



**CITY OF CLOQUET
City Council Agenda
AMENDED
Tuesday, June 16, 2020
7:00 p.m.
VIA TELECONFERENCE**

THERE WILL BE NO WORK SESSION

1. **Roll Call**
2. **Pledge of Allegiance**
3. **Approval of Agenda**
 - a. Approval of June 16, 2020 Council Agenda
4. **Approval of Council Minutes**
 - a. Special meeting minutes from the June 2, 2020 meeting
 - b. Regular council minutes from the June 2, 2020 meeting
5. **Public Comments**

Please give your name, address, and your concern or comments. Visitors may share their concerns with the City Council on any issue of public business. Each person will have 3 minutes to speak. The Mayor reserves the right to limit an individual or successive individual's presentation if they become redundant, repetitive, irrelevant, or overly argumentative. All comments will be taken under advisement by the City Council. No action will be taken at this time.
6. **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. 20-32, Authorizing the Payment of Bills
 - b. Approval of Optional 2AM Liquor License – LOOM Lodge (Moose Lodge)
 - c. Resolution No. 20-36, Approval of Exempt Permit to Conduct a Raffle Event for the Cloquet Youth Baseball/Softball Association
 - d. Approval of Transient Merchant License – Generous Jerry's Fireworks



**CITY OF CLOQUET
City Council Agenda
AMENDED
Tuesday, June 16, 2020
7:00 p.m.
VIA TELECONFERENCE**

7. Public Hearings

- a. Now is the time and place for the public hearing on the proposed Tax Increment Financing Housing District for Trails Edge
 - Resolution No. 20-33, A Resolution Establishing Development District No. 5 and Adopting the Development Program Therefor; Establishing Tax Increment Financing District No. 5-1 Within Development District No. 5 and Adopting the Tax Increment Financing Plan Therefor; Authorizing the Terms of an Interfund Loan; and Authorizing the Execution of a Development Agreement

8. Presentations

None.

9. Council Business

- a. Qualified Pumphouse Operator and Relief Pumphouse Operator Appointments
- b. Resolution No. 20-34, A Resolution Approving the Vacation of North/South Utility Easement Lying Between Big Lake Road and Armory Road, West of Highway 33 South
- c. Resolution No. 20-35, Awarding Bid for the Proposed Northwoods Arena Dehumidification Improvements
- d. COVID-19 Update

10. Council Comments, Announcements, and Updates

11. Adjournment

Via Teleconference
7:00 P.M. June 2, 2020

Special Meeting

Roll Call

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

Councilors Absent: None

AGENDA

MOTION: Councilor Wilkinson moved and Councilor Lamb seconded the motion to approve the June 2, 2020 Special Meeting agenda. The motion carried unanimously (7-0).

CHIEF OF POLICE FINALIST INTERVIEWS

Interviews were conducted with the three Chief of Police finalists, Troy Bacon, Eric Klang and Derek Randall. Councilors discussed the pros and cons with each candidate following the interviews.

MOTION: Councilor Carlson moved and Councilor Wilkinson seconded the motion to appoint Derek Randall as Cloquet's new Chief of Police. The motion carried (6-1), Councilor Langley opposed.

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

Tim Peterson, City Administrator

Via Teleconference
7:00 P.M. June 2, 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 Lamb seconded the motion to approve the June 2, 2020 agenda. The motion carried unanimously (7-0).

MINUTES

MOTION: Councilor Lamb moved and Councilor Swanson seconded the motion to approve the Regular Meeting minutes of May 19, 2020 as presented. The motion carried unanimously (7-0).

PUBLIC COMMENTS

There were none.

CONSENT AGENDA

MOTION: Councilor Wilkinson moved and Councilor Lamb seconded the motion to adopt the Consent Agenda of June 2, 2020, approving the necessary motions and resolutions. The motion carried unanimously (7-0).

- a. Resolution No. 20-31, Authorizing the Payment of Bills and Payroll
- b. Approval of New Tobacco License – Diversified Management Group, Inc.

PUBLIC HEARINGS

There were none.

PRESENTATIONS

There were none.

PERMIT AND ACCOUNTING CLERK POSITION

MOTION: Councilor Wilkinson moved and Councilor Lamb seconded the motion to merge the positions of Public Works Secretary and Accounting Clerk into one position, Permit and Accounting Clerk, appointing Laurie Anderson and Marlaina Cooper to this new position. The motion carried unanimously (7-0).

APPROVAL OF 2020-2021 LIQUOR AND RELATED BUSINESS LICENSE RENEWALS

MOTION: Councilor Swanson moved and Councilor Lamb seconded the motion to approve the renewals of the various liquor and related business licenses for 2020-2021. The motion carried unanimously (7-0).

JULY 4TH CELEBRATION ACTIVITIES

MOTION Councilor Swanson moved and Councilor Lamb seconded the motion to cancel all Cloquet 4th of July festivities for 2020 due to COVID-19. City Administrator Peterson stated funds raised by the 4th of July committee will be held for 2021. The motion carried unanimously (7-0).

COVID 19 UPDATE

City Administrator Peterson updated council of the status of re-opening facilities to the public. The Spafford Campground opened June 2nd with only seasonal and monthly reservations and to self-contained units only. The bathhouse will remain closed.

City Hall reopened to the public on June 2nd. Measures are in place to abide with the CDC guidelines.

Mr. Peterson and Interim Chief Randall have been working with bars and restaurants utilizing their outdoor spaces so they can reopen.

Public Works Director Caleb Peterson said the Parks Commission recommends not opening the Pinehurst Pond this summer stating it is not financially feasible due to the amount of time it takes to prep the pond and the shortened summer, as well as lifeguard staffing issues. Council agreed with the decision to remain closed for 2020.

COUNCIL COMMENTS, ANNOUNCEMENTS, AND UPDATES

There were none.

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

Tim Peterson, City Administrator



ADMINISTRATIVE OFFICES

101 14th Street Cloquet, MN 55720-1903
Phone: 218.879.3347 Fax: 218.879.6555
www.cloquetmn.gov

REQUEST FOR COUNCIL ACTION

To: Mayor and City Council
From: Mary Kay Hohensee-Mayer, Assistant Finance Director
Reviewed/Approved by: Tim Peterson, City Administrator
Date: June 16, 2020

ITEM DESCRIPTION: Payment of Bills

Proposed Action

Staff recommends the Council move to adopt **RESOLUTION NO. 20-32, 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. 20-32

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	\$	266,388.63
202	Federal CDBG Loan (EDA)		1,125.00
231	Public Works Reserve		1,791.70
403	Revolving Capital Projects		21,320.00
405	City Sales Tax Capital		80,598.09
600	Water - Lake Superior Waterline		107,102.78
601	Water - In Town System		32,696.96
602	Sewer Fund		23,261.14
605	Stormwater Fund		33.93
614	CAT-7		2,656.50
	TOTAL:	\$	<u>536,974.73</u>

**PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CLOQUET
THIS 16TH DAY OF JUNE, 2020.**

ATTEST:

