



**CITY OF CLOQUET
City Council Agenda
Tuesday, April 16, 2019
7:00 p.m.
City Hall Council Chambers**

6:00 - COUNCIL WORK SESSION

- Zoning Discussion for Chickens
- Department Head Presentations
 - Human Resources
 - Library
 - Finance

1. **Roll Call**

2. **Pledge of Allegiance**

3. **Approval of Agenda**

- a. Approval of April 16, 2019 Council Agenda

4. **Approval of Council Minutes**

- a. Work Session minutes from the April 2, 2019 meeting
b. Regular Council minutes from the April 2, 2019 meeting

5. **Consent Agenda**

Items in the Consent Agenda are considered routine and will be approved with one motion without discussion/debate. The Mayor will ask if any Council members wish to remove an item. If no items are to be removed, the Mayor will then ask for a motion to approve the Consent Agenda.

- a. Resolution No. 19-34, Authorizing the Payment of Bills
b. Year End Transfers for 2018
c. Resolution No. 19-28, Awarding Stark Road Watermain Project
d. Resolution No. 19-30, Approving Plans for Carlton County Project No. (SAP) 009-607-025 Along Big Lake Road (CSAH 7)
e. Resolution No. 19-31, A Resolution Approving Plans for Carlton County Project No. (SAP) 009-605-027 Along University/Brevator Road (CSAH5)
f. Resolution No. 19-32, A Resolution Relating to Parking Restrictions Along Washington Avenue (CSAH 16)
g. Resolution No. 19-33, A Resolution Awarding the Westgate Waterline Repair Project
h. Part-Time Administrative Police Secretary Appointment – Marlaina Moudling
i. Blast Off to Summer 5k Walk/Run Street Closure Request



**CITY OF CLOQUET
City Council Agenda
Tuesday, April 16, 2019
7:00 p.m.
City Hall Council Chambers**

6. Public Hearings

Now is the time and place for the Public Hearing on the proposed assessments for the 2018 improvement of Arch Street from Avenue C to Park Avenue; Park Avenue from Arch Street to Market Street; Avenue D from Broadway Street to Market Street; Avenue E from Arch Street to Market Street.

- Resolution No. 19-29, Adopting Assessments for the Improvement of Arch Street from Avenue C to Park Avenue and Park Avenue from Arch Street to Market Street and Avenue D from Broadway Street to Market Street and Avenue E from Arch Street to Market Street

7. Presentations

None.

8. Council Business

- a. Resolution No. 19-21, Authorizing the Execution of a Purchase and Development Agreement by and Between the City of Cloquet, Minnesota and 14th III, LLC
- b. Preliminary Consideration of Allegations against a City of Cloquet Employee under Minn. Stat. § 13D.05, subd. 2(b)
- c. Preliminary Consideration of Allegations against a City of Cloquet Employee under Minn. Stat. § 13D.05, subd. 2(b)

9. Public Comments

Please give your name, address, and your concern or comments. Visitors may share their concerns with the City Council on any issue, which is not already on the agenda. Each person will have 3 minutes to speak. The Mayor reserves the right to limit an individual's presentation if it becomes redundant, repetitive, irrelevant, or overly argumentative. All comments will be taken under advisement by the Council. No action will be taken at this time.

10. Council Comments, Announcements, and Updates

11. Adjournment



COMMUNITY DEVELOPMENT DEPARTMENT
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To: Mayor and City Council
From: Al Cottingham, City Planner/Zoning Administrator
Reviewed/Approved By: Aaron Reeves, City Administrator *AR*
Date: April 10, 2019

ITEM DESCRIPTION: Zoning Discussion for Chickens

At the City Council Work Session on March 19, 2019 the Council inquired as to the approximate number of properties that would allow chickens based on the discussions of allowing them in the R1 – Single Family Residence District and the SR – Suburban Residential District lots that were ½ acre in size. In reviewing the Zoning Map and lot sizes there are approximately 100 R1 lots generally located south of Washington Avenue and Big Lake Road. There are approximately 200 SR lots generally located south of the college and south of Big Lake Road.

Staff is looking for a comfort level from the City Council if an Ordinance Amendment was brought forward that would allow Chickens in these two districts subject to conditions.

Cloquet City Council Work Session

Tuesday, April 2, 2019

DRAFT

Present: W. Carlson, S. Lamb, K. Kolodge, S. Langley, L. Wilkinson, Mayor Maki

Absent: D. Koski

Staff: Reeves, Klassen, Peterson, Hansen

Twin Ports Joyride Discussion

Commander Carey Ferrell, Sara Buhes and Jeff Hanson were present to the concept of the Twin Ports Joyride program. Cloquet has recently started to take part by getting local establishments involved by giving taxi vouchers to intoxicated individuals to get home safely.

Ms. Buhes stated that people are now aware of the program and are using it. Local establishments were excited about participating and being proactive in getting people home safely.

An overview of the program and how it works for bar owners was given. The ultimate goal is to get impaired drivers off the road. The bars purchase ride tickets, give to patrons who then turn them into the cab driver and get a ride home. The cab company turns in the tickets for reimbursement.

Conversation took place on how to collect data on where the riders are coming from and if there's a way to be proactive on overserving.

Looking at it as a community outreach and do prevention. Discussion on how the money is paid from Joyride.

Public Works Department Update

Caleb Peterson, Public Works Director reviewed the different divisions of the department and their responsibilities. Mr. Peterson broke down the amount of infrastructure contained within the Public Works Department making it the largest department with the largest budget. Mr. Peterson next explained the responsibilities within those divisions. Finally, an explanation of department priorities as well as a review of the 2018 projects.

Community Development

Holly Hansen, Community Development Director gave a summary of the department and responsibilities of each. The divisions include Building and Housing Code Inspections/Enforcement, Planning, Zoning and Subdivision of Land, and Economic Development and all City/EDA programs.

Ms. Hansen would like the Council to consider discussing the recommendation of the EDA to exempt private economic development projects such as housing, commercial and industrial; discuss support of rental inspections and housing inspector position; and creating a vacant building registry for residential and commercial/industrial buildings.

Other Discussion

City Administrator Reeves stated after the Council has heard all department presentations, they will have the opportunity to discuss their goals and priorities at a future Work Session.

There being no further business, the meeting adjourned at 6:58 p.m.

Respectfully Submitted,

Aaron Reeves
City Administrator

DRAFT

Regular Meeting

Roll Call

Councilors Present: Carlson, Lamb, Kolodge, Langley, Wilkinson, Mayor Maki

Councilors Absent: Koski

Pledge of Allegiance

AGENDA**MOTION:** Councilor Lamb moved and Councilor Carlson seconded the motion to approve the April 2, 2019 agenda. The motion carried unanimously (6-0).**MINUTES****MOTION:** Councilor Langley moved and Councilor Wilkinson seconded the motion to approve the minutes of the Work Session and Regular Meeting of March 19, 2019. The motion carried unanimously (6-0).**CONSENT AGENDA****MOTION:** Councilor Kolodge moved and Councilor Langley seconded the motion to adopt the Consent Agenda of April 2, 2019, approving the necessary motions and resolutions. The motion carried unanimously (6-0).

- a. Resolution No. 19-23, A Resolution Authorizing the Payment of Bills and Payroll
- b. Approval of City Clerk Position Transition
- c. Resolution No. 19-24, Supporting a Trail Grant Application
- d. Authorizing Public Works Pickup Truck Purchase
- e. Resolution No. 19-25, Declaring the Official Intent of Cloquet to Reimburse Certain Expenditures from the Proceeds of Bonds to be Issued by the City
- f. Resolution No. 19-26, Awarding 2019 Mill and Overlay Project

PUBLIC HEARINGS

There were none.

PRESENTATIONS

There were none.

CHAPTER 5 AMENDMENT - REGULATING WINTER PARKING**MOTION:** Councilor Langley moved and Councilor Wilkinson seconded the motion to approve **ORDINANCE NO. 478A, AN ORDINANCE AMENDING AND REPLACING CLOQUET CITY CODE CHAPTER 5, SECTION 5.4.05, REGULATING WINTER PARKING WITHIN THE CITY OF CLOQUET, MINNESOTA.** The motion carried (5-1), Councilor Kolodge opposed.

The City Council of the City of Cloquet does hereby ordain as follows:

(a) **Amendment:** Chapter 5, Section 5.4.05 be amended and replaced with the following:**5.4.05. Winter Parking / Snow Emergency Regulations.****Subd. 1 Winter Parking Restrictions.** During the period from November 1 to March 31 of each year, no person, persons, firm or corporation shall park any motor vehicle on the streets, alleys, boulevards, sidewalks or public grounds within the corporate limits of said City between the hours of midnight and six o'clock A.M. This subdivision does not apply to a motor vehicle parked at an open business establishment between the hours of midnight and 2:00 a.m. unless ordered to be moved at the direction of a peace officer.**Subd. 2 Winter Parking / Snow Emergency - Penalties / Impoundment.**

(a) A motor vehicle found to be in violation of Subdivision 1 of this section is subject to a parking citation. (b) A motor vehicle found to be in violation of Subdivision 1 when there is snowfall accumulation requiring the plowing of city

streets (approximately 2 inches or more), as determined by the Director of Public Works or the Supervisor of Street Maintenance, is subject to a parking citation and to immediate removal, as needed for plowing, to an impound lot at the owner's expense by a towing authority authorized by the City, and only at the direction of a peace officer who has prepared, in addition to a parking citation, a written towing report describing the motor vehicle and the reasons for towing, in accordance with Minn. Stat. 168B.035. Towing and storage fees are in addition to any fine otherwise imposed for the violation of this section. Such vehicle shall not be released until the fine and the fees for towing and storage are paid.

(b) **Effective Date:** This Ordinance shall take effect and be in force from and after its passage and publication.

CHAPTER 6 CODE AMENDMENT – REGULATIONS AND LICENSES OF PAWN BROKERS

MOTION: Councilor Langley moved and Councilor Kolodge seconded the motion to approve **ORDINANCE NO. 479A, AN ORDINANCE AMENDING DESIGNATED SECTIONS OF THE CLOQUET CITY CODE REGARDING THE REGULATION AND LICENSING OF PAWNBROKERS.** The motion carried unanimously (6-0).

The City of Cloquet, by its City Council, hereby ordains:

That the following sections of Section 6.11 of the Cloquet City code are hereby adopted to replace the existing sections of the same number so that they now read as follows:

SECTION 6.11: REGULATION AND LICENSING OF PAWN BROKERS

6.11.01 Declaration of Findings and Intent

Subd. 3. Accordingly, the following provisions are intended to comply with the legislative authority given to municipalities to regulate pawn shops (Minn. Stat. 325I, et seq., and its provisions) and to help the police department better regulate current and future pawn businesses, decrease and stabilize costs associated with the regulation of the pawn industry, and to increase identification of criminal activities in the pawn industry through the timely-collection and sharing of pawn transaction information through implementation of the required use of an automated pawn system. The format for computerized pawnbroker records shall be the "interchange file specification format" specified in Minnesota Statutes Section 325I.05 (b & c) or its successor.

6.11.09 Records Required. At the time of any reportable transaction other than renewals, extensions or redemptions, every licensee must immediately record in English on a pawn ticket the following information by using ink or other indelible medium on forms or in a computerized record approved by the Chief of Police including all information prescribed in Minnesota Statutes Section 325I.04:

- (1) A complete and accurate description of each item including, but not limited to, any trade-mark, identification number, serial number, model number, brand name, or other identifying mark on such an item.
- (2) The purchase price, amount of money loaned upon, or pledged therefor.
- (3) The maturity date of the transaction and the amount due, including monthly and annual interest rates and all pawn fees and charges.
- (4) Date, time and place the item of property was received by the licensee, and the unique alpha and/or numeric transaction identifier that distinguishes it from all other transactions in the licensee's records.
- (5) Full name, residence address, residence telephone number, date of birth and accurate description of the person from whom the item of the property was received, including: sex, height, weight, race, color of eyes and color of hair.
- (6) The identification number and state of issue from any of the following forms of identification of the seller:
 - a. Current valid Minnesota driver's license.
 - b. Current valid Minnesota identification card.
 - c. Current valid photo identification card issued by another state, Indian Tribe or tribal government or another recognized federal or state governmental entity.

- (7) The signature of the person identified in the transaction.
- (8) The monthly annual interest rates, including all pawn fees and charges.
- (9) Effective sixty (60) days from the date of notification by the chief of police of acceptable video standards, but no sooner than January 1, 2005, the licensee must also take a color photograph or color video recording of:
 - a. Each customer involved in a billable transaction.
 - b. Every item pawned or sold that does not have a unique serial or identification number permanently engraved or affixed.

If a photograph is taken, it must be at least two (2) inches in length by two (2) inches in width and must be maintained in such a manner that the photograph can be readily matched and correlated with all other records of the transaction to which they relate. Such photographs must be available to the Chief of Police, or the Chief's designee, upon request. The major portion of the photograph must include an identifiable front facial close-up of the person who pawned or sold the item. Items photographed must be accurately depicted. The licensee must inform the person that he or she is being photographed by displaying a sign of sufficient size in a conspicuous place in the premises. If a video photograph is taken, the video camera must zoom in on the person pawning or selling the item to include an identifiable close-up of that person's face. Items photographed by video must be accurately depicted.

Video photographs must be electronically referenced by time and date so they can be readily matched and correlated with all other records of the transaction to which they relate. The licensee must inform the person that he or she is being videotaped orally and by displaying a sign of sufficient size in a conspicuous place on the premises. The licensee must keep the exposed videotape for three (3) months.

A passive video system may be used in place of a digital photograph. All passive video surveillance must be kept for a minimum of ninety (90) days.

- (10) Digitized photographs. Effective sixty (60) days from the date of notification by the police license inspector, but no sooner than January 1, 2005, licensees must meet the photograph requirement above by submitting them as digital images, in a format specified by the issuing authority, electronically cross-referenced to the reportable transaction they are associated with. Notwithstanding the digital images may be captured from required video recordings, this provision does not alter or amend the requirements in subdivision (8).
- (11) Renewals, extensions and redemptions. For renewals, extensions and redemptions, the licensee shall provide the original transaction identifier, the date of the current transaction, and the type of transaction.
- (12) Inspection of records. The records must at all reasonable times be open to inspection by the police department or department of licenses and consumer services. Data entries shall be retained for at least three (3) years from the date of transaction. Entries of required digital images shall be retained a minimum of ninety (90) days.

6.11.10 PRINTED PAWN TICKET REQUIREMENTS.

Subd. 1. The following information including all information required by Minnesota Statutes Section 3251.04 Subd. 2 shall be printed on all pawn tickets:

- (1) the statement that "Any personal property pledged to a pawnbroker within this state is subject to sale or disposal when there has been no payment made on the account for a period of not less than sixty (60) days past the date of the pawn transaction, renewal, or extension; no further notice is necessary. There is no obligation for the pledgor to redeem pledged goods."
- (2) the statement that "The pledgor of this item attests that it is not stolen, it has no liens or encumbrances against it, and the pledgor has the right to sell or pawn the item."
- (3) the statement that "This item is redeemable only by the pledgor to whom the receipt was issued, or any person identified in a written and notarized authorization to redeem the property identified in the receipt, or a person identified

in writing by the pledgor at the time of the initial transaction and signed by the pledgor. Written authorization for release of property to persons other than the original pledgor must be maintained along with the original transaction record."

- (4) a blank line for the pledgor's signature. Signed pawn tickets conforming with the requirements of M.S. Section 325J.04 (2), as it may be amended from time to time, shall be issued to the pledger and a copy retained by the pawn broker.

6.11.11 DAILY REPORTS TO POLICE.

Subd. 1. Effective no later than ninety (90) days after the police department provides licensees with the current version of the automated pawn system interchange file specification format or similar automated record system as may be specified by the City, licensees must submit every reportable transaction to the police department daily in the following manner:

- (1) Licensees must provide to the police department all reportable transaction information by transferring it from their computer to the automated pawn system interchange file specification format or similar automated record system as specified by the City via modem using the current version. All required records must be transmitted completely and accurately after the close of business each day in accordance with standards and procedures established by the issuing authority. Any transaction that does not meet the proper automated pawn system interchange file specification format must be corrected and resubmitted the next business day. The licensee must display a sign of sufficient size, in a conspicuous place in the premises, which informs patrons that all transactions are reported to the police department daily.

Subd. 2. Billable transaction fees. Licensees will be charged a fee by the City which will be set by the City from time to time for each billable transaction reported to the police department. This fee will be imposed to offset the costs of implementation and the ongoing operation of the pawnbroker reporting system.

- (1) If a licensee is unable to successfully transfer the required reports by modem, the licensee must provide the police department, upon request, printed copies of all reportable transactions along with the video tape(s) for that date, by noon the next business day;
- (2) If the problem is determined to be in the licensee's system and is not corrected by the close of the first business day following the failure, the licensee must continue to provide the required reports as detailed in section 9 (b)(1), and must be charged a fifty dollar (\$50.00) reporting failure penalty, daily, until the error is corrected; or
- (3) If the problem is determined to be outside the licensee's system, the licensee must continue to provide the required reports in section 11 (b)(1), and resubmit all such transactions via modem when the error is corrected.
- (4) If a licensee is unable to capture, digitize or transmit the photographs required in Section 9, the licensee must immediately take all required photographs with a still camera, cross-reference the photographs to the correct transaction, and make the pictures available to the police department upon request.
- (5) Regardless of the cause or origin of the technical problems that prevented the licensee from uploading their reportable transactions, upon correction of the problem, the licensee shall upload every reportable transaction from every business day the problem had existed.
- (6) Section 11 (b) (1) through (3) notwithstanding, the police department may, upon presentation of extenuating circumstances, delay the implementation of the daily reporting penalty.

It is further intended that all existing provisions in Section 6.11 of the City Code not replaced by this Ordinance will remain in full force and effect.

Effective date. These provisions shall take effect thirty (30) days after passage and publication.

SUMMARY OF ORDINANCE NO. 479A

MOTION: Councilor Lamb moved and Councilor Carlson seconded the motion to adopt **RESOLUTION NO 19-23, A RESOLUTION AUTHORIZING PUBLICATION OF A SUMMARY OF ORDINANCE NO 479A, AN ORDINANCE AMENDING**

DESIGNATED SECTIONS OF THE CITY CODE REGARDING THE REGULATION AND LICENSING OF PAWBROKERS. The motion carried unanimously (6-0).

WHEREAS, The City Council of the City of Cloquet has duly adopted Ordinance No. 479A, An Ordinance Amending Designated Sections of the City Code Regarding the Regulation and Licensing of Pawnbrokers.

WHEREAS, Minnesota Statutes 412.191 requires that ordinances shall be published at least once in the official newspaper; and

WHEREAS, The City Council has determined that the cost of publishing an entire section of the code as proposed to be adopted by the City Council would be extremely expensive given the number of pages to be published; and

WHEREAS, Minnesota Statutes 412.191, Subd. 4, authorizes a municipality to publish only the title and a summary of lengthy ordinances or ordinances which contain charts or maps if the City Council determines that such publications would clearly inform the public of the intent and effect of the ordinance; and

WHEREAS, It is the intent of the City Council to act in accordance with all local, state, and federal laws, to inform the public of changes in municipal laws, and to remain responsible financially with public funds.

NOW, THEREFORE, BE IT RESOLVED, THAT THE CITY COUNCIL OF THE CITY OF CLOQUET, MINNESOTA, Hereby authorizes the publication of a summary of Ordinance No. 479A; and

BE IT FURTHER RESOLVED, That a copy of Ordinance No. 479A shall be available for public viewing online at www.cloquetmn.gov, City Hall and at the Cloquet Public Library for a period of not less than thirty (30) days from the date of publication; and

BE IT FINALLY RESOLVED, That the summary published in the official newspaper shall be in the following form:

SUMMARY DESCRIPTION

NOTICE OF SUMMARY PUBLICATION OF ORDINANCE

On April 2, 2019, at its regular meeting, the Cloquet City Council adopted Ordinance No. 479A, a 4 page ordinance which authorizes the Cloquet Police Department to implement LeadsOnline with the local pawn shop to regulate pawn transactions by tracking, locating and recovering stolen items and investigate suspects using the LeadsOnline database. The amendment also includes changes to redirect the transaction fees currently going to Minneapolis APS (Automated Property System) to the City of Cloquet to help offset the cost of the LeadsOnline service. The specific title of the ordinance is "AN **ORDINANCE AMENDING DESIGNATED SECTIONS OF THE CLOQUET CITY CODE REGARDING THE REGULATION AND LICENSING OF PAWBROKERS.** The full ordinance is available to the public for inspection online at www.cloquetmn.gov, or during regular office hours at the Cloquet Public Library or at Cloquet City Hall.

PUBLIC COMMENTS

Tim Krohn gave the Council on update on the bike trail extension grant. They still need to raise funds in the amount of \$48,000 to match the grant received.

COUNCIL COMMENTS, ANNOUNCEMENTS, AND UPDATES

There were none.

On a motion duly carried by a unanimous yea vote of all members present on roll call, the Council adjourned.

Aaron Reeves, City Administrator



ADMINISTRATIVE OFFICES

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REQUEST FOR COUNCIL ACTION

To: Mayor and City Council
From: Nancy Klassen, Finance Director *(initials)*
Reviewed/Approved by: Aaron Reeves, City Administrator
Date: April 12, 2019

ITEM DESCRIPTION: Payment of Bills

Proposed Action

Staff recommends the Council move to adopt **RESOLUTION NO. 19-34, A RESOLUTION AUTHORIZING THE PAYMENT OF BILLS.**

Background/Overview

Statutory Cities are required to have most claims authorized by the city council.

Policy Objectives

MN State Statute sections 412.271, Claims and disbursements for Statutory Cities.

Financial/Budget/Grant Considerations

See resolution for amounts charged to each individual fund.

Advisory Committee/Commission Action

Not applicable.

Supporting Documents Attached

- a. Resolution Authorizing the Payment of Bills.
- b. Vendor Summary Report.
- c. Department Summary Report.

**CITY OF CLOQUET
COUNTY OF CARLTON
STATE OF MINNESOTA**

RESOLUTION NO. 19-34

A RESOLUTION AUTHORIZING THE PAYMENT OF BILLS

WHEREAS, The City has various bills each month that require payment.

NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF CLOQUET, MINNESOTA, That the bills be paid and charged to the following funds:

101	General Fund	\$	136,267.35
206	Small Cities Development Program		46.00
224	Public Facilities Planning		12,935.00
225	Permanent Improvement		92.13
368	Business Park Bonds		500.00
403	Revolving Capital Projects		16,563.13
405	City Sales Tax Capital Projects		715.61
600	Water - Lake Superior Waterline		83,919.50
601	Water - In Town System		15,343.47
602	Sewer Fund		76,686.91
605	Stormwater Fund		942.82
614	CAT-7		77.24
701	Employee Severance Benefits		1,390.65
	TOTAL:	\$	<u>345,479.81</u>

**PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CLOQUET
THIS 16TH DAY OF APRIL, 2019.**

ATTEST:

Roger Maki, Mayor

Aaron Reeves, City Administrator

DATE: 04/12/2019
TIME: 10:44:48
ID: AP442000.WOW

CITY OF CLOQUET
VENDOR SUMMARY REPORT

PAGE: 1

INVOICES DUE ON/BEFORE 04/16/2019

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE
110902	ABRA AUTO BODY & GLASS -	0.00	7,511.15
110950	AARDVARK SEPTIC PUMPING	2,136.00	712.00
111350	LEXISNEXIS RISK DATA MNGMT INC	150.00	50.00
112050	ADVANCED SERVICES INC	147.00	49.00
116550	AMERICAN SOLUTIONS FOR	0.00	359.57
116650	AMERIGAS - 2306	936.17	167.17
116950	AMERIPRIDE SERVICES INC	2,632.46	2,129.08
121000	ARROWHEAD SPRINGS INC	399.50	110.50
121350	ASPEN MILLS	5,488.80	1,139.66
122000	A T & T MOBILITY	3,716.90	395.86
123150	B W DISTRIBUTING	564.49	97.99
125700	BEST OIL COMPANY	55,408.03	17,144.78
126850	BLAINE BROTHERS, INC	1,014.79	30.72
128400	BRIGGS	0.00	500.00
129800	BUREAU CRIMINAL APPREHENSION	390.00	390.00
134300	CARLTON COUNTY RECORDER	9.00	46.00
134800	CARLTON COUNTY TREASURER	22.00	23.00
135000	CARLTON COUNTY AUDITOR	2,134.26	484.65
137310	CENTURY LINK	8,682.34	239.95
139025	CINTAS	867.82	224.27
139030	CINTAS CORPORATION NO 2	2,529.74	644.00
139800	CLOQUET AREA CHAMBER OF COMMER	10,831.55	3,706.09
141100	CLOQUET FORD-CHRYSLER CENTER	1,014.53	200.69
142800	CLOQUET SANITARY SERVICE	2,700.22	854.38
145300	COMMUNITY PRINTING	2,376.56	533.40
145500	COMPENSATION CONSULTANTS, LTD	1,114.00	213.00
147600	EXELON CORPORATION	3,555.23	6,190.13
153350	DIAMOND INDUSTRIAL CLEANING	366.90	474.92
156400	CITY OF DULUTH COMFORTSYSTEMS	226.59	74.03
159350	E.S.R.I. INC.	0.00	1,200.00
161850	EMERGENCY AUTOMOTIVE TECH, INC	1,660.51	167.58
162640	ENVENTIS TELECOM INC	193.38	47.24
162725	ENVIRONMENTAL PRODUCTS	0.00	384.00
165375	FERGUSON WATERWORKS #2516	3,427.20	3,412.94
166625	FIRST AID CORP	0.00	252.64
169650	FORUM COMMUNICATIONS COMPANY	1,416.00	512.71
171900	GALLS LLC	0.00	1,814.40
175200	GOPHER STATE ONE CALL INC	179.60	37.80
175950	GRAPHIC TECHNOLOGIES	637.59	160.00
178500	GUARDIAN PEST SOLUTIONS INC	0.00	189.00
179300	HACH COMPANY	536.83	84.13
186500	INDEPENDENT SCHOOL DISTRICT 94	18,403.75	18,403.75
190700	JAMAR COMPANY	1,582.09	954.02
192225	JOBESHQ	575.00	846.00

DATE: 04/12/2019
TIME: 10:44:48
ID: AP442000.WOW

CITY OF CLOQUET
VENDOR SUMMARY REPORT

PAGE: 2

INVOICES DUE ON/BEFORE 04/16/2019

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE
197775	KWIK TRIP INC	411.32	34.20
197800	L & M SUPPLY CO	3,377.10	816.02
198100	L M C I T	218,188.00	8,640.00
198750	LAKE SUPERIOR CLEANERS	0.00	27.10
202100	LAWSON PRODUCTS INC	2,221.13	545.97
204500	LITTLE FALLS MACHINE INC	5,161.49	1,978.06
205050	LOFFLER COMPANIES INC	238.99	59.52
207400	MANEY INTERNATIONAL INC	3,033.50	72.42
211400	MENARDS	806.46	312.47
212055	MEYER GROUP ARCHITECTURE	0.00	12,935.00
214000	MIELKE ELECTRIC WORKS	8,656.40	8,700.00
218640	MN CITY/COUNTY MANAGEMENT ASSN	0.00	75.00
220925	MN DRIVERS & VEHICLE SERVICES	115.75	11.00
222275	MN PEIP	127,826.46	44,038.58
225975	MATHY CONSTRUCTION COMPANY	0.00	2,688.67
227100	MORTON SALT	11,447.31	4,269.02
227750	MTI DISTRIBUTING, INC.	0.00	530.99
229500	NAPA AUTO PARTS	3,097.98	527.63
234600	NORTHERN BUSINESS PRODUCTS	1,930.90	193.52
235800	NORTHLAND AUTO PARTS	447.23	487.46
247250	POWERPLAN	837.24	789.03
247400	396-PRAXAIR DISTRIBUTION, INC.	2,837.01	218.37
251475	RAILROAD MANAGEMENT CO.	235.41	235.41
253400	RELIABLE AGENCY INC.	0.00	6,800.00
259460	SAGINAW POWER & AUTOMATION	13,692.14	740.50
260300	CITY OF SCANLON	7.00	12.20
261800	SEH	103,841.47	1,926.84
267000	ST LOUIS COUNTY SHERIFF	0.00	1,425.00
268800	STOCK TIRE COMPANY	2,863.75	19.50
271975	TEAMSTERS JOINT COUNCIL 32	123,767.85	31,984.95
275075	TITAN MACHINERY	505.34	63.56
278140	TWIN CITIES FLAG SOURCE	0.00	468.60
278600	TWIN PORT MAILING	12,916.43	827.50
279100	U S BANK EQUIPMENT FINANCE	2,077.03	129.74
282900	UPPER LAKES FOODS INC	188.42	2,238.75
283700	USA BLUEBOOK	1,692.34	990.24
284875	VERIZON WIRELESS	9,912.03	1,674.85
285500	VIKING INDUSTRIAL CENTER	819.23	198.53
286900	W L S S D	226,863.20	79,426.80
288100	WARNING LITES OF MN, INC.	0.00	199.75
289015	WELLS FARGO CREDIT CARD	23,858.08	6,276.19
R0001227	LAKES GAS COMPANY	0.00	76.00
R0001284	OFFICE OF MN IT SERVICES	55.40	55.40
R0001548	MINIT MART 557	136.00	240.00

