

Council Chambers, Cloquet, Minnesota
7:00 P.M. January 21, 2020

Regular Meeting

Roll Call

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

Councilors Absent: None.

Pledge of Allegiance

AGENDA

MOTION: Councilor Swanson moved and Councilor Lamb seconded the motion to approve the January 21, 2020 agenda. The motion carried unanimously (7-0).

MINUTES

MOTION: Councilor Kolodge moved and Councilor Wilkinson seconded the motion to approve the Work Session and Regular Meeting minutes of January 7, 2020 as presented. The motion carried (7-0).

PUBLIC COMMENTS

There were none.

CONSENT AGENDA

MOTION: Councilor Wilkinson moved and Councilor Swanson seconded the motion to adopt the Consent Agenda of January 21, 2020, approving the necessary motions and resolutions. The motion carried unanimously (7-0).

- a. Resolution No. 20-04, Authorizing the Payment of Bills
- b. 2020 Budgeted Transfers
- c. Councilor Appointments to Various Boards, Commissions
- d. Resolution No. 20-06, Supporting Regional Park Designation Application for Pine Valley Park in Greater Minnesota
- e. 2020 Plow Blades Purchase
- f. Appointment to Library Board
- g. Temporary On Sale Liquor License – Queen of Peace School

PUBLIC HEARINGS

There were none.

PRESENTATIONS

There were none.

POLICE CHIEF HIRING PROCESS

MOTION: Councilor Lamb moved and Councilor Wilkinson seconded the motion to accept the proposal for the Chief of Police Recruitment Process and to hire Baker Tilly to provide the recruitment. The motion carried unanimously (7-0).

LIBRARY ADDITION CHANGE ORDERS NO. 1 & 2

MOTION: Councilor Kolodge moved and Councilor Swanson seconded the motion to approve change order No. 1 to the library addition project, city contract No. 1093, related to the redesign of the HVAC system and the elimination of some decorative features. This change order equals a net decrease of \$107,708.60 in the project cost. The motion carried unanimously (7-0).

MOTION: Councilor Swanson moved and councilor Lamb seconded the motion to approve change order No. 2 to the library addition project, city contract No. 1093, adding back into the contract the circulation desk, replacement of carpet and display cases. This change order equals a net increase of \$128,500 in the project cost. The motion carried unanimously (7-0).

ORDINANCE NO. 486A AMENDING CHAPTER 17 OF THE MUNICIPAL CODE

MOTION: Councilor Kolodge moved and Councilor Carlson seconded the motion to approve **ORDINANCE NO. 486A, AN ORDINANCE TO AMEND CHAPTER 17 OF THE MUNICIPAL CODE PERTAINING TO RESIDENTIAL USES IN THE HISTORIC COMMERCIAL DISTRICT.** The motion carried unanimously (7-0).

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

Section 1. Section 17.6.12, Historic Commercial District, Subd. 3 Conditional Uses is amended to read as follows:

- A. Residential Uses: Apartments, Multiple-family structures existing independently with a minimum side and rear setback of 3 feet. Apartments may be located in the rear of the ground floor of a commercial building provided no more than 50 percent of the ground floor is used for apartments and all the floors above may be used for apartments. The density of the site cannot exceed 20 units per acre.

Section 2. Effective Date. This ordinance shall take effect and be in force from and after its passage and publication in accordance with law.

APPROVING INTERFUND LOAN IN CONNECTION WITH TIF DISTRICT 3-1

MOTION: Councilor Lamb moved and Councilor Wilkinson seconded the motion to approve **RESOLUTION NO. 20-03, APPROVING THE TERMS OF UP TO \$43,938.20 INTERFUND LOAN IN CONNECTION WITH TAX INCREMENT FINANCING DISTRICT 3-1.** The motion carried unanimously (7-0).

Section 1. Background.