Roger Maki, Mayor

Tim Peterson, City Administrator

DATE: 06/11/2020
TIME: 12:04:31
ID: AP442000.WOW

CITY OF CLOQUET
VENDOR SUMMARY REPORT

PAGE: 1

INVOICES DUE ON/BEFORE 06/16/2020

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE
110902	ABRA AUTO BODY & GLASS -	11,703.83	6,468.37
111350	LEXISNEXIS RISK DATA MNGMT INC	900.00	150.00
112050	ADVANCED SERVICES INC	2,480.00	692.00
112275	ADVANTAGE EMBLEM INC	473.05	115.57
121000	ARROWHEAD SPRINGS INC	677.95	72.50
121250	THE JAMAR COMPANY	0.00	146.60
121350	ASPEN MILLS	2,535.18	2,446.86
122000	A T & T MOBILITY	5,905.02	379.06
123150	B W DISTRIBUTING	1,588.85	190.00
125500	LEAGUE OF MN CITIES INSURANCE	1,000.00	1,000.00
125700	BEST OIL COMPANY	59,778.33	9,629.48
132375	CAMPBELL KNUTSON	3,327.75	148.50
134800	CARLTON COUNTY TREASURER	322.85	83.35
137340	CHAMBERLAIN OIL CO., INC.	6,488.55	55.20
139025	CINTAS	1,785.75	191.75
139030	CINTAS CORPORATION NO 2	4,287.35	745.10
142800	CLOQUET SANITARY SERVICE	5,634.91	1,589.76
145500	COMPENSATION CONSULTANTS, LTD	1,660.00	207.00
147600	EXELON CORPORATION	9,928.68	717.82
147950	COUNTRY CREATIONS INC	0.00	340.00
150100	D A L C O	9,252.88	430.60
156400	CITY OF DULUTH COMFORT SYSTEMS	408.18	66.83
156800	DULUTH NEWS TRIBUNE	0.00	298.88
158000	DULUTH/SUPERIOR COMMUNICATIONS	11,947.40	90.00
165375	FERGUSON WATERWORKS #2516	15,074.63	1,522.64
165475	THE FIG TREE LLC	0.00	3,179.04
171100	FRYBERGER, BUCHANAN, SMITH &	44,304.30	8,677.72
172300	GARTNER REFRIGERATION COMPANY	20,534.28	240.00
175200	GOPHER STATE ONE CALL INC	344.70	237.60
175600	DUANE C GRACE & ASSOCIATES	5,657.50	350.50
175950	GRAPHIC TECHNOLOGIES	879.50	527.50
176200	GRAYBAR ELECTRIC COMPANY INC	7.89	236.88
179340	HAGENS GLASS & PAINT	3,302.36	178.00
184485	HUNT ELECTRIC	16,270.54	21,065.00
197800	L & M SUPPLY CO	10,022.67	1,658.85
198100	L M C I T	234,810.00	234,242.71
202100	LAWSON PRODUCTS INC	2,486.44	458.45
202725	LEICA GEOSYSTEMS INC	6,385.21	147.00
205050	LOFFLER COMPANIES INC	320.71	88.88
209875	MCCOY CONSTRUCTION & FORESTRY	4,912.36	208.89
211400	MENARDS INC	1,521.18	411.59
211700	METRO SALES, INC.	4,449.31	612.08
219067	MN DEPT OF ADMINISTRATION	9,492.96	1,491.72
222275	MN PEIP	275,557.90	59,366.42

DATE: 06/11/2020
TIME: 12:04:31
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CITY OF CLOQUET
VENDOR SUMMARY REPORT

PAGE: 2

INVOICES DUE ON/BEFORE 06/16/2020

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE
227750	MTI DISTRIBUTING, INC.	90.36	61.10
229500	NAPA AUTO PARTS	4,611.95	282.35
234600	NORTHERN BUSINESS PRODUCTS	3,196.82	76.57
236100	NORTHLAND CONSTRUCTORS	0.00	80,598.09
236125	NORTHLAND FIRE & SAFETY, INC	771.40	964.37
236450	THE NORTHSPAN GROUP, INC.	2,500.00	1,125.00
240725	O'REILLY AUTO ENTERPRISES LLC	60.26	13.63
244975	PINE KNOT LLC	2,193.61	187.02
247400	396-PRAXAIR DISTRIBUTION, INC.	4,817.00	237.35
251500	CMH RAITER FAMILY CLINIC	773.28	100.00
261800	SEH	79,793.76	5,321.40
264820	THE SMITH COMPANY INC	0.00	3,486.60
270300	SWAGIT PRODUCTIONS, LLC	6,625.00	1,325.00
271975	TEAMSTERS JOINT COUNCIL 32	138,832.74	36,970.50
272600	TERMINAL SUPPLY INC	1,023.15	225.05
277550	TURFWERKS	0.00	780.39
278600	TWIN PORT MAILING	23,010.38	3,225.17
279100	U S BANK EQUIPMENT FINANCE	3,873.62	274.27
280400	ULLAND BROTHERS, INC.	128,443.81	2,732.56
282900	UPPER LAKES FOODS INC	0.00	694.00
283700	USA BLUEBOOK	2,088.14	361.92
285500	VIKING INDUSTRIAL CENTER	819.85	846.13
286900	W L S S D	502,900.10	902.40
289015	WELLS FARGO CREDIT CARD	34,860.41	3,415.14
290875	WIPFLI CPAs AND CONSULTANTS	0.00	7,500.00
293700	ZIEGLER INC	2,886.14	1,153.96
R0001277	BURNS MCDONNELL	0.00	76.00
R0001284	OFFICE OF MN IT SERVICES	111.00	148.00
R0001765	WHERLEY MOVING SYSTEMS INC	1,400.00	255.00
R0001821	ESS BROTHERS AND SONS INC	0.00	4,302.00
R0001927	FAITH E. SALO	0.00	150.00
R0001928	PATRICIA RICE	0.00	25.45

TOTAL ALL VENDORS: 518,973.12

City of Cloquet
Vendor Summary Report Reconciliation
Invoices Due On/Before 6/16/2020

Total	518,973.12
Less:	
Library	(5,484.34)
Cloquet Area Fire District	<u>(2,350.58)</u>
Total City Bills	511,138.20
Less:	
Payroll benefits	(91,900.46)
Plus:	
Credit card/PSN fees	2,013.03
MN Energy Auto Pay	3,656.73
MN Power Auto Pay	111,191.23
MN Sales Tax	876.00
Total Bills	<u><u>536,974.73</u></u>

