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1992 Annual Report
January 1993

Background

The Lake Superior Center Authority was created by the 1990 session of the Minnesota Legislature to work with Lake Superior Center, a 501(c)(3) non-profit, to construct and operate a public education facility. The 1992 bonding bill included \$2 million for the Authority. Governor Carlson activated the Authority by making appointments in June, 1992. The legislation creating the Authority and the language of the 1992 bonding bill both require annual reporting.

Reporting

The legislation creating the authority requires annual reporting to the Governor, Senate Economic Development and Housing Committee and the House Economic Development Committee. The 1992 Bonding Bill language requires reporting to Senate Finance Committee and House Appropriations Committee and their Environmental and Natural Resource Divisions. Further, reports are to be filed in accordance with Minnesota Statutes, section 3.195.

Activities

The Authority became operational with Governor Carlson's appointment of a Board of Directors in June, 1992. They are:

1. Tom Spence, Chairman, St. Paul attorney.
2. Rod Sando, inclusion of DNR Commissioner is specified in legislation.
3. Cindy Hayden, Lake Superior Magazine, also serves on the non-profit board.
4. Bob Carlson, UMD, acting director, Institute for Lake Superior Research.
5. Cindy Jepsen, Deputy Commissioner, PCA.

The bonding bill of the 1992 session included \$2 million for the Authority. Of this, \$500,000 was to be available immediately for design and engineering, the remaining \$1.5 million requiring a match of equal amount from non-state sources. The Department of Administration was identified in the bill as the grantor to the Authority. The activity of the Authority during 1992 related to the establishment of its procedures and drafting a grant agreement with the Department of Administration.

The draft grant agreement was completed by the Department of Administration in October and the various required attachments have been under development since. They include the commitment of the private trust that owns the land to convey the site to the Authority once the project is fully financed, the workplan and contract with the architectural and engineering team and related resolutions and documents. Some of these documents were not complete at the close of 1992.

Concurrent to these activities, the Authority reviewed and selected legal counsel to draft bylaws and related organizational documents, to review the grant agreement and its attachments and the contract with the design team.

The legislation creating the Authority outlines the following content for the annual report:

1. Description of programs undertaken during the year.

No programs were initiated during 1992.

2. Identification of funding from all sources.

No funding was received by the Authority in 1992.

3. Description of administrative expenses.

There were no administrative expenses during 1992.

4. Listing of assets and liabilities at year end.

There were no assets or liabilities at the end of 1992.

5. Description of changes to operational plan.

The operations of the Authority in 1992 did not go beyond preliminary organizational activities.

6. Description of adoption or changes in bylaws, policies, rules or programs.

A grant agreement was developed between the Department of Administration and the Authority. Its execution has been approved but signatures are not in place pending completion of attachments, principally the contract and scope of work for the team of architects and engineers to design the Center. After requesting representation from the Attorney General's office which was not available, the firm of Hanft, Fride, O'Brien, Harries, Swelbar & Burns, Duluth, was selected as legal counsel. They drafted bylaws and an agreement relating to the Authority's role with Lake Superior Center, the 501(c)(3) non-profit working in concert with the Authority.

Other Findings

The Board of Directors finds that their activities are hampered by the lack of any operating support for the administration of their duties. Legal counsel, financial record keeping and audits, letterhead and postage and liability insurance are examples of direct expenses that cannot be provided through in-kind or shared staffing arrangement with the non-profit partner, Lake Superior Center. The state is not able to provide these services. During the 1993 session, the Authority intends to request support from the Governor and the legislature in the amount of \$25,000 for expenses associated with the general operations of the Authority.

Future Activities

It is anticipated that the design work will commence in Mid-February with the completion of all of the related contracts and documents. Presentations of schematic design, to include the Governor, legislators and staff, are built into the workplan and will take place in summer, 1993.