

I. DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO.17.

Subsection A. Definitions.

For the purposes of the Development Program and the Tax Increment Financing Plan and amendments thereto, the following terms shall have the meanings specified below, unless the context otherwise requires:

"City" shall mean the City of Duluth, a municipal corporation and political subdivision under the laws of the State of Minnesota.

"City Development District Act" or "Act" shall mean Minnesota Statutes §§469.124 through 469.134, as amended.

"Combined Districts" shall mean all TIF Districts included within the Development District.

"Comprehensive Plan" shall mean the City's Comprehensive Plan, including the objectives, policies, standards and programs to guide public and private land use, development, redevelopment, and the preservation of all lands and waters in the City.

"City Council" or "Council" shall mean the governing body of the City.

"DEDA" shall mean the Duluth Economic Development Authority, a public body corporate and politic and a political subdivision of the State as created by the Council pursuant to its Resolution 89-0323 under the authorization of Minnesota Statutes (1989) §§469.090 through 469.1081, and as the same may be from time to time amended or, where appropriate, the Board of Commissioners of the Duluth Economic Development Authority.

"Development District" shall mean Development District No. 17 which has been created and established pursuant to and in accordance with the City Development District Act.

"Project Area" shall mean the property within the Development District as described in the Development Program.

"State" shall mean the State of Minnesota.

"Tax Increment Financing Act" or "TIF Act" shall mean Minnesota Statutes §§469.174 through 469.179, as amended.

"Tax Increment Financing District" or "TIF District" shall mean any Tax Increment Financing District created and established pursuant to the TIF Act within the Development District.

"TIF Plan" shall mean any tax increment financing plan adopted by DEDA or the Council for any TIF District.

Subsection B. Purpose: Statutory Authority.

DEDA has determined that it is necessary, desirable and in the public interest to establish and administer a Development Program for the Development District pursuant to the provisions of the City Development District Act. DEDA has also determined that the funding of the necessary activities and improvements in the Development District shall be accomplished in part through tax increment financing in accordance with the TIF Act. It is DEDA's intent to create a master development district to facilitate the flow of funds and enhance its flexibility to implement projects within the Development District; however, the underlying districts are not modified and the ability to implement projects therein is unaltered and unimpaired except as specifically set forth herein.

Subsection C. Statement of Public Purpose and Objectives.

1. City-Wide Objectives. DEDA through the Development District, seeks to achieve the following objectives:
 - a. strengthen the economy of the area and sources of public revenue;
 - b. enhance the livability, value and image of the City through the stimulation of new investment and facilities designed to accommodate the needs and convenience of the City;
 - c. strengthen the City's position as the region's major cultural, commercial, industrial, recreational, technological and financial center;
 - d. foster economically sound development consistent with the needs of the City as a whole by stabilizing and increasing employment and encouraging retention and expansion of existing firms and businesses and attracting new activities and investment into the area;
 - e. undertake projects and activities in such a manner as to provide for more modern, functional, and efficient areas, contributing to the economic and social well-being of the City through the preservation

and expansion of appropriate land uses and the provision of sites for new and existing firms and activities;

- f. maximize the advantages of the Development District through the development of uses on a planned or regulated basis;
- g. provide an adequate and efficient system of public utilities and transportation facilities to serve existing and proposed development whenever necessary;
- h. promote the development of underutilized, strategically located parcels of land;
- i. provide the economic infusion to secure new private investments and to draw future investments to the City;
- j. create construction jobs and permanent jobs for City residents, particularly those of low and moderate income;
- k. add substantially to the City's taxing base by stimulating new development and attracting new investments with an emphasis on industrial, commercial, technology-related, transportation-related and tourism-based development;
- l. concentrate new development where most advantage can be taken of existing public facilities and utilities necessary to support development;
- m. promote development of the City's Waterfront area as a center for commerce and tourism, emphasizing its unique character but also concentrating on integrating the Waterfront area into the City's Downtown area and the City as a whole;
- n. promote the salvaging, renovation and redevelopment of historic structures throughout the Development District;
- o. promote development of the City's International Airport as a center for transportation, commerce, and industry, emphasizing its unique facilities and strategic location; and
- p. promote development of a light-industrial development park for light manufacturing, wholesaling, jobbing, warehousing, distributive and general administration uses.

