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Minnesota Department of Trade and Economic Development

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1992

Pursuant to 1991 Laws, Chap 350
Article 1, Section 2, subd 9
Supp. Report- see letter

Project Cost Report

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November 18, 1991

Duluth Heavy Maintenance Facility

I. Facility Construction

(estimate of the total state, metropolitan, and local capital costs and method of financing)

Cost (millions)	Funding Sources (millions)			
	State G.O. Backed NWA Revenue Bonds	St. Louis Co. Backed NWA Revenue Bonds	City of Duluth Revenue Bonds	First Lien Tax-exempt Revenue Bonds
\$250.0	\$125.0	\$12.6	\$47.6	\$64.8

II. Additional Improvements

(estimate of airport and off-airport improvements)

	Cost	Funding Sources		
		Economic Development Authority Grant	Local Bond Issue	NWA
Water retention basin	\$ 400,000	\$ 276,000	-	\$124,000
Access taxiway	160,000	96,000	-	64,000
Parking lot	600,000	360,000	-	240,000
Access road	1,050,000	630,000	\$ 420,000	-
Intersection repair	255,000	153,000	102,000	-
Sanitary sewer	578,000	311,000	267,000	-
Waterline	460,000	276,000	184,000	-
Gasline	285,000	-	285,000	-
TOTAL	\$3,788,000	\$2,102,000	\$1,258,000	\$428,000

III. Tax Credits

(estimate of the total state, metropolitan, and local tax credits for the project)

Local sales tax credit ¹	\$ 2,010,000	Local sales tax credit for materials used in construction and equipment purchases.
State sales tax credit ²	13,065,000	State sales tax credit for materials used in construction and equipment purchases.
Jobs tax credit ³	14,875,000	Jobs tax credit for new jobs created.
TOTAL	\$29,950,000	

- (1) Local sales tax refund of 1 percent on local sales and use taxes paid on building materials used in construction and equipment purchases. This local sales tax credit is granted by separate authority by the city of Duluth. An estimated \$201,000,000 will be invested in building materials and equipment.
- (2) The state sales tax refund of 6.5 percent on state sales and use taxes paid on building materials used in construction and equipment purchases. An estimated \$201,000,000 will be invested in building materials and equipment.
- (3) The job tax credit is based on a \$5,000 tax credit for each new job created for the next five years. Northwest has pledged to create a minimum of 1,000 new jobs. The tax credit will be available for 850 jobs created during the five year period 1993-1997.

Hibbing Engine Repair Facility

I. Facility Construction

(estimate of the total state, metropolitan, and local capital costs and method of financing)

Cost (millions)	Funding Sources (millions)		
	State G.O. Backed NWA Revenue Bonds	St. Louis Co. Backed NWA Revenue Bonds	Taxable Revenue Bonds
\$100.0	\$50.0	\$15.0	\$35.0

II. Supplemental Lease Payments

(to retire non-state backed bonds)

Total (millions)	Sources (millions)	
	IRRRB Funds	St. Louis Co. Tax Increment
\$20.0	\$10.0	\$10.0

III. Additional Improvements

(estimate of airport and off-airport improvements)

Cost	Funding Sources			
	Economic Development Authority Grant	IRRRB Grant	Local Bond Issue	Federal Aviation Admin. Grant
Waterline	\$1,000,000	\$ 600,000	\$ 250,000	-
Gasline	1,165,000	700,000	295,000	-
Sewerline	800,000	480,000	200,000	-
Road improvements	400,000	240,000	100,000	-
Improve taxiway	1,700,000	-	170,000	\$1,530,000
Additional hangars	350,000	-	35,000	315,000
Remodel aviation area	275,000	-	27,500	247,500
Drainage improvements	300,000	-	30,000	270,000
TOTAL	\$5,990,000	\$2,020,000	\$1,107,500	\$2,362,500

IV. Tax Credits

(estimate of the total state, metropolitan, and local tax credits for the project)

State sales tax credit ¹	\$ 5,200,000	State sales tax credit for materials and equipment used for construction.
Jobs tax credit ²	9,500,000	Jobs tax credit for new jobs created.
TOTAL	\$14,700,000	

(1) The state sales tax credit is based on a refund of 6.5 percent on state sales and use taxes paid on equipment and materials used in the construction of the facility. It assumes \$80,000,000 invested in equipment and materials.

(2) The job tax credit is based on a \$5,000 tax credit for each new job created for the next five years. Northwest has pledged to create a minimum of 500 new jobs. The tax credit will be available for 460 jobs created during the five year period 1994-1998.

Approved by City Council: December 9, 1991

DEVELOPMENT PROGRAM
DEVELOPMENT DISTRICT NO. 14
AIRCRAFT MAINTENANCE FACILITIES -- AIRPORT
and
TAX INCREMENT FINANCING PLAN
TAX INCREMENT FINANCING DISTRICT NO. 14
and
AMENDMENT TO TAX INCREMENT FINANCING PLANS FOR
TAX INCREMENT DEVELOPMENT DISTRICT NOS. 1, 2, 3 AND 5

CITY OF DULUTH, MINNESOTA

December 9, 1991

This Instrument Drafted By:

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SJB21652

DU215-13

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I. DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO. 14.

Subsection A. Definitions.

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

"City" means the City of Duluth, a municipal corporation under the laws of the State of Minnesota.

"Comprehensive Plan" means the City's Comprehensive Plan, including the objectives, policies, standards and programs to guide public and private land use, development, redevelopment and preservation for all lands and water within the City.

"City Council" or "Council" means the Duluth City Council;

"County" means St. Louis County, Minnesota.

"Development District" means Development District No. 14 which is hereby created and established pursuant to and in accordance with the City Development District Act.

"Development District Program" or "Program" means the program for development of the District adopted by the City pursuant to the Development District Act.

"Maintenance Facility" means the heavy maintenance facility for aircraft, and related and subordinate facilities, to be constructed within the TIF District.

"Municipal Development District Act" or "Act" means Minnesota Statutes, Sections 469.124 through 469.134, as amended.

"Project Area" or "Project" means the property within Development District No. 14, as described in the Development Program.

"State" means the State of Minnesota.

"State Legislation" means Minn. Laws 1991, Ch. 350.

"Tax Increment Financing Act" or "TIF Act" means Minnesota Statutes, Sections 469.174 through 469.179, inclusive, as amended.

"Tax Increment Financing District" or "TIF District" means Tax Increment Financing District No. 14 created and established pursuant to the TIF Act and the State Legislation within Development District No. 14.

"Tax Increment Financing Plan" or "Plan" means the TIF Plan adopted by the Council for the TIF District.

Subsection B. Statutory Authority.

The City has determined that it is necessary, desirable and in the public interest to establish and administer a Development Program for Development District

No. 14 in the City, pursuant to the provisions of the Municipal Development District Act and the State Legislation. The City has also determined that the funding of the necessary activities and improvements in Development District No. 14 shall be accomplished in part through tax increment financing in accordance with the TIF Act and the State Legislation.

Subsection C. Statement of Public Purpose and Objectives.

1. City-Wide Objectives

The City of Duluth, through this Development District, seeks to achieve the following objectives:

- a. To strengthen the economy of the area and sources of public revenue.
- b. To enhance the liveability, value, and image of the City of Duluth through the stimulation of new investment and facilities designed to accommodate the needs and convenience of the City of Duluth.
- c. To strengthen the City's position as the region's major cultural, commercial, industrial, and finance center.
- d. To 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. The undertaking of 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. To provide an adequate and efficient system of public utilities to serve existing and proposed developments 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 in Duluth.
- j. Create construction jobs and permanent jobs for Duluth 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.
- l. Concentrate new development where most advantage can be taken of existing public facilities and utilities necessary to support development.

2. District Objectives.

The objective within this Development District is to facilitate the construction of the Maintenance Facility by Northwest Airlines. This major new development will provide substantial employment for Duluth citizens as well as northeastern Minnesota. The following specific objectives apply to the Development District:

- a. To promote public improvements which are beneficial to the area and, specifically, to the Maintenance Facility site.
- b. Provide incentives and opportunities for industrial development within the Development District, including construction of the Maintenance Facility.
- c. To integrate improvement activities of the various levels of government and the private sector to the mutual benefit of all interests.
- d. The installation of appropriate public utilities in the Development District to accommodate existing and new development opportunities.

Subsection D. Environmental Controls.

It is anticipated that development within the Development District will present no major environmental concerns. All City actions, public improvements and private development will be carried out in a manner that complies with applicable environmental standards.

Subsection E. Open Space to be Created.

Any open space within the Development District will be created in accordance with the development controls of the City.

Subsection F. Public Facilities to be Constructed.

The City may construct or facilitate development of public facilities within the Development District that are associated with the Maintenance Facility. Such facilities may include roads; sanitary sewer, water and other utilities; storm sewer and other drainage improvements; and other public improvements deemed necessary by the City to serve the Maintenance Facility.

Subsection G. Proposed Reuse of Property.

The area within the Development District consists of vacant land located at the Duluth International Airport. The land is currently owned by the City or other public entities. The property or portions thereof will be developed by Northwest Airlines as the Maintenance Facility under a long-term lease pursuant to the State Legislation.

Subsection H. Development District Financing.

Development of the Maintenance Facility and related public improvements will be financed in part with tax increments pursuant to the TIF Plan, together with other financing sources and mechanisms set forth in the State Legislation.

Subsection I. Relocation.

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

Subsection J. Administration of Development District.

1. Administrator. The Department of Planning and Development of the City of Duluth shall be the Administrator of the Development District. The Administrator shall have the powers set forth in Section 469.131 of the Act.

2. Advisory Board. The City Council has created an Advisory Board pursuant to Section 469.132 of the Act, and has consulted the Advisory Board prior to designation of the Development District. The Advisory Board will advise the City Council and the Administrator regarding the planning, construction, and implementation of the Development Program and the maintenance and operation of the Development District. The respective power and duties of the Advisory Board and the City Planning Commission in relation to the Development District will be as specified by resolution of the City Council.

Subsection K. Description of Development District.

Development District No. 14 consists of the area described in Exhibit A hereto. A map of the Development District boundaries is included in Exhibit B hereto. ,

**SECTION II. TAX INCREMENT FINANCING PLAN FOR TAX INCREMENT
FINANCING DISTRICT NO. 14.**

Subsection A. Statutory Authority.

Pursuant to Section 24 of the State Legislation, the City may create this TIF District in order to help finance development of the Maintenance Facility. Except as otherwise provided in Section 24 of the State Legislation, the provisions of the TIF Act apply to the TIF District.

Subsection B. Statement of Objectives.

The objectives for the Development District set forth in Subsection C of the Development Program are incorporated herein by reference.

Subsection C. Statement of Public Purpose.

In adopting the TIF Plan for the TIF District, the City Council intends to make the following findings:

1. The proposed development of the Maintenance Facility would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and, therefore, the use of TIF is deemed necessary;
2. The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for development of the District by private enterprise; and
3. The TIF Plan conforms to general plans for development of the City as a whole.

Studies and analysis used to make the determination set forth in clause 1 include all studies in connection with the Maintenance Facility prepared by or on behalf of the State pursuant to the State legislation.

Subsection D. Development District Program.

The City is creating Development District No. 14 at this time. Activities authorized in this TIF Plan will implement and be fully consistent with the Program for the Development District.

Subsection E. Description of TIF District.

TIF District No. 14 consists of the area described in Exhibit C hereto. A map of the approximate boundaries of the TIF District is attached hereto as Exhibit B.

Subsection F. Development District Contracts.

At the time of preparation of this TIF Plan, no contracts have been executed for development activity authorized by the TIF Plan. The City anticipates entering into a development agreement with an ownership entity of Northwest Airlines, Inc. ("NWA"), pursuant to which NWA will develop the Maintenance Facility at a total estimated cost of \$200,000,000.

Subsection G. Classification of TIF District.

The City has determined that TIF District is a redevelopment district, as defined in Section 469.174, subd. 10 of the TIF Act based on the specification in Section 24 of the State Legislation that the TIF District shall be a redevelopment district.

Subsection H. Modification of TIF Plan.

The Plan for the TIF District may be modified by the City, provided that any reduction or enlargement of geographic area of the TIF District, increase in amount of bonded indebtedness to be incurred, including a determination to capitalize interest on the debt if that determination was not a part of the original plan, or to increase or decrease the amount of interest on the debt to be capitalized, increase in the portion of the captured assessed value to be retained by the City, increase in total estimated tax increment expenditures, or designation of additional property to be acquired by the City, shall be approved upon the notice and after the discussion, public hearing and findings required for approval of the original Plan.

Subsection I. Use of Tax Increment.

1. Pursuant to Section 469.176, Subd. 4 of the TIF Act, all revenues derived from the tax increment from TIF District No. 14 shall be used in accordance with this TIF Plan. As further specified in Section 24, Subd. 2(b) of the State Legislation, the revenues shall be used to pay debt service on obligations issued to finance the Maintenance Facility pursuant to the State Legislation.

2. Pursuant to Section 24, subd. 2(c) of the State Legislation, administrative expenses of the TIF District may be paid out of proceeds of the bonds issued under the State Legislation as the Minnesota Commissioner of Finance determines appropriate.

Subsection J. Limitation on Collection of Increment.

1. No increment shall be paid to the City from the TIF District after three years from the date of certification of the original tax capacity of the taxable real property in the TIF District by the county auditor unless within the three year period (a) bonds have been issued in aid of the Development District pursuant to Section 469.178 of the TIF Act, or (b) the City has acquired property within the TIF District, or (c) the City has constructed or caused to be constructed public improvements within the TIF District.

2. If, after four years from the date of certification of the original tax capacity of the TIF District, no demolition, rehabilitation, or renovation of property or other site preparation, including qualified improvement of a street or right-of-way adjacent to a parcel but not installation of underground utility service, including sewer or water systems, have been commenced on a parcel located within the TIF District by the City, or by the owner of the parcel in accordance with the TIF Plan, no additional increment may be taken from that parcel, and the original tax capacity of that parcel shall be excluded from the original tax capacity of the TIF District. If these activities subsequently commence, the City will so certify to the county auditor, and the tax capacity of the property as most recently certified by the commissioner of revenue will be added to the TIF District's original tax capacity.

3. No tax increment will in any event be paid to the City from TIF District No. 14 after thirty years from the date of the City's receipt of the first tax increment from the TIF District.

Subsection K. Limitation on Boundary Changes.

The geographic area of the TIF District may be reduced, but it may not be enlarged after five years following the date of certification of the original tax capacity by the St. Louis County auditor.

Subsection L. Relocation.

The City accepts as binding its obligations under state law for relocation and will administer relocation services for families, individuals and businesses displaced by public action.

Subsection M. Property to be Acquired Within the TIF District.

The City does not currently plan to acquire any parcels of land within the TIF District. The City currently owns the property within the TIF District, and the City or another public entity may own the Maintenance Facility to be constructed.

Subsection N. TIF Account.

The tax increment received with respect to the TIF District shall be segregated by the City in a special account on its official books and records or held by a trustee for the benefit of holders of bonds issued to finance development activities.

Subsection O. Estimate of Project Costs.

<u>PROJECT ACTIVITY</u>	<u>Costs</u>
Construction of Maintenance Facility (Including but not limited to hangers, support facilities, certain site work)	\$200,000,000
Site Development (Including but not limited to roads, sewer, water, other utilities, grading, parking, taxiways)	14,000,000
Fiscal Costs ¹ (Including but not limited to cost of bond issuance, administration and capitalized interest)	<u>60,000,000</u>
TOTAL COSTS	\$274,000,000

Subsection P. Estimate of Revenues and Bonded Indebtedness.

The following bonds may be issued by the State to finance construction of the Maintenance Facility and related costs pursuant to the State Legislation:

1. City Revenues.

Tax Increment Revenue Bonds (Series A-1)	\$24,425,000
City Revenue Bonds (Series A-2)	<u>23,175,000</u>
TOTAL	\$47,600,000

The Series A-1 Bonds will be primarily supported by tax increment from TIF District No. 14. These bonds may also be issued as credit enhanced bonds under Section 469.174, subd. 21 of the TIF Act, with a backup pledge of tax increment from other tax increment districts in the City.

The Series A-2 Bonds will be primarily supported by various City revenues as authorized under Section 24 of the State legislation. Tax increment from TIF District No. 14 may also be pledged to the A-2 Bonds.

¹Pursuant to Section 24, Subd. 2(c) of the State Legislation, administrative expenses in connection with the TIF District may be paid out of bond proceeds as determined appropriate by the Minnesota Commissioner of Revenue. Bond issuance costs and capitalized interest may vary depending on the overall financing structure and interest rates at the time of issuance. Bonds backed by revenues derived from tax increment may include capitalized interest in an amount sufficient to pay interest on the bonds from the date of issue until the date of collection of sufficient tax increment revenue to meet scheduled interest payments, but not exceeding three years.

The City reserves the right to vary the principal amount of the two series or combine the series, provided that the total bonded indebtedness primarily secured by the above-identified revenues will not exceed \$47.6 million. The City may also apply revenues derived from tax increment from TIF District No. 14 toward any bonds described in paragraph 2, below.

2. State and County Revenues.

County-Backed Bonds (Series B)	\$ 12,600,000
State-Backed Bonds (Series C)	125,000,000
State Revenue Bonds (Series D)	<u>64,800,000</u>
TOTAL	\$202,400,000

The Series B Bonds will be secured by a general obligation pledge of St. Louis County.

The Series C Bonds will be secured by a general obligation pledge of the State.

The Series D Bonds will be secured solely by rentals payable by NWA under the lease with respect to the Maintenance Facility.

In addition to all above-identified revenues, the City may use state or federal grants, improvement bonds, and any other revenue sources available to pay a portion of the project costs.

Subsection Q. Original Tax Capacity and Original Tax Capacity Rate.

The property within TIF District No. 14 has been publicly owned and tax exempt for more than one year. Under Section 469.174, Subd. 7 of the TIF Act, the original tax capacity of the TIF District is expected to be \$0 at the time of the request for certification, subject to adjustment pursuant to Section 469.177, Subd. 1 of the TIF Act.

The original local tax rate of the TIF District is estimated to be 152.5745%. This rate is an estimate of the aggregate local tax rate applicable to property within the TIF District for taxes payable in 1992. Such rate was not available at the time this Plan was prepared, and the estimated rate is used herein to predict the approximate level of tax increment.