INVOICES DUE ON/BEFORE 06/16/2020

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE

GENERAL FUND			
00			
222275	MN PEIP	275,557.90	59,366.42
271975	TEAMSTERS JOINT COUNCIL 32	138,832.74	32,534.04
			91,900.46
32	LICENSES & PERMITS		
286900	W L S S D	502,900.10	902.40
	LICENSES & PERMITS		902.40
34	CHARGES FOR SERVICES		
142800	CLOQUET SANITARY SERVICE	5,634.91	219.49
	CHARGES FOR SERVICES		219.49
36	MISCELLANEOUS REVENUE		
198100	L M C I T	234,810.00	-6,765.00
	MISCELLANEOUS REVENUE		-6,765.00
41	GENERAL GOVERNMENT		
125500	LEAGUE OF MN CITIES INSURANCE	1,000.00	1,000.00
132375	CAMPBELL KNUTSON	3,327.75	148.50
139030	CINTAS CORPORATION NO 2	4,287.35	119.38
142800	CLOQUET SANITARY SERVICE	5,634.91	50.48
145500	COMPENSATION CONSULTANTS, LTD	1,660.00	207.00
150100	D A L C O	9,252.88	289.86
156800	DULUTH NEWS TRIBUNE		298.88
171100	FRYBERGER, BUCHANAN, SMITH &	44,304.30	8,677.72
175600	DUANE C GRACE & ASSOCIATES	5,657.50	350.50
198100	L M C I T	234,810.00	19,201.50
211400	MENARDS INC	1,521.18	39.96
211700	METRO SALES, INC.	4,449.31	361.32
234600	NORTHERN BUSINESS PRODUCTS	3,196.82	8.42
236125	NORTHLAND FIRE & SAFETY, INC	771.40	120.55
244975	PINE KNOT LLC	2,193.61	187.02

INVOICES DUE ON/BEFORE 06/16/2020

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE

GENERAL FUND			
41	GENERAL GOVERNMENT		
278600	TWIN PORT MAILING	23,010.38	91.73
279100	U S BANK EQUIPMENT FINANCE	3,873.62	65.78
289015	WELLS FARGO CREDIT CARD	34,860.41	1,562.71
290875	WIPFLI CPAs AND CONSULTANTS		2,551.00
	GENERAL GOVERNMENT		35,332.31
42	PUBLIC SAFETY		
110902	ABRA AUTO BODY & GLASS -	11,703.83	6,468.37
111350	LEXISNEXIS RISK DATA MNGMT INC	900.00	150.00
112275	ADVANTAGE EMBLEM INC	473.05	115.57
121350	ASPEN MILLS	2,535.18	2,446.86
122000	A T & T MOBILITY	5,905.02	379.06
125700	BEST OIL COMPANY	59,778.33	2,127.21
139030	CINTAS CORPORATION NO 2	4,287.35	138.39
142800	CLOQUET SANITARY SERVICE	5,634.91	50.48
150100	D A L C O	9,252.88	-18.84
158000	DULUTH/SUPERIOR COMMUNICATIONS	11,947.40	90.00
198100	L M C I T	234,810.00	90,161.71
211700	METRO SALES, INC.	4,449.31	130.32
236125	NORTHLAND FIRE & SAFETY, INC	771.40	120.55
251500	CMH RAITER FAMILY CLINIC	773.28	100.00
271975	TEAMSTERS JOINT COUNCIL 32	138,832.74	4,436.46
278600	TWIN PORT MAILING	23,010.38	26.21
289015	WELLS FARGO CREDIT CARD	34,860.41	1,033.19
R0001284	OFFICE OF MN IT SERVICES	111.00	148.00
	PUBLIC SAFETY		108,103.54
43	PUBLIC WORKS		
121000	ARROWHEAD SPRINGS INC	677.95	56.50
123150	B W DISTRIBUTING	1,588.85	95.00
125700	BEST OIL COMPANY	59,778.33	2,515.44
137340	CHAMBERLAIN OIL CO., INC.	6,488.55	55.20
139025	CINTAS	1,785.75	70.56
139030	CINTAS CORPORATION NO 2	4,287.35	225.66
142800	CLOQUET SANITARY SERVICE	5,634.91	100.94
175200	GOPHER STATE ONE CALL INC	344.70	118.80
197800	L & M SUPPLY CO	10,022.67	550.23
198100	L M C I T	234,810.00	55,894.50

INVOICES DUE ON/BEFORE 06/16/2020

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE

GENERAL FUND			
43	PUBLIC WORKS		
202100	LAWSON PRODUCTS INC	2,486.44	229.23
202725	LEICA GEOSYSTEMS INC	6,385.21	147.00
205050	LOFFLER COMPANIES INC	320.71	17.78
209875	MCCOY CONSTRUCTION & FORESTRY	4,912.36	208.89
229500	NAPA AUTO PARTS	4,611.95	172.41
234600	NORTHERN BUSINESS PRODUCTS	3,196.82	16.84
236125	NORTHLAND FIRE & SAFETY, INC	771.40	241.09
240725	O'REILLY AUTO ENTERPRISES LLC	60.26	13.63
247400	396-PRAXAIR DISTRIBUTION, INC.	4,817.00	118.68
264820	THE SMITH COMPANY INC		3,486.60
272600	TERMINAL SUPPLY INC	1,023.15	225.05
278600	TWIN PORT MAILING	23,010.38	26.21
279100	U S BANK EQUIPMENT FINANCE	3,873.62	47.57
280400	ULLAND BROTHERS, INC.	128,443.81	2,732.56
283700	USA BLUEBOOK	2,088.14	276.34
289015	WELLS FARGO CREDIT CARD	34,860.41	91.09
293700	ZIEGLER INC	2,886.14	843.96
R0001277	BURNS MCDONNELL		76.00
R0001927	FAITH E. SALO		150.00
	PUBLIC WORKS		68,803.76
45	CULTURE AND RECREATION		
112050	ADVANCED SERVICES INC	2,480.00	692.00
125700	BEST OIL COMPANY	59,778.33	831.14
134800	CARLTON COUNTY TREASURER	322.85	83.35
139030	CINTAS CORPORATION NO 2	4,287.35	65.66
142800	CLOQUET SANITARY SERVICE	5,634.91	1,101.07
147600	EXELON CORPORATION	9,928.68	717.82
147950	COUNTRY CREATIONS INC		340.00
150100	D A L C O	9,252.88	159.58
165375	FERGUSON WATERWORKS #2516	15,074.63	444.98
165475	THE FIG TREE LLC		3,179.04
172300	GARTNER REFRIGERATION COMPANY	20,534.28	240.00
175950	GRAPHIC TECHNOLOGIES	879.50	527.50
176200	GRAYBAR ELECTRIC COMPANY INC	7.89	236.88
197800	L & M SUPPLY CO	10,022.67	888.53
198100	L M C I T	234,810.00	24,027.50
211400	MENARDS INC	1,521.18	169.88
227750	MTI DISTRIBUTING, INC.	90.36	61.10
277550	TURFWERKS		780.39
282900	UPPER LAKES FOODS INC		694.00

DATE: 06/11/20
TIME: 12:05:43
ID: AP443000.WOW

CITY OF CLOQUET
DEPARTMENT SUMMARY REPORT

PAGE: 4

INVOICES DUE ON/BEFORE 06/16/2020

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE

GENERAL FUND			
45	CULTURE AND RECREATION		
283700	USA BLUEBOOK	2,088.14	85.58
285500	VIKING INDUSTRIAL CENTER	819.85	648.00
	CULTURE AND RECREATION		35,974.00
46	COMMUNITY DEVELOPMENT		
198100	L M C I T	234,810.00	336.50
211700	METRO SALES, INC.	4,449.31	120.44
234600	NORTHERN BUSINESS PRODUCTS	3,196.82	8.42
278600	TWIN PORT MAILING	23,010.38	13.10
	COMMUNITY DEVELOPMENT		478.46
FEDERAL CDBG LOAN (EDA)			
46	COMMUNITY DEVELOPMENT		
236450	THE NORTHSPAN GROUP, INC.	2,500.00	1,125.00
	COMMUNITY DEVELOPMENT		1,125.00
LIBRARY FUND			
45	CULTURE AND RECREATION		
139030	CINTAS CORPORATION NO 2	4,287.35	10.84
179340	HAGENS GLASS & PAINT	3,302.36	178.00
198100	L M C I T	234,810.00	5,295.50
	CULTURE AND RECREATION		5,484.34
PUBLIC WORKS RESERVE			
42	PUBLIC SAFETY		
219067	MN DEPT OF ADMINISTRATION	9,492.96	1,491.72
289015	WELLS FARGO CREDIT CARD	34,860.41	299.98
	PUBLIC SAFETY		1,791.70