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CITY OF CLOQUET
VENDOR SUMMARY REPORT

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INVOICES DUE ON/BEFORE 04/16/2019

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE
R0001719	AFTERLIFE ELECTRONIC GRAVEYARD	477.25	214.25
R0001727	SUSAN GEORGIEV	0.00	375.00
R0001728	RAFFY JOHNSON	0.00	38.90
R0001729	F.I. SALTER REAL ESTATE, INC.	0.00	15,000.00
R0001731	PEAK CONSTRUCTION	0.00	75.00
TOTAL ALL VENDORS:			312,825.69

City of Cloquet
Vendor Summary Report Reconciliation
Invoices Due On/Before 4/16/2019

Total	312,825.69
Less:	
Library	(10.84)
Cloquet Area Fire District	(4,629.80)
Total City Bills	<u>308,185.05</u>
Less:	
Payroll benefits	(74,632.88)
Plus:	
Credit card/PSN fees	1,906.98
MN Sales Tax	1,414.37
MN Power auto pay	103,481.65
MN Energy auto pay	5,124.64
Total Bills	<u><u>345,479.81</u></u>

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CITY OF CLOQUET
DEPARTMENT SUMMARY REPORT

PAGE: 1

INVOICES DUE ON/BEFORE 04/16/2019

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE

GENERAL FUND			
00			
222275	MN PEIP	127,826.46	44,038.58
271975	TEAMSTERS JOINT COUNCIL 32	123,767.85	30,594.30
			74,632.88
32	LICENSES & PERMITS		
260300	CITY OF SCANLON	7.00	12.20
286900	W L S S D	226,863.20	6,316.80
R0001731	PEAK CONSTRUCTION		75.00
	LICENSES & PERMITS		6,404.00
41	GENERAL GOVERNMENT		
116550	AMERICAN SOLUTIONS FOR		359.57
139025	CINTAS	867.82	26.21
139030	CINTAS CORPORATION NO 2	2,529.74	82.80
142800	CLOQUET SANITARY SERVICE	2,700.22	53.45
145300	COMMUNITY PRINTING	2,376.56	107.05
145500	COMPENSATION CONSULTANTS, LTD	1,114.00	213.00
159350	E.S.R.I. INC.		800.00
197800	L & M SUPPLY CO	3,377.10	7.98
218640	MN CITY/COUNTY MANAGEMENT ASSN		75.00
234600	NORTHERN BUSINESS PRODUCTS	1,930.90	65.98
253400	RELIABLE AGENCY INC.		6,800.00
278600	TWIN PORT MAILING	12,916.43	321.79
279100	U S BANK EQUIPMENT FINANCE	2,077.03	48.65
289015	WELLS FARGO CREDIT CARD	23,858.08	1,913.47
R0001719	AFTERLIFE ELECTRONIC GRAVEYARD	477.25	214.25
	GENERAL GOVERNMENT		11,089.20
42	PUBLIC SAFETY		
110902	ABRA AUTO BODY & GLASS -		7,511.15
111350	LEXISNEXIS RISK DATA MNGMT INC	150.00	50.00
121350	ASPEN MILLS	5,488.80	1,139.66
125700	BEST OIL COMPANY	55,408.03	3,713.31
129800	BUREAU CRIMINAL APPREHENSION	390.00	390.00
139025	CINTAS	867.82	198.06

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CITY OF CLOQUET
DEPARTMENT SUMMARY REPORT

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INVOICES DUE ON/BEFORE 04/16/2019

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE

GENERAL FUND			
42	PUBLIC SAFETY		
139030	CINTAS CORPORATION NO 2	2,529.74	124.56
141100	CLOQUET FORD-CHRYSLER CENTER	1,014.53	13.11
142800	CLOQUET SANITARY SERVICE	2,700.22	50.60
161850	EMERGENCY AUTOMOTIVE TECH, INC	1,660.51	167.58
171900	GALLS LLC		1,814.40
190700	JAMAR COMPANY	1,582.09	477.01
192225	JOBSHQ	575.00	297.00
197775	KWIK TRIP INC	411.32	34.20
197800	L & M SUPPLY CO	3,377.10	11.45
198100	L M C I T	218,188.00	8,640.00
198750	LAKE SUPERIOR CLEANERS		27.10
220925	MN DRIVERS & VEHICLE SERVICES	115.75	11.00
234600	NORTHERN BUSINESS PRODUCTS	1,930.90	127.54
267000	ST LOUIS COUNTY SHERIFF		1,425.00
268800	STOCK TIRE COMPANY	2,863.75	36.50
278600	TWIN PORT MAILING	12,916.43	91.94
284875	VERIZON WIRELESS	9,912.03	1,674.85
289015	WELLS FARGO CREDIT CARD	23,858.08	1,683.95
R0001284	OFFICE OF MN IT SERVICES	55.40	55.40
R0001548	MINIT MART 557	136.00	240.00
	PUBLIC SAFETY		30,005.37
43	PUBLIC WORKS		
121000	ARROWHEAD SPRINGS INC	399.50	64.50
122000	A T & T MOBILITY	3,716.90	395.86
123150	B W DISTRIBUTING	564.49	49.00
125700	BEST OIL COMPANY	55,408.03	4,565.41
126850	BLAINE BROTHERS, INC	1,014.79	30.72
134800	CARLTON COUNTY TREASURER	22.00	23.00
139030	CINTAS CORPORATION NO 2	2,529.74	212.88
142800	CLOQUET SANITARY SERVICE	2,700.22	56.47
145300	COMMUNITY PRINTING	2,376.56	42.82
159350	E.S.R.I. INC.		133.33
166625	FIRST AID CORP		252.64
175200	GOPHER STATE ONE CALL INC	179.60	18.90
192225	JOBSHQ	575.00	549.00
197800	L & M SUPPLY CO	3,377.10	241.79
202100	LAWSON PRODUCTS INC	2,221.13	272.99
204500	LITTLE FALLS MACHINE INC	5,161.49	1,978.06
205050	LOFFLER COMPANIES INC	238.99	11.90
207400	MANEY INTERNATIONAL INC	3,033.50	72.42

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CITY OF CLOQUET
DEPARTMENT SUMMARY REPORT

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INVOICES DUE ON/BEFORE 04/16/2019

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE
GENERAL FUND			
43	PUBLIC WORKS		
225975	MATHY CONSTRUCTION COMPANY		2,688.67
227100	MORTON SALT	11,447.31	4,269.02
229500	NAPA AUTO PARTS	3,097.98	382.18
235800	NORTHLAND AUTO PARTS	447.23	487.46
247250	POWERPLAN	837.24	789.03
247400	396-PRAXAIR DISTRIBUTION, INC.	2,837.01	109.19
275075	TITAN MACHINERY	505.34	63.56
278600	TWIN PORT MAILING	12,916.43	91.94
279100	U S BANK EQUIPMENT FINANCE	2,077.03	21.63
288100	WARNING LITES OF MN, INC.		199.75
289015	WELLS FARGO CREDIT CARD	23,858.08	43.09
R0001227	LAKES GAS COMPANY		76.00
	PUBLIC WORKS		18,193.21
45	CULTURE AND RECREATION		
110950	AARDVARK SEPTIC PUMPING	2,136.00	712.00
112050	ADVANCED SERVICES INC	147.00	49.00
116650	AMERIGAS - 2306	936.17	167.17
116950	AMERIPRIDE SERVICES INC	2,632.46	2,129.08
125700	BEST OIL COMPANY	55,408.03	1,477.68
139030	CINTAS CORPORATION NO 2	2,529.74	58.32
142800	CLOQUET SANITARY SERVICE	2,700.22	616.47
145300	COMMUNITY PRINTING	2,376.56	73.91
147600	EXELON CORPORATION	3,555.23	6,190.13
165375	FERGUSON WATERWORKS #2516	3,427.20	2,801.75
175950	GRAPHIC TECHNOLOGIES	637.59	160.00
178500	GUARDIAN PEST SOLUTIONS INC		189.00
186500	INDEPENDENT SCHOOL DISTRICT 94	18,403.75	18,403.75
197800	L & M SUPPLY CO	3,377.10	193.20
211400	MENARDS	806.46	132.49
227750	MTI DISTRIBUTING, INC.		530.99
278140	TWIN CITIES FLAG SOURCE		468.60
282900	UPPER LAKES FOODS INC	188.42	2,238.75
289015	WELLS FARGO CREDIT CARD	23,858.08	8.61
	CULTURE AND RECREATION		36,600.90
46	COMMUNITY DEVELOPMENT		
139800	CLOQUET AREA CHAMBER OF COMMER	10,831.55	3,706.09

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CITY OF CLOQUET
DEPARTMENT SUMMARY REPORT

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INVOICES DUE ON/BEFORE 04/16/2019

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE
GENERAL FUND			
46	COMMUNITY DEVELOPMENT		
145300	COMMUNITY PRINTING	2,376.56	21.41
278600	TWIN PORT MAILING	12,916.43	45.97
279100	U S BANK EQUIPMENT FINANCE	2,077.03	16.22
289015	WELLS FARGO CREDIT CARD	23,858.08	135.25
	COMMUNITY DEVELOPMENT		3,924.94
REVOLVING SCDP (EDA)			
46	COMMUNITY DEVELOPMENT		
134300	CARLTON COUNTY RECORDER	9.00	46.00
	COMMUNITY DEVELOPMENT		46.00
LIBRARY FUND			
45	CULTURE AND RECREATION		
139030	CINTAS CORPORATION NO 2	2,529.74	10.84
	CULTURE AND RECREATION		10.84
PUBLIC FACILITIES PLANNING			
81	SPECIAL PROJECTS		
212055	MEYER GROUP ARCHITECTURE		12,935.00
	SPECIAL PROJECTS		12,935.00
PERMANENT IMPROVEMENT			
56	CONSTRUCTION & MAINTENANCE		
169650	FORUM COMMUNICATIONS COMPANY	1,416.00	92.13
	CONSTRUCTION & MAINTENANCE		92.13
BUSINESS PARK BONDS			
60	DEBT SERVICE		
128400	BRIGGS		500.00
	DEBT SERVICE		500.00

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CITY OF CLOQUET
DEPARTMENT SUMMARY REPORT

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INVOICES DUE ON/BEFORE 04/16/2019

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE
CAPITAL PROJECTS - REVOLVING			
81	SPECIAL PROJECTS		
169650	FORUM COMMUNICATIONS COMPANY	1,416.00	393.13
261800	SEH	103,841.47	1,170.00
R0001729	F.I. SALTER REAL ESTATE, INC.		15,000.00
	SPECIAL PROJECTS		16,563.13
CITY SALES TAX CAPITAL			
81	SPECIAL PROJECTS		
169650	FORUM COMMUNICATIONS COMPANY	1,416.00	-41.23
261800	SEH	103,841.47	756.84
	SPECIAL PROJECTS		715.61
WATER - LAKE SUPERIOR WATERLIN			
50	STATION 1		
137310	CENTURY LINK	8,682.34	75.75
	STATION 1		75.75
51	STATION 2		
121000	ARROWHEAD SPRINGS INC	399.50	16.00
137310	CENTURY LINK	8,682.34	164.20
139030	CINTAS CORPORATION NO 2	2,529.74	6.84
197800	L & M SUPPLY CO	3,377.10	142.92
211400	MENARDS	806.46	179.98
214000	MIELKE ELECTRIC WORKS	8,656.40	8,700.00
259460	SAGINAW POWER & AUTOMATION	13,692.14	740.50
289015	WELLS FARGO CREDIT CARD	23,858.08	2,138.37
	STATION 2		12,088.81
52	LAKE SUPERIOR WATERLINE		
125700	BEST OIL COMPANY	55,408.03	1,077.91
139030	CINTAS CORPORATION NO 2	2,529.74	38.32
169650	FORUM COMMUNICATIONS COMPANY	1,416.00	86.63
197800	L & M SUPPLY CO	3,377.10	24.18

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CITY OF CLOQUET
DEPARTMENT SUMMARY REPORT

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INVOICES DUE ON/BEFORE 04/16/2019

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE

WATER - LAKE SUPERIOR WATERLIN			
52	LAKE SUPERIOR WATERLINE		
251475	RAILROAD MANAGEMENT CO.	235.41	235.41
	LAKE SUPERIOR WATERLINE		1,462.45
57	ADMINISTRATION		
156400	CITY OF DULUTH COMFORTSYSTEMS	226.59	74.03
205050	LOFFLER COMPANIES INC	238.99	11.90
	ADMINISTRATION		85.93
WATER - IN TOWN SYSTEM			
00			
R0001727	SUSAN GEORGIEV		375.00
R0001728	RAFFY JOHNSON		38.90
			413.90
49	CLOQUET		
123150	B W DISTRIBUTING	564.49	29.40
125700	BEST OIL COMPANY	55,408.03	1,314.71
139030	CINTAS CORPORATION NO 2	2,529.74	69.90
141100	CLOQUET FORD-CHRYSLER CENTER	1,014.53	187.58
165375	FERGUSON WATERWORKS #2516	3,427.20	611.19
179300	HACH COMPANY	536.83	84.13
197800	L & M SUPPLY CO	3,377.10	170.32
202100	LAWSON PRODUCTS INC	2,221.13	163.79
229500	NAPA AUTO PARTS	3,097.98	106.96
247400	396-PRAXAIR DISTRIBUTION, INC.	2,837.01	65.51
283700	USA BLUEBOOK	1,692.34	990.24
285500	VIKING INDUSTRIAL CENTER	819.23	198.53
	CLOQUET		3,992.26
54	BILLING & COLLECTION		
145300	COMMUNITY PRINTING	2,376.56	202.57
278600	TWIN PORT MAILING	12,916.43	91.94
	BILLING & COLLECTION		294.51

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CITY OF CLOQUET
DEPARTMENT SUMMARY REPORT

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INVOICES DUE ON/BEFORE 04/16/2019

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE

WATER - IN TOWN SYSTEM			
57	ADMINISTRATION & GENERAL		
142800	CLOQUET SANITARY SERVICE	2,700.22	18.82
145300	COMMUNITY PRINTING	2,376.56	42.82
159350	E.S.R.I. INC.		133.34
175200	GOPHER STATE ONE CALL INC	179.60	11.34
205050	LOFFLER COMPANIES INC	238.99	11.90
278600	TWIN PORT MAILING	12,916.43	91.94
279100	U S BANK EQUIPMENT FINANCE	2,077.03	21.62
289015	WELLS FARGO CREDIT CARD	23,858.08	337.28
	ADMINISTRATION & GENERAL		669.06
ENTERPRISE FUND - SEWER			
00			
286900	W L S S D	226,863.20	-8,954.00
			-8,954.00
55	SANITARY SEWER		
123150	B W DISTRIBUTING	564.49	19.59
125700	BEST OIL COMPANY	55,408.03	865.72
139030	CINTAS CORPORATION NO 2	2,529.74	39.54
153350	DIAMOND INDUSTRIAL CLEANING	366.90	474.92
162725	ENVIRONMENTAL PRODUCTS		384.00
169650	FORUM COMMUNICATIONS COMPANY	1,416.00	-17.95
197800	L & M SUPPLY CO	3,377.10	24.18
202100	LAWSON PRODUCTS INC	2,221.13	109.19
229500	NAPA AUTO PARTS	3,097.98	38.49
247400	396-PRAXAIR DISTRIBUTION, INC.	2,837.01	43.67
286900	W L S S D	226,863.20	82,064.00
	SANITARY SEWER		84,045.35
57	ADMINISTRATION & GENERAL		
142800	CLOQUET SANITARY SERVICE	2,700.22	18.82
145300	COMMUNITY PRINTING	2,376.56	42.82
159350	E.S.R.I. INC.		133.33
175200	GOPHER STATE ONE CALL INC	179.60	7.56
205050	LOFFLER COMPANIES INC	238.99	11.90

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CITY OF CLOQUET
DEPARTMENT SUMMARY REPORT

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INVOICES DUE ON/BEFORE 04/16/2019

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE

ENTERPRISE FUND - SEWER			
57	ADMINISTRATION & GENERAL		
278600	TWIN PORT MAILING	12,916.43	91.98
279100	U S BANK EQUIPMENT FINANCE	2,077.03	21.62
	ADMINISTRATION & GENERAL		328.03
STORM WATER UTILITY			
57	ADMINISTRATION & GENERAL		
135000	CARLTON COUNTY AUDITOR	2,134.26	484.65
205050	LOFFLER COMPANIES INC	238.99	11.92
289015	WELLS FARGO CREDIT CARD	23,858.08	16.17
	ADMINISTRATION & GENERAL		512.74
CABLE TELEVISION			
45	CULTURE AND RECREATION		
121000	ARROWHEAD SPRINGS INC	399.50	30.00
162640	ENVENTIS TELECOM INC	193.38	47.24
	CULTURE AND RECREATION		77.24
EMPLOYEE SEVERANCE			
45	EMPLOYEE VACATION & SICK		
271975	TEAMSTERS JOINT COUNCIL 32	123,767.85	1,390.65
	EMPLOYEE VACATION & SICK		1,390.65
CLOQUET AREA FIRE DISTRICT			
42	PUBLIC SAFETY		
125700	BEST OIL COMPANY	55,408.03	4,130.04
142800	CLOQUET SANITARY SERVICE	2,700.22	39.75
190700	JAMAR COMPANY	1,582.09	477.01
268800	STOCK TIRE COMPANY	2,863.75	-17.00
	PUBLIC SAFETY		4,629.80
	TOTAL ALL DEPARTMENTS		312,825.69



ADMINISTRATIVE OFFICES

1307 Cloquet Avenue • Cloquet, MN 55720
Phone: 218-879-3347 • Fax: 218-879-6555
email: admin@ci.cloquet.mn.us
www.ci.cloquet.mn.us

REQUEST FOR COUNCIL ACTION

To: Mayor and City Council
From: Nancy Klassen, Finance Director
Reviewed/Approved by: Aaron Reeves, City Administrator
Date: April 9, 2019

ITEM DESCRIPTION: Year End Transfers for 2018

Proposed Action

Staff recommends the Council move to authorize the transfers for 2018 as detailed in the April 9, 2019 staff report.

Background/Overview

The council reviews and approves transfers for projects and other transactions yearly after the financial statements are finalized.

2018 Capital Improvements – Expenditures are made in the revolving capital projects fund for street projects then reimbursed by the permanent improvement fund.

Transfer to the Revolving Capital Projects \$751,879.57
from Permanent Improvement \$751,879.57

Skate Park donations – Transfer donations to pay for constructing the skate park.

Transfer to City Sales Tax Fund \$17,777.84
From Park Fund \$17,777.84

2018 Capital Equipment – The transfer is for the utility and park portion of a loader purchased by the Street Department.

Transfer to Public Works Reserve \$79,500
from Water \$50,500
from Sewer \$26,000
from Park \$3,000

Close the State MIF Loan Fund – The State MIF Loan Fund was closed in 2018.

Transfer to LDO Loan Fund \$105,006.21
From State MIF Loan Fund \$105,006.21

Debt Service bond disclosure costs – The \$8.4 million issued for the City Sales Tax Projects triggered extra bond disclosure fees in 2018.

Transfer to City Sales Tax Bond Fund \$2,838.63
From City Sales Tax Projects Fund \$2,838.63

Fund balance & future capital outlay – The General Fund is fully funded in accordance with the Fund Balance Policy. The Library Fund 2018 transfer was budgeted at \$175,000 to meet the Fund Balance Policy.

Transfer to Library Fund \$175,000
from General Fund \$175,000

Employee Severance Benefits

The General Fund is transferring to the Employee Severance Benefits to increase funding for future severance benefits.

Transfer to Employee Severance Benefits Fund \$25,000
from General Fund \$25,000

Policy Objectives

Proper approval for financing transfers for the year ended 12/31/2018.

Financial Impacts/Budget/Grant Considerations

Approval of transfers so various funds are properly reimbursed for 2018 activities and to increase reserve for future capital outlay. The construction transfers are budgeted at the beginning of the year but actual numbers are not available until the audit is complete.

Advisory Committee/Commission Action

Not applicable.

Supporting Documents Attached


None.



DEPARTMENT OF PUBLIC WORKS

1307 Cloquet Avenue; Cloquet, MN 55720
Phone: (218) 879-6758 Fax: (218) 879-6555
Street - Water - Sewer – Engineering - Park
www.ci.cloquet.mn.us

REQUEST FOR COUNCIL ACTION

To: City Council
From: John Anderson, Assistant City Engineer
Reviewed By: Aaron Reeves, City Administrator 
Date: April 16, 2019

ITEM DESCRIPTION: Award Stark Road Watermain Project Bid

Proposed Action

Staff recommends that the City Council move to adopt **RESOLUTION 19-28, AWARDING STARK ROAD WATERMAIN PROJECT.**

Background/Overview

On February 19, 2019 the City Council authorized staff to solicit bids for the Stark Road Watermain Loop. Staff has obtained bids for the project and the attached exhibit shows the route of the proposed watermain in the project. The table below shows the results of the four bids compared to the engineers estimate.

No.	Bidder	Bid
1	Northland Constructors of Duluth Inc.	\$ 383,500.00
2	George Bougalis & Sons Company	\$ 446,127.00
3	Veit & Company, Inc	\$ 449,127.00
4	Hanco Utilities	\$ 506,621.00
	Engineer's Estimate	\$ 762,496.00

Policy Objectives

The project's objectives are to construct the infrastructure necessary to provide safe and reliable water supply to our customers

Financial/Budget/Grant Considerations

The CIP budget for this project is \$1,300,000. We were fortunate to receive extremely competitive bids on this work with the low bid being \$383,500 from Northland Constructors of Duluth. The engineers estimate is \$762,496. The project is budgeted to be funded with sales tax dollars.

Advisory Committee/Commission Action

N/A.

Supporting Documents Attached

- Resolution No. 19-28
- Project Location Map

**CITY OF CLOQUET
COUNTY OF CARLTON
STATE OF MINNESOTA**

RESOLUTION NO. 19-28

RESOLUTION AWARDING STARK ROAD WATERMAIN PROJECT

WHEREAS, A resolution of the Council adopted on February 19, 2019, authorized advertising the project for bid.

WHEREAS, The City of Cloquet advertised and received the following bids for the project:

No.	Bidder	Bid
1	Northland Constructors of Duluth Inc.	\$ 383,500.00
2	George Bougalis & Sons Company	\$ 446,127.00
3	Veit & Company, Inc	\$ 449,127.00
4	Hanco Utilities	\$ 506,621.00

AND WHEREAS, The apparent low bid from Northland Constructors of Duluth Inc. was found to meet the minimum bid requirements.

NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF CLOQUET, MINNESOTA, That the bid from Northland Constructors of Duluth Inc. in the amount of \$383,500.00 is hereby accepted.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CLOQUET THIS 16th DAY OF APRIL 2019.

Roger Maki, Mayor

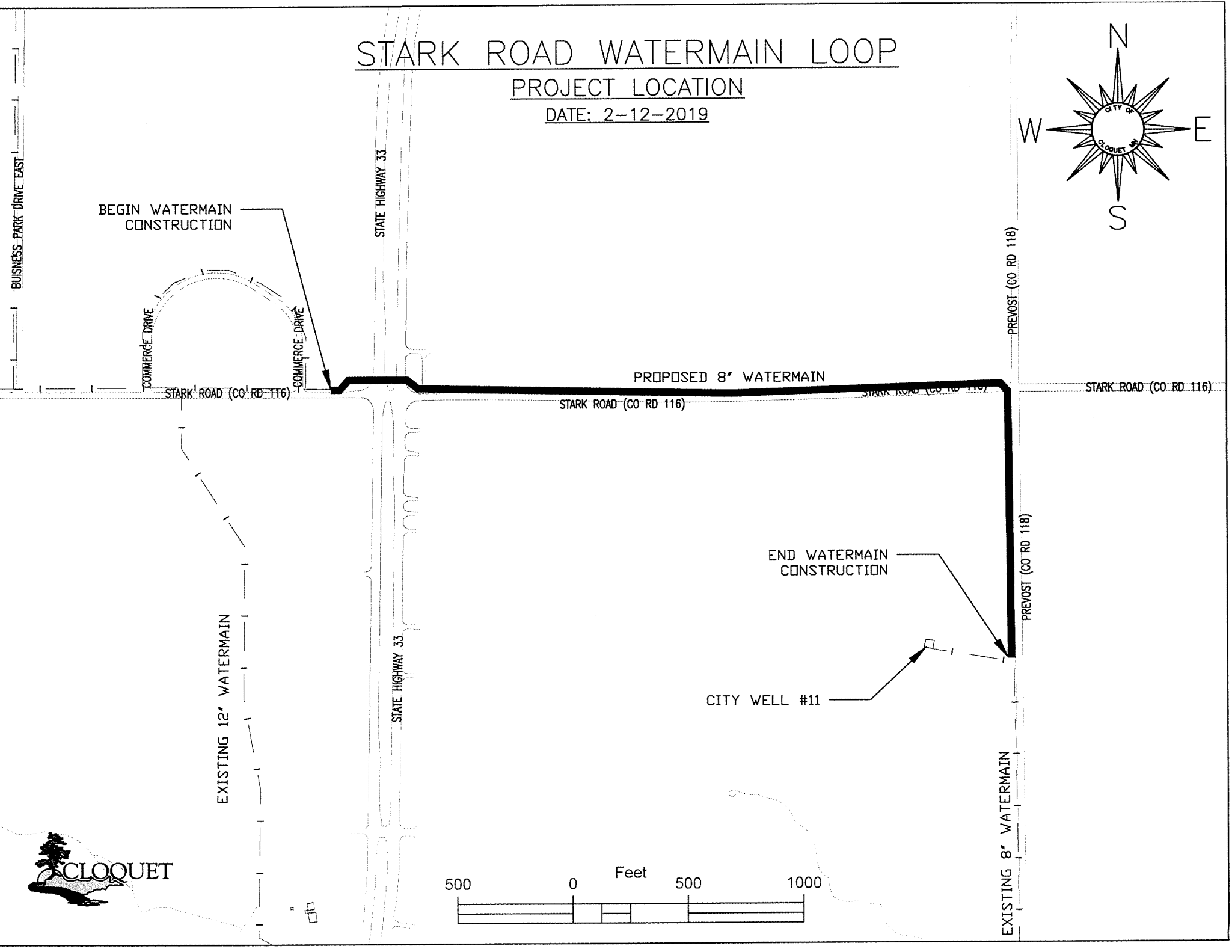
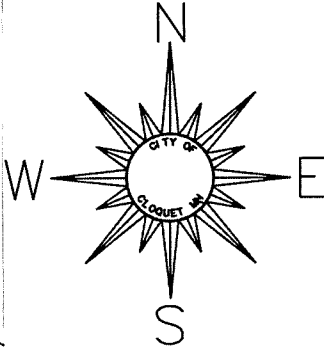
ATTEST:

Aaron Reeves, City Administrator

STARK ROAD WATERMAIN LOOP

PROJECT LOCATION

DATE: 2-12-2019





DEPARTMENT OF PUBLIC WORKS

1307 Cloquet Avenue; Cloquet, MN 55720
Phone: (218) 879-6758 Fax: (218) 879-6555
Street - Water - Sewer – Engineering - Park
www.ci.cloquet.mn.us

REQUEST FOR COUNCIL ACTION

To: Mayor and City Council
From: Caleb Peterson, Public Works Director
Reviewed By: Aaron Reeves, City Administrator *AR*
Date: April 16, 2019

ITEM DESCRIPTION: Carlton County Plan Approval/Parking Regulation

Proposed Action

Staff recommends that the City Council move to adopt the following resolutions:

- **RESOLUTION NO. 19-30, A RESOLUTION APPROVING PLANS FOR CARLTON COUNTY PROJECT NO. (SAP) 009-607-025 ALONG BIG LAKE ROAD (CSAH 7)**
- **RESOLUTION NO. 19-31, A RESOLUTION APPROVING PLANS FOR CARLTON COUNTY PROJECT NO. (SAP) 009-605-027 ALONG UNIVERSITY/BREVATOR ROAD (CSAH 5)**
- **RESOLUTION NO. 19-32 , A RESOLUTION RELATING TO PARKING RESTRICTIONS ALONG WASHINGTON AVENUE (CSAH 16)**

Background/Overview

Carlton County has three projects scheduled for construction within Cloquet City limits during 2019 including the reconstruction of Washington Avenue (CSAH 16), a seal coat of Big Lake Road (CSAH 7) from the Super One entrance to Pinewood Drive and pavement markings on University/Brevator Road (CSAH 5). Per State Statute, improvements to a County State-Aid Highway (CSAH) within the corporate limits of any city require prior approval of the plans by the governing body of such city.