The County auditor will also increase or decrease the original tax capacity of the TIF District as a result of:

1. change in the tax exempt status of property within the TIF District;
2. reduction or enlargement of the geographic boundaries of the TIF District;
3. reduction of valuation by means of a court-ordered abatement, stipulation agreement, voluntary abatement made by the assessor or auditor or by order of the Minnesota commissioner of revenue; or

4. change in the classification of property within the TIF District to a classification that has a different class rate; or

5. change in the law governing the classification of real property and determining the percentage of market value to be assessed for ad valorem tax purposes.

Each year the county auditor will measure the increase or decrease in the tax capacity of the TIF District. Any year in which the total tax capacity of the TIF District exceeds the original tax capacity, an increment will be payable to the City. Any year in which the tax capacity is below the adjusted original tax capacity, no tax capacity will be captured and no increment will be payable to the City.

Subsection R. Estimate of Captured Tax Capacity and Tax Increment.

The City estimates that a portion of the Maintenance Facility will be completed by January 2, 1993, resulting in a partial captured tax capacity of \$819,272 and tax increment of \$1,250,000 payable in 1994. Assuming the facility is completed by January 2, 1994, the full captured tax capacity on that date is estimated to be \$1,638,544, with tax increment of \$2,500,000 payable in 1995. The City further estimates an annual inflation rate of five percent.

A complete schedule of estimated captured tax capacity and tax increment is attached as Exhibit D. These estimates assume an original tax capacity of \$0 as described in Subsection Q. Adjustment of the original tax capacity pursuant to Section 469.177, Subd. 1 of the TIF Act may alter the estimates.

Pursuant to Section 469.177, Subd. 2 of the TIF Act, it is found and declared that all of the captured tax capacity generated within the TIF District is necessary to finance or otherwise make permissible expenditures authorized by Section 469.176, Subd. 4 of the TIF Act and Section 24 of the State Legislation.

Subsection S. Duration of the TIF District.

In accordance with Section 24, subd. 2(a) of the State Legislation, the City may continue to receive TIF payments until thirty years after the date of the City's receipt of the first increment.

Subsection T. Estimate of Impact on Other Taxing Jurisdictions.

The City believes that, because the development would not have occurred without the tax increment assistance, the TIF District has no impact on other taxing jurisdictions. However, assuming the development would have occurred without tax increment assistance, making the anticipated captured tax capacity available to other jurisdictions, the hypothetical impacts on other jurisdictions are presented in Exhibit E.

Subsection U. Annual Financial Report.

Pursuant to Section 469.175, Subd. 6 of the TIF Act, the City must file an annual financial report regarding the TIF District. The report shall be filed by July 1 of each year with the school board, the county board and the state auditor. The report will include the following information:

1. the original tax capacity of the TIF District;

2. the captured tax capacity of the TIF District, including the amount of any captured tax capacity shared with other taxing districts;

3. the outstanding principal amount of bonds issued or other loans incurred to finance project costs in the TIF District;

4. for the reporting period and for the duration of the TIF District, the amount budgeted under the TIF Plan and the actual amount expended for the following categories;

(a) acquisition of land and buildings through condemnation or purchase;

(b) site improvement or preparation costs;

(c) installation of public utilities or other public improvements;

(d) administrative costs, including the allocated cost of the City;

5. for properties sold to developers, the total cost of the property to the City and the price paid by the developer; and

6. the amount of tax exempt obligations, other than those reported under clause 3, which were issued on behalf of private entities for facilities located in the TIF District.

In addition, the City will file an annual report regarding the TIF District with the Minnesota Commissioner of Revenue, as required in Section 469.175, subd. 6a of the TIF Act.

Subsection V. Notification of Prior Planned Improvements.

Pursuant to Section 469.177, Subdivision 4 of the TIF Act, the City reviewed its records with regard to the property within the TIF District and found that no building permits were issued during the 18 months immediately preceding approval of the TIF Plan by the City.

Subsection W. Assessment Agreements.

Pursuant to Section 469.177, Subdivision 8 of the TIF Act, the City may execute an assessment agreement in recordable form with the developer which establishes a minimum market value of the land and improvements for the duration of TIF District No. 14. The assessment agreement, if any, shall be presented to the St. Louis County assessor who shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land upon which the improvements are to be constructed and so long as the minimum market value contained in the assessment agreement appears in the judgment of the assessor to be a reasonable estimate, the assessor may certify the minimum market value agreement. The assessment agreement shall be filed of record in the office of the county recorder or the registrar of titles of St. Louis County. Recording or filing of an assessment agreement complying with the terms of Section 469.177, Subd. 8 of the TIF Act shall constitute notice of the agreement to any subsequent purchaser or encumbrance of the land or any part thereof, whether voluntary or involuntary, and shall be binding upon them.

**SECTION III. AMENDMENT TO TAX INCREMENT FINANCING PLANS FOR TAX
INCREMENT DEVELOPMENT DISTRICTS NOS. 1, 2, 3 AND 5.**

Subsection A. Introduction.

The Duluth City Council created Duluth Tax Increment Development District Nos. 1, 2, 3 and 5 (collectively, the "Duluth Districts") pursuant to the Municipal Development District Act and the TIF Act or predecessor statutes. By Resolution No. 89-0323 (the "Enabling Resolution") the Council created the Duluth Economic Development Authority ("DEDA") and transferred the authority, control and responsibility for the Duluth Districts to DEDA.

The Council has determined that it is necessary and in the public interest to retain certain authority in connection with the Duluth Districts for the limited purposes described in Subsection B below. As of the date of this Plan amendment, the Council has approved a modification to the Enabling Resolution pursuant to Minnesota Statutes, Sections 469.090 to 469.108 (the "EDA Act"), authorizing the Council to amend the Plans for the Duluth Districts as set forth in this document.

The Plans for the Duluth Districts are not modified in any respect other than as provided in this amendment. Except to the extent of this amendment, the Duluth Districts remain under the authority, control and responsibility of DEDA.

Subsection B. Credit Enhanced Bonds.

Under Sections 469.175, Subd. 8 and 469.1763, Subd. 5 of the TIF Act, a tax increment financing plan may provide for the use of tax increment to pay, or secure payment of, debt service on credit enhanced bonds issued to finance any project located within the boundaries of the municipality. Credit enhanced bonds are defined in Section 469.174, Subd. 21 of the TIF Act. In general terms, such bonds are payable primarily from tax increments derived from the tax increment financing district in which the assisted development is located, and are additionally secured by tax increments from other tax increment financing districts.

The State may issue credit enhanced bonds as defined in the TIF Act in connection with TIF District No. 14 (see, TIF Plan for TIF District No. 14, Subsection P). The City may pledge tax increments from the Duluth Districts towards any such bonds, to the extent such pledge is consistent with all existing obligations and contracts in connection with the Duluth Districts, including but not limited to DEDA's Tax Increment Revenue Refunding Bonds, Series 1989.

This Subsection B is intended to modify the tax increment financing plans for the Duluth Districts only to the extent of the tax increment actually pledged by the City to the TIF District No. 14 credit enhanced bonds. Tax increments not pledged under this Subsection B remain under the authority, control and responsibility of DEDA.

Subsection C. Impact On Other Taxing Jurisdictions.

The pledge of tax increments towards TIF District No. 14 credit enhanced bonds will have no foreseeable impact on other taxing jurisdictions. The pledge does not increase captured tax capacity or change the duration of any tax increment financing district. Rather, this Plan amendment authorizes a contingent expenditure of tax increments generated from improvements that are already in place within the Duluth Districts.

EXHIBIT A

Description of Development District No. 14

The Easterly One Half (1/2) of Section Two (2) and all of Section One (1), Township Fifty (50) North, Range Fifteen (15) West, County of St. Louis, State of Minnesota.

**Canada Twp.
City of Duluth**



City of Hemmestown
City of Orlough

DEVELOPMENT DISTRICT NO. 14

CLOSED RUNWAY

1
|CLOSED TAXIWAY

CONTROL TOWER

TERMIN

MILLER

City of Duluth
City of Hermantown

City of Duluth
City of Hermantown

AIRPORT
ROAD

ROAD

TRUNK

ROAD

Hermantown HAINES ROAD

of Culture

A/RBASE

SWAN



EXHIBIT C

Description of TIF District No. 14

The East 1360.00 feet of the NE-1/4, Section 2, Township 50 North, Range 15 West, lying North of a line 750.00 feet distant North and parallel with the center line of Runway 9-27.

and

That part of the N-1/2, Section 1, Township 50 North, Range 15 West, lying North of a line 750.00 feet distant North and parallel with the center line of Runway 9-27 and lying Westerly of a line 750.00 feet distant Westerly and parallel with the center line of Runway 3-21 and lying Northwesternly of the runway visibility line described as follows:

The runway visibility line is a line that begins at a point on the center line of Runway 9-27, a distance of 4648.61 feet Westerly, measured along said center line, from the intersection of the center line of Runway 9-27 with the center line of Runway 3-21, thence Northeasterly in a straight line to a point on the center line of Runway 3-21, a distance of 2800.16 feet Northeasterly, measured along said center line, from said intersection of the center line of Runway 9-27 with the center line of Runway 3-21, and said line there terminating.

GENERAL ASSUMPTIONS

Inflation Rate	5.0000%		
Present Value Rate	10.00%		
Collection Rate	100.0000%		
Tax Increment District Number	14		
Tax Extension Rate - (In Dist. 709)	1.525745	<---	St. Louis County
			Payable 1992 Estimates

ORIGINAL TAX CAPACITY ASSUMPTIONS

PID	Market Value	Property Type	Tax Capacity

All Parcels	0	Exempt	0
	=====		=====
	0		0

PROJECT VALUE ASSUMPTIONS

Tax Year	Project Market Value	C/I Property Class Rate	Total Project Tax Capacity

Pay 91		4.950%	0
Pay 92		4.750%	0
Pay 93		4.700%	0
Pay 94	17,810,259	4.600%	819,272
Pay 95	35,620,517	4.600%	1,638,544
Pay 96	37,401,543	4.600%	1,720,471
Pay 97	39,271,620	4.600%	1,806,495
Pay 98	41,235,201	4.600%	1,896,819
Pay 99	43,296,961	4.600%	1,991,660
Pay 00	45,461,809	4.600%	2,091,243

* PERIOD BEGINNING		Original Tax	Project Tax	Captured Tax	Semi-Annual Gross Tax	Cumulative Future Value	Cumulative Present Value	PERIOD ENDING/PAYMENT DATE			
* Yrs.	Mth.	Yr.	Capacity	Capacity	Capacity	Increment	Balance	Balance	Yrs.	Mth.	Yr.

* 0.0	12-31	1991	0	0	0	0	0	0	0.0	07-01	1992 *
* 0.0	06-31	1992	0	0	0	0	0	0	0.0	01-01	1992
* 0.0	12-31	1992	0	0	0	0	0	0	0.0	07-01	1993
* 0.0	06-31	1993	0	0	0	0	0	0	0.0	01-01	1993 *
* 0.0	12-31	1993	0	0	0	0	0	0	0.0	07-01	1994
* 0.0	06-31	1994	0	0	0	0	0	0	0.0	01-01	1994
* 0.0	12-31	1994	0	819,272	819,272	625,000	625,000	444,176	0.5	07-01	1995 *
* 0.5	06-31	1995	0	819,272	819,272	625,000	1,250,000	867,200	1.0	01-01	1995
* 1.0	12-31	1995	0	1,638,544	1,638,544	1,250,000	2,500,000	1,672,962	1.5	07-01	1996
* 1.5	06-31	1996	0	1,638,544	1,638,544	1,250,000	3,750,000	2,440,353	2.0	01-01	1996 *
* 2.0	12-31	1996	0	1,720,471	1,720,471	1,312,500	5,062,500	3,207,745	2.5	07-01	1997 *
* 2.5	06-31	1997	0	1,720,471	1,720,471	1,312,500	6,375,000	3,938,594	3.0	01-01	1997
* 3.0	12-31	1997	0	1,806,495	1,806,495	1,378,125	7,753,125	4,669,443	3.5	07-01	1998
* 3.5	06-31	1998	0	1,806,495	1,806,495	1,378,125	9,131,250	5,365,490	4.0	01-01	1998 *
* 4.0	12-31	1998	0	1,896,819	1,896,819	1,447,031	10,578,281	6,061,536	4.5	07-01	1999
* 4.5	06-31	1999	0	1,896,819	1,896,819	1,447,031	12,025,312	6,724,438	5.0	01-01	1999
* 5.0	12-31	1999	0	1,991,660	1,991,660	1,519,383	13,544,695	7,387,340	5.5	07-01	2000 *
* 5.5	06-31	2000	0	1,991,660	1,991,660	1,519,383	15,064,078	8,018,675	6.0	01-01	2000
* 6.0	12-31	2000	0	2,091,243	2,091,243	1,595,352	16,659,430	8,650,010	6.5	07-01	2001
* 6.5	06-31	2001	0	2,091,243	2,091,243	1,595,352	18,254,782	9,251,281	7.0	01-01	2001 *
* 7.0	12-31	2001	0	2,195,805	2,195,805	1,675,120	19,929,901	9,852,552	7.5	07-01	2002 *
* 7.5	06-31	2002	0	2,195,805	2,195,805	1,675,120	21,605,021	10,425,192	8.0	01-01	2002
* 8.0	12-31	2002	0	2,305,596	2,305,596	1,758,876	23,363,897	10,997,831	8.5	07-01	2003
* 8.5	06-31	2003	0	2,305,596	2,305,596	1,758,876	25,122,772	11,543,202	9.0	01-01	2003 *
* 9.0	12-31	2003	0	2,420,875	2,420,875	1,846,819	26,969,591	12,088,573	9.5	07-01	2004
* 9.5	06-31	2004	0	2,420,875	2,420,875	1,846,819	28,816,411	12,607,974	10.0	01-01	2004
* 10.0	12-31	2004	0	2,541,919	2,541,919	1,939,160	30,755,571	13,127,375	10.5	07-01	2005 *
* 10.5	06-31	2005	0	2,541,919	2,541,919	1,939,160	32,694,731	13,622,042	11.0	01-01	2005
* 11.0	12-31	2005	0	2,669,015	2,669,015	2,036,118	34,730,849	14,116,709	11.5	07-01	2006
* 11.5	06-31	2006	0	2,669,015	2,669,015	2,036,118	36,766,968	14,587,821	12.0	01-01	2006 *
* 12.0	12-31	2006	0	2,802,466	2,802,466	2,137,924	38,904,892	15,058,933	12.5	07-01	2007 *
* 12.5	06-31	2007	0	2,802,466	2,802,466	2,137,924	41,042,816	15,507,611	13.0	01-01	2007
* 13.0	12-31	2007	0	2,942,589	2,942,589	2,244,820	43,287,636	15,956,289	13.5	07-01	2008
* 13.5	06-31	2008	0	2,942,589	2,942,589	2,244,820	45,532,457	16,383,601	14.0	01-01	2008 *
* 14.0	12-31	2008	0	3,089,719	3,089,719	2,357,061	47,889,518	16,810,914	14.5	07-01	2009
* 14.5	06-31	2009	0	3,089,719	3,089,719	2,357,061	50,246,580	17,217,878	15.0	01-01	2009
* 15.0	12-31	2009	0	3,244,205	3,244,205	2,474,914	52,721,494	17,624,842	15.5	07-01	2010 *
* 15.5	06-31	2010	0	3,244,205	3,244,205	2,474,914	55,196,409	18,012,427	16.0	01-01	2010
* 16.0	12-31	2010	0	3,406,415	3,406,415	2,598,660	57,795,069	18,400,012	16.5	07-01	2011
* 16.5	06-31	2011	0	3,406,415	3,406,415	2,598,660	60,393,729	18,769,140	17.0	01-01	2011 *
* 17.0	12-31	2011	0	3,576,736	3,576,736	2,728,593	63,122,322	19,138,269	17.5	07-01	2012 *
* 17.5	06-31	2012	0	3,576,736	3,576,736	2,728,593	65,850,915	19,489,820	18.0	01-01	2012
* 18.0	12-31	2012	0	3,755,572	3,755,572	2,865,023	68,715,938	19,841,371	18.5	07-01	2013
* 18.5	06-31	2013	0	3,755,572	3,755,572	2,865,023	71,580,961	20,176,181	19.0	01-01	2013 *
* 19.0	12-31	2013	0	3,943,351	3,943,351	3,008,274	74,589,235	20,510,991	19.5	07-01	2014
* 19.5	06-31	2014	0	3,943,351	3,943,351	3,008,274	77,597,509	20,829,858	20.0	01-01	2014
* 20.0	12-31	2014	0	4,140,519	4,140,519	3,158,688	80,756,197	21,148,725	20.5	07-01	2015 *
* 20.5	06-31	2015	0	4,140,519	4,140,519	3,158,688	83,914,885	21,452,408	21.0	01-01	2015
* 21.0	12-31	2015	0	4,347,544	4,347,544	3,316,622	87,231,507	21,756,091	21.5	07-01	2016

EXHIBIT D

21-Nov-91

City of Duluth: N.W.A.

Page 3

* PERIOD BEGINNING		Original Tax	Project Tax	Captured Tax	Semi-Annual Gross Tax	Cumulative Future Value	Cumulative Present Value	PERIOD ENDING/PAYMENT DATE			
* Yrs.	Mth.	Yr.	Capacity	Capacity	Capacity	Increment	Balance	Balance	Yrs.	Mth.	Yr.

* 21.5	06-31	2016	0	4,347,544	4,347,544	3,316,622	90,548,129	22,045,313	22.0	01-01	2016
* 22.0	12-31	2016	0	4,564,922	4,564,922	3,482,453	94,030,582	22,334,535	22.5	07-01	2017
* 22.5	06-31	2017	0	4,564,922	4,564,922	3,482,453	97,513,035	22,609,984	23.0	01-01	2017
* 23.0	12-31	2017	0	4,793,168	4,793,168	3,656,576	101,169,611	22,885,434	23.5	07-01	2018
* 23.5	06-31	2018	0	4,793,168	4,793,168	3,656,576	104,826,187	23,147,766	24.0	01-01	2018
* 24.0	12-31	2018	0	5,032,826	5,032,826	3,839,405	108,665,592	23,410,099	24.5	07-01	2019
* 24.5	06-31	2019	0	5,032,826	5,032,826	3,839,405	112,504,996	23,659,940	25.0	01-01	2019
* 25.0	12-31	2019	0	5,284,467	5,284,467	4,031,375	116,536,371	23,909,780	25.5	07-01	2020
* 25.5	06-31	2020	0	5,284,467	5,284,467	4,031,375	120,567,746	24,147,724	26.0	01-01	2020
* 26.0	12-31	2020	0	5,548,691	5,548,691	4,232,944	124,800,690	24,385,667	26.5	07-01	2021
* 26.5	06-31	2021	0	5,548,691	5,548,691	4,232,944	129,033,634	24,612,280	27.0	01-01	2021
* 27.0	12-31	2021	0	5,826,125	5,826,125	4,444,591	133,478,224	24,838,893	27.5	07-01	2022
* 27.5	06-31	2022	0	5,826,125	5,826,125	4,444,591	137,922,815	25,054,715	28.0	01-01	2022
* 28.0	12-31	2022	0	6,117,432	6,117,432	4,666,820	142,589,636	25,270,537	28.5	07-01	2023
* 28.5	06-31	2023	0	6,117,432	6,117,432	4,666,820	147,256,456	25,476,081	29.0	01-01	2023
* 29.0	12-31	2023	0	6,423,303	6,423,303	4,900,161	152,156,617	25,681,626	29.5	07-01	2024
* 29.5	06-31	2024	0	6,423,303	6,423,303	4,900,161	157,056,779	25,877,382	30.0	01-01	2024

Exhibit E

City of Duluth: M.W.A.

