

**AGREEMENT  
BY AND BETWEEN  
SPIRIT MOUNTAIN RECREATION AREA AUTHORITY  
AND  
CITY OF DULUTH**

THIS AGREEMENT, effective as of the date of attestation by the City Clerk, by and between the CITY OF DULUTH, a municipal corporation, hereinafter referred to as City, and SPIRIT MOUNTAIN RECREATION AREA AUTHORITY an authority created under Laws of Minnesota, 1973, Chapter 327, hereinafter referred to as "Authority".

WHEREAS, by various legislation the City has provided for the imposition of taxes on certain hotel/motel accommodations (Lodging Tax) and certain food and beverage transactions (Food and Beverage Tax) and provided that certain of the proceeds of said taxes collected are to be placed in Fund 258 and related funds and accounts to be expended by the City for tourism including subsidizing the Authority; and

WHEREAS, the City recognizes recreational activities that take place at the Authority promote the City of Duluth as a tourism and convention center and add to the quality of life for visitors and residents alike, and

WHEREAS, the City desires to enter into a contract with the Authority pursuant to which the Authority will continue its recreational activities in Duluth.

NOW, THEREFORE, in consideration of the mutual covenants and conditions hereinafter contained, the parties hereto agree as follows:

1. The services set forth in Paragraph 2 below shall be furnished by Authority commencing January 1, 2023 through December 31, 2023, inclusive.

2. Authority shall use the funds provided for in paragraph 3 in accordance with the Authority's Mission and to provide recreational activities that benefit the citizens of Duluth and promote Duluth as a tourist destination.

3. City will provide to the Authority in 2023 an amount not to exceed \$440,000. The funds will be disbursed in monthly installments subject to approval by the City's Finance Director, payable from Fund 258-030-5436-07. It is understood and agreed that the City shall be obligated to provide payment to the Authority only to the extent that sufficient taxes are derived from the Lodging Tax and the Food and Beverage Tax, which are designated by the City Council to be placed in Fund 258 and related funds and accounts. In the event that insufficient proceeds are derived from said taxes, the City shall have the right in its sole and unfettered discretion to reduce

or eliminate the funding available to the Authority under this Agreement or to terminate or otherwise modify this Agreement.

4. City will provide to the Authority in 2023 an additional amount of \$145,700 to offset the cost of the Adventure Park lease obligations payable from Fund 258-030-5436-07 payable in equal monthly installments, subject to approval by the City's Finance Director and subject to the availability of sufficient taxes as described in paragraph 3 above.

5. City retains all its powers to determine how the public monies shall be used. Authority agrees to submit an annual application for continued receipt of tourism tax funds. The application shall be submitted no later than September 1, 2022 and shall include any and all additional budget and expense information related to the tourism tax allocation as the City may request including tracking visitors by zip code to determine the number of non-residents and tourists being served.

6. Provider shall complete and submit a Tourism Tax Allocation Final Report, attached as Exhibit A, by December 15, 2023. Provider is required to keep a record of all receipts and to provide the City's Finance Director an income and expense report for the previous quarter and year-to-date. Such reports are due April 15, July 15, October 15, 2023, and January 15, 2024, and shall be in a format acceptable to the Finance Director. Failure to submit such reports will result in the Provider becoming ineligible to receive tourism tax funds the following year.

7. Any alterations, variations, modifications or waivers of terms of this Agreement shall be binding upon the City and Authority only upon being reduced to writing and signed by a duly authorized representative of each party.

8. Assignment. Authority will not in any way assign or transfer any of its rights or interests under this Agreement in any way whatsoever.

9. Records and Inspection. Records shall be maintained by Authority in accordance with requirements prescribed by the City and with respect to all matters covered by this Agreement. Such records shall be maintained for a period of six (6) years. The City and its duly authorized representative shall have access to the books, documents, papers and records of the Authority that are related to this Agreement.

10. It is agreed that nothing herein contained is intended or should be construed in any manner as creating or establishing the relationship of copartners between the parties hereto or as constituting Authority as an agent, representative or employee of the City for any purpose or in any manner whatsoever. The parties do not intend to create any third party beneficiary of this Agreement. Authority and its employees shall not be considered employees 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 Authority's employees while so engaged, and any and all claims whatsoever on behalf of Authority's employees arising out of employment shall in no way be the responsibility of City. Further, City shall in no way be responsible to defend, indemnify or save harmless Authority from liability or judgments arising out of the acts or omissions of Authority or its employees while performing the work specified by this Agreement.

11. The parties do not intend by this Agreement to create a joint venture or joint enterprise, and expressly waive any right to claim such status in any dispute arising out of this Agreement.

12. In the event City files a claim against the Authority under this Agreement, to the extent permitted by applicable law, the Authority expressly waives any right to claim any immunity provided for in Minnesota Statutes Chapter 466 or pursuant to the official immunity doctrine.

