

EXHIBIT 1

GRANT AND BRIDGE FUNDING AGREEMENT BETWEEN THE CITY OF DULUTH AND THE ARROWHEAD ZOOLOGICAL SOCIETY, INC.

THIS AGREEMENT, effective as of the date of attestation by the City Clerk, is made by and between the CITY OF DULUTH, a municipal corporation organized and existing under the laws of the State of Minnesota (“City”), and the Arrowhead Zoological Society, Inc., d/b/a Lake Superior Zoological Society, a 501(c)(3) Minnesota non-profit corporation (“Society”). The City and Society collectively are hereinafter referred to as the “Parties.”

WHEREAS, the City is the owner of Fairmont Park, a public recreation area, which contains the Lake Superior Zoological Gardens, a public recreational and educational facility containing buildings, pathways, a collection of animals and other items of interest, public amenities, and related improvements (“Zoo”). The Society manages and operates the Zoo under a separate agreement between the Parties.

WHEREAS, the Society entered into an Arts and Cultural Heritage Fund Construction Grant Agreement with the State of Minnesota for the Forest Discovery Zone Project on or about March 26, 2014 (“Grant Agreement”), pursuant to which the Project (defined below) will support the development of a forest discovery zone to create educational exhibits using animals and the environment. The Forest Discovery Zone Project is hereinafter referred to as the “Project,” and said Grant Agreement is attached hereto as Exhibit A.

WHEREAS, the Project has two phases, each with its own objectives and outcomes. A project description of the Forest Discovery Zone, together with a description of Phases One and Two, are attached as Exhibit B. Phase One will begin in 2016, and the Grant Agreement will provide funds to pay the costs of Phase One in an amount not to exceed the amount specified in Section B below. Phase Two will be completed after additional funds become available.

WHEREAS, the State of Minnesota operates the Grant Agreement on a reimbursement basis whereby the Society would pay all of the Project bills and submit a reimbursement request to the State of Minnesota in an amount not to exceed the amount specified in the Grant Agreement.

WHEREAS, the Society requested that the City advance the funds needed for the Project to the Society, and the Society would re-pay said funds after it receives the reimbursed funds from the State of Minnesota.

WHEREAS, the City recognizes the importance of the Project and desires to enter into the foregoing agreement with the Society, pursuant to which the City will provide: (a) a grant of funds and (b) bridge funding to be reimbursed by the Society, the purpose of which is to enable the Society to complete Phase One of the Project.

NOW, THEREFORE, it is hereby mutually agreed by and between the Parties to this Agreement as follows:

A. Term.

1. This Agreement is effective as of the date of attestation by the City Clerk and continues through the date that the Society reimburses the City for the bridge funds it provides, pursuant to the schedule described in Sections B and C below.

2. Pursuant to the conditions of the Grant Agreement, Phase I of the Project started on March 16, 2016 and must be completed by June 30, 2016.

B. Phase I Funding Sources.

1. The funding sources of Phase I of the Project are as follows:

<u>Description</u>	<u>Amount</u>
2016 Legacy ACHR Appropriation	\$150,000
Less 1% Administrative Fee to the State of Minnesota	- \$ 1,500
Required Match	<u>\$ 37,500</u>
Total Project Costs	\$186,000

2. The City will provide a grant of funds for the Project in the amount of Thirty-seven Thousand Five Hundred Dollars (\$37,500) to cover the Required Match funds, payable from Fund 452-030-5530 Project 1502 (Tourism & Recreational Projects, Finance, Improvements Other than Buildings, Fairmont Park/Zoo).

3. The City will provide bridge funding to the Society in the amount of One Hundred and Forty-eight Thousand Five Hundred Dollars (\$148,500) to advance the 2016 Legacy ACHR Appropriation amount minus the 1% Administrative Fee ("Bridge Funds"), payable from Fund 200-1330 (Zoo Fund, Loans Receivable). Under the Grant Agreement, the State will reimburse the Bridge Funds to the Society upon completion of the Project and after submission of reimbursement requests.

4. The City will provide the total Project costs (\$186,000) to the Society no later than April 30, 2016, unless invoices for the Project are needed to be paid prior to April 30, 2016.

5. The funds paid to the Society under this Agreement are solely for the purpose of completion of Phase I of the Project.

C. Reimbursement to City. The Society will re-pay the Bridge Funds to the City after the Society receives a reimbursement from the State of the Minnesota. Although there is a not a definitive date of when the State of Minnesota will reimburse the Society the Bridge Funds, the Society will: (1) notify the City when it receives such funds and (2) re-pay the Bridge Funds within ten (10) working days of receiving the funds from the State of Minnesota.

D. Independent Relationship. It is agreed that nothing herein contained is intended or shall be construed in any manner as creating or establishing a relationship of co-partners between the parties hereto or the City or of constituting Society as an agent, representative or employee of the City for any purpose or in any manner whatsoever. Society shall not be considered an employee of the City, and any and all claims that may or might arise under the Workers' Compensation Act of the State of Minnesota on behalf of Society while so engaged and any and all claims whatsoever on behalf of Society arising out of employment or alleged employment, including without limitation, claims of discrimination against the City, its officers, agents, contractors or employees shall in no way be the responsibility of the City. Society and its officers and employees shall not be entitled to any compensation or rights or benefits of any hospital care, sick leave and vacation pay, Workers' Compensation, Unemployment Insurance, disability pay or severance pay. Furthermore, the City shall, in no way, be responsible to defend, indemnify or save harmless Society from liability or judgments arising out of Society's intentional or negligent acts or omissions while performing the work specified by this Agreement.

E. Reporting. Upon request, the Society shall furnish to the City Auditor an income and expense report related to the funds given and received under this Agreement. Such report shall be in a format acceptable to the City Auditor.

F. Termination. City retains all its powers to determine how the public monies shall be used and may require reasonable changes based upon circumstances. City may cancel this Agreement by giving 30 days' written notice to Society.

G. Assignment. Society shall not in any way assign or transfer any of its rights or interests under this Agreement in any way whatsoever without the prior written consent of the City's Director of Public Administration.

H. Laws, Rules, and Regulations. Society agrees to observe and comply with all laws, ordinances, rules and regulations of the United States of America, the State of Minnesota, City of Duluth, and its respective agencies which are applicable to its activities under this Agreement. Society agrees to comply in all respects with all federal, state and local laws, statutes, ordinances, rules and regulations now in effect or hereinafter promulgated pertaining to unlawful discrimination.

I. Notices. Notice to City or Society provided for herein shall be sufficient if sent by the regular United States mail, postage prepaid, addressed to the parties at the addresses hereinafter set forth or to such other respective persons or addresses as the parties may designate to each other in writing from time to time:

CITY: City of Duluth
Attn: Manager of Parks and Recreation
411 W. First Street, Ground Floor
Duluth, Minnesota 55802

SOCIETY: Arrowhead Zoological Society, Inc.
Attn: CEO
7210 Fremont Street
Duluth, Minnesota 55807

J. Applicable Law. This Agreement, together with all of its paragraphs, terms and provisions is made in the State of Minnesota and shall be construed and interpreted in accordance with the laws of the State of Minnesota.

K. Amendments. Any amendment to this Agreement shall be in writing and shall be executed by the same parties who executed the original Agreement or their successors in office.

L. Waiver. Any waiver by any party of any provision of this Agreement shall not imply a subsequent waiver of that or any other provision.

M. Severability. The Parties agree that if any term or provision of this Agreement is declared by a court of competent-jurisdiction to be illegal or in conflict with any law, then the validity of the remaining terms and provisions shall not be affected, and the rights and obligations of the Parties shall be construed and enforced as if the Agreement did not contain the particular term or provision held to be invalid.

N. Entire Agreement. This Agreement constitutes the entire Agreement between the City and Society and supersedes all prior written or oral agreements and negotiations between the parties relating to the subject matter hereto.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year written below.

