

EXHIBIT 1

Amendment #7 for Grant Contract Agreement # DRED-22-0001-O-FY23

Grant Contract Agreement Start Date:	06/24/2019	Original Grant Contract Agreement Amount:	\$67,600,000.00
Original Grant Contract Agreement Expiration Date:	06/24/2024	Previous Amendment(s) Total:	\$29,921,022.51
Current Grant Contract Agreement Expiration Date:	12/31/2028	This Amendment:	\$198,977.49
Requested Grant Contract Agreement Expiration Date:	12/31/2028	Total Grant Contract Agreement Amount:	\$97,720,000.00

This amendment is by and between the State of Minnesota, acting through the Minnesota Department of Employment and Economic Development (“State Entity”) and the City of Duluth, City Hall, Room 418, 411 West First Street, Duluth, MN 55802 (“Grant Recipient”).

Recitals

1. The State Entity has a grant contract agreement with the Grant Recipient identified as the Master Grant Agreement Construction Grant for the Duluth Regional Exchange District Project Dated 6/24/2019 (“Original Grant Agreement”) to provide (1) repurposing vacant or underutilized private land, or unutilized property interests, such as air rights, for development and redevelopment and to incent significant private investment; (2) redeveloping vacant or underutilized private land to increase its tax-generating and job-creating potential or to provide housing or meeting community needs; and (3) development by the anchoring institutions in the community, such as health care organizations and institutions of higher education, to create opportunities to improve the economy of the City and Greater Minnesota regions and attract and retain workforce.
2. The State Entity and Grant Recipient amended the Original Grant Agreement by that certain "Amendment #1 for Grant Contract Agreement #DRED-22-0001-O-FY23 executed by the State Entity and Grant Recipient on September 29, 2022 ("Amendment 1") that applied the Grant amounts to projects 1, 2, 3, 5, and 6 described in Amendment 1.
3. The State Entity and Grant Recipient amended the Original Grant Agreement by that certain "Amendment #2 for Grant Contract Agreement #DRED-22-0001-O-FY23 executed by the State Entity and Grant Recipient on June 21, 2023 ("Amendment 2") that extended the deadline to obtain ownership of Project 2 described in Amendment 1.
4. The State Entity and Grant Recipient amended the Original Grant Agreement by that certain "Amendment #3 for Grant Contract Agreement #DRED-22-0001-O-FY23 executed by the State Entity and Grant Recipient on September 7, 2023 ("Amendment 3") that extended the deadline to disburse all of the Grant identified in executed Amendments to the Original Grant Agreement.
5. The State Entity and Grant Recipient amended the Original Grant Agreement by that certain "Amendment #4 for Grant Contract Agreement #DRED-22-0001-O-FY23 executed by the State Entity and Grant Recipient on February 28, 2024 ("Amendment 4") that applied the Grant amounts to project 7 described in Amendment 4.
6. The State Entity and Grant Recipient amended the Original Grant Agreement by that certain "Amendment #5 for Grant Contract Agreement #DRED-22-0001-O-FY23 executed by the State Entity and Grant Recipient on August 20, 2024 ("Amendment 5") that applied the Grant amounts to project 8 described in Amendment 5.
7. The State Entity and Grant Recipient amended the Original Grant Agreement by that certain "Amendment #6 for Grant Contract Agreement #DRED-22-0001-O-FY23 executed by the State Entity and Grant Recipient on December 18, 2024 ("Amendment 6") that applied the Grant amounts to project 4 described in Amendment 6.
8. The Commissioner of Minnesota Management and Budget (“MMB”) sold State Entity of Minnesota State General Fund Appropriation Bonds, Taxable Series 2023A (Duluth Regional Exchange District), dated November 8, 2023 (the “Series 2023 Bonds”) to provide \$30,120,000 in state appropriation support payments for the purposes of financing Projects authorized under the Act.

9. The State Entity and Grant Recipient desire to enter into this Amendment to facilitate the use of \$198,977.49 for a total amount of \$4,300,000 of proceeds of the Series 2023 Bonds for the purposes described in Section 1 of this Amendment.
10. The Grant Recipient intends to apply the Grant amounts provided by this Amendment to the Project identified in subparagraph 4 of Recital C of the Original Grant Agreement authorized for state appropriation support payments under the Act.
11. The State Entity and the Grant Recipient are willing to amend the Original Grant Contract Agreement as stated below.

