

EXHIBIT 1

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 Phase One of the Bear Country Project on or about May 9, 2016 (“Grant Agreement”), pursuant to which the Project (defined below) will support the development of educational exhibits using animals and the environment within a portion of the Zoo. The Bear County 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 Project, 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 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 Section B below.

2. Pursuant to the conditions of the Grant Agreement, Phase I of the Project started on May 9, 2016 and must be completed by June 30, 2017.

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	\$ 73,500
2017 Legacy ACHR Appropriation	<u>\$ 71,295</u>
Total Project Cost	\$144,795

2. The City will provide bridge funding to the Society in the amount of One Hundred and Forty-four Thousand Seven Hundred Ninety-five Dollars (\$144,795) to advance the 2016 and 2017 Legacy ACHR Appropriations (“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.

3. The City will provide the Bridge Funds to the Society no later than July 31, 2016.

4. 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 Bridge 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

By: _____
Mayor

Attest: _____
City Clerk

Date Attested: _____

Countersigned:

City Auditor

Approved as to form:

City Attorney

**ARROWHEAD ZOOLOGICAL
SOCIETY, INC.**

By: Diana B. Dodge

Printed Name: Diana B. Dodge

Its: President

By: Julene Boe

Printed Name: Julene Boe

Its: Interim CEO

EXHIBIT A
STATE OF MINNESOTA
GRANT CONTRACT

This grant contract is between the State of Minnesota, acting through its Commissioner of Administration ("State") and Lake Superior Zoo, 7210 Fremont St., Duluth, MN 55807 ("Grantee").

Recitals

1. Under Minn. Stat. 2015 Minnesota Laws, First Special Session, Chapter 2, Article 4, Section 2, Subdivision 6, the State is empowered to enter into this grant.
2. The State is providing grants according to 2015 First Special Session Law, Chapter 2, Article 4, Section 2, Subdivision 6.
3. The Grantee represents that it is duly qualified and agrees to perform all services described in this grant contract to the satisfaction of the State.

Grant Contract

1 Term of Grant Contract

- 1.1 **Effective Date:** May 9, 2016, or the date the State obtains all required signatures under [Minn. Stat. §16B.98](#), Subd. 5, whichever is later. Per, [Minn. Stat. §16B.98](#) Subd. 7, no payments will be made to the Grantee until this grant contract is fully executed.
- 1.2 **Expiration date:** June 30, 2017, or until all obligations have been satisfactorily fulfilled, whichever occurs first.
- 1.3 **Survival of Terms:** The following clauses survive the expiration or cancellation of this grant contract: 8. Liability; 9. State Audits; 10. Government Data Practices and Intellectual Property; 12. Publicity and Endorsement; 13. Governing Law, Jurisdiction, and Venue; and 15 Data Disclosure.

2 Grantee's Duties

- 2.1 The Grantee will perform, in compliance with 2015 Minnesota Laws, First Special Session, Chapter 2, Article 4, Section 2, Subdivision 6, the duties specified in the Work Plan and Budget, which is attached and incorporated into this grant contract.
- 2.2 Reimbursement is the method for obtaining grant payments. Expenditures eligible for reimbursement shall meet the following criteria: a) deliverable items as stated in the approved Work Plan and Budget, b) incurred within the grant period (Section 1.1 and 1.2), and c) have been paid.
- 2.3 All other supporting documentation (invoices, receipts and proof of payment) shall be maintained on file by the Grantee and be available upon request by the State.
- 2.4 The grantee shall comply with the most recent version of the Arts and Cultural Heritage Fund Grant Guidelines and with required grants management policies and procedures under Minnesota Statutes §16B. 97 sub. 4 (a)(1) except when superseded by specific instructions contained herein.
- 2.5 Modifications greater than 10 percent of any line item in the most recently approved work plan and budget requires prior approval from the State and must be indicated on submitted reports.
- 2.6 Modifications equal to or less than 10 percent of any line item are permitted without prior approval from the State provided that such modification is indicated on submitted reports and that the total obligation of the State for all compensation and reimbursements to Grantee shall not exceed the total obligation.