CITY OF DULUTH

**ARROWHEAD ZOOLOGICAL
SOCIETY, INC.**

By: _____
Mayor

By: _____

Printed Name: _____

Attest: _____
City Clerk

Its: _____

Date Attested: _____

By: _____

Countersigned:

Printed Name: _____

Its: _____

City Auditor

Approved as to form:

City Attorney

EXHIBIT A

ARTS AND CULTURAL HERITAGE FUND CONSTRUCTION GRANT AGREEMENT FOR THE LAKE SUPERIOR ZOOLOGICAL SOCIETY PROJECT

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**ARTS AND CULTURAL HERITAGE FUND
CONSTRUCTION GRANT AGREEMENT**

for the

Lake Superior Zoological Society

PROJECT

THIS AGREEMENT shall be effective as of April 1, 2014, and is between Lake Superior Zoological Society (the "Grant Recipient"), a 501(c)(3) non-profit, and the Minnesota Department of Administration (the "State Entity"). No payment shall be made until the grant contract is fully executed under Minnesota Statutes § 16B.98, Subd. 7.

RECITALS

A. Under Minnesota Constitution, article XI, section 15 monies are deposited into an Arts and Cultural Heritage Fund to be spent for arts, arts education, arts access and to preserve Minnesota's history and cultural heritage; and

B. Under Minnesota Constitution, article XI, section 15, expenditures from the Arts and Cultural Heritage Fund must supplement traditional sources of funding for those purposes and may not be used as a substitute; and

C. Minn. Stat. § 129D.17, as amended, establishes the Arts and Cultural Heritage Fund and provides for the accountability of expenditures from such fund; and

D. Under the provisions contained in Minnesota Laws, 2013, 1st, Chapter 137, Article 4, Subd. 6, the State of Minnesota has allocated \$150,000 in fiscal year 2014 and \$150,000 in fiscal year 2015, less 1 percent for the State Entity's administrative costs, for a total of \$297,000, which is to be given to the Grant Recipient as a grant for development of the Forest Discovery Zone; and

E. The monies allocated to fund the grant to the Grant Recipient are appropriated monies from the Arts and Cultural Heritage Fund; and

F. The Grant Recipient and the State Entity desire to set forth herein the provisions relating to the granting of such monies and the disbursement thereof to the Grant Recipient.

IN CONSIDERATION of the grant described and other provisions in this Agreement, the parties to this Agreement agree as follows.

Article I DEFINITIONS

Section 1.01 **Defined Terms.** As used in this Agreement, the following terms shall have the meanings set out respectively after each such term (the meanings to be equally applicable to both the singular and plural forms of the terms defined), unless the context specifically indicates otherwise:

“Agreement” - means this Arts and Cultural Heritage Funds Construction Grant Agreement.

“Architect”, if any - means the architect, which will administer the Construction Contract Documents on behalf of the Grant Recipient.

“Commissioner of Administration” - means the State of Minnesota acting through its Commissioner of Administration, and any designated representatives thereof.

“Completion Date” – means the date of projected completion of the Project as specified in the Construction Contract Documents.

“Contractor” - means any person engaged to work on or to furnish materials and supplies for the Project including, if applicable, a general contractor.

“Construction Contract Documents” - means the document or documents, in form and substance acceptable to the State Entity, including but not limited to any construction plans and specifications and any exhibits, amendments, change orders or supplements thereto, which collectively form the contract between the Grant Recipient and the Contractor or Contractors concerning the Project and which provide for the completion of the Project on or before the Completion Date for either a fixed price or a guaranteed maximum price.

“Event of Default” - means those events delineated in Section 2.05.

“Facility”, if applicable, - means a building which is located or will be constructed and located, on the Real Property.

“Grant” - means a grant of monies from the State Entity to the Grant Recipient in an amount of \$297,000.

“Inspecting Engineer”, if any - means the State Entity’s construction inspector, or its designated consulting engineer.

“Invoice” - means an Invoice that the Grant Recipient, or its designee, will submit to the State Entity when a Payment is requested, and which is referred to in Section 3.02.

"Project" - means the construction and/or improvement of property, as described in the Work Plan and Budget, along with the performance of those activities indicated in Section 2.03.

"Useful Life of the Project" means 20 years from the completion of the Project.

"Work Plan and Budget" means the work plan and budget as described in Attachment I.

Article II GRANT

Section 2.01 Grant of Monies. The State Entity shall issue the Grant to the Grant Recipient and disburse the proceeds in accordance with the provisions of this Agreement. The Grant is not intended to be a loan but under certain circumstances may be required to be repaid as provided in this Agreement.

Section 2.02 Use of Grant Proceeds. The Grant Recipient shall use the Grant solely to reimburse itself for expenditures it has already made, or will make, in the performance of the following activities:

(Check all appropriate boxes.)

- ☐ Improvement of the Real Property,
- ☐ Improvement of the Facility,
- ☐ Renovation or rehabilitation of the Facility,
- ☒ Construction of the Facility, or

Section 2.03 Operation of the Project. The Grant Recipient shall operate the Project, or cause it to be operated, as a public recreational and educational facility containing buildings, pathways, a collection of animals and other items of interest, public amenities, and related improvements, or for such other use as the Minnesota legislature may from time to time designate, for the Useful Life of the Project. The Grant Recipient shall also determine that the Project is being so used, and shall supply a statement, sworn to before a notary public, as requested by the State Entity.

Section 2.04 Grant Recipient Representations and Warranties. The Grant Recipient further covenants with, and represents and warrants to the State Entity as follows:

A. It has legal authority to enter into, execute, and deliver this Agreement and all documents referred to herein, and it has taken all actions necessary to its execution and delivery of such documents.

B. This Agreement and all other documents referred to herein are the legal, valid and binding obligations of the Grant Recipient enforceable against the Grant Recipient in accordance with their respective terms.

C. It will comply with all of the terms, conditions, provisions, covenants, requirements, and warranties in this Agreement and all other documents referred to herein.

D. It has made no material false statement or misstatement of fact in connection with its receipt of the Grant, and all of the information it previously submitted to the State Entity or which it will submit to the State Entity in the future relating to the Grant or the disbursement of any of the Grant is and will be true and correct.

E. It is not in violation of any provisions of its charter or of the laws of the State of Minnesota, and there are no actions, suits, or proceedings pending, or to its knowledge threatened, before any judicial body or governmental authority against or affecting it relating to the Project, and it is not in default with respect to any order, writ, injunction, decree, or demand of any court or any governmental authority which would impair its ability to enter into this Agreement or any document referred to herein, or to perform any of the acts required of it in such documents.

F. Neither the execution and delivery of this Agreement or any document referred to herein, nor compliance with any of the terms, conditions, requirements, or provisions contained in any of such documents is prevented by, is a breach of, or will result in a breach of, any term, condition, or provision of any agreement or document to which it is now a party or by which it is bound.

G. The contemplated use of the Project will not violate any applicable zoning or use statute, ordinance, building code, rule or regulation, or any covenant or agreement of record relating thereto.

H. The Project was, or will be, completed in full compliance with all applicable laws, statutes, rules, ordinances, and regulations issued by any federal, state, or local political subdivisions having jurisdiction over the Project.

I. All applicable licenses, permits and bonds required for the performance and completion of the Project have been, or will be, obtained.

J. All applicable licenses, permits and bonds required for the operation of the Project in the manner specified in Section 2.03 have been, or will be, obtained.

K. It will operate, maintain, and manage the Project in compliance with all applicable laws, statutes, rules, ordinances, and regulations issued by any federal, state, or local political subdivisions having jurisdiction over the Project.

L. It has, or will acquire, the following interest in the Real Property and, if applicable, the Facility, and, in addition, will possess all easements necessary for the operation, maintenance and management of the Project in the manner specified in Section 2.03:

(Check the appropriate box.)