Impact on Taxing Jurisdictions

ENTITY	ENTITY'S		PERCENT OF CAPTURED TAX CAPACITY TO ENTITY'S TOTAL
	ESTIMATED PAY 1992 NET TAX CAPACITY	ESTIMATED ANNUAL CAPTURED TAX CAPACITY	
St. Louis Co.	68,970,445	1,638,544	2.38%
Duluth	27,230,053	1,638,544	6.02%
SD #709	29,099,496	1,638,544	5.63%

	ESTIMATED		ANNUAL POTENTIAL FUTURE TAXES
	ESTIMATED PAY 1992 RATE	ANNUAL CAPTURED TAX CAPACITY	
St. Louis Co.	74.96710%	1,638,544	1,228,369
Duluth	23.67960%	1,638,544	388,001
SD #709	53.31830%	1,638,544	873,644 **
Special Dis.	0.60950%	1,638,544	9,987
	152.57450%		2,500,000

** This estimate ignores the effect of State of Minnesota basic education aid compensating District 709 for changes in its property tax base.

Northwest Airlines
Estimated Cost Report

March 17, 1992

MAY 4 1992

Minnesota Department of
Trade and Economic Development

Office of the Commissioner

900 American Center
150 East Kellogg Boulevard
St. Paul, MN 55101-1421

612/296-6424
Fax: 612/296-1290

March 17, 1992

The Honorable Arne H. Carlson
Governor
State of Minnesota
115 State Capital
St. Paul, MN 55155

Dear Governor Carlson:

OK. 350

Pursuant to Laws of Minnesota 1991, Article 1, Section 2, subd. 9, I am reporting to you the estimated public costs of the proposed Duluth Heavy Aircraft Maintenance and the Hibbing-Chisholm Jet Engine Repair facilities. This report is a supplement to the one submitted to you on November 18, 1991 a copy of which is attached.

This supplemental report amends the sections that detail the additional improvements for these projects and includes the tax increment financing plans for the Cities of Duluth, Hibbing, and a description of I.R.R.R.B. participation in the financing of these projects. Also included in this report is a bond payment schedule.

Sincerely,

E. Peter Gillette, Jr.
Commissioner

EPG:dc

cc: Secretary of the Senate
Chief Clerk, House of Representatives
Legislative Reference Library

Attachment

WD 27-1

Project Cost Report Amendment
Duluth Facility

II. Additional Improvements
(estimate of airport and off-airport improvements)

FUNDING SOURCES

	<u>Cost</u>	<u>Economic Development Administration Grant</u>	<u>City of Duluth/ St. Louis Co. Applicant</u>	<u>Federal Aviation Admin. Grant</u>	<u>(city) Local Share</u>	<u>Gas Company</u>	<u>NWA</u>
Roadway	\$1,117,000	\$670,200	\$446,800	---	---	---	---
Sanitary Sewer	648,000	388,800	259,200	---	---	---	---
Water Main	536,000	321,600	214,400	---	---	---	---
Water Retention Basin	400,000	240,000	160,000	---	---	---	---
Intersection Modification	697,000	418,200	278,800	---	---	---	---
Holding Ramp	1,190,000	714,000	476,000	---	---	---	---
Access Taxi-way	2,200,000	---	---	1,980,000	220,000	---	---
Parking Lot	600,000	---	---	---	---	---	600,000
Gasline	<u>1,000,000</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>500,000</u>	<u>500,000</u>	<u>---</u>
TOTAL	<u>\$8,388,000</u>	<u>\$2,752,800</u>	<u>\$1,835,200</u>	<u>\$1,980,000</u>	<u>\$720,000</u>	<u>\$500,000</u>	<u>\$600,000</u>

Project Cost Report Amendment
Hibbing Facility

III. Additional Improvements
(estimate of airport and off-airport improvements)

FUNDING SOURCES

	<u>Cost</u>	<u>Economic Development Admin Grant</u>	<u>(Applicant) City of Hibbing/ Airport Authority/ MN DOT</u>	<u>Economic Recovery Grant</u>	<u>Local Bond Issue</u>	<u>Federal Aviation Administration Grant</u>
Waterline	\$1,242,000	\$745,200	\$332,575	\$164,225	---	---
Sewerline	980,600	588,360	262,575	129,665	---	---
Road & Drainage Improvements	900,000	540,000	240,995	119,005	---	---
Contingencies	343,760	206,256	92,049	45,455	---	---
Architect/Engineering	315,000	189,000	84,350	41,650	---	---
Gasline	1,800,000	---	---	---	1,800,000	---
Improve Taxi-way	1,700,000	---	---	---	170,000	1,530,000
Additional Hangers	350,000	---	---	---	35,000	315,000
Remodel Aviation Area	<u>275,000</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>27,500</u>	<u>247,500</u>
TOTAL	<u>\$7,906,360</u>	<u>\$2,268,816</u>	<u>\$1,012,544</u>	<u>\$500,000</u>	<u>\$2,032,500</u>	<u>\$2,092,500</u>

Iron Range Resources & Rehabilitation Board
Financial Participation

As a financial incentive to Northwest Airlines to locate the engine repair facility at the Chisholm Hibbing Airport, the IRRRB, St. Louis County, the City of Hibbing and the City of Chisholm have reached an understanding to pay the first 18 months of lease payments on the facility or an equivalent amount of construction costs for Northwest. This will be accomplished with two sources of funds. First, the IRRRB will make cash contributions of up to \$10 million. Second, a tax increment district will be established on the site of the facility and the incremental tax revenue will be used to pay the debt service on tax increment bonds having net proceeds of up to \$10 million. The proceeds of the tax increment bonds would be used in addition to the \$10 million contribution of IRRRB. The tax increment would be secured by general obligation pledges of St. Louis County (60%), the City of Hibbing (35%) and the City of Chisholm (5%). In the alternative, the IRRRB grant of \$10 million may be applied directly to construction costs.

The Chisholm Hibbing facility, subject to the ground lease, will be mortgaged to the bond holders in the following order:

1. The First Mortgage Bonds.
2. The State Guaranteed Bonds.
3. The loan from the State of proceeds from the State Guaranteed Bonds.
4. The County Backed Bonds.
5. The obligation of Northwest Airlines (and its parents) to reimburse the County for payments by the County on the County Backed Bonds.

Chapter 350, Article 1, Section 2, Subdivision 2(b) requires the Commissioner of Finance to include in the financing arrangements a 125 percent collateral coverage test for the bonds secured by the State's general obligation bond pledge. This test has been met by an initial collateral deposit and an on-going collateral pledge and other commitments by Northwest Airlines similar to that described for the Duluth Maintenance Facility.

To facilitate Northwest Airline's use of the Chisholm Hibbing Facility, Hibbing, Chisholm and St. Louis County will commit in a Development Agreement to certain offsite improvements such as waterline and sewerline improvements, road and drainage improvements and certain airport related improvements. These costs are estimated at \$7,906,360. (See Section E)

The IRRRB has committed to provide credit security to bonds to be issued by Northwest Airlines. The amount of the commitments is \$10 million. This commitment would be utilized, under certain circumstances, should Northwest Airlines default on these bonds.

**BOND PAYMENT
SCHEDULE**

STATE OF MINNESOTA
\$125,000,000 STATE REVENUE BONDS, SERIES 1992-1993
(DULUTH FACILITY - STATE)

=====

DEBT SERVICE SCHEDULE

=====

DATE	PRINCIPAL	INTEREST	PERIOD TOTAL	FISCAL TOTAL
2/ 1/93		3,313,614.58	3,313,614.58	
8/ 1/93		3,549,561.25	3,549,561.25	6,863,175.83
2/ 1/94		4,330,257.50	4,330,257.50	
8/ 1/94		4,330,257.50	4,330,257.50	8,660,515.00
2/ 1/95		4,330,257.50	4,330,257.50	
8/ 1/95	695,000.00	4,330,257.50	5,025,257.50	9,355,515.00
2/ 1/96		4,310,395.00	4,310,395.00	
8/ 1/96	730,000.00	4,310,395.00	5,040,395.00	9,350,790.00
2/ 1/97		4,288,562.50	4,288,562.50	
8/ 1/97	775,000.00	4,288,562.50	5,063,562.50	9,352,125.00
2/ 1/98		4,264,612.50	4,264,612.50	
8/ 1/98	825,000.00	4,264,612.50	5,089,612.50	9,354,225.00
2/ 1/99		4,238,293.75	4,238,293.75	
8/ 1/99	875,000.00	4,238,293.75	5,113,293.75	9,351,587.50
2/ 1/ 0		4,209,620.00	4,209,620.00	
8/ 1/ 0	935,000.00	4,209,620.00	5,144,620.00	9,354,240.00
2/ 1/ 1		4,178,340.00	4,178,340.00	
8/ 1/ 1	995,000.00	4,178,340.00	5,173,340.00	9,351,680.00
2/ 1/ 2		4,144,371.25	4,144,371.25	
8/ 1/ 2	1,065,000.00	4,144,371.25	5,209,371.25	9,353,742.50
2/ 1/ 3		4,107,288.75	4,107,288.75	
8/ 1/ 3	3,220,000.00	4,107,288.75	7,327,288.75	11,434,577.50
2/ 1/ 4		4,004,521.25	4,004,521.25	
8/ 1/ 4	3,425,000.00	4,004,521.25	7,429,521.25	11,434,042.50
2/ 1/ 5		3,893,482.50	3,893,482.50	
8/ 1/ 5	3,650,000.00	3,893,482.50	7,543,482.50	11,436,965.00
2/ 1/ 6		3,773,293.75	3,773,293.75	
8/ 1/ 6	3,890,000.00	3,773,293.75	7,663,293.75	11,436,587.50
2/ 1/ 7		3,643,237.50	3,643,237.50	
8/ 1/ 7	4,150,000.00	3,643,237.50	7,793,237.50	11,436,475.00
2/ 1/ 8		3,502,396.25	3,502,396.25	
8/ 1/ 8	4,430,000.00	3,502,396.25	7,932,396.25	11,434,792.50
2/ 1/ 9		3,350,930.00	3,350,930.00	
8/ 1/ 9	4,735,000.00	3,350,930.00	8,085,930.00	11,436,860.00
2/ 1/10		3,187,815.00	3,187,815.00	
8/ 1/10	5,060,000.00	3,187,815.00	8,247,815.00	11,435,630.00
2/ 1/11		3,012,222.50	3,012,222.50	
8/ 1/11	5,410,000.00	3,012,222.50	8,422,222.50	11,434,445.00
2/ 1/12		2,823,820.00	2,823,820.00	
8/ 1/12	5,790,000.00	2,823,820.00	8,613,820.00	11,437,640.00
2/ 1/13		2,621,390.00	2,621,390.00	
8/ 1/13	6,195,000.00	2,621,390.00	8,816,390.00	11,437,780.00
2/ 1/14		2,403,143.75	2,403,143.75	
8/ 1/14	6,630,000.00	2,403,143.75	9,033,143.75	11,436,287.50
2/ 1/15		2,169,515.00	2,169,515.00	
8/ 1/15	7,100,000.00	2,169,515.00	9,269,515.00	11,439,030.00
2/ 1/16		1,919,283.75	1,919,283.75	
8/ 1/16	7,600,000.00	1,919,283.75	9,519,283.75	11,438,567.50
2/ 1/17		1,651,377.50	1,651,377.50	
8/ 1/17	8,135,000.00	1,651,377.50	9,786,377.50	11,437,755.00
2/ 1/18		1,364,557.50	1,364,557.50	
8/ 1/18	8,705,000.00	1,364,557.50	10,069,557.50	11,434,115.00
2/ 1/19		1,057,603.75	1,057,603.75	
8/ 1/19	9,320,000.00	1,057,603.75	10,377,603.75	11,435,207.50
2/ 1/20		728,888.75	728,888.75	
8/ 1/20	9,980,000.00	728,888.75	10,708,888.75	11,437,777.50
2/ 1/21		376,822.50	376,822.50	
8/ 1/21	10,680,000.00	376,822.50	11,056,822.50	11,433,645.00

Prepared by Evensen Dodge, Inc.

RUNDATE: 03-17-1992 @ 10:14:19 FILENAME: KEY:

STATE OF MINNESOTA
\$125,000,000 STATE REVENUE BONDS, SERIES 1992-1993
(DULUTH FACILITY - STATE)

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DEBT SERVICE SCHEDULE

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	DATE	PRINCIPAL	INTEREST	PERIOD TOTAL	FISCAL TOTAL
	-----	-----	-----	-----	-----
		125,000,000.00	182,635,775.83	307,635,775.83	
ACCRUED		125,000,000.00	182,635,775.83	307,635,775.83	
	=====	=====	=====	=====	=====

Dated 4/ 1/92 with Delivery of 4/ 1/92

Prepared by Evensen Dodge, Inc.

RUNDATE: 03-17-1992 @ 10:14:20 FILENAME: KEY:

STATE OF MINNESOTA
\$12,600,000 STATE REVENUE BONDS, SERIES 1993
(DULUTH FACILITY - ST. LOUIS COUNTY)

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DEBT SERVICE SCHEDULE

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DATE	PRINCIPAL	INTEREST	PERIOD TOTAL	FISCAL TOTAL
8/ 1/93		275,424.17	275,424.17	275,424.17
2/ 1/94		413,136.25	413,136.25	
8/ 1/94		413,136.25	413,136.25	826,272.50
2/ 1/95		413,136.25	413,136.25	
8/ 1/95	1,255,000.00	413,136.25	1,668,136.25	2,081,272.50
2/ 1/96		375,486.25	375,486.25	
8/ 1/96	1,335,000.00	375,486.25	1,710,486.25	2,085,972.50
2/ 1/97		333,767.50	333,767.50	
8/ 1/97	1,415,000.00	333,767.50	1,748,767.50	2,082,535.00
2/ 1/98		288,487.50	288,487.50	
8/ 1/98	1,505,000.00	288,487.50	1,793,487.50	2,081,975.00
2/ 1/99		239,575.00	239,575.00	
8/ 1/99	1,605,000.00	239,575.00	1,844,575.00	2,084,150.00
2/ 1/ 0		186,610.00	186,610.00	
8/ 1/ 0	1,710,000.00	186,610.00	1,896,610.00	2,083,220.00
2/ 1/ 1		129,325.00	129,325.00	
8/ 1/ 1	1,825,000.00	129,325.00	1,954,325.00	2,083,650.00
2/ 1/ 2		67,275.00	67,275.00	
8/ 1/ 2	1,950,000.00	67,275.00	2,017,275.00	2,084,550.00

	12,600,000.00	5,169,021.67	17,769,021.67	
ACCRUED				
	12,600,000.00	5,169,021.67	17,769,021.67	
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Dated 4/ 1/93 with Delivery of 4/ 1/93

Prepared by Evensen Dodge, Inc.

RUNDATE: 03-17-1992 @ 07:56:37 FILENAME: DUL-A KEY: SLC-92A

STATE OF MINNESOTA
\$15,000,000 STATE REVENUE BONDS, SERIES 1993
(HIBBING FACILITY - ST. LOUIS COUNTY)

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DEBT SERVICE SCHEDULE

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DATE	PRINCIPAL	INTEREST	PERIOD TOTAL	FISCAL TOTAL
2/ 1/94		1,064,062.50	1,064,062.50	
8/ 1/94		638,437.50	638,437.50	1,702,500.00
2/ 1/95		638,437.50	638,437.50	
8/ 1/95	620,000.00	638,437.50	1,258,437.50	1,896,875.00
2/ 1/96		617,512.50	617,512.50	
8/ 1/96	660,000.00	617,512.50	1,277,512.50	1,895,025.00
2/ 1/97		593,422.50	593,422.50	
8/ 1/97	705,000.00	593,422.50	1,298,422.50	1,891,845.00
2/ 1/98		565,927.50	565,927.50	
8/ 1/98	760,000.00	565,927.50	1,325,927.50	1,891,855.00
2/ 1/99		535,337.50	535,337.50	
8/ 1/99	825,000.00	535,337.50	1,360,337.50	1,895,675.00
2/ 1/ 0		501,306.25	501,306.25	
8/ 1/ 0	890,000.00	501,306.25	1,391,306.25	1,892,612.50
2/ 1/ 1		463,926.25	463,926.25	
8/ 1/ 1	965,000.00	463,926.25	1,428,926.25	1,892,852.50
2/ 1/ 2		422,672.50	422,672.50	
8/ 1/ 2	1,050,000.00	422,672.50	1,472,672.50	1,895,345.00
2/ 1/ 3		377,522.50	377,522.50	
8/ 1/ 3	1,140,000.00	377,522.50	1,517,522.50	1,895,045.00
2/ 1/ 4		327,932.50	327,932.50	
8/ 1/ 4	1,240,000.00	327,932.50	1,567,932.50	1,895,865.00
2/ 1/ 5		273,682.50	273,682.50	
8/ 1/ 5	1,345,000.00	273,682.50	1,618,682.50	1,892,365.00
2/ 1/ 6		214,502.50	214,502.50	
8/ 1/ 6	1,465,000.00	214,502.50	1,679,502.50	1,894,005.00
2/ 1/ 7		149,676.25	149,676.25	
8/ 1/ 7	1,595,000.00	149,676.25	1,744,676.25	1,894,352.50
2/ 1/ 8		78,300.00	78,300.00	
8/ 1/ 8	1,740,000.00	78,300.00	1,818,300.00	1,896,600.00
	15,000,000.00	13,222,817.50	28,222,817.50	
ACCRUED				
	15,000,000.00	13,222,817.50	28,222,817.50	
	=====	=====	=====	

Dated 4/ 1/93 with Delivery of 4/ 1/93

Prepared by Evensen Dodge, Inc.

