

PUBLIC WORKS AND UTILITIES COMMITTEE

08-0649R

RESOLUTION AUTHORIZING FIRST AMENDMENTS TO REDEVELOPMENT AGREEMENT WITH ALLETE, INC., FOR DULUTH STEAM DISTRICT NO. 2.

CITY PROPOSAL:

RESOLVED, that the proper city officials are hereby authorized to enter into a first amendment to that certain redevelopment agreement bearing City Contract No. 20702, a copy of which amendment is on file in the office of the city clerk as Public Document No. \_\_\_\_\_, with Allete, Inc., for the acquisition and redevelopment of the Duluth Steam District No. 2 facilities, extending the time for closing provided for therein.

Approved:

Approved for presentation to council:

\_\_\_\_\_  
Department Director

\_\_\_\_\_  
Chief Administrative Officer

Approved as to form:

Approved:

\_\_\_\_\_  
Attorney

\_\_\_\_\_  
Auditor

STATEMENT OF PURPOSE: This resolution authorizes an amendment to the redevelopment agreement between the city and Allete (Minnesota Power) for the sale of the city's interest in boilers and other steam production equipment that are part of Duluth Steam District No. 2 (West Duluth) and the redevelopment of those facilities by Allete.

The city and Allete had originally contemplated that the sale could be completed by the end of 2008 but regulatory approvals needed for the sale to be consummated may not be available until some time in early 2009. This amendment extends the closing date until March 1, 2009. It also extends the date when Allete's capital investment must be made by an additional year to address these closing delays plus provide needed additional time for design of the planned improvements.