- ☐ Fee simple title to the Real Property, and if applicable, the Facility;
- ☒ A lease on the Real Property, in form and substance acceptable to the State Entity, for a term of at least 3 years which cannot be prematurely cancelled or terminated without the prior written consent of the State Entity, and, if applicable, either fee simple title to the Facility or a lease therefore for a term of at least 3 years which cannot be prematurely cancelled or terminated without the prior written consent of the State Entity; or
- ☐ An easement on the Real Property, in form and substance acceptable to the State Entity, for a term of at least 20 years which cannot be prematurely cancelled or terminated without the prior written consent of the State Entity, and, if applicable, either fee simple title to the Facility or a lease therefore for a term of at least 20 years which cannot be prematurely cancelled or terminated without the prior written consent of the State Entity;

and such interests are or will be subject only to those easements, covenants, conditions and restrictions that will not materially interfere with the completion of the Project and the intended operation and use of the Project or those easements, covenants, conditions and restrictions which are specifically consented to in writing, by the State Entity.

M. It has complied with the matching funds requirements, if any, contained in Section 4.23.

N. It will supply, or cause to be supplied, whatever funds are needed above and beyond the amount of the Grant to complete and fully pay for the Project.

O. The Project will be completed substantially in accordance with the Construction Contract Documents by the Completion Date, and will be situated entirely on the Real Property.

P. It will require the Contractor or Contractors to comply with all rules, regulations, ordinances, and laws bearing on its conduct of work on the Project.

Q. It will furnish to the State Entity as soon as possible and in any event within 7 calendar days after the Grant Recipient has obtained knowledge of the occurrence of each Event of Default, or each event which with the giving of notice or lapse of time or both would constitute an Event of Default, a statement setting forth details of each Event of

Default, or event which with the giving of notice or upon the lapse of time or both would constitute an Event of Default, and the action which the Grant Recipient proposes to take with respect thereto.

R. It shall furnish such satisfactory evidence regarding the representations and warranties described herein as may be required and requested in writing by either the State Entity.

S. It shall not sell, assign or otherwise transfer any of its interest in the Project prior to the date that is equal to the Useful Life of the Project.

T. It shall operate the Project for its intended purpose for a minimum period of the Useful Life of the Project.

Section 2.05 Event(s) of Default. The following events shall, unless waived in writing by the State Entity, constitute an Event of Default under this Agreement upon the State Entity giving the Grant Recipient 30 days written notice of such event, and the Grant Recipient's failure to cure such event during such 30 day time period for those Events of Default that can be cured within 30 days or within whatever time period is needed to cure those Events of Default that cannot be cured within 30 days as long as the Grant Recipient is using its best efforts to cure and is making reasonable progress in curing such Events of Default, however, in no event shall the time period to cure any Event of Default exceed 6 months. Notwithstanding the foregoing, any of the following events that cannot be cured shall, unless waived in writing by the State Entity, constitute an Event of Default under this Agreement immediately upon the State Entity giving the Grant Recipient written notice of such event.

A. If any representation, covenant, or warranty made by the Grant Recipient herein, in any Invoice, or in any other document furnished pursuant to this Agreement, or in order to induce the State Entity to make any Payment, shall prove to have been untrue or incorrect in any material respect or materially misleading as of the time such representation, covenant, or warranty was made.

B. If the Grant Recipient fails to fully comply with any provision, term, condition, covenant, or warranty contained in this Agreement or any other document referred to herein.

Section 2.06 Remedies. Upon the occurrence of an Event of Default and at any time thereafter until such Event of Default is cured to the satisfaction of the State Entity, the State Entity may enforce any or all of the following remedies.

A. The State Entity may refrain from disbursing the Grant; provided, however, the State Entity may make Payments after the occurrence of an Event of Default without thereby waiving its rights and remedies hereunder.

B. The State Entity may demand that any and all portions of the Grant already disbursed to the Grant Recipient be returned to it, and upon such demand the Grant Recipient shall return such portion to the State Entity.

C. The State Entity may enforce any additional remedies it may have in law or equity.

The rights and remedies herein specified are cumulative and not exclusive of any rights or remedies that the State Entity would otherwise possess.

If the Grant Recipient does not repay any portion of the amount specified in Section 2.06.B within 30 days of demand by the State Entity, then such amount may, unless precluded by law, be taken from or off-set against any aids or other monies that the Grant Recipient is entitled to receive from the State of Minnesota.

Section 2.07 Notification of Event of Default. The Grant Recipient shall furnish to the State Entity, as soon as possible and in any event within 7 calendar days after it has obtained knowledge of the occurrence of each Event of Default or each event which with the giving of notice or lapse of time or both would constitute an Event of Default, a statement setting forth details of each Event of Default or event which with the giving of notice or upon the lapse of time or both would constitute an Event of Default and the action which the Grant Recipient proposes to take with respect thereto.

Section 2.08 Termination/Modification of Grant. If all of the Grant has not been disbursed on or before June 30, 2016, then the State Entity's obligation to fund the Grant shall terminate, and, in such event, (i) if none of the Grant has been disbursed by such date then the State Entity's obligation to fund any portion of the Grant shall terminate and this Agreement shall also terminate and no longer be of any force or effect, and (ii) if some but not all of the Grant has been disbursed by such date then the State shall have no further obligation to provide any additional funding for the Grant and this Agreement shall remain in full force and effect but shall be modified and amended to reflect the amount of the Grant that was actually disbursed as of such date.

This Agreement shall also terminate and no longer be of any force or effect if the Grant Recipient owns and operate the Project for at least the Useful Life of the Project or the sale of the Grant Recipient's interest in the Real Property and, if applicable, the Facility and transmittal of the required portion of the proceeds of such sale to the State Entity.

In the event that the legislation that authorized the Grant is amended to increase or reduce the amount of the Grant or in any other way, then this Agreement shall be deemed to have been automatically modified in accordance with such amendment and the amount of the Grant shall also be automatically modified in accordance with such amendment.

Article III
DISBURSEMENT OF GRANT PROCEEDS

Section 3.01 Payments. The State Entity may, on the terms and subject to the conditions set forth herein, make Payments from the Grant to the Grant Recipient from time to time in an aggregate total amount equal to the amount of the Grant. Provided, however, in accordance with the provisions contained in Section 2.08, the State Entity's obligation to make Payments shall terminate as of June 30, 2016, even if all of the Grant has not been disbursed by such date.

Section 3.02 Invoices. Whenever the Grant Recipient desires a disbursement of a portion of the Grant, which shall be no more often than once each calendar month, the Grant Recipient shall submit to the State Entity an Invoice and report of actual expenditures, including paid invoices, duly executed on behalf of the Grant Recipient or its designee.

At the time of submission of the final Invoice which shall not be submitted before completion of the Project, including all landscape requirements and off-site utilities and streets needed for access to the Project and correction of material defects in workmanship or materials (other than the completion of punch list items) as provided in the Construction Contract Documents, the Grant Recipient shall submit upon request to the State Entity: (i) such supporting evidence, including lien waivers, as may be requested by the State Entity to substantiate all payments which are to be made out of the final Invoice or to substantiate all payments then made with respect to the Project, and (ii) satisfactory evidence that all work requiring inspection by municipal or other governmental authorities having jurisdiction has been duly inspected and approved by such authorities, and that all requisite certificates of occupancy and other approvals have been issued.

Section 3.03 Additional Funds from Borrower. If the State Entity shall at any time in good faith determine that the sum of the undisbursed amount of the Grant plus the amount of all other funds committed to the completion of the Project is less than the amount required to pay all costs and expenses of any kind which reasonably may be anticipated in connection with the completion of the Project, then the State Entity may send written notice thereof to the Grant Recipient specifying the amount which must be supplied in order to provide sufficient funds to complete the Project. The Grant Recipient agrees that it will, within 10 calendar days of receipt of any such notice supply the amount of funds specified in the State Entity's notice.