The Council previously approved construction plans for Washington Avenue and now must act to support the no parking restriction required by State Aid due to the proposed width of the road. Council may recall the proposed design calls for a narrowing Washington Avenue to slow traffic speeds and eliminate potential conflicts with on street parking along this busy corridor. The County included this proposal as part of multiple public meetings with area residents and businesses along the corridor. At this point the Council simply needs to give consent for the change in order to provide proper documentation to the Department of Transportation.

The seal coat and pavement markings along Big Lake Road and University/Brevator Road are simply maintenance projects which will result in minimal traffic impacts and no physical changes to the roadways.

Policy Objectives

N/A.

To Mayor and Council
Washington Ave Parking/
Big Lake & University Improvement
April 16, 2019
Page 2

Financial/Budget/Grant Considerations

None.

Advisory Committee/Commission Action

N/A.

Supporting Documents Attached

- Resolution No. 19-30
- Resolution No. 19-31
- Resolution No. 19-32

**CITY OF CLOQUET
COUNTY OF CARLTON
STATE OF MINNESOTA**

RESOLUTION NO. 19-30

**APPROVING PLANS FOR CARLTON COUNTY PROJECT NO. (SAP) 009-607-025 ALONG
BIG LAKE ROAD (CSAH 7)**

WHEREAS, plans for Carlton County Project No. (SAP) 009-607-025 showing proposed improvement of County State-Aid Highway No. 7 within the limits of the City of Cloquet as a State Aid Project have been prepared and presented to the City of Cloquet.

**NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF
CLOQUET, MINNESOTA,**

That said plans are hereby approved.

**PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CLOQUET THIS 16th
DAY OF APRIL 2019.**

Roger Maki, Mayor

ATTEST:

Aaron Reeves, City Administrator

I HEREBY CERTIFY that the above is a true and correct copy of a resolution presented to and adopted by the City of Cloquet, County of Carlton, State of Minnesota, at a duly authorized Municipal Council Meeting held in the Municipality of Cloquet, Minnesota on the 4th day of December 2018, as disclosed by the records of said Municipality on file and of record in the office.

City Clerk

**CITY OF CLOQUET
COUNTY OF CARLTON
STATE OF MINNESOTA**

RESOLUTION NO. 19-31

**APPROVING PLANS FOR CARLTON COUNTY PROJECT NO. (SAP) 009-605-027 ALONG
UNIVERSITY/BREVATOR ROAD (CSAH 5)**

WHEREAS, plans for Carlton County Project No. (SAP) 009-605-027 showing proposed improvement of County State-Aid Highway No. 5 within the limits of the City of Cloquet as a State Aid Project have been prepared and presented to the City of Cloquet.

**NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF
CLOQUET, MINNESOTA,**

That said plans are hereby approved.

**PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CLOQUET THIS 16th
DAY OF APRIL 2019.**

Roger Maki, Mayor

ATTEST:

Aaron Reeves, City Administrator

I HEREBY CERTIFY that the above is a true and correct copy of a resolution presented to and adopted by the City of Cloquet, County of Carlton, State of Minnesota, at a duly authorized Municipal Council Meeting held in the Municipality of Cloquet, Minnesota on the 4th day of December 2018, as disclosed by the records of said Municipality on file and of record in the office.

City Clerk

**CITY OF CLOQUET
COUNTY OF CARLTON
STATE OF MINNESOTA**

RESOLUTION NO. 19-32

**RESOLUTION RELATING TO PARKING RESTRICTIONS ALONG
WASHINGTON AVENUE (CSAH 16)**

WHEREAS, The Carlton County has planned the improvement of Washington Avenue (County State Aid-Highway 16 (CSAH 16) from Trunk Highway 33 to 22nd Street in the City of Cloquet; and

WHEREAS, the Carlton County will be expending County State-Aid Funds on the improvements of this Street; and

WHEREAS, this improvement does not provide adequate width for parking on both sides of the street and approval of the proposed construction as a County State-Aid Street project must therefore be conditioned upon certain parking restrictions.

NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF CLOQUET, MINNESOTA:

That the City shall ban the parking of motor vehicles on Washington Avenue (CSAH 16) at all times.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CLOQUET THIS 16th DAY OF APRIL 2019.

Roger Maki, Mayor

ATTEST:

Aaron Reeves, City Administrator

I HEREBY CERTIFY that the above is a true and correct copy of a resolution presented to and adopted by the City of Cloquet, County of Carlton, State of Minnesota, at a duly authorized Municipal Council Meeting held in the Municipality of Cloquet, Minnesota on the 4th day of December 2018, as disclosed by the records of said Municipality on file and of record in the office.


City Clerk



DEPARTMENT OF PUBLIC WORKS

1307 Cloquet Avenue; Cloquet, MN 55720
Phone: (218) 879-6758 Fax: (218) 879-6555
Street - Water - Sewer – Engineering - Park
www.ci.cloquet.mn.us

REQUEST FOR COUNCIL ACTION

To: City Council
From: John Anderson, Assistant City Engineer
Reviewed By: Aaron Reeves, City Administrator 
Date: April 16, 2019

ITEM DESCRIPTION: Award Bid Repair to Lake Superior Waterline on Westgate Boulevard in Proctor

Proposed Action

Staff recommends that the City Council move to adopt **RESOLUTION 19-33, RESOLUTION AWARDING THE WESTGATE WATERLINE REPAIR PROJECT.**

Background/Overview

On March 19, 2019 the City Council authorized staff to solicit bids for the Westgate Watermain Project. Staff has obtained bids for the project and the attached exhibit shows the streets included in the project. The table below shows the results of the two bids compared to the engineers estimate.

No.	Bidder	Bid
1	George Bougalis & Sons Company	\$428,058.50
2	Northland Constructors of Duluth, Inc.	\$458,000.00
	Engineers Estimate	\$ 551,212.50

Policy Objectives

The project’s objectives are to extend the useful life of the waterline by maintaining the condition of the pipeline.

Financial/Budget/Grant Considerations

This work has not been budgeted for specifically in the 2019 City Budget. Due to the nature of the leak and the potential damage to the Nuss building should the pipeline fail catastrophically staff recommends the work proceed as soon as possible. The engineers estimate for this work is \$551,212. This work will be funded through water rates in the Lake Superior waterline and will not impact in town water rates.

Advisory Committee/Commission Action

N/A.

Supporting Documents Attached

- Resolution No. 19-33

**CITY OF CLOQUET
COUNTY OF CARLTON
STATE OF MINNESOTA**

RESOLUTION NO. 19-33

**RESOLUTION AWARDDING WESTGATE BOULEVARD
WATERMAIN REPAIR PROJECT**

WHEREAS, A resolution of the Council adopted on March 19, 2019, authorized advertising the project for bid.

WHEREAS, The City of Cloquet advertised and received the following bids for the project:

No.	Bidder	Bid
1	George Bougalis & Sons Company	\$428,058.50
2	Northland Constructors of Duluth, Inc.	\$458,000.00

AND WHEREAS, The apparent low bid from George Bougalis & Sons Company was found to meet the minimum bid requirements.

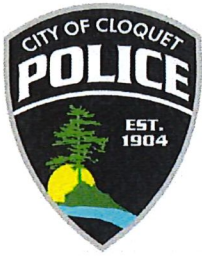
NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF CLOQUET, MINNESOTA, That the bid from George Bougalis & Sons Company in the amount of \$428,058.50 is hereby accepted.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CLOQUET THIS 16th DAY OF APRIL 2019.

Roger Maki, Mayor

ATTEST:

Aaron Reeves, City Administrator



CLOQUET POLICE DEPARTMENT

JEFFREY PALMER
Interim Chief of Police

508 CLOQUET AVENUE
CLOQUET, MINNESOTA 55720-1799
records@ci.cloquet.mn.us

Phone 218-879-1247
Fax 218-879-1190

REQUEST FOR COUNCIL ACTION

To: Mayor and City Council
From: Jeffrey Palmer, Chief of Police
Reviewed By: Aaron Reeves, City Administrator *AR*
Date: April 16, 2019

Item Description: Authorization for Appointment of Part-time Administrative Police Secretary

Proposed Action

Staff recommends that the City Council move to approve the six-month probationary appointment of Marlaina Moulding to the position of part-time Administrative Police Secretary effective on April 17, 2019.

Background/Overview

Part-time Administrative Police Secretary, Chelsey Angell, resigned from the position effective March 1, 2019. Ms. Angell's resignation created a vacancy in her position, Administrative Police Secretary, that needed to be filled.

In March, the City completed all of its due diligence required and posted the position vacancy as required under the AFSCME labor agreement. No members of the AFSCME unit posted for the position. The City then advertised publicly, received applications, and conducted interviews with the seven selected candidates.

Through this interview process, the City identified Ms. Moulding as its top candidate who has accepted the City's preliminary offer of employment subject to City Council approval. This candidate is currently employed at Kwik Trip and has stated that she would be able to start work with the City of Cloquet on April 17, 2019.

Policy Objectives

The Police Department currently functions with two full-time administrative secretary positions and one part-time administrative secretary positions. These positions are integral to both assisting our officers and public with service demands. Keeping a fully staffed department is consistent with the service level directives of the City Council.

The City Council is the hiring authority for the City as determined by City Code and State law. The City Council must act to appoint this individual to complete the hiring process.

To Mayor and Council
Part Time Administrative Police Secretary
April 16, 2019
Page 2

Financial/Budget/Grant Considerations

This position is currently fully funded as part of the adopted 2019 operating budget.

Advisory Committee/Commission Action

None.

Supporting Documentation Attached


- None.



ADMINISTRATIVE OFFICES

1307 Cloquet Avenue • Cloquet, MN 55720
Phone: 218-879-3347 • Fax: 218-879-6555
email: admin@ci.cloquet.mn.us
www.ci.cloquet.mn.us

REQUEST FOR COUNCIL ACTION

To: Mayor and City Council
From: Aaron Reeves, City Administrator 
Date: March 19, 2019

ITEM DESCRIPTION: Blast Off to Summer 5k Walk/Run Street Closure Request

Proposed Action

Staff recommends that the City Council move to approve the closure of Lawrence Road between 14th Street and Gregg Road for the Minnesota Blast traveling summer softball fastpitch program's 5k walk/run fundraising event.

Background/Overview

The City has received a request from Tyler Korby for the closure of Lawrence Road between 14th Street and Gregg Road for the Blast Off to Summer 5k Walk/Run on Saturday, May 14th between the hours of 7:00 am to noon. The closure will allow for race participants to walk/run the race route safely and restrict traffic to local residents only.

Policy Objectives

N/A

Financial/Budget/Grant Considerations

N/A

Advisory Committee/Commission Action

None.

Supporting Documentation Attached

- Street Closure Application
- Route Map

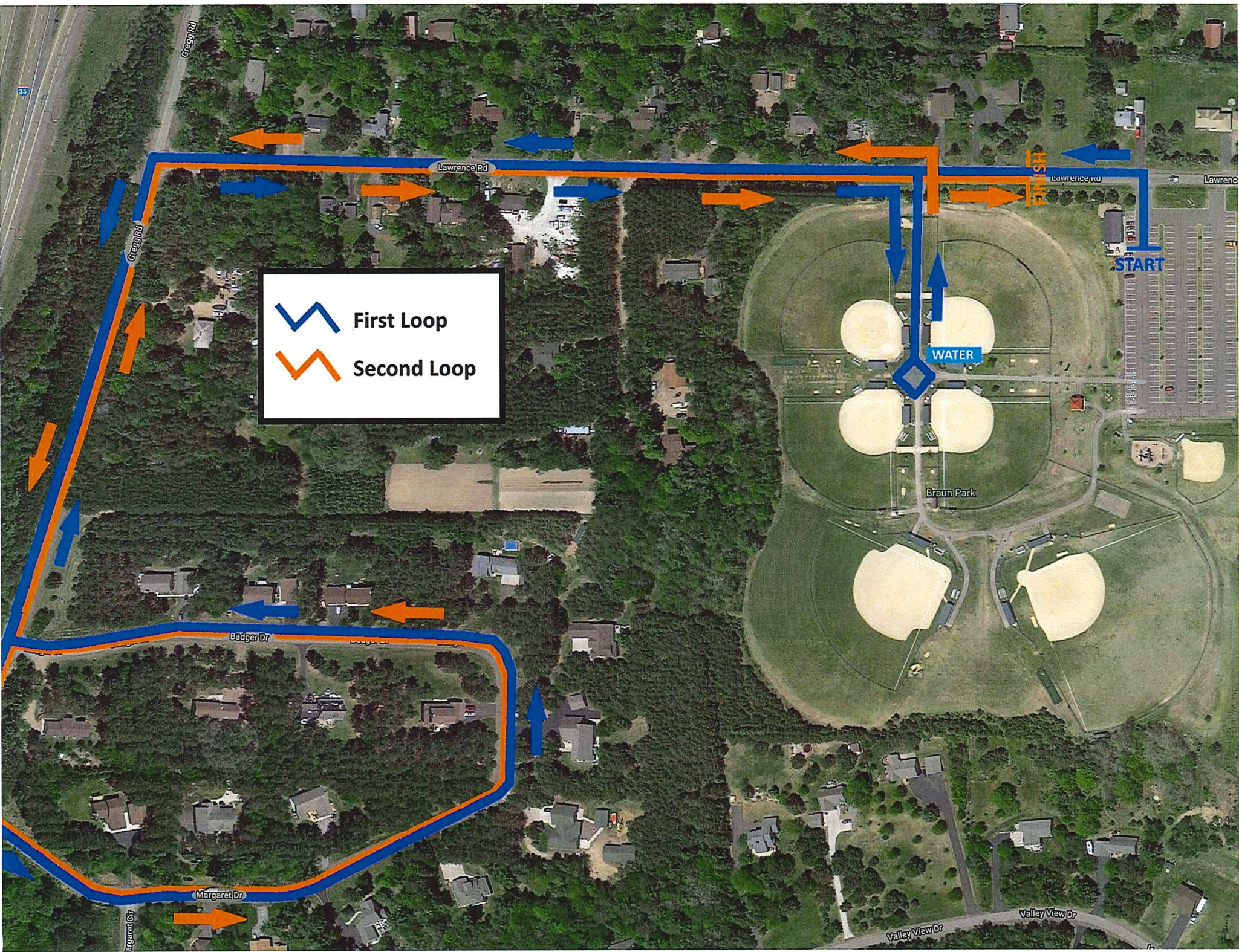




STREET CLOSURE APPLICATION

(Application must be submitted at least 30 days prior to the date of street closing)

Applicant Information			
Name:	Tyler Korby		
Address:			
Phone:			
email:			
Street Closure / Event Details			
Street Name:	Lawrence Road		
Between:	14th Street	and	Gregg Road
Attach a detailed map or drawing of route if event includes multiple street or intersection closures			
Date of Event:	Saturday, May 14		
Start time of closure:	7:00 am	End time of closure:	12 pm
Event:	Blast off to Summer 5k Walk/Run		
Describe Event in Detail:	<p>This event will be hosted as a fundraiser for the Minnesota Blast traveling summer softball fastpitch program. It will be promoted and marketed by the Minnesota Blast club program, as well as directed by the Range Runners organization, a proud member of Road Runners Club of America.</p>		
Estimated Attendance:	100-200		
Second Contact Person			
Name:	Shelley Diver		
Phone:		email:	
Other Information (if applicable)			
Will alcohol be served?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (If yes, additional liquor license is required)		
Will there be music?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (If yes, please explain) MC/DJ on site to provide entertainment for participants and spectators		
Will there be food?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (If yes, please explain) Small snacks on site, including bottles/cups of water available for participants		
Who will clean up and remove trash?	Minnesota Blast		
Other Information:			
Signature of Applicant:			Date: 3/28/19
Public Works	Approved: <input type="checkbox"/> Yes <input type="checkbox"/> No		
Signature:			Date:
Copy Distribution:	<input type="checkbox"/> Applicant	<input type="checkbox"/> Police	<input type="checkbox"/> CAFD

Return to: City Administrator's Office, 1307 Cloquet Avenue, Cloquet MN 55720 (ph: 218-879-3347)



	First Loop
	Second Loop

Lawrence Rd

Gregg Rd

Badger Dr

Margaret Dr

WATER

START

FINISH

Braun Park

Valley View Dr

Valley View Dr

95



DEPARTMENT OF PUBLIC WORKS

1307 Cloquet Avenue; Cloquet, MN 55720
Phone: (218) 879-6758 Fax: (218) 879-6555
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REQUEST FOR COUNCIL ACTION

To: Mayor and City Council
From: John Anderson, Assistant City Engineer
Reviewed by: Aaron Reeves, City Administrator *AR*
Date: April 16, 2019

ITEM DESCRIPTION: Arch Street Area Reconstruction Special Assessments

Proposed Action

Staff recommends the City Council move to adopt **RESOLUTION NO. 19-29, ADOPTING ASSESSMENTS FOR THE IMPROVEMENT OF ARCH STREET FROM AVENUE C TO PARK AVENUE AND PARK AVENUE FROM ARCH STREET TO MARKET STREET AND AVENUE D FROM BROADWAY STREET TO MARKET STREET AND AVENUE E FROM ARCH STREET TO MARKET STREET**

Background/Overview

A Public Hearing on the improvement of the following streets was held on March 20, 2018:

Arch Street from Avenue C to Park Avenue
Park Avenue from Arch Street to Market Street
Avenue D from Broadway Street to Market Street
Avenue E from Arch Street to Market Street

The City Council ordered the improvement following the Public Hearing. Bids for the project were awarded on May 1, 2018 and construction was completed during the summer of 2018. This project included the replacement of existing sanitary sewer and water utilities as well as the reconstruction of the street to include a new storm sewer system, curb, pavement and sidewalk. In accordance with Chapter 12 of the City Code, a portion of the costs of these improvements are to be assessed or billed to properties along the project route.

A final assessment roll for the improvement has been prepared. In accordance with MN Statutes Chapter 429, the City Council gave notice of a Public Hearing to be held on April 16, 2019, at which time all property owners affected by the improvement will be given an opportunity to express concerns with reference to the final assessment.

The final assessment roll includes 49 individual property parcels and the total proposed assessment is approximately \$252,548.36. All of the individual assessments were calculated based on specific rules and formulas outlined in Chapter 12 of City Code. Assessments would be payable in equal annual installments extending over a period of ten (10) years and bear interest at a rate of six percent (6%) per annum. Property owners may prepay the entire assessment, or any portion of it, to the City of Cloquet without interest prior to May 16, 2019. Any principal not paid by November 30th of each year would be

certified along with accrued interest to the Carlton County Auditor for collection with the Real Estate Taxes payable over the period stated above.

Written or oral objections will be considered at the hearing however no appeal may be taken as to the amount of any assessment unless a signed, written objection is filed with the Administrator prior to the meeting or presented to the presiding officer at the hearing. An owner may appeal an assessment to District Court pursuant to Minnesota Statutes Section 429.081 by serving notice of the appeal upon the Mayor or Administrator of the City within 30 days after adoption of the assessment and filing such notice with the District Court within ten days after service upon the Mayor or Administrator.

Under MN Statutes 435.193 to 435.195, and Chapter 12 of the City Code, the council may, in its discretion, defer the payment of this special assessment for any homestead property owned by a person 65 years of age or older for whom it would be a hardship to make the payments. When deferment of the special assessment has been granted and is terminated for any reason provided in the law, all amounts accumulated plus applicable interest become due. Any assessed property owner meeting the requirements of this law and the ordinance adopted under it may, within 30 days of the confirmation of the assessment, apply to the city administrator for the prescribed form for such deferral of payment of this assessment on his property.

Policy Objectives

To adopt final assessments for the completed improvements in accordance with current City Code and State Statute.

Financial/Budget/Grant Considerations

The total cost of the final construction contract for this project was \$1,970,924.75. The budget amount for this project was \$1,895,000. The Feasibility Study estimated the construction cost to be \$1,976,927. The cost of assessable items (Sanitary Sewer, Watermain, Pavement and concrete curb & gutter) totals \$707,119. The proposed assessment roll totals \$252,548.36 which amounts to approximately 35.7% of the assessable construction.

Advisory Committee/Commission Action

N/A

Supporting Documents Attached

- Resolution No. 19-29
- Final Project Assessment Roll

**CITY OF CLOQUET
COUNTY OF CARLTON
STATE OF MINNESOTA
RESOLUTION NO. 19-29**

**RESOLUTION ADOPTING ASSESSMENTS FOR THE IMPROVEMENT OF ARCH STREET
FROM AVENUE C TO PARK AVENUE AND PARK AVENUE FROM ARCH STREET TO
MARKET STREET AND AVENUE D FROM BROADWAY STREET TO MARKET STREET
AND AVENUE E FROM ARCH STREET TO MARKET STREET**

WHEREAS, In 2018, the City Council received an engineering study to reconstruct the Arch Street Area including the replacement of existing sanitary sewer and water mains; and

WHEREAS, The Cloquet City Council on March 20, 2018 held a hearing to consider the improvement of the Arch Street Area; and

WHEREAS, Said improvement was subsequently ordered and completed and the City has prepared a proposed assessment roll, which is available in the office of the City Administrator for public inspection; and

WHEREAS, Due notice was given that said special assessments would be considered by the City Council at its meeting to be held on April 16, 2019, and at said meeting and time all parties interested were given an opportunity to be heard; and

WHEREAS, The City Council has met, heard and passed upon all objections to the proposed assessment.

**NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF
CLOQUET, MINNESOTA:**

1. Such assessment, a copy of which is attached hereto and made a part hereof, is hereby accepted and shall constitute the special assessment against the lands named therein, and each tract of land therein is hereby found to be benefitted by the improvement in the amount of the assessment levied against it.
2. Said assessments shall be payable in equal annual installments extending over a period of ten (10) years and shall bear interest at a rate of six percent (6%) per annum from April 16, 2019. Property owners may prepay the entire assessment, or any portion of it, to the City of Cloquet without interest prior to April 16, 2019. Any principal not paid by November 30th of each year, will be certified along with accrued interest to the Carlton County Auditor for collection with the Real Estate Taxes payable over the period stated above.

**PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CLOQUET THIS 16th
DAY OF APRIL 2019.**

ATTEST:

Roger Maki, Mayor

Aaron Reeves, City Administrator

2018 Arch St/Park Ave/West End Reconstruction

Bituminous Pavement and Utility Reconstruction

City Contract No. 1075

Final Property Assessment Roll

<u>Property Owner</u>	<u>Description</u>	<u>Parcel No.</u>	<u>Frontage</u>	<u>Street Assessment</u>	<u>Utility Assessment</u>	<u>Total Assessment</u>	<u>Assessment Categories</u>
<u>AVENUE D</u>							
MIKROT, ANGELA PO BOX 41 CLOQUET MN 55720	CITY OF CLOQUET ORIGINAL PLAT Block: 39 Lot: 7	314 MARKET ST 06-045-4620	60.0	\$1,589.28	\$0.00	\$1,589.28	STREET
RUTHFORD, MICHAEL S 224 AVENUE D CLOQUET MN 55720	CITY OF CLOQUET ORIGINAL PLAT Block: 42 Lot: 6 DOCKET 180587	224 AVENUE D 06-045-5600	60.0	\$1,589.28	\$0.00 prev. 2001	\$1,589.28	STREET
VILLA, JOHNATHON K 220 AVENUE D CLOQUET MN 55720	CITY OF CLOQUET ORIGINAL PLAT Block: 42 Lot: 5	220 AVENUE D 06-045-5580	60.0	\$1,589.28	\$0.00 prev. 2001	\$1,589.28	STREET
MARTI, JASON P 219 AVE D CLOQUET MN 55720	CITY OF CLOQUET ORIGINAL PLAT Block: 39 Lot: 8	219 AVENUE D 06-045-4640	60.0	\$1,589.28	\$4,519.67	\$6,108.95	STEET / SANITARY / WATER
PETERSON, ROBERT C & SHEILA K 214 AVENUE D CLOQUET MN 55720	CITY OF CLOQUET ORIGINAL PLAT Block: 42 Lot: 4 Block: 42 Lot: 3 W1/2	214 AVENUE D 06-045-5560 06-045-5540	60.0 30.0	\$1,589.28 \$794.64	\$0.00	\$1,589.28 \$794.64	STREET STREET
SCHWARTZBAUER, CHRISTIAN L & VICKI 4840 2ND AVE N DULUTH MN 55802	CITY OF CLOQUET ORIGINAL PLAT Block: 39 Lot: 9 DOCKET 204337	213/215 AVENUE D 06-045-4660	60.0	\$1,589.28	\$4,519.67	\$6,108.95	STEET / SANITARY / WATER
COLLELO, JODI Y 2932 M T NELSON RD BARNUM MN 55707	CITY OF CLOQUET ORIGINAL PLAT Block: 39 Lot: 10	209/211 AVENUE D 06-045-4680	60.0	\$1,589.28	\$4,519.67	\$6,108.95	STEET / SANITARY / WATER
LAGER, ROBERT & KRISTINE 207 AVE D CLOQUET MN 55720	CITY OF CLOQUET ORIGINAL PLAT Block: 39 Lot: 11 DOCKET 298888	207 AVENUE D 06-045-4700	60.0	\$1,589.28	\$4,519.67	\$6,108.95	STEET / SANITARY / WATER
KEENE, RENEE 203 AVENUE D CLOQUET MN 55720	CITY OF CLOQUET ORIGINAL PLAT Block: 39 Lot: 12 THAT PT OF BLK 39 COM AT SE CORN TH W ALG S LN OF BLK 39 34 FT TO PT OF BEG TH CONT W 42.6 FT TH N 99.2 FT TH E 44.3 FT TH S TO PT OF BEG SUBJ TO PARTY WALL AGREE	203 AVENUE D 06-045-4740	42.6	\$1,128.39	\$4,519.67 Extras \$3,349.83	\$5,648.06 \$3,349.83	STEET / SANITARY / WATER Private service repair

