,624	7,654,476	24.5	2050	08/01/50
							498,042	(1,793)	(49,625)	446,624	7,781,248	25	2050	02/01/51
100%	773,399	(7,910)	-	765,489	134.069%	1,026,284	513,142	(1,847)	(51,129)	460,165	7,908,678	25.5	2051	08/01/51
							513,142	(1,847)	(51,129)	460,165	8,033,001	26	2051	02/01/52
<b>Total</b>							<b>18,336,735</b>	<b>(66,012)</b>	<b>(1,827,072)</b>	<b>16,443,651</b>				
<b>Present Value From 08/01/2025</b>							<b>8,957,804</b>	<b>(32,248)</b>	<b>(892,556)</b>	<b>8,033,001</b>				

## Appendix C: Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan (TIF Plan) for Tax Increment Financing District No. 36 (the “District”), as required pursuant to *Minnesota Statutes (M.S.), Section 469.175, Subdivision 3* are as follows:

1. *Finding that Tax Increment Financing District No. 36 is a redevelopment district as defined in M.S., Section 469.174, Subd. 10 and MN Laws 2023, Chapter 64, Article 8, Section 10.*

- Special law rules: If the city or authority establishes a redevelopment tax increment financing district under this section, the following special rules apply:
  - (1) the district is deemed to meet all the requirements of Minnesota Statutes, section 469.174, subdivision 10; and
  - (2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.

See Appendix D for full Special Law.

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of Tax Increment Financing District No. 36 permitted by the TIF Plan.*

*The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future:* This finding is supported by the fact that the redevelopment proposed in the TIF Plan meets the City's objectives for redevelopment. Due to the high cost of redevelopment on the parcels, the incompatible land uses at close proximity, and the cost of financing the proposed improvements, this project is feasible only through assistance, in part, from tax increment financing. The Developer was asked for and provided a letter and a pro forma as justification that the Developer would not have gone forward without tax increment assistance.

*The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan:* This finding is justified on the grounds that the cost of site and public improvements and utilities add to the total redevelopment cost. Historically, construction costs, site and public improvements costs in this area have made redevelopment infeasible without tax increment assistance. The City reasonably determines that no other redevelopment of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

Therefore, the City concludes as follows:

- a. The City's estimate of the amount by which the market value of the entire District will increase without the use of tax increment financing is \$0.
  - b. If the proposed development occurs, the total increase in market value will be \$30,717,200.
  - c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$8,957,804.
  - d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than \$21,759,396 (the amount in clause b less the amount in clause c) without tax increment assistance.
3. *Finding that the TIF Plan for the District conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The Planning Commission reviewed the TIF Plan on October 10, 2023 and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the TIF Plan for Tax Increment Financing District No. 36 will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Development District No. 17 by private enterprise.*

The project to be assisted by the District will result in increased employment in the City and the State of Minnesota, the renovation of substandard properties, increased tax base of the State and add a high-quality development to the City.

Through the implementation of the TIF Plan, DEDA or the City will increase the availability of safe and decent life-cycle housing in the City.

## Appendix D: Special TIF Law

### MN Laws 2023, Chapter 64, Article 8, Section 10

#### **Sec. 10. CITY OF DULUTH; TAX INCREMENT FINANCING DISTRICT; SPECIAL RULES.**

**Subdivision 1. Establishment.** Under the special rules established in subdivision 2, the economic development authority of the city of Duluth or the city of Duluth may establish one or more redevelopment districts located wholly within the area of the city of Duluth, St. Louis County, Minnesota, limited to the area classified as the Medical Regional Exchange District and East 1st Street Corridor as bounded by: East 6th Street from North 3rd Avenue East to North 7th Avenue East; North 7th Avenue East from East 6th Street to East 3rd Street; East 3rd Street from North 7th Avenue East to North 12th Avenue East; North 12th Avenue East from East 3rd Street straight through the Duluth Rose Garden to the Lake Superior Waterfront; the Lake Superior waterfront from the Duluth Rose Garden at North 12th Avenue East to Lake Place Park at North 3rd Avenue East; North 3rd Avenue East from Lake Place Park at the Lake Superior waterfront to East Superior Street; East Superior Street from North 3rd Avenue East to North Lake Avenue; North Lake Avenue from East Superior Street to East 2nd Street; East 2nd Street from North Lake Avenue to North 3rd Avenue East; North 3rd Ave East from East 2nd Street to East 6th Street.