3 Time

- 3.1 The Grantee must comply with all the time requirements described in this grant contract. In the performance of this grant contract, time is of the essence.
- 3.2 The grantee is required to perform all of the duties cited within clause two “Grantee’s Duties” of this agreement within the grant period. The State is not obligated to extend the grant period past the date specified under 2015 Minnesota Laws, First Special Session, Chapter 2, Article 4, Section 2, Subdivision 6.

4 Consideration and Payment

Consideration.

The State will pay for all services performed by the Grantee under this grant contract as follows:

- 4.1 ***Compensation.*** The Grantee will be paid according to the payment schedule in Section 4.11 of this agreement, with total obligation to the Grantee not to exceed \$147,000.
- 4.2 The Grantee must comply with the Minnesota Constitution, article XI, section 15, and may not substitute money received from a legacy fund for a traditional source of funding.
- 4.3 The Grantee must promptly return to the State any unexpended funds that have not been accounted for annually in a financial report to the State due at grant closeout.

Contracting and Bidding Requirements

Per Minn. Stat. §471.345, grantees that are municipalities as defined in Subd. 1 must do the following if contracting funds from this grant contract agreement for any supplies, materials, equipment or the rental thereof, or the construction, alteration, repair or maintenance of real or personal property:

- 4.4 If the amount of the contract is estimated to exceed \$100,000, a formal notice and bidding process must be conducted in which sealed bids shall be solicited by public notice. Municipalities may, as a best value alternative, award a contract for construction, alteration, repair, or maintenance work to the vendor or contractor offering the best value under a request for proposals as described in Minn. Stat. §16C.28, Subd. 1, paragraph (a), clause (2)
- 4.5 If the amount of the contract is estimated to exceed \$25,000 but not \$100,000, the contract may be made either upon sealed bids or by direct negotiation, by obtaining two or more quotations for the purchase or sale when possible, and without advertising for bids or otherwise complying with the requirements of competitive bidding. All quotations obtained shall be kept on file for a period of at least one year after receipt thereof. Municipalities may, as a best value alternative, award a contract for construction, alteration, repair, or maintenance work to the vendor or contractor offering the best value under a request for proposals as described in Minn. Stat. §16C.28, Subd. 1, paragraph (a), clause (2) and paragraph (c).
- 4.6 If the amount of the contract is estimated to be \$25,000 or less, the contract may be made either upon quotation or in the open market, in the discretion of the governing body. If the contract is made upon quotation it shall be based, so far as practicable, on at least two quotations which shall be kept on file for a period of at least one year after their receipt. Alternatively, municipalities may award a contract for construction, alteration, repair, or maintenance work to the vendor or contractor offering the best value under a request for proposals as described in Minn. Stat. §16C.28, Subd. 1, paragraph (a), clause (2).
- 4.7 Support documentation of the bidding process utilized to contract services must be included in the grantee’s financial records, including support documentation justifying a single/sole source bid, if applicable.

Payments to Individuals

- 4.8 The Grantee must ensure that every individual receiving money from this grant in exchange for work, services, performances or participation, complete IRS form W-4, W-8 or W-9, depending upon the individual's employment or citizenship status. All payments to individuals must comply with federal and state tax laws and reporting requirements.

Travel Expenses

- 4.9 Reimbursement for travel and subsistence expenses actually and necessarily incurred by the Grantee as a result of this grant contract provided that travel expenses comply with the most recently approved budget in Exhibit A and that the Grantee will be reimbursed for travel and subsistence expenses in the same manner and in no greater amount than provided in the current "Commissioner's Plan" promulgated by the commissioner of Minnesota Management and Budget, which can be found at <http://mn.gov/mmb/employee-relations/labor-relations/Labor/commissioners-plan.jsp>. The Grantee will not be reimbursed for travel and subsistence expenses incurred outside Minnesota unless it has received the State's prior written approval for out of state travel. Minnesota will be considered the home state for determining whether travel is out of state.

