

increase the amount of eligible tax increment support to the project by \$1,530,000 and extend the term of tax increment financing support to 26 years if necessary.

The project's total development cost was originally estimated to be \$42,365,179 with DEDA providing up to 18 years of tax increment or \$2,940,000 of the TIF generated by this project; whichever was sooner. Due to increases in construction costs, the total estimated development cost is projected to be over \$46 million. The additional contribution of tax increment will be exceeded by the Developer's contribution of an additional \$2.7 million in equity to cover the financing gap. The amendment stipulates that the savings from any reduction on final project costs will be split 50/50 between the City and the Developer. Finally, the Developer has also agreed to connect to the Duluth Energy Systems' hot water heating system.