**Subd. 2. Special rules.** If the city or authority establishes a redevelopment tax increment financing district under this section, the following special rules apply:

(1) the district is deemed to meet all the requirements of Minnesota Statutes, section 469.174, subdivision 10; and

(2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.

**Subd. 3. Expiration.** The authority to approve a tax increment financing plan to establish a tax increment financing district under this section expires December 31, 2030.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Duluth and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

# 22-\_\_\_\_ Request for Proposals Downtown East 1<sup>st</sup> Street Redevelopment

## Duluth, Minnesota

Release Date: July 21, 2022

Proposals Due: August 25, 2022

### Overview

The City of Duluth (the “City”) is seeking proposals from qualified development entities to collaborate in the redevelopment of East 1<sup>st</sup> Street in the City’s downtown district.. To facilitate redevelopment of privately-owned sites along 1<sup>st</sup> Street for residential and/or mixed-use, the City suggests development entities consider acquisition or utilization of two public parking facilities. The 595-space Tech Village Ramp located at 10 East 1<sup>st</sup> Street, and the 600-space Medical District Ramp located at 302 East 1<sup>st</sup> Street each may be useful to support future redevelopment and residential density downtown while continuing to provide options for public and contractual parking use.



Tech Village Ramp – 10 E 1<sup>st</sup> Street

Development entities responding to this proposal must have experience with residential and mixed-use development and be willing to collaborate with the City to redevelop one or more vacant or underutilized sites near the two publicly-owned parking ramps. Proposal selection will be based on the Respondent’s background, proposed site plan and number of units, project timeline, financial capability, and ability to redevelop a portion of East 1<sup>st</sup> Street in a meaningful way that meets the City’s goals while utilizing existing parking ramps. Once the site plan is selected, the City will enter into a development agreement with the selected development team. Questions regarding project scope should be directed to the Planning and Development Division.

Questions about this RFP should be directed to the City of Duluth Purchasing Office: [purchasing@duluthmn.gov](mailto:purchasing@duluthmn.gov)

## **The Duluth Community**

The fifth-largest city in Minnesota, Duluth has a population of approximately 87,000, an employment base of approximately 65,000 jobs, and over 6.7 million visitors annually. Duluth is the largest metropolitan area on the shores of Lake Superior: home to more than 250,000 people, 25 to 34-year old residents are the fastest growing demographic, increasing by 25% over the last 5 years.



Duluthians enjoy a high quality of life in a vibrant place that boasts great tasting, clean water and a spectacular landscape along the entire 26-mile stretch of the city. Offering more than 11,000-acres of greenspace within city limits, Duluth offers access to over 250 miles of hiking and world-class mountain biking trails, sailing, cross country and downhill skiing, fly and deep-sea fishing, rock and ice climbing, inspirational arts and entertainment performances, a mix of local and nationally recognized retailers, and diverse culinary options.

Duluth has three highly ranked college institutions that are rated among the best in the nation for liberal arts education. They offer a medical school and top-notch engineering programs. Duluth is the home of two regional medical centers that are investing a combined \$1 billion over the next few years. The Port of Duluth-Superior is the farthest-inland freshwater seaport, connecting the heartland of the U.S. and Canada to the global economy. Duluth's economic outlook is promising as aviation, education, healthcare, engineering, tourism and information technology companies continue to grow and flourish here.



Duluth's downtown is currently in the midst of a significant level of reinvestment, led by Essentia Health's Vision Northland project. This new hospital and medical facility, representing an almost \$1 billion investment, serves as Essentia's east area headquarters. Between Essentia and St. Luke's, there are almost 8,000 medical-related jobs located in the City's downtown.

In summary, Duluth is home to abundant natural resources and outdoor recreation, robust industry clusters, top-notch educational campuses, and some of the most breathtaking natural scenery in the country – qualities that make it an unrivaled place to live, work, and explore.

Demographic information about the City can be found at <https://www.northlandconnection.com>.

## **Objectives**

The City is seeking a qualified developer or development partnership whose project will result in redevelopment of eastern downtown. Redevelopment projects may be either mixed-income residential, office, or other commercial development, which will provide for new housing or employment opportunities in the downtown. Inclusion of the sale of the described parking ramps may be proposed by Respondents with the following goals in mind:

1. Continued and affordable access by the general public for itinerant parking
2. Maximization of revenue to the City's parking fund
3. Maximization of the parking ramp utilization at all times of day
4. Highest initial up-front sale price for ramp infrastructure
5. Use of the ramp to address project complexity that can result in new affordable housing
6. Greatest total number, quality, and affordability of new housing units created
7. Identified level of new commercial or office investment, especially if focused on opportunities for mixed use development or other commercial activation that specifically addresses a community need
8. Increased level of activation in the downtown

Projects that propose utilization of the existing parking ramps through direct sale should include a detailed life-cycle plan for ramp maintenance as well as a disposition plan for the end of the ramp's service use. Respondents should include specific timelines and metrics for success related to proposed development projects.