Section 3.04 Condition Precedent to Any Payment. The obligation of the State Entity to make any Payment hereunder (including the initial Payment) shall be subject to the following conditions precedent:

A. The State Entity shall have received a Invoice for such Payment specifying the amount of funds being requested, which such amount when added to all prior requests for an Payment shall not exceed the maximum amount of the Grant set forth in Section 1.01.

B. The Grant Recipient has supplied to the State Entity a report of actual expenditures and all other items that the State Entity may reasonably require.

Section 3.05 Construction Inspections. The Grant Recipient and the Architect, if any, shall be responsible for making their own inspections and observations of the Project, and shall determine to their own satisfaction that the work done or materials supplied by the Contractors to whom payment is to be made out of each Payment has been properly done or supplied in accordance with the applicable contracts with such Contractors. If any work done or materials supplied by a Contractor are not satisfactory to the Grant Recipient and the Architect, if any, or if a Contractor is not in material compliance with the Construction Contract Documents in any respect, then the Grant Recipient shall immediately notify the State Entity, in writing. The State Entity and the Inspecting Engineer may conduct such inspections of the Project as either may deem necessary for the protection of the State Entity's interest, and that any inspections which may be made of the Project by the State Entity or the Inspecting Engineer are made and all certificates issued by the Inspecting Engineer will be issued solely for the benefit and protection of the State Entity, and the Grant Recipient will not rely thereon.

Article IV MISCELLANEOUS

Section 4.01 Insurance. The Grant Recipient shall maintain or cause to be maintained builders risk insurance and fire and extended coverage insurance on the Facility, if such exists, in an amount equal to the full insurable value thereof, and shall name the State Entity as a loss payee thereunder. If damages which are covered by such required insurance occurs to the Facility, if such exists, then the Grant Recipient shall, at its sole option and discretion, either: (i) use or cause the insurance proceeds to be used to fully or partially repair such damage and to provide or cause to be provided whatever additional funds that may be needed to fully or partially repair such damage, or (ii) sell its interest in the Real Property and the damaged Facility, if such exists.

As loss payee under the insurance required herein the State Entity agrees to and will assign or pay over to the Grant Recipient all insurance proceeds it receives so that the Grant Recipient can comply with the requirements that this Section 4.01 imposes upon the Grant Recipient as to the use of such insurance proceeds.

If the Grant Recipient elects to maintain general comprehensive liability insurance regarding the Real Property and Facility, if such exists, then the Grant Recipient shall have the State Entity named as an additional named insured therein.

At the written request of the State Entity, the Grant Recipient shall promptly furnish thereto all written notices and all paid premium receipts received by the Grant Recipient regarding the required insurance, or certificates of insurance evidencing the existence of such required insurance.

Section 4.02 Condemnation. If all or any portion of the Real Property and, if applicable, the Facility is condemned to an extent that the Grant Recipient can no longer comply with the provisions contained in Section 2.03, then the Grant Recipient shall, at its sole option and discretion, either: (i) use or cause the condemnation proceeds to be used to acquire an

interest in additional real property needed for the Grant Recipient to continue to comply with the provisions contained in Section 2.03 and, if applicable, to fully or partially restore the Facility and to provide or cause to be provided whatever additional funds that may be needed for such purposes, or (ii) sell the remaining portion of its interest in the Real Property and, if applicable, the Facility and repay the State Entity in accordance with this Agreement.

Section 4.03 Use, Maintenance, Repair and Alterations. The Grant Recipient shall not, without the written consent of the State Entity, permit the use of any of the Real Property and, if applicable, the Facility, for any purpose other than the use for which the same is intended as of the effective date of this Agreement and continuing for a minimum of the Useful Life of the Project. In addition, the Grant Recipient: (i) shall keep the Real Property and, if applicable, the Facility, in good condition and repair, subject to reasonable and ordinary wear and tear, (ii) shall not, without written consent of the State Entity, remove, demolish or substantially alter (except such alterations as may be required by laws, ordinances or regulations) any of the Facility, if applicable, (iii) shall not do any act or thing which would unduly impair or depreciate the value of the Real Property and, if applicable, the Facility, (iv) shall not abandon the Real Property and, if applicable, the Facility, (v) shall complete promptly and in good and workmanlike manner any building or other improvement which may be constructed on the Real Property and promptly restore in like manner any portion of the Facility, if applicable, which may be damaged or destroyed thereon and pay when due all claims for labor performed and materials furnished therefore, (vi) shall comply with all laws, ordinances, regulations, requirements, covenants, conditions and restrictions now or hereafter affecting the Real Property and, if applicable, the Facility, or any part thereof, or requiring any alterations or improvements thereto, (vii) shall not commit or permit any waste or deterioration of the Real Property and, if applicable, the Facility, (viii) shall keep and maintain abutting grounds, sidewalks, roads, parking and landscape areas in good and neat order and repair, (ix) shall comply with the provisions of any lease if the Grant Recipient's interest in the Real Property and, if applicable, the Facility, is a leasehold interest, (x) shall comply with the provisions of any condominium documents if the Real Property and, if applicable, the Facility, is part of a condominium regime, (xi) shall not remove any fixtures or personal property from the Real Property and, if applicable, the Facility, that was paid for with the proceeds of the Grant unless the same are immediately replaced with like property of at least equal value and utility, and (xii) shall not commit or permit any act to be done in or upon the Real Property and, if applicable, the Facility, in violation of any law, ordinance or regulation.

Section 4.04 Records Keeping and Reporting. The Grant Recipient shall maintain or cause to be maintained books, records, documents and other evidence pertaining to the costs or expenses associated with the completion of the Project and operation of the Real Property and, if applicable, the Facility, and compliance with the requirements contained in this Agreement, and upon request shall allow or cause the entity which is maintaining such items to allow the State Entity, auditors for the State Entity, the Legislative Auditor for the State of Minnesota, or the State Auditor for the State of Minnesota, to inspect, audit, copy, or abstract, all of its books, records, papers, or other documents relevant to the Grant. The Grant Recipient shall use or cause the entity which is maintaining such books and records to use generally accepted accounting principles in the maintenance of such books and records, and shall retain or cause to be retained all of such books, records, documents and other evidence for a period of 6 years from the date that the Project is fully completed and placed into operation.

Section 4.05 Inspection of Facility After Completion. Upon reasonable request by the State Entity the Grant Recipient shall allow, and will require any entity to whom it leases, subleases, or enters into a Use Contract for any portion of the Real Property and, if applicable, the Facility to allow, the State Entity to inspect the Real Property and, if applicable, the Facility.

Section 4.06 Data Practices. The Grant Recipient agrees with respect to any data that it possesses regarding the Grant, the Project, or the Real Property and, if applicable, the Facility, to comply with all of the provisions and restrictions contained in the Minnesota Government Data Practices Act contained in Chapter 13 of the Minnesota Statutes that exists as of the date of this Agreement and as such may subsequently be amended, modified or replaced from time to time.

Section 4.07 Non-Discrimination. The Grant Recipient agrees to not engage in discriminatory employment practices in the completion of the Project, or operation or management of the Real Property and, if applicable, the Facility, and it shall, with respect to such activities, fully comply with all of the provisions contained in Minn. Stat. §§ 363.03 and 181.59 that exists as of the date of this Agreement and as such may subsequently be amended, modified or replaced from time to time.

Section 4.08 Worker's Compensation. The Grant Recipient agrees to comply with all of the provisions relating to worker's compensation contained in Minn. Stat. §§ 176.181 Subd. 2 and 176.182 that exists as of the date of this Agreement and as such may subsequently be amended, modified or replaced from time to time, with respect to the completion of the Project, and the operation or management of the Real Property and, if applicable, the Facility.

Section 4.09 Antitrust Claims. The Grant Recipient hereby assigns to the State Entity and the Commissioner of Administration all claims it may have for over charges as to goods or services provided in its completion of the Project, and operation or management of the Real Property and, if applicable, the Facility that arise under the antitrust laws of the State of Minnesota or of the United States of America.