CAPITAL PROJECTS - REVOLVING

DATE: 06/11/20
 TIME: 12:05:43
 ID: AP443000.WOW

CITY OF CLOQUET
 DEPARTMENT SUMMARY REPORT

INVOICES DUE ON/BEFORE 06/16/2020

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE
CAPITAL PROJECTS - REVOLVING			
81	SPECIAL PROJECTS		
184485	HUNT ELECTRIC	16,270.54	21,065.00
R0001765	WHERLEY MOVING SYSTEMS INC	1,400.00	255.00
	SPECIAL PROJECTS		21,320.00
CITY SALES TAX CAPITAL			
00			
236100	NORTHLAND CONSTRUCTORS		-4,242.01
			-4,242.01
81	SPECIAL PROJECTS		
236100	NORTHLAND CONSTRUCTORS		84,840.10
	SPECIAL PROJECTS		84,840.10
WATER - LAKE SUPERIOR WATERLINE			
50	STATION 1		
198100	L M C I T	234,810.00	4,117.00
	STATION 1		4,117.00
51	STATION 2		
121000	ARROWHEAD SPRINGS INC	677.95	16.00
139025	CINTAS	1,785.75	50.63
139030	CINTAS CORPORATION NO 2	4,287.35	23.77
198100	L M C I T	234,810.00	10,881.50
	STATION 2		10,971.90
52	LAKE SUPERIOR WATERLINE		
125700	BEST OIL COMPANY	59,778.33	598.28
139030	CINTAS CORPORATION NO 2	4,287.35	57.41
197800	L & M SUPPLY CO	10,022.67	55.02

DATE: 06/11/20
 TIME: 12:05:43
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CITY OF CLOQUET
 DEPARTMENT SUMMARY REPORT

PAGE: 6

INVOICES DUE ON/BEFORE 06/16/2020

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE

WATER - LAKE SUPERIOR WATERLIN			
52	LAKE SUPERIOR WATERLINE		
198100	L M C I T	234,810.00	6,497.00
290875	WIPFLI CPAs AND CONSULTANTS		1,713.00
	LAKE SUPERIOR WATERLINE		8,920.71
57	ADMINISTRATION		
156400	CITY OF DULUTH COMFORT SYSTEMS	408.18	66.83
198100	L M C I T	234,810.00	125.00
205050	LOFFLER COMPANIES INC	320.71	17.78
	ADMINISTRATION		209.61
WATER - IN TOWN SYSTEM			
00			
R0001928	PATRICIA RICE		25.45
			25.45
49	CLOQUET		
121250	THE JAMAR COMPANY		146.60
123150	B W DISTRIBUTING	1,588.85	57.00
125700	BEST OIL COMPANY	59,778.33	730.10
139025	CINTAS	1,785.75	42.34
139030	CINTAS CORPORATION NO 2	4,287.35	48.42
165375	FERGUSON WATERWORKS #2516	15,074.63	1,077.66
197800	L & M SUPPLY CO	10,022.67	110.05
198100	L M C I T	234,810.00	3,447.50
202100	LAWSON PRODUCTS INC	2,486.44	137.54
211400	MENARDS INC	1,521.18	201.75
229500	NAPA AUTO PARTS	4,611.95	109.94
236125	NORTHLAND FIRE & SAFETY, INC	771.40	241.09
247400	396-PRAXAIR DISTRIBUTION, INC.	4,817.00	71.21
261800	SEH	79,793.76	5,321.40
285500	VIKING INDUSTRIAL CENTER	819.85	198.13
289015	WELLS FARGO CREDIT CARD	34,860.41	412.00
293700	ZIEGLER INC	2,886.14	310.00
	CLOQUET		12,662.73

DATE: 06/11/20
 TIME: 12:05:43
 ID: AP443000.WOW

CITY OF CLOQUET
 DEPARTMENT SUMMARY REPORT

INVOICES DUE ON/BEFORE 06/16/2020

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE

WATER - IN TOWN SYSTEM			
54	BILLING & COLLECTION		
198100	L M C I T	234,810.00	322.50
234600	NORTHERN BUSINESS PRODUCTS	3,196.82	1.99
278600	TWIN PORT MAILING	23,010.38	3,015.50
279100	U S BANK EQUIPMENT FINANCE	3,873.62	65.78
	BILLING & COLLECTION		3,405.77
57	ADMINISTRATION & GENERAL		
142800	CLOQUET SANITARY SERVICE	5,634.91	33.65
175200	GOPHER STATE ONE CALL INC	344.70	71.28
198100	L M C I T	234,810.00	4,370.00
205050	LOFFLER COMPANIES INC	320.71	17.78
234600	NORTHERN BUSINESS PRODUCTS	3,196.82	24.07
278600	TWIN PORT MAILING	23,010.38	26.21
279100	U S BANK EQUIPMENT FINANCE	3,873.62	47.57
290875	WIPFLI CPAs AND CONSULTANTS		1,332.00
	ADMINISTRATION & GENERAL		5,922.56
ENTERPRISE FUND - SEWER			
55	SANITARY SEWER		
123150	B W DISTRIBUTING	1,588.85	38.00
125700	BEST OIL COMPANY	59,778.33	476.73
139025	CINTAS	1,785.75	28.22
139030	CINTAS CORPORATION NO 2	4,287.35	55.57
197800	L & M SUPPLY CO	10,022.67	55.02
198100	L M C I T	234,810.00	14,492.50
202100	LAWSON PRODUCTS INC	2,486.44	91.68
236125	NORTHLAND FIRE & SAFETY, INC	771.40	241.09
247400	396-PRAXAIR DISTRIBUTION, INC.	4,817.00	47.46
R0001821	ESS BROTHERS AND SONS INC		4,302.00
	SANITARY SEWER		19,828.27
57	ADMINISTRATION & GENERAL		
142800	CLOQUET SANITARY SERVICE	5,634.91	33.65
175200	GOPHER STATE ONE CALL INC	344.70	47.52
198100	L M C I T	234,810.00	506.00