2018 Arch St/Park Ave/West End Reconstruction

Bituminous Pavement and Utility Reconstruction

City Contract No. 1075

Final Property Assessment Roll

<u>Property Owner</u>	<u>Description</u>	<u>Parcel No.</u>	<u>Frontage</u>	<u>Street Assessment</u>	<u>Utility Assessment</u>	<u>Total Assessment</u>	<u>Assessment Categories</u>
SEVEN & UP FOUNDATION FOR BASENJI RESCUE & EDUCATION 4315 ZENITH AVE S MINNEAPOLIS MN 55410	CITY OF CLOQUET ORIGINAL PLAT Block: 39 Lot: 12 PART OF BLOCK 39 COMM AT SE COR OF BLK 39 TH W ALG S LINE OF BLK 39 A DIST OF 34 FT TO ACT PT OF BEG TH E ALG S LINE OF BLK 39 A DIST OF 34 FT TH N ALG E LN OF BLK 39 A DIST OF 99.2 FT TH W PAR WITH S LINE OF BLK 39 A DIST OF 32.3 FT TH S TO ACT PT OF BE	201 AVENUE D 06-045-4720 Corner lot	67.1	\$1,776.46	\$4,519.67	\$6,296.13	STEET / SANITARY / WATER
PALMETTO PROPERTIES LLC PO BOX 9481 COVINGTON WA 98042	CITY OF CLOQUET ORIGINAL PLAT Block: 40 Lot: 9 E 1/2	119 AVENUE D 06-045-5060	30.0	\$794.64	\$4,519.67	\$5,314.31	STEET / SANITARY / WATER
RYAN & ZACH LLC 1410 W PROSPECT AVE CLOQUET MN 55720	CITY OF CLOQUET ORIGINAL PLAT Block: 40 Lot: 10 W1/2 LOT 10 AND W 40 FT LOT 5	120 AVENUE C 06-045-4960 NO UTILITIES	30.0	\$794.64	\$0.00	\$794.64	STREET
RILLING, ERIC 114 AVENUE D CLOQUET MN 55720	CITY OF CLOQUET ORIGINAL PLAT Block: 41 Lot: 3 EX PT BEG NW COR BLK 41 E 179.4 FT TO BEG TH E 11.5 FT TH S 136.91 FT TH W 13.5 FT TH N 137 FT TO BEG	114 AVENUE D 06-045-5220	48.5	\$1,284.67	\$4,519.67	\$5,804.33	STEET / SANITARY / WATER
OSLO, LLC 714 23RD ST PO BOX 426 CLOQUET MN 55720	CITY OF CLOQUET ORIGINAL PLAT Block: 40 Lot: 10 W1/2 LOT 4 & E 20 FT OF LOT 5 & E 30 FT OF LOT 10	118 AVENUE C 06-045-4880 NO UTILITIES	30.0	\$794.64	\$0.00	\$794.64	STREET
CARLSON, RICHARD C 113 AVENUE D CLOQUET MN 55720	CITY OF CLOQUET ORIGINAL PLAT Block: 40 Lot: 11 W1/2	113 AVENUE D 06-045-5100	30.0	\$794.64	\$4,519.67	\$5,314.31	STEET / SANITARY / WATER
MARTIN, THOMAS J & MONICA R 114 AVENUE C CLOQUET MN 55720	CITY OF CLOQUET ORIGINAL PLAT Block: 40 Lot: 11 E 1/2 LOTS 4 AND 11 DOCKET 276244	114 AVENUE C 06-045-4900 NO UTILITIES	30.0	\$794.64	\$0.00	\$794.64	STREET
FARLEIGH, TRAVIS 109 AVENUE D CLOQUET MN 55720	CITY OF CLOQUET ORIGINAL PLAT Block: 40 Lot: 12 W1/2 OF LOT 12 AND ALL THAT PART OF E1/2 LYING WEST OF LINE BEG 106 FT W OF INTERS OF W LINE OF SIDWK ON W SIDE OF BRDWAY AND PROJ LINE OF N LINE OF SIDWLK N SIDE AVE D TH CONT IN N DIR TO N BOUNDRY LINE OF LOT 12	109 AVENUE D 06-045-5120	32.0	\$848.68	\$2,856.58	\$3,705.26	STREET / WATER

2018 Arch St/Park Ave/West End Reconstruction

Bituminous Pavement and Utility Reconstruction

City Contract No. 1075

Final Property Assessment Roll

<u>Property Owner</u>	<u>Description</u>	<u>Parcel No.</u>	<u>Frontage</u>	<u>Street Assessment</u>	<u>Utility Assessment</u>	<u>Total Assessment</u>	<u>Assessment Categories</u>
CITY NATIONAL BANK OF CLOQUET 1204 CLOQUET AVE CLOQUET MN 55720	CITY OF CLOQUET ORIGINAL PLAT	PARKING LOT					
	Block: 40 Lot: 1	06-045-4780	5.38	\$142.59	\$0.00	\$142.59	STREET
	S 1/2 EX N 53 FT DOCKET T12000 12003 12616						
	Block: 40 Lot: 13	06-045-5160	20.0	\$529.76	\$0.00	\$529.76	STREET
TA MN/WI LLC 24601 CENTER RIDGE RD WESTLAKE OH 44145	Block: 40 Lot: 12	06-045-5140	9.32	\$246.87	\$0.00	\$246.87	STREET
	ALL PT LY E OF LN BEG 106 FT W OF INTERS WITH W	<u>side lot</u>					
	LN OF SIDWLK W SIDE BROADWAY/PROJ LINE OF N						
	LINE OF SIDWLK N OF AVE D TH CONT NW TO N						
	BOUNDARY LINE SUBJ TO EASE					\$919.22	
CITY OF CLOQUET ORIGINAL PLAT	401 BROADWAY ST						
	Block: 41 Lot: 1 & S 10 FT OF AVE D	06-045-5180	33.3	\$882.93	\$0.00	\$882.93	STREET
	Block: 41 Lot: 2	06-045-5200	20.0	\$529.76	\$0.00	\$529.76	STREET
	Block: 41 Lot: 3	06-045-5240	3.8	\$101.54	\$0.00	\$101.54	STREET
	PT OF LOT 3 BEG NW COR BLK 41 TH E 179.4 FT TO	<u>side lot</u>					
	BEG TH E 11.5 FT TH S 136.91 FT TH W 13.5 FT TH N						
	137 FT TO BEG						
<u>AVENUE E</u>							
JIRSCHLE, TRACY L S & ANTHONY P 224 AVENUE E CLOQUET MN 55720	CITY OF CLOQUET ORIGINAL PLAT	224 AVENUE E					
	Block: 61 Lot: 6	06-045-6280	80.0	\$2,119.04	\$2,856.58	\$4,975.62	STREET / WATER
TIERNEY, DANIEL P & PEGGY L 223 AVENUE E CLOQUET MN 55720	CITY OF CLOQUET ORIGINAL PLAT	223 AVENUE E					
	Block: 42 Lot: 7 DOCKET 266286	06-045-5620	60.0	\$1,589.28	\$0.00	\$1,589.28	STREET / WATER
WELLS FARGO BANK NA 3476 STATEVIEW BLVD # MAC #7801 FORT MILL SC 29715	CITY OF CLOQUET ORIGINAL PLAT	217 AVENUE E					
	Block: 42 Lot: 8	06-045-5640	60.0	\$1,589.28	\$2,856.58 prev. 2001	\$4,445.86	STREET / WATER
JOHNSTON, PAUL D & RACHEL A 215 AVENUE E CLOQUET MN 55720	CITY OF CLOQUET ORIGINAL PLAT	215 AVENUE E					
	Block: 42 Lot: 9	06-045-5660	60.0	\$1,589.28	\$2,856.58 prev. 2001	\$4,445.86	STREET / WATER
BOSS BUILDERS LLC 383 STARK RD CLOQUET MN 55720	CITY OF CLOQUET ORIGINAL PLAT	212 AVENUE E					
	Block: 61 Lot: 3 AND EAST 1/2 LOT 4	06-045-6260	80.0	\$2,119.04	\$4,519.67 Extras \$3,638.00	\$6,638.71 \$3,638.00	STREET / SANITARY / WATER Private Service installation
BOSS BUILDERS LLC 383 STARK RD CLOQUET MN 55720	CITY OF CLOQUET ORIGINAL PLAT	216 AVENUE E					
	Block: 61 Lot: 5 AND WEST 1/2 LOT 4	06-045-6265	80.0	\$2,119.04	\$4,519.67 Extras \$4,013.00	\$6,638.71 \$4,013.00	STREET / SANITARY / WATER Private Service installation
KORKALA, ANDREW A 209 AVE E	CITY OF CLOQUET ORIGINAL PLAT	209 AVENUE E					
	Block: 42 Lot:	06-045-5680	100.0	\$2,648.80	\$4,519.67	\$7,168.47	STREET / SANITARY / WATER

2018 Arch St/Park Ave/West End Reconstruction

Bituminous Pavement and Utility Reconstruction

City Contract No. 1075

Final Property Assessment Roll

<u>Property Owner</u>	<u>Description</u>	<u>Parcel No.</u>	<u>Frontage</u>	<u>Street Assessment</u>	<u>Utility Assessment</u>	<u>Total Assessment</u>	<u>Assessment Categories</u>
CLOQUET MN 55720	W 40 FT OF LOT 11 AND ALL OF LOT 10 DOCKET TORRENS 7464 DOCKET 204540						
AILI, JAMES R & KIM J 3325 STRAND RD DULUTH MN 55803	CITY OF CLOQUET ORIGINAL PLAT Block: 61 Lot: 2	208 AVENUE E 06-045-6240	60.0	\$1,589.28	\$4,519.67	\$6,108.95	STREET / SANITARY / WATER
TREASURE, MICHAEL S JR 202 AVENUE E CLOQUET MN 55720	CITY OF CLOQUET ORIGINAL PLAT Block: 61 Lot: 1	202 AVENUE E 06-045-6220 Front plus 1/3 side	93.3	\$2,472.21	\$4,519.67	\$6,991.88	STREET / SANITARY / WATER
GOODREAU, JAMES E JR & JILL J 201 AVENUE E CLOQUET MN 55720	CITY OF CLOQUET ORIGINAL PLAT Block: 42 Lot: LT 11 EX W 40 FT & ALL OF LT 12	201 AVENUE E 06-045-5700 Front plus 1/3 side	119.3	\$3,160.90	\$4,519.67	\$7,680.57	STREET / SANITARY / WATER
<u>PARK AVENUE</u>							
BRINK, TERRY L 223 PARK AVE CLOQUET MN 55720	CITY OF CLOQUET ORIGINAL PLAT Block: 61 Lot: 7	223 PARK AVENUE 06-045-6300	60.0	\$1,589.28	\$0.00	\$1,589.28	STREET
JOHNSON, SETH 217 PARK AVE CLOQUET MN 55720	CITY OF CLOQUET ORIGINAL PLAT Block: 61 Lot: 8 DOCKET 208318 & 258549 & 258550	217 PARK AVENUE 06-045-6320	60.0	\$1,589.28	\$4,519.67 Extras \$4,783.35 prev. 1990	\$6,108.95 \$4,783.35	STREET / SANITARY / WATER Private Service Repairs
WOOSTER, ADAM 215 PARK AVE CLOQUET MN 55720	CITY OF CLOQUET ORIGINAL PLAT Block: 61 Lot: 9 SUBJECT TO EASE	215 PARK AVENUE 06-045-6340	60.0	\$1,589.28	\$4,519.67 prev. 1990	\$6,108.95	STREET / SANITARY / WATER
TROUT, MICHELLE M 209 PARK AVENUE CLOQUET MN 55720	CITY OF CLOQUET ORIGINAL PLAT Block: 61 Lot: 10 Block: 61 Lot: 11	209 PARK AVENUE 06-045-6360 06-045-6380	60.0 60.0	\$1,589.28 \$1,589.28	\$4,519.67 \$0.00	\$6,108.95 \$1,589.28	STREET / SANITARY / WATER
GAULKE, MARTIN D & LAURA E 201 PARK AVE CLOQUET MN 55720	CITY OF CLOQUET ORIGINAL PLAT Block: 61 Lot: 12	201 PARK AVENUE 06-045-6400 Front plus 1/3 side	93.3	\$2,472.21	\$4,519.67	\$6,991.88	STREET / SANITARY / WATER

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<u>ARCH STREET</u>							
LUKE, RICHARD 1415 16TH ST CLOQUET MN 55720	CITY OF CLOQUET ORIGINAL PLAT Block: 39 Lot: LOT 1 & PART OF LOT 2 DESC AS FOL COM AT SW COR OF SE1/4 OF SW1/4 SEC 14 TH S 89 DEG 57 MIN 52 SEC E ALG S LINE OF SD SE1/4 OF SW1/4 487.20 FT TO CENTER OF ARCH ST TH N 17 DEG 43 MIN 38 SEC W ALG CENTER OF ARCH ST 313.05 FT TO CENTER OF AVE C TH S 73 DEG	206 AVENUE C 06-045-5000 Side Lot	33.3	\$882.93	\$4,519.67 Extras \$3,775.53	\$5,402.60 \$3,775.53	STREET / SANITARY / WATER Private Service Repairs
ROTHENBERGER, ROBERT L 2102 W SUPERIOR ST DULUTH MN 55802	CITY OF CLOQUET ORIGINAL PLAT Block: 40 Lot: 7 DOCKET 288464	128 AVENUE C 06-045-5020 Side Lot	33.3	\$882.93	\$0.00	\$882.93	STREET
WEHR, JARED D & PAMELA L 1017 S LAUREL ST CLOQUET MN 55720	CITY OF CLOQUET ORIGINAL PLAT Block: 40 Lot: N 1/2 OF LOT 8 AND N1/2 OF W1/2 OF LOT 9	No Address 06-045-5040	50.0	\$1,324.40	\$4,519.67	\$5,844.07	STREET / SANITARY / WATER
JOBIN, MICHAEL 316 ARCH ST CLOQUET MN 55720	CITY OF CLOQUET ORIGINAL PLAT Block: 40 Lot: S1/2 OF LOT 8 AND S1/2 OF W1/2 OF LOT 9	316 ARCH STREET 06-045-5050 Front plus 1/3 side	80.0	\$2,119.04	\$4,519.67	\$6,638.71	STREET / SANITARY / WATER
JOHNSON, DUANE M & NANCY K 5935 TURTLE LAKE RD SHOREVIEW MN 55126	CITY OF CLOQUET ORIGINAL PLAT Block: 41 Lot: COM AT NW COR OF LOT 5 BLK 41 CITY OF CLOQUET TH S 50 FT TH E 120 FT TO E LN OF LOT 4 TH N 49 FT TH W 120 FT TO PT OF BEG & A STRIP OF LAND 10 FT WIDE N & S & 120 FT E & W ON N SIDE OF LOTS 4 & 5	402 ARCH STREET 06-045-5300 Front plus 1/3 side	100.0	\$2,648.80	\$4,519.67	\$7,168.47	STREET / SANITARY / WATER
HOFFMAN, JENNIFER M & MARK W 408 ARCH STREET CLOQUET MN 55720	CITY OF CLOQUET ORIGINAL PLAT Block: 41 Lot: 5 EX N 50 FT	408 ARCH STREET 06-045-5280	68.0	\$1,801.18	\$4,519.67	\$6,320.85	STREET / SANITARY / WATER
MILLER, RONALD H 34572 LORDS DR STURGEON LAKE MN 55783	CITY OF CLOQUET ORIGINAL PLAT Block: 42 Lot: 1 Block: 42 Lot: 2 Block: 42 Lot: 3 E1/2	409 ARCH STREET 06-045-5480 06-045-5500 06-045-5520 Front plus 1/3 side	138.0 20.0 10.0	\$3,655.34 \$529.76 \$264.88	\$4,519.67 prev. 2001 \$0.00 \$0.00	\$8,175.01 \$529.76 \$264.88	STREET / SANITARY / WATER

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PFEFFER, ROBERT D & CATHERINE M 410 ARCH ST CLOQUET MN 55720	CITY OF CLOQUET ORIGINAL PLAT Block: 41 Lot: PT OF LOTS 6 & 7 DESC AS COM AT IRON PIPE MONUMENT INTERS OF INSIDE SIDEWALK LIN AT SW COR OF INTERS OF AVE D & BROADWAY SD MONT BEING 10 FT N TH W PAR N LIN 363.16 FT TH LEFT 90 DEG 43 MIN 138.30 FT TO PT OF BEG TH CONT ON SAME STR LIN 45 FT TH LEFT 88	410 ARCH STREET 06-045-5340	45.0	\$1,191.96	\$4,519.67	\$5,711.63	STREET / SANITARY / WATER
WAUGH, JONATHAN C & BILLIE J 416 ARCH STREET CLOQUET MN 55720	CITY OF CLOQUET ORIGINAL PLAT Block: 41 Lot: LOTS 6 & 7 EX N 40 FT THEREOF EX ALL TH PT OF VAC AVE E ADJ ON S	416 ARCH STREET 06-045-5360	78.0	\$2,066.06	\$4,519.67	\$6,585.73	STREET / SANITARY / WATER
CHAFFEE, BRANDON L & ERIKA J 500 ARCH ST CLOQUET MN 55720	CITY OF CLOQUET ORIGINAL PLAT Block: 41 Lot: COM SW COR LOT 6 BLK 41 TH E ON S LN OF BLK 41 137 1/2 FT TH S TO N LN OF BLK 62 TH W ON N LN OF BLK 62 TO NW COR OF BLK 62 TH N TO BEG BEING W 1/2 OF AVE E VACATED	500 ARCH STREET 06-045-5320	66.0	\$1,748.21	\$4,519.67	\$6,267.87	STREET / SANITARY / WATER
JOHNSON, MATTHEW M & SAMANTHA J 502 ARCH ST CLOQUET MN 55720	CITY OF CLOQUET ORIGINAL PLAT Block: 62 Lot: N1/2 LOTS 3 AND 4	502 ARCH STREET 06-045-6540	50.0	\$1,324.40	\$4,519.67	\$5,844.07	STREET / SANITARY / WATER
ORTIZ, HECTOR 3312 1ST AVE HIBBING MN 55746-2446	CITY OF CLOQUET ORIGINAL PLAT Block: 62 Lot: S1/2 LOTS 3 AND 4 EX S 6 FT	508 ARCH STREET 06-045-6500	44.0	\$1,165.47	\$4,519.67	\$5,685.14	STREET / SANITARY / WATER
WIERSMA, EUGENE M & THERAANN M 510 ARCH ST CLOQUET MN 55720	CITY OF CLOQUET ORIGINAL PLAT Block: 62 Lot: S 6FT LOTS 3 AND 4 N 44 FT LOTS 5 AND 6 DOCKET 225968	510 ARCH STREET 06-045-6520	50.0	\$1,324.40	\$4,519.67	\$5,844.07	STREET / SANITARY / WATER
HIETALA, ANGELINE M 516 ARCH ST CLOQUET MN 55720	CITY OF CLOQUET ORIGINAL PLAT Block: 62 Lot: S 56 FT OF LOTS 5 & 6	516 ARCH STREET 06-045-6560	56.0	\$1,483.33	\$4,519.67	\$6,002.99	STREET / SANITARY / WATER

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Total Assessed Frontage ----- 2987.7

	<u>Street</u>	<u>Utilities</u>	<u>Total Assessment</u>
Total Assessed Amount -----	\$76,013.76	\$175,615.38	\$252,548.36

	C&G	\$ 8.12		% of Non State Aid Project Assessed	20.26%
	Pavement	<u>18.37</u>			
Assessment Payment Breakdown:	Total	\$ 26.49	Per FF		
Water & Sewer Utility Reconstruction		4,519.67	Per Connection	Total Project Cost	\$ 1,970,924.75
		2,856.58	For just water	State Aid portion of Prj	\$ 724,353.20
				Non State Aid	\$ 1,246,571.55

Average Lot Assessment (60' Frontage) \$ 6,108.95

Approved By Council \$0.00
N/A



Community Development Department
1307 Cloquet Avenue • Cloquet MN 55720
Phone: 218-879-2507 • Fax: 218-879-6555

To: Mayor and Cloquet City Council
From: Holly Hansen, Community Development Director
Reviewed By: Aaron Reeves, City Administrator
Date: April 5, 2019

ITEM DESCRIPTION: **Resolution No. 19-21, A Resolution Authorizing the Execution of a Purchase and Development Agreement by and between the City of Cloquet, Minnesota and 14th III, LLC**

Staff Recommendation

Staff recommends that the Council approve Resolution No. 19-21, A Resolution Authorizing the Execution of a Purchase and Development Agreement by and between the City of Cloquet, Minnesota. In terms of procedural background for the Council, there is no tax increment financing (TIF) requirement for Planning Commission involvement on this project since the TIF District in which this project is proposed has already been established (this will activate a second project within an existing TIF District that was created in 2013). Furthermore, there is no public hearing requirement either because financial assistance for housing is not considered a business subsidy.

BACKGROUND

In 2007 the City purchased a large parcel of land for future city park development and to facilitate the sale of another portion of this property to a private developer to build multifamily housing, the vision at that time was specifically for student housing which was identified as a need in the 2005 “*Assessment of Student Housing Needs for Fond Du Lac Community College in Cloquet, Minnesota*” prepared by Maxfield Research, Inc. The City and Developer devised a land sale agreement in which the Developer would pay the City \$135,000 total for the portion of property for housing construction. A Master Plan was developed by Blackhoof Development for the site and to date the following has been purchased from the City and developed:

- **Unit 1** (2010, 18 units) USDA 538 Loan Guarantee Program; City of Cloquet Land Sale \$27,000. Apartment unit mix: six 3-BR, six 2-BR, six 1-BR.
- **Unit 2** (2013, 22 units) City of Cloquet TIF District 2-2 (26 year District) \$196,000 TIF; City of Cloquet Land Sale \$54,000. Cloquet EDA Loan \$100,000 (*out of operational dollars as it did not qualify for business loan funds*). Apartment unit mix: five 2-BR, twelve 1-BR, five studio.
- **Proposed Unit 3** (2019, 36 units) Activate Second Project within City of Cloquet TIF District 2-2 (20 years remain in the District); City of Cloquet Land Sale \$54,000. Apartment unit mix: nine 2-BR, fifteen 1-BR, twelve studio.



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This project, Unit 3, is a \$3.8 million project that is proposing a 20-stall garage and 36 apartment units in a three-story building configured with 12 studio apartments, 15 one-bedroom apartments, and 9 two-bedroom apartments. The facility will offer common coin/digitally operated laundry on each floor and each unit will have a dishwasher, microhood, electric range, fridge, hardwood cabinets, granite/quartz countertops, oak door and trim package, engineered plank flooring in the kitchen and living room, carpet in bedrooms, 6' x 8' balconies, secure entrance, security camera system, free WIFI, and the building will be sprinklered for safety. Common domestic hot water is included in rent while electric baseboard heat and through wall AC will be at the tenants' cost.

The developer is requesting Tax Increment Financing (TIF) that would require that 20% of those units (8 units) be rented to persons or families with incomes at or below 50% of area median income median income. This requirement will remain in place for the term of the TIF district, with annual reporting submitted to the City to document compliance. The developer proposes to apply all of the 8 income restricted units to the Studio Apartments. The remaining 80% of the apartment units (28) will be rented to non-income restricted occupants. Apartment square footage and proposed rent information can be found in the attached TIF Application.

The Council will note that this case is not synonymously accompanied by planning approvals today, the developer is requesting Council approval on TIF first. If approved, the property in the district will be replatted as part of CIC #5 Plat as Unit 3 and the Declaration and Covenants updated accordingly. Site Plan Approval will be provided to Council at a future meeting.

TAX INCREMENT FINANCING

What is TIF?

Tax increment financing (TIF) uses the increased property taxes that a new real estate development generates to finance eligible costs of the development. When a new TIF district is created, the county auditor certifies the current net tax capacity (the property tax base) of the TIF district and the local property tax rates. As the net tax capacity of the district increases, the property taxes (i.e., the "tax increment") paid by this increase in value is dedicated and paid to the development authority. The tax increment is limited to the tax derived from the certified tax rate. Increases in value that generate increment may be caused by construction of the development or by general inflation in property values. The authority uses the increment to pay qualifying costs that it has incurred for the TIF project.

TIF APPLICATION REVIEW

TIF District 2-2

Development District 2, in which TIF District 2-2 is located, is comprised of two parcels of land and were approved in December 2012 as a TIF Housing District for a term of 26 years. There are 20 years left in this TIF District and this project would act activate a second project within an already existing TIF District.



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Financial Review of TIF Application and “But For” Evaluation

The EDA will find attached the financial analysis (“TIF Run”) prepared by Ehlers (the City’s financial consultant). Standard policy for the City has been to allow site preparation costs up to the footings and foundations as qualifying TIF eligible, as such this project as reviewed by financial advisors identifies the present value TIF Note target of \$394,219 for a term of 20 years (*future value TIF Note amortized for 20 years at 4.75% yields \$659,885*). The identified present value TIF Note, as gap financing from the City, would reimburse 10% of the total project development costs (*future value TIF Note amortized for 20 years at 4.75% reimburses for 17% of the development costs*).

The project development costs are competitive in that it will construct at \$106,000/unit when outstate MN communities average \$120,000/unit. The Carlton County Assessor has estimated annual property taxes on the building to be \$45,950. The financial review identified the annual gross tax increment generated to be \$36,793, with the City retaining 10% of that amount for administration along with a deduction for the state auditor fee. As such, the Council will note that if TIF is approved during year 1, the developer is paying \$13,000 in taxes and the TIF is not covering the annual taxes. Furthermore, the Council will note that the tax capacity of this TIF District is locked at the 2013 net tax capacity rate (today much higher). Therefore, the purpose of requesting this economic development tool would be for tax relief. With TIF, the developer’s rate of return (ROI) on the project is 6.08% (increasing to less than 10% over the life of the district), without TIF it is 0.82% (increasing to 4% over the life of the district which will not attract investors). Statewide standard ROI ranges from 7% to 10% with typically 15 years of assistance with outstate projects being a little less expensive to build because of cheaper land costs, therefore this request is not unreasonable. For additional details on the project pro forma and proposed sources and uses of funds, please refer to the attached TIF Application.

DEVELOPMENT AGREEMENT TERMS

Attached find the PURCHASE AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE CITY OF CLOQUET, MINNESOTA AND 14TH III, LLC

- The approval of this project will activate a second project, identified as Phase II, which was in the 2012 in the TIF Plan 2-2, but not yet financially reviewed or approved by the City until ready for construction (Phase II now 2019 application for Unit 3).
- In order to qualify the tax increment district as a housing district Blackhoof will be required to elect to either (a) rent 20% of the units in the buildings to persons or families with incomes at or below 50% of area median income or (b) rent 40% of the units in the buildings to persons or families with incomes at or below 60% of area median income. This requirement will remain in place for the term of the tax increment district. Reports must be submitted to the City annually to document compliance with this requirement.



Cloquet Economic
Development Authority

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- The purchase price for each of the parcel (Unit 3, identified in TIF Plan as “Phase II”) was determined using the formula contained in the Prior Agreement for calculating the purchase prices for parcels which is \$54,000.
- This parcel will be purchased by 14th III LLC to construct 36 units of additional housing, stormwater pond improvements, completion of the road to the rear of the building, and an additional 20 stall garage for the complex consistent with the site plan submitted to and approved by the City. This parcel must be purchased from the City by July 1, 2019. Construction of the improvements for Unit 3 (Phase II in TIF 2-2 TIF Plan) must commence within 30 days after this parcel is deeded to 14th III LLC.
- The City will use tax increment generated solely from Unit 3 to reimburse 14th III LLC for certain qualified costs of constructing that project. The reimbursement will be through the issuance of a pay-as-you-go taxable tax increment revenue note. The principal amount of the revenue note will be the amount that the City determines, based on the project proforma for Unit 3, is necessary to make development of the building financially feasible. The City may require a reduction in the amount of the tax increment assistance if upon review of the developer’s actual proforma upon completion of construction it appears that the level of assistance was not needed.
- The tax increment revenue note for Unit 3 will be payable solely from a percentage of the tax increment generated from the Unit 3 (TIF Plan 2-2 “Phase II”) project. The City will have no obligation to make any payment under the notes from any other source.
- Interest will accrue on the outstanding principal amount of each note at the then market rate for similar obligations, as determined by the City.
- The TIF Note will be issued at the later of (a) completion of the building for which the note is being issued or (b) at such time the developer furnishes to the City documentation showing that it has incurred qualified costs in connection with Unit 3 that equal or exceed the principal amount of the note.
- It will be a default under the agreement the developer does not take down the parcel for this project, Unit 3 (Phase II in TIF Plan 2-2) or fails to construct the Unit 3 housing when required by the development agreement. Upon such a default the City may terminate any tax increment revenue note that has been issued and require repayment of any amounts that have been paid under the note.