Total Obligation.

- 4.10 The total obligation of the State for all compensation and reimbursements to the Grantee under this grant contract will not exceed \$147,000.
- 4.11 The State will promptly pay the Grantee after the Grantee presents, no earlier than the first day of each calendar month, an invoice and reimbursement spreadsheet for the previous month's eligible expenditures, and the State's Authorized Representative accepts the invoice and reimbursement spreadsheet. The grantee can only incur eligible expenditures for the second year of this grant contract (beginning July 1, 2016)

5 Conditions of Payment

- 5.1 All services provided by the Grantee under this grant contract must be performed to the State's reasonable satisfaction, as determined at the sole discretion of the State's Authorized Representative and in accordance with all applicable federal, state, and local laws, ordinances, rules, and regulations. The Grantee will not receive payment for work found by the State to be unsatisfactory or performed in violation of federal, state, or local law.
- 5.2 The Grantee must compile and submit all information for funded projects or programs required under Minn. Stat. § 3, 2012, Section 3.303, Subd. 10, and 129D.17, Subd. 2(d) to the State, the Legislative Coordinating Commission, and the Legislature as soon as practicable or by January 15 of the applicable fiscal year, whichever comes first.
- 5.3 All payments and expenditures for each state fiscal year this agreement spans must be accounted for annually in a financial report to the State by August 1 of each fiscal year. The grantee must submit a final invoice and expense report to the state on or before August 15, 2017
- 5.4 Per Minnesota Laws, 2011, 1st Special Session, Article 5, Section 7, Subd. 3, a recipient of money from a legacy fund must not use the money to fund a trust, endowment, or similar instrument unless they meet the requirements listed therein.

6 Authorized Representative

6.1 The State's Authorized Representative is Laurie Beyer-Kropuenske, Director of Community Services, Department of Administration, 201 Administration Building, 50 Sherburne Avenue, St. Paul, MN 55155, 651-201-2501, or his/her successor, and has the authority to accept the services provided under this grant contract. If the services are satisfactory, the State's Authorized Representative will certify acceptance on each invoice submitted for payment.

6.2 The Grantee's Authorized Representative is Julene Boe, Interim CEO, Lake Superior Zoo, 7210 Fremont St., Duluth, MN 55807, 218-730-4500 ext 203. If the Grantee's Authorized Representative changes at any time during this grant contract, the Grantee must immediately notify the State.

Assignment Amendments, Waiver, and Grant Contract Complete

6.3 Assignment

The Grantee shall neither assign nor transfer any rights or obligations under this grant contract without the prior written consent of the State, approved by the same parties who executed and approved this grant contract, or their successors in office.

6.4 Amendments

Any amendments to this grant contract must be in writing and will not be effective until it has been executed and approved by the same parties who executed and approved the original grant contract, or their successors in office.

6.5 Waiver

If the State fails to enforce any provision of this grant contract, that failure does not waive the provision or the State's right to enforce it.

6.6 Grant Contract Complete

This grant contract contains all negotiations and agreements between the State and the Grantee. No other understanding regarding this grant contract, whether written or oral, may be used to bind either party.

7 Liability

The Grantee must indemnify, save, and hold the State, its agents, and employees harmless from any claims or causes of action, including attorney's fees incurred by the State, arising from the performance of this grant contract by the Grantee or the Grantee's agents or employees. This clause will not be construed to bar any legal remedies the Grantee may have for the State's failure to fulfill its obligations under this grant contract.

