

From: ["Mary Garness" <GarnessM@StLouisCountyMN.gov>](mailto:GarnessM@StLouisCountyMN.gov)
To: ["Cory Leinwander" <LeinwanderC1@StLouisCountyMN.gov>](mailto:LeinwanderC1@StLouisCountyMN.gov)
["Kevin Gray" <GrayK@StLouisCountyMN.gov>](mailto:GrayK@StLouisCountyMN.gov)
Date: 8/18/2025 1:46:31 PM
Subject: RE: Loon Project

Thank you for sharing those additional details, Cory! That all makes sense. It's my responsibility to dig in a little deeper, especially given that our Board may be asked to make a significant financial investment in the near future. It's good to prep for anticipated future questions, and while we don't have the privilege of additional details at this point, we need to be asking more questions.

Having said that, this is an exciting project, and one that has the potential to create additional financial support for our community (tax base, employment, infrastructure, etc.) but not without risk and significant investment from our community partners and community members.

Again, thanks for sharing your expertise and insight.

My best,

Mary

Mary Garness (she/her/hers)

St. Louis County

Public Records and Property Valuation Director

100 N 5th Ave. W., Room 101

Duluth, MN 55802

Email: GarnessM@stlouiscountymn.gov

Phone: 218-726-2677

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feel obliged to reply until you are at work.

From: Cory Leinwander
Sent: Monday, August 18, 2025 8:36 AM
To: Mary Garness ; Kevin Gray
Cc: Darren Jablonsky ; Julie Marinucci
Subject: RE: Loon Project

As we all know by this point in time, there are three approaches to value: Cost, Market (Sales), and Income. The property is to be owner occupied and I have no information about what these types of properties would lease for, so the Income Approach is not appropriate. I am not aware of any sales in Minnesota or Wisconsin of these types of properties; therefore the Market approach is not applicable. This leaves the Cost approach. Two things to note with the Cost Approach: 1) The best results for a cost approach is when the structures are newly built, and 2) construction costs change over time. A cost approach to value using the current tables within our CAMA system was used to develop the values that have been provided. This is consistent with any economic development projection that the Assessor's Office has been part of.

There is the question of comparable properties from other counties. The problem with making any type of this comparison is that you would be making assessment comparisons, and not sales comparisons. I do not have the privileged information about how other counties have come up with their values. I do know that construction costs have more than doubled since Covid. The two properties in Sherburne county were built in the mid 2000's. Those are valued around \$93 per square foot. These two properties are also significantly smaller. The property in Rosemount is larger than the current project but was still built prior to 2020. The value for that property is currently around \$100 per square foot. I believe the prices per square foot as listed in my original email make sense based on the current costs and what I have seen for office and warehouse sales over the past couple of years. The question then becomes if \$230.5 is reasonable for the main building. Based on my previous statement about building costs more than doubling over the past 5-6 years and knowing what other properties are valued at (assuming it's on a cost basis), I am confident that the \$230.50 number is supportable. In my humble opinion, \$230.50 is probably on the conservative side!

Finally, I am not aware of any tax court decisions pertaining to these types of properties, as there are very few throughout the state. I know that there were some discussions at legislature this past year about some sort of exemptions on these types of properties, but I believe that was more on the sales tax side. I will have to defer to Julie on this one, as I did not follow everything from the legislative perspective. This would be a major concern if there was discussion about a property tax exemption...

Please let me know if anyone needs any more information from me. I have a few days before I have to get

updated numbers to Chad, so I want to make sure that you all have the information you need prior to me sending updated numbers!

Cory J. Leinwander, SAMA, MPA

Deputy County Assessor

218.733.2899

2503 Rice Lake Road, Duluth, MN 55811



From: Mary Garness <GarnessM@StLouisCountyMN.gov>

Sent: Monday, August 18, 2025 8:06 AM

To: Kevin Gray <GrayK@StLouisCountyMN.gov>; Cory Leinwander <LeinwanderC1@StLouisCountyMN.gov>

Cc: Darren Jablonsky <JablonskyD@StLouisCountyMN.gov>; Julie Marinucci <marinuccij@stlouiscountymn.gov>

Subject: RE: Loon Project

Thanks for sharing, Cory! While not questioning your expertise, these numbers do seem a bit high and I'm wondering if you can share some comparables with us from other counties, that provide some context. Also, have there been any tax court matters recently that would provide some additional support for the numbers being provided? My concern relates to utilizing the figures below, without any additional detail to support a decision regarding significant requests for financial support. I get the opinion, based on our conversation in Hermantown, that Chad wants to move quickly on this, which I understand, but with limited information it seems that making decisions regarding millions of dollars in investment from our taxpayers needs more vetting. Do we know anything about the companies' financial position that would have us believe they need the financial support?

Just want to make sure we have the full picture here before we get too excited about the possibility of additional revenue streams. Just my two cents 😊

My best,

Mary

Mary Garness (she/her/hers)

St. Louis County

Public Records and Property Valuation Director

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From: Kevin Gray <GrayK@StLouisCountyMN.gov>

Sent: Monday, August 18, 2025 7:34 AM

To: Cory Leinwander <LeinwanderC1@StLouisCountyMN.gov>

Cc: Darren Jablonsky <JablonskyD@StLouisCountyMN.gov>; Julie Marinucci <marinuccij@stlouiscountymn.gov>; Mary Garness <GarnessM@StLouisCountyMN.gov>

Subject: Re: Loon Project

Thx, Cory! Perhaps add a bit of explanation that we continue to refine our valuation based on research and as new details from the developer come our way. Good work - still seems a bit high on Main Building, but much closer overall (through my layperson lens, that is!). :)

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From: Cory Leinwander <LeinwanderC1@StLouisCountyMN.gov>

Sent: Monday, August 18, 2025 7:10 AM

To: Kevin Gray <GrayK@StLouisCountyMN.gov>

Subject: Loon Project

Kevin,

Below is a chart outlining the valuation of the project based on the most current information.

Structure	Square Feet	Value	Value per Square Foot
Main Center	300,000	\$69,149,900	\$230.50
Office	30,000	\$7,814,100	\$260.47
Warehouse	45,000	\$5,207,000	\$115.71
Land	N/A	\$2,945,000	N/A
Totals	375,000	\$85,116,000	\$226.98
Total By Main Bld.	300,000	\$85,116,000	\$283.72

I am going to send these numbers to Chad Ronchetti today unless you see something wrong with that. I believe that these numbers are supportable based on the information we currently have available. Please let me know if there is anything else that you may need from me on this.

Cory J. Leinwander, SAMA, MPA

Deputy County Assessor

218.733.2899

2503 Rice Lake Road, Duluth, MN 55811

