

1.1 moves to amend H.F. No. 2125, the delete everything amendment
1.2 (H2125DE1), as follows:

1.3 Page 185, after line 8, insert :

1.4 "(d) Revenues from the tax authorized by paragraph (b) must be used to pay all or part
1.5 of the improvements listed in paragraph (c) that are located within the district established
1.6 under Minnesota Statutes, section 469.51. The total expenditures required under this
1.7 paragraph and under Minnesota Statutes, section 469.52, subdivision 6, must equal at least
1.8 \$20,000,000. The allocation required under this paragraph expires ten years after the date
1.9 of initial imposition of the tax. Projects authorized under this paragraph must be included
1.10 in the development plan approved by the Regional Exchange District Advisory Board in
1.11 consultation with the medical business entity east and medical business entity west."

1.12 Page 185, line 9, delete "(d)" and insert "(e)"

1.13 Page 185, line 14, delete "(e)" and insert "(f)"

1.14 Page 221, after line 27, insert:

1.15 "Sec. 5. **[469.50] DEFINITIONS.**

1.16 Subdivision 1. **Application.** For the purposes of section 469.50 to 469.54, and section
1.17 14, the terms defined in this section have the meanings given them.

1.18 Subd. 2. **City.** "City" means the city of Duluth.

1.19 Subd. 3. **Commissioner.** "Commissioner" means the commissioner of employment and
1.20 economic development.

1.21 Subd. 4. **County.** "County" means St. Louis County.

1.22 Subd. 5. **District.** "District" means the regional exchange district established under
1.23 section 469.51.

2.1 Subd. 6. **Medical business entity west.** "Medical business entity west" means a nonprofit
2.2 integrated health system with two hospitals located within the district.

2.3 Subd. 7. **Medical business entity east.** "Medical business entity east" means a nonprofit
2.4 health system operating one hospital within the district.

2.5 Subd. 8. **Public infrastructure project.** (a) "Public infrastructure project" means a
2.6 project financed in part or in whole with public money in order to support development in
2.7 the district. A public infrastructure project may:

2.8 (1) acquire real property and other assets associated with the real property;

2.9 (2) demolish, repair, or rehabilitate buildings;

2.10 (3) remediate land and buildings as required to prepare the property for acquisition or
2.11 development;

2.12 (4) install, construct, or reconstruct elements of public infrastructure required to support
2.13 the overall development of the district, including but not limited to: streets, roadways,
2.14 highways, and utilities systems and related facilities, including relocations and realignments;
2.15 structural caps or streetscape improvements; bridges or other buildable pads above streets,
2.16 roadways, highways, and other rights-of-way; network and communication systems; drainage
2.17 systems; sewer and water systems; district energy systems; subgrade structures and associated
2.18 improvements; landscaping; facade construction and restoration; wayfinding and signage;
2.19 and other components of community infrastructure;

2.20 (5) acquire, construct or reconstruct, and equip parking facilities, transit stations, and
2.21 other facilities to encourage intermodal transportation and transit;

2.22 (6) install, construct or reconstruct, furnish, and equip parks and trails; cultural,
2.23 community, educational, and recreational facilities; facilities to promote tourism and
2.24 hospitality, conferencing, and conventions; and broadcast and related multimedia
2.25 infrastructure;

2.26 (7) make related site improvements, including, without limitation, excavation, earth
2.27 retention, soil stabilization and correction, foundation and substructure, vertical circulation
2.28 systems, and other site improvements to support a district; and

2.29 (8) demolition of vacated medical facilities and other related buildings and structures
2.30 and preparation of the facilities, buildings, and structures for development.

2.31 (b) A public infrastructure project is not a business subsidy under section 116J.993.

3.1 Subd. 9. **Regional Exchange District Advisory Board; advisory board;**
3.2 **REDAB.** "Regional Exchange District Advisory Board," "advisory board," or "REDAB"
3.3 means the advisory board established under section 469.515.