Section 4.10 Review of Plans and Cost Estimates. If the Grant Recipient is a state agency or local political unit only, the Grant Recipient agrees to comply with all applicable provisions and requirements contained in Minn. Stat. § 16B.335 that exists as of the date of this Agreement and as such may subsequently be amended, modified or replaced from time to time, for the Project.

Section 4.11 Prevailing Wages. The Grant Recipient agrees to comply with all of the applicable provisions contained in Chapter 177 of the Minnesota Statutes, and specifically those provisions contained in Minn. Stat. §§ 177.41 through 177.435 that exists as of the date of this Agreement and as such may subsequently be amended, modified or replaced from time to time.

Section 4.12 Liability. The Grant Recipient and the State Entity agree that they will, subject to any indemnifications provided herein, be responsible for their own acts and the results thereof to the extent authorized by law, and they shall not be responsible for the acts of the other party and the results thereof.

Section 4.13 Indemnification by the Grant Recipient. The Grant Recipient shall bear all loss, expense (including attorneys' fees), and damage in connection with the completion of the Project or operation of the Real Property and, if applicable, the Facility, and agrees to indemnify and hold harmless the State Entity, its agents, servants and employees from all claims, demands and judgments made or recovered against the State Entity, its agents, servants and employees, because of bodily injuries, including death at any time resulting therefrom, or because of damages to property of the State Entity or others (including loss of use) from any cause whatsoever, arising out of, incidental to, or in connection with the completion of the Project or operation of the Real Property and, if applicable, the Facility, whether or not due to any act of omission or commission, including negligence of the Grant Recipient or any Contractor or his or their employees, servants or agents, and whether or not due to any act of omission or commission (excluding, however, negligence or breach of statutory duty) of the State Entity, its employees, servants or agents.

The Grant Recipient further agrees to indemnify, save, and hold the State Entity, the Commissioner of Administration, and the State of Minnesota, their agents and employees, harmless from all claims arising out of, resulting from, or in any manner attributable to any violation by the Grant Recipient, its officers, employees, or agents, , its officers, employees, or agents, of any provision of the Minnesota Government Data Practices Act, including legal fees and disbursements paid or incurred to enforce the provisions contained in Section 4.06.

The Grant Recipient's liability hereunder shall not be limited to the extent of insurance carried by or provided by the Grant Recipient, or subject to any exclusions from coverage in any insurance policy.

Section 4.14 Relationship of the Parties. Nothing contained in this Agreement is intended or should be construed in any manner as creating or establishing the relationship of co-partners or a joint venture between the Grant Recipient, the State Entity, or the Commissioner of Administration, nor shall the Grant Recipient be considered or deemed to be an agent, representative, or employee of either the State Entity, the Commissioner of Administration, or the State of Minnesota in the performance of this Agreement, the completion of the Project, or operation of the Real Property and, if applicable, the Facility.

The Grant Recipient represents that it has already or will secure or cause to be secured all personnel required for the performance of this Agreement and the completion of the Project and the operation and maintenance of the Real Property and, if applicable, the Facility. All personnel of the Grant Recipient or other persons while engaging in the performance of this Agreement, the completion of the Project, or the operation and maintenance of the Real Property and, if applicable, the Facility shall not have any contractual relationship with either the State Entity, the Commissioner of Administration, or the State of Minnesota and shall not be considered employees of any of such entities. In addition, all claims that may arise on behalf of said personnel or other persons out of employment or alleged employment including, but not limited to, claims under the Workers' Compensation Act of the State of Minnesota, claims of discrimination against the Grant Recipient, its officers, agents, contractors, or employees shall in no way be the responsibility of either the State Entity, the Commissioner of Administration, or

the State of Minnesota. Such personnel or other persons shall not require nor be entitled to any compensation, rights or benefits of any kind whatsoever from either the State Entity, the Commissioner of Administration, or the State of Minnesota including, but not limited to, tenure rights, medical and hospital care, sick and vacation leave, disability benefits, severance pay and retirement benefits.

Section 4.15 Notices. In addition to any notice required under applicable law to be given in another manner, any notices required hereunder must be in writing, and shall be sufficient if personally served or sent by prepaid, registered, or certified mail (return receipt requested), to the business address of the party to whom it is directed. Such business address shall be that address specified below or such different address as may hereafter be specified, by either party by written notice to the other:

To the Grant Recipient at:
Lake Superior Zoological Society
7210 Fremont Street
Duluth, MN 55807
Attention: Sam Maida, Chief Executive Officer

To the State Entity at:
Department of Administration
50 Sherburne Avenue, Room 201
Saint Paul, MN 55155
Attention: Laurie Beyer-Kropuenske

Section 4.16 Binding Effect and Assignment or Modification. This Agreement and the Declaration shall be binding upon and inure to the benefit of the Grant Recipient and the State Entity, and their respective successors and assigns. Provided, however, that neither the Grant Recipient nor the State Entity may assign any of its rights or obligations under this Agreement or the Declaration without the prior written consent of the other party. No change or modification of the terms or provisions of this Agreement or the Declaration shall be binding on either the Grant Recipient or the State Entity unless such change or modification is in writing and signed by an authorized official of the party against which such change or modification is to be imposed.

Section 4.17 Waiver. Neither the failure by the Grant Recipient or the State Entity in any one or more instances, to insist upon the complete and total observance or performance of any term or provision hereof, nor the failure of the Grant Recipient or the State Entity to exercise any right, privilege, or remedy conferred hereunder or afforded by law shall be construed as waiving any breach of such term, provision, or the right to exercise such right, privilege, or remedy thereafter. In addition, no delay on the part of either the Grant Recipient or the State Entity in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy preclude other or further exercise thereof or the exercise of any other right or remedy.

Section 4.18 **Entire Agreement.** This Agreement and the documents, if any, referred to and incorporated herein by reference embody the entire agreement between the Grant Recipient and the State Entity, and there are no other agreements, either oral or written, between the Grant Recipient and the State Entity on the subject matter hereof.

Section 4.19 **Choice of Law and Venue.** All matters relating to the validity, construction, performance, or enforcement of this Agreement shall be determined in accordance with the laws of the State of Minnesota. All legal actions initiated with respect to or arising from any provision contained in this Agreement shall be initiated, filed and venued in the State of Minnesota District Court located in the City of St. Paul, County of Ramsey, State of Minnesota.

Section 4.20 **Severability.** If any provision of this Agreement is finally judged by any court to be invalid, then the remaining provisions shall remain in full force and effect and they shall be interpreted, performed, and enforced as if the invalid provision did not appear herein.

Section 4.21 **Time of Essence.** Time is of the essence with respect to all of the matters contained in this Agreement.

Section 4.22 **Counterparts.** This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but such counterparts shall together constitute one and the same instrument.

Section 4.23 **Matching Funds.** The Grant Recipient must obtain and supply the following matching funds, if any, for the completion of the Project: 25 percent of the total eligible project costs.

Any matching funds which are intended to meet the above requirements must either be in the form of (i) cash monies, (ii) legally binding commitments for money, or (iii) equivalent funds or contributions, including equity, which have been or will be used to complete or pay for the Project.

Section 4.24 **Third-Party Beneficiary.** The public program to be operated in conjunction with the Real Property and, if applicable, the Facility will benefit the State of Minnesota and the provisions and requirements contained herein are for the benefit of both the State Entity and the State of Minnesota. Therefore, the State of Minnesota, by and through its Commissioner of Administration, is and shall be a third-party beneficiary of this Agreement.

Section 4.25 **Applicability to Real Property and Facility.** This Agreement applies to the Grant Recipient's interest in the Real Property and if a Facility exists to the Facility. The term "if applicable" appearing before the term "Facility" is meant to indicate that this Agreement will apply to a Facility if one exists, and if no Facility exists then this Agreement will only apply to the Grant Recipient's interest in the Real Property.