RUNDATE: 03-17-1992 @ 09:47:06 FILENAME: HIBB KEY: SLC

STATE OF MINNESOTA
\$50,000,000 STATE REVENUE BONDS, SERIES 1993
(HIBBING FACILITY - STATE)

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DEBT SERVICE SCHEDULE

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DATE	PRINCIPAL	INTEREST	PERIOD TOTAL	FISCAL TOTAL
2/ 1/94		3,654,425.00	3,654,425.00	
8/ 1/94		2,192,655.00	2,192,655.00	5,847,080.00
2/ 1/95		2,192,655.00	2,192,655.00	
8/ 1/95	75,000.00	2,192,655.00	2,267,655.00	4,460,310.00
2/ 1/96		2,190,217.50	2,190,217.50	
8/ 1/96	85,000.00	2,190,217.50	2,275,217.50	4,465,435.00
2/ 1/97		2,187,221.25	2,187,221.25	
8/ 1/97	90,000.00	2,187,221.25	2,277,221.25	4,464,442.50
2/ 1/98		2,183,823.75	2,183,823.75	
8/ 1/98	100,000.00	2,183,823.75	2,283,823.75	4,467,647.50
2/ 1/99		2,179,923.75	2,179,923.75	
8/ 1/99	100,000.00	2,179,923.75	2,279,923.75	4,459,847.50
2/ 1/ 0		2,175,923.75	2,175,923.75	
8/ 1/ 0	115,000.00	2,175,923.75	2,290,923.75	4,466,847.50
2/ 1/ 1		2,171,237.50	2,171,237.50	
8/ 1/ 1	125,000.00	2,171,237.50	2,296,237.50	4,467,475.00
2/ 1/ 2		2,166,050.00	2,166,050.00	
8/ 1/ 2	130,000.00	2,166,050.00	2,296,050.00	4,462,100.00
2/ 1/ 3		2,160,622.50	2,160,622.50	
8/ 1/ 3	140,000.00	2,160,622.50	2,300,622.50	4,461,245.00
2/ 1/ 4		2,154,707.50	2,154,707.50	
8/ 1/ 4	155,000.00	2,154,707.50	2,309,707.50	4,464,415.00
2/ 1/ 5		2,148,120.00	2,148,120.00	
8/ 1/ 5	170,000.00	2,148,120.00	2,318,120.00	4,466,240.00
2/ 1/ 6		2,140,852.50	2,140,852.50	
8/ 1/ 6	180,000.00	2,140,852.50	2,320,852.50	4,461,705.00
2/ 1/ 7		2,133,112.50	2,133,112.50	
8/ 1/ 7	200,000.00	2,133,112.50	2,333,112.50	4,466,225.00
2/ 1/ 8		2,124,412.50	2,124,412.50	
8/ 1/ 8	210,000.00	2,124,412.50	2,334,412.50	4,458,825.00
2/ 1/ 9		2,115,277.50	2,115,277.50	
8/ 1/ 9	2,130,000.00	2,115,277.50	4,245,277.50	6,360,555.00
2/ 1/10		2,022,622.50	2,022,622.50	
8/ 1/10	2,315,000.00	2,022,622.50	4,337,622.50	6,360,245.00
2/ 1/11		1,921,920.00	1,921,920.00	
8/ 1/11	2,515,000.00	1,921,920.00	4,436,920.00	6,358,840.00
2/ 1/12		1,811,260.00	1,811,260.00	
8/ 1/12	2,735,000.00	1,811,260.00	4,546,260.00	6,357,520.00
2/ 1/13		1,690,920.00	1,690,920.00	
8/ 1/13	2,975,000.00	1,690,920.00	4,665,920.00	6,356,840.00
2/ 1/14		1,560,020.00	1,560,020.00	
8/ 1/14	3,240,000.00	1,560,020.00	4,800,020.00	6,360,040.00
2/ 1/15		1,417,460.00	1,417,460.00	
8/ 1/15	3,525,000.00	1,417,460.00	4,942,460.00	6,359,920.00
2/ 1/16		1,262,360.00	1,262,360.00	
8/ 1/16	3,835,000.00	1,262,360.00	5,097,360.00	6,359,720.00
2/ 1/17		1,093,620.00	1,093,620.00	
8/ 1/17	4,170,000.00	1,093,620.00	5,263,620.00	6,357,240.00
2/ 1/18		910,140.00	910,140.00	
8/ 1/18	4,535,000.00	910,140.00	5,445,140.00	6,355,280.00
2/ 1/19		710,600.00	710,600.00	
8/ 1/19	4,935,000.00	710,600.00	5,645,600.00	6,356,200.00
2/ 1/20		493,460.00	493,460.00	
8/ 1/20	5,370,000.00	493,460.00	5,863,460.00	6,356,920.00
2/ 1/21		257,180.00	257,180.00	
8/ 1/21	5,845,000.00	257,180.00	6,102,180.00	6,359,360.00

Prepared by Evensen Dodge, Inc.

RUNDATE: 03-17-1992 @ 09:47:37 FILENAME: HIBB KEY: MN

STATE OF MINNESOTA
\$50,000,000 STATE REVENUE BONDS, SERIES 1993
(HIBBING FACILITY - STATE)

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DEBT SERVICE SCHEDULE

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	DATE	PRINCIPAL	INTEREST	PERIOD TOTAL	FISCAL TOTAL
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		50,000,000.00	100,998,520.00	150,998,520.00	
ACCRUED		50,000,000.00	100,998,520.00	150,998,520.00	
		=====	=====	=====	

Dated 4/ 1/93 with Delivery of 4/ 1/93

Prepared by Evensen Dodge, Inc.

RUNDATE: 03-17-1992 @ 09:47:38 FILENAME: HIBB KEY: MN

TAX INCREMENT FINANCING PLAN

CITY OF HIBBING

DRAFT: FOR DISCUSSION PURPOSES ONLY**TABLE OF CONTENTS**

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Section I: Development Program for Development District No. 2

Subsection 1.1. Definitions

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

"City" means the City of Hibbing, a municipal corporation under the laws of the State of Minnesota.

"Comprehensive Plan" means the City's Comprehensive Plan, including the objectives, policies, standards and programs to guide public and private land use, development, redevelopment and preservation for all lands and water within the City.

"City Council" or "Council" means the Hibbing City Council;

"City Development District Act" or "Act" means Minnesota Statutes, Sections 469.124 through 469.134, as amended.

"County" means St. Louis County, Minnesota.

"Development District" means Development District No. 2 which is hereby created and established pursuant to and in accordance with the City Development District Act.

"Development District Program" or "Program" means the program for development of the District adopted by the City pursuant to the Development District Act.

"Engine Repair Facility" means the aircraft engine repair facility and related and subordinate facilities, all as defined in Section 2, Subdivision 6 of the State Legislation, to be constructed within the District No. 5.

"Project Area" or "Project" means the property within Development District No. 2, as described in the Development Program.

"State" means the State of Minnesota.

"State Legislation" means Minnesota Laws 1991, Chapter 350.

"Tax Increment Financing Act" or "TIF Act" means Minnesota Statutes, Sections 469.174 through 469.179, inclusive, as amended.

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"Tax Increment Financing District" or "District No. 5" means Tax Increment Financing District No. 5 created and established pursuant to the TIF Act and the State Legislation within Development District No. 2.

"Tax Increment Financing Plan" or "Plan" means the Plan adopted by the Council for District No. 5.

Subsection 1.2. Statutory Authority

The City has determined that it is necessary, desirable and in the public interest to establish and administer a Development Program for Development District No. 2 in the City, pursuant to the provisions of the City Development District Act and the State Legislation. The City has also determined that the funding of the necessary activities and improvements in Development District No. 2 shall be accomplished in part through tax increment financing in accordance with the TIF Act and the State legislation.

Subsection 1.3. Statement of Public Purpose and Objectives

1. City-Wide Objectives

The City of Hibbing, through this Development District, seeks to achieve the following objectives:

- a. To strengthen the economy of the area and sources of public revenue.
- b. To enhance the liveability, value, and image of the City of Hibbing through the stimulation of new investment and facilities designed to accommodate the needs and convenience of the City of Hibbing.
- c. To strengthen the City's position as a regional commercial, industrial, and finance center.
- d. To 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. The undertaking of 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. To provide an adequate and efficient system of public utilities to serve existing and proposed developments 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 in Hibbing.

j. Create construction jobs and permanent jobs for Hibbing 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.

l. Concentrate new development where most advantage can be taken of existing public facilities and utilities necessary to support development.

m. Secure the increase of assessed values of property subject to taxation by the City, Independent School District No. 701, the County, and other taxing jurisdictions in order to better enable such entities to pay for governmental services and programs that they are required to provide.

2. District Objectives.

The objective within this Development District is to facilitate the construction of the Engine Repair Facility by Northwest Airlines. This major new development will provide substantial employment for Hibbing citizens as well as northeastern Minnesota. The following specific objectives apply to the Development District:

a. To promote public improvements which are beneficial to the area and, specifically, to the Engine Repair Facility site.

b. Provide incentives and opportunities for industrial development within the Development District, including construction of the Engine Repair Facility.

c. To integrate improvement activities of the various levels of government and the private sector to the mutual benefit of all interest.

d. The installation of appropriate public utilities in the Development District to accommodate existing and new development opportunities.

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Subsection 1.4. Environmental Controls

It is anticipated that development within the Development District will present no major environmental concerns. All City actions, public improvements and private development will be carried out in a manner that complies with applicable environmental standards.

Subsection 1.5. Open Space to be Created

Any open space within the Development District will be created in accordance with the development controls of the City.

Subsection 1.6. Public Facilities to be Constructed

The City may construct or facilitate development of public facilities within the Development District that are associated with the Engine Repair Facility. Such facilities may include roads; sanitary sewer, water and other utilities; storm sewer and other drainage improvements; and other public improvements deemed necessary by the City to serve the Engine Repair Facility.

Subsection 1.7. Proposed Reuse of Property

The area within the Development District consists of land located at or near the Chisholm-Hibbing Municipal Airport. The land is currently owned by a number of entities and persons including the Chisholm-Hibbing Airport Commission and private individuals. The property or portions thereof will be developed by Northwest Airlines as the Engine Repair Facility under a long-term lease pursuant to the State Legislation.

Subsection 1.8. Development District Financing

Development of the Engine Repair Facility and related public improvements will be financed in part with tax increments pursuant to the Plan, together with other financing sources and mechanisms set forth in the State Legislation. The City may also use and other sources of revenue available to finance public costs within the Development District.

Subsection 1.9. Relocation

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

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Subsection 1.10 Administration of Development District

1. Administrator. The City Administrator of the City of Hibbing shall be the Administrator of the Development District. The Administrator shall have the powers set forth in Section 469.131 of the Act. The City has determined that there is no need to create an advisory board pursuant to Section 469.132 of the Act.

2. The City Council will have jurisdiction over Development District No. 2. For purposes of exercising the rights, powers and duties of the City set forth in the State Legislation, the City Council will include two members of the St. Louis County Board of Commissioners appointed by the Board of Commissioners.

Subsection 1.11. Description of Development District

Development District No. 2 and District No. 5 will be coterminous and will encompass all property and adjacent rights-of-ways as found in the metes and bounds description below:

South 1/2 of the South 1/2 of Sections 21, 22, and 23
West 1/2 of the South 1/2 of the South 1/2 of Section 24
West 1/2 of Section 25
All of Section 26
North 1/2 of the North 1/2 of Section 27
East 1/2 of the East 1/2 of Section 27
North 1/2 of the North 1/2 of Section 28

All within Township 57, Range 20, City of Hibbing, County of St. Louis, Minnesota

More information on the location of Development District No. 2 is found in Appendix A.

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Section II: Tax Increment Financing Plan for Tax Increment Financing District No. 5

Subsection 2.1. Statutory Authority

Within the City of Hibbing (the "City") there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end the City of Hibbing has certain statutory powers pursuant to the State Legislation, the Act and the TIF Act to assist in financing public costs related to this project.

Below is the Tax Increment Financing Plan (the "Plan") for Tax Increment Financing District No. 5 ("District No. 5"). Other relevant information is contained in the Development Program (the "Program") for Development District No. 2, scheduled to be adopted on March 30, 1992 and coterminous with the boundaries of District No. 5. Development District No. 1 includes Tax Increment Financing District Nos. 1, 2, 3, and 4.

Subsection 2.2. Statement of Objectives

Description of the Project

District No. 5 currently consists of over 80 parcels of land. Present plans for the new development on the site include the construction of the 375,000 square foot Engine Repair Facility for Northwest Airlines, Inc. ("NWA") including certain related and subordinate facilities and associated public improvements within District No. 5. Construction is expected to begin in 1992 or 1993 and be completed in 1993. (See the cash flow in Appendix B).

Program Goals and Objectives

District No. 5 is expected to achieve many of the objectives set forth in the Program in regard to land use. They include, but are not limited to:

1. Strengthen the economy of the area and sources of public revenue.
2. Provide the economic infusion to secure new private investments and to draw future investments in Hibbing.
3. Secure the increase of values of property subject to taxation by the City, Independent School District No. 701, the County, and other taxing jurisdictions in order to better enable such entities to pay for governmental services and programs which they are required to provide.

The Engine Repair Facility as well as the planned NWA facility in the City of Duluth have been the subject of numerous studies and public discussions. References to the Engine

Repair Facility's benefits to the City, the County, and the State of Minnesota are found in the following:

1. Section 26 of the State Legislation outlines the public purpose as envisioned by the Legislature for the Engine Repair Facility.
2. The Minnesota Department of Trade and Economic Development report published November 18, 1992, lists the total net economic benefit to the State of Minnesota of the Hibbing and Duluth facilities at \$800 to \$900 million dollars. On the basis of a pro rata share of new employment, one third or approximately \$250 to \$300 million of the net benefit will result from the construction and operation of the Engine Repair Facility in the City.

Subsection 2.3 Development Program Overview

1. Property to be Acquired - Selected property located within the District No. 5 may be acquired by the City and is further described in Subsection 2.6 of this Plan.
2. Relocation - Complete relocation services are available pursuant to Minnesota Statutes, Chapter 117 and other relevant state and federal laws.
3. Upon approval of the developer's plan relating to the project and completion of the necessary legal requirements, the City may sell to the developer selected properties it may acquire within District No. 5 or may lease land or facilities to the developer.
4. The City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public streets work within District No. 5.

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Subsection 2.4. Description of Property in District No. 5

District No. 5 encompasses all property and adjacent rights-of-ways as found in the metes and bounds description below:

South 1/2 of the South 1/2 of Sections 21, 22, and 23
West 1/2 of the South 1/2 of the South 1/2 of Section 24
West 1/2 of Section 25
All of Section 26
North 1/2 of the North 1/2 of Section 27
East 1/2 of the East 1/2 of Section 27
North 1/2 of the North 1/2 of Section 28
All within Township 57, Range 20, City of Hibbing, County of St. Louis, Minnesota

Containing _____ acres.

See the map in Appendix A for further information on the location of District No. 5.

The described property constitutes the parcels on which the Engine Repair Facility is to be located together with adjoining areas into which expansion of the Engine Repair Facility or development caused by the Engine Repair Facility is expected to occur.

Subsection 2.5. Classification of District No. 5

The City has determined that District No. 5 is a redevelopment district, as defined in Section 469.174, Subdivision 10 of the TIF Act, based on the specification in Section 25 of the State Legislation, that District No. 5 shall be a redevelopment district.

Subsection 2.6. Property To Be Acquired

The City may acquire all parcels within District No. 5 including interior and adjacent street and railway right of ways.

Subsection 2.7. Estimate of Project Costs

The estimate of public costs associated with District No. 5 are outlined in the following line item budget.

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Estimate of Public Costs

Engine Repair Facility Building Construction	29,500,000
Machinery, FF&E, etc.	67,100,000
Site Improvements	3,400,000
Engineering, Design, Testing	5,000,000
Fiscal Costs (i.e. bond issuance, administration and capitalized interest)	<u>1,500,000</u>
 Total Estimated Project Costs:	 106,500,000

If the boundaries of the Development District are expanded beyond the boundaries of District No. 5, no more than 25 percent of the revenues derived from tax increment paid by property within District No. 5 will be spent on activities outside of District No. 5 (including administrative costs, which are considered to be spent outside of District No. 5).

Subsection 2.6. Bonded Indebtedness and Sources of Revenue

Revenues derived from tax increments from District No. 5 will be used only to pay or secure debt service on obligations issued pursuant to the State Legislation. The bond or bonds may be issued in following amounts and categories:

Estimated Issue Size

Bond Proceeds	\$19,450,000
Capitalized Interest*	0
Underwriter Discount	450,000
Cost of Issuance	<u>100,000</u>
Total	\$20,000,000

- * It is assumed that the bond will be issued without the need for capitalized interest. If capitalized interest is utilized, the amount will be equal to an amount sufficient to pay interest on the bond from the date of issuance until the date of collection of sufficient revenue to meet scheduled principal and interest payments, but not exceeding three years as required by Minnesota Statutes, Chapter 475.

The City may also use state or federal grants, improvement bonds, and any other revenue source available to pay a portion of project costs.

Subsection 2.9. Original Tax Capacity and Tax Rate

Pursuant to Minnesota Statutes Section 469.174, Subdivision 7 and Section 469.177, Subdivision 1, the Original Net Tax Capacity (OTC) for the District No. 5 is based on the value placed on the property by the assessor in 1991 for taxes payable 1992. This tax capacity will be approximately \$47,736, at current classifications. See Appendix B for a breakdown of this calculation.

Each year the Office of the County Auditor will measure the amount of increase or decrease in the total tax capacity of District No. 5 to calculate the tax increment payable to the City of Hibbing.

The County Auditor shall certify in each year after the date the OTC was certified, the amount the OTC has increased or decreased as a result of:

1. change in tax exempt status of property;
2. reduction or enlargement of the geographic boundaries of the district;
3. change due to stipulations, adjustments, negotiated or court-ordered abatements;
4. change in the use of the property and classification; or
5. change in state law governing class rates.

The original tax rate for District No. 5 will be 1.238527, the rate for taxes payable in 1992 for the unique taxing jurisdiction, CVT 141, in the City of Hibbing.