3.4 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
3.5 city of Duluth and its chief clerical officer timely comply with Minnesota Statutes, section
3.6 645.021, subdivisions 2 and 3.

3.7 Sec. 6. **[469.51] REGIONAL EXCHANGE DISTRICT.**

3.8 Subdivision 1. **Creation; boundaries.** There is established in the city a regional exchange
3.9 district. The regional exchange district is bounded by: East 6th Street from North 3rd Avenue
3.10 East to North 7th Avenue East; North 7th Avenue East from East 6th Street to East 3rd
3.11 Street; East 3rd Street from North 7th Avenue East to North 12th Avenue East; North 12th
3.12 Avenue East from East 3rd Street straight through the Duluth Rose Garden to the Lake
3.13 Superior waterfront; the Lake Superior waterfront from the Duluth Rose Garden at North
3.14 12th Avenue East to Lake Place Park at North 3rd Avenue East; North 3rd Avenue East
3.15 from Lake Place Park at the Lake Superior waterfront to East 6th Street, excluding any
3.16 property operated as a hotel on the corner of Superior Street and North 3rd Avenue East.

3.17 Subd. 2. **Purpose; findings.** The public purposes of the district are to facilitate:

3.18 (1) repurposing vacant or underutilized public land, or unutilized property interests such
3.19 as air rights, for development or redevelopment and to incent significant private investment;

3.20 (2) redeveloping vacant or underutilized private land to increase its tax-generating and
3.21 job-creating potential or to provide housing or meet other community needs; and

3.22 (3) development by the anchoring institutions in the community, such as health care
3.23 organizations and institutions of higher education, to create opportunities to improve the
3.24 economy of the city and greater Minnesota regions and attract and retain a workforce.

3.25 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
3.26 city of Duluth and its chief clerical officer timely comply with Minnesota Statutes, section
3.27 645.021, subdivisions 2 and 3.

3.28 Sec. 7. **[469.515] REGIONAL EXCHANGE DISTRICT ADVISORY BOARD.**

3.29 Subdivision 1. **Advisory board membership.** The Regional Exchange District Advisory
3.30 Board consists of nine members appointed as follows:

3.31 (1) the mayor of the city or the mayor's designee;

4.1 (2) a city council member, appointed by the council;

4.2 (3) two representatives of the medical business entity west, appointed by and serving at
4.3 the pleasure of the medical business entity west;

4.4 (4) one representative of the medical business entity east, appointed by and serving at
4.5 the pleasure of the medical business entity east;

4.6 (5) one member appointed by the Duluth Greater Downtown Council;

4.7 (6) one representative of the local building and trades council appointed by the Duluth
4.8 building and construction trades council; and

4.9 (7) two representatives appointed by the governor, one of whom has expertise in housing
4.10 policy and finance.

4.11 Subd. 2. **Conflict of interest.** A person appointed as provided in subdivision 1, clause
4.12 (1), (2), (5), (6), or (7), must not be employed by or affiliated with either medical business
4.13 entity.

4.14 Subd. 3. **Terms; vacancies.** The appointing authorities must make their respective
4.15 appointments by June 30, 2019. Members shall serve for four-year terms, except that a
4.16 member appointed under subdivision 1, clauses (1) and (2), serves for a term coterminous
4.17 with the term of the elected office, but may be reappointed. Of the members appointed in
4.18 subdivision 1, clauses (3) and (7), one member serves from the date of appointment until
4.19 the first Tuesday after the first Monday in January 2022, and the other member serves from
4.20 the date of appointment until the first Tuesday after the first Monday in January 2024. A
4.21 vacancy occurs as provided in section 15.059.