Respondents providing for viable and shovel-ready development proposals which include site control, whether through direct ownership, purchase agreements, or purchase options, will be prioritized.

The primary purpose of this RFP process is to identify a qualified Respondent that has the experience, vision, and financial capability to design and complete one or more redevelopment projects in the City's eastern downtown, with the intent of reimagining and revitalizing that area of the City.

## **Ramp Information**

**Tech Village Ramp:** The Tech Village Ramp has a total gross building area of 205,000 square feet and 595 parking stalls. The ramp was constructed in 2000, as part of the Tech Village redevelopment at Lake Avenue and Superior Street. The ramp formerly included a drive-through banking facility operated by US Bank, which is presently being used for additional parking spaces. The ramp includes significant contract parking. It is directly connected to the city's skywalk system.

**Medical District Ramp:** The Medical District Ramp has a total gross building area of 196,640 square feet and 600 parking spaces. The ramp was constructed in 2006. The ramp was constructed in support of additional need for parking by Essentia Health, and to facilitate redevelopment in its vicinity. The ramp has been instrumental in the redevelopment of the downhill block for the Sheraton Hotel, and is connected by skywalk to the Sheraton Hotel, Essentia's new Vision Northland project, the Greysolon Ballroom and the historic NorShor Theater.

Both ramps are owned by the City of Duluth. This RFP process will be used to gauge interest in the ramps and to provide for options for acquisition of the ramps consistent with the City of Duluth requirements for sale of public property.

### **Project Area**

The priority downtown area under evaluation as part of this RFP is between Lake Avenue and 4<sup>th</sup> Avenue East, as depicted below.



### **Proposal Requirements and Format**

All proposals must include the following to be considered:

- Proposed conceptual purchase price and desired acquisition timeline for both the Tech Village Ramp and the Medical District Ramp
- Budget and pro forma for proposed development project or projects that include:
  - Sources and Uses based on estimate from experienced GC or CM
  - Examples of previous successful projects of a similar nature
  - Details regarding acquisition of the site or sites and/or information about existing purchase agreements or purchase options
- Maintenance and operations information regarding the ramps, if included in the proposal

Proposals should submit the above information in the following format:

1. Proposal Cover Sheet – A completed and signed Proposal Cover Sheet (Appendix A).
2. Proposal Narrative with Conceptual Site Plan – A written and graphic summary of the proposed development, which shall include an explanation of how the proposed development is intended to be integrated into its surroundings and will support broad principles of downtown reinvestment

3. Statement of Qualifications – Include descriptions of relevant example projects completed within the past 5 years that are comparable in scope to the project, as well as financial capacity to ensure project success. Include references of previous clients/projects.
4. Project Schedule – Information on the preliminary schedule, including timing for site plan development, regulatory approvals, and construction activities.

### **Evaluation Criteria**

The City will evaluate the development and ramp acquisition proposals based on the following criteria:

- Number of housing units created and/or size and proposed valuation of commercial space
- Level of commercial investment that adheres to
- Project timeline and proposed pace of reinvestment
- Financial capability, including resources available as equity for the project and strength of financial commitments
- Total magnitude of proposed reinvestment based on number of housing units created, number of affordable housing units created, or total scope of commercial / office reinvestment
- The quality of the proposed site layouts, if provided, and the relation of the layout to the surrounding downtown context and broader community goals for reinvestment in downtown
- Qualifications and experience of the Respondent and team members with projects of similar scale and magnitude
- Quality, creativity, and feasibility of development proposal
- Inclusion of broader community goals, such as sustainability, public art, health, or fairness and equity

The City encourages and welcomes bids from women and minority owned businesses.

The City of Duluth reserves the right, at its sole discretion, to reject any or all submittals when, in its opinion, it is determined to be in the public interest to do so; to waive minor irregularities and informalities of a submittal; to cancel, revise, or extend this solicitation; and to select the proposal it deems is in the best interests of the City, even if it is not the highest purchase price nor provides the greatest financial benefit to the City. The City reserves the right to request clarification of information submitted and to request additional information from any Respondent.

