

RESOLUTION 14D-42

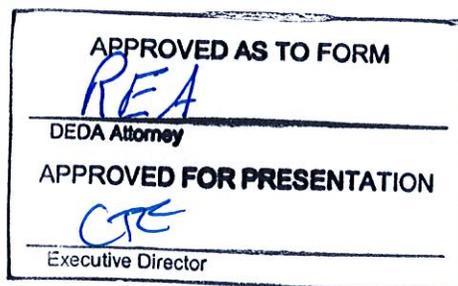
RESOLUTION AUTHORIZING FIRST AMENDMENT TO THE DEVELOPMENT AGREEMENT WITH PIER B HOLDING, LLC

RESOLVED, by the Duluth Economic Development Authority ("DEDA") that the proper DEDA officials are hereby authorized to enter into a First Amendment to the Development Agreement, substantially in the form of that attached hereto (DEDA Contract No. 14 860 749¹) with Pier B Holding, LLC.

Approved by the Duluth Economic Development Authority this 22nd day of October, 2014.

ATTEST:

Executive Director



STATEMENT OF PURPOSE: The purpose of this resolution is to authorize a First Amendment to the development agreement with Pier B Holding LLC for the development of a destination resort hotel project on the Bayfront property located between Slips 2 and 3.

Dougherty's Funding, LLC, the financial agent securing the participating financing for the project, expressed concern that even after the construction of the project had been completed and all financial commitments of the funders had been met, a default by the Developer would allow DEDA to interrupt or terminate the tax increment cash flow necessary to retire the private debt and that such a provision would materially hamper or even defeat their ability to secure the private debt financing. They requested that the agreement be modified to eliminate this possibility.

After further negotiation with Staff, the Developer and Dougherty's agreed that, after the issuance of the Certificate of Completion for the Project, as long as the project was operated and maintained as a quality, full service hotel facility, DEDA would not attempt to interdict the TIF cash flow. The standard agreed to is that of a full service hotel.