DATE: 06/11/20
TIME: 12:05:43
ID: AP443000.WOW

CITY OF CLOQUET
DEPARTMENT SUMMARY REPORT

INVOICES DUE ON/BEFORE 06/16/2020

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE

ENTERPRISE FUND - SEWER			
57	ADMINISTRATION & GENERAL		
205050	LOFFLER COMPANIES INC	320.71	17.78
234600	NORTHERN BUSINESS PRODUCTS	3,196.82	16.83
278600	TWIN PORT MAILING	23,010.38	26.21
279100	U S BANK EQUIPMENT FINANCE	3,873.62	47.57
290875	WIPFLI CPAs AND CONSULTANTS		1,904.00
	ADMINISTRATION & GENERAL		2,599.56
STORM WATER UTILITY			
57	ADMINISTRATION & GENERAL		
205050	LOFFLER COMPANIES INC	320.71	17.76
289015	WELLS FARGO CREDIT CARD	34,860.41	16.17
	ADMINISTRATION & GENERAL		33.93
CABLE TELEVISION			
45	CULTURE AND RECREATION		
198100	L M C I T	234,810.00	1,331.50
270300	SWAGIT PRODUCTIONS, LLC	6,625.00	1,325.00
	CULTURE AND RECREATION		2,656.50
CLOQUET AREA FIRE DISTRICT			
42	PUBLIC SAFETY		
125700	BEST OIL COMPANY	59,778.33	2,350.58
	PUBLIC SAFETY		2,350.58
	TOTAL ALL DEPARTMENTS		518,973.12



ADMINISTRATIVE OFFICES

101 14th Street Cloquet, MN 55720-1903
Phone: 218.879.3347 Fax: 218.879.6555
www.cloquetmn.gov

REQUEST FOR COUNCIL ACTION

To: Mayor and City Council
From: Tim Peterson, City Administrator *TCP*
Date: June 16, 2020

ITEM DESCRIPTION: Moose Lodge Optional Liquor 2AM License Renewal

Proposed Action

Staff recommends that the City Council move to approve the renewal of the Optional 2AM liquor license for the LOOM Lodge 1274 (Moose Lodge), 702 Cloquet Avenue.

Background/Overview

The City currently has three establishments licensed under the Optional 2AM liquor license. The license is issued by the State, but the City must first approve the license. The Moose Lodge has held an Optional 2AM license since 2014. Staff is not aware of any public safety issues at the Moose Lodge associated with the 2AM license.

Policy Objectives

M.S. 340A.504, Subd. 7 allows for the sale of intoxicating liquor between the hours of 1:00 a.m. and 2:00 a.m. Section 6.2.10, Subd. 4 of Municipal Code also addresses the sale between these hours.

Financial/Budget/Grant Considerations

Currently the City charges no local fees for this license. The fee is based strictly upon the statutory obligations.

Advisory Committee/Commission Action

None.

Supporting Documentation Attached

- Optional 2AM Application



Minnesota Department of Public Safety
 Alcohol & Gambling Enforcement Division
 445 Minnesota Street, 1600
 St Paul, Minnesota 55101
 651-201-7507

Renewal for 2am License/Permit

License/Permit Type: 2AM-100K-500K
 Permit Number: 754

Expiration Date: 6/5/2020
 Business Telephone: 2188798423

DBA: Moose Lodge
 LOOM Lodge 1274
 702 Cloquet Ave
 Cloquet, MN 55720

Business Location
 702 Cloquet Ave
 Cloquet

If any of the above licensee information is not correct, please make corrections as necessary.

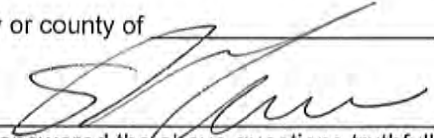
Licensee must report previous 12 month on sale alcoholic beverage gross receipts by checking one of the boxes below. Next to the box you check is your 2 AM license fee. Make check payable to: Alcohol and Gambling Enforcement Division (AGED). Mail this application and check to address listed below.

- \$300 2 AM license fee - Up to \$100,000 in on sale gross receipts for alcoholic beverages
- \$750 2 AM license fee - Over \$100,000, but not over \$500,000 in on sale gross receipts for alcoholic beverages
- \$1000 2 AM license fee - Over \$500,000 in on sale gross receipts for alcoholic beverages
- \$200 2 AM license fee - 3.2% On Sale Malt Liquor licensees or Set Up license holders
- \$200 2 AM license fee - Did not sell alcoholic beverages for a full 12 months prior to this application

Yes No Does the city or county that issues your liquor license allow the sale of alcoholic beverages until 2 AM?

City Clerk/County Auditor Signature _____ Date _____

(I certify that the city or county of _____ approves the sale of alcoholic beverages until 2AM)

Licensee Signature 
 (I certify that I have answered the above questions truthfully and correctly)

Date 6-8-20

Licensee Minnesota Tax ID Number (Required): 8115023 NOT FEDERAL TAX ID

Licensee: Prior to submitting this application to the Alcohol & Gambling Enforcement Division you must have this form signed by your local city or county licensing official



ADMINISTRATIVE OFFICES

101 14th Street Cloquet, MN 55720-1903
Phone: 218.879.3347 Fax: 218.879.6555
www.cloquetmn.gov

REQUEST FOR COUNCIL ACTION

To: Mayor and City Council
From: Tim Peterson, City Administrator TCP
Date: June 16, 2020

ITEM DESCRIPTION: Approval of Raffle Permit

Proposed Action

Staff recommends that the City Council move to adopt **RESOLUTION NO. 20-36, A RESOLUTION APPROVING EXEMPT PERMIT TO CONDUCT A RAFFLE EVENT FOR THE CLOQUET YOUTH BASEBALL/SOFTBALL ASSOCIATION.**

Background/Overview

The City has received an application from the Cloquet Youth Baseball/Softball Association for a raffle event to be held on July 25, 2020 at Braun Park, 1385 Lawrence Road.

Policy Objectives

Approval of application by local community is required under MN Statutes.

Financial/Budget/Grant Considerations

There is no cost to the City regarding the approval of the application nor does the City retain any fees for its consideration.

Advisory Committee/Commission Action

None.

Supporting Documentation Attached

- Resolution 20-36
- LG220 Application for Exempt Permit

Cloquet Youth Baseball/Softball Association

Dear Cloquet City Council Members:

I am writing this letter ask to have you approve us to hold a raffle for this baseball/softball season. The raffle that we are doing is replacing the coupon cards that we have sold in the past.

The reason for the raffle, we as the association use this fundraiser to raise money for projects that we want to do at Braun Park and for the protective equipment that we provide. We try to keep costs down as much as we can for families to participate and this is the best way we see fit to accomplish this. We will be selling 2,000 tickets this year at \$10.00 apiece. Each participant is required to sell 5 tickets, they pay for the tickets upfront and then keep the money when they sell them.

The drawing will be held at Braun Park on July 25th during our baseball tournament, if allowed to have this year. Otherwise we will do a Facebook live drawing on that date. As I said we will be selling 2,000 tickets at \$10.00 apiece for a total of \$20,000. We have decide to pay out cash prizes for this raffle, there will be 10 places paid out, with a total payout of \$5,700. Our hope is to sell all of the tickets for a total profit of \$14,300 minus cost of tickets and state application fees which would put us about \$14,000 total.

Sincerely,

Jason Eckenberg

CYBSA President

**Office of the Minnesota Secretary of State
Certificate of Good Standing**

I, Steve Simon, Secretary of State of Minnesota, do certify that: The business entity listed below was filed pursuant to the Minnesota Chapter listed below with the Office of the Secretary of State on the date listed below and that this business entity is registered to do business and is in good standing at the time this certificate is issued.