Subsection 2.10. Amount of Captured Tax Capacity

Pursuant to Minnesota Statutes, Section 469.174 Subdivision 4 and Minnesota Statutes, Section 469.177, Subdivision 2, the estimated Captured Net Tax Capacity (CTC) of District No. 5, upon completion of all phases of the project, will annually approximate \$1,014,864. The City requests 100 percent of the available increase in tax capacity for repayment of debt and current expenditures, beginning in the tax year payable 1994. The project tax capacity listed is an estimate of values when the buildings are completed. The facility is expected to be partially constructed on January 2, 1993 and fully completed by January 2, 1994 for taxes payable in 1995.

Original Tax Capacity	\$ 47,736
Estimated Project Tax Capacity	<u>1,062,600</u>
Estimated Captured Tax Capacity	\$1,014,864

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Subsection 2.11. Duration of District No. 5

Pursuant to Minnesota Statutes, Section 469.175, Subdivision 1, the duration of District No. 5 must be indicated within the tax increment financing plan. Pursuant to Minnesota Laws, Chapter 350, Section 25, and Minnesota Statutes, Section 469.176, subdivision 1(e), the duration of District No. 5 will be the 30 years from the date of receipt of the first increment by the City. Thus, it is estimated that District No. 5, including any modifications of the tax increment financing plan for subsequent phases or other changes, would terminate in approximately June, 2024. The City does reserve the right to decertify District No. 5 prior to the legally required date.

Subsection 2.12. Estimated Impact on Other Taxing Jurisdictions

The estimated impact on other taxing jurisdictions assumes construction would have occurred without the creation of District No. 5. If the construction is a result of tax increment financing, the impact is \$0 to other entities. Notwithstanding the fact that the fiscal impact on the other taxing jurisdictions is \$0 due to the fact that the construction would not have occurred without the assistance of the city, the following estimated impact of District No. 5 would be as follows if the "but for" test was not met:

IMPACT ON TAX BASE

<u>ENTITY</u>	<u>ENTITY'S TOTAL NET TAX CAPACITY</u>	<u>CAPTURED TAX CAPACITY</u>	<u>% OF CAPTURED TAX CAPACITY TO ENTITY TOTAL</u>
St. Louis County	68,711,115	1,014,864	1.48%
City of Hibbing	5,287,039	1,014,864	19.20%
School District No. 701	5,936,965	1,014,864	17.09%

IMPACT ON TAX RATES

<u>ENTITY</u>	<u>CURRENT TAX RATE</u>	<u>CTC</u>	<u>POTENTIAL TAXES</u>
St. Louis County	.677505	1,014,864	687,575
City of Hibbing	.277685	1,014,864	281,813
School District 701	.277598	1,014,864	281,724
Special Districts	<u>.005739</u>	1,014,864	<u>5,824</u>
TOTAL	1.238527		1,256,936

The estimates listed above display captured tax capacity when all construction is completed. The tax rates and tax capacities are the payable 1992 figures for all jurisdictions. In addition, the impact on School District No. 701 does not include the effect of state aids for education upon school district funding.

Subsection 2.13. Modifications to District No. 5

In accordance with Minnesota Statutes, Section 469.175, Subdivision 4, any reduction or enlargement of the geographic area of the project or tax increment financing district, increase in amount of bonded indebtedness to be incurred, including a determination to capitalize interest on debt if that determination was not a part of the original plan, or to increase or decrease the amount of interest on the debt to be capitalized, increase in the portion of the captured tax capacity to be retained by the City, increase in total estimated tax increment expenditures or designation of additional property to be acquired by the City shall be approved upon the notice and after the discussion, public hearing and findings required for approval of the original plan. The geographic area of a tax increment financing district may be reduced, but shall not be enlarged after five years following the date of certification of the original tax capacity by the county auditor. The tax increment financing district may therefore be expanded, in accordance with Section 25 of the State Legislation until the approximately March of 1996.

Modifications to the District No. 5, in the form of a budget modification or a expansion of the boundaries will be recorded in this subsection of the Plan.

Subsection 2.14. Administrative Expenses

In accordance with Minnesota Statutes, Section 469.174, Subdivision 14; Minnesota Statutes, Section 469.176, Subdivision 3; and Section 25, Subdivision 2(b) and 2(c) of the State Legislation, administrative expenses means all expenditures as deemed appropriate by the commissioner of finance.

Subsection 2.15. Necessary Improvements in District No. 5

No tax increment shall be paid to the City after three years from the date of certification of the original net tax capacity by the County Auditor unless within the three-year period (1) bonds have been issued in aid of Development District No. 2 pursuant to Section 469.178 of the TIF Act or any other law, except revenue bonds issues Pursuant to Minnesota Statutes, Section 469.159 to 469.165 (2) the City has acquired property within the District No. 5; or (3) the City has constructed or caused to be constructed public improvements within the district. The bonds must be issued, or the City must acquire property or construct or cause public improvements to be constructed by approximately

March of 1995.

Pursuant to Minnesota Statutes Section 469.176, Subdivision 6,

if, after four years from the date of certification of the original tax capacity of the tax increment financing district pursuant to Minnesota Statutes Section 469.177, no demolition, rehabilitation or renovation of property or other site preparation, including qualified improvement of a street adjacent to a parcel but not installation of utility service including sewer or water systems, has been commenced on a parcel located within a tax increment financing district by the authority or by the owner of the parcel in accordance with the tax increment financing plan, no additional tax increment may be taken from that parcel and the original tax capacity of that parcel shall be excluded from the original tax capacity of the tax increment financing district. If the authority or the owner of the parcel subsequently commences demolition, rehabilitation or renovation or other site preparation on that parcel including improvement of a street adjacent to that parcel, in accordance with the tax increment financing plan, the authority shall certify to the county auditor in the annual disclosure report that the activity has commenced. The county auditor shall certify the tax capacity thereof as most recently certified by the commissioner of revenue and add it to the original tax capacity of the tax increment financing district. The county auditor must enforce the provisions of this subdivision... For purposes of this subdivision, qualified improvements are limited to (1) construction or opening of a new street, (2) relocation of a street, and (3) substantial reconstruction or rebuilding of an existing street.

The City or a property owner must improve parcels within the district by approximately March of 1996.

Subsection 2.16. Use of Tax Increment

All revenues derived from tax increment shall be used in accordance with the tax increment financing plan, pursuant to Minnesota Statutes, Section 469.176, Subdivision 4. As specified in Minnesota Laws 1991, Chapter 350, Section 25, the revenue derived from tax increments from District No. 5 and the proceeds of obligations secured by or payable from the tax increments, after reduction for costs of issuance, reserves, and capitalized interest, must be used to finance, pay, or secure debt service on obligations issued to finance any portion of the facilities described in Section 2, Subdivision 6 of the State Legislation. In addition, administrative expenses of District No. 5 may be paid out of the proceeds of bonds issued in accordance with Minnesota Laws 1991, Chapter 350.

Subsection 2.17. Notification of Prior Planned Improvements

Pursuant to Minnesota Statutes Section 469.177, Subdivision 4, the City has reviewed the area to be included in the District No. 5 and found no properties for which building permits have been issued during the 18 months immediately preceding approval of the tax increment financing plan by the City. If the building permit had been issued within the 18 month period preceding approval of the plan by the City, the county auditor shall

increase the original tax capacity of the district by the valuation of the improvements for which the building permit was issued.

Subsection 2.18. Excess Tax Increments

Pursuant to Minnesota Statutes, Section 469.176, Subdivision 2, in any year in which the tax increment exceeds the amount necessary to pay the costs authorized by the tax increment plan, including the amount necessary to cancel any tax levy as provided in Minnesota Statutes, Section 475.61, Subdivision 3, the City shall use the excess amount to do any of the following:

1. prepay the outstanding bonds;
2. discharge the pledge of tax increment therefore;
3. pay into an escrow account dedicated to the payment of such bond; or
4. return the excess to the County Auditor for redistribution to the respective taxing jurisdictions in proportion to their tax capacity rate.

Subsection 2.19. Development Agreements

The City will review the Developer's proposal to determine its conformance with the Development Plan and with applicable municipal ordinances and codes. To facilitate this effort, the following documents may be requested for review and approval: site plan, construction, mechanical, and electrical system drawings, landscaping plan, grading and storm drainage plan, signage system plan, and any other drawings or narrative deemed necessary by the City to demonstrate the conformance of the development with city plans and ordinances.

Subsection 2.20. Assessment Agreements

Pursuant to Minnesota Statutes Section 469.177, Subdivision 8, the City may enter into an agreement in recordable form with the developer of property within the tax increment financing district which establishes a minimum market value of the land and completed improvements for the duration of the tax increment soils condition district. The assessment agreement shall be presented to the assessor who shall review the plans and specifications for the improvements constructed, review the market value previously assigned to the land upon which the improvements are to be constructed and, so long as the minimum market value contained in the assessment agreement appear, in the judgment of the assessor, to be a reasonable estimate, the assessor may certify the minimum market value agreement.

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Subsection 2.24. State Tax Increment Financing Aid

Pursuant to Minnesota Statutes, Section 273.1399, for tax increment financing districts for which certification was requested after April 30, 1990, a municipality incurs a reduction in state tax increment financing aid (RISTIFA) applied to the municipality's Local Government Aids (LGA) first and, Homestead and Agricultural Aid (HACA) second, in an amount equal to a formula based upon the equalized qualifying captured tax capacity (QCTC) of the tax increment financing district.

As specified in Minnesota Laws 1991, Chapter 350, Section 25, Subdivision 2 (d), the RISTIFA does not apply to District No. 5.

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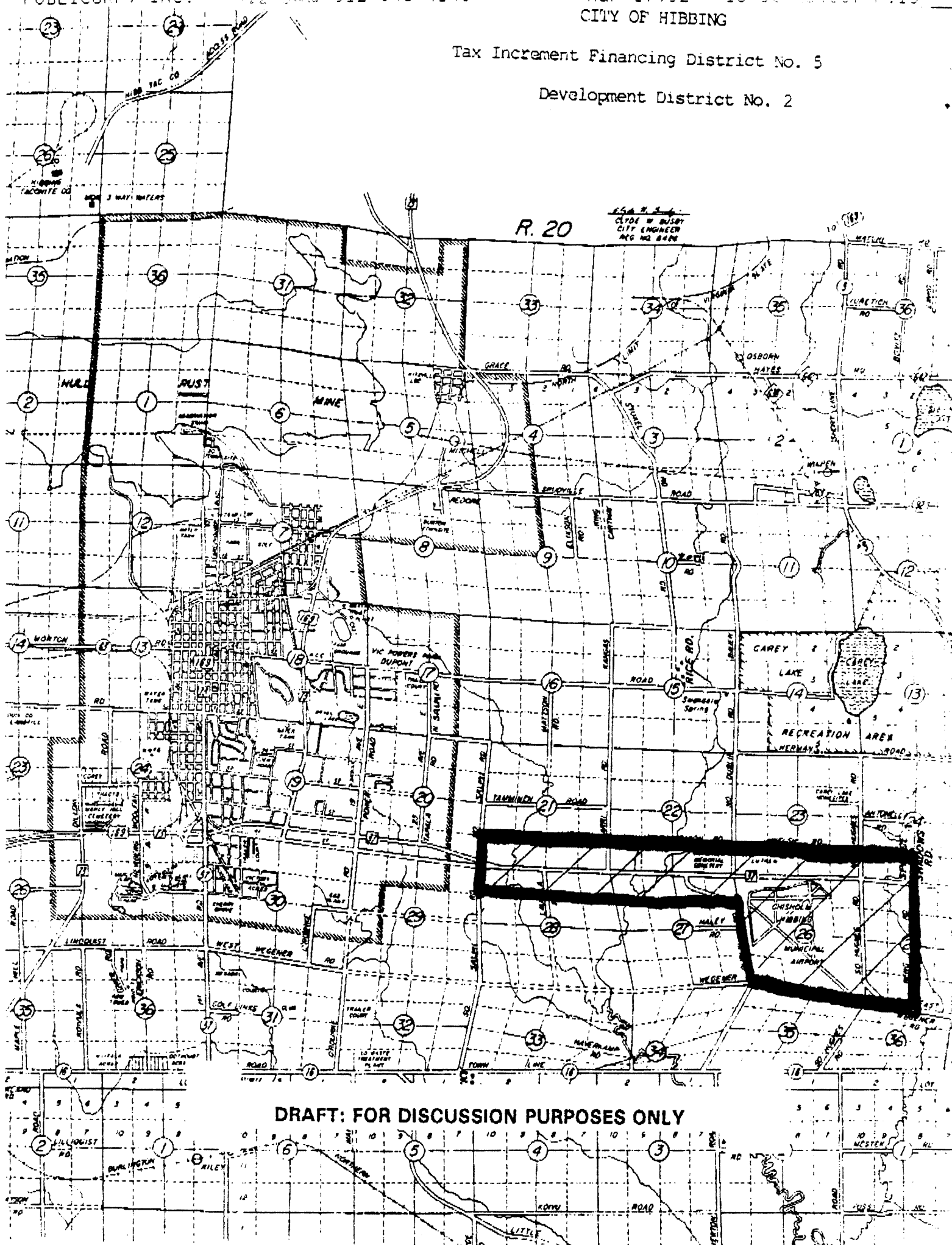
APPENDIX A: MAPS

**MAP OF DEVELOPMENT DISTRICT NO. 2
AND
TAX INCREMENT FINANCING DISTRICT NO. 5**

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Tax Increment Financing District No. 5

Development District No. 2



APPENDIX B: CASH FLOWS

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ORIGINAL TAX CAPACITY ASSUMPTIONS

PID #	Pay 1992 Market Value	Pay 1992 Tax Capacity	PID #	Pay 1992 Market Value	Pay 1992 Tax Capacity
141-20-2697	40,200	1,246	141-20-3440	10,800	68
141-20-2720	70,600	706	141-20-3445	8,200	42
141-20-2724	57,000	570	141-20-3520	42,800	428
141-20-2730	14,400	144	141-20-3530	8,500	85
141-20-2732	23,700	237	141-20-3540	27,800	278
141-20-2680	55,800	668	141-20-3542	1,400	14
141-20-2684	50,100	1,553	141-20-3546	14,600	146
141-20-2690	59,000	1,247	141-20-3615	6,900	193
141-20-2692	49,300	493	141-20-3630	7,200	115
141-20-2695	149,600	5,456	141-20-3632	37,300	373
141-20-2696	30,500	305	141-20-3640	44,800	1,389
141-20-2734	5,200	83	141-20-3652	40,000	400
Part 141-20-2750	63,250	470	141-20-3722	2,600	42
141-20-2840	15,600	259	141-20-3760	31,400	314
141-20-2885	47,300	473	141-20-3762	53,600	536
141-20-2886	700	11	141-20-3763	3,200	32
141-20-2887	1,200	19	141-20-3764	39,000	390
141-20-3030	3,000	30	141-20-3765	30,500	305
141-20-3060	5,800	58	141-20-3770	175,900	6,705
141-20-3065	67,200	2,083	141-20-3771	500	8
141-20-3070	3,800	38	141-20-3772	27,300	273
141-20-3075	21,700	217	141-20-3773	600	6
141-20-3180	59,200	592	141-20-3774	58,000	580
141-20-3185	100	1	141-20-3800	42,000	420
141-20-3190	9,400	94	141-20-3801	12,300	123
141-20-3280	7,100	142	141-20-3801	18,500	574
141-20-3281	74,000	760	141-20-3804	48,900	489
141-20-3282	73,100	742	141-20-3805	100,000	3,100
141-20-3285	38,600	386	141-20-3810	123,500	1,793
141-20-3290	30,400	942	141-177- 10	4,300	204
141-20-3345	3,500	56	141-177- 50	2,200	105
141-20-3350	3,500	56	141-177- 72	45,000	1,395
141-20-3360	3,500	56	141-177- 80	17,800	846
141-20-3300	21,400	599	141-177- 85	113,100	3,722
141-20-3310	7,900	126	141-177- 90	1,200	57
141-20-3320	36,900	396	141-177- 100	1,200	57
141-20-3321	33,800	338	141-177- 110	1,100	34
141-20-3325	600	10	141-177- 120	12,100	121
141-20-3330	24,500	245	Airport Exempt:	0	0
141-20-3340	4,200	67			

47,736 TOTAL ORIGINAL NET TAX CAPACITY

GENERAL ASSUMPTIONS

Inflation Rate	5.0000%
Present Value Rate	9.00%
Collection Rate	100.0000%
Tax Increment District Number	5
Tax Extension Rate - (CVT 141)	1.238527 <-Pay 1992

PROJECT VALUE ASSUMPTIONS

Tax Year	Total Structure Sq. Ft.	Engine Repair Facility Average Taxes per Sq. Ft.	Engine Repair Facility Project Market Value	Related Facilities Project Market Value	Total Project Market Value	C/I Property Class Rate	Total Project Tax Capacity
Pay 91						4.950%	0
Pay 92						4.750%	0
Pay 93						4.700%	0
Pay 94	Partial	n/a	11,000,000	0	11,000,000	4.600%	506,000
Pay 95	375,000	3.51	22,000,000	1,100,000	23,100,000	4.600%	1,062,600
Pay 96	375,000	3.68	23,100,000	1,155,000	24,255,000	4.600%	1,115,730
Pay 97	375,000	3.87	24,255,000	1,212,750	25,467,750	4.600%	1,171,517
Pay 98	375,000	4.06	25,467,750	1,273,388	26,741,138	4.600%	1,230,092
Pay 99	375,000	4.27	26,741,138	1,337,057	28,078,195	4.600%	1,291,597
Pay 00	375,000	4.48	28,078,195	1,403,910	29,482,105	4.600%	1,356,177