- (a) The City has heretofore established Tax Increment Financing District No. 3-1 (the "TIF District") within an existing development district of the City, and has adopted a tax increment financing plan for the TIF District (the "TIF Plan").
- (b) The City has determined to pay outstanding assessments in the amount of \$43,938.20 resulting from the costs identified in the TIF Plan (the "Qualified Costs") consisting of certain Public Improvements, as that term is defined in that certain Purchase and Development Agreement by and between the City and Woodward Enterprises, LLC (the "Developer"), dated August 1, 2010 (the "Development Agreement") incurred in connection with the development/redevelopment of land within the TIF District.
- (c) Under Minnesota Statutes, Section 469.178, Subd. 7, the City is authorized to advance or loan money from the City's general fund or any other fund from which such advances may be legally made, in order to finance the Qualified Costs.
- (d) The City intends to reimburse itself for the payment of the Qualified Costs, plus interest thereon, from tax increments derived from the TIF District in accordance with the terms of this resolution (which terms are referred to collectively as the "Interfund Loan").

Section 2. Terms of Interfund Loan.

- (a) The City hereby authorizes the advance of up to \$43,938.20 from the City's General Fund or so much thereof as may be paid as Qualified Costs. The City shall reimburse itself for such advances together with interest at the rate stated below. Interest accrues on the principal amount from the date of each advance. The maximum rate of interest permitted to be charged is limited to the greater of the rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 as of the date the loan or advance is authorized, unless the written agreement states that the maximum interest rate will fluctuate as the interest rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 are from time to time adjusted. The interest rate shall be 5% and will not fluctuate.
- (b) Principal and interest on the Interfund Loan shall be paid semi-annually on each February 1 and August 1 (each a "Payment Date") commencing with the Payment Date on which the City has Available Tax Increment (defined below), or on any other dates determined by the City Manager, through the last receipt of tax increment from the TIF District.
- (c) Payments on the Interfund Loan are payable solely from "Available Tax Increments" which shall mean, on each Payment Date, all of the tax increment available after other obligations have been paid, generated in the preceding six (6) months with respect to the property within the TIF District and remitted to the City by Carlton County, all in accordance with Minnesota Statutes, Sections 469.174 to 469.179, as amended. Payments on the Interfund Loan are subordinate to any outstanding or future bonds, notes or contracts secured in whole or in part with Available Tax Increment, and are on parity with any other outstanding or future interfund loans secured in whole or in part with Available Tax Increment.

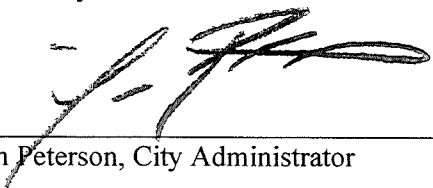
- (d) The principal sum and all accrued interest payable under the Interfund Loan are pre-payable in whole or in part at any time by the City without premium or penalty. No partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under this Interfund Loan.
- (e) The Interfund Loan is evidence of an internal borrowing by the City in accordance with Minnesota Statutes, Section 469.178, Subd. 7, and is a limited obligation payable solely from Available Tax Increment pledged to the payment hereof under this resolution. The Interfund Loan and the interest hereon shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the City. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of or interest on the Interfund Loan or other costs incident hereto except out of Available Tax Increment, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on the Interfund Loan or other costs incident hereto. The City shall have no obligation to pay any principal amount of the Interfund Loan or accrued interest thereon, which may remain unpaid after the final Payment Date.
- (f) The City may amend the terms of the Interfund Loan at any time by resolution of the City Council, including a determination to forgive the outstanding principal amount and accrued interest to the extent permissible under law.

Section 3. Contingency. The making of the Interfund Loan is contingent upon: (i) the closing of the sale and conveyance of the Property, as defined in the Development Agreement, to a governmental entity as purchaser; and (ii) that upon such closing, the City's receipt of the outstanding balance in the amount of \$222,967.94 pursuant to that certain Loan Agreement, by and between the City and the Developer, as evidenced by that certain Promissory Note given to the City by the Developer, and as secured by that certain Mortgage granted to the City by the Developer, and that certain Security Agreement between the City and the Developer, and as guaranteed by that certain Guarantee of Payment of Promissory Note by Timothy Woodward, in his individual capacity, all dated March 29, 2011.

COUNCIL COMMENTS, ANNOUNCEMENTS, AND UPDATES

Mr. Cottingham stated the census bureau is looking for temporary employees for the 2020 census.

Councilor Wilkinson gave a reminder of the upcoming Ward 3 Special Election on February 11th. The Ward 3 polling location is now the new city hall.



Tim Peterson, City Administrator