Name: Cloquet Youth Baseball/Softball Association, Inc.
Date Filed: 07/01/1983
File Number: W-335
Minnesota Statutes, Chapter: 317A
Home Jurisdiction: Minnesota

This certificate has been issued on: 06/01/2020



Steve Simon

Steve Simon
Secretary of State
State of Minnesota

MINNESOTA LAWFUL GAMBLING
LG220 Application for Exempt Permit

An exempt permit may be issued to a nonprofit organization that:

- conducts lawful gambling on five or fewer days, and
- awards less than \$50,000 in prizes during a calendar year.

If total raffle prize value for the calendar year will be \$1,500 or less, contact the Licensing Specialist assigned to your county by calling 651-539-1900.

Application Fee (non-refundable)

Applications are processed in the order received. If the application is postmarked or received 30 days or more before the event, the application fee is **\$100**; otherwise the fee is **\$150**.
Due to the high volume of exempt applications, payment of additional fees prior to 30 days before your event will not expedite service, nor are telephone requests for expedited service accepted.

ORGANIZATION INFORMATION

Organization Name: Cloquet youth baseball/softball Assoc. Previous Gambling Permit Number: _____
Minnesota Tax ID Number, if any: _____ Federal Employer ID Number (FEIN), if any: 41-1727400
Mailing Address: P.O. Box 45
City: Cloquet State: Mn Zip: 55720 County: Carlton
Name of Chief Executive Officer (CEO): Jason Eckenberg
CEO Daytime Phone: 6 Email: _____
 permit will be emailed to this email address unless otherwise indicated below
Email permit to (if other than the CEO): _____

NONPROFIT STATUS

Type of Nonprofit Organization (check one):
 Fraternal Religious Veterans Other Nonprofit Organization

Attach a copy of one of the following showing proof of nonprofit status:

(DO NOT attach a sales tax exempt status or federal employer ID number, as they are not proof of nonprofit status.)

- A current calendar year Certificate of Good Standing**
Don't have a copy? Obtain this certificate from:
MN Secretary of State, Business Services Division
60 Empire Drive, Suite 100
St. Paul, MN 55103
Secretary of State website, phone numbers:
www.sos.state.mn.us
651-296-2803, or toll free 1-877-551-6767
- IRS income tax exemption (501(c)) letter in your organization's name**
Don't have a copy? To obtain a copy of your federal income tax exempt letter, have an organization officer contact the IRS toll free at 1-877-829-5500.
- IRS - Affiliate of national, statewide, or international parent nonprofit organization (charter)**
If your organization falls under a parent organization, attach copies of both of the following:
1. IRS letter showing your parent organization is a nonprofit 501(c) organization with a group ruling; and
2. the charter or letter from your parent organization recognizing your organization as a subordinate.

GAMBLING PREMISES INFORMATION

Name of premises where the gambling event will be conducted (for raffles, list the site where the drawing will take place): Braun Park
Physical Address (do not use P.O. box): 1385 Lawrence Road, Cloquet Mn 55720
Check one:
 City: Cloquet Zip: 55720 County: Carlton
 Township: _____ Zip: _____ County: _____
Date(s) of activity (for raffles, indicate the date of the drawing): July 25, 2020

Check each type of gambling activity that your organization will conduct:

- Bingo Paddlewheels Pull-Tabs Tipboards Raffle

Gambling equipment for bingo paper, bingo boards, raffle boards, paddlewheels, pull-tabs, and tipboards must be obtained from a distributor licensed by the Minnesota Gambling Control Board. EXCEPTION: Bingo hard cards and bingo ball selection devices may be borrowed from another organization authorized to conduct bingo. To find a licensed distributor, go to www.mn.gov/gcb and click on **Distributors** under the **List of Licensees** tab, or call 651-539-1900.

LOCAL UNIT OF GOVERNMENT ACKNOWLEDGMENT (required before submitting application to the Minnesota Gambling Control Board)

<p style="text-align: center;">CITY APPROVAL for a gambling premises located within city limits</p> <p><input type="checkbox"/> The application is acknowledged with no waiting period.</p> <p><input type="checkbox"/> The application is acknowledged with a 30-day waiting period, and allows the Board to issue a permit after 30 days (60 days for a 1st class city).</p> <p><input type="checkbox"/> The application is denied.</p> <p>Print City Name: _____</p> <p>Signature of City Personnel: _____</p> <p>Title: _____ Date: _____</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px; text-align: center;"> <p>The city or county must sign before submitting application to the Gambling Control Board.</p> </div>	<p style="text-align: center;">COUNTY APPROVAL for a gambling premises located in a township</p> <p><input type="checkbox"/> The application is acknowledged with no waiting period.</p> <p><input type="checkbox"/> The application is acknowledged with a 30-day waiting period, and allows the Board to issue a permit after 30 days.</p> <p><input type="checkbox"/> The application is denied.</p> <p>Print County Name: _____</p> <p>Signature of County Personnel: _____</p> <p>Title: _____ Date: _____</p> <p>TOWNSHIP (if required by the county) On behalf of the township, I acknowledge that the organization is applying for exempted gambling activity within the township limits. (A township has no statutory authority to approve or deny an application, per Minn. Statutes, section 349.213.)</p> <p>Print Township Name: _____</p> <p>Signature of Township Officer: _____</p> <p>Title: _____ Date: _____</p>
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CHIEF EXECUTIVE OFFICER'S SIGNATURE (required)

The information provided in this application is complete and accurate to the best of my knowledge. I acknowledge that the financial report will be completed and returned to the Board within 30 days of the event date.

Chief Executive Officer's Signature: _____ Date: _____
(Signature must be CEO's signature; designee may not sign)

Print Name: Jason Eckenberg

<p>REQUIREMENTS</p> <p>Complete a separate application for:</p> <ul style="list-style-type: none"> • all gambling conducted on two or more consecutive days; or • all gambling conducted on one day. <p>Only one application is required if one or more raffle drawings are conducted on the same day.</p> <p>Financial report to be completed within 30 days after the gambling activity is done: A financial report form will be mailed with your permit. Complete and return the financial report form to the Gambling Control Board.</p> <p>Your organization must keep all exempt records and reports for 3-1/2 years (Minn. Statutes, section 349.166, subd. 2(f)).</p>	<p>MAIL APPLICATION AND ATTACHMENTS</p> <p>Mail application with:</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> a copy of your proof of nonprofit status; and <input checked="" type="checkbox"/> application fee (non-refundable). If the application is postmarked or received 30 days or more before the event, the application fee is \$100; otherwise the fee is \$150. Make check payable to State of Minnesota. <p>To: Minnesota Gambling Control Board 1711 West County Road B, Suite 300 South Roseville, MN 55113</p> <p>Questions? Call the Licensing Section of the Gambling Control Board at 651-539-1900.</p>
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Data privacy notice: The information requested on this form (and any attachments) will be used by the Gambling Control Board (Board) to determine your organization's qualifications to be involved in lawful gambling activities in Minnesota. Your organization has the right to refuse to supply the information; however, if your organization refuses to supply this information, the Board may not be able to determine your organization's qualifications and, as a consequence, may refuse to issue a permit. If your organization supplies the information requested, the Board will be able to process the application. Your organization's name and address will be public information when received by the Board. All other information provided will be private data about your organization until the Board issues the permit. When the Board issues the permit, all information provided will become public. If the Board does not issue a permit, all information provided remains private, with the exception of your organization's name and address which will remain public. Private data about your organization are available to Board members, Board staff whose work requires access to the information; Minnesota's Department of Public Safety; Attorney General; Commissioners of Administration, Minnesota Management & Budget, and Revenue; Legislative Auditor, national and international gambling regulatory agencies; anyone pursuant to court order; other individuals and agencies specifically authorized by state or federal law to have access to the information; individuals and agencies for which law or legal order authorizes a new use or sharing of information after this notice was given; and anyone with your written consent.