Grant Contract Amendment

1. The Grant Recipient reasonably intends to apply the amount of \$198,977.49 as provided in this Amendment to the following project:

Project 8. Site improvements made upon private property and within the public realm, including retaining walls, public sidewalks, public stairs, and other related infrastructure, necessary to support Medical Entity West hospital construction, not to exceed \$4,300,000.00.
2. The Useful Life of the Real Property and, if applicable, Facilities subject to this Amendment is shown in **Annex 1** to this Amendment for the Project identified in Section 1.
3. The Grant Recipient represents to the State Entity and the Commissioner of MMB that **Annex 2** is intended to be a source and use statement for purposes of Section 5.24 of the Original Grant Agreement and shows the total cost of the Projects or Project phases being funded as part of this Amendment and all of the funds that are available for the completion of the Projects or Project Phases identified in **Annex 2**. The information contained in **Annex 2** correctly and accurately delineates the information required by Section 5.24 of the Original Grant Agreement. Use of Grant Proceeds will be used for one or more of the eligible purposes identified in Section 2.02 of the Original Grant Agreement.
4. The Grant Recipient represents to the State Entity and the Commissioner of MMB that **Annex 3** correctly and accurately delineates the projected schedule for the completion of the Projects subject to this Amendment. Commencing by March 1 of the year following the year in which the Project subject to this Amendment is completed, the Grant Recipient shall provide information to the State Entity required by Section 5.29.C. of the Original Grant Agreement.
5. The Grantee shall execute and record a Declaration of Restrictive Covenant as provided for in Section 2.04 of the Master Grant Agreement for Project 8 covered by this Amendment.
6. Unless specifically amended, modified or changed by this Amendment, the Original Grant Agreement, as amended by all previous amendments, shall remain in full force and effect and unchanged. All initially capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Original Grant Agreement.
7. The Recitals above are hereby incorporated into this Amendment.

1. STATE ENCUMBRANCE VERIFICATION

Individual certifies that funds have been encumbered as required by Minn. Stat. §16A.15

Signed: _____

Date: _____

SWIFT Contract/PO No(s): _____

3. STATE OF MINNESOTA: DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT

By: _____

(WITH DELEGATED AUTHORITY)

Title: _____

Date: _____

2. GRANT RECIPIENT

The Grant Recipient certifies that the appropriate person(s) has executed the grant contract on behalf of the Grant Recipient as required by applicable articles, bylaws, resolutions, or ordinances.

CITY OF DULUTH

By: _____

Mayor

Attest: _____

City Clerk

Dated: _____

Countersigned:

City Auditor

Approved as to form:

City Attorney

Distribution:

Agency

Grantee

State's Authorized Representative

Annex 1 to Grant Agreement Amendment
USEFUL LIFE OF REAL PROPERTY AND, IF APPLICABLE, FACILITIES

Project No.	Description	Useful Life
Project 8	Site improvements made upon private property and within the public realm, including retaining walls and bus shelter	30 years

**Annex 2 to Grant Agreement Amendment
SOURCES AND USES**

Source of Funds		Use of Funds	
<u>Identify Source of Funds</u>	<u>Amount</u>	<u>Identify Items</u>	<u>Amount</u>
State Funds			
Grant	\$4,300,000	Planning, acquisition, predesign, design, construction, site preparation, demolition costs, and furnishing and equipping costs for site improvements made upon private property and within the public realm, including retaining walls, public sidewalks, public stairs, and other related infrastructure, necessary to support Medical Entity West, as more fully described in Development Agreement(s) between the City and St. Mary's Duluth Clinic Health System d/b/a Essentia Health East, to be placed on file with the City and State Entity.	
Other State Funds			
Subtotal	\$N/A		
Matching Funds			
Subtotal	\$N/A	Subtotal	\$4,300,000
Other Grant Recipient Funds		Items Paid for with Non-Grant Funds	
Subtotal	\$N/A	Subtotal	\$N/A
Loans			
Subtotal	\$N/A		
Other Funds			
Subtotal	\$N/A		
Prepaid Project Expenses			
Subtotal	\$N/A		
TOTAL FUNDS	\$4,300,000	TOTAL PROJECT COSTS	\$4,300,000

Annex 3 to Grant Agreement Amendment

PROJECT 8 COMPLETION SCHEDULE

Project No.	Description	Completion Date
Project 8	Site improvements made upon private property and within the public realm, including retaining walls and bus shelter	9/3/2024