8 State Audits

Under Minn. Stat. § 16B.98, Subd.8, the Grantee's books, records, documents, and accounting procedures and practices of the Grantee or other party relevant to this grant agreement or transaction are subject to examination by the State and/or the State Auditor or Legislative Auditor, as appropriate, for a minimum of six years from the end of this grant agreement, receipt and approval of all final reports, or the required period of time to satisfy all state and program retention requirements, whichever is later.

9 Government Data Practices and Intellectual Property Rights

9.1 Government Data Practices

The Grantee and State must comply with the Minnesota Government Data Practices Act, Minn. Stat. Ch. 13, as it applies to all data provided by the State under this grant contract, and as it applies to all data created, collected, received, stored, used, maintained, or disseminated by the Grantee under this grant contract. The civil remedies of Minn. Stat. §13.08 apply to the release of the data referred to in this clause by either the Grantee or the State. If the Grantee receives a request to release the data referred to in this Clause, the Grantee must immediately notify the State. The State will give the Grantee instructions concerning the release of the data to the requesting party before the data is released. The Grantee's response to the request shall comply with applicable law

9.2 *Intellectual Property Rights*

The Grantee retains ownership of all intellectual property created with these grant funds.

10 Workers Compensation

The Grantee certifies that it is in compliance with [Minn. Stat. §176.181](#), Subd. 2, pertaining to workers' compensation insurance coverage. The Grantee's employees and agents will not be considered State employees. Any claims that may arise under the Minnesota Workers' Compensation Act on behalf of these employees and any claims made by any third party as a consequence of any act or omission on the part of these employees are in no way the State's obligation or responsibility.

11 Publicity and Endorsement

11.1 *Endorsement*

The Grantee must not claim that the State endorses its products or services.

12 Governing Law, Jurisdiction, and Venue

Minnesota law, without regard to its choice-of-law provisions, governs this grant contract. Venue for all legal proceedings out of this grant contract, or its breach, must be in the appropriate state or federal court with competent jurisdiction in Ramsey County, Minnesota.

13 Termination

The State may cancel this grant contract at any time, with or without cause, upon 30 days' written notice to the Grantee. Upon termination, the Grantee will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed.

14 Data Disclosure

Under Minn. Stat. § 270C.65, Subd. 3, and other applicable law, the Grantee consents to disclosure of its social security number, federal employer tax identification number, and/or Minnesota tax identification number, already provided to the State, to federal and state tax agencies and state personnel involved in the payment of state obligations. These identification numbers may be used in the enforcement of federal and state tax laws which could result in action requiring the Grantee to file state tax returns and pay delinquent state tax liabilities, if any.

15 In the Event of a Lawsuit

An appropriation or portion of an appropriation from a legacy fund is canceled to the extent that a court determines that the appropriation unconstitutionally substitutes for a traditional source of funding.

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: 5/3/16

SWIFT Contract/PO No(s): 108980/300-4853

2. GRANTEE

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

By: J. Re

Title: Interim Chief Executive Officer

Date: May 6, 2016

By: _____

Title: _____

Date: _____

3. STATE AGENCY

By: [Signature]
(with delegated authority)

Title: Director of Economic Dev.

Date: 5/9/16

Distribution:

Agency

Grantee

State's Authorized Representative

Lake Superior Zoological Society

Project Title and Short Description	Start-End Dates	FTE Positions	Assessment Method	Measurable Outcomes	Measurable Outputs
The Bear Country project will create educational exhibits using animals and the environment within a portion of the area of land that is currently the former Polar Shores. The project will utilize some of this existing structure by renovating it to meet or exceed current animal exhibit standards for the brown bear set by the Association of Zoo and Aquariums (AZA). Legacy funds will be used to complete phase one of the bear country project: professional design services.	May, 2016-June 30, 2017	0	Completion of Phase One of Bear Country project and the re-utilizations of the space as planned	Completion of Phase One of the Bear Country project will include a complete set of design documents that will be utilized to develop construction documents necessary to facilitate the creation of educational exhibits using animals and the enviroment in Phase Two.	The outputs of this grant will be a complete set of design documents , which will be utilized in development of construction documents in Phase Two.