2. Development District Objectives. The objectives within the Development District are to:

- a. facilitate the development of new or revitalized commercial, industrial and light-industrial activities and enterprises;
- b. encourage both stand-alone retail development and commercial mall-type development;
- c. promote the development of industrial and light-industrial uses of appropriate types at appropriate locations within the Development District;
- d. promote industrial, light-industrial and transportation-related service facilities and industries within the Development District;
- e. facilitate the development of new parks, people-oriented open space uses and recreational facilities along the City's Waterfront;
- f. foster and strengthen the growth of commercial activities;
- g. provide substantial employment for the City's residents as well as Northeastern Minnesota along with increasing the tax base in the area, strengthening the viability of the adjacent Downtown Business Community as a viable commercial area and center for technology- related businesses and strengthen the utility of the City's waterfront as a part of its tourism industry;
- h. facilitate the development of new industrial facilities at and adjacent to the City's International Airport;
- i. foster and strengthen the growth of commercial activities through the development of manufacturing facilities;
- j. promote public improvements which are beneficial to the area;
- k. provide incentives and opportunities for development of retail and tourism industries in the Development District;
- l. integrate activities of various levels of government and the private sector to the mutual benefit of all interests;
- m. construct and improve public streets, streetscape amenities, skywalks, pedestrian walkways and plazas and utilities in the

Development District to accommodate proposed and future development opportunities; and

- n. maintain a Development District whose boundaries include the Combined Districts to allow utilization of tax increment revenues generated in any TIF District to be used to the extent permissible under the TIF Act, to fund projects in any other TIF District approved pursuant to the TIF Plan for that TIF District.

Subsection D. Environmental Controls.

It is anticipated that development within the Development District will present no major environmental concerns. All DEDA actions, and all actions of the City together with public and private improvements to be undertaken with regard thereto, will be carried out in a manner which complies with the applicable environmental standards.

Subsection E. Open Space to be Created.

The TIF Plans for the projects will include the creation of a substantial amount of new open space facilities which will include new park facilities, landscaping and open space per se, boardwalks, a marina, a boat exhibition and docking facility, together with related utilities, sanitary facilities, roadways and parking facilities. All of the open space improvements will be in conformance with the Comprehensive Plan.

Subsection F. Public Facilities to be Constructed.

DEDA anticipates constructing or causing to be constructed the public facilities described in Subsection E above which will include roadways, parking facilities, sanitary sewer facilities, water and gas utilities, storm sewer facilities and other drainage improvements together with park improvements as hereinbefore described, footings and foundations and other site correction and preparation work.

Subsection G. Proposed Reuse of Property.

The area within the Development District consists of property presently used or underutilized for industrial, commercial and residential purposes, including a substantial amount of vacant land, and, in many cases, the area within the Development District suffers from inadequate or poorly designed or maintained streets and utilities, all of which restrict future development of the Development District. Contained within this area is property north of Arrowhead Road and east of Rice Lake Road which is underutilized and requires redevelopment. The property is intended to be the site for proposed light-industrial facilities. All of the above improvements will greatly enhance the livability of the community and the economic viability of the Development District.

Subsection H. Development District Financing.

Development of projects and related public improvements will be financed in part with tax increments pursuant to the TIF Plans, together with other financing sources and mechanisms as set forth in the TIF Plans for the Combined Districts.

Subsection I. Relocation.

No relocation is presently anticipated. However, DEDA accepts its responsibility for providing relocation pursuant to Minnesota Statutes §469.133 of the Act if necessary. If such relocation is necessary, provisions will be made in accordance with Minnesota Statutes §§117.50 through 117.56, inclusive.

Subsection J. Administration of the Development District.

1. Administrator. The Executive Director of DEDA shall be the Administrator of the Development District pursuant to Minnesota Statutes §469.131 and shall have all of the powers as set forth in said Section.

Subsection K. Description of the Development District.

A map of the Development District boundaries is included as Exhibit A hereto.

EXHIBIT A