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TAX INCREMENT PROJECTIONS

* PERIOD BEGINNING	Original	Project	Captured	Semi-Annual	Cumulative	Cumulative	PERIOD ENDING/PAY
* Yrs. Mth. Yr.	Tax Capacity	Tax Capacity	Tax Capacity	Gross Tax Increment	Future Value Balance	Present Value Balance	Yrs. Mth.
* 0.0 02-01 1992	47,736	47,736	0	0	0	0	0.0 08-01
* 0.0 08-01 1992	47,736	47,736	0	0	0	0	0.0 02-01
* 0.0 02-01 1993	47,736	47,736	0	0	0	0	0.0 08-01
* 0.0 08-01 1993	47,736	47,736	0	0	0	0	0.0 02-01
* 0.0 02-01 1994	47,736	506,000	458,264	283,786	283,786	227,725	0.5 08-01
* 0.5 08-01 1994	47,736	506,000	458,264	283,786	567,572	445,643	1.0 02-01
* 1.0 02-01 1995	47,736	1,062,600	1,014,864	628,468	1,196,041	907,459	1.5 08-01
* 1.5 08-01 1995	47,736	1,062,600	1,014,864	628,468	1,824,509	1,349,389	2.0 02-01
* 2.0 02-01 1996	47,736	1,115,730	1,067,994	661,370	2,485,879	1,794,627	2.5 08-01
* 2.5 08-01 1996	47,736	1,115,730	1,067,994	661,370	3,147,248	2,220,301	3.0 02-01
* 3.0 02-01 1997	47,736	1,171,517	1,123,781	695,916	3,843,164	2,649,124	3.5 08-01
* 3.5 08-01 1997	47,736	1,171,517	1,123,781	695,916	4,539,081	3,059,481	4.0 02-01
* 4.0 02-01 1998	47,736	1,230,092	1,182,356	732,190	5,271,271	3,472,635	4.5 08-01
* 4.5 08-01 1998	47,736	1,230,092	1,182,356	732,190	6,003,461	3,867,998	5.0 02-01
* 5.0 02-01 1999	47,736	1,291,597	1,243,861	770,278	6,773,739	4,266,016	5.5 08-01
* 5.5 08-01 1999	47,736	1,291,597	1,243,861	770,278	7,544,016	4,646,895	6.0 02-01
* 6.0 02-01 2000	47,736	1,356,177	1,308,441	810,270	8,354,286	5,030,295	6.5 08-01
* 6.5 08-01 2000	47,736	1,356,177	1,308,441	810,270	9,164,556	5,397,185	7.0 02-01
* 7.0 02-01 2001	47,736	1,423,986	1,376,250	852,261	10,016,817	5,766,472	7.5 08-01
* 7.5 08-01 2001	47,736	1,423,986	1,376,250	852,261	10,869,078	6,119,856	8.0 02-01
* 8.0 02-01 2002	47,736	1,495,185	1,447,449	896,352	11,765,430	6,475,517	8.5 08-01
* 8.5 08-01 2002	47,736	1,495,185	1,447,449	896,352	12,661,782	6,815,863	9.0 02-01
* 9.0 02-01 2003	47,736	1,569,944	1,522,208	942,648	13,604,430	7,158,374	9.5 08-01
* 9.5 08-01 2003	47,736	1,569,944	1,522,208	942,648	14,547,078	7,486,136	10.0 02-01
* 10.0 02-01 2004	47,736	1,648,441	1,600,705	991,258	15,538,337	7,815,958	10.5 08-01
* 10.5 08-01 2004	47,736	1,648,441	1,600,705	991,258	16,529,595	8,131,577	11.0 02-01
* 11.0 02-01 2005	47,736	1,730,863	1,683,127	1,042,299	17,571,895	8,449,157	11.5 08-01
* 11.5 08-01 2005	47,736	1,730,863	1,683,127	1,042,299	18,614,194	8,753,061	12.0 02-01
* 12.0 02-01 2006	47,736	1,817,407	1,769,671	1,095,892	19,710,086	9,058,831	12.5 08-01
* 12.5 08-01 2006	47,736	1,817,407	1,769,671	1,095,892	20,805,979	9,351,434	13.0 02-01
* 13.0 02-01 2007	47,736	1,908,277	1,860,541	1,152,165	21,958,144	9,645,815	13.5 08-01
* 13.5 08-01 2007	47,736	1,908,277	1,860,541	1,152,165	23,110,309	9,927,520	14.0 02-01
* 14.0 02-01 2008	47,736	2,003,691	1,955,955	1,211,251	24,321,560	10,210,918	14.5 08-01
* 14.5 08-01 2008	47,736	2,003,691	1,955,955	1,211,251	25,532,812	10,482,112	15.0 02-01
* 15.0 02-01 2009	47,736	2,103,875	2,056,139	1,273,292	26,806,104	10,754,920	15.5 08-01
* 15.5 08-01 2009	47,736	2,103,875	2,056,139	1,273,292	28,079,396	11,015,981	16.0 02-01
* 16.0 02-01 2010	47,736	2,209,069	2,161,333	1,338,435	29,417,830	11,278,581	16.5 08-01
* 16.5 08-01 2010	47,736	2,209,069	2,161,333	1,338,435	30,756,265	11,529,973	17.0 02-01
* 17.0 02-01 2011	47,736	2,319,523	2,271,787	1,406,834	32,163,100	11,782,632	17.5 08-01
* 17.5 08-01 2011	47,736	2,319,523	2,271,787	1,406,834	33,569,934	12,024,507	18.0 02-01
* 18.0 02-01 2012	47,736	2,435,499	2,387,763	1,478,654	35,048,588	12,267,783	18.5 08-01
* 18.5 08-01 2012	47,736	2,435,499	2,387,763	1,478,654	36,527,243	12,500,583	19.0 02-01
* 19.0 02-01 2013	47,736	2,557,274	2,509,538	1,554,065	38,081,308	12,734,719	19.5 08-01
* 19.5 08-01 2013	47,736	2,557,274	2,509,538	1,554,065	39,635,373	12,958,773	20.0 02-01
* 20.0 02-01 2014	47,736	2,685,137	2,637,401	1,633,246	41,268,619	13,184,103	20.5 08-01
* 20.5 08-01 2014	47,736	2,685,137	2,637,401	1,633,246	42,901,865	13,399,729	21.0 02-01
* 21.0 02-01 2015	47,736	2,819,394	2,771,658	1,716,387	44,618,252	13,616,574	21.5 08-01
* 21.5 08-01 2015	47,736	2,819,394	2,771,658	1,716,387	46,334,639	13,824,082	22.0 02-01
* 22.0 02-01 2016	47,736	2,960,364	2,912,628	1,803,684	48,138,323	14,032,753	22.5 08-01
* 22.5 08-01 2016	47,736	2,960,364	2,912,628	1,803,684	49,942,007	14,232,438	23.0 02-01
* 23.0 02-01 2017	47,736	3,108,382	3,060,646	1,895,346	51,837,353	14,433,235	23.5 08-01
* 23.5 08-01 2017	47,736	3,108,382	3,060,646	1,895,346	53,732,700	14,625,386	24.0 02-01
* 24.0 02-01 2018	47,736	3,263,801	3,216,065	1,991,592	55,724,292	14,818,599	24.5 08-01
* 24.5 08-01 2018	47,736	3,263,801	3,216,065	1,991,592	57,715,883	15,003,492	25.0 02-01
* 25.0 02-01 2019	47,736	3,426,991	3,379,255	2,092,649	59,808,533	15,189,401	25.5 08-01
* 25.5 08-01 2019	47,736	3,426,991	3,379,255	2,092,649	61,901,182	15,367,304	26.0 02-01
* 26.0 02-01 2020	47,736	3,598,341	3,550,605	2,198,760	64,099,942	15,546,179	26.5 08-01
* 26.5 08-01 2020	47,736	3,598,341	3,550,605	2,198,760	66,298,702	15,717,351	27.0 02-01
* 27.0 02-01 2021	47,736	3,778,258	3,730,522	2,310,176	68,608,878	15,889,453	27.5 08-01
* 27.5 08-01 2021	47,736	3,778,258	3,730,522	2,310,176	70,919,054	16,054,143	28.0 02-01
* 28.0 02-01 2022	47,736	3,967,171	3,919,435	2,427,163	73,346,217	16,219,722	28.5 08-01
* 28.5 08-01 2022	47,736	3,967,171	3,919,435	2,427,163	75,773,380	16,378,170	29.0 02-01
* 29.0 02-01 2023	47,736	4,165,529	4,117,793	2,549,999	78,323,379	16,537,470	29.5 08-01
* 29.5 08-01 2023	47,736	4,165,529	4,117,793	2,549,999	80,873,378	16,689,909	30.0 02-01

DRAFT: FOR DISCUSSION PURPOSES ONLY

TAX INCREMENT FINANCING PLAN
CITY OF DULUTH

Approved by City Council: December 9, 1991

**DEVELOPMENT PROGRAM
DEVELOPMENT DISTRICT NO. 14
AIRCRAFT MAINTENANCE FACILITIES -- AIRPORT
and
TAX INCREMENT FINANCING PLAN
TAX INCREMENT FINANCING DISTRICT NO. 14
and
AMENDMENT TO TAX INCREMENT FINANCING PLANS FOR
TAX INCREMENT DEVELOPMENT DISTRICT NOS. 1, 2, 3 AND 5**

CITY OF DULUTH, MINNESOTA

December 9, 1991

This Instrument Drafted By:

**HOLMES & GRAVEN, CHARTERED
470 Pillsbury Center
Minneapolis, Minnesota 55402
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I. DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO. 14.

Subsection A. Definitions.

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

"City" means the City of Duluth, a municipal corporation under the laws of the State of Minnesota.

"Comprehensive Plan" means the City's Comprehensive Plan, including the objectives, policies, standards and programs to guide public and private land use, development, redevelopment and preservation for all lands and water within the City.

"City Council" or "Council" means the Duluth City Council;

"County" means St. Louis County, Minnesota.

"Development District" means Development District No. 14 which is hereby created and established pursuant to and in accordance with the City Development District Act.

"Development District Program" or "Program" means the program for development of the District adopted by the City pursuant to the Development District Act.

"Maintenance Facility" means the heavy maintenance facility for aircraft, and related and subordinate facilities, to be constructed within the TIF District.

"Municipal Development District Act" or "Act" means Minnesota Statutes, Sections 469.124 through 469.134, as amended.

"Project Area" or "Project" means the property within Development District No. 14, as described in the Development Program.

"State" means the State of Minnesota.

"State Legislation" means Minn. Laws 1991, Ch. 350.

"Tax Increment Financing Act" or "TIF Act" means Minnesota Statutes, Sections 469.174 through 469.179, inclusive, as amended.

"Tax Increment Financing District" or "TIF District" means Tax Increment Financing District No. 14 created and established pursuant to the TIF Act and the State Legislation within Development District No. 14.

"Tax Increment Financing Plan" or "Plan" means the TIF Plan adopted by the Council for the TIF District.

Subsection B. Statutory Authority.

The City has determined that it is necessary, desirable and in the public interest to establish and administer a Development Program for Development District

No. 14 in the City, pursuant to the provisions of the Municipal Development District Act and the State Legislation. The City has also determined that the funding of the necessary activities and improvements in Development District No. 14 shall be accomplished in part through tax increment financing in accordance with the TIF Act and the State Legislation.

Subsection C. Statement of Public Purpose and Objectives.

1. City-Wide Objectives

The City of Duluth, through this Development District, seeks to achieve the following objectives:

- a. To strengthen the economy of the area and sources of public revenue.
- b. To enhance the liveability, value, and image of the City of Duluth through the stimulation of new investment and facilities designed to accommodate the needs and convenience of the City of Duluth.
- c. To strengthen the City's position as the region's major cultural, commercial, industrial, and finance center.
- d. To 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. The undertaking of 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. To provide an adequate and efficient system of public utilities to serve existing and proposed developments 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 in Duluth.
- j. Create construction jobs and permanent jobs for Duluth 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.
- l. Concentrate new development where most advantage can be taken of existing public facilities and utilities necessary to support development.

2. District Objectives.

The objective within this Development District is to facilitate the construction of the Maintenance Facility by Northwest Airlines. This major new development will provide substantial employment for Duluth citizens as well as northeastern Minnesota. The following specific objectives apply to the Development District:

- a. To promote public improvements which are beneficial to the area and, specifically, to the Maintenance Facility site.
- b. Provide incentives and opportunities for industrial development within the Development District, including construction of the Maintenance Facility.
- c. To integrate improvement activities of the various levels of government and the private sector to the mutual benefit of all interests.
- d. The installation of appropriate public utilities in the Development District to accommodate existing and new development opportunities.

Subsection D. Environmental Controls.

It is anticipated that development within the Development District will present no major environmental concerns. All City actions, public improvements and private development will be carried out in a manner that complies with applicable environmental standards.

Subsection E. Open Space to be Created.

Any open space within the Development District will be created in accordance with the development controls of the City.

Subsection F. Public Facilities to be Constructed.

The City may construct or facilitate development of public facilities within the Development District that are associated with the Maintenance Facility. Such facilities may include roads; sanitary sewer, water and other utilities; storm sewer and other drainage improvements; and other public improvements deemed necessary by the City to serve the Maintenance Facility.

Subsection G. Proposed Reuse of Property.

The area within the Development District consists of vacant land located at the Duluth International Airport. The land is currently owned by the City or other public entities. The property or portions thereof will be developed by Northwest Airlines as the Maintenance Facility under a long-term lease pursuant to the State Legislation.

Subsection H. Development District Financing.

Development of the Maintenance Facility and related public improvements will be financed in part with tax increments pursuant to the TIF Plan, together with other financing sources and mechanisms set forth in the State Legislation.

Subsection I. Relocation.

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

Subsection J. Administration of Development District.

1. Administrator. The Department of Planning and Development of the City of Duluth shall be the Administrator of the Development District. The Administrator shall have the powers set forth in Section 469.131 of the Act.

2. Advisory Board. The City Council has created an Advisory Board pursuant to Section 469.132 of the Act, and has consulted the Advisory Board prior to designation of the Development District. The Advisory Board will advise the City Council and the Administrator regarding the planning, construction, and implementation of the Development Program and the maintenance and operation of the Development District. The respective power and duties of the Advisory Board and the City Planning Commission in relation to the Development District will be as specified by resolution of the City Council.

Subsection K. Description of Development District.

Development District No. 14 consists of the area described in Exhibit A hereto. A map of the Development District boundaries is included in Exhibit B hereto.

SECTION II. TAX INCREMENT FINANCING PLAN FOR TAX INCREMENT FINANCING DISTRICT NO. 14.

Subsection A. Statutory Authority.

Pursuant to Section 24 of the State Legislation, the City may create this TIF District in order to help finance development of the Maintenance Facility. Except as otherwise provided in Section 24 of the State Legislation, the provisions of the TIF Act apply to the TIF District.

Subsection B. Statement of Objectives.

The objectives for the Development District set forth in Subsection C of the Development Program are incorporated herein by reference.

Subsection C. Statement of Public Purpose.

In adopting the TIF Plan for the TIF District, the City Council intends to make the following findings:

1. The proposed development of the Maintenance Facility would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and, therefore, the use of TIF is deemed necessary;
2. The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for development of the District by private enterprise; and
3. The TIF Plan conforms to general plans for development of the City as a whole.

Studies and analysis used to make the determination set forth in clause 1 include all studies in connection with the Maintenance Facility prepared by or on behalf of the State pursuant to the State legislation.

Subsection D. Development District Program.

The City is creating Development District No. 14 at this time. Activities authorized in this TIF Plan will implement and be fully consistent with the Program for the Development District.

Subsection E. Description of TIF District.

TIF District No. 14 consists of the area described in Exhibit C hereto. A map of the approximate boundaries of the TIF District is attached hereto as Exhibit B.

Subsection F. Development District Contracts.

At the time of preparation of this TIF Plan, no contracts have been executed for development activity authorized by the TIF Plan. The City anticipates entering into a development agreement with an ownership entity of Northwest Airlines, Inc. ("NWA"), pursuant to which NWA will develop the Maintenance Facility at a total estimated cost of \$200,000,000.

Subsection G. Classification of TIF District.

The City has determined that TIF District is a redevelopment district, as defined in Section 469.174, subd. 10 of the TIF Act based on the specification in Section 24 of the State Legislation that the TIF District shall be a redevelopment district.

Subsection H. Modification of TIF Plan.

The Plan for the TIF District may be modified by the City, provided that any reduction or enlargement of geographic area of the TIF District, increase in amount of bonded indebtedness to be incurred, including a determination to capitalize interest on the debt if that determination was not a part of the original plan, or to increase or decrease the amount of interest on the debt to be capitalized, increase in the portion of the captured assessed value to be retained by the City, increase in total estimated tax increment expenditures, or designation of additional property to be acquired by the City, shall be approved upon the notice and after the discussion, public hearing and findings required for approval of the original Plan.

Subsection I. Use of Tax Increment.

1. Pursuant to Section 469.176, Subd. 4 of the TIF Act, all revenues derived from the tax increment from TIF District No. 14 shall be used in accordance with this TIF Plan. As further specified in Section 24, Subd. 2(b) of the State Legislation, the revenues shall be used to pay debt service on obligations issued to finance the Maintenance Facility pursuant to the State Legislation.

2. Pursuant to Section 24, subd. 2(c) of the State Legislation, administrative expenses of the TIF District may be paid out of proceeds of the bonds issued under the State Legislation as the Minnesota Commissioner of Finance determines appropriate.

Subsection J. Limitation on Collection of Increment.

1. No increment shall be paid to the City from the TIF District after three years from the date of certification of the original tax capacity of the taxable real property in the TIF District by the county auditor unless within the three year period (a) bonds have been issued in aid of the Development District pursuant to Section 469.178 of the TIF Act, or (b) the City has acquired property within the TIF District, or (c) the City has constructed or caused to be constructed public improvements within the TIF District.

2. If, after four years from the date of certification of the original tax capacity of the TIF District, no demolition, rehabilitation, or renovation of property or other site preparation, including qualified improvement of a street or right-of-way adjacent to a parcel but not installation of underground utility service, including sewer or water systems, have been commenced on a parcel located within the TIF District by the City, or by the owner of the parcel in accordance with the TIF Plan, no additional increment may be taken from that parcel, and the original tax capacity of that parcel shall be excluded from the original tax capacity of the TIF District. If these activities subsequently commence, the City will so certify to the county auditor, and the tax capacity of the property as most recently certified by the commissioner of revenue will be added to the TIF District's original tax capacity.

3. No tax increment will in any event be paid to the City from TIF District No. 14 after thirty years from the date of the City's receipt of the first tax increment from the TIF District.

Subsection K. Limitation on Boundary Changes.

The geographic area of the TIF District may be reduced, but it may not be enlarged after five years following the date of certification of the original tax capacity by the St. Louis County auditor.

Subsection L. Relocation.

The City accepts as binding its obligations under state law for relocation and will administer relocation services for families, individuals and businesses displaced by public action.

Subsection M. Property to be Acquired Within the TIF District.

The City does not currently plan to acquire any parcels of land within the TIF District. The City currently owns the property within the TIF District, and the City or another public entity may own the Maintenance Facility to be constructed.

Subsection N. TIF Account.