End of Worksheet

Arts and Cultural Heritage Fund
FY 2016-17 Budget

Organization: Lake Superior Zoological Society

Arts and Cultural Heritage funds “may not be spent on activities unless they are directly related to and necessary for a specific appropriation” and “must not be spent on indirect costs or other institutional overhead charges that are not directly related to and necessary for a specific appropriation” per Minnesota Laws, 2015, 1st Special Session, Chapter 2, Article 4, Section 2, Subd. 6.

	Salary/ Benefits	Contracted Services	Advertising	Supplies	Category (specify)	Category (specify)	Category (specify)	Total Per Fiscal Year
FY16	\$ -	\$ 73,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 73,500.00
FY17	\$ -	\$ 71,295.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,295.00
Total	\$ -	\$ 144,795.00	\$ -	\$ -	\$ -	\$ -	\$ -	
GRAND TOTAL	\$ 144,795.00							

End of Worksheet



Legacy Amendment
Arts and Cultural Heritage Fund
FY 2016-17 Biennium

**Zoo Educational Exhibits Project
Work Plan**

Submitted to:
Ariana Didion, Student Staff
Office of Grants Management
Minnesota Department of Administration

Submitted by:
Julene Boe, Interim Chief Executive Officer
Lake Superior Zoological Society

February 26, 2016



Introduction

The Lake Superior Zoo was legislatively named to receive an appropriation from the Fiscal Year (FY) 2016/17 Arts and Cultural Heritage Fund (ACHF). Per 2015 Minnesota Laws, 1st Special Session, Chapter 2, Article 4, Section 2, Subd. 6(l) Lake Superior Zoo “\$75,000 each year is for development of educational exhibits using animals and the environment.”¹

The following are conditions of this appropriation. Also see the Tasks & Timeline section of this document.

1. **Fiscal Year.** The figures "2016" and "2017" mean that appropriations are allocated for the fiscal year ending June 30, 2016 and June 30, 2017, respectively. "The biennium" is fiscal years 2016 and 2017. All appropriations in this article are onetime (2015 MN Laws, 1st Special Session, Chapter 2, Article 4, Section 1).
2. **Appropriation Availability.** Money appropriated may not be spent on activities unless they are directly related to and necessary for a specific appropriation. Money appropriated must not be spent on indirect costs or other institutional overhead charges that are not directly related to and necessary for a specific appropriation. Money appropriated must be spent in accordance with the Minnesota Management and Budget's Guidance to Agencies on Legacy Fund Expenditures. Notwithstanding Minnesota Statutes, section 16A.28, and unless otherwise specified in this article, fiscal year 2016 appropriations are available until June 30, 2017, and fiscal year 2017 appropriations are available until June 30, 2018. If a project receives federal funds, the time period of the appropriation is extended to equal the availability of federal funding (2015 MN Laws, 1st Special Session, Chapter 2, Article 4, Section 2, Subd. 2).
3. **Administrative Fee.** The commissioner of administration may use a portion of this appropriation for costs that are directly related and necessary to the administration of grants (2015 MN Laws, 1st Special Session, Chapter 2, Article 4, Section 2, Subd. 6(a)). The Department of Administration will be withholding 2% each year for grants administration from all grant appropriations. This results in a \$3,000 deduction from the zoo's appropriation, leaving a total of **\$147,000** (\$73,500 each year) for the zoo to use for the project.
4. **Incurring Eligible Expenses.** Legislatively appropriated, noncompetitive grant recipients may incur eligible expenses based on an agreed upon work plan and budget for up to 60 days prior to an encumbrance being established in the accounting system (2015 MN Statutes, Chapter 16, Section 16B.98, Subd. 11).
5. **Disability Access.** Where appropriate, grant recipients of ACHF funds, in consultation with the Council on Disability and other appropriate governor-appointed disability councils, boards, committees, and commissions, should make progress toward providing greater access to programs, print publications, and digital media for people with disabilities related to programs (2015 MN Laws, 1st Special Session, Chapter 2, Article 4, Section 2, Subd. 11).