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Policy Objectives

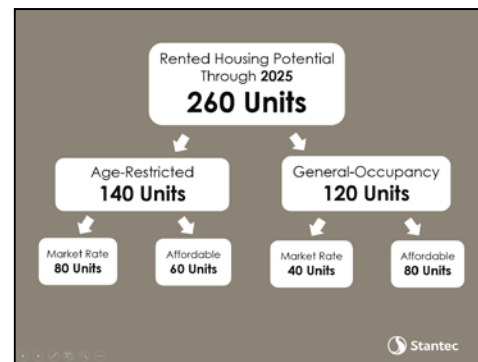
Policy objectives related to the project involve goals of the Cloquet EDA and Cloquet’s housing needs. The first strategic goal of the Cloquet EDA for 2019 is as follows:

1) Promote the Development & Maintenance of Housing by implementing the 2014 Cloquet Housing Study

Strategy: Ensure that the City’s housing stock supports the needs of local employers, employees, and targeted businesses including the adequate marketing of the City’s housing (re)development opportunities.

Implementation Steps:

1. The EDA will continue housing efforts playing a crucial role in housing development and redevelopment in Cloquet, maintaining clear economic development housing incentives for market and affordable housing projects in Cloquet (e.g. Housing TIF Policy) and assistance in securing grant funding to assist with key community projects.



HOUSING NEED

The proposed project, developing quality, workforce housing is supported by:

1. The findings of the Cloquet EDA commissioned and paid for 2014 Cloquet/Scanlon Housing Study that highlight significant local pressure in the **Cloquet rental market with a 2% vacancy rate**, healthy is 5%.
2. Chapter 7 of the Cloquet Comprehensive Plan pages 7-7 to 7-12 highlight a number of city objectives and policies 7.2 and policies a, d, e.; housing infill projects, and the use of (starting on page 7-11) MHFA housing funding, LIHTC, Historic Tax Credits, Deferred Loan programs, and **TIF to support these projects noting the strong link between housing and economic development.**

There exist areas in the City where public involvement is necessary to facilitate development and redevelopment. The City has statutory authority pursuant to Mn. Stat. 469.124- 134 and 469.174-179 (the TIF Act) to assist in financing public costs related to this project. EDA members will note that in the TIF Plan that housing assistance is exempt from business subsidy requirements as allowed under Minnesota Statutes. The EDA has a TIF Policy which was originally adopted in August of 2005 and amended in March 2011 and February 2012. The submittal of this application is consistent with this policy and procedures.



Community Development Department
1307 Cloquet Avenue • Cloquet MN 55720
Phone: 218-879-2507 • Fax: 218-879-6555

Financial Impacts

The developer has paid a \$10,000 TIF application fee.

Advisory Committee Recommendation

At their April 3, 2019 meeting, the Cloquet EDA recommended approval (7-0 vote) of the PURCHASE AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE CITY OF CLOQUET, MINNESOTA AND 14TH III, LLC.

Supporting Documentation

- Resolution No. 19-21, A Resolution Authorizing the Execution of a Purchase and Development Agreement by and between the City of Cloquet, Minnesota
- 14th III LLC TIF Application
- Development District 2 Map
- TIF District 2-2 Map
- Financial TIF Analysis by Ehlers
- PURCHASE AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE CITY OF CLOQUET, MINNESOTA AND 14TH III, LLC

**CITY OF CLOQUET
COUNTY OF CARLTON
STATE OF MINNESOTA**

RESOLUTION NO. 19-21

**A RESOLUTION AUTHORIZING THE EXECUTION OF A PURCHASE AND
DEVELOPMENT AGREEMENT BY AND BETWEEN THE CITY OF
CLOQUET, MINNESOTA AND 14TH III, LLC**

A. WHEREAS, 14th III, LLC (the "Developer") has requested the City of Cloquet, Minnesota (the "City") to sell certain real estate, legally described in Exhibit A of the Development Agreement, defined hereafter (the "Property"), and to assist with the financing of certain costs incurred in connection with the acquisition and construction of a 36-unit multifamily rental housing facility, with 20 garages, on the Property by the Developer (the "Project").

B. WHEREAS, the Developer and the City have determined to enter into a Purchase and Development Agreement providing for the sale of the Property and the City's tax increment financing assistance for the Project (the "Development Agreement").

**NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF
THE CITY OF CLOQUET AS FOLLOWS:**

1. The City Council hereby approves the Development Agreement in substantially the form submitted, and the Mayor and Administrator of the City are hereby authorized and directed to execute the Development Agreement on behalf of the City.

2. The approval hereby given to the Development Agreement includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by the City officials authorized by this resolution to execute the Development Agreement. The execution of the Development Agreement by the appropriate officer or officers of the City shall be conclusive evidence of the approval of the Development Agreement in accordance with the terms hereof.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CLOQUET THIS
16TH DAY OF APRIL, 2019.

Roger Maki, Mayor

Attest:

Aaron Reeves, City Administrator

STATE OF MINNESOTA
COUNTY OF CARLTON
CITY OF CLOQUET

I, the undersigned, being the duly qualified and acting Administrator of the City of Cloquet, Minnesota, DO HEREBY CERTIFY that I have carefully compared the attached and the original minutes of a meeting of the City Council of the City held on the date therein indicated, which are on file and of record in my office, and the same is a full, true and complete transcript therefrom insofar as the same relates to Resolution No. 19-21 Authorizing Execution of a Purchase and Development Agreement.

WITNESS my hand as such Administrator of the City Council of the City of Cloquet, Minnesota this 16th day of April, 2019.

City Administrator

STATE OF MINNESOTA
COUNTY OF CARLTON
CITY OF CLOQUET

I, the undersigned, being the duly qualified and acting Administrator of the City of Cloquet, Minnesota, DO HEREBY CERTIFY that I have carefully compared the attached and the original minutes of a meeting of the City Council of the City held on the date therein indicated, which are on file and of record in my office, and the same is a full, true and complete transcript therefrom insofar as the same relates to Resolution No. 19-21 Authorizing Execution of a Purchase and Development Agreement.

WITNESS my hand as such Administrator of the City Council of the City of Cloquet, Minnesota this 16th day of April, 2019.

City Administrator



TAX INCREMENT / TAX ABATEMENT FINANCING
FINAL APPLICATION

Date: 03-01-19

1. Applicant: DAVID CHMIELEWSKI

Business Name: 14TH III, LLC c/o: Blackhoof Development LLC

Address: 2020 14TH STREET, SUITE C, CLOQUET MN 55720

Address: DULUTH, MN 55802

Primary Contact Person

Name: DAVID CHMIELEWSKI

Title: PRESIDENT

Telephone #: 218-384-9727

Fax #

Email: dave@blackhoof.com

General Information:

Business Form: Corporation Partnership Sole Proprietorship

State of Incorporation or Organization: MN

Years in Business: 14

Years a Cloquet Business: 14

2. Brief description of the business:

HOUSING AND PROPERTY DEVELOPMENT

3. Proposed project site:

Location/Address: 2030 14TH STREET, CLOQUET MN 55720

City of Cloquet & Cloquet EDA

Tax Increment / Tax Abatement Financing - Final Application

- a. Location
Attach (and label as **Exhibit A**) information which fully described and illustrates the location and boundaries of the proposed project. Include map(s), legal description(s), property identification numbers, addresses, and area (in sq. ft. or acres).

- b. Ownership and Legal Structure
Attach (and label as **Exhibit B**) the full name(s) of the entity(s) which will own the project, and fully describe their legal structure (i.e. principals, ownership interests, liability, relationship to parent organization, subsidiaries, etc.). If available, provide federal and state tax ID #'s.

- c. Zoning and Planning Analysis
Attach (and label as **Exhibit C**) information which described the current and proposed zoning, variances required, property consolidations or subdivisions, etc.

4. Estimated Project Costs:

a. Land Acquisition	\$ 54,000
b. Site Development	\$ 341,198
c. Building Cost	\$ 3,040,227
d. Equipment	\$ 84,210
e. Architectural/Engineering Fees	\$ 50,000
f. Legal Fees	\$ 14,000
g. Financing Costs	\$ 34,780
h. Broker Costs	\$ 0
i. Contingencies	\$ 150,000
j. Other (please specify)	\$ 72,400
Total Costs	\$ 3,840,815

5. Market Value:

Total current market value prior to construction:	\$ 3,515.12
Total estimated market value at completion:	\$ 1,820,000

City of Cloquet & Cloquet EDA

Tax Increment / Tax Abatement Financing - Final Application

6. Description of proposed project:

(Building square footage, size of property, description of buildings, materials, etc.)

36 APARTMENT UNITS, 12 STUDIOS, 15 ONE BR, 9 TWO BR, 30,000 SF WITH 20 GARAGES
BUILDING FOOTPRINT 9,760SF, 1.2 ACRES TOTAL SITE AREA THIS PHASE
BUILDINGS WILL BE MODULAR CONSTRUCTION (STICK FRAME FACTORY CONSTRUCTED)
LAP SIDING AND ARCHITECTURAL SHINGLES, 6X8S PATIO IN REAR, PAVED DRIVEWAYS

7. Sources of Financing:

a. Developer Equity	\$ 811,363
b. Bank Loan/Private Financing Institution	\$ 3,072,652
c. Tax Abatement	\$
d. Tax Increment Financing	\$ 403,581
e. Other Public Funds (please specify)	\$
f. Other (please specify)	\$
Total Sources	\$ 4,287,596

8. Requested Tax Abatement Assistance:

a. Form of tax abatement financing assistance requested:

- Pay as you go
- Bond Issuance

b. Requested tax amount to be abated: \$ _____ per year

c. Requested duration of abatement: _____ years

d. Has a tax abatement application been submitted to the County or School District? Yes No

If yes, please provide details of the requested abatement.

City of Cloquet & Cloquet EDA

Tax Increment / Tax Abatement Financing - Final Application

- e. Description of expected financial benefit to the City and statement of justification for the use of Tax Abatement:

- f. If tax abatement is not provided, will the project; (1) proceed as previously described utilizing other financing; (2) proceed in some alternative form; or (3) not proceed at all? If the project will not proceed in some alternative form, provide a summary below:

- g. Proposed use of abatement funds: (check all that apply)

- | | | |
|--|---|---|
| <input type="checkbox"/> Building Improvements | <input type="checkbox"/> Building Expansion | <input type="checkbox"/> New Construction |
| <input type="checkbox"/> Equipment Purchases | <input type="checkbox"/> Infrastructure/Utilities | <input type="checkbox"/> Assessments |
| <input type="checkbox"/> Site Improvements | <input type="checkbox"/> Land Acquisition | <input type="checkbox"/> Demolition/Cleanup |

9. Requested Tax Increment Financing Assistance:

- a. Form of tax increment financing assistance requested?

- Pay as you go
- Bond issuance

- b. Describe the amount and purpose of the tax increment assistance.

To provide high quality, market rate housing at a lower rental rate than competition in St. Louis County. High construction materials and labor costs have made affordable rental housing in smaller markets difficult to construct. Cost per unit is substantially lower than current construction comps in Cloquet. This is a tremendous value for the citizens of Cloquet.

- c. Description of expected financial benefit to the City and statement of justification for the use of TIF.

Initiates the development of property that is already serviced by utilities. In the absence of TIF, this property would not be developed. Provide more users of existing billable City utilities, make use of existing infrastructure, bring more people into the community, provide a large taxable base when the district expires.

City of Cloquet & Cloquet EDA

Tax Increment / Tax Abatement Financing - Final Application

- d. If tax increment financing is not provided, will the project; (1) proceed as previously described utilizing other financing; (2) proceed in some alternative form; or (3) not proceed at all? If the project will not proceed in some alternative form, provide a summary below:

This project has been in planning for years. Partnership with Dynamic homes and other policy changes have put this project within reach. If not for the inclusion of TIF or a similar subsidy, it would be impossible. Every other newer apartment project in the region, without exception, has included heavy tax credit subsidies, TIF, abatement and or grants from MHFA. We are providing high quality units, at a lower relative cost per unit with lighter subsidies than anyone else in the region. There is no product like this in Cloquet currently.

10. Professional services of applicant:

Architectural Firm: Foundations Architecture
Contact Person: Greg Strom
Address: 2150 Culas Road
Address: Duluth, MN 55804
Telephone # 218-525-4326
Fax # _____

Engineering Firm: Blackhoof Development, LLC (Site) (and others)
Contact Person: David Chmielewski
Address: 2020 14th Street, Suite A
Address: Cloquet, MN 55720
Telephone # 218-384-9727
Fax # _____

General Contractor: Land Logic, Inc.
Contact Person: David Chmielewski
Address: 2020 14th Street, Suite A
Address: Cloquet, MN 55720
Telephone # 218-384-9727
Fax # _____

City of Cloquet & Cloquet EDA

Tax Increment / Tax Abatement Financing - Final Application

Attorney Firm: Butler Law
 Contact Person: Kenneth Butler
 Address: 11 East Superior St, Ste 555
 Address: Duluth, MN 55802
 Telephone #: 218-625-2264
 Fax #: _____

Accounting Firm: BerganKDV
 Contact Person: Russ Sand
 Address: 220 Park Ave S
 Address: St. Cloud, MN 56301
 Telephone #: 320-650-0240
 Fax #: _____

11. Project construction schedule:

- a. Anticipated construction start date: May 1st, 2019
 b. Construction completion date: September 15, 2019

If construction will not be completed at year end, what % of construction will be completed by year end? _____ %

12. Current and projected employment:

<u>Type</u>	<u>Existing Jobs</u>	<u>First Year</u>	<u>Second Year</u>	<u>Average Hourly Wage</u>	<u>Benefits</u>
Professional/Managerial	- FT _____ PT	1 FT _____ PT	1 FT _____ PT	\$ 17.00 \$ _____	NO _____
Technical/Skilled	0 FT _____ PT	20 FT _____ PT	0 FT _____ PT	\$ 20.00-28.00 \$ _____	YES _____
Unskilled/Semi-skilled	0 FT _____ PT	1 FT _____ PT	- FT _____ PT	\$ 12.00 \$ _____	NO _____

City of Cloquet & Cloquet EDA

Tax Increment / Tax Abatement Financing - Final Application

13. Financial Background:

- a. Have “you” personally, your partnership, or your company ever filed for bankruptcy? Yes No If yes, provide details on a separate sheet.

- b. Have “you” personally, your partnership, or your company ever defaulted on any loan commitment for these projects? Yes No If yes, provide details on a separate sheet.

- c. Have you applied for conventional financing for the project? Yes No If no, explain why not on a separate sheet. If yes, provide details on a separate sheet.

- d. List financial references (include contact person and phone #):

Reference:	Phone #
FRADSEN BANK, ROSS PETERSON	218-879-6000
VENTURE MORTGAGE	612-991-2526

- e. Have you ever used tax increment financing before or requested financial assistance from a public source? Yes No
If yes, where and when? CITY OF CLOQUET IN 2016

14. Additional Project Information Required for Application (please attach).

- a. Description

Attach (and label as **Exhibit D**) a complete description of the proposed project. If the project will proceed in phases, then provide information for each phase as well as the total project. Minimally provide the following information:

- (1) Do you have control of the project site? Explain in detail.
- (2) Details of all known or suspected environmental issues with the site. Has any testing been completed or is underway?
- (3) Type of project (retail, office, industrial, rental housing, home ownership, etc.)

City of Cloquet & Cloquet EDA

Tax Increment / Tax Abatement Financing - Final Application

- (4) New construction or rehabilitation/renovation. If renovation, provide details.
- (5) Description of structures which will need to be demolished.
- (6) Description of owners/tenants which will need to be relocated.
- (7) Details of any historic preservation designations and/or related issues.
- (8) For commercial/industrial:
 - Number and size of structures (sq. ft.)
 - Type of construction and materials
 - Terms of sale (if applicable)
 - Details/terms of signed leases (rates, duration, etc.)
 - Projected terms for space not currently under lease
 - Details of any market studies completed or underway
- (9) For ownership housing:
 - Type, number, and size of units (sq. ft. & number of bedrooms)
 - Type of construction and materials
 - Anticipated sales price
 - Details of any market studies completed or underway
- (10) For rental housing:
 - Type and size of buildings (# floors, units, etc.)
 - Type of construction and materials
 - Size of units (sq. ft.) and number of bedrooms
 - Description of building/unit amenities
 - List of utilities included with rent
 - Monthly rental rates by unit type
 - Details of any market studies completed or underway
- (11) Schematic plans and drawings of the project.

b. Development Budget (Sources and Uses) - During Construction Period

Attach (and label as **Exhibit E**) a complete development budget for construction of the project. This budget should include a detailed listing of all sources and uses of funds.

For each “use” of funds, indicate the methodology or means by which this estimated cost was derived (i.e. appraisal, contractor estimate, 4% of hard costs, actual cost, etc.)

For each “source” of funds (debt, equity, public assistance, etc.), indicate the status of the funding source (committed, pending, projected, etc.), and the actual or anticipated financing terms/details.

City of Cloquet & Cloquet EDA

Tax Increment / Tax Abatement Financing - Final Application

c. Development Budget (Sources and Uses) - Permanent Financing

If ownership of the project is being retained by the applicant (or affiliate or subsidiary) and permanent financing will be obtained, attach (and label as **Exhibit E1**) a complete development budget upon permanent financing.

d. Operating Cash Flow Proforma (10 year)

If ownership of the project is being retained by the applicant (or affiliate or subsidiary), attach (and label as **Exhibit E2**) a projected 10 year operating cash flow proforma for the project. The proforma should clearly identify all assumptions, and should provide a detailed listing of all anticipated revenues, expenses, capital contributions/distributions, etc. The cash flow should clearly identify "Net Operating Income (NOI)", "Cash Flow Before Taxes (CFBT)", and "Cash Flow After Taxes (CFAT)."

e. Payment of Application Fee (TIF - \$10,000; Tax Abatement - \$2,500)

f. Signed authorization allowing City/EDA to check background of personnel involved in project.

15. Signatures:

I declare that any statement in this application or information provided herein is true and complete in substance and in fact. Also, I authorize this information to be released to the appropriate agencies that may be able to assist in this request. Finally, I acknowledge and agree that the application deposit associated with the request for public financial assistance is non-refundable.

Name of Business: 14TH STREET III, LLC


By: DAVID CHMIELEWSKI

Title: PRESIDENT

Date: 03-01-19

**APPLICATION FOR
TAX INCREMENT / TAX ABATEMENT FINANCING
RELEASE AUTHORIZATION**

(A separate form must be signed by all partners, officers, owners, or shareholders of the applicant for tax increment / tax abatement financing)

Date: 

Applicant Name: DAVID M. CHMIELEWSKI

Applicant hereby affirms that all information provided to the Cloquet Economic Development Authority relative to all applications submitted for Tax Increment Financing (TIF) / Tax Abatement consideration are true and complete to the best of the applicant's knowledge. Applicant further agrees that falsified information or significant omissions on either this application or others supporting documents may disqualify the applicant for further consideration for TIF / Tax Abatement from the City of Cloquet. Applicant hereby authorizes the Cloquet Economic Development Authority to investigate all statements, financial institutions commercial and/or private partnerships, credit ratings, or other records as may be necessary for the EDA to determine an appropriate recommendation of the Tax Increment Financing / Tax Abatement application.

Applicant hereby authorizes release of personal, financial, or business records to the Cloquet Economic Development Authority. Applicant hereby releases any individuals or institutions releasing information from all liability for damages that may arise from furnishing this information.

Applicant's Signature: 

Applicant's Name (printed): DAVID M. CHMIELEWSKI

Title of Applicant: PRESIDENT

Date: 03-01-19

14TH STREET APARTMENTS III
INCOME STATEMENT

3/1/2019 TIF SUBMITTAL



DWELLING UNITS	STUDIO A	1 BR A	1 BR B	2BR A	2BR B			Garages
UNIT SF	450	752	752	919	768			12x20
UNIT RENTAL PRICE/SF	\$1.40	\$1.25	\$1.25	\$1.23	\$1.24			
MONTHLY RENT	\$630	\$940	\$940	\$1,130	\$952			\$55
TOTAL NUMBER OF UNITS	12	12	3	6	3			20
MONTHLY INCOME RESTRICTED RENT	622	695	695	890	890			0
UNITS AT 50% OF AMI	8	0	0	0	0			0
INCOME LOSS WITH TIF	\$64.00	\$-	\$-	\$-	\$-			\$-
	\$7,496	\$11,280	\$2,820	\$6,782	\$2,857			\$1,100

Units 36
SF 29,280
Cost per Unit 106,689
Cost per SF 131

Year	101%	1	2	3	4	5	6	7	8	9	10
STUDIO A		90,720	91,627	92,543	93,469	94,404	95,348	96,301	97,264	98,237	99,219
1 BR A		135,360	136,714	138,081	139,462	140,856	142,265	143,687	145,124	146,575	148,041
1 BR B		33,840	34,178	34,520	34,865	35,214	35,566	35,922	36,281	36,644	37,010
2 BR A		81,387	82,201	83,023	83,853	84,691	85,538	86,394	87,257	88,130	89,011
2 BR B		34,284	34,626	34,973	35,322	35,676	36,032	36,393	36,757	37,124	37,495
Garages		13,200	13,332	13,465	13,600	13,736	13,873	14,012	14,152	14,294	14,437
Total Gross Income		388,790	392,678	396,605	400,571	404,577	408,622	412,709	416,836	421,004	425,214
Vacancy and Credit Loss	5%	(19,440)	(19,634)	(19,830)	(20,029)	(20,229)	(20,431)	(20,635)	(20,842)	(21,050)	(21,261)
Garage Vacancy	10%	(1,320)	(1,350)	(1,381)	(1,413)	(1,446)	(1,479)	(1,513)	(1,548)	(1,583)	(1,620)
TIF income restriction loss		(768)	(783)	(799)	(815)	(831)	(848)	(865)	(882)	(900)	(918)
Reserves		(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)
Effective Income		355,263	358,910	362,594	366,314	370,071	373,864	377,695	381,564	385,471	389,416
Operating Expenses and Property Tax (2%/yr inc)	32%	(113,206)	(115,470)	(117,780)	(120,135)	(122,538)	(124,989)	(127,488)	(130,038)	(132,639)	(135,292)
Net Operating Income		242,057	243,440	244,815	246,179	247,533	248,876	250,207	251,526	252,832	254,124
Land		54,000									
Site Development		255,825									
Foundation		85,373									
Building		2,870,227									
Appliances		84,210									
Arch Eng		50,000									
Legal		14,000									
General Contracting		60,000									
Financing		34,780									
Contingency		150,000									
Other (fees)		72,400									
Garages		110,000									
Equity		818,163									
Principal Loan	4.75%		(192,341)	(192,341)	(192,341)	(192,341)	(192,341)	(192,341)	(192,341)	(192,341)	(192,341)
TIF (Estimate from County)		43000									
Return on Equity before taxes		6.08%	6.25%	6.41%	6.58%	6.75%	6.91%	7.07%	7.23%	7.39%	7.55%

**14TH STREET APARTMENTS II MARKET RATE ANALYSIS
PROPERTY INVESTMENT ANALYSIS - WITHOUT TIF**

3/1/2009

Description	Total Annual Expense	Expense/Unit/Year	Expense/Unit/Mo
Subtotal Expenses (See Previous Page)	(\$113,206)	(\$6,289)	(\$524)
Property Tax	(\$43,000)	(\$2,389)	(\$199)
Total O/M Expenses	<u>(\$156,206)</u>	<u>(\$8,678)</u>	<u>(\$723)</u>
Net Operating Income	\$199,057	\$11,059	\$922
Debt Service	(\$192,341)	(\$10,686)	(\$890)
Cash Flow	<u>\$6,716</u>	<u>\$373</u>	<u>\$31</u>
Debt Coverage Ratio	1.0349		
Cash on Cash ROI	0.82%		

**14TH STREET APARTMENTS III MARKET RATE ANALYSIS
PROPERTY INVESTMENT ANALYSIS - WITH TIF**

3/1/2009

Description	Total Annual Expense	Expense/Unit/Year	Expense/Unit/Mo
Subtotal Expenses (See Previous Page)	(\$109,691)	(\$6,094)	(\$508)
Property Tax	(\$3,515)	(\$195)	(\$16)
Total O/M Expenses	<u>(\$113,206)</u>	<u>(\$6,289)</u>	<u>(\$524)</u>
Net Operating Income	\$242,057	\$13,448	\$1,121
Debt Service	(\$192,341)	(\$10,686)	(\$890)
Cash Flow	<u>\$49,716</u>	<u>\$2,762</u>	<u>\$230</u>
Debt Coverage Ratio	1.2585		
Cash on Cash ROI	6.08%		

**PROPERTY COST ANALYSIS
FOR 14TH STREET APARTMENTS III**

3/1/2019

COST ANALYSIS

Land	-54,000
Total Construction Costs	-3,615,635
Professional Services	-64,000
Financing Fees	-34,780
Governmental Fees	-72,400
Total Development Costs	-3,840,815
Investment / Down Payment	768,163
Balance to Mortgage	-3,072,652

FINANCIAL ANALYSIS

Financial Analysis	192,341
Interest Rate	4.75%
Term	30

14TH STREET APARTMENTS III - CLOQUET, MN

3/1/2019

Unit Size	Sqft	# of Units	Rent Rate		Mo. Rent	Annual Potential
Studio	450	12	630	\$	7,560	\$ 90,720
1 BR	752	15	940	\$	14,100	\$ 169,200
2 BR A	919	6	1,130	\$	6,782	\$ 81,387
2 BR B	768	3	952	\$	2,857	\$ 34,284
Total Suite Potential		36		\$	31,299	\$ 375,590

Garages: 20

Included in Rent: Garbage, Water/Sewer, WiFi

Not Included in Rent: Heat Electric, Telephone, Enhanced TV

Other amenities: Wall A/C, Community coin-operated laundry, refrigerator, range, microhood, dishwashe

* The statements and figures, herein, while not guaranteed, are secured from sources we believe are credible

* For discussion purposes only. All expenses and income are projections based on estimates from similar projects and actual expenses and income experience can and may differ or may be affected by future unforeseen events.

Google Maps 14TH STREET APARTMENTS III



Map data ©2019 Google 500 ft

EXHIBIT B

OWNERSHIP AND LEGAL STRUCTURE

Current Land Ownership is the City of Cloquet. President of the entity 14th III, LLC is David Chmielewski.

EXHIBIT C

ZONING AND PLANNING ANALYSIS

Property is currently platted as a 515 Common Interest Community named CIC#5, 14th Street Apartments, a Planned Community, City of Cloquet, Carlton County, Minnesota. Property is currently zoned Mixed Residential Commercial MRC. Density and unit configuration is appropriate for the site without the need for rezoning or a conditional use.

EXHIBIT D

DESCRIPTION

- with the City of Cloquet*
- 1) We have a development agreement with the property owner and own the adjacent properties.
 - 2) There are no known environmental issues and no suspicion of environmental issues.
 - 3) 36 market rate apartments.
 - 4) New construction. Modular factory constructed stick built structures. Super insulated and heavy construction required to withstand transport. Garages and foundations constructed on site.
 - 5) No structures need to be demolished.
 - 6) No human relocation necessary.
 - 7) No historic preservation
 - 8) Not Commercial
 - 9) Not Owner occupied
 - 10) Building will be three stories with an entrance on the main level and the upper level. Total building SF will be 30,000 SF, one building with four entrances.

Building will be modular construction (stick built in factory, transported to the jobsite), clad with steel and LP Smartside siding like adjacent buildings. Architectural shingles on the roof, high quality vinyl windows.