This form will be made available in alternative format (i.e. large print, braille) upon request.



ADMINISTRATIVE OFFICES

101 14th Street Cloquet, MN 55720-1903
Phone: 218.879.3347 Fax: 218.879.6555
www.cloquetmn.gov

REQUEST FOR COUNCIL ACTION

To: Mayor and City Council
From: Tim Peterson, City Administrator *TCP*
Date: June 16, 2020

ITEM DESCRIPTION: Transient Merchant License for Fireworks Sales

Proposed Action

Staff recommends that the City Council move to approve the Peddlers, Solicitors, & Transient Merchants License for John Massari of SLT, Inc. dba Generous Jerry's Fireworks Inc., to sell fireworks in the parking lot of Super One Foods, subject to submittal of all licensing requirements, license fee and completion of a background check.

Background/Overview

The City has received an application from John Massari, SLT Inc., dba Generous Jerry's Fireworks Inc., for a Peddlers, Solicitors, & Transient Merchants license to sell fireworks from June 24 through July 5, 2020 between the hours of 9:00 a.m. to 8:00 p.m. in the parking lot of Super One Foods, 707 Hwy 33 South. Generous Jerry's has been licensed to sell fireworks in Cloquet since State law was amended to allow for such sales in 2006. The City has received no complaints regarding the operation during this timeframe.

Policy Objectives

Section 6.6 of the Municipal Code requires the regulation of peddlers, solicitors, and transient merchants. The purpose of such licensing is to regulate the potential nuisance and public safety issues which sometimes relate to such operations. The City does not have a separate licensing requirement for retail fireworks sales.

Financial/Budget/Grant Considerations

The applicant has submitted the appropriate license fee associated with this license. There is no other direct cost to the City.

Advisory Committee/Commission Action

None.

Supporting Documentation Attached

- Application



CITY ADMINISTRATOR'S OFFICE

101 14th Street, Cloquet MN 55720
Phone: 218-879-3347 Fax: 218-879-6555
www.cloquetmn.gov
email: lkstarnold@cloquetmn.gov

Application for License Regulating Peddlers, Solicitors, & Transient Merchants

This application, all required documentation and fees must be submitted by any person desiring to obtain a Peddlers, Solicitors & Transient Merchant license within the City of Cloquet, MN.

APPLICANT'S FULL LEGAL NAME:

Name: John Joseph Massari
First Full Middle Name Last

Residence Address: _____

City, State, Zip: Libertyville, IL 60048

Home Phone: _____ Work Phone: 701-588-4020 Cell Phone: _____

E-Mail Address: _____

Date of Birth: 7-18 Place of Birth: Chicago

Social Security #: _____ Drivers License #: _____ State: _____

Eye Color: Blue Hair Color: Black Height: 5'7 Weight: 185

BUSINESS/ORGANIZATION INFORMATION:

Business or Organization Name: Sky's the Limit Inc DBA Genarsons Jerry's Fireworks

Address: PO Box 70

Mailing Address (if different from above): _____

Phone: 701-775-1106 Alternate Number: 701-739-2858

LOCATION OF PROPOSED SALES:

Business/Organization Name: Cloquet Superone Parking lot

Address: 707 Hwy 33 South, Cloquet, MN

Local Phone Number: _____ Permanent Phone Number: 701-775-1106

Any and all addresses and telephone numbers where the applicant can be reached while conducting business within the city, including the location where a transient merchant intends to set up business:

Address: On site Phone: 701-739-2858

Address: _____ Phone: _____

MINNESOTA BUSINESS TAX IDENTIFICATION LAW

Pursuant to Minnesota Statute 270C.72 (Tax Clearance; Issuance of Licenses), Subd. 4. The licensing authority is required to provide the Minnesota Commissioner of Revenue your business tax identification number and social security number of each license applicant. Under the Minnesota Government Data Practices Act and the Federal Privacy Act of 1974, we are required to advise you of the following regarding the use of this information:

1. This information may be used to deny the issuance, renewal or transfer of your license in the event you owe the Minnesota Department of Revenue delinquent taxes, penalties or interest.
2. Upon receiving this information, the licensing authority will supply it only to the Minnesota Department of Revenue. However, under the Federal Exchange of Information Agreement, the Department of Revenue may supply this information to the Internal Revenue Service.
3. Failure to supply this information may jeopardize or delay the processing of your licensing issuance or renewal application.

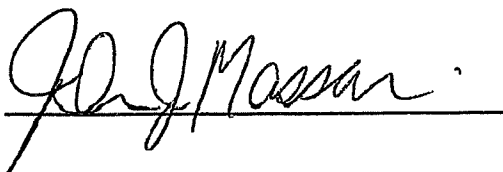
License Type: Peddler - Fireworks

Please supply the following information and return along with your application to the City of Cloquet.

APPLICANT INFORMATION		
Name: <small>First</small> <u>John</u>	Name: <small>Full Middle</small> <u>Joseph</u>	Name: <small>Last</small> <u>Massari</u>
Current Address:		
City: <u>L1 Bertsgville</u>	State: <u>IL</u>	Zip Code: <u>60048</u>
Social Security Number:		

BUSINESS INFORMATION		
Business Name: <u>Skys the Limit Inc. DBA Genious Jerry's Fireworks</u>		
Business Address: <u>PO Box 70</u>		
City: <u>Horace</u>	State: <u>North Dakota</u>	Zip Code: <u>58047</u>

TAX IDENTIFICATION NUMBERS
Federal Tax Identification Number: <u>32-0600616</u>
Minnesota Tax Identification Number: <u>6769313</u>

Signature: 

Date: 5/26/2020

Model:	License #:
Color:	State:

List the Full (last, first, full middle) Name, Date of Birth, Permanent Address, Social Security #, Drivers License #, and description of ALL persons proposed to be employed in this municipality during the period for which this application is made: (Attach additional sheets if necessary.)