¹ Full text of this legislation is available at https://www.revisor.mn.gov/laws/?year=2015&type=1&group=Session+Law&doctype=Chapter&id=2&keyword_type=all&keyword=lake+superior+zoo#laws.4.2.0.

6. This project will adhere to guidelines, principles, and requirements as stated in the following documents:
 - **FY 2016/17 ACHF Grant Guidelines**, identifies requirements for this funding as administered through Minnesota Department of Administration, Office of Grants Management
 - **Legislative Coordinating Commission Guidelines**, 12/13/2011 memo provides guidance on calculating full-time equivalents (FTEs), administration costs, and direct expenses
 - **Principles for Use and Expected Outcomes of Funds from Dedicated Sales Taxes**, Legislative Guide adopted March 24, 2010, Arts and Cultural Heritage Fund information on pages 10-11
 - **MMB Guidance to Agencies on Legacy Fund Expenditure**
 - **Uniform Administrative Requirements, Cost Principles, and Audit Requirements** (OMB 2 C.F.R. 200), replaces OMB A87 referenced in MMB Guidance to Agencies on Legacy Fund Expenditure
7. **Work Plan and Budget.** A work plan and budget are required for this project (see below and Attachment 1).
8. **Reporting.** A report of ACHF appropriations is due on January 15 of each applicable fiscal year as required under section 2015 MN Statutes, Chapter 3, Section 3.303, subd. 10.
9. **Fund Implementation.** ACHF grants must be implemented according to 2015 MN Statutes, Chapter 16B, Section 16B.98 and must account for all expenditures of funds (2015 MN Laws, 1st Special Session, Chapter 2, Article 5, Section 5, Subd. 2(e)).
10. **Required Use of Legacy Logo on Recipient's Website.** When practicable, a direct recipient of an ACHF appropriation fund shall prominently display on its website 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 the legacy logo image, the website must direct the person to a webpage 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 2015 MN Statutes, Chapter 3, Section 3.303, subd. 10 (2015 MN Laws, 1st Special Session, Chapter 2, Article 5, Section 5, Subd. 2(e)).
11. **Match.** A non-cash match is not required for this allocation.

Project Overview

On the night of June 19 and the morning of June 20, 2012, torrential rains and flash flooding severely damaged the zoo with an estimated nine inches of rain. Flood water from areas upstream from the zoo ran into Kingsbury Creek, which runs through the zoo to the St. Louis River. A culvert blockage occurred downstream from the zoo that prevented creek water from exiting the zoo, thereby creating a backup and historic flood beyond the recognized floodplain. Fourteen animals lost their lives including six sheep, four goats, a donkey, a turkey vulture, a raven, and a snowy owl. One of the most damaged areas was the Polar Shores facility which is located along the bank of the creek. The waters flooding this facility were high enough that the two harbor seals and polar bear were able to exit their exhibits. The harbor seals were found

outside of the zoo property after flood waters pushed them through a culvert. The polar bear remained on zoo property near her exhibit and was tranquilized and moved to safety. Due to irreparable damage to the Polar Shores facility, it has been closed since the flood and is now condemned. In its increasingly deteriorating state, it serves as a constant reminder to staff and visitors of the flood's devastation, it is unusable for educational exhibits, programming, and animals, and it is a public safety hazard.