The tax increment received with respect to the TIF District shall be segregated by the City in a special account on its official books and records or held by a trustee for the benefit of holders of bonds issued to finance development activities.

Subsection O. Estimate of Project Costs.

<u>PROJECT ACTIVITY</u>	<u>Costs</u>
Construction of Maintenance Facility (Including but not limited to hangers, support facilities, certain site work)	\$200,000,000
Site Development (Including but not limited to roads, sewer, water, other utilities, grading, parking, taxiways)	14,000,000
Fiscal Costs ¹ (Including but not limited to cost of bond issuance, administration and capitalized interest)	<u>60,000,000</u>
TOTAL COSTS	\$274,000,000

Subsection P. Estimate of Revenues and Bonded Indebtedness.

The following bonds may be issued by the State to finance construction of the Maintenance Facility and related costs pursuant to the State Legislation:

1. City Revenues.

Tax Increment Revenue Bonds (Series A-1)	\$24,425,000
City Revenue Bonds (Series A-2)	<u>23,175,000</u>
TOTAL	\$47,600,000

The Series A-1 Bonds will be primarily supported by tax increment from TIF District No. 14. These bonds may also be issued as credit enhanced bonds under Section 469.174, subd. 21 of the TIF Act, with a backup pledge of tax increment from other tax increment districts in the City.

The Series A-2 Bonds will be primarily supported by various City revenues as authorized under Section 24 of the State legislation. Tax increment from TIF District No. 14 may also be pledged to the A-2 Bonds.

¹Pursuant to Section 24, Subd. 2(c) of the State Legislation, administrative expenses in connection with the TIF District may be paid out of bond proceeds as determined appropriate by the Minnesota Commissioner of Revenue. Bond issuance costs and capitalized interest may vary depending on the overall financing structure and interest rates at the time of issuance. Bonds backed by revenues derived from tax increment may include capitalized interest in an amount sufficient to pay interest on the bonds from the date of issue until the date of collection of sufficient tax increment revenue to meet scheduled interest payments, but not exceeding three years.

The City reserves the right to vary the principal amount of the two series or combine the series, provided that the total bonded indebtedness primarily secured by the above-identified revenues will not exceed \$47.6 million. The City may also apply revenues derived from tax increment from TIF District No. 14 toward any bonds described in paragraph 2, below.

2. State and County Revenues.

County-Backed Bonds (Series B)	\$ 12,600,000
State-Backed Bonds (Series C)	125,000,000
State Revenue Bonds (Series D)	<u>64,800,000</u>
TOTAL	\$202,400,000

The Series B Bonds will be secured by a general obligation pledge of St. Louis County.

The Series C Bonds will be secured by a general obligation pledge of the State.

The Series D Bonds will be secured solely by rentals payable by NWA under the lease with respect to the Maintenance Facility.

In addition to all above-identified revenues, the City may use state or federal grants, improvement bonds, and any other revenue sources available to pay a portion of the project costs.

Subsection Q. Original Tax Capacity and Original Tax Capacity Rate.

The property within TIF District No. 14 has been publicly owned and tax exempt for more than one year. Under Section 469.174, Subd. 7 of the TIF Act, the original tax capacity of the TIF District is expected to be \$0 at the time of the request for certification, subject to adjustment pursuant to Section 469.177, Subd. 1 of the TIF Act.

The original local tax rate of the TIF District is estimated to be 152.5745%. This rate is an estimate of the aggregate local tax rate applicable to property within the TIF District for taxes payable in 1992. Such rate was not available at the time this Plan was prepared, and the estimated rate is used herein to predict the approximate level of tax increment.

The County auditor will also increase or decrease the original tax capacity of the TIF District as a result of:

1. change in the tax exempt status of property within the TIF District;
2. reduction or enlargement of the geographic boundaries of the TIF District;
3. reduction of valuation by means of a court-ordered abatement, stipulation agreement, voluntary abatement made by the assessor or auditor or by order of the Minnesota commissioner of revenue; or

4. change in the classification of property within the TIF District to a classification that has a different class rate; or

5. change in the law governing the classification of real property and determining the percentage of market value to be assessed for ad valorem tax purposes.

Each year the county auditor will measure the increase or decrease in the tax capacity of the TIF District. Any year in which the total tax capacity of the TIF District exceeds the original tax capacity, an increment will be payable to the City. Any year in which the tax capacity is below the adjusted original tax capacity, no tax capacity will be captured and no increment will be payable to the City.

Subsection R. Estimate of Captured Tax Capacity and Tax Increment.

The City estimates that a portion of the Maintenance Facility will be completed by January 2, 1993, resulting in a partial captured tax capacity of \$819,272 and tax increment of \$1,250,000 payable in 1994. Assuming the facility is completed by January 2, 1994, the full captured tax capacity on that date is estimated to be \$1,638,544, with tax increment of \$2,500,000 payable in 1995. The City further estimates an annual inflation rate of five percent.

A complete schedule of estimated captured tax capacity and tax increment is attached as Exhibit D. These estimates assume an original tax capacity of \$0 as described in Subsection Q. Adjustment of the original tax capacity pursuant to Section 469.177, Subd. 1 of the TIF Act may alter the estimates.

Pursuant to Section 469.177, Subd. 2 of the TIF Act, it is found and declared that all of the captured tax capacity generated within the TIF District is necessary to finance or otherwise make permissible expenditures authorized by Section 469.176, Subd. 4 of the TIF Act and Section 24 of the State Legislation.

Subsection S. Duration of the TIF District.

In accordance with Section 24, subd. 2(a) of the State Legislation, the City may continue to receive TIF payments until thirty years after the date of the City's receipt of the first increment.

Subsection T. Estimate of Impact on Other Taxing Jurisdictions.

The City believes that, because the development would not have occurred without the tax increment assistance, the TIF District has no impact on other taxing jurisdictions. However, assuming the development would have occurred without tax increment assistance, making the anticipated captured tax capacity available to other jurisdictions, the hypothetical impacts on other jurisdictions are presented in Exhibit E.

Subsection U. Annual Financial Report.

Pursuant to Section 469.175, Subd. 6 of the TIF Act, the City must file an annual financial report regarding the TIF District. The report shall be filed by July 1 of each year with the school board, the county board and the state auditor. The report will include the following information:

1. the original tax capacity of the TIF District;

2. the captured tax capacity of the TIF District, including the amount of any captured tax capacity shared with other taxing districts;
3. the outstanding principal amount of bonds issued or other loans incurred to finance project costs in the TIF District;
4. for the reporting period and for the duration of the TIF District, the amount budgeted under the TIF Plan and the actual amount expended for the following categories;
 - (a) acquisition of land and buildings through condemnation or purchase;
 - (b) site improvement or preparation costs;
 - (c) installation of public utilities or other public improvements;
 - (d) administrative costs, including the allocated cost of the City;
5. for properties sold to developers, the total cost of the property to the City and the price paid by the developer; and
6. the amount of tax exempt obligations, other than those reported under clause 3, which were issued on behalf of private entities for facilities located in the TIF District.

In addition, the City will file an annual report regarding the TIF District with the Minnesota Commissioner of Revenue, as required in Section 469.175, subd. 6a of the TIF Act.

Subsection V. Notification of Prior Planned Improvements.

Pursuant to Section 469.177, Subdivision 4 of the TIF Act, the City reviewed its records with regard to the property within the TIF District and found that no building permits were issued during the 18 months immediately preceding approval of the TIF Plan by the City.

Subsection W. Assessment Agreements.

Pursuant to Section 469.177, Subdivision 8 of the TIF Act, the City may execute an assessment agreement in recordable form with the developer which establishes a minimum market value of the land and improvements for the duration of TIF District No. 14. The assessment agreement, if any, shall be presented to the St. Louis County assessor who shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land upon which the improvements are to be constructed and so long as the minimum market value contained in the assessment agreement appears in the judgment of the assessor to be a reasonable estimate, the assessor may certify the minimum market value agreement. The assessment agreement shall be filed of record in the office of the county recorder or the registrar of titles of St. Louis County. Recording or filing of an assessment agreement complying with the terms of Section 469.177, Subd. 8 of the TIF Act shall constitute notice of the agreement to any subsequent purchaser or encumbrance of the land or any part thereof, whether voluntary or involuntary, and shall be binding upon them.

SECTION III. AMENDMENT TO TAX INCREMENT FINANCING PLANS FOR TAX INCREMENT DEVELOPMENT DISTRICTS NOS. 1, 2, 3 AND 5.

Subsection A. Introduction.

The Duluth City Council created Duluth Tax Increment Development District Nos. 1, 2, 3 and 5 (collectively, the "Duluth Districts") pursuant to the Municipal Development District Act and the TIF Act or predecessor statutes. By Resolution No. 89-0323 (the "Enabling Resolution") the Council created the Duluth Economic Development Authority ("DEDA") and transferred the authority, control and responsibility for the Duluth Districts to DEDA.

The Council has determined that it is necessary and in the public interest to retain certain authority in connection with the Duluth Districts for the limited purposes described in Subsection B below. As of the date of this Plan amendment, the Council has approved a modification to the Enabling Resolution pursuant to Minnesota Statutes, Sections 469.090 to 469.108 (the "EDA Act"), authorizing the Council to amend the Plans for the Duluth Districts as set forth in this document.

The Plans for the Duluth Districts are not modified in any respect other than as provided in this amendment. Except to the extent of this amendment, the Duluth Districts remain under the authority, control and responsibility of DEDA.

Subsection B. Credit Enhanced Bonds.

Under Sections 469.175, Subd. 8 and 469.1763, Subd. 5 of the TIF Act, a tax increment financing plan may provide for the use of tax increment to pay, or secure payment of, debt service on credit enhanced bonds issued to finance any project located within the boundaries of the municipality. Credit enhanced bonds are defined in Section 469.174, Subd. 21 of the TIF Act. In general terms, such bonds are payable primarily from tax increments derived from the tax increment financing district in which the assisted development is located, and are additionally secured by tax increments from other tax increment financing districts.

The State may issue credit enhanced bonds as defined in the TIF Act in connection with TIF District No. 14 (see, TIF Plan for TIF District No. 14, Subsection P). The City may pledge tax increments from the Duluth Districts towards any such bonds, to the extent such pledge is consistent with all existing obligations and contracts in connection with the Duluth Districts, including but not limited to DEDA's Tax Increment Revenue Refunding Bonds, Series 1989.

This Subsection B is intended to modify the tax increment financing plans for the Duluth Districts only to the extent of the tax increment actually pledged by the City to the TIF District No. 14 credit enhanced bonds. Tax increments not pledged under this Subsection B remain under the authority, control and responsibility of DEDA.

Subsection C. Impact On Other Taxing Jurisdictions.

The pledge of tax increments towards TIF District No. 14 credit enhanced bonds will have no foreseeable impact on other taxing jurisdictions. The pledge does not increase captured tax capacity or change the duration of any tax increment financing district. Rather, this Plan amendment authorizes a contingent expenditure of tax increments generated from improvements that are already in place within the Duluth Districts.

EXHIBIT A**Description of Development District No. 14**

The Easterly One Half (1/2) of Section Two (2) and all of Section One (1), Township Fifty (50) North, Range Fifteen (15) West, County of St. Louis, State of Minnesota.

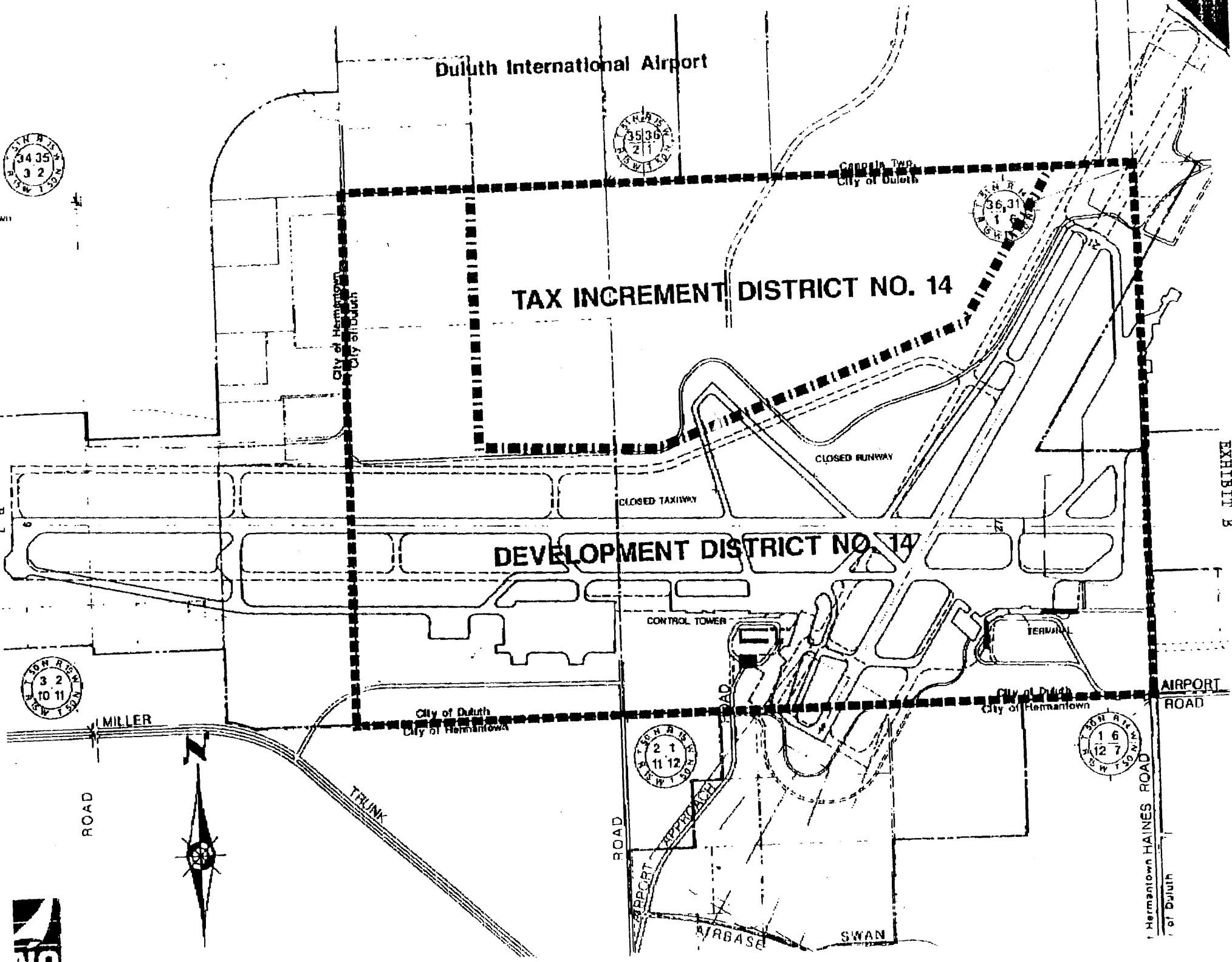


EXHIBIT C**Description of TIF District No. 14**

The East 1360.00 feet of the NE-1/4, Section 2, Township 50 North, Range 15 West, lying North of a line 750.00 feet distant North and parallel with the center line of Runway 9-27.

and

That part of the N-1/2, Section 1, Township 50 North, Range 15 West, lying North of a line 750.00 feet distant North and parallel with the center line of Runway 9-27 and lying Westerly of a line 750.00 feet distant Westerly and parallel with the center line of Runway 3-21 and lying Northwesterly of the runway visibility line described as follows:

The runway visibility line is a line that begins at a point on the center line of Runway 9-27, a distance of 4648.61 feet Westerly, measured along said center line, from the intersection of the center line of Runway 9-27 with the center line of Runway 3-21, thence Northeasterly in a straight line to a point on the center line of Runway 3-21, a distance of 2800.16 feet Northeasterly, measured along said center line, from said intersection of the center line of Runway 9-27 with the center line of Runway 3-21, and said line there terminating.

EXHIBIT D

21-Nov-91

City of Duluth: W.W.A.

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GENERAL ASSUMPTIONS

Inflation Rate	5.0000%		
Present Value Rate	10.00%		
Collection Rate	100.0000%		
Tax Increment District Number	14		
Tax Extension Rate - (In Dist. 709)	1.525745	----	St. Louis County
			Payable 1992 Estimates

ORIGINAL TAX CAPACITY ASSUMPTIONS

PID	Market Value	Property Type	Tax Capacity

All Parcels	0	Exempt	0

	0		0

PROJECT VALUE ASSUMPTIONS

Tax Year	Project Market Value	C/I Property Class Rate	Total Project Tax Capacity

Pay 91		4.950%	0
Pay 92		4.750%	0
Pay 93		4.700%	0
Pay 94	17,810,259	4.600%	819,272
Pay 95	35,620,517	4.600%	1,638,544
Pay 96	37,401,543	4.600%	1,720,471
Pay 97	39,271,620	4.600%	1,806,495
Pay 98	41,235,201	4.600%	1,896,819
Pay 99	43,296,961	4.600%	1,991,660
Pay 00	45,461,809	4.600%	2,091,243

EXHIBIT D

21-Nov-91

City of Duluth: M.W.A.