This Request for Proposals does not obligate the City of Duluth to pay any costs incurred by any respondent in the submission of qualifications and/or proposals or in making necessary studies or designs for the preparation of any proposal, nor for procuring or contracting for the services to be furnished under this Request for Proposals.

Any proposal accepted by the City shall be subject to approval by the Duluth Economic Development Authority. The potential transfer of any ramps through sale to a private entity shall be required to proceed in accordance with all adopted requirements of the City Code, which may include further Council and DEDA actions or public dialogue.

The City of Duluth appreciates your consideration of this Request for Proposals and welcomes all responsible Respondents.

## **Questions, Answers, & Addenda**

Any questions regarding this RFP must be submitted by e-mail to the Purchasing Office at [purchasing@duluthmn.gov](mailto:purchasing@duluthmn.gov) ***no later than*** August 18, 2022, as indicated in the calendar of events listed below. Answers to questions will be posted as an Addendum to the RFP.

If the City deems it necessary to revise any part of the RFP before the proposal response date, the City will post an addendum to its website <https://duluthmn.gov/purchasing/bids-request-for-proposals/>. Although an e-mail notification will be sent, it is the Bidder's responsibility to periodically check the website for and new information.

## **Schedule**

The following summarizes the expected schedule for this RFP process:

- Request for Proposals issued – July 14, 2022
- Deadline for questions for the City– August 18, 2022
- Development proposals due – August 25, 2022
  - **Please send a digital copy of your proposal with the title “[entity name]” 22- \_\_\_\_ Downtown East RFP” to:**
    - [Purchasing@DuluthMN.gov](mailto:Purchasing@DuluthMN.gov)
- Notification of selected proposal is anticipated to occur prior to August 31, 2022

## APPENDIX A - PROPOSAL COVER SHEET

### CITY OF DULUTH

### 22-\_\_\_ Downtown East Redevelopment

<b>Respondent Information:</b>	
Company Name	
Mailing Address	
Website	
Principal Contact Person	
Contact Person's Phone Number	
Contact Person's E-Mail Address	
Federal ID Number	

<b><i>Signature</i></b>	
Signature of authorized official. Signatory consents and agrees to adhere to the terms outlined in this proposal:	
Printed Name	
Title	

**FAILURE TO COMPLETE, SIGN AND RETURN THIS FORM MAY RESULT IN THE REJECTION OF THE PROPOSAL**

The Signatory hereby represents upon all of the penalties of law for the purpose of inducing the City of Duluth to review a proposal for development, that all documentation herein and attached are true and that all work herein described, if selected, will proceed in accordance with the Ordinances of the City of Duluth and the laws of the State of Minnesota. Signatory also understands that all documents provided to the City may be considered public data, per Minnesota Government Data Practices Act.

**TERM SHEET FOR PROPOSED  
TECHNOLOGY VILLAGE AND MEDICAL DISTRICT RAMP SALE AND  
HOUSING DEVELOPMENTS ON EAST 1<sup>ST</sup> STREET CORRIDOR**

The Duluth Economic Development Authority (“DEDA”), the City of Duluth (“City”), and Beautiful City Development, LLC (“Developer”) agree to the following terms relating to sale of two municipally owned parking ramps and public subsidy for construction of residential housing units in Duluth, Minnesota. These terms will form the basis of a Development Agreement between DEDA, the City, and Developer. The terms expressed herein are subject to final approval by the Duluth City Council and the Duluth Economic Development Authority.

**1. Name of Developer and Project Owner**

Beautiful City Development, LLC (Developer)  
Beautiful City 15 E 1<sup>st</sup> St, LLC (Phase I project owner)  
*Entity TDB* (Phase II project owner)

**2. Project and Site**

On July 20, 2022, DEDA issued a Request for Proposals (RFP) for the sale of two municipal parking ramps (attached as Exhibit A) as part of a collaborative effort to redevelop the East 1st Street Corridor in the City’s downtown district. Developer submitted a response to the RFP on August 25, 2022 (attached as Exhibit B). Following from the RFP and the Developer’s response, Developer agrees to purchase each of the City-owned parking ramps described in the RFP (Technology Village Ramp and Medical District Ramp) and develop a two-phase residential development as described below. The purpose of the sale of the City’s assets is to support redevelopment along the East 1st Street Corridor by serving future residents of residential developments completed by Developer.