Unit Configurations

Studio A	1 BR A	1 BR B	2 BR A	2 BR B			Garages
450 SF	752 SF	752 SF	919 SF	768 SF			11X20
12 UNITS	12 UNITS	3 UNITS	6 UNITS	3 UNITS			20 UNITS
\$630	\$940	\$940	\$1130	\$952			\$55

Common coin/digitally operated laundry on each floor. Common domestic hot water included in rent. Electric baseboard heat and through wall AC by tenant. Dishwasher, microhood, electric range, fridge, hardwood cabinets, granite/quartz countertops, oak door and trim package, engineered plank flooring in the kitchen and living room, carpet in bedrooms, large 6'x8' balconies, secure entrance, security camera system, fee WIFI, sprinklered building.

or free?
 Cloquet / Scanlon Housing Study shows a need for more affordable and market rate rental housing. There is currently a City vacancy rate of 2%. Housing study indicates a need for another 120 general occupancy rental units between now and 2025. Current projects as well as this project will meet that need.

**14TH STREET APARTMENTS III MARKET RATE ANALYSIS
PROPERTY INVESTMENT ANALYSIS - TYPICAL YEAR**

2/15/2019

The statements and figures herein, while not guaranteed, are secured from sources we believe to be credible.

Income	%	Total Income	Income/Unit/Year	Income/Unit/Mo
Gross Rent Potential		\$388,790	\$10,799.73	\$900
Rent Vacancy/Credit Loss	5%	(\$19,440)	(\$539.99)	(\$45)
Garage Vacancy	10%	(\$1,320)	(\$36.67)	(\$3)
Income Restriction Loss		(\$768)	(\$21.33)	(\$2)
Operating Reserve		(\$12,000)	(\$333.33)	(\$28)
Net Rental Income		\$355,263	\$9,868	\$822

Garages

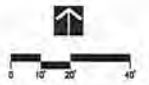
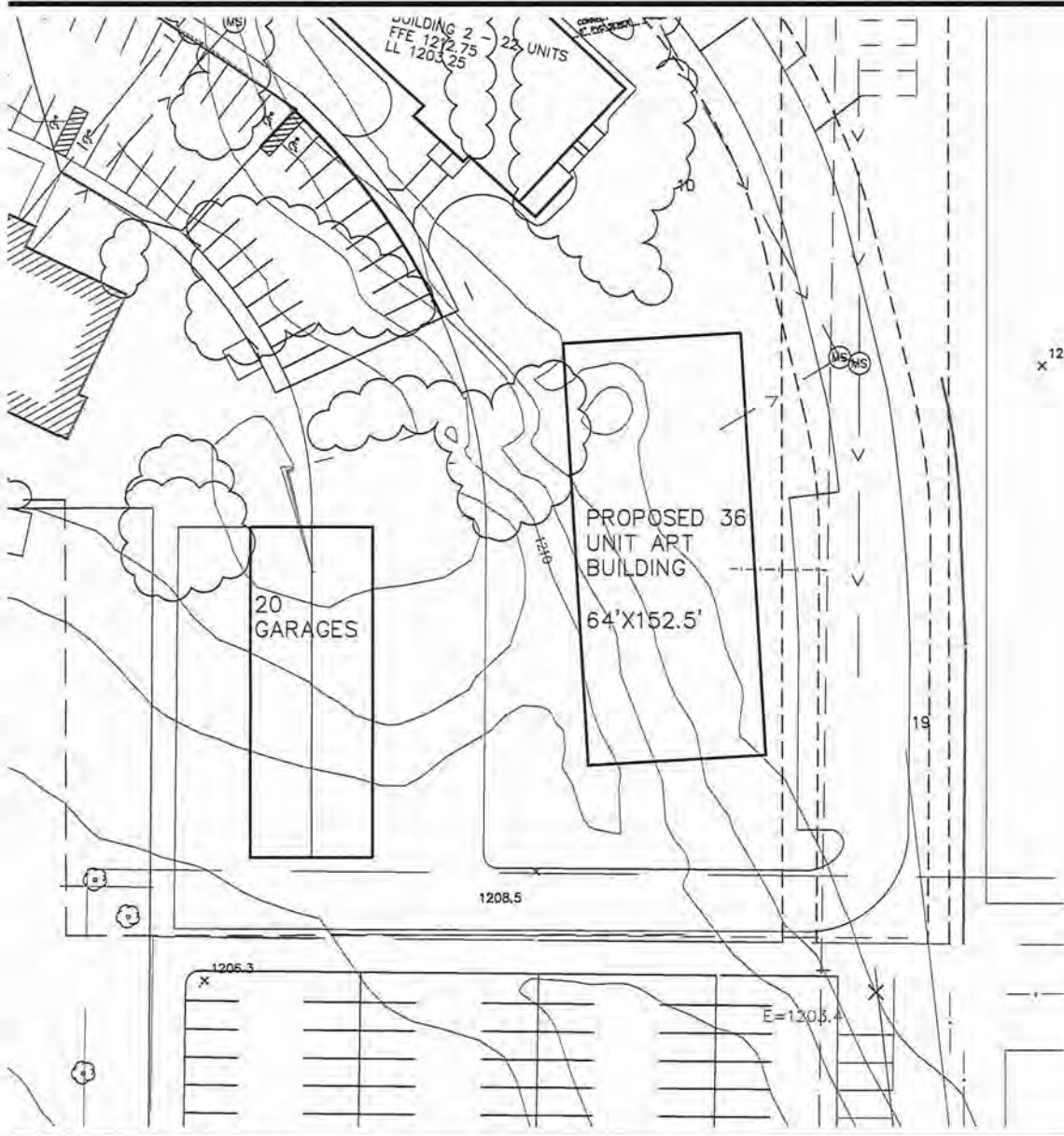
Gross Garage Potential		\$13,200	\$660	\$55
Net Garage Income		\$13,200	\$660	\$55

Misc Income

Laundry		\$0	\$0	\$0
Storage		\$0	\$0	\$0
Vending		\$0	\$0	\$0
Damages	3%	\$0	\$0	\$0
Late Rent Fee		\$0	\$0	\$0
Forfeit Fee Deposit		\$0	\$0	\$0
Interest Income		\$0	\$0	\$0
Misc Income Vacancy		\$0	\$0	\$0
Net Misc Income		\$0	\$0	\$0

TOTAL EFFECTIVE GROSS INCOME **\$368,463** **\$9,868** **\$822**

Income	%	Total Expense	Expense/Unit/Year	Expense/Unit/Mo
Expenses				
On Site Cleaning		\$4,800	\$133	\$11
<i>Subtotal Staffing</i>		<i>\$4,800</i>	<i>\$133</i>	<i>\$11</i>
Utilities				
Common Electric		\$3,600	\$100	\$8
Common Heat and Gas		\$7,000	\$194.44	\$16
Water, Sewer		\$10,000	\$277.78	\$23
Refuse		\$8,000	\$222.22	\$19
Phone/Internet/Monitoring		\$5,400	\$150	\$13
<i>Subtotal Utilities</i>		<i>\$34,000</i>	<i>\$944</i>	<i>\$79</i>
Administrative				
Management Fee	5%	\$18,291	\$508.08	\$42
Legal/Accounting		\$3,000	\$83.33	\$7
Insurance		\$18,000	\$500.00	\$42
Advertising		\$4,000	\$111.11	\$9
Taxes		\$3,515	\$97.64	\$0
<i>Subtotal Administrative</i>		<i>\$46,806</i>	<i>\$1,300</i>	<i>\$100</i>
Maintenance and Repair				
General Repairs		\$16,000	\$444.44	\$37
Grounds and Snow		\$7,000	\$194.44	\$16
Exterminating		\$600	\$16.67	\$1
Misc Supplies and Equipment		\$4,000	\$111.11	\$9
<i>Subtotal Maintenance and Repair</i>		<i>\$27,600</i>	<i>\$767</i>	<i>\$64</i>
SUBTOTAL EXPENSES		\$113,206	\$3,145	\$254



CLIENT:
14TH STREET APARTMENTS III

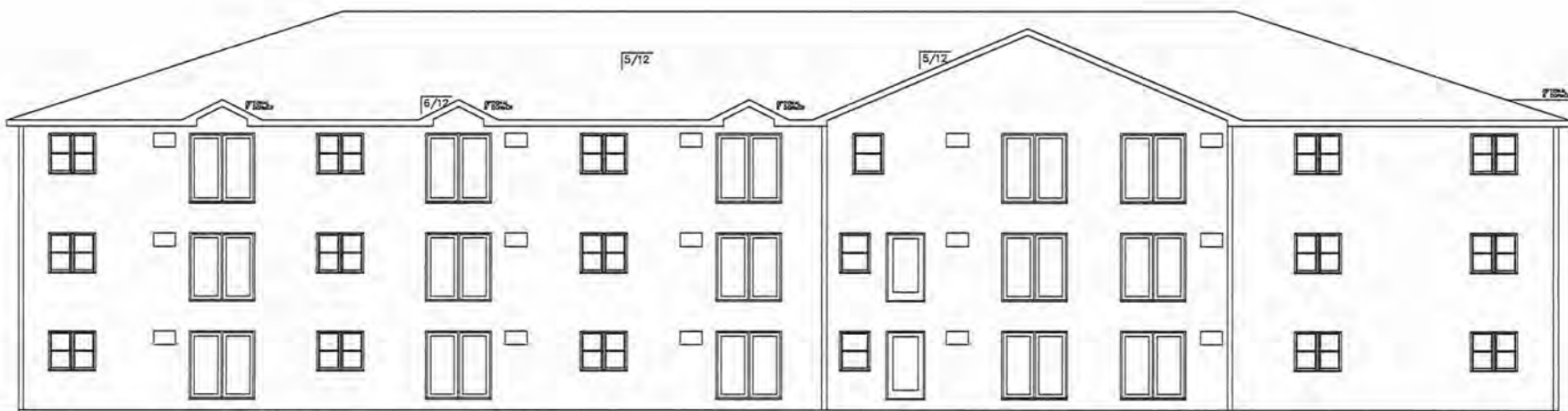
2020 14TH STREET, SUITE A
 CLOQUET, MN 55720

NO	DATE	REVISION

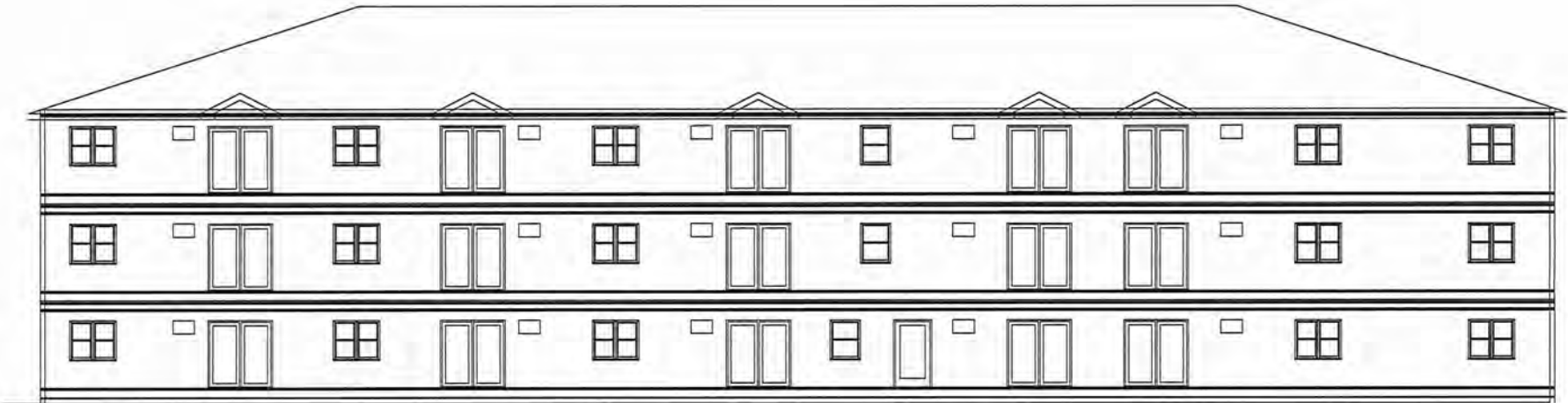
PROJECT NAME:
14TH STREET APARTMENTS III

DRAWING TITLE:
TIF SUBMITTAL

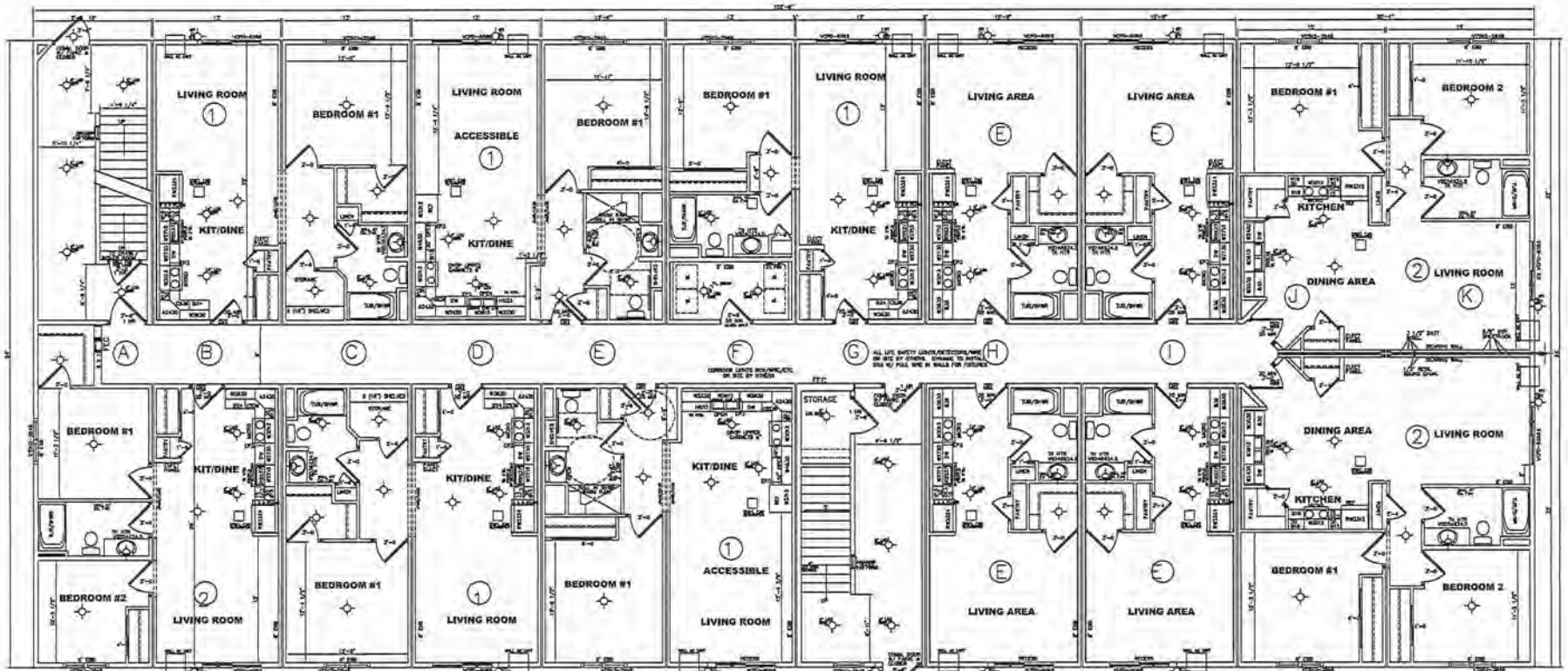
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 DRAWN BY: DAC
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FRONT ELEVATION



REAR ELEVATION

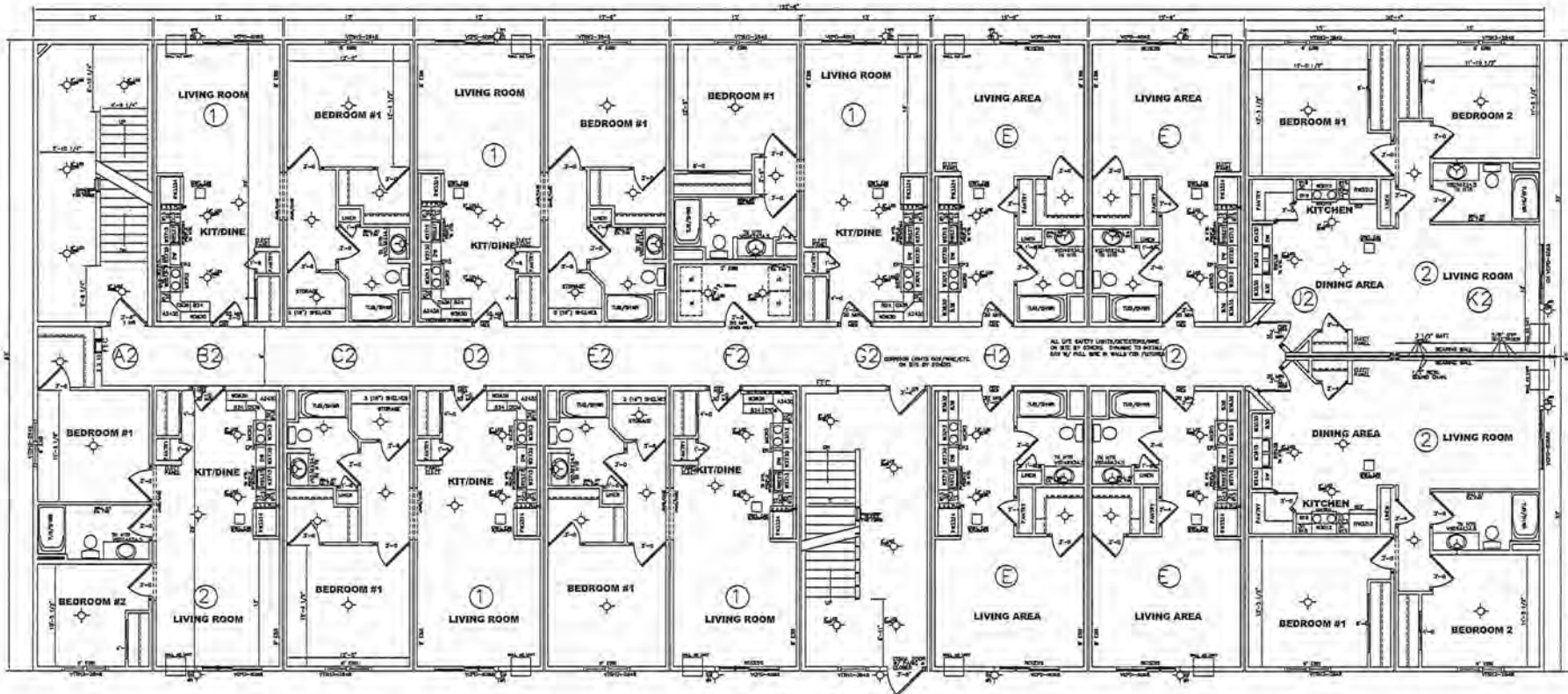


9760 SQ. FT. EACH FLOOR
29,280 SQ. FT. TOTAL

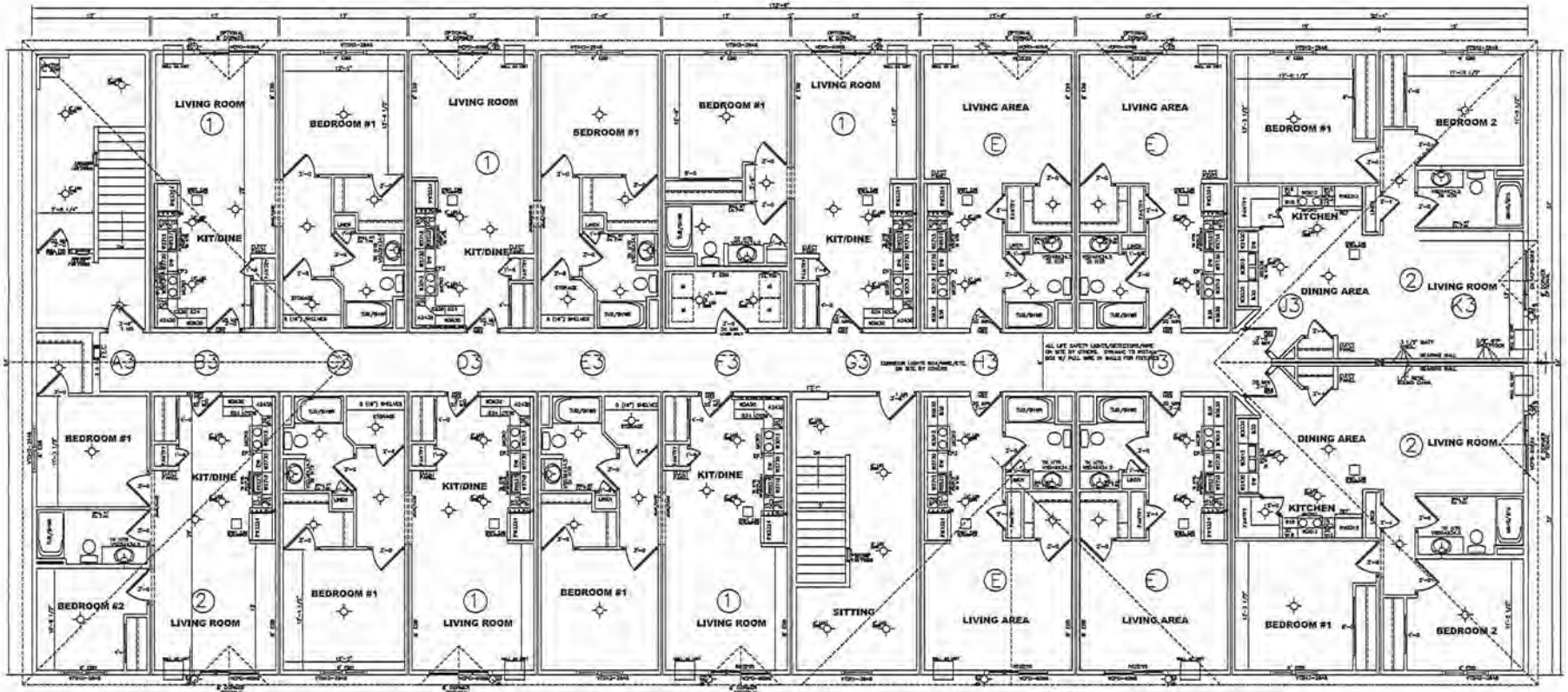
**FIRST LEVEL
FLOOR PLAN**
1/4"=1'-0" (DIMENSIONS FRAMING TO FRAMING)
M201685

- (4) EFFICIENCY APTS. PER FLOOR (12) TOTAL
 - (5) 1 BEDROOM APTS. PER FLOOR (15) TOTAL (2) OF ACCESSIBLE
 - (3) 2 BEDROOM APTS. PER FLOOR (9) TOTAL
- 36 LIVING UNITS TOTAL

TERMOLEC FRESH AIR UNIT
IN EACH LIVINGROOM FOR SUPPLY
OF FRESH AIR TO LIVING ROOM/
BEDROOM AREAS



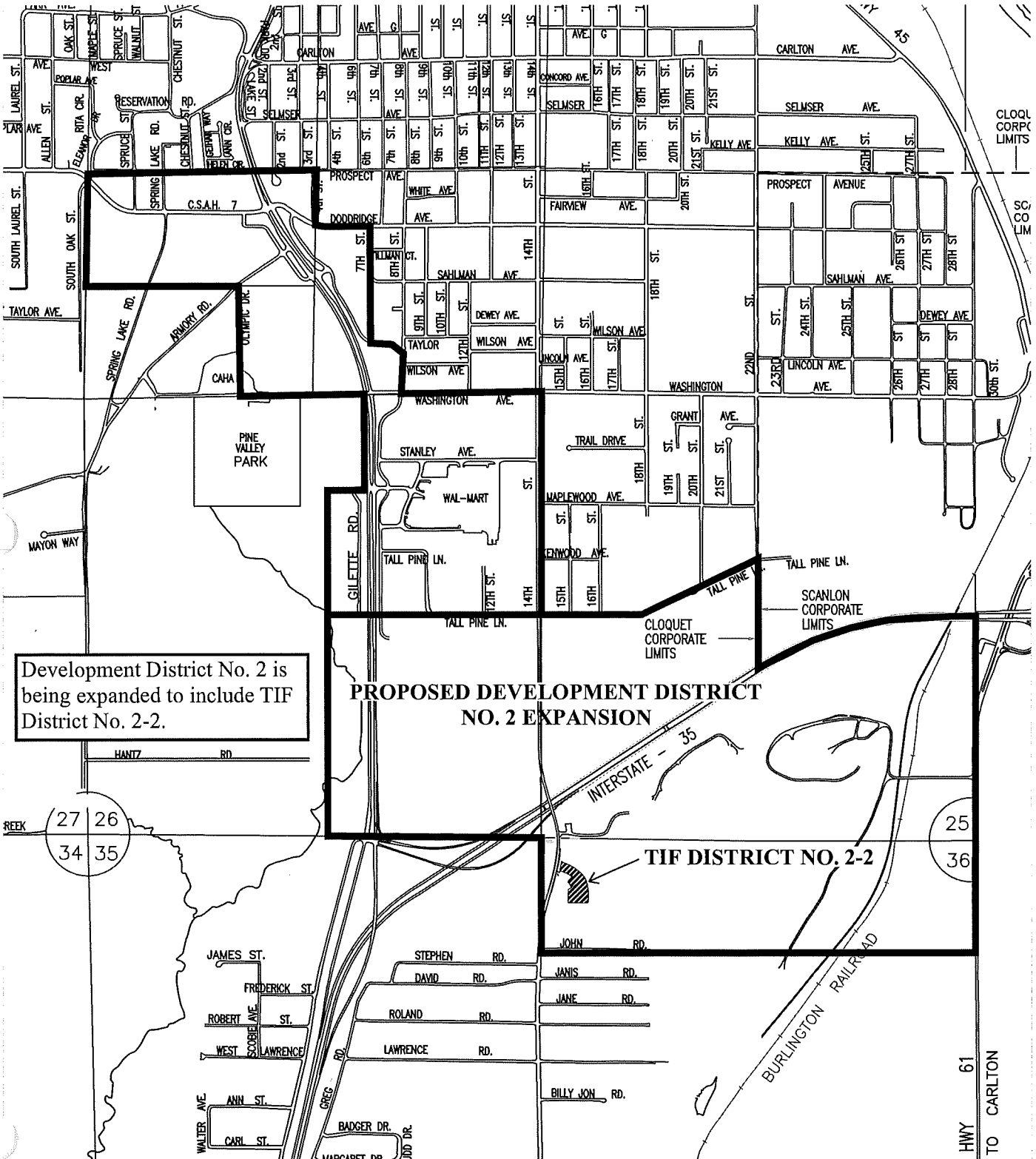
2ND LEVEL FLOOR PLAN
 1/4"=1'-0" (DIMENSIONS FRAMING TO FRAMING)



3RD LEVEL FLOOR PLAN
 1/4"=1'-0" (DIMENSIONS FRAMING TO FRAMING)