Section 4.26. **Constitution.** The monies received by the Grant Recipient under this Agreement are monies from the Arts and Cultural Heritage Fund and must supplement traditional sources of funding for the Project and cannot be used as a substitute.

Section 4.27. In the Event of a Lawsuit. The Grant Recipient understands and agrees that all or a portion of the monies provided to the Grant Recipient under this agreement will be cancelled to the extent that a court determines that any monies received by the Grant Recipient unconstitutionally substitutes for a traditional source of funding.

Section 4.28. Expenditures and Accountability.

(a) Funding under this Agreement may be spent only for arts, arts education, and arts access, and to preserve Minnesota's history and cultural heritage. The Project must include measurable outcomes, and a plan for measuring and evaluating the results. The Project must be consistent with current scholarship, or best practices, when appropriate and must incorporate state-of-the-art technology when appropriate.

(b) The Grant Recipient must compile and submit all information for the Project, including the proposed measurable outcomes and all other items required under Minn. Stat § 3.303, subdivision 10, to the Legislative Coordinating Commission, as soon as practicable or by January 15 of the applicable fiscal year, whichever comes first.

(c) All money received by the Grant Recipient under this Agreement must be for projects located in Minnesota.

(d) When practicable, the Grant Recipient shall prominently display on its Web site home page the legacy logo required under Laws 2009, chapter 172, article 5, section 10, as amended by Laws 2010, chapter 361, article 3, section 5, accompanied by the phrase "Click here for more information". When a person clicks on the legacy logo image, the Web site must direct the person to a Web page that includes both the contact information that a person may use to obtain additional information, as well as a link to the Legislative Coordinating Commission Web site required under Minn. Stat. § 3.303, subd. 10.

(e) The Grant Recipient acknowledges that future eligibility for money from the Arts and Cultural Heritage Fund is contingent upon the Grant Recipient satisfying all applicable requirements in Minn. Stat. § 129D.17, as well as any additional requirements contained in applicable session laws.

(f) The Grant Recipient must submit annually to the State Entity by August 1 a financial and narrative report for the preceding fiscal year.

Section 4.29 Competitive Bidding Requirements. The Grant Recipient and the State Entity agree to comply with State competitive bidding policies required in Minn. Stat. § 16C.26 as follows:

(a) **Building and construction contracts; more than \$50,000.** If the amount of an expenditure is estimated to exceed \$50,000, bids or proposals must be solicited by public notice. All proposals responsive to a request for proposal shall be submitted and evaluated in the manner described in the request for proposal, regardless of the dollar amount. All original bids and proposals and all documents pertaining to the award of a contract must be retained and made a part of the permanent file and remain open for public inspection.

(b) **Building and construction contracts; \$50,000 or less.** An informal bid may be used for building, construction, and repair contracts that are estimated at less than \$50,000. Alternatively, a request for proposals may be issued.

(c) **Noncompetitive bids.** Agencies are encouraged to contract with small targeted group businesses designated under section Minn. Stat. § 16C.16 when entering into contracts that are not subject to competitive bidding procedures. Vendors eligible under this section may be found at the State Entity's website at www.mmd.admin.state.mn.us/process/search/.

IN TESTIMONY HEREOF, the Grant Recipient and the State Entity have executed this Agreement on the date indicated immediately below their respective signatures.

1. STATE ENCUMBRANCE VERIFICATION

Individual certifies that funds have been encumbered as required by Minn. Stat. §§ 16A.15 and 16C.05.

Signed: Jim Franklin

Date: 3/24/14

Contract # 76067 / PD # 300-3010

2. GRANT RECIPIENT:

Lake Superior Zoological Society, a non-profit
501(c)(3) organization.

By: [Signature]

Dawn M. Mackety

Its: CEO

And: [Signature]

JOHN F. SCOTT

Its: PRESIDENT

Dated: MARCH 25, 2014

3. STATE ENTITY:

Minnesota Department of Administration

By: [Signature]

Laurie Bever-Kropuenske

Its: Director of Community Services

Dated: 3/26/14

Project Title and Short Description	Start-End Dates	FTE Positions	Assessment Method	Measurable Outcomes

[illegible]

(Add lines as needed)

Organization: Lake Superior Zoo

Money appropriated in this article may not be spent on activities unless they are directly related to and necessary for a specific appropriation. Money appropriated in this article may not be spent on indirect costs or other institutional overhead charges that are not directly related to and necessary for a specific appropriation.

	Salaries/Benefits	Contracted Services	Supplies	Advertising	Category (specify)	Category (specify)	Category (specify)	Total
FY14		\$148,500						\$ 148,500.00
FY15		\$148,500						\$ 148,500.00

\$ 297,000.00

****Per Minnesota Laws 2013, Chapter 137, Article 4, Section 2, Subd. 6, clause (f), grant recipient must provide a nonstate cash match of at least 25% of the total eligible project costs**



Legacy Amendment
Arts and Cultural Heritage Fund
FY 2014-15 Biennium

**Forest Discovery Zone Project
Work Plan (Revised)**

Submitted to:
Michael Hochhalter, Grants Specialist, Int.
Office of Grants Management
Minnesota Department of Administration

Submitted by:
Dawn M. Mackety, Ph.D., Chief Executive Officer
Lake Superior Zoological Society

March 11, 2014



Introduction

The Lake Superior Zoo has been legislatively named to receive an appropriation from the Arts and Cultural Heritage Fund (ACHF) authorized by 2013 Minnesota Session Laws, Chapter 137, Article 4, Section 2, Subdivision 6, clause (f), for:

\$150,000 each year is for development of the forest discovery zone to create educational exhibits using animals and the environment. Priority should be given to projects that have a nonstate cash match of at least 25 percent of the total eligible project costs.¹

The following are conditions of this appropriation:

1. Up to one percent of funds may be used by the commissioner for grants administration, which leaves a budget of \$297,000 (\$148,500 each fiscal year) for this project.
2. The FY 2014 funds are available until June 30, 2015, and the FY 2015 funds are available until June 30, 2016. The end date of the grant contract would be June 30, 2015 unless we need through June 30, 2016 to complete the approved project.
3. Documentation is required demonstrating the non-state cash match of at least 25% of the total eligible project costs for the 2014-15 biennium in the amount of \$75,000. Documentation requires both a signed letter from our organization stating the following: "Lake Superior Zoo meets the requirement as indicated in the legislation for a non-state cash match of at least 25 percent of the total eligible project costs for FY14/15," and an internal financial statement that verifies this amount (see Attachment 1).
4. A work plan is required that outlines the project activities (See Attachment 2, Work Plan tab).
5. A budget is required documenting the project's planned expenses (See Attachment 2, Budget tab).
6. The budget, work plan, and documentation demonstrating the non-state cash match are due on or before 2/14/2014.
7. Minnesota Statutes 16B.98, Subd. 5, contains language that acknowledges that grant payments cannot be issued until a grant is fully executed. The date that the grant agreement is fully executed (signatures by all parties), is the date that allowable activities can be reimbursed.

This document is a revision to our initial Forest Discovery Zone Project work plan submitted February 13, 2014. In response to requested revisions, we submitted a revised work plan February 28, 2014, which included more clearly written outcomes, a more detailed description of what Phase One would look like upon completion and how the public would be able to use it, stronger alignment between the work plan and the legislative intent of the project "to create educational exhibits using animals and the environment," the type of contract requested (programmatic or construction), and a revised project timeline. Revisions were then requested to the February 28 work plan, which are contained in this current version, including a minor correction on page 2, revisions to Outcomes #1 and #2 on page 4, and a clarification to the evaluation plan on page 5.

¹ Full text of this legislation is available at

<https://www.revisor.leg.state.mn.us/laws/?id=137&doctype=Chapter&year=2013&type=0>.