4.22 Subd. 4. **Duties.** The duties of the advisory board are to provide the city with advice and
4.23 guidance in developing an overall development plan for the regional exchange district; to
4.24 prepare a proposed development plan for the district for approval by the city council; propose
4.25 modifications to the development plan for city council approval; and recommend to the city
4.26 council proposed public infrastructure projects not specifically listed in the plan that the
4.27 board designates as consistent with the development plan adopted by the city. The advisory
4.28 board is also responsible for the following activities related to the district:

4.29 (1) on behalf of a medical entity, certify to the city that all incurred expenses related to
4.30 the private investment are accurate;

4.31 (2) review all proposed uses of state financial instruments to ensure they are consistent
4.32 with Minnesota law;

5.1 (3) work with a medical entity and the city to acquire or dispose of real estate and
5.2 facilitate all transactions associated with development in the district;

5.3 (4) develop patient, visitor, and community outreach programs for the district;

5.4 (5) develop and implement a plan for economic development outcomes related to the
5.5 district; and

5.6 (6) by January 31 of each year, submit a report to the commissioner and the chairs and
5.7 ranking minority members of the legislative committees with jurisdiction over economic
5.8 development. The report must include a copy of the development plan and list of any changes
5.9 to the plan, the progress of projects identified in the development plan, and actual costs and
5.10 financing sources.

5.11 Subd. 5. **Open meetings; data practices.** The advisory board and committee or
5.12 subcommittee of the advisory board is subject to the Open Meeting Law in chapter 13D
5.13 and is a government entity for purposes of chapter 13.

5.14 Subd. 6. **Chair.** Every two years the board must elect a chair from among the governor's
5.15 appointees.

5.16 Subd. 7. **Compensation; expense reimbursement.** The city may compensate members
5.17 and reimburse members for expenses as provided in section 15.0575, subdivision 3. For
5.18 purposes of this subdivision, the member representing the medical business entity shall be
5.19 treated as an employee of a political subdivision.

5.20 Subd. 8. **Removal.** A member may be removed as provided in section 15.0575.

5.21 Subd. 9. **Staff.** The board may hire an executive director and other staff as the board
5.22 requires. The city shall pay all staff salaries and benefits.

5.23 Subd. 10. **Contract for services.** The advisory board, through the staff assigned to the
5.24 district, may contract for the services of financial advisors, other consultants, agents, public
5.25 accountants, legal counsel, and other persons needed to perform its duties and exercise its
5.26 powers.

5.27 Subd. 11. **Costs.** All costs incurred by the advisory board and staff assigned to the district
5.28 shall be paid by the city.

5.29 Subd. 12. **Expiration.** The advisory board terminates when funds from all appropriation
5.30 support payments made to the city under section 469.54 are committed to approved public
5.31 infrastructure projects.

6.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
6.2 city of Duluth and its chief clerical officer timely comply with Minnesota Statutes, section
6.3 645.021, subdivisions 2 and 3.

6.4 Sec. 8. **[469.517] COMPREHENSIVE DEVELOPMENT PLAN FOR THE**
6.5 **REGIONAL EXCHANGE DISTRICT.**

6.6 (a) REDAB must prepare a comprehensive development plan by March 31, 2021. The
6.7 comprehensive plan must, to the extent practicable, provide the following:

6.8 (1) an outline for the development of the district to meet the purpose and findings in
6.9 section 469.51, subdivision 2;

6.10 (2) the extension of 6th Avenue East, primary street improvements, and related structural
6.11 and safety improvements;

6.12 (3) construction of parking structures for the medical business west and for the medical
6.13 business east, with the parking structures also supporting the public needs of surrounding
6.14 neighborhoods and district. The comprehensive development plan must require that public
6.15 financing for the construction of parking structures is not available until the commissioner
6.16 determines that has been committed to the project from private sources;

6.17 (4) extensions or connections of district energy utility infrastructure to existing and new
6.18 buildings and facilities within the district to meet the medical facilities' thermal energy
6.19 needs;

6.20 (5) subgrade structures and design and completion of the structural frame cap over
6.21 marked Interstate Highway 35;