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* PERIOD BEGINNING		Original Tax	Project Tax	Captured Tax	Semi-Annual Gross Tax	Cumulative Future Value	Cumulative Present Value	PERIOD ENDING/PAYMENT DATE			*	
* Yrs.	Mth.	Yr.	Capacity	Capacity	Capacity	Increment	Balance	Balance	Yrs.	Mth.	Yr.	*

* 0.0	12-31	1991	0	0	0	0	0	0	0.0	07-01	1992	*
* 0.0	06-31	1992	0	0	0	0	0	0	0.0	01-01	1992	*
* 0.0	12-31	1992	0	0	0	0	0	0	0.0	07-01	1993	*
* 0.0	06-31	1993	0	0	0	0	0	0	0.0	01-01	1993	*
* 0.0	12-31	1993	0	0	0	0	0	0	0.0	07-01	1994	*
* 0.0	06-31	1994	0	0	0	0	0	0	0.0	01-01	1994	*
* 0.0	12-31	1994	0	819,272	819,272	625,000	625,000	444,176	0.5	07-01	1995	*
* 0.5	06-31	1995	0	819,272	819,272	625,000	1,250,000	867,200	1.0	01-01	1995	*
* 1.0	12-31	1995	0	1,638,544	1,638,544	1,250,000	2,500,000	1,672,962	1.5	07-01	1996	*
* 1.5	06-31	1996	0	1,638,544	1,638,544	1,250,000	3,750,000	2,440,353	2.0	01-01	1996	*
* 2.0	12-31	1996	0	1,720,471	1,720,471	1,312,500	5,062,500	3,207,745	2.5	07-01	1997	*
* 2.5	06-31	1997	0	1,720,471	1,720,471	1,312,500	6,375,000	3,938,594	3.0	01-01	1997	*
* 3.0	12-31	1997	0	1,806,495	1,806,495	1,378,125	7,753,125	4,669,443	3.5	07-01	1998	*
* 3.5	06-31	1998	0	1,806,495	1,806,495	1,378,125	9,131,250	5,365,490	4.0	01-01	1998	*
* 4.0	12-31	1998	0	1,896,819	1,896,819	1,447,031	10,578,281	6,061,536	4.5	07-01	1999	*
* 4.5	06-31	1999	0	1,896,819	1,896,819	1,447,031	12,025,312	6,724,438	5.0	01-01	1999	*
* 5.0	12-31	1999	0	1,991,660	1,991,660	1,519,383	13,544,695	7,387,340	5.5	07-01	2000	*
* 5.5	06-31	2000	0	1,991,660	1,991,660	1,519,383	15,064,078	8,018,675	6.0	01-01	2000	*
* 6.0	12-31	2000	0	2,091,243	2,091,243	1,595,352	16,659,430	8,650,010	6.5	07-01	2001	*
* 6.5	06-31	2001	0	2,091,243	2,091,243	1,595,352	18,254,782	9,251,281	7.0	01-01	2001	*
* 7.0	12-31	2001	0	2,195,805	2,195,805	1,675,120	19,929,901	9,852,552	7.5	07-01	2002	*
* 7.5	06-31	2002	0	2,195,805	2,195,805	1,675,120	21,605,021	10,425,192	8.0	01-01	2002	*
* 8.0	12-31	2002	0	2,305,596	2,305,596	1,758,876	23,363,897	10,997,831	8.5	07-01	2003	*
* 8.5	06-31	2003	0	2,305,596	2,305,596	1,758,876	25,122,772	11,543,202	9.0	01-01	2003	*
* 9.0	12-31	2003	0	2,420,875	2,420,875	1,846,819	26,969,591	12,088,573	9.5	07-01	2004	*
* 9.5	06-31	2004	0	2,420,875	2,420,875	1,846,819	28,816,411	12,607,974	10.0	01-01	2004	*
* 10.0	12-31	2004	0	2,541,919	2,541,919	1,939,160	30,755,571	13,127,375	10.5	07-01	2005	*
* 10.5	06-31	2005	0	2,541,919	2,541,919	1,939,160	32,694,731	13,622,042	11.0	01-01	2005	*
* 11.0	12-31	2005	0	2,669,015	2,669,015	2,036,118	34,730,849	14,116,709	11.5	07-01	2006	*
* 11.5	06-31	2006	0	2,669,015	2,669,015	2,036,118	36,766,968	14,587,821	12.0	01-01	2006	*
* 12.0	12-31	2006	0	2,802,466	2,802,466	2,137,924	38,904,892	15,058,933	12.5	07-01	2007	*
* 12.5	06-31	2007	0	2,802,466	2,802,466	2,137,924	41,042,816	15,507,611	13.0	01-01	2007	*
* 13.0	12-31	2007	0	2,942,589	2,942,589	2,244,820	43,287,636	15,956,289	13.5	07-01	2008	*
* 13.5	06-31	2008	0	2,942,589	2,942,589	2,244,820	45,532,457	16,383,601	14.0	01-01	2008	*
* 14.0	12-31	2008	0	3,089,719	3,089,719	2,357,061	47,889,518	16,810,914	14.5	07-01	2009	*
* 14.5	06-31	2009	0	3,089,719	3,089,719	2,357,061	50,246,580	17,217,878	15.0	01-01	2009	*
* 15.0	12-31	2009	0	3,244,205	3,244,205	2,474,914	52,721,494	17,624,842	15.5	07-01	2010	*
* 15.5	06-31	2010	0	3,244,205	3,244,205	2,474,914	55,196,409	18,012,427	16.0	01-01	2010	*
* 16.0	12-31	2010	0	3,406,415	3,406,415	2,598,660	57,795,069	18,400,012	16.5	07-01	2011	*
* 16.5	06-31	2011	0	3,406,415	3,406,415	2,598,660	60,393,729	18,769,140	17.0	01-01	2011	*
* 17.0	12-31	2011	0	3,576,736	3,576,736	2,728,593	63,122,322	19,138,269	17.5	07-01	2012	*
* 17.5	06-31	2012	0	3,576,736	3,576,736	2,728,593	65,850,915	19,489,820	18.0	01-01	2012	*
* 18.0	12-31	2012	0	3,755,572	3,755,572	2,865,023	68,715,938	19,841,371	18.5	07-01	2013	*
* 18.5	06-31	2013	0	3,755,572	3,755,572	2,865,023	71,580,961	20,176,181	19.0	01-01	2013	*
* 19.0	12-31	2013	0	3,943,351	3,943,351	3,008,274	74,589,235	20,510,991	19.5	07-01	2014	*
* 19.5	06-31	2014	0	3,943,351	3,943,351	3,008,274	77,597,509	20,829,858	20.0	01-01	2014	*
* 20.0	12-31	2014	0	4,140,519	4,140,519	3,158,688	80,756,197	21,148,725	20.5	07-01	2015	*
* 20.5	06-31	2015	0	4,140,519	4,140,519	3,158,688	83,914,885	21,452,408	21.0	01-01	2015	*
* 21.0	12-31	2015	0	4,347,544	4,347,544	3,316,622	87,231,507	21,756,091	21.5	07-01	2016	*

EXHIBIT D

21-Nov-91

City of Duluth: M.W.A.

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* PERIOD BEGINNING	Original	Project	Captured	Semi-Annual	Cumulative	Cumulative	PERIOD ENDING/PAYMENT DATE *			
* Yrs. Mth. Yr. Capacity	Tax	Tax	Tax	Gross Tax	Future Value	Present Value	Yrs.	Mth.	Yr.	*

* 21.5 06-31 2016	0	4,347,544	4,347,544	3,316,622	90,548,129	22,045,313	22.0	01-01	2016	*
* 22.0 12-31 2016	0	4,564,922	4,564,922	3,482,453	94,030,582	22,334,535	22.5	07-01	2017	*
* 22.5 06-31 2017	0	4,564,922	4,564,922	3,482,453	97,513,035	22,609,984	23.0	01-01	2017	*
* 23.0 12-31 2017	0	4,793,168	4,793,168	3,656,576	101,169,611	22,885,434	23.5	07-01	2018	*
* 23.5 06-31 2018	0	4,793,168	4,793,168	3,656,576	104,826,187	23,147,766	24.0	01-01	2018	*
* 24.0 12-31 2018	0	5,032,826	5,032,826	3,839,405	108,665,592	23,410,099	24.5	07-01	2019	*
* 24.5 06-31 2019	0	5,032,826	5,032,826	3,839,405	112,504,996	23,659,940	25.0	01-01	2019	*
* 25.0 12-31 2019	0	5,284,467	5,284,467	4,031,375	116,536,371	23,909,780	25.5	07-01	2020	*
* 25.5 06-31 2020	0	5,284,467	5,284,467	4,031,375	120,567,746	24,147,724	26.0	01-01	2020	*
* 26.0 12-31 2020	0	5,548,691	5,548,691	4,232,944	124,800,690	24,385,667	26.5	07-01	2021	*
* 26.5 06-31 2021	0	5,548,691	5,548,691	4,232,944	129,033,634	24,612,280	27.0	01-01	2021	*
* 27.0 12-31 2021	0	5,826,125	5,826,125	4,444,591	133,478,224	24,838,893	27.5	07-01	2022	*
* 27.5 06-31 2022	0	5,826,125	5,826,125	4,444,591	137,922,815	25,054,715	28.0	01-01	2022	*
* 28.0 12-31 2022	0	6,117,432	6,117,432	4,666,820	142,589,636	25,270,537	28.5	07-01	2023	*
* 28.5 06-31 2023	0	6,117,432	6,117,432	4,666,820	147,256,456	25,476,081	29.0	01-01	2023	*
* 29.0 12-31 2023	0	6,423,303	6,423,303	4,900,161	152,156,617	25,681,626	29.5	07-01	2024	*
* 29.5 06-31 2024	0	6,423,303	6,423,303	4,900,161	157,056,779	25,877,382	30.0	01-01	2024	*

03/18/92 10:00

210 720 0400

BLICORP, INC.

TEL:612-341-4148

Nov 19,91

14:38 No.005 P.02

Exhibit E

City of Duluth: N.W.A.

Impact on Taxing Jurisdictions

ENTITY	ESTIMATED PAY 1992 NET TAX CAPACITY	ESTIMATED ANNUAL CAPTURED TAX CAPACITY	PERCENT OF CAPTURED TAX CAPACITY TO ENTITY'S TOTAL
St. Louis Co.	68,970,445	1,638,544	2.38%
Duluth	27,230,053	1,638,544	6.02%
SD #709	29,099,496	1,638,544	5.63%

	ESTIMATED PAY 1992 RATE	ESTIMATED ANNUAL CAPTURED TAX CAPACITY	ANNUAL POTENTIAL FUTURE TAXES
St. Louis Co.	74.96710%	1,638,544	1,228,369
Duluth	23.67960%	1,638,544	388,001
SD #709	53.31830%	1,638,544	873,644 **
Special Dis.	0.60950%	1,638,544	9,987
	152.57450%		2,500,000

** This estimate ignores the effect of State of Minnesota basic education aid compensating District 709 for changes in its property tax base.

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1.08. In accordance with the EDA act, the city has duly published a summary of the modification to the enabling resolution together with a notice of public hearing, and the council has this date conducted a public hearing thereon at which the views of all interested persons were heard.

1.09. In accordance with the development district act and the TIF act, this council has fully reviewed the contents of the plan document and on this date conducted a public hearing thereon at which the views of all interested persons were heard.

Section 2. Findings; Development District No. 14.

2.01. The city finds that within the development district and the city there is a need to improve the tax base and employment opportunities.

2.02. The city further finds that:

(a) The land within the development district would not be made available for development in the reasonably foreseeable future without the public intervention and financial assistance described in the program and the plan document;

(b) The program will afford maximum opportunity, consistent with the sound needs of the city as a whole, for the development of the development district by private enterprise;

(c) The development district and the program conform to the general plan for development of the city as set forth in the city's comprehensive plan.

Section 3. Findings; TIF District No. 14.

3.01. Pursuant to Section 24 of the state legislation, nine members of the council together with two members of the St. Louis County board of commissioners appointed by the county board in accordance with the state legislation shall constitute the "authority" in connection with the TIF district (known as the "TIF District No. 14 authority") for the purposes of the TIF act.

3.02. The city finds and determines that it is necessary and desirable for the sound and orderly development of the development district and the city as a whole, and for the protection and preservation of the public health, safety and general welfare, that the authority of the state legislation and the TIF act be exercised by the city to provide public financial assistance to the TIF and development districts.

3.03. The city further finds, and it is the city's reasoned opinion, that the development proposed in the TIF plan would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and therefore the use of tax increment financing is deemed necessary.

3.04. The TIF plan for the TIF district conforms to the general plan for the development or redevelopment of the city as a whole.

3.05. The TIF plan for the TIF district will afford maximum opportunity, consistent with the sound needs of the city as a whole, for the development of the development district by private enterprise.

CERTIFIED COPY OF RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DULUTH, MINNESOTA

RESOLUTION 91-0973

ADOPTED DECEMBER 9, 1991

BY COUNCILOR ALBRIGHT:

BE IT RESOLVED, by the city council (the "council") of the city of Duluth, Minnesota (the "city"), as follows:

Section 1. Recitals.

1.01. The city has determined a need to establish Development District No. 14 (the "development district") and a development program ("program") therefor, and Tax Increment Financing District No. 14 (the "TIF district") and a tax increment financing plan ("TIF plan") therefor, pursuant to Minn. Laws 1991, Chapter 350 (the "state legislation") and Minnesota Statutes, Sections 469.124 to 469.134 (the "development district act") and Sections 469.174 to 469.179 (the "TIF act").

1.02. Pursuant to Minnesota Statutes, Sections 469.090 to 469.108 (the "EDA act"), the city has also determined a need to modify Resolution No. 89-0323 approved by the council on April 24, 1989 (the "enabling resolution"), which resolution established the Duluth economic development authority ("DEDA") and transferred control, authority and operation of Tax Increment Development District Nos. 1, 2, 3 and 5 (the "Duluth districts") to DEDA.

1.03. In modifying the enabling resolution, the city has determined a need to retain certain control, authority and operation of the Duluth districts by way of an amendment to the TIF plans for the Duluth districts, pursuant to the EDA act and the TIF act.

1.04. The city has prepared the above-described program and TIF plans, all of which are contained in a document titled "Development Program, Development District No. 14, Aircraft Maintenance Facilities--Airport, and Tax Increment Financing Plan, Tax Increment Financing District No. 14, and Amendment to Tax Increment Financing Plans for Tax Increment Development District Nos. 1, 2, 3 and 5, City of Duluth, Minnesota," dated December 9, 1991 (the "plan document") (Public Document No. 91-1209-16).

1.05. The council has created an advisory board in the connection with the development district (the "board") pursuant to Section 469.132 of the development district act, which board has reviewed the plan document and has approved the designation of the development district.

1.06. In accordance with the development district act and the TIF act, the plan document was referred to the Duluth planning commission, which found that the plan document is consistent with the general plan for the city as a whole.

1.07. In accordance with the TIF act, the city submitted estimates of the fiscal and economic implications of the proposed TIF plan for TIF District No. 14 and the amendment to the TIF plans for the Duluth districts to the school board of Independent School District No. 709 and the board of commissioners of St. Louis County, which bodies subsequently provided written comments to the city on the plan document at or before the public hearing.

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the credit enhanced bonds. Except as otherwise provided in this Section 10,
the DEDA shall accept the transfer of these projects, funds and districts and
shall pledge to perform the terms, conditions and covenants of all agreements
outstanding with respect thereto.

5.02. The city clerk is directed to attach a certified copy of this resolution to the enabling resolution held in city files, and to transmit a certified copy of this resolution to DEDA.

Section 6. Actions Ratified; Program, TIF Plan, and Amended TIF Plans Adopted; Certification; Filing.

6.01. The city hereby ratifies the publication of the required notice of hearing and the required filings of the plan document with the appropriate governmental bodies by the city's staff in connection with the approval of the plan document.

6.02. The development district and TIF district are hereby established, and the respective program and TIF plan therefor as set forth in the plan document are hereby approved.

6.03. The geographic boundaries of the development district and the TIF district are as described in the plan document and are incorporated herein by reference.

6.04. The city clerk is authorized and directed to transmit a certified copy of this resolution together with a certified copy of the plan document to the St. Louis County auditor with a request that the original tax capacity of TIF District No. 14 be certified to the city pursuant to Section 469.177 of the TIF act, and to file a copy of the plan document with the commissioner of revenue as required by the TIF act.

Resolution 91-0973, as amended, was adopted upon the following vote:

Yeas: Councilors Albright, Atkins, Downs, Jewell, Prettnner, Steen, Talarico and President Shearer -- 8

Nays: Councilor Bohlmann -- 1

Approved December 9, 1991

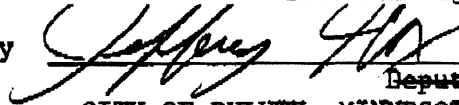
JOHN A. FEDO, Mayor

I, JEFFREY J. COX, City Clerk of the City of Duluth, Minnesota, do hereby certify that I have compared the foregoing Resolution passed by the City Council on the ninth day of December, 1991, with the original in my custody as City Clerk of said City, and that the same is a true and correct transcript therefrom.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of said City of Duluth, this 12th day of December, 1991.

JEFFREY J. COX
City Clerk



By 
Deputy
CITY OF DULUTH, MINNESOTA

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CERTIFIED COPY OF RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DULUTH, MINNESOTA

3.06. The TIF district is a redevelopment district under Section 469.174, Subd. 10 of the TIF act, as specified in Section 24 of the state legislation; provided that the durational limit of the TIF district under Section 469.176, Subd. 1(e) of the TIF act shall be extended to 30 years in accordance with the state legislation.

3.07. The establishment of the TIF district and approval of the TIF plan therefor is intended, and in the city's judgement its effect will be, to promote the public purposes and accomplish the objectives specified in the TIF plan.

Section 4. Findings; Amendment to TIF Plans for Duluth Districts.

4.01. The amendment to the TIF plans for the Duluth district does not alter the classification or boundaries of those districts.

4.02. The city finds, and it is the city's reasoned opinion that, the development proposed in TIF plans for the Duluth districts, as amended, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and therefore the use of tax increment financing is deemed necessary.

4.03. As amended, the TIF plans for the Duluth districts conform to the general plan for the development or redevelopment of the city as a whole.

4.04. As amended, the TIF plans for the Duluth districts will afford maximum opportunity, consistent with the sound needs of the city as a whole, for the development of the development district by private enterprise.

4.05. Approval of the amendment to the TIF plans for the Duluth districts is intended, and in the city's judgement its effect will be, to promote the public purposes and accomplish the objectives specified in the TIF plans as amended.

Section 5. Modification of the Enabling Resolution Adopted.

5.01. Section 10 of the enabling resolution is hereby modified as follows (underlined language indicates modification):

10. That control, authority and operation of Duluth Tax Increment Development District Nos. 1, 2, 3, 4 and 5 created by the council pursuant to Minnesota Statutes, Sections 469.125 through 469.134, and Minnesota Statutes, Sections 469.174 through 469.179, or their predecessors and all funds related thereto are hereby transferred to the DEDA; provided that the city retains the authority to pledge tax increments from Duluth Tax Increment Development District Nos. 1, 2, 3 and 5 (the "Duluth districts") to pay or secure payment of any credit enhanced bonds, as defined in Minnesota Statutes, Section 469.174, Subd. 21, issued or to be issued in connection with Tax Increment Financing District No. 14 (the "credit enhanced bonds"). The city likewise retains the authority to modify the tax increment financing plans for the Duluth districts in order to provide for the pledge of tax increments toward the credit enhanced bonds. Any such pledge by the city shall be consistent with all existing contracts, pledges and obligations in connection with the Duluth districts. The DEDA shall have authority and control over all tax increments generated from the Duluth districts, to the extent consistent with any pledge made by the city toward