

AGREEMENT AMENDING  
LINE OF CREDIT PROMISSORY NOTE  
ARROWHEAD ZOOLOGICAL SOCIETY

THIS AGREEMENT effective as of the date of attestation thereto by the City Clerk, by and between the ARROWHEAD ZOOLOGICAL SOCIETY, a 501 (c)(3) Minnesota Non-Profit corporation, hereinafter referred to as the “Maker” and the CITY OF DULUTH, a municipal corporation under the laws of the State of Minnesota, hereinafter referred to a “Lender”.

WHEREAS, in 2013 pursuant to City Council Resolution No. 13-0481, the Maker executed a Line of Credit Promissory Note in favor of the Lender in substantially the form of that attached to said resolution, in the amount of not to exceed \$300,000 to assist Maker in funding fees and expenses incurred by Maker in connection with the operation of the Duluth zoo; and,

WHEREAS, the Maker has drawn down the entire amount it was authorized to draw against as set forth above; and

WHEREAS, the Term of said LOC was extended to October 1, 2020 by City Council resolutions 16-0767, 17-0738 and 18-07-9 and by amendments to the LOC authorized thereby, which Line of Credit Promissory Note as so extended and amended is hereinafter referred to as the “LOC”; and

WHEREAS, the amount outstanding and currently owed to the Lender under the LOC is currently \$300,000 plus accrued, unpaid interest in the amount of \$12,694.63 as of October 16, 2019; and

WHEREAS, between May 1, 2009 and November 1, 2018, in the course of performing its services pursuant to the Zoo Management Agreement between the parties, the Lender erroneously paid sales tax to the State of Minnesota on the sales made by Maker in the amount of \$129,702, which taxes had been properly paid by Maker, causing a double payment to have been made to the State; and

WHEREAS, because of the statute of limitations applicable to tax payment, Lender was only able to recover \$52,603 of the overpayment amount which the Lender has received and currently holds.

NOW THEREFORE, the parties hereto hereby agree that the LOC is hereby modified as hereinafter provided.

1. Interest

As of the effective date of this Agreement the Note shall bear no interest (00%), amending the terms of the second unnumbered paragraph of the LOC.

2. Credit to Principal

The amount of \$52,603 recovered from the State of Minnesota shall be credited to the outstanding principal balance on the LOC, reducing the principal amount currently owed to the Lender to \$247,397.

3. Interest forgiveness

As of the date of this Agreement, all accrued, unpaid interest owing on the outstanding principal balance shall be forgiven and shall no longer be a payment obligation of Maker.

4. Future Payment and Forgiveness

If, by the end of the extended Maturity Date of the LOC, Maker has paid at least \$187,298 toward the outstanding principal balance of the LOC, the remaining unpaid principal amount of the LOC owing from Maker to Lender shall be forgiven and shall no longer be a payment obligation of Maker. If Maker has not paid at least \$187,298 toward the outstanding principal balance of the LOC, the remaining unpaid principal amount of the LOC owing from Maker to Lender shall be immediately due and payable under the term and conditions of the LOC.

5. LOC Terms Affirmed

In all other respects the LOC, together with all of its terms, covenants and

conditions, is hereby confirmed in its entirety.

IN WITNESS WHEREOF, the parties here hereunto set the hands the day and date shown below.

CITY OF DULUTH, a Minnesota  
Municipal corporation

ARROWHEAD ZOOLOGICAL  
SOCIETY, a Minnesota  
Non-profit corporation

By: \_\_\_\_\_  
Emily Larson  
Mayor

By: \_\_\_\_\_  
Eric Simonson  
Chief Executive Officer

Attest:

“Maker”

Its: \_\_\_\_\_  
City Clerk

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

“Lender”

Approved:

Countersigned:

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

\_\_\_\_\_  
Auditor