6.22 (6) demolition of vacated medical facilities and other related buildings and structures
6.23 and preparation of the site for redevelopment;

6.24 (7) discussion of how the development plans will increase economic activity and housing
6.25 availability, including affordable housing, in the city and fit into the city's long-term
6.26 comprehensive development plans;

6.27 (8) a specific list of public infrastructure projects that meet the purposes and findings
6.28 listed in section 469.51, subdivision 2; and

6.29 (9) the criteria that will be used by the advisory board in evaluating whether a public
6.30 infrastructure project not specifically listed in the plan under clause (3) is consistent with
6.31 the proposed development plan.

7.1 (b) Any development plan must be approved by six members of the advisory board prior
7.2 to submitting the plan to the city council for consideration. The development plan for the
7.3 district is not adopted until approved by the city council. If the city council rejects the initial
7.4 development plan proposed by the advisory board, the board may revise the development
7.5 plan and resubmit the plan. Section 15.99 does not apply to review and approval of the
7.6 development plan. The city must not spend any appropriation support payments from the
7.7 state until it has approved a development plan, or an initial development plan under section
7.8 14, proposed by the advisory board.

7.9 (c) REDAB may propose modifications to the development plan at anytime, however
7.10 all changes are subject to approval by the city council.

7.11 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
7.12 city of Duluth and its chief clerical officer timely comply with Minnesota Statutes, section
7.13 645.021, subdivisions 2 and 3.

7.14 **Sec. 9. [469.52] CITY POWERS; DUTIES.**

7.15 Subdivision 1. **Port authority powers.** The city may exercise the powers of a port
7.16 authority under sections 469.048 to 469.068 for purposes of implementing sections 469.50
7.17 to 469.54.

7.18 Subd. 2. **Steel products.** The city must require that a public infrastructure project use
7.19 steel products made from iron ore mined from the taconite assistance area as defined in
7.20 section 273.1341 to the extent practicable. In determining whether it is practicable, the city
7.21 may consider the exceptions to the requirement by Public Law 111-5, section 1605.

7.22 Subd. 3. **City contracts; construction requirements.** For all public infrastructure
7.23 projects, the city must make reasonable efforts to hire and cause the construction manager
7.24 and any subcontractors to employ women and members of minority communities. Goals
7.25 for construction contracts must be established in the manner required under the city's
7.26 disadvantaged business enterprises plan.

7.27 Subd. 4. **Public bidding exemption.** Notwithstanding section 469.068 or any other law
7.28 to the contrary, the city need not require competitive bidding with respect to a parking
7.29 facility or other public improvements constructed in conjunction with, and directly above
7.30 or below, or adjacent and integrally related to, a private development within a district.

7.31 Subd. 5. **Parking structure revenue.** Parking facilities or structures constructed pursuant
7.32 to the development plan must charge market rate parking fees, except for use separately

8.1 negotiated between the city and a church whose parking facility is removed to accommodate
8.2 construction of a parking ramp.

8.3 Subd. 6. **City utility fund contribution.** The city must use the city utility fund to finance
8.4 improvements made within the district for sanitary sewer, storm sewer, and water systems
8.5 and other related utility improvements. The improvements must be included in the
8.6 development plan approved by the board. The total expenditures required under this
8.7 subdivision and under Laws 1980, chapter 511, section 1, subdivision 1, paragraph (d),
8.8 must equal at least \$20,000,000.

8.9 Subd. 7. **Project approval; notice; hearing.** Public infrastructure projects may be
8.10 undertaken within the district by the city if the project is listed in the development plan or
8.11 is recommended to the city by REDAB and is approved by the city. The city must hold a
8.12 public hearing before approving a public infrastructure project for local or state funding
8.13 provided pursuant to section 469.53 or 469.54. At least ten days before the hearing, the city
8.14 must publish notice of the hearing in the official newspaper of the city.