Forest Discovery Zone Project Description

The Lake Superior Zoo is among those fortunate zoos in the country with a beautiful and diverse natural setting. Kingsbury Creek, after cascading down the hillside from the community of Proctor, meanders through the zoo grounds as it makes its way to the St. Louis River. The elevated hillside adjacent to and southwest of the creek offers a changing topography complete with bedrock outcroppings, majestic mature trees, and a diverse ecosystem including a variety of plants and animals. It's nature's classroom.

The proposed Forest Discovery Zone encompasses an area of the hillside northwest of our wolf exhibit and deer yards and will make this magnificent forest available to our visitors. It will provide people of all ages, but especially children, an exciting adventure in a safe, yet natural, area. Besides the unique learning experience, we are planning on developing parallel play elements for visitors to mimic the activities of animals, such as climbing, digging, crawling through tunnels, and swinging. We envision combining the elements of education, exploration and recreation in a manner that will be fun and memorable. Through the use of animal exhibits, the natural landscape, and interpretation by our environmental educators, people will receive an experience that will help them better understand and appreciate nature as they interact with it in their daily lives. The Forest Discovery Zone will offer our community and visitors from around the region a new and exciting way to learn about animals, forest ecosystems, and conservation. Besides connecting with the majesty of the animal kingdom, they will truly experience nature's relationship to the well-being of us all.

The Forest Discovery Zone, in its entirety, will be completed in multiple phases over several years. The FY 2014-15 legislative appropriation from the ACHF plus the required non-state match will be used to fund Phase One, which will include planning and site development. Educational exhibits using animals and the environment will be created during Phase Two, which will start as soon as Phase One is completed and additional funds become available.

Phase One: Planning and Site Development to Create Educational Exhibits Using Animals and the Environment

Phase One will be developed over two years and include completing a concept design, estimate of probable costs, inspections, and site preparation, as well as installing a perimeter fence, ADA-accessible pathways, and compostable restrooms. At the end of Phase One, the site will be used for programs and recreation and ready for the creation of educational exhibits in Phase Two; it won't have exhibits yet. The completed plans and cost estimates will help us secure grants, sponsorships, and donations to build the educational exhibits in Phase Two. Given the type of work being done, we are requesting a construction contract instead of a programming contract. We will submit insurance, inspection, and other documentation and will solicit multiple bids as required.

At the end of Phase One, a space that was previously closed to the public will be converted into a multi-use natural space for programming, outdoor recreation, and general enjoyment of nature. Having the fencing, pathways, and restrooms completed will allow us to begin using the site immediately and continue its use while Phase Two work is being completed. Much of the natural landscape will remain, especially the key features that we intend to highlight. ADA-accessible

pathways and restrooms will make the space more comfortable and accessible for visitors and increase the amount of time they spend at the zoo. Visitors will have more places in which to view and enjoy Kingsbury Creek, the elevated adjacent hillside, bedrock outcroppings, majestic mature trees, and a diverse ecosystem. Zoo educators will use the space to deliver conservation messages, expand educational and cultural programs, and inspire connections between visitors and Minnesota's natural heritage. Having the site developed and pathways completed will also make it safer and easier to bring in equipment to build the educational exhibits in Phase Two.

Phase Two: Create Educational Exhibits Using Animals and the Environment

Phase Two of the Forest Discovery Zone project will add educational exhibits using animals and the environment, and will be completed as soon as additional funds become available. The concept design and probable cost estimates developed during Phase One will be used to create the educational exhibits and other interpretive elements. Our intent is to move quickly from Phase One to Phase Two and complete the Forest Discovery Zone project in its entirety as soon as possible.

Goal and Objectives

Goal:

1. To create educational exhibits using animals and the environment.

Objectives:

1. Complete a concept design, estimate of probable costs, and site development so that educational exhibits using animals and the environment can be created in Phase Two.
2. Convert an area of vacant land that is currently closed to the public into a multi-use space that is accessible to zoo staff and visitors for programs, outdoor recreation, and the creation of educational exhibits using animals and the environment.
3. Install compostable restrooms to provide a less expensive and more environmentally-friendly alternative to traditional restrooms.
4. Use the completed space to inspire visitors' connections to nature and conservation; increase knowledge and awareness about Northeast Minnesota's natural heritage; and increase zoo attendance and revenue.

Personnel

Project oversight will be the responsibility of the Lake Superior Zoological Society's Board of Directors, chief executive officer, and key senior staff.

Tasks & Timelines

July 1, 2013	FY 2014-15 biennium starts
April 1, 2014	Project starts (or after grant contract is signed, if later)
August 2014	Semi-annual report due to State

January 15, 2015	Annual report due to the Legislature, the State, the Legislative Coordinating Commission, and the chairs and ranking minority members of the Senate and House of Representatives committees and divisions having jurisdiction over arts and cultural heritage policy and finance
June 30, 2015	All FY 2014 funds are spent and reimbursement payments disbursed by the state (\$148,500) FY 2014-15 biennium ends
August 2015	Semi-annual report due to State
January 15, 2016	Annual report due to the Legislature, the State, the Legislative Coordinating Commission, and the chairs and ranking minority members of the Senate and House of Representatives committees and divisions having jurisdiction over arts and cultural heritage policy and finance
June 30, 2016	All FY 2015 funds are spent and reimbursement payments disbursed by the state (\$148,500) Project ends
August 2016	Semi-annual report due to State
January 15, 2017	Final annual report due to the Legislature, the State, the Legislative Coordinating Commission, and the chairs and ranking minority members of the Senate and House of Representatives committees and divisions having jurisdiction over arts and cultural heritage policy and finance

Measurable Outcomes & Evaluation Plan

Outcomes:

1. The concept design, probable cost estimates, and site development will be completed in Phase One. These three components will facilitate the creation of educational exhibits using animals and the environment in Phase Two.
2. A multi-use space will be accessible to zoo staff and visitors for programs and outdoor recreation. This multi-use space will be utilized in Phase Two to create educational exhibits using animals and the environment.
3. There will be an increase in the number of Minnesotans who visit and participate in heritage programs at the Lake Superior Zoo.
4. There will be an increase in knowledge and awareness of the way that natural history affects people's lives and how that knowledge can help people make informed decisions for the future.

Evaluation Plan:

Zoo staff will meet regularly with concept design and cost estimate contractors as the deliverables are being developed to maximize their quality and utility. We will review and recommend improvements to the deliverables, if needed, before they are finalized. We will determine the extent that the deliverables will inform the creation of educational exhibits using animals and the environment. Zoo staff will also meet regularly with contractors while the work is progressing to monitor and modify the project as needed to ensure it meets the intended budget, timeline, objectives, and outcomes in preparation for creating the educational exhibits in Phase Two.

Use of the Forest Discovery Zone will be measured from quantitative data including the number and kinds of programs and activities scheduled in the converted multi-use space, the number of individuals in attendance at those programs and activities, and the difference in overall visitation and revenue before versus after the Forest Discovery Zone's completion. Staff will also observe how visitors use the space. The knowledge and awareness outcome will be measured using quantitative and qualitative data from surveys and comments from program participants and visitors. Visitor comments will also be solicited during a public comment period prior to beginning Phase Two of the project, which will be started at a later time.

Budget

FY 2014

Concept Design & Probable Costs	\$33,500
Perimeter Fence installed	\$45,000
Site prep/pathway installation	\$115,000
Contingency	\$30,000
Subtotal Phase One	\$223,500

FY 2015

Compostable restrooms	\$148,500
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Total	\$372,000
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Funding Sources

Legacy Amendment ACHF appropriation	\$297,000
25% match from zoo operating funds	\$75,000
Total	\$372,000

Budget Narrative

A FY 2014-15 biennium appropriation of \$300,000 (\$150,000 each year) is for development of the Forest Discovery Zone to create educational exhibits using animals and the environment. After subtracting up to one percent of funds to be used by the commissioner for grants administration, a total of \$297,000 (\$148,500 each fiscal year) is available for this project from

the Legacy Amendment ACHF. With the addition of the Lake Superior Zoo's required non-state 25% match of \$75,000, the total budget for the Forest Discovery Zone project is \$372,000.