The Lake Superior Zoological Society, which operates the zoo, and the City of Duluth, which owns the zoo, are currently engaged in a zoo master planning process. As part of this process, the society and city announced a consensus concept for the future of the zoo and the adjacent Fairmount Park at a Duluth Parks and Recreation Commission meeting on November 4, 2015. The concept envisions a renewed zoo in a roughly 10-acre footprint and converts a portion of the existing zoo into a top-quality free public park for the St. Louis River Corridor. The concept is estimated at \$15 million and has \$2.7 million of half-and-half tourism funding already allotted to it. The master planning process is expected to be complete by March 2016 and will have among its deliverables concept plans for the entire zoo, including a repurposed Polar Shores facility. The concept plan proposes to convert the Polar Shores facility into a new educational exhibit complex that includes a new bear exhibit, a new large cat exhibit, and a visitor services structure. ACHF funds will be used to pay for professional design services that will be used for the development of construction bidding documents

The society and city acknowledge concerns about rebuilding zoo exhibits in a location previously destroyed by a flood, so every effort is being made to eliminate the potential impact of a future flood. First, much of the new educational exhibit complex will be outside of the prior floodplain boundary. Second, since the flood, substantial repair and restoration to the lower end of Kingsbury Creek has already occurred. This has included replacing two culverts with bridges. Preliminary analysis from floodplain experts shows that this restoration work decreases the creek's floodplain level such that it no longer reaches the Polar Shores facility, making it safe again for exhibits and animals. Additional creek restoration is planned in the near future.

Zoo Educational Exhibits Project Description

The Bear Country project will create educational exhibits using animals and the environment within a portion of the area of land that is currently the former Polar Shores. The project will utilize some of this existing structure by renovating it to meet or exceed current animal exhibit standards for the brown bear set by the Association of Zoo and Aquariums (AZA). The Bear Country project will offer our community and visitors from around the region a new and exciting way to learn about animals, natural ecosystems, and conservation. As a part of this project, there will be several viewing areas that provide the visitors with opportunities to observe the bears as they eat, sleep, as well interact with each other in this exhibit and/or the public viewing into the exhibit. There will be interpretive displays that will educate the visitors about the bears, their natural habitat, diet, and their interconnections to their environment. 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 Bear Country, in its entirety, will be completed in Phase Two. The 2015 legislative appropriation from the ACHF will be used to fund Phase One, which will include professional design services. Construction, including bidding documents and the actual construction of the Educational exhibits using animals and the environment will be during Phase Two, which will start as soon as Phase One is completed and additional funds become available.

Phase One: professional design services

Schematic Design (April – July 2016)

- Kick-Off Meeting
- Data Collection
- Site Visit
- Regulatory Agency Coordination
- Public Input Meeting, Zoo Society, Parks Commission
- Refine Schematic Design Plans
- Review Meeting
- Refine Schematic Design Plans
- Present to Zoo Society

Design Development (July 2016 – Oct 2016)

- Review Meeting
- Regulatory Agency Coordination
- Develop Design Development Plans
- Additional Data Requirements
- Cost Estimate
- Review Meeting
- Refine Design Development Plans

Given the type of work being done, we are requesting a professional services contract. We will require vendors to submit bonds and insurances, and other documentation and will solicit multiple bids as required.

Phase Two: Construction documents and Create Educational Exhibits Using Animals and the Environment

Phase Two of the Bear Country project will involve the creation of construction documents, demolition and renovation of the existing Polar Shores structure and the construction of a new exhibit for brown bears, the creation of educational displays using animals and the environment, and will be completed as soon as additional funds become available. The design documents developed during Phase One will be used to develop construction bidding documents. These construction bidding documents will then be used to begin construction to create the educational exhibits and other interpretive elements. Our intent is to move quickly from Phase One to Phase Two and complete the Bear Country project in its entirety as soon as possible.

Goal and Objectives

Goal: To create educational exhibits using animals and the environment.

Phase One Objective:

1. Conduct professional design services through the completion of design documents.

Phase Two Objectives: (to be completed with other funds)

1. Convert an area of land that is currently a condemned public asset into educational exhibits using animals and the environment that includes a new bear exhibit.
2. 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 provided by the Lake Superior Zoological Society's Board of Directors, Chief Executive Officer, and key senior staff. City of Duluth staff with project oversight include the Public Administration Director, Property and Facilities Manager, and City Architect.