In summary, the Developer’s “Project” shall consist of:

- a. **Phase I** construction will result in no fewer than 130 residential units located primarily on St. Louis County Minnesota Parcels: 010-0930-00030, 010-0930-00040, 010-0930-00050, 010-0930-00060, 010-0930-00095, 010-0930-00090, 010-0930-00070, 010-0950-00620, 010-0950-00622, 010-0950-00660, and 010-0950-00720 (“Phase I”).
- b. **Phase II** construction will result in no fewer than 70 residential units located on one or more parcels on the northwest and southwest corners of the intersection of 1<sup>st</sup> Street and 3<sup>rd</sup> Avenue East, downtown Duluth, Minnesota (“Phase II”).

- c. In addition, Phase I and Phase II will each include:
  - i. On-site at-grade parking which are separate from parking provided at the two municipal parking ramps.
  - ii. Related utilities, landscaping and other amenities.
  - iii. Possible connection to City thermal system

The following provides a summary of dates and key terms more fully described below in this term sheet.

The sale of the **Technology Village Ramp** is associated with Phase I and contingent upon the occurrence of the following items in sequential order:

1. **Phase I completion.** Developer shall build no less than 130 units at the Phase I location, completion of which shall be evidenced by a Certificate of Occupancy by August 31, 2026;
2. **Exercise of option on Technology Village Ramp.** Developer may exercise the option related to purchase of the Technology Village Ramp after satisfaction of item 1 (i.e., date of the Certificate of Occupancy for Phase I) but no later than December 31, 2027; and
3. **Closing of purchase of Technology Village Ramp.** Developer shall pay \$7,000,000.00 to purchase the Technology Village Ramp and the conveyance must occur on or before April 30, 2028.

The sale of the **Medical District Ramp** is associated with Phase II and contingent upon the occurrence of the following items in sequential order:

1. **Phase II completion.** Developer shall build no less than 70 units at the Phase II location, completion of which shall be evidenced by a Certificate of Occupancy by December 31, 2027;
2. **Exercise of option on Medical District Ramp.** Developer may not exercise the option related to purchase of the Medical District Ramp prior to January 2, 2027, nor later than December 31, 2027, regardless of the completion date of the Phase II development;
4. **Medical District Ramp option contingent on closing of sale of Technology Village ramp.** Developer may not exercise the option related to the sale of the Medical District Ramp before Developer closes on the purchase of the Technology Village Ramp; and
5. **Closing of purchase of Medical District Ramp.** Developer shall pay \$1.00 to purchase the Medical District Ramp and the conveyance must occur on or before April 30, 2028.

### **3. Establishment of TIF Districts**

Developer has requested financial assistance from the Duluth Economic Development Authority to support both phases of the Project through the creation of two Redevelopment Tax Increment Financing (“TIF”) districts within existing Development District No. 17 (“TIF Districts”), as shown in Exhibits C and D. DEDA shall establish two scattered site Redevelopment TIF districts to support the residential development construction phases. Prior to establishment of the TIF districts, Developer shall submit to DEDA pro forma cost information for each of Phase I and Phase II residential development projects.

To support Project construction and other necessary work to allow the Project to move forward, the City intends to enter into a Development Agreement with the Developer that provides for Tax Increment Financing (“TIF”) assistance. The Project is within the area subject to a special law passed by the 2023 Minnesota Legislature (Laws of Minnesota 2023, Chapter 64, Article 8, Section 10). This law, approved by the Duluth City Council in Resolution 23-0507R, authorizes the City to use a streamlined process to establish one or more TIF redevelopment districts in the area in which the Project is located. The City and its financial advisors estimate the approximate length of the TIF District to be the full 26 years allowed for Redevelopment Districts under state law.

The TIF District and the City’s capabilities under any Development Agreement shall be subject to existing laws of the State of Minnesota. Developer shall agree that the City will not be held liable if the City is unable to fulfill its obligations under the Development Agreement due to changes in the laws of the State of Minnesota.

City will retain any available tax increment in excess of the total TIF funds paid to the Developer.

Eighty-five percent (85%) of available TIF funds (Gross Tax Increment less State Auditor Fee less City 15% Administration) from the TIF Districts each year shall be paid to Developer under a PAYGO Note bearing interest at the rate of **TBD%** per year for 25 years after first year of increment. The maximum gross amount of payments to Developer will be **\$TBD**

### **4. Development Agreements**

DEDA and Developer shall enter into two Development Agreements, one for each Phase, that at a minimum include the terms stated in this Term Sheet. Additional terms are anticipated in the Development Agreements. The Development Agreements shall guide the development of the Project and be controlling over any conflicting term in this Term Sheet.

