



March 10<sup>th</sup>, 2014

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Carrie Flack, Senior Project Coordinator  
Business Development, Department of Community Planning and Economic Development  
105 5th Avenue South  
Minneapolis, Minnesota 55401

Re: Comments on DC Group Tax Increment Plan

Dear Ms. Flack:

DC Group is very pleased to have worked with you and the CPED and Finance staff to develop an assistance package that allows our company to remain on its current site. When we approached the City last year, we had just completed a survey of costs to remain and options to relocate to both existing and new construction options outside the City. Those options were, frankly, very economically appealing. Depending on the option, the economic disadvantage of staying in our Minneapolis location ranged up to \$3 Million dollars. We wanted to stay in the City for the convenience of our existing employees and because of our Company's long-time commitment to our riverfront neighborhood, but the problems looked insurmountable.

Our existing property has many redevelopment issues, including the constrained site, the site's pollution from past historical activities, need to correct many code issues (ADA, fire code, structural, energy), the need for treatment of storm water and the planning requirements for the Broadway PED overlay and Riverfront. As a long-time City business, we were very interested in staying, but the cost differential was simply too great. We approached the City and were pleased with the City's cooperative response. Our proposal was if we could find half of the cost difference, DC Group would commit to invest equity to make the project work, so we could stay in Minneapolis.

Not only does the City TIF represent an essential element in filling the "but for" gap, but without it we would never have been an appealing project for the other sources to . You and the CPED team have worked closely with us in making applications to DEED and other programs. We have been preliminarily approved for a DEED program on targeted job creation and are applying for DEED remediation funds for the pollution. We also identified, with your help, several City jobs programs targeted to North Minneapolis residents. Finally, last week, we also learned that DC Group was selected for a New Market Tax Credit loan from Minnesota Midwest Community Development Corporation (MMCDC). That NMTC loan provides assistance that completes the package. All of these other programs clearly indicated they would not have been interested without the leverage of the TIF assistance. So we are now ready to move forward.

In terms of the city's planning goals, our proposal meets all of them for our site:

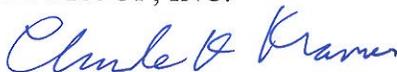
- a prominent facility on West River Road North that has strong street presence, meeting both the PED overlay and Broadway redevelopment goals;
- continuation of the renaissance of this section of the river as a corporate headquarters location (complementing Graco, RSP Architects and Coloplast);
- the environmental remediation of a contaminated site;
- storm water treatment of all run-off;
- maintaining a major high technology employer, with salaries far over living wage, in the City; and
- job creation in a distressed area of the City, plus the Company joining with DEED and the City to commit to a Northside focus in new hiring.

The Planning Commission has already reviewed our architectural plans for the redevelopment and approved the design, further evidencing our compliance with the City Land Use Planning goals and objectives.

Thank you for the opportunity to comment on the TIF Plan. Without the TIF assistance, our project would not have been financially viable and we would never have attracted the DEED and NMTC assistance that made the overall financing workable. We will be at the Planning Commission and the later Council hearings to respond to any questions. Please put these comments into the record. Thank you and CPED again for your assistance on moving the project forward.

Sincerely,

DC GROUP, INC.



Charles Kramer  
Chief Financial Officer

cc: Council Member Barb Johnson  
Council Member Blong Yang  
Council Member Lisa Goodman  
Mayor Betsy Hodges  
Jim Voll  
Cathy Polasky  
Matthew Hendricks