4/12 HIP ROOF

TIF DISTRICT NO. 2-2
DEVELOPMENT DISTRICT NO. 2
CITY OF CLOQUET
CARLTON COUNTY, MN

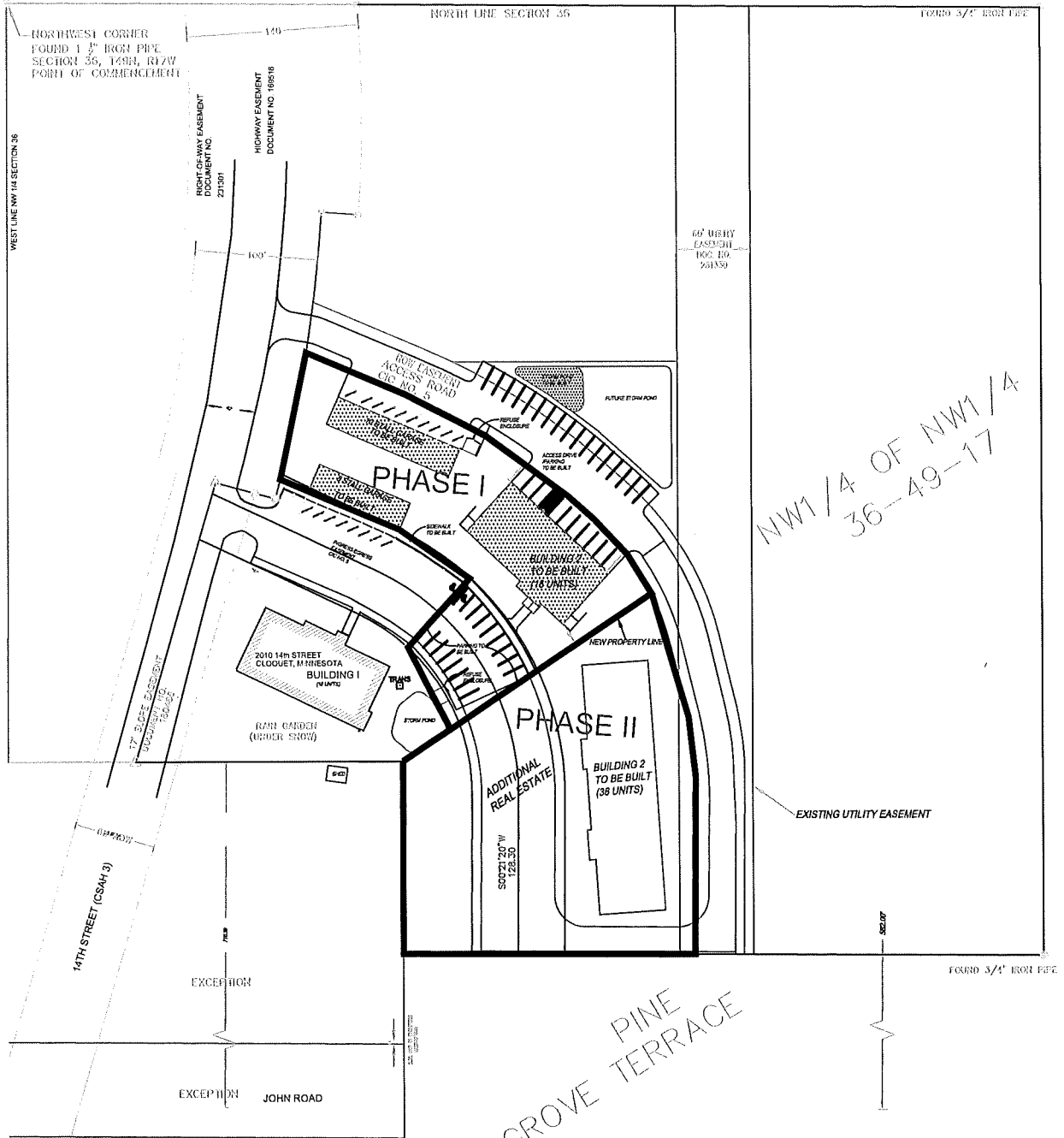


TIF DISTRICT NO. 2-2

DEVELOPMENT DISTRICT NO. 2

CITY OF CLOQUET

CARLTON COUNTY, MN



NW 1/4 OF NW 1/4
36-49-17

- ⊙ FOUND MONUMENT, AS DESCRIBED
- ⊙ FOUND MONUMENT, AS DESCRIBED
- ⊠ FOUND MONUMENT ALUMINUM CAPPED TUBE
- × CALCULATED POSITION



14th Street Apartments - Phase III

City of Cloquet, Minnesota

One/3-Story/30,000 SF/36-Unit Multifamily Apartment Complex

ASSUMPTIONS AND RATES

District Type:	Housing
District Name/Number:	2-2
County District #:	641-7
First Year Construction or Inflation on Value	2019
Existing District - Specify No. Years Remaining	20
Inflation Rate - Every Year:	0.00%
Interest Rate:	4.75%
Present Value Date:	1-Aug-19
First Period Ending	1-Feb-20
Tax Year District was Certified:	Pay 2013
Cashflow Assumes First Tax Increment For Development:	2021
Years of Tax Increment	20
Assumes Last Year of Tax Increment	2040
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	NA
Incremental or Total Fiscal Disparities	
Fiscal Disparities Contribution Ratio	0.0000%
Fiscal Disparities Metro-Wide Tax Rate	0.0000%
Maximum/Frozen Local Tax Rate:	162.512% Pay 2013
Current Local Tax Rate: (Use lesser of Current or Max.)	189.484% Pay 2019
State-wide Tax Rate (Comm./Ind. only used for total taxes)	42.4160% Pay 2019
Market Value Tax Rate (Used for total taxes)	0.15615% Pay 2019

Tax Rates	
Exempt Class Rate (Exempt)	0.00%
Commercial Industrial Preferred Class Rate (C/I Pref.)	
First \$150,000	1.50%
Over \$150,000	2.00%
Commercial Industrial Class Rate (C/I)	2.00%
Rental Housing Class Rate (Rental)	1.25%
Affordable Rental Housing Class Rate (Aff. Rental)	
First \$139,000	0.75%
Over \$139,000	0.25%
Non-Homestead Residential (Non-H Res. 1 Unit)	
First \$500,000	1.00%
Over \$500,000	1.25%
Homestead Residential Class Rate (Hmstd. Res.)	
First \$500,000	1.00%
Over \$500,000	1.25%
Agricultural Non-Homestead	1.00%

BASE VALUE INFORMATION (Original Tax Capacity)

Map ID	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/Phase
3	06-552-0040	City	515 CIC	8,800	0	8,800	100%	8,800	Pay 2013	Exempt	-	Rental	110	3
				8,800	0	8,800		8,800			0		110	

Note:

1. Base values are based upon review of County PAY 2019 TIF Modeler on February 8, 2019.



14th Street Apartments - Phase III

City of Cloquet, Minnesota

One/3-Story/30,000 SF/36-Unit Multifamily Apartment Complex

PROJECT INFORMATION (Project Tax Capacity)													
Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2019	Percentage Completed 2020	Percentage Completed 2021	Percentage Completed 2022	First Year Full Taxes Payable
3	Apartment	50,556	50,556	36	1,820,000	Rental	22,750	632	100%	100%	100%	100%	2021
TOTAL					1,820,000		22,750						
Subtotal Residential				36	1,820,000		22,750						
Subtotal Commercial/Ind.				0	0		0						

Note:

1. Market values are based upon estimates from County Assessor on January 29, 2019.

TAX CALCULATIONS									
New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Apartment	22,750	0	22,750	43,108	0	0	2,842	45,950	1,276.38
TOTAL	22,750	0	22,750	43,108	0	0	2,842	45,950	

Note:

1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	45,950
less State-wide Taxes	0
less Fiscal Disp. Adj.	0
less Market Value Taxes	(2,842)
less Base Value Taxes	(6,315)
Annual Gross TIF	36,793



14th Street Apartments - Phase III

City of Cloquet, Minnesota

One/3-Story/30,000 SF/36-Unit Multifamily Apartment Complex

TAX INCREMENT CASH FLOW														
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities -	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
														02/01/20
														08/01/20
														02/01/21
100%	22,750	(110)	-	22,640	162.512%	36,793	18,396	(66)	(1,833)	16,497	15,019	0.5	2021	08/01/21
							18,396	(66)	(1,833)	16,497	29,689	1	2021	02/01/22
100%	22,750	(110)	-	22,640	162.512%	36,793	18,396	(66)	(1,833)	16,497	44,019	1.5	2022	08/01/22
							18,396	(66)	(1,833)	16,497	58,016	2	2022	02/01/23
100%	22,750	(110)	-	22,640	162.512%	36,793	18,396	(66)	(1,833)	16,497	71,689	2.5	2023	08/01/23
							18,396	(66)	(1,833)	16,497	85,045	3	2023	02/01/24
100%	22,750	(110)	-	22,640	162.512%	36,793	18,396	(66)	(1,833)	16,497	98,091	3.5	2024	08/01/24
							18,396	(66)	(1,833)	16,497	110,834	4	2024	02/01/25
100%	22,750	(110)	-	22,640	162.512%	36,793	18,396	(66)	(1,833)	16,497	123,281	4.5	2025	08/01/25
							18,396	(66)	(1,833)	16,497	135,440	5	2025	02/01/26
100%	22,750	(110)	-	22,640	162.512%	36,793	18,396	(66)	(1,833)	16,497	147,316	5.5	2026	08/01/26
							18,396	(66)	(1,833)	16,497	158,918	6	2026	02/01/27
100%	22,750	(110)	-	22,640	162.512%	36,793	18,396	(66)	(1,833)	16,497	170,250	6.5	2027	08/01/27
							18,396	(66)	(1,833)	16,497	181,319	7	2027	02/01/28
100%	22,750	(110)	-	22,640	162.512%	36,793	18,396	(66)	(1,833)	16,497	192,131	7.5	2028	08/01/28
							18,396	(66)	(1,833)	16,497	202,692	8	2028	02/01/29
100%	22,750	(110)	-	22,640	162.512%	36,793	18,396	(66)	(1,833)	16,497	213,009	8.5	2029	08/01/29
							18,396	(66)	(1,833)	16,497	223,086	9	2029	02/01/30
100%	22,750	(110)	-	22,640	162.512%	36,793	18,396	(66)	(1,833)	16,497	232,929	9.5	2030	08/01/30
							18,396	(66)	(1,833)	16,497	242,544	10	2030	02/01/31
100%	22,750	(110)	-	22,640	162.512%	36,793	18,396	(66)	(1,833)	16,497	251,936	10.5	2031	08/01/31
							18,396	(66)	(1,833)	16,497	261,110	11	2031	02/01/32
100%	22,750	(110)	-	22,640	162.512%	36,793	18,396	(66)	(1,833)	16,497	270,071	11.5	2032	08/01/32
							18,396	(66)	(1,833)	16,497	278,825	12	2032	02/01/33
100%	22,750	(110)	-	22,640	162.512%	36,793	18,396	(66)	(1,833)	16,497	287,375	12.5	2033	08/01/33
							18,396	(66)	(1,833)	16,497	295,727	13	2033	02/01/34
100%	22,750	(110)	-	22,640	162.512%	36,793	18,396	(66)	(1,833)	16,497	303,885	13.5	2034	08/01/34
							18,396	(66)	(1,833)	16,497	311,854	14	2034	02/01/35
100%	22,750	(110)	-	22,640	162.512%	36,793	18,396	(66)	(1,833)	16,497	319,638	14.5	2035	08/01/35
							18,396	(66)	(1,833)	16,497	327,241	15	2035	02/01/36
100%	22,750	(110)	-	22,640	162.512%	36,793	18,396	(66)	(1,833)	16,497	334,668	15.5	2036	08/01/36
							18,396	(66)	(1,833)	16,497	341,923	16	2036	02/01/37
100%	22,750	(110)	-	22,640	162.512%	36,793	18,396	(66)	(1,833)	16,497	349,009	16.5	2037	08/01/37
							18,396	(66)	(1,833)	16,497	355,931	17	2037	02/01/38
100%	22,750	(110)	-	22,640	162.512%	36,793	18,396	(66)	(1,833)	16,497	362,693	17.5	2038	08/01/38
							18,396	(66)	(1,833)	16,497	369,297	18	2038	02/01/39
100%	22,750	(110)	-	22,640	162.512%	36,793	18,396	(66)	(1,833)	16,497	375,749	18.5	2039	08/01/39
							18,396	(66)	(1,833)	16,497	382,050	19	2039	02/01/40
100%	22,750	(110)	-	22,640	162.512%	36,793	18,396	(66)	(1,833)	16,497	388,206	19.5	2040	08/01/40
							18,396	(66)	(1,833)	16,497	394,219	20	2040	02/01/41
Total							735,854	(2,649)	(73,321)	659,885				
Present Value From 08/01/2019				Present Value Rate	4.75%		439,603	(1,583)	(43,802)	394,219				

**CITY OF CLOQUET, MINNESOTA
TAX INCREMENT FINANCING DISTRICT NO. 2-2: 14TH III, LLC (RENTAL APARTMENT PROJECT)
(HOUSING DISTRICT)**

LIMITED REVENUE NOTE (DEVELOPMENT PROPERTY ONLY) FIRST BUILDING

4.75%

PERIOD BEGINNING		Beg. Balance	Accrued Interest	Principal Payment	Interest Payment	Total Payment	End Balance	PERIOD ENDING	
Mth.	Yr.							Mth.	Yr.
1-Aug	2019	394,219	9,363	0	0	0	403,581	1-Feb	2020
1-Feb	2020	403,581	9,585	0	0	0	413,166	1-Aug	2020
1-Aug	2020	413,166	9,813	0	0	0	422,979	1-Feb	2021
1-Feb	2021	422,979	0	6,451	10,046	16,497	416,528	1-Aug	2021
1-Aug	2021	416,528	0	6,605	9,893	16,497	409,923	1-Feb	2022
1-Feb	2022	409,923	0	6,761	9,736	16,497	403,162	1-Aug	2022
1-Aug	2022	403,162	0	6,922	9,575	16,497	396,240	1-Feb	2023
1-Feb	2023	396,240	0	7,086	9,411	16,497	389,153	1-Aug	2023
1-Aug	2023	389,153	0	7,255	9,242	16,497	381,899	1-Feb	2024
1-Feb	2024	381,899	0	7,427	9,070	16,497	374,472	1-Aug	2024
1-Aug	2024	374,472	0	7,603	8,894	16,497	366,868	1-Feb	2025
1-Feb	2025	366,868	0	7,784	8,713	16,497	359,084	1-Aug	2025
1-Aug	2025	359,084	0	7,969	8,528	16,497	351,115	1-Feb	2026
1-Feb	2026	351,115	0	8,158	8,339	16,497	342,957	1-Aug	2026
1-Aug	2026	342,957	0	8,352	8,145	16,497	334,605	1-Feb	2027
1-Feb	2027	334,605	0	8,550	7,947	16,497	326,055	1-Aug	2027
1-Aug	2027	326,055	0	8,753	7,744	16,497	317,302	1-Feb	2028
1-Feb	2028	317,302	0	8,961	7,536	16,497	308,341	1-Aug	2028
1-Aug	2028	308,341	0	9,174	7,323	16,497	299,166	1-Feb	2029
1-Feb	2029	299,166	0	9,392	7,105	16,497	289,775	1-Aug	2029
1-Aug	2029	289,775	0	9,615	6,882	16,497	280,160	1-Feb	2030
1-Feb	2030	280,160	0	9,843	6,654	16,497	270,316	1-Aug	2030
1-Aug	2030	270,316	0	10,077	6,420	16,497	260,239	1-Feb	2031
1-Feb	2031	260,239	0	10,316	6,181	16,497	249,923	1-Aug	2031
1-Aug	2031	249,923	0	10,561	5,936	16,497	239,361	1-Feb	2032
1-Feb	2032	239,361	0	10,812	5,685	16,497	228,549	1-Aug	2032
1-Aug	2032	228,549	0	11,069	5,428	16,497	217,480	1-Feb	2033
1-Feb	2033	217,480	0	11,332	5,165	16,497	206,148	1-Aug	2033
1-Aug	2033	206,148	0	11,601	4,896	16,497	194,547	1-Feb	2034
1-Feb	2034	194,547	0	11,877	4,620	16,497	182,670	1-Aug	2034
1-Aug	2034	182,670	0	12,159	4,338	16,497	170,511	1-Feb	2035
1-Feb	2035	170,511	0	12,447	4,050	16,497	158,064	1-Aug	2035
1-Aug	2035	158,064	0	12,743	3,754	16,497	145,321	1-Feb	2036
1-Feb	2036	145,321	0	13,046	3,451	16,497	132,275	1-Aug	2036
1-Aug	2036	132,275	0	13,356	3,142	16,497	118,920	1-Feb	2037
1-Feb	2037	118,920	0	13,673	2,824	16,497	105,247	1-Aug	2037
1-Aug	2037	105,247	0	13,998	2,500	16,497	91,249	1-Feb	2038
1-Feb	2038	91,249	0	14,330	2,167	16,497	76,919	1-Aug	2038
1-Aug	2038	76,919	0	14,670	1,827	16,497	62,249	1-Feb	2039
1-Feb	2039	62,249	0	15,019	1,478	16,497	47,230	1-Aug	2039
1-Aug	2039	47,230	0	15,375	1,122	16,497	31,855	1-Feb	2040
1-Feb	2040	31,855	0	15,741	757	16,497	16,114	1-Aug	2040
1-Aug	2040	16,114	0	16,114	383	16,497	0	1-Feb	2041
			28,760	422,979	236,906	659,885			

Payments based on TMV of \$1,820,000 and 90% TIF to Company.



PURCHASE AND DEVELOPMENT AGREEMENT

BY AND BETWEEN

THE CITY OF CLOQUET, MINNESOTA

AND

14TH III, LLC

This document drafted by:

BRIGGS AND MORGAN (MLI)
Professional Association
2200 IDS Center, 80 South 8th Street
Minneapolis, Minnesota 55402

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DEVELOPMENT AGREEMENT

THIS AGREEMENT, made as of the ____ day of _____, 2019, by and between the City of Cloquet, Minnesota (the "City"), a municipal corporation existing under the laws of the State of Minnesota and 14th III, LLC, a Minnesota limited liability company (the "Developer"),

WITNESSETH:

WHEREAS, pursuant to Minnesota Statutes, Section 469.124 to 469.133, the City has heretofore established Municipal Development District No. 2 (the "Development District") and has adopted a development program therefor (the "Development Program"); and

WHEREAS, pursuant to the provisions of Minnesota Statutes, Section 469.174 through 469.1794, as amended (hereinafter, the "Tax Increment Act"), the City has heretofore established, within the Development District, Tax Increment Financing District No. 2-2 (the "Tax Increment District") and has adopted a tax increment financing plan therefor (the "Tax Increment Plan") which provides for the use of tax increment financing in connection with certain development within the Development District; and

WHEREAS, in order to achieve the objectives of the Development Program and particularly to make the land in the Development District available for development by private enterprise in conformance with the Development Program, the City has determined to assist the Developer with the financing of certain costs of a Project (as hereinafter defined) to be constructed within the Tax Increment District as more particularly set forth in this Agreement; and

WHEREAS, the City believes that the development and construction of the Project, and fulfillment of this Agreement are vital and are in the best interests of the City, the health, safety, morals and welfare of residents of the City, and in accordance with the public purpose and provisions of the applicable state and local laws and requirements under which the Project has been undertaken and is being assisted; and

WHEREAS, the requirements of the Business Subsidy Law, Minnesota Statutes, Section 116J.993 through 116J.995, do not apply to this Agreement pursuant to an exemption for housing.

NOW, THEREFORE, in consideration of the premises and the mutual obligations of the parties hereto, each of them does hereby covenant and agree with the other as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Definitions. All capitalized terms used and not otherwise defined herein shall have the following meanings unless a different meaning clearly appears from the context:

Agreement means this Agreement, as the same may be from time to time modified, amended or supplemented;

Business Day means any day except a Saturday, Sunday or a legal holiday or a day on which banking institutions in the City are authorized by law or executive order to close;

City means the City of Cloquet, Minnesota;

Compliance Certificate means the Compliance Certificate in substantially the form attached hereto as Exhibit D;

County means Carlton County, Minnesota;

Deed means the deed in the form of Exhibit E attached hereto;

Developer means 14th III, LLC, its successors and assigns;

Development District means Municipal Development District No. 2, including the real property described in the Development Program;

Development Program means the development program adopted by the City in connection with the Development District;

Development Property means the real property described in Exhibit A attached to this Agreement;

Event of Default means any of the events described in Section 5.1 hereof;

Legal and Administrative Expenses means the reasonable fees and expenses incurred by the City in connection with the adoption and administration of the Tax Increment Financing Plan, the preparation of this Agreement and the issuance of the TIF Note;

Note Payment Date means August 1, 2021, and each February 1 and August 1 of each year thereafter to and including February 1, 2041; provided, that if any such Note Payment Date should not be a Business Day, the Note Payment Date shall be the next succeeding Business Day;

Permitted Encumbrances means the provisions of the Deed and this Agreement: reservations of minerals or mineral rights to the State of Minnesota; public utility, roadway and other easements which will not adversely affect the Development Property and use thereof pursuant to the Developer's construction plans; building laws, regulations and ordinances

consistent with the improvements on the Development Property; restrictions, covenants and easements of record that do not materially adversely affect the Development Property and use of the improvements thereon; and exceptions to title to the Development Property which are not objected to by the Developer upon examination of the title evidence to be delivered to the Developer pursuant to Section 3.2 of this Agreement.

Prime Rate means the rate of interest from time to time publicly announced by U.S. Bank National Association in St. Paul, Minnesota, as its "reference rate" or any successor rate, which rate shall change as and when that prime rate or successor rate changes;

Project means the construction of a 36-unit multifamily rental housing facility, with 20 garages, by the Developer on the Development Property;

Site Improvements means the site improvements undertaken or to be undertaken on the Development Property, more particularly described on Exhibit C attached hereto;

State means the State of Minnesota;

Tax Increments means 90% of the tax increments derived from the Development Property which have been received and retained by the City in accordance with the provisions of Minnesota Statutes, Section 469.177;

Tax Increment Act means Minnesota Statutes, Sections 469.174 through 469.1794, as amended;

Tax Increment District means Tax Increment Financing District No. 2-2 located within the Development District, a description of which is set forth in the Tax Increment Financing Plan, which was qualified as a housing district under the Tax Increment Act;

Tax Increment Financing Plan means the tax increment financing plan approved for the Tax Increment District by the City Council;

Termination Date means the earlier of (i) February 1, 2041, (ii) the date the TIF Note is paid in full, (iii) the date on which the Tax Increment District expires or is otherwise terminated, or (iv) the date this Agreement is terminated or rescinded in accordance with its terms;

TIF Note means the Tax Increment Revenue Note (14th III, LLC) to be executed by the City and delivered to the Developer pursuant to Article IV hereof, a copy of which is attached hereto as Exhibit B.

Unavoidable Delays means delays, outside the control of the party claiming its occurrence, which are the direct result of strikes, other labor troubles, unusually severe or prolonged bad weather, acts of God, fire or other casualty to the Project, litigation commenced by third parties which, by injunction or other similar judicial action or by the exercise of reasonable discretion, directly results in delays, or acts of any federal, state or local governmental unit (other than the City) which directly result in delays.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1 Representations and Warranties of the City. The City makes the following representations and warranties:

(1) The City is a municipal corporation and has the power to enter into this Agreement and carry out its obligations hereunder.

(2) The development contemplated by this Agreement is in conformance with the development objectives set forth in the Development Program.

(3) To finance certain costs within the Tax Increment District, the City proposes, subject to the further provisions of this Agreement, to apply Tax Increments to reimburse the Developer for the acquisition of the Development Property and a portion of the costs of the construction of Site Improvements incurred in connection with the Project as further provided in this Agreement.

(4) The City makes no representation or warranty, either expressed or implied, as to the Development Property or its condition or the soil conditions thereon, or that the Development Property shall be suitable for the Developer's purposes or needs.

Section 2.2 Representations and Warranties of the Developer. The Developer makes the following representations and warranties:

(1) The Developer is a Minnesota limited liability company and has the power and authority to enter into this Agreement and to perform its obligations hereunder and doing so will not violate its articles of organization, member control agreement or operating agreement, or the laws of the State and by proper action has authorized the execution and delivery of this Agreement.

(2) The Developer shall cause the Project to be constructed in accordance with the terms of this Agreement, the Development Program, and all applicable local, state and federal laws and regulations (including, but not limited to, environmental, zoning, energy conservation, building code and public health laws and regulations), except for variances necessary to construct and operate the Project approved by the City and other applicable authorities.

(3) The construction of the Project would not be undertaken by the Developer, and in the opinion of the Developer would not have been or be economically feasible within the reasonably foreseeable future, without the assistance and benefit to the Developer provided for in this Agreement.

(4) The Developer will use its best efforts to obtain, or cause to be obtained, in a timely manner, all required permits, licenses and approvals, and will meet, in a timely manner, all requirements of all applicable local, state, and federal laws and regulations which must be obtained or met before the balance of the Project may be lawfully constructed.

(5) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of, the terms, conditions or provision of any contractual restriction, evidence of indebtedness, agreement or instrument of whatever nature to which the Developer is now a party or by which it is bound, or constitutes a default under any of the foregoing.

(6) The Developer will cooperate fully with the City with respect to any litigation commenced by third parties with respect to the activities contemplated by this Agreement or with respect to the Project.

(7) The Developer will cooperate fully with the City in resolution of any traffic, parking, trash removal or public safety problems which may arise in connection with the construction and operation of the Project.

(8) The construction of the Project shall commence no later than thirty days after purchase of the Development Property by the Developer and barring Unavoidable Delays, the Project will be substantially completed by December 1, 2019.

(9) The Developer acknowledges that Tax Increment projections contained in the Tax Increment Financing Plan are estimates only and the Developer acknowledges that it shall place no reliance on the amount of projected Tax Increments and the sufficiency of such Tax Increments to reimburse the Developer for a portion of the costs of the acquisition of the Development Property and the construction of the Site Improvements as provided in Article IV.

(10) The Developer will not seek a reduction in the market value as determined by the County Assessor of the Project or other facilities that it constructs on the Development Property, pursuant to the provisions of this Agreement, for so long as the TIF Note remains outstanding.

ARTICLE III

CONVEYANCE OF PROPERTY

Section 3.1 Status of Property. The Development Property is owned by the City.

Section 3.2 Title and Survey.

(1) Within a reasonable time after the date hereof, the City will furnish to the Developer a commitment for the issuance of an owner's policy of title insurance for the Development Property naming the Developer as the proposed insured party. The Developer shall be allowed twenty (20) days after its receipt of such commitment for examination of said title and the making of any objections thereto, said objections to be made in writing or deemed to be waived. The Developer may not object to Permitted Encumbrances. If any objections are so made, the City shall be allowed ninety (90) days from notice thereof to cure the title defect or exception, either by the removal thereof or by the procurement of title insurance endorsements satisfactory to the Developer providing coverage against loss or damage as a result of such defect or exception. If the City does not cure such title defect or exception to the Developer's satisfaction within said ninety (90) days, the Developer may, at its option, either (i) terminate this Agreement upon written notice to the City upon which this Agreement shall be null and void and the Developer and the City shall execute an instrument in recordable form canceling this Agreement as it relates to the Parcel; or (ii) waive the title defect or exception, proceed with the closing on the purchase of the Development Property, and withhold from the purchase price an amount determined by the title company issuing the title insurance commitment as necessary to cure such title defect or exception. The cost of obtaining the title insurance commitment and of the title insurance premium shall be paid by the Developer.

(2) The Developer shall secure a survey of the Development Property acceptable to the City showing and containing a legal description of the Development Property. Such survey shall be obtained and furnished to the City. Such legal description is attached hereto, as Exhibit A.

Section 3.3 Closing.

(1) Closing on the conveyance of the Development Property to the Developer shall occur on such date as the City and Developer agree after all of the conditions precedent contained in Section 3.4 have been satisfied or waived, and no later than July 1, 2019.

(2) At the closing on the conveyance of the Development Property the City shall deliver to the Developer: (i) a Deed substantially in the form of the Deed, attached hereto as Exhibit E, duly executed and acknowledged conveying to the Developer marketable title to the Development Property subject only to Permitted Encumbrances; (ii) the ALTA Owner's title insurance policy described in Section 3.2; and (iii) a Seller's Affidavit, in customary form, relative to judgments, federal tax liens, mechanic's liens and outstanding interests in the Development Property.

(3) The Developer shall be responsible for the payment of the purchase price in the amount of Fifty-Four Thousand Dollars (\$54,000), and of all closing costs associated with the

conveyance of the Development Property, including, but not limited to, State deed tax, the cost of obtaining a title insurance commitment and the title insurance policy, and closing costs.

Section 3.4 Conditions Precedent to Conveyance of the Development Property. The City's obligation to sell and the Developer's obligation to purchase the Development Property shall be subject to satisfaction of the following conditions precedent:

(1) The Developer having secured financing or provided to the City evidence satisfactory to the City of its ability to secure financing sufficient for the acquisition of the Development Property and the construction of the Project.

(2) The Developer having reviewed and approved, or waived any objections to, title to the Development Property pursuant to Section 3.2 of this Agreement.

(3) The Developer having secured the City's approval of the Construction Plans and all other governmental approvals necessary to permit the construction and operation of the Project.

