



Legislation Text

File #: 17-0821R, **Version:** 1

RESOLUTION AUTHORIZING AND APPROVING THE EXECUTION OF A PLEDGE AGREEMENT WITH THE DULUTH ENTERTAINMENT AND CONVENTION CENTER AUTHORITY.

CITY PROPOSAL:

BE IT RESOLVED, by the city council (the "Council") of the city of Duluth, Minnesota (the "City"), as follows:

Section 1. Background Findings.

1.01 The area under the control of the Duluth Entertainment and Convention Center Authority (the "DECC") is described as follows:

That part of Government Lot 3, Section 27, Township 50, Range 14, and those parts of Mungers Subdivision of Duluth, which lie within the following lines:

The east line of Fifth Avenue West

The south line of Railroad Street

A line parallel and 65 feet easterly of the west line of Minnesota Slip (which includes the USS Steamship "William A. Irvin")

The United States Government Harbor line

(the "DECC Area") and includes the westerly side of Minnesota Slip and the dock wall of the harbor. The west and north dock walls of Minnesota Slip and the dock wall on the harbor within the DECC Area are in need of repair.

1.02 The Minnesota Pollution Control Agency (the "MPCA"), the City and the DECC have proposed to work cooperatively on a three-part project, each individual part of the project being needed for the entire project to be completed. The three parts of the project consist of (i) the City repairing the dock wall on the west and north sides of Minnesota Slip and a portion of the harbor dock wall (the "City portion of the project"); (ii) the MPCA capping the contaminants in Minnesota Slip (the "MPCA portion of the project"); and (iii) temporarily relocating the U.S. Steamship William A. Irvin to permit construction of such projects (the "DECC portion of the project"). The estimated costs for the City portion of the project is \$6,687,385, for the MPCA portion of the project is \$1,132,000 and for the DECC portion of the project is \$314,000 for a total cost of the project of \$8,133,385. The MPCA has agreed to provide the City with a grant of at least \$2,155,660 for a portion of the costs of the City

portion of the project, and the City will need to provide a match of an estimated amount equal to \$4,531,725 plus costs of issuance and underwriter's discount.

1.03 The City proposes to finance the City portion of the project through a grant from the MPCA and the proceeds of general obligation bonds of the City in an amount not to exceed \$5,000,000 (the "Bonds").

1.04 The Authority and the City have agreed that the Authority shall contribute to the repayment of the Bonds as provided in the proposed Pledge Agreement attached as Exhibit A hereto.

Section 2. Authorization and Approval.

2.01. The Pledge Agreement is approved. The Mayor and the City Clerk are authorized and directed to execute, acknowledge and deliver the Pledge Agreement on behalf of the City with such changes, insertions and omissions therein as the City's attorney may hereafter deem appropriate, such execution to be conclusive evidence of approval of such documents in accordance with the terms hereof.

2.02. The Mayor and the City Clerk are authorized and directed to execute and deliver all other documents which may be required under the terms of the Pledge Agreement and to take such other action as may be required or deemed appropriate for the performance of the duties imposed thereby to carry out the purposes thereof.

STATEMENT OF PURPOSE: This resolution approves the Pledge Agreement with the Duluth Entertainment and Convention Center Authority, the purpose of which is for the Authority to pledge lodging tax receipts allocated to the DECC to pay the debt service on general obligation bonds to be issued to repair the dock wall for Minnesota Slip. Such pledge is subject to and subordinate to the Authority's pledge made in connection with the City's bonds issued to finance the Amsoil Arena and related improvements.

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