8.15 Subd. 8. **City support.** The city must provide financial and administrative support, and
8.16 office and other space, to the advisory board.

8.17 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
8.18 city of Duluth and its chief clerical officer timely comply with Minnesota Statutes, section
8.19 645.021, subdivisions 2 and 3.

8.20 Sec. 10. **[469.53] LOCAL VALUE CAPTURE AUTHORITY.**

8.21 Subdivision 1. **Special abatement rules.** (a) If the city or county elects to use tax
8.22 abatement under sections 469.1812 to 469.1815 to finance costs of public infrastructure
8.23 projects, or to finance the costs of a joint project between the city and county, including all
8.24 financing costs, the special rules under this subdivision apply.

8.25 (b) The limitations under section 469.1813, subdivision 6, do not apply.

8.26 (c) The limitations under section 469.1813, subdivision 8, do not apply, and property
8.27 taxes abated by the city or county to finance costs of public infrastructure projects are not
8.28 included for purposes of applying section 469.1813, subdivision 8, to the use of tax abatement
8.29 for other purposes.

8.30 Subd. 2. **Special tax increment financing rules.** If the city elects to establish one or
8.31 more redevelopment tax increment financing districts within a regional exchange district
8.32 to fund public infrastructure projects, the requirements, definitions, limitations, or restrictions
8.33 in the following statutes do not apply: sections 469.174, subdivisions 10 and 25, clause (2);

9.1 469.176, subdivisions 4j, 4l, and 5; and 469.1763, subdivisions 2, 3, and 4. The provisions
9.2 of this subdivision expire effective for tax increments expended after December 31, 2055.
9.3 After that date, the provisions of section 469.1763, subdivision 4, apply to any remaining
9.4 unspent or unobligated increments.

9.5 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
9.6 city of Duluth and its chief clerical officer timely comply with Minnesota Statutes, section
9.7 645.021, subdivisions 2 and 3.

9.8 **Sec. 11. INITIAL DEVELOPMENT PLAN FOR THE REGIONAL EXCHANGE**
9.9 **DISTRICT.**

9.10 (a) REDAB must prepare a proposed initial development plan for the district and submit
9.11 the plan to the city by March 31, 2020. The initial plan must provide the following:

9.12 (1) an outline for the development of the district to meet the purpose and findings in
9.13 Minnesota Statutes, section 469.51, subdivision 2;

9.14 (2) the extension of 6th Avenue East, primary street improvements, and related structural
9.15 and safety improvements;

9.16 (3) construction of parking structures for the medical business west and for the medical
9.17 business east, with the parking structures also supporting the public needs of surrounding
9.18 neighborhoods and district. The initial development plan must require that public financing
9.19 for the construction of parking structures is not available until the commissioner of
9.20 employment and economic development determines that has been committed to the
9.21 project from private sources; and

9.22 (4) extensions or connections of district energy utility infrastructure to existing and new
9.23 buildings and facilities within the district to meet the medical facilities' thermal energy
9.24 needs.

9.25 (b) The initial development plan must be approved by six members of the advisory board
9.26 prior to submitting the plan to the city council for consideration. The initial development
9.27 plan for the district is not adopted until approved by the city council. If the city council
9.28 rejects the initial development plan proposed by the advisory board, the board may revise
9.29 the initial development plan and resubmit the plan. Section 15.99 does not apply to review
9.30 and approval of the development plan. The city must not spend any appropriation support
9.31 payments from the state until it has approved an initial development plan proposed by the
9.32 advisory board.

10.1 (c) REDAB may propose modifications to the initial development plan at anytime,
10.2 however all changes are subject to approval by the city council.

10.3 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
10.4 city of Duluth and its chief clerical officer timely comply with Minnesota Statutes, section
10.5 645.021, subdivisions 2 and 3."

10.6 Renumber the sections in sequence and correct the internal references

10.7 Amend the title accordingly