

Via Teleconference  
7:00 P.M. May 5, 2020

Regular Meeting

Roll Call

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

Councilors Absent: None

Pledge of Allegiance

### AGENDA

**MOTION:** Councilor Kolodge moved and Councilor Swanson seconded the motion to approve the May 5, 2020 agenda. The motion carried unanimously (7-0).

### MINUTES

**MOTION:** Councilor Carlson moved and Councilor Swanson seconded the motion to approve the Regular Meeting minutes of April 21, 2020 as presented. The motion carried (7-0).

### PUBLIC COMMENTS

There were none.

### CONSENT AGENDA

**MOTION:** Councilor Wilkinson and Councilor Carlson seconded the motion to adopt the Consent Agenda of May 5, 2020, approving the necessary motions and resolutions. The motion carried unanimously (7-0).

- a. Resolution No. 20-26, Authorizing the Payment of Bills and Payroll
- b. Approval of Transient Merchant License for Carlton County Farmers Market

### PUBLIC HEARINGS

City Administrator Peterson announced now is the time and place for the Public Hearing on the proposal to approve the issuance by the Duluth Economic Development Authority of revenue obligations.

**MOTION:** Councilor Kolodge motioned and Councilor Lamb seconded the motion to open the public hearing on the proposal to approve the issuance by the Duluth Economic Development authority of revenue obligations. The motion carried unanimously (7-0). The time is 7:08 p.m.

**MOTION:** After hearing no comments, Councilor Lamb moved and Councilor Carlson seconded the motion to close the public hearing. The motion carried unanimously (7-0). The time is 7:09 p.m.

**MOTION:** Councilor Swanson moved and Councilor Wilkinson seconded the motion to approve **RESOLUTION NO. 20-27, APPROVING A PROJECT BY ESSENTIA HEALTH AND CONSENTING TO THE ISSUANCE OF TAX-EXEMPT OBLIGATIONS BY THE DULUTH ECONOMIC DEVELOPMENT AUTHORITY.** The motion carried unanimously (7-0).

BE IT RESOLVED, by the City Council of the City of Cloquet, Carlton County, Minnesota, as follows:

Section 1. Definitions. The capitalized terms used in this resolution have the meanings assigned below:

Act: Minnesota Statutes, Sections 469.152 through 469.165, as amended.

Authorized Officers: the Mayor and Clerk of the City.

Bond Counsel: Fryberger, Buchanan, Smith & Frederick, P.A.

Bonds: DEDA's Health Facilities Revenue Bonds, Series 2020D (Essentia Health Obligated Group) to be issued in an amount not to exceed \$70,000,000.

City: the City of Cloquet, Carlton County, Minnesota.

City Portion of the Bonds: the portion of the Bonds issued to finance the City Project.

City Project: the portion of the Projects located in the City, described as: constructing and equipping an approximately 7,800-square foot, one-story outpatient clinic building to be located at 1413 Hwy. 33 S. in the City (not to exceed \$4,400,000).

Code: the Internal Revenue Code of 1986, as amended.

Corporation: Essentia Health.

Council: the City Council as the governing body of the City.

DEDA: the Duluth Economic Development Authority.

Host Municipalities: the Cities of Duluth, Park Rapids and Pine River.

Medical Campus: the area described as follows in Duluth, Minnesota: starting at the west side of Third Avenue East from its intersection with the south side of the alley above Superior Street, north to the north side of Fourth Street; then east to the intersection of the west side of Fourth Avenue East, then north to the north side of the alley above Fourth Street; then east to the east side of Fifth Avenue East; then south to the intersection of east side of Fifth Avenue East and the north side of the alley above Third Street; then east along the north side of the alley to the east side of Sixth Avenue East, then south to the north side of Second Street; then east approximately ½ block; then south to the north side of First Street; then east approximately ½ block to the east side of Seventh Avenue East, then south along the east side of Seventh Avenue East to Superior Street; then west along Superior Street to the east side of Fourth Avenue East; then north along the east side of Fourth Avenue East to the south side of the alley above Superior Street; then west to the west side of Third Avenue East as its intersection with the alley above Superior Street.

Projects: the City Project and financing or reimbursing all or a portion of the costs of constructing, renovating, remodeling, expanding, rehabilitating, acquiring and equipping certain health facilities owned by the Corporation and one or more of its affiliates, including (i) constructing and equipping an approximately 17,200-square foot, one-story outpatient clinic building to be located at 280 Barclay Ave. W., Pine River, MN (not to exceed \$6,500,000), (ii) renovating and equipping approximately 88,000-square feet of space within the Miller Hill Mall, 1600 Miller Trunk Hwy., Building C, Duluth, MN, to house a fitness and therapy center (not to exceed \$25,000,000), (iii) remodeling an existing approximately 102,000 square-foot structure located at 1600 Miller Trunk Hwy., Duluth, MN, at which ambulatory surgical services, outpatient clinical services and/or support services will be provided (not to exceed \$50,000,000), (iv) constructing and equipping an approximately 24,000-square foot, one-story outpatient clinic building to be located at 1103 First St. E., Park Rapids, MN (not to exceed \$8,000,000) and (v) routine capital expenditures located and to be located within the Corporation's Medical Campus (as defined below) (not to exceed \$10,000,000).

Qualified Services and Activities: health care services and health care related activities.

