

**RESOLUTION APPROVING AN AMENDMENT TO THE
DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO. 17,
ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 27
(PIER B DEVELOPMENT) AND APPROVING THE TAX INCREMENT
FINANCING PLAN FOR TAX INCREMENT FINANCING DISTRICT NO. 27**

RESOLVED, by the Board of Commissioners (the "Board of Commissioners") of the Duluth Economic Development Authority ("DEDA"), as follows:

Section 1. Recitals

1.01 DEDA desires to promote development of property located in the City of Duluth, Minnesota (the "City").

1.02 In order to promote such development, DEDA has established Development District No. 17 (the "Development District") in the City and adopted a Development Program (the "Development Program") therefor pursuant to Minnesota Statutes, Sections 469.124 through 469.134 (the "Act"). DEDA has prepared the Development Program in accordance with Sections 469.125 and 469.126 of the Act.

1.03 DEDA proposes to amend the Development Program and establish Tax Increment Financing District No. 27 (the "TIF District") within the Development District and adopt a Tax Increment Financing Plan (the "TIF Plan") therefor pursuant to Minnesota Statutes, Sections 469.174 through 469.1799 (the "TIF Act") for the purpose of financing public improvements and encouraging investment in the Development District. DEDA has prepared the Amendment to the Development Program in accordance with the Act and the TIF Plan in accordance with the TIF Act. See attached "Modification to Development Program for Development District No. 17 and Tax Increment Financing Plan for the establishment of Tax Increment Financing District No. 27 (a redevelopment district) within Development District No. 17".

1.04 Pursuant to Section 469.175, Subdivision 3 of the TIF Act, DEDA has requested the City to hold a public hearing on the TIF and approve the TIF, which hearing will be held May 27, 2014, at which the views of all interested parties will be heard and on which date the City will consider approval of the TIF.

1.05 DEDA will transmit a copy of the Amendment to the Development Program and the TIF Plan to the City Council in a document entitled "Modification to Development Program for Development District No. 17 and Tax Increment Financing Plan for the establishment of Tax Increment Financing District No. 27 (a redevelopment district) within Development District No. 17".

1.06 Pursuant to Section 469.175, Subdivision 2 of the TIF Act, DEDA will provide an opportunity to the members of the St. Louis County Board of Commissioners (the "County Board") and the School Board of Independent School District No. 709 (the "School Board") to meet with DEDA. In addition, DEDA will provide to the County

Board and the School Board the proposed Amendment to the Development Program. The information on the fiscal and economic implications are contained in the TIF Plan.

1.07 Pursuant to Section 469.175, Subdivision 2a of the TIF Act, DEDA has delivered written notice of the TIF District to each county commissioner who represents part of the area included in the TIF District and in the Combined Districts (the "County Commissioners") along with a general description of the boundaries of the TIF District, the proposed activities to be financed by the TIF District, an offer to meet and discuss the TIF District with the County Commissioners and a solicitation of the County Commissioners' comments with respect to the TIF District and the Combined Districts.

1.08 After investigation of the facts, DEDA is of the opinion that:

(a) it is necessary for the sound and orderly development of the Development District and of the City as a whole and for the protection and preservation of the public health, safety and general welfare, that the powers authorized by the Act and the TIF Act be exercised by DEDA to provide public financial assistance to the Development District;

(b) proper development of the Development District and implementation of the Development Program in accordance with the City's long range plans is essential to (i) the economic viability of the Development District, (ii) the economic well-being of the City and its residents, (iii) the orderly development of the City, and (iv) the orderly and beneficial development of the Development District to ensure the construction of and provide moneys for the payment of the cost of certain public improvements within the Development District, including site improvements, in order to provide and finance development of suitable and necessary sites for development;

(c) there is a need for new development within the Development District (i) to provide employment opportunities for residents of the City, the surrounding communities and the State of Minnesota (the "State"), (ii) to improve the tax base of the City and the State, (iii) to improve the general economy of the City and the State, and (iv) to provide other facilities identified in the Development Program and TIF Plan;

(d) amendments to the Development District and the creation of the TIF District is in the public interest and will result in increased employment in the City and in the preservation and enhancement of the tax base of the City; and

(e) the TIF District is intended and, in the judgment of DEDA, its effect will be to promote the public purposes and accomplish the objectives specified in the Development Program, which are all consistent with the efforts already made for the development of the Development District.

Section 2. Intent

2.01 It is declared to be the intent of DEDA to use the powers granted to it by the Act and the TIF Act to achieve the objectives thereof.

Section 3. Findings

3.01 There is a need for new development in the Development District, in order to provide employment opportunities, to improve the tax base, and to improve the general economy of the state.

3.02 Establishment of the TIF District will provide impetus for development and increase employment.

3.03 The actions required to assist the implementation of the Development Program are a public purpose and the execution and financing of the Development Program are a public purpose.

3.04 It is the opinion of DEDA, based on discussions with the developer of the project proposed to be constructed in the TIF District and information contained in the Development Program and the TIF Plan, that:

(a) development and redevelopment within the TIF District would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future;

(b) the increased market value of the site to be included in the TIF District 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 development in the TIF District after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan; and

(c) the use of tax increment financing is necessary.

3.05 Based on information contained in the Development Program and the TIF Plan, the TIF Plan conforms to the general plan for the development and redevelopment of the City as a whole.

3.06 Based on information contained in the Development Program and the TIF Plan, the TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development and redevelopment of the Development District by private enterprise.

Section 4. Approval

Subject to public hearing and approval by the City Council:

4.01 The Amendment to the Development Program is approved and the Development District is continued.

4.02 The TIF District is established and the TIF Plan is approved.

4.03 The geographic boundaries of the Development District and TIF District are as described in the Development Program and TIF Plan, which documents are

incorporated herein by reference and which, together with this Resolution contain the requirements set forth in Sections 469.124 and 469.125 of the Act and Section 469.175 of the TIF Act.

Section 5. Designation of TIF District.

5.01 The proposed TIF District is a "redevelopment district" as defined in Section 469.174, Subdivision 10 of the TIF Act because: it consists of a portion of the Development District within which the following conditions, reasonably distributed thought the TIF District, exist:

parcels consisting of 70 percent of the area of the TIF District are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance.

5.02 The reasons and supporting facts for the determination that the TIF District meets the criteria set forth in Section 5.01 hereof will be retained and made available to the public by DEDA until the TIF District has been terminated.

Approved by the Duluth Economic Development Authority this 23rd day of April, 2014.

ATTEST:


Executive Director

APPROVED AS TO FORM REA DEDA Attorney
APPROVED FOR PRESENTATION CTE Executive Director

STATEMENT OF PURPOSE: The purpose of this resolution is to approve the Tax Increment Financing Plan for Tax Increment District No. 27 and the concomitant amendment to the Development Program for Development District No. 17 (the "project area") necessary to provide tax increment assistance to the Pier B development. See the accompanying Tax Increment Plan for details.