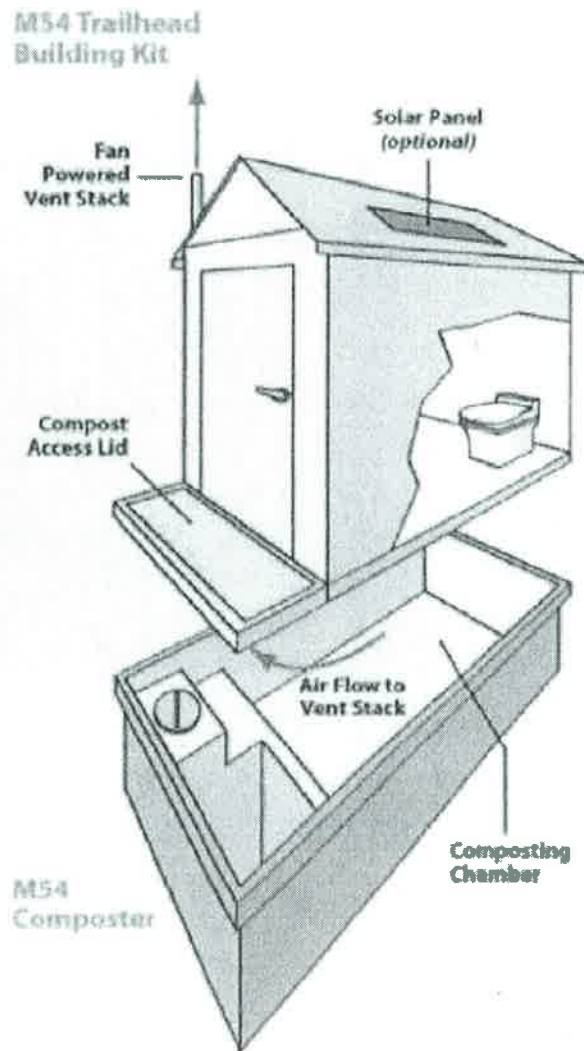
Fiscal year 2014

1. \$33,500 for the development of the design concept for the Forest Discovery Zone, including the necessary specifications for the installation of pathways.
2. \$45,000 for the installation of the additional perimeter fence needed for the Forest Discovery Zone.
3. \$115,000 for site preparation and installation of ADA-accessible pathways for the Forest Discovery Zone.
4. \$30,000 contingency to cover any additional overages.

Fiscal year 2015

1. \$148,000 for the purchase and installment of ADA-accessible and compostable restrooms (see pictures).





Composting toilet schematic drawing



LAKE SUPERIOR ZOOLOGICAL SOCIETY

Our mission: to provide close-up animal experiences which inspire connections to wildlife and action toward conservation in our region and around the world.

Society officers

John Scott, President
Diana Bouschor Dodge, 1st Vice Pres.
Tim Meininger, 2nd Vice Pres.
Jesse Frye, Treasurer
Russell Smith, Secretary
Michael Polzin, Past Pres.

Board members

Zane Bail
Mark R. Brown
Craig Fellman
Toni Fladmark-Foster
Patrick Flattery
Dick Langlee
Steve Licari
Neale L. Roth
Patricia Stolee
Julie Thoreson
Greg Wegler
Jan M. Zigich

Honorary

Stephen Lewis
Mark McShane
Bob Wahlsten

February 13, 2014

Michael Hochhalter, Grants Specialist, Int.
Office of Grants Management
MN Department of Administration
309 Administration Building
50 Sherburne Avenue
St. Paul, MN 55155

Dear Mr. Hochhalter,

The Lake Superior Zoo has been legislatively named to receive Arts and Cultural Heritage funding authorized by 2013 Minnesota Session Laws, Chapter 137, Article 4, Section 2, Subdivision 6, clause (f):

\$150,000 each year is for development of the forest discovery zone to create educational exhibits using animals and the environment. Priority should be given to projects that have a nonstate cash match of at least 25 percent of the total eligible project costs.

As a condition of this appropriation, this letter is required to verify that the **Lake Superior Zoo meets the requirement as indicated in the legislation for a non-state cash match of at least 25 percent of the total eligible project costs for FY14/15.** The attached internal financial statement verifies that the amount of \$75,000 is in our account. Thank you for your generous support of the Lake Superior Zoo.

Sincerely,

Dawn M. Mackety, Ph.D.
Chief Executive Officer

BEACON BANK

TEMPORARY STATEMENT

DATE 2/11/14

ACCOUNT NO. 1323223

ARROWHEAD ZOOLOGICAL SOCIETY
7210 FREMONT STREET
DULUTH MN 55807-1854

PREVIOUS PERIOD BALANCE 65,992.46
CHECKS AND CHARGES .00
DEPOSITS AND CREDITS 2 75,017.90 **
BALANCE THIS PERIOD 141,010.36

DATE	CHECK#	AMOUNT	BALANCE	TC
2/02/14	33	17.90**	66,010.36	160 INTEREST PAID
2/02/14		0.300%		152 ANNUAL PERCENTAGE YIEL
2/02/14		0.300%		151 INTEREST RATE CHANGE
2/10/14		75,000.00**	141,010.36	21 SAVINGS DEPOSIT - THAN

THIS TEMPORARY STATEMENT IS NOT A FORMAL STATEMENT OF ACCOUNT.
THESE ITEMS WILL BE REFLECTED AGAIN ON YOUR REGULARLY SCHEDULED
SAVINGS ACCOUNT STATEMENT.

BEACONBANK
401 W. SUPERIOR ST.
DULUTH, MN 55802

Amanda Jennings,
Relationship Manager

EXHIBIT B

Forest Discovery Zone Project Description

The Forest Discovery Zone Project will create educational exhibits using animals and the environment within an area of land that is currently outside of the Lake Superior Zoo's footprint. The space is currently used as a public park with a modest playground and for overflow parking during zoo events. The space will become part of the zoo experience and will provide people of all ages, but especially children, an exciting adventure in a safe, natural area. Besides the unique learning experience, we are planning on developing parallel play elements for visitors to mimic the activities of animals, such as climbing, digging, crawling through tunnels, and swinging. It is envisioned that combining the elements of education, exploration, and recreation in a manner that will be fun and memorable. Through the use of animal exhibits, the natural landscape, and interpretation by our environmental educators, people will receive an experience that will help them better understand and appreciate nature as they interact with it in their daily lives. The Forest Discovery Zone will offer our community and visitors from around the region a new and exciting way to learn about animals, forest ecosystems, and conservation. Besides connecting with the majesty of the animal kingdom, visitors will truly experience nature's relationship to the well-being of us all.

The Forest Discovery Zone, in its entirety, will be completed in multiple phases over several years. The legislative appropriation from the ACHF, plus the required non-state match, will be used to fund Phase One, which includes professional design services through completion of bidding documents. Educational exhibits using animals and the environment will be created during Phase Two, which will start as soon as Phase One is completed and additional funds become available.

Phase One *(to be completed by June 30, 2016)*

Objective: Conduct professional design services through the completion of bidding documents

Outcome: The professional design services will facilitate the creation of educational exhibits using animals and the environment in Phase Two.

Phase Two *(to be completed after additional funds become available)*

Objectives: (a) Convert an area of land that is currently a modest public park and overflow parking lot into a multi-use space that is accessible to zoo staff and visitors for programs, outdoor recreation, and the creation of educational exhibits using animals and the environment; and (b) use the completed space to inspire visitors' connections to nature and conservation, increase knowledge and awareness about Northeast Minnesota's natural heritage, and increase zoo attendance and revenue.

Outcomes: (a) Construction of the Forest Discovery Zone with educational exhibits using animals and the environment; (b) increase in the number of people who visit and participate in heritage programs and outdoor recreation; and (c) increase in the knowledge and awareness of the way that natural history affects people's lives and how that knowledge can help people make informed decisions for the future.