## 5. Due Diligence Documentation

Prior to signing the development agreement for each Phase Developer will submit the following documentation to DEDA for its review:

- a. Proof of control of Phase I and Phase II residential development properties.
- b. Proof of construction financing sufficient to complete Phase I.

## 6. Terms of Sale of Technology Village Ramp and Linkage to Phase I Construction

It is understood that the sale of the Technology Village Ramp is tied to the completion of Phase I construction. The City and DEDA will enter into an option agreement for DEDA to purchase the Technology Village Ramp. DEDA and Developer will enter into an option agreement for Developer to purchase the Technology Village Ramp. Exercise of the option between the City and DEDA will precede exercise of the option between DEDA and Developer. Developer's option shall have the following terms:

- 6.01 **DEDA/Developer option agreement and purchase price.** DEDA will sell Developer an option to purchase the Technology Village Ramp from DEDA for a purchase price of Seven Million Dollars (\$7,000,000). The cost of the option will be One Dollar (\$1). Developer will not be permitted to exercise the option until Phase I has been substantially completed, as determined by the Executive Director of DEDA.
- 6.02 **Option term.** Developer may exercise the option and remit payment to DEDA in full no later than December 31, 2027.
- 6.03 **Transfer limited.** Developer will not assign, sell, or otherwise transfer any interest in the Technology Village Ramp for a period of 7 years after the date of closing without prior written approval of the Executive Director. This restriction will be incorporated into the deed running in favor of DEDA and will run with the land.
- 6.04 **Phase I construction deadline.** Developer agrees that Phase I of the proposed residential construction resulting in no less than 130 residential units shall receive certificate of occupancy by August 31, 2026.
- 6.05 **Parking use shall continue.** After exercise by Developer of the option described in paragraphs 6.01 and 6.02, to ensure the public benefits of the linked Technology Village Ramp sale and Phase I development are maintained, Developer will operate the Technology Village Ramp as a parking ramp for a period of 7 years after the date of closing. Such restriction shall be recorded with the deed and run with the land; and if the property is not operated as a parking ramp, title to the property shall automatically revert to DEDA.

- 6.06 **Post-closing provision of public parking.** At closing of the sale of the Technology Village Ramp from DEDA to Developer, DEDA and the City will terminate the 1999 development agreement, city contract #18502, requiring that Technology Village Ramp be operated for public parking. However, Developer will continue to provide public parking in the amount of no fewer than 100 stalls that must be held open for hourly public parking at all times for a period of 7 years after the date of closing. Such restriction shall be recorded with the deed and run with the land.
- 6.07 **Level of maintenance.** For a period of 7 years after the date of closing Developer will maintain the Technology Village Ramp in a condition equivalent to or better than the condition of the ramp at the time of transfer.
- 6.08 **Assumption of leases, easements, and agreements.** Developer will take title to Technology Village Ramp subject to all leases, easements, and agreements in effect at time of closing.
- 6.09 **Skywalk.** At closing, Developer shall assume ownership, operation, and maintenance of the skywalk system associated with Technology Village Ramp subject to an easement in favor of the public for skywalk purposes, including ingress and egress from street level.
- 6.10 **Lease of parking prior to closing.** If Phase I residential construction is completed prior to sale of the Technology Village Ramp to Developer, City agrees to lease up to 1.25x the number of units constructed at a mutually agreed upon price stalls of parking to Developer, if and when such units are available given current leases and agreements.
- 6.11 **Duty to maintain.** During the time period between the effective date of the development agreement associated with Phase I and the date of closing of the sale of the Technology Village Ramp to Developer, City shall maintain the Technology Village Ramp in a condition substantially similar to the condition described in the “Summary of Observations” section of the document titled “2022 Annual Structural Condition Report for Technology Village Parking Ramp” dated May 17, 2022.

## **7. Sale of Medical District Ramp and Linkage to Phase II Construction**

It is understood that the sale of the Medical District Ramp is tied to the completion of Phase II construction. The City and DEDA will enter into an option agreement for DEDA to purchase the Medical District Ramp. DEDA and Developer will enter into an option agreement for Developer to purchase the Medical District Ramp. Exercise of the option between the City and DEDA will precede exercise of the option between DEDA and Developer. Developer’s option shall have the following terms:

- 7.01 **DEDA/Developer option agreement and purchase price.** DEDA will sell Developer an option to purchase the Medical District Ramp for a purchase price of One Dollar (\$1.00). The cost of the option will be One Dollar (\$1.00). Developer will not be permitted to exercise the option until Phase II is substantially complete, as determined by the Executive Director of DEDA. Developer's exercise of the option and closing of sale shall occur no earlier than January 1, 2027.
- 7.02 **Option term.** After January 2, 2027, Developer may exercise the option and remit payment to DEDA in full no later than December 31, 2027.
- 7.03 **Transfer limited.** Developer shall not assign, sell, or otherwise transfer any interest in the Medical District Ramp for a period of 7 years after the date of closing without prior written approval of DEDA. This restriction will be incorporated into the deed running in favor of DEDA and will run with the land.
- 7.04 **Phase II construction deadline.** Developer agrees that Phase II of proposed residential construction resulting in no less than 70 residential units shall receive certificate of occupancy by December 31, 2027.
- 7.05 **Lease of parking prior to closing.** If Phase II residential construction is completed prior to closing of sale of the Medical District Ramp to Developer, City agrees to lease up to 1.25x the number of units constructed at a mutually agreed upon price stalls of parking to Developer, if and when such units are available given current leases and agreements.
- 7.06 **Parking use shall continue.** To ensure the public benefits of the linked Medical District Ramp sale and Phase II development are maintained, Developer will operate the Medical District Ramp as a parking ramp for a period of 7 years after closing. Such restriction shall be recorded with the deed and run with the land; and if the property is not maintained as a parking ramp, the property shall automatically revert to DEDA.
- 7.07 **Post-closing provision of public parking.** After closing of the sale of the Medical District Ramp from DEDA to Developer, Developer will continue to provide public parking in the amount of no fewer than 100 stalls that must be held open for hourly public parking at all times for a period of 7 years after the date of closing. Such restrictions shall be recorded with the deed and run with the land.
- 7.08 **Duty to maintain.** During the time period between the effective date of the development agreement associated with Phase I and the date of closing of the sale of the Medical District Ramp to Developer, City shall maintain the Medical District Ramp in a condition substantially similar to the condition described in the "Current Observations" section of the document titled "2022 Annual Structural Condition Report for Medical District Parking Ramp" dated May 17, 2022.

- 7.09 **Assumption of leases, easements, and agreements.** Developer will take title to the Medical District Ramp subject to all leases, easements, and agreements in effect at time of transfer. The following list are leases, easements, and agreements known at this time. Additional leases, easements, and agreements may become known prior to closing.
- 7.09.1 Pedestrian passageway easement;
  - 7.09.2 Lease of parking spaces in favor of Sheraton;
  - 7.09.3 Leases of parking spaces in favor of Lakeview;
  - 7.09.4 Lease of parking spaces in favor of First Presbyterian;
  - 7.09.5 Agreement with Essentia for parking spaces;
  - 7.09.6 Agreement with City for parking stalls; and
  - 7.09.7 Skywalk easements in favor of the public.
- 7.10 **Skywalk.** At closing, Developer shall assume operation and maintenance of the skywalk system associated with the Medical District Ramp. Ownership will either be retained by the City or transferred to Developer with a permanent easement in favor of the City for pedestrian use sufficient to satisfy state bond restrictions as set forth in the Restrictive Covenant recorded against the Medical District Ramp property, St. Louis County Registrar of Titles Document No. 860013.0, or such document as may be recorded in its place to secure the City's interest and State of Minnesota's bond financed-interest.
- 7.11 **Bus shelter.** Developer will have the option to either retain the existing bus shelter at the Medical District Ramp and maintain it in a condition acceptable to the Duluth Transit Authority or to remove the shelter. Developer will be responsible for the payback of any grant funds to the Federal Transit Authority that result from removing the bus shelter at any time.

## 8. Additional City/DEDA Obligations

In addition to the foregoing terms, the City or DEDA shall do the following:

- 8.01 **Terminate management agreement.** Upon approval of the development agreement for each Project phase, the City or DEDA shall notify Interstate Parking of termination of their management agreement for the affected ramp as per requirements of existing agreement.
- 8.02 **Notify tenants.** Upon termination of the management agreement for each ramp, the City or DEDA shall notify existing contractual parking tenants of ownership and management change.