Section 2. Recitals. The Council makes the following recitals of fact:

- a. Representatives of the Corporation have represented to the City that:
  - i. the Corporation is a Minnesota nonprofit corporation and organization described in Section 501(c)(3) of the Code;
  - ii. each affiliate of the Corporation to be benefitted from the proceeds of the Bonds is an organization described in Section 501(c)(3) of the Code, or treated for federal tax purposes as an organization described in Section 501(c)(3) of the Code;
  - iii. the Corporation and its affiliates are engaged directly or through one or more of its affiliated organizations in providing Qualified Services and Activities;
  - iv. the Corporation desires to finance the costs of the Projects from the proceeds of the Bonds, including reimbursement of costs of the Projects paid or incurred by the Corporation or its affiliates, or both, prior to the date of issuance of the Bonds; and
  - v. at the request of the Corporation, the governing body of DEDA has authorized the issuance of the Bonds, which are tax-exempt revenue bonds.
- b. Bond Counsel has advised the City that:
  - i. the Act authorizes the issuance of revenue obligations to finance projects of an organization engaged in providing Qualified Services and Activities; and
  - ii. in order for the Bonds to be issued on a tax-exempt basis, and in order to comply with Minnesota laws restricting the issuance of obligations by one municipality for a project in another municipality, the City must (i) conduct a public hearing on the proposal of the Corporation to undertake and finance the City Project and (ii) consent to the issuance of the City Portion of the Bonds by DEDA.

Section 3. Limitations. The Bonds, when, as and if issued, shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the City or DEDA, and the Bonds, when, as and if issued, shall recite in substance that the Bonds, including interest thereon, are payable solely from the revenues received from the Corporation and the property pledged to the payment thereof, and shall not constitute a debt of the City or DEDA within the meaning of any constitutional or statutory limitation.

Section 4. Public Hearing.

a. A Notice of Public Hearing was published in the *Pine Knot News*, the City's official newspaper and a newspaper of general circulation, calling a public hearing by telephone on the proposed issuance of the City Portion of the Bonds and the proposal to undertake and finance the City Project.

b. The Council has, on May 5, 2020, held, by telephone, a public hearing on the proposal to undertake and finance the City Project, through the issuance of the City Portion of the Bonds by DEDA, at which all those appearing who desired to speak were heard and written comments were accepted, if submitted.

Section 5. Approvals; Authorizations.

a. The proposal of the Corporation to undertake and finance the City Project is approved. The issuance of the City Portion of the Bonds by DEDA is approved.

b. The Authorized Officers are authorized and directed to execute and deliver such documents or certificates needed from the City for the issuance of the Bonds.

## PRESENTATIONS

Mayor's Proclamation, Cloquet Community Memorial Hospital Foundation

## ACCEPTING PROPOSAL FOR CONSTRUCTION TESTING SERVICES, BRAUN INTERTEC, INC.

**MOTION:** Councilor Langley moved and Councilor Carlson seconded the motion to adopt **RESOLUTION NO. 20-25, ACCEPTING PROPOSAL FOR CONSTRUCTION PROPOSAL FOR CONSTRUCTION TESTING SERVICES, BRAUN INTERTEC INC.** The motion carried unanimously (7-0).

**WHEREAS,** A resolution of the Council adopted on April 21, 2020, awarded a construction contract the for the Prospect Avenue Area Project.

**WHEREAS,** The City has solicited a proposal for construction testing services

**AND WHEREAS,** Braun Intertec, Inc. has provided a professional services proposal to provide the construction testing required for the Prospect Avenue Area Project.

**NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF CLOQUET, MINNESOTA,** Proposal submitted by Braun Intertec, Inc. in the amount of \$20,940 is hereby accepted.

## CAT-7 DISCUSSION

City Administrator Peterson reported the negotiations with FDLTCC to run CAT-7 failed after several attempts to come to an agreement that works for both the City and FDLTCC. Four options were presented to the council:

- Hire a part time employee. This option would require the most city responsibility and space, but come with the lowest cost.
- Contract with another agency. This would be the most expensive but require the least responsibility of the city and less space.
- Cease operation. The city would lose funds from the franchise fee that are allocated to current and ongoing expenses.
- Joint Powers Agreement, which is the least favorable option to Cloquet.

Councilors discussed pros and cons of all options. Mr. Peterson recommends finding a contractor to partner with and will explore options to bring back to Council for more discussion.

## COVID 19 UPDATE

City Administrator Peterson updated Councilors on the city's status of the Stay at Home Order.

The Return to Work Policy was sent out to city staff in anticipation of returning to work May 18<sup>th</sup> while continuing to follow the CDC guidelines as closely as possible. Changes can be made to the policy if needed.

This week's Parks Commission meeting included discussion of city parks and various athletic courts being open. Basketball and tennis courts were opened with signs posted requiring social distancing and to follow the CDC guidelines. Since being reopened, the guidelines are not being followed, there is overflow of

garbage in the parks and signs are being torn down. The Parks Commission discussed also opening the skatepark with proper signage asking for participants to act appropriately and at your own risk. Mr. Peterson requested a motion whether to open or close all parks.

**MOTION:** Councilor Lamb moved Councilor Carlson seconded the motion to close the basketball court, tennis court and skate park until the Stay at Home Order is lifted by the Governor. Motion carried (4-3), Councilors Swanson, Langley and Kolodge opposed.

### **COUNCIL COMMENTS, ANNOUNCEMENTS, AND UPDATES**

Councilor Lamb stated that May 5<sup>th</sup> is a day to honor missing indigenous women and girls. Important is acknowledged and awareness continues.

Council discussed the reduction in liquor license renewal fees due to COVID-19 mandatory closures. Mr. Peterson stated liquor licensing is a \$28,000 annual revenue to the city and we are willing to work with business owners on payment extensions but cannot reduce the license fees by funding through property taxes. It was presented that if liquor license fees were reduced, it would be difficult not to do the same for other business licenses offered by the city. The city recognizes this is a difficult time and is working with residents and businesses as much as possible by waiving any late fees, recognizing this is a difficult time.

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

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Tim Peterson, City Administrator