Tasks & Timeline

February 2016	Grantee prepares work plan and budget with a submission due date of 2/29/2016 to Office of Grants Management
March 2016	Review grantee draft work plan and budget Negotiate with grantee on revisions to work plan and budget as needed Revise and develop grant contract. The society and the grant administrator will work to incorporate feedback, to the extent possible, while simultaneously taking into account the legal requirements, applicable statutes, and grants management policies that the grant agreement contract template will have. Submit grant agreement contract for encumbrance and secure grantee signatures
April 2016	Project starts
August 2016	Semi-annual report due to State
January 15, 2017	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

August 2017	Semi-annual report due to State
August 15, 2017	Deadline to submit reimbursement requests to State for FY 2017 expenses
January 15, 2018	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

Phase One Outcome:

1. The professional design services through the completion of design documents will be completed in Phase One. These components will facilitate the creation of educational exhibits using animals and the environment in Phase Two.

Phase Two Outcomes: (to be completed with other funds) Construction document and the actual construction of this project will be completed such that educational exhibits are created that use animals and the environment and the space is available for educational programs and outdoor recreation.

1. There will be an increase in the number of Minnesotans who visit and participate in heritage programs at the Lake Superior Zoo.
2. 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:

A zoo planning team comprised of city and society staff will meet regularly with the contractor during the design process to advise the work and monitor progress to ensure deliverables (e.g., bidding documents) meet expectations including budget, timeline, objectives, and outcomes. We will determine the extent that the deliverables will help us leverage funds for the Phase Two work, inform the Phase Two budget, and facilitate the creation of educational exhibits using animals and the environment.

Funding Sources

FY 2016 Legacy Amendment ACHF appropriation	\$75,000
FY 2017 Legacy Amendment ACHF appropriation	\$75,000
City of Duluth	\$12,265
Subtract 2% administrative fee	(\$3,000)
Total	\$159,265

Budget

FY 2016		
Schematic design actual		\$79,633.
FY 2017		
Design documents actual		<u>\$79,632.</u>
Total		\$159,265

Budget Narrative

A 2015 Legislative appropriation of \$150,000 is available for development of the Bears Country project to create educational exhibits using animals and the environment. After subtracting two percent of the funds to be used by the commissioner for grants administration, a total of \$147,000 is available for this project from the Legacy Amendment ACHF. The total budget for the legacy funded portion of Phase One of the Bear Country project is \$ \$147,000.

The total amount available of \$147,000 will be spent as follows:

Schematic Design -50% of consultant fee: \$73,500
Design Development -50% of consultant fee: \$73,500

EXHIBIT B

Bear County Project Description

The Bear Country project will create educational exhibits using animals and the environment within a portion of the area of land that is currently the former Polar Shores facility. The project will utilize some of this existing structure by renovating it to meet or exceed current animal standards set by the Association of Zoo and Aquariums (AZA) for brown bears. The Bear Country project will offer our community and visitors from around the region a new and exciting way to learn about animals, natural ecosystems, and conservation. As a part of this project, there will be several viewing areas that provide the visitors with opportunities to observe the bears as they eat, sleep, as well interact with each other in this exhibit and/or the public viewing into the exhibit. There will be interpretive displays that will educate the visitors about the bears, their natural habitat, diet, and their interconnections to their environment. 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, in its entirety, will be completed in multiple phases over several years. The legislative appropriation from the ACHF will be used to fund Phase One, which includes professional design services through completion of design documents. Educational exhibits using animals and the environment will be constructed 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, 2017)*

Objective: Conduct professional design services through the completion of design 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 condemned public asset into educational exhibits using animals and the environment that includes a new bear exhibit; 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 Bear Country with educational exhibits using animals and the environment, including educational programming; (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.