## 9. Additional Developer Obligations

In addition to the foregoing terms, Developer shall do the following:

- 9.01 **Timelines.** Developer shall submit to DEDA expected timelines for major tasks associated with each Project phase. Such timelines shall be incorporated into development agreements for the Project phases.
- 9.02 **Complete Project.** Developer shall construct Phase I and Phase II of the Project according to timelines incorporated in the development agreements for the Project phases.
- 9.03 **Project costs.** Developer shall be responsible for all Project costs.
- 9.04 **PLA and CBP.** As a requirement of development agreements for each Project phase, Developer shall enter into a Project Labor Agreement and Community Benefits Plan Agreement prior to commencing Project construction.
- 9.05 **Connect to City thermal energy system.** If deemed financially feasible and mutually agreed upon, Developer may connect the structures built as part of the Project to the City thermal energy system.
- 9.07 **Parking ramp improvements.** After closing of sale on either parking ramp, Developer shall be solely responsible for all costs associated with improvements by the Developer. Any improvements desired Prior to closing shall be the subject of a separate agreement between Developer and the City or DEDA, whichever is in possession at such time.

## 10. Management Agreement(s)

Before Developer is eligible to exercise the option to purchase the Medical District Ramp, the City and Developer will, at Developer's election, enter into an agreement or agreements for Developer to manage the Medical District Ramp. At a minimum, the Management Agreement will contain the following terms:

- 10.01 **Management of the Ramp.** Developer will manage and oversee day-to-day operations of the Medical District Ramp, and may subcontract another entity for this purpose. Developer will collect payment for all contracts, leases, daily parkers, and any other payment for parking at the Medical District Ramp subject to the Management Agreement.
- 10.02 **Payment.** Developer will remit to the City quarterly payments of \$81,000 each quarter during the agreement or prorated for any partial year. The first quarterly payment shall be due and owing on the date of signing of the Management Agreement. Developer will be reimbursed for any payment or portion of a

payment made prior to closing that results in payment to the City for any period after the closing date.

- 10.03 **Improvements.** At no cost to the City, Developer will be permitted to make changes and improvements to the physical space, condition, management, security, and day-to-day operations of the Medical District Ramp, subject to the constitutional constraints and procedural requirements for parking rate increases that public ownership of the ramp entails and with prior written approval of the City, such approval not to be unreasonably withheld.
- 10.05 **Tax implications.** It is the intention of the parties that no property taxes result from Developer's management of the Medical District Ramp at any time prior to Developer exercising the option to purchase the Medical District Ramp. Developer will be responsible for any property taxes that do result from Developer's management of the Medical District Ramp before exercising the purchase option.
- 10.06 **Maximum term of Management Agreement.** The Management Agreement shall not remain in effect any later than sixty (60) days after Developer is permitted to exercise the option to purchase the Medical District Ramp unless an extension of the term has been agreed upon as evidenced by a new written agreement approved by the Duluth City Council.

The parties agree to the terms of this Agreement and have executed this Agreement this \_\_\_\_ day of \_\_\_\_\_, 2023.

CITY OF DULUTH, a Minnesota  
Municipal Corporation

DULUTH ECONOMIC DEVELOPMENT AUTHORITY  
An Economic Development Authority under Minn.  
Stat. 469

By \_\_\_\_\_  
Emily Larson  
Its Mayor

By \_\_\_\_\_  
Its President

Attest:

By \_\_\_\_\_  
Its Secretary

By \_\_\_\_\_  
Its City Clerk

Date: \_\_\_\_\_

Countersigned:

\_\_\_\_\_  
Its Auditor

Approved:

\_\_\_\_\_  
Its City Attorney

DEVELOPER

By: \_\_\_\_\_

Its: \_\_\_\_\_

Printed name: \_\_\_\_\_

Date: \_\_\_\_\_

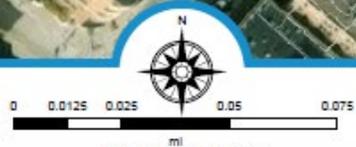
**Exhibit A – Request for Proposals**

**Exhibit B – Response to Request for Proposals**

**Exhibit C –Tax-Increment Finance District No. TBD Phase I Project**



**1st St. Redevelopment TIF District**



County Land Explorer

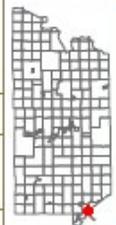
St. Louis County [www.stlouiscoountymn.gov/explorer](http://www.stlouiscoountymn.gov/explorer) Minnesota

**Disclaimer**

This is a compilation of records as they appear in the Saint Louis County Offices affecting the area shown. This drawing is to be used only for reference purposes and the County is not responsible for any inaccuracies herein.

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Map created using County Land Explorer  
[www.stlouiscoountymn.gov/explorer](http://www.stlouiscoountymn.gov/explorer)



**Exhibit D –Tax-Increment Finance District No. TBD Phase II Project**