If all of the conditions precedent to the conveyance of the Development Property have not been satisfied by July 1, 2019, the City shall have the right to terminate this Agreement by giving written notice of termination to the Developer, upon which this Agreement shall terminate and the City and Developer shall execute an instrument in recordable form evidencing such termination.

ARTICLE IV

UNDERTAKINGS BY DEVELOPER AND CITY

Section 4.1 Development Property, Site Improvements; and Legal and Administrative Expenses.

(1) The parties agree that the acquisition of the Development Property and the installation of the Site Improvements are essential to the successful completion of the Project. The costs of the Site Improvements shall be paid by the Developer. The City shall reimburse the Developer for the lesser of (a) \$394,219, or (b) the actual costs of acquisition of the Development Property and the Site Improvements actually incurred and paid by the Developer (the "Reimbursement Amount") as further provided in Section 4.2.

(2) The Developer shall pay all Legal and Administrative Expenses in excess of the initial deposit of \$10,000 paid to the City by the Developer.

Section 4.2 Reimbursement: TIF Note. The City shall reimburse the payments made by the Developer under Section 4.1 for costs of acquisition of the Development Property and the construction of the Site Improvements through the issuance of the City's TIF Note in substantially the form attached to this Agreement as Exhibit B, subject to the following conditions:

(1) The TIF Note shall be dated, issued and delivered when the Developer shall have demonstrated in writing to the reasonable satisfaction of the City that the construction of the Project has been completed and that the Developer has incurred and paid all costs of acquisition of the Development Property and the construction of Site Improvements, as described in and limited by Section 4.1 and shall have submitted paid invoices for the costs of construction of the Site Improvements in an amount not less than the Reimbursement Amount.

(2) The unpaid principal amount of the TIF Note shall bear simple, non-compounding interest from the date of issuance of the TIF Note, at 4.75% per annum. Interest shall be computed on the basis of a 360 day year consisting of twelve (12) 30-day months. The principal amount of the TIF Note and the interest thereon shall be payable solely from the Tax Increments.

(3) The payment dates of the TIF Note shall be the Note Payment Dates. On each Note Payment Date and subject to the provisions of the TIF Note, the City shall pay, against the principal and interest outstanding on the TIF Note, the Tax Increments received by the City during the preceding six months. All such payments shall be applied first to accrued interest and then to reduce the principal of the TIF Note.

(4) The TIF Note shall be a special and limited obligation of the City and not a general obligation of the City, and only Tax Increments shall be used to pay the principal of and interest on the TIF Note. If, on any Note Payment Date, the Tax Increments for the payment of the accrued and unpaid interest on the TIF Note are insufficient for such purposes, the difference shall be carried forward, without interest accruing thereon, and shall be paid if and to the extent that on a future Note Payment Date there are Tax Increments in excess of the amounts needed to pay the accrued interest then due on the TIF Note.

(5) The City's obligation to make payments on the TIF Note on any Note Payment Date or any date thereafter shall be conditioned upon the requirement that there shall not at that time be an Event of Default that has occurred and is continuing under this Agreement.

(6) The TIF Note shall be governed by and payable pursuant to the additional terms thereof, as set forth in Exhibit B. In the event of any conflict between the terms of the TIF Note and the terms of this Section 4.2, the terms of the TIF Note shall govern. The issuance of the TIF Note pursuant and subject to the terms of this Agreement, and the taking by the City of such additional actions as bond counsel for the TIF Note may require in connection therewith, are hereby authorized and approved by the City.

Section 4.3 Compliance with Low and Moderate Income Requirements.

(1) The City and the Developer understand and agree that the Tax Increment District will constitute a "housing district" under Section 469.174, Subd. 11 of the Tax Increment Act. Accordingly, in compliance with Section 469.1761, Subd. 3 of the Tax Increment Act, the Developer agrees that the Project must satisfy, or be treated as satisfying, the income requirements for a qualified residential rental project as defined in Section 142(d) of the Internal Revenue Code. The parties further agree that no more than 20% of the square footage of the Project may consist of commercial, retail, or other nonresidential uses. The Developer must meet the above requirements as follows:

(A) At least 20% of the residential units in the Project must be occupied or available for occupancy by persons whose incomes do not exceed 50% of the County median income; and

(B) The limits described in clause (A) must be satisfied through the Termination Date. Income for occupants of units described in clause (A) shall be adjusted for family size in accordance with Section 142(d) of the Internal Revenue Code and related regulations.

(2) On or before each January 1 and July 1 of each year, commencing on July 1, 2021, the Developer or an agent of the Developer must deliver or cause to be delivered to the City a Compliance Certificate executed by the Developer covering the preceding six months together with written evidence satisfactory to the City of compliance with the covenants in this Section. This evidence must include a statement of the household income of each qualifying renter, a written determination that each qualifying renter's household income falls within the qualifying limits of this Section (and Section 142(d) of the Internal Revenue Code), and certification that the income documentation is correct and accurate (and that the determination of qualification was made in compliance with Section 142(d) of the Internal Revenue Code). The City may review, upon request, all documentation supporting the Developer submissions and statements. In determining compliance with this Section, the Developer must use the County median incomes for the year in which the payment is due on the TIF Note, as promulgated by the Minnesota Housing Finance Agency based on the area median incomes established by the United States Department of Housing and Urban Development.

Section 4.4 City Review of Developer's Costs. The City's determination to issue the TIF Note to the Developer is based on the Developer's representations regarding its costs of constructing the Project. Based on those representations the City has determined that reimbursement of the Developer through the issuance of the TIF Note for its costs of the Project is necessary to assist in making the construction and ownership of the Project financially feasible. Attached to this Agreement as Exhibit F is a financial pro forma for the Project provided to the City by the Developer setting forth the Developer's anticipated costs associated with the acquisition of the Development Property and construction of the Project. Within thirty (30) days after the Developer's completion of construction of the Project and payment of all costs associated with such construction, the Developer shall furnish to the City an updated pro forma showing the Developer's actual costs incurred in connection with the construction of the Project, together with such supporting documentation as the City may require. If such updated pro forma shows that the Developer's total costs of acquiring the Development Property and constructing the Project is less than the amount shown on the pro forma attached hereto for the Project, the principal amount of the TIF Note shall be reduced by \$0.50 for each \$1.00 that the Developer's actual costs are less than the amount estimated as shown on the attached pro forma.

ARTICLE V

EVENTS OF DEFAULT

Section 5.1 Events of Default Defined. The following shall be "Events of Default" under this Agreement and the term "Event of Default" shall mean whenever it is used in this Agreement any one or more of the following events:

(1) Failure by the Developer to timely pay any ad valorem real property taxes assessed, special assessments or other applicable City charges with respect to the Development Property when due and payable.

(2) Failure by the Developer to cause the construction of the Project to be completed pursuant to the terms, conditions and limitations of this Agreement.

(3) Failure of the Developer to observe or perform any other covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement.

(4) The holder of any mortgage on the Development Property or any improvements thereon, or any portion thereof, commences foreclosure proceedings as a result of any default under the applicable mortgage documents.

(5) If the Developer shall:

(A) file any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act of 1978, as amended or under any similar federal or state law; or

(B) make an assignment for the benefit of its creditors; or

(C) admit in writing its inability to pay its debts generally as they become due; or

(D) be adjudicated as bankrupt or insolvent; or if a petition or answer proposing the adjudication of the Developer as bankrupt or its reorganization under any present or future federal bankruptcy act or any similar federal or state law shall be filed in any court and such petition or answer shall not be discharged or denied within sixty (60) days after the filing thereof; or a receiver, trustee or liquidator of the Developer, or of the Project, or part thereof, shall be appointed in any proceeding brought against the Developer, and shall not be discharged within sixty (60) days after such appointment, or if the Developer, shall consent to or acquiesce in such appointment.

Section 5.2 Remedies on Default. Whenever any Event of Default referred to in Section 5.1 occurs and is continuing, the City, as specified below, may take any one or more of the following actions after the giving of thirty (30) days' written notice to the Developer, but only if the Event of Default has not been cured within said thirty (30) days:

(1) The City may suspend its performance under this Agreement and the TIF Note until it receives assurances from the Developer, deemed adequate by the City, that the Developer will cure its default and continue its performance under this Agreement.

(2) The City may cancel and rescind the Agreement and the TIF Note.

(3) The City may take any action, including legal or administrative action, in law or equity, which may appear necessary or desirable to enforce performance and observance of any obligation, agreement, or covenant of the Developer under this Agreement.

If the City defaults, the Developer may seek specific performance of the City's obligations hereunder and pursuant to the TIF Note.

Section 5.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 5.4 No Implied Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 5.5 Agreement to Pay Attorney's Fees and Expenses. Whenever any Event of Default occurs and the City shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement or performance or observance of any obligation or agreement on the part of the Developer herein contained, the Developer agrees that it shall, on demand therefor, pay to the City the reasonable fees of such attorneys and such other expenses so incurred by the City.

Section 5.6 Indemnification of City.

(1) The Developer releases from and covenants and agrees that the City, its governing body members, officers, agents, including the independent contractors, consultants and legal counsel, servants and employees thereof (hereinafter, for purposes of this Section, collectively the "Indemnified Parties") shall not be liable for and agrees to indemnify and hold harmless the Indemnified Parties against any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Project, provided that the foregoing indemnification shall not be effective for any actions of the Indemnified Parties that are not contemplated by this Agreement.

(2) Except for any willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties, the Developer agrees to protect and defend the Indemnified Parties, now and forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever arising or purportedly

arising from the actions or inactions of the Developer (or other persons acting on its behalf or under its direction or control) under this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, and operation of the Project; provided, that this indemnification shall not apply to the warranties made or obligations undertaken by the City in this Agreement or to any actions undertaken by the City which are not contemplated by this Agreement but shall, in any event and without regard to any fault on the part of the City, apply to any pecuniary loss or penalty (including interest thereon from the date the loss is incurred or penalty is paid by the City at a rate equal to the Prime Rate) as a result of the Developer operating the Project so that the Tax Increment District does not qualify or ceases to qualify as a "housing district" under Section 469.174, Subdivision 11, of the Act or to violate limitations as to the use of Tax Increments as set forth in Section 469.176, Subdivision 4d.

(3) All covenants, stipulations, promises, agreements and obligations of the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the City and not of any governing body member, officer, agent, servant or employee of the City.

ARTICLE VI

DEVELOPER'S OPTION TO TERMINATE AGREEMENT

Section 6.1 The Developer's Option to Terminate. This Agreement may be terminated by Developer, if (i) the Developer is in compliance with all material terms of this Agreement and no Event of Default has occurred; and (ii) the City fails to comply with any material term of this Agreement, and, after written notice by the Developer of such failure, the City has failed to cure such noncompliance within ninety (90) days of receipt of such notice, or, if such noncompliance cannot reasonably be cured by the City within ninety (90) days, of receipt of such notice, the City has not provided assurances, reasonably satisfactory to the Developer, that such noncompliance will be cured as soon as reasonably possible.

Section 6.2 Effect of Termination. If this Agreement is terminated pursuant to this Article VI, this Agreement shall be from such date forward null and void and of no further effect; provided, however, the termination of this Agreement shall not affect the rights of either party to institute any action, claim or demand for damages suffered as a result of breach or default of the terms of this Agreement by the other party, or to recover amounts which had accrued and become due and payable as of the date of such termination. Upon termination of this Agreement pursuant to this Article VI, the Developer shall be free to proceed with the Project at its own expense and without regard to the provisions of this Agreement; provided, however, that the City shall have no further obligations to the Developer with respect to reimbursement of the expenses set forth in Section 4.2, or to make any further payments on the TIF Note.

ARTICLE VII

ADDITIONAL PROVISIONS

Section 7.1 Restrictions on Use. The Developer agrees for itself, its successors and assigns and every successor in interest to the Development Property, or any part thereof, that during the term of this Agreement the Developer and such successors and assigns shall operate, or cause to be operated, the Project as a housing facility, and shall devote the Development Property to, and in accordance with, the uses specified in this Agreement.

Section 7.2 Conflicts of Interest. No member of the governing body or other official of the City shall have any financial interest, direct or indirect, in this Agreement, the Development Property or the Project, or any contract, agreement or other transaction contemplated to occur or be undertaken thereunder or with respect thereto, nor shall any such member of the governing body or other official participate in any decision relating to the Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested. No member, official or employee of the City shall be personally liable to the City in the event of any default or breach by the Developer or successor or on any obligations under the terms of this Agreement.

Section 7.3 Titles of Articles and Sections. Any titles of the several parts, articles and sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 7.4 Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under this Agreement by any party to any other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, and

- (1) in the case of the Developer is addressed to or delivered personally to:

14th III, LLC
C/O: Blackhoof Development LLC
Attention: David Chmielewski, President
2020 14th Street, Suite C
Cloquet, MN 55720

with a copy to:

Butler Law
Attention: Kenneth Butler
11 East Superior Street, Suite 555
Duluth, MN 55802

(2) in the case of the City is addressed to or delivered personally to the City at:

City of Cloquet, Minnesota
Attention: City Administrator
Cloquet City Hall
1307 Cloquet Avenue
Cloquet, MN 55720

with a copy to:

Briggs and Morgan, P.A.
Attention: Mary Ippel
2200 IDS Center
80 South 8th Street
Minneapolis, MN 55402

or at such other address with respect to any such party as that party may, from time to time, designate in writing and forward to the other, as provided in this Section.

Section 7.5 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 7.6 Law Governing. This Agreement will be governed and construed in accordance with the laws of the State.

Section 7.7 Expiration. This Agreement shall expire on February 1, 2041.

Section 7.8 Provisions Surviving Rescission or Expiration. Sections 5.5 and 5.6 shall survive any rescission, termination or expiration of this Agreement with respect to or arising out of any event, occurrence or circumstance existing prior to the date thereof.

Section 7.9 Assignment. The Developer shall not assign its interest in this Agreement or the TIF Note without the consent of the City pursuant to action by the City Council, which consent shall not be unreasonably withheld.

IN WITNESS WHEREOF, the City has caused this Agreement to be duly executed in its name and on its behalf and its seal to be hereunto duly affixed, and the Developer has caused this Agreement to be duly executed on its behalf, on or as of the date first above written.

CITY OF CLOQUET, MINNESOTA

By _____
Its Mayor

By _____
Its City Administrator

This is a signature page to the Development Agreement by and between the City of Cloquet and 14th III, LLC.

14TH III, LLC

By _____
David Chmielewski
Its President

This is a signature page to the Development Agreement by and between the City of Cloquet and
14th III, LLC.

EXHIBIT A

DESCRIPTION OF DEVELOPMENT PROPERTY

Legal Description [verify legal description]

Unit 3, Second Amendment To Common Interest Community Number 5 14th Street Apartments Planned Community.

That part of the Northwest Quarter of the Northwest Quarter of Section 36, Township 49 North, Range 17 west of the Fourth Principal Meridian, described as follows:

Commencing at the northwest corner of said Section 36; thence on an assumed bearing of South 00 degrees 01 minutes 27 seconds West, along the west line of said Section 36, a distance of 615.00 feet; thence South 89 degrees 58 minutes 33 seconds East a distance of 321.00 feet to the actual point of beginning of the tract of land herein described; thence North 57 degrees 57 minutes 02 seconds East a distance of 243.74 feet to the southerly line of the right-of-way easement recorded in Document No. A-000419942; thence southeasterly a distance of 39.18 feet, along last said southerly line and along a non-tangential curve concave to the southwest, having a radius of 200.00 feet, a central angle of 11 degrees 13 minutes 25 seconds and a chord bearing of South 19 degrees 17 minutes 31 seconds East; thence South 13 degrees 40 minutes 49 seconds East, along last said southerly line and non-tangent to last described curve, a distance of 58.89 feet; thence southeasterly a distance of 48.99 feet, along last said southerly line and along a tangential curve concave to the west, having a radius of 200.00 feet and a central angle of 14 degrees 02 minutes 08 seconds; thence South 00 degrees 21 minutes 20 seconds West a distance of 143.82 feet to the north line of the recorded plat of PINE GROVE TERRACE; thence North 89 degrees 36 minutes 50 seconds West, along last said north line, a distance of 238.30 feet to the intersection with a line bearing South 00 degrees 01 minutes 27 seconds West from the point of beginning; thence North 00 degrees 01 minutes 27 seconds East a distance of 155.55 feet to the point of beginning.

Subject to and together with any pertinent easements contained in Document Number A-000419942.

EXHIBIT B

FORM OF TIF NOTE

No. R-1

\$ _____

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF CARLTON
CITY OF CLOQUET

TAX INCREMENT REVENUE NOTE
(14th III, LLC)

The City of Cloquet, Minnesota (the "City"), hereby acknowledges itself to be indebted and, for value received, hereby promises to pay the amounts hereinafter described (the "Payment Amounts") to 14th III, LLC, or its registered assigns (the "Registered Owner"), but only in the manner, at the times, from the sources of revenue, and to the extent hereinafter provided.

The principal amount of this Note shall equal from time to time the principal amount stated above, as reduced to the extent that such principal installments shall have been paid in whole or in part pursuant to the terms hereof; provided that the sum of the principal amount listed above shall in no event exceed \$394,219 as provided in that certain Development Agreement, dated as of _____, 2019, as the same may be amended from time to time (the "Development Agreement"), by and between the City and 14th III, LLC. The unpaid principal amount hereof shall bear interest from the date of this Note at the simple, non-compounding interest at a rate of four and zero hundredths percent (4.75%) per annum. Interest shall be computed on the basis of a 360 day year consisting of twelve (12) 30-day months.

The amounts due under this Note shall be payable on August 1, 2021, and on each August 1 and February 1 thereafter to and including February 1, 2041, or, if the first should not be a Business Day (as defined in the Development Agreement) the next succeeding Business Day (the "Payment Dates"). On each Payment Date the City shall pay by check or draft mailed to the person that was the Registered Owner of this Note at the close of the last business day of the City preceding such Payment Date an amount equal to the Tax Increments (hereinafter defined) received by the City during the six month period preceding such Payment Date. All payments made by the Authority under this Note shall first be applied to accrued interest and then to principal. This Note is prepayable by the City, in whole or in part, on any date.

The Payment Amounts due hereon shall be payable solely from 90% of the tax increments (the "Tax Increments") from the Development Property (as defined in the Development Agreement) within the City's Tax Increment Financing District Tax Increment Financing District No. 2-2 (the "Tax Increment District") within its Municipal Development District No. 2 which are paid to the City and which the City is entitled to retain pursuant to the provisions of Minnesota Statutes, Sections 469.174 through 469.1794, as the same may be amended or supplemented from time to time (the "Tax Increment Act"). This Note shall terminate and be of no further force and effect following the termination of the Tax Increment

District, on any date upon which the City shall have terminated the Development Agreement under Section 5.2(2) thereof or the Developer shall have terminated the Development Agreement under Article VI thereof, or on the date that all principal and interest payable hereunder shall have been paid in full, whichever occurs earliest.

The Tax Increment District includes properties other than the Development Property and Carlton County remits Tax Increment to the City on the basis of the captured tax capacity of the entire Tax Increment District. For purposes of this Tax Increment Revenue Note, the City will determine Tax Increment generated from the Development Property and improvements thereon in its sole discretion.

The City makes no representation or covenant, expressed or implied, that the Tax Increments will be sufficient to pay, in whole or in part, the amounts which are or may become due and payable hereunder.

The City's payment obligations hereunder shall be further conditioned on the fact that no Event of Default under the Development Agreement shall have occurred and be continuing at the time payment is otherwise due hereunder, but such unpaid amounts shall become payable, without interest accruing thereon in the meantime, if said Event of Default shall thereafter have been cured; and, further, if pursuant to the occurrence of an Event of Default under the Development Agreement the City elects to cancel and rescind the Development Agreement, the City shall have no further debt or obligation under this Note whatsoever. Reference is hereby made to all of the provisions of the Development Agreement, including without limitation Section 4.2 thereof, for a fuller statement of the rights and obligations of the City to pay the principal of this Note, and said provisions are hereby incorporated into this Note as though set out in full herein.

This Note is a special, limited revenue obligation and is payable by the City only from the sources and subject to the qualifications stated or referenced herein. This Note is not a general obligation of the City of Cloquet, Minnesota, and neither the full faith and credit nor the taxing powers of the City are pledged to the payment of the principal of this Note and no property or other asset of the City, save and except the above-referenced Tax Increments, is or shall be a source of payment of the City's obligations hereunder.

This Note is issued by the City in aid of financing a project pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including the Tax Increment Act.

This Note may be assigned only with the consent of the City. In order to assign the Note, the assignee shall surrender the same to the City either in exchange for a new fully registered note or for transfer of this Note on the registration records for the Note maintained by the City. Each permitted assignee shall take this Note subject to the foregoing conditions and subject to all provisions stated or referenced herein.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to be done, to have happened, and to be performed precedent to and in the issuance of this Note have been done, have

happened, and have been performed in regular and due form, time, and manner as required by law; and that this Note, together with all other indebtedness of the City outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the City to exceed any constitutional, statutory or charter limitation thereon.

IN WITNESS WHEREOF, City of Cloquet, Minnesota, by its City Council, has caused this Note to be executed by the manual signatures of its Mayor and City Administrator and has caused this Note to be issued on and dated _____, 20__.

City Administrator

Mayor

DO NOT EXECUTE UNTIL PAID INVOICES FOR LAND ACQUISITION AND SITE IMPROVEMENTS ARE GIVEN TO THE CITY - REFER TO SECTIONS 4.1 and 4.2.

CERTIFICATION OF REGISTRATION

It is hereby certified that the foregoing Note, as originally issued on _____, 20__, was on said date registered in the name of 14th III, LLC, and that, at the request of the Registered Owner of this Note, the undersigned has this day registered the Note in the name of such Registered Owner, as indicated in the registration blank below, on the books kept by the undersigned for such purposes.

<u>NAME AND ADDRESS OF REGISTERED OWNERS</u>	<u>DATE OF REGISTRATION</u>	<u>SIGNATURE OF CITY ADMINISTRATOR</u>
14th III, LLC C/O: Blackhoof Development LLC Attention: David Chmielewski, President 2020 14 th Street, Suite C Cloquet, MN 55720	_____, 20__	_____
_____	_____	_____
_____	_____, 20__	_____
_____	_____	_____
_____	_____	_____
_____	_____, 20__	_____
_____	_____	_____
_____	_____	_____

EXHIBIT C

SITE IMPROVEMENTS

Landscaping, including irrigation

Foundations and Footings

Grading/earthwork

Engineering

Survey

Environmental Testing

Soil Borings

Site Preparation

Onsite Utilities

Storm Water/Ponding

Outdoor Lighting

Onsite Road, Curb, Gutter, Driveway, Sidewalk and Streetscape Improvements

Parking

EXHIBIT D

COMPLIANCE CERTIFICATE

The undersigned 14th III, LLC, does hereby certify that as of the date of this Certificate not less than 20% of the residential units in the multifamily rental housing facility located at 2030 14th Street in Cloquet, Minnesota, and the subject project of that certain Purchase and Development Agreement, dated _____, 2019, by and between the City of Cloquet and 14th III, LLC, are occupied by individuals whose income is 50% or less of the Carlton County median income.

Dated this ____ day of _____, 20__.

14TH III, LLC

By _____
Its _____

[Attach income verification required by Section 4.3]

EXHIBIT E

WARRANTY DEED

THIS INDENTURE, between the City of Cloquet, Minnesota, a statutory city organized and existing under the laws of the state of Minnesota (the "Grantor"), and 14th III, LLC, a Minnesota limited liability company (the "Grantee").

WITNESSETH, that Grantor, in consideration of the sum of Fifty-Four Thousand Dollars (\$54,000) and other good and valuable consideration, the receipt whereof is hereby acknowledged, does hereby convey and warrant to the Grantee, its successors and assigns forever, all the tract or parcel of land lying and being in the County of Carlton and State of Minnesota described as follows, to-wit (such tract or parcel of land is hereinafter referred to as the "Property"):

LEGAL DESCRIPTION [verify legal description]

Unit 3, Second Amendment To Common Interest Community Number 5 14th Street Apartments Planned Community.

That part of the Northwest Quarter of the Northwest Quarter of Section 36, Township 49 North, Range 17 west of the Fourth Principal Meridian, described as follows:

Commencing at the northwest corner of said Section 36; thence on an assumed bearing of South 00 degrees 01 minutes 27 seconds West, along the west line of said Section 36, a distance of 615.00 feet; thence South 89 degrees 58 minutes 33 seconds East a distance of 321.00 feet to the actual point of beginning of the tract of land herein described; thence North 57 degrees 57 minutes 02 seconds East a distance of 243.74 feet to the southerly line of the right-of-way easement recorded in Document No. A-000419942; thence southeasterly a distance of 39.18 feet, along last said southerly line and along a non-tangential curve concave to the southwest, having a radius of 200.00 feet, a central angle of 11 degrees 13 minutes 25 seconds and a chord bearing of South 19 degrees 17 minutes 31 seconds East; thence South 13 degrees 40 minutes 49 seconds East, along last said southerly line and non-tangent to last described curve, a distance of 58.89 feet; thence southeasterly a distance of 48.99 feet, along last said southerly line and along a tangential curve concave to the west, having a radius of 200.00 feet and a central angle of 14 degrees 02 minutes 08 seconds; thence South 00 degrees 21 minutes 20 seconds West a distance of 143.82 feet to the north line of the recorded plat of PINE GROVE TERRACE; thence North 89 degrees 36 minutes 50 seconds West, along last said north line, a distance of 238.30 feet to the intersection with a line bearing South 00 degrees 01 minutes 27 seconds West from the point of beginning; thence North 00 degrees 01 minutes 27 seconds East a distance of 155.55 feet to the point of beginning.

Subject to and together with any pertinent easements contained in Document Number A-000419942.

To have and to hold the same, together with all the hereditaments and appurtenances thereunto belonging in any way appertaining, to the said Grantee, its successors and assigns, forever, subject to the following exceptions:

(Insert any exceptions to title)

Provided:

SECTION 1.

It is understood and agreed that this Deed is subject to the covenants, conditions, restrictions and provisions of that certain Purchase and Development Agreement entered into between the Grantor and Grantee on the ____ day of _____, _____, as may be amended or modified in writing from time to time by Grantor and Grantee, (hereafter referred to as the "Agreement").

It is specifically agreed that the Grantee shall promptly begin and diligently prosecute to completion the redevelopment of the Property through the construction of the improvements thereon, as provided in the Agreement.

Promptly after completion of the improvements in accordance with the provisions of the Agreement and upon request by the Grantee, the Grantor will furnish the Grantee with an appropriate instrument ("Certificate of Completion") so certifying.

Such certification by the Grantor shall be (and it shall be so provided in the certification itself) a conclusive determination of satisfaction and termination of the agreements and covenants of the Agreement and of this Deed with respect to the obligation of the Grantee, and its successors and assigns, to construct the improvements and the dates for the beginning and completion thereof. Such certification and such determination shall not constitute evidence of compliance with or satisfaction of any obligation of the Grantee to any holder of a mortgage, or any insurer of a mortgage, securing money loaned to finance the purchase of the Property hereby conveyed or the improvements, or any part thereof.

SECTION 2.

In the event the Grantee herein shall, prior to the completion of the construction of the improvements required to be constructed pursuant to the Agreement as evidenced by the above referenced certificate, the Grantee shall fail to comply with any of its covenants under the Agreement and fail to cure any such noncompliance within the time for cure set forth in Section 5.2 of the Agreement, then the Grantor shall have the right to repurchase title to and possession of the Property for the same price that the Grantee paid to acquire the Property from Grantor and the Grantee shall be obligated to sell the Property to the Grantor for such price free and clear of all defects, encumbrances and other title matters other than those existing at the time of Grantor's conveyance of the Property to Grantee. Grantor's right to repurchase the Property under this Section shall be superior to any liens or encumbrances allowed to be placed on the Property by Grantee. Grantor's right to repurchase the Property shall terminate upon Grantor's delivery to Grantee of the certification referenced in Section 1 of this Deed.

EXHIBIT F
FINANCIAL PRO FORMA