13. Authority shall defend, indemnify and hold City and its employees, officers, and agents harmless from and against any and all cost or expenses, claims or liabilities, including but not limited to, reasonable attorneys' fees and expenses in connection with any claims resulting from the Authority's a) breach of this Agreement or b) its negligence or misconduct or that of its agents or contractors in performing the services hereunder or c) any claims arising in connection with Authority's employees or contractors, or d) the use of any materials supplied by the Authority to the City unless such material was modified by City and such modification is the cause of such claim. This Section shall survive the termination of this Agreement for any reason.

14. Authority agrees to obtain and maintain and provide evidence of insurance in amounts sufficient to provide coverage for any liabilities which may reasonably arise out of or result from its obligations pursuant to this Agreement. The insurance shall be maintained in full force and effect during the life of this Agreement and shall protect Authority, its employees, agents and representatives from claims and damages including but not limited to personal injury and death and any act or failure to act by Authority, its employees, agents and representatives in the negligent performance of work covered by this Agreement.

15. Authority, as part of the consideration under this Agreement, does hereby covenant and agree that:

- a. No person on the grounds of race, color, creed, religion, national origin, ancestry, age, sex, marital status, status with respect to public assistance, sexual orientation, and/or disability shall be excluded from any participation in, denied any benefits of, or otherwise subjected to discrimination with regard to the work to be done pursuant to this Agreement.

- b. That all activities to be conducted pursuant to this Agreement shall be conducted in accordance with the Minnesota Human Rights Act of 1974, as amended (Chapter 363), Title 7 of the U.S. Code, and any regulations and executive orders which may be affected with regard thereto.

16. Authority agrees to observe and comply with all laws, ordinances, rules and regulations of the United States of America, the State of Minnesota and the City with respect to their respective agencies which are applicable to its activities under this Agreement.

17. 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.

18. Notice to City or Authority 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.

To City of Duluth:      City of Duluth Finance Director  
                                 City Hall Room 120  
                                 411 West First Street  
                                 Duluth MN 55802

To Authority:            Spirit Mountain Recreation Area Authority  
                                 9500 Spirit Mountain Place  
                                 Duluth MN 55810

19. In the event any provision herein shall be deemed invalid or unenforceable, the remaining provision shall continue in full force and effect and shall be binding upon the parties to this Agreement.

20. The waiver by either party of any breach or failure to comply with any provision of this Agreement by the other party will not be construed as, or constitute a continuing waiver of such provision or a waiver of any other breach of or failure to comply with any other provision of this Agreement.

21. It is understood and agreed that the entire agreement of the parties including all exhibits is contained herein and that this Agreement supersedes all oral agreements and negotiations between the parties relating to the subject matter hereof. 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.

22. This Agreement may be amended only by a written instrument signed by both parties. This Agreement may be executed in counterparts, each of which shall be deemed to be original and all of which together shall constitute the binding and enforceable agreement of the parties hereto. This Agreement may be executed and delivered by a party by facsimile or PDF transmission, which transmission copy shall be considered an original and shall be binding and enforceable against such party.

*[Remainder of page intentionally left blank. Signature page to follow.]*

IN WITNESS WHEREOF, the parties have hereunto set their hands the day and date first above shown.

**CITY OF DULUTH**

**SPIRIT MOUNTAIN RECREATION AREA  
AUTHORITY**

By \_\_\_\_\_  
Mayor

By \_\_\_\_\_  
Board Chair

Attest:

By \_\_\_\_\_  
Executive Director

\_\_\_\_\_  
City Clerk  
Date Attested: \_\_\_\_\_

Date: \_\_\_\_\_

Countersigned:

\_\_\_\_\_  
City Auditor

As to form:

\_\_\_\_\_  
City Attorney

# TOURISM TAX ALLOCATION FINAL REPORT

**YEAR:** \_\_\_\_\_

1. What progress have you made toward achieving the outcomes stated in your application during this period? If outcomes have changed from those originally proposed, please explain why.
2. What was your total visitor number this calendar year? How many of those visitors were tourist (50+ miles outside of Duluth)?
3. In what ways did you collaborate with other attractions, tourism-focused entities, and/or city departments/services this calendar year?

4. Please share 1-2 successes or impact stories you'd like to highlight from this calendar year. Alternatively, are there any challenges or learning opportunities you'd like to share?

5. What did your organization do for Community Day this year, and what was the outcome?

6. Anything else you'd like to share?

Please direct questions to Tricia Hobbs at [thobbs@duluthmn.gov](mailto:thobbs@duluthmn.gov) and submit this final report to the Finance Director at [jcarlson@duluthmn.gov](mailto:jcarlson@duluthmn.gov).