

PUBLIC WORKS AND UTILITIES COMMITTEE

09-0101R

RESOLUTION AUTHORIZING SECOND AMENDMENT 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 second 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

PW&U/ATTY REA:blj 1/30/2008

STATEMENT OF PURPOSE: This resolution authorizes a second 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. Then thinking that the approvals would come in the first quarter of 2009, the first amendment to the agreement authorized an extension until March 1, but the approval process continues to take more time than previously thought and may not be completed until sometime in late summer of 2009. This amendment extends the closing date until September 1, 2009.