✓ Name (Last, First, Full Middle)	Erickson, Alec, Paul	
Date of Birth		
Permanent Address		
Social Security #		
Driver's License #		State: ND
Physical Description	5'11" 190 Brown hair Green Eyes	

✓ Name (Last, First, Full Middle)	Winbauer, Kenneth, James	
Date of Birth		
Permanent Address		
Social Security #		
Driver's License #		State: ND
Physical Description	6'2" 170 Brown hair Blue Eyes	

Name (Last, First, Full Middle)		
Date of Birth		
Permanent Address		
Social Security #		
Driver's License #		State:
Physical Description		

Name (Last, First, Full Middle)		
Date of Birth		
Permanent Address		
Social Security #		
Driver's License #		State:
Physical Description		

THE LENGTH OF TIME FOR SALES OR SOLICITING AND HOURS DURING WHICH BUSINESS WILL BE CONDUCTED:
(Not to exceed 30 days)

Beginning Date: June 24 2020 Ending Date: July 5 2020

Hours during which business will be conducted: 9am-8pm
(City Code states hours of business are to be conducted between 8:00 a.m. and 8:00 p.m.)

Brief description of the nature of the business or solicitation and the goods to be sold or given away:

Sale of class C (1.4g) fireworks

Do you have written consent of the landowner upon whose premises this activity is to be conducted? Yes No (If yes, please attach written consent.)

Do you use a Sales Contract? Yes No (If yes, please attach a copy.)

Name and Address of the Source of Supply of the goods or property proposed to be sold, or orders taken for the sale thereof; location of such goods or products at the time of this application; and proposed method of delivery:

Generous Jerry's Fireworks - Imported from China
1801 17th St NE, Grand Forks, ND 58203
Delivery Method - S&S Transport

List the names of the last three (3) cities where you have registered and conducted business for your activities:

City and Address	State
<u>City of Bemidji</u>	<u>MN</u>
<u>City of Virginia</u>	<u>MN</u>
<u>City of Grantsburg</u>	<u>WI</u>

Describe all vehicles that you will be using in your activities:

Make: <u>Mercedes</u>	Year: <u>2012</u>
Model: <u>Sprinter 3500</u>	License #: <u>830 AKY</u>
Color: <u>White</u>	State: <u>North Dakota</u>

Make: <u>Jeep</u>	Year: <u>2009</u>
Model: <u>Grand Cherokee</u>	License #: <u>444 BTF</u>
Color: <u>Grey</u>	State: <u>ND</u>

Make:	Year:
Model:	License #:
Color:	State:

Make:	Year:
-------	-------

SHORT-TERM LICENSE AGREEMENT

Agreement between Miner's Incorporated of 5065 Miller Trunk Highway, Hermantown, MN 55811 (Miner's), and John Massari Sky's The Limit Inc. d/b/a Generous Jerry's Fireworks, Inc. of 733 St. Mary's Rd., Libertyville, IL 60048 (Licensee), made as of May 21, 2020.

1. **Agreement to License use of Premises.** Miner's agrees to license to Licensee the right to use certain premises in Miner's possession on the terms and conditions stated in this License.

2. **Premises.** The premises licensed are located at Miner's following store locations and the location of the licensed area at each store is shown on the map attached hereto as **Exhibit A (Premises)**:

Cloquet Super One Foods
Pine Tree Plaza
707 Hwy. 33 South
Cloquet, MN 55720

Licensee's on-site structure (single tent and any other enclosure) may not exceed a total of 1,600 square feet.

3. **Term.** The term of this License begins on June 20, 2020 and ends on July 7, 2020 (Term).

4. **Compensation.** Licensee shall pay Miner's at Miner's address stated above (or at such other address as Miner's may require) the greater of a nonrefundable license fee of [REDACTED] per location or [REDACTED] combined sales, excluding sales tax, payable as follows:

- a. Licensee will pay Miner's, without demand, on execution of this Agreement the sum of [REDACTED] at Miner's address stated above (or at such other address as Miner's may require); and
- b. the balance of the license fee shall be paid by Licensee on or before July 10, 2020.
- c. In the event the covid-19 pandemic does not allow for the sale of fireworks, Generous Jerry's Fireworks would not be required to pay the agreed upon annual rent.

5. **Use of Premises.** The Premises may be used for the retail sale of Minnesota legal fireworks (Class C) and related novelty items only. Miner's grants permission to Licensee to locate a temporary stand, kiosk, or tent on the Premises from which to sell its products. Licensee shall not permit any unlawful practice or activity to be carried on in the Premises; make any use of or allow the Premises to be used for any purpose that might invalidate or increase the rate of insurance thereof; create any nuisance or injure the reputation of Miner's; commit or suffer waste; permit any use prohibited by a zoning or building restriction; permit the use of radios, loudspeakers or other devices that can be heard outside the Premises; or place or erect any sign of any size, design and character which is visible outside premises without first receiving Miner's approval. Licensee's activities shall at all times conform to all state and local ordinances and licensing requirements. Licensee shall be responsible for the cost of procuring any state or local licenses required for the sale of its products.

6. **Condition of the Premises.** Prior to commencing operations, Licensee will inspect the Premises and unless Licensee delivers written notice to Licensor within 24 hours of the commencement date of this License to the contrary, Licensee shall be deemed to have acknowledged that the Premises are clean and in good order and repair, and Licensee accepts the Premises "as is."

7. **Cleaning and Repairs.** Licensee must keep the Premises clean and in good order and repair. In the event of a default by Licensee, Miner's may cause the Premises to be cleaned and make necessary repairs and charge the cost of such cleaning and repairs to Licensee as additional fees under this License.

8. **Alterations.** Licensee may not alter the Premises. Licensee agrees to properly patch any and all holes made by Licensee, remove all garbage and refuse, and return the Premises into the same condition as existed as of the first day of the Term.

9. **Liability.** Miner's is not liable for any loss, damage, or expense suffered by any person on or about the Premises, except that which is caused by Miner's negligence. If Miner's incurs any damage or expense due to any such claim, other than a claim arising from Miner's negligence, Licensee will reimburse Miner's for such damage or expense as additional fees under this License.

10. **Insurance Requirements.**

a. **No Liability For Loss.** Miner's shall not be liable for any loss or damage to persons or property of Licensee or of its employees or invitees occasioned by or resulting from defects in the premises.

b. **Liability Insurance.** Licensee agrees to carry and pay the premium for public liability insurance, insuring itself and Miner's against injury to property, person, or loss of life arising out of the use and occupancy of the Premises, or in any way occasioned by Licensee's business activities in conjunction with Licensee's use of the Premises, with limits of at least \$2,000,000 and shall furnish to Miner's a certificate of said insurance. Such policies of insurance shall not be canceled, discontinued, or altered without ten (10) days written notice to Miner's.

c. **Licensee's Indemnity.** Licensee agrees to indemnify, defend and hold harmless Miner's, its agents and employees, from and against any and all claims, demands, actions, liabilities, damages, costs and expenses (including attorneys' fees), for injuries to any persons and damage to or loss of property occurring in or about the Premises and arising from the use and occupancy of the Premises or from any activity, work, or thing done, permitted or suffered by Licensee in or about the Premises or from any breach or default on the part of Licensee in the performance of any covenant or agreement on the part of Licensee to be performed under this License or due the negligence or willful misconduct of Licensee, its invitees, employees, contractors and agents. If any such proceeding is filed against Miner's or any such indemnified party, Licensee agrees to defend Miner's or such party in such proceeding at Licensee's sole cost by legal counsel reasonably satisfactory to Miner's.

11. **Notices.** All notices under this License must be in writing and either delivered personally or mailed by certified or registered mail, return receipt requested, to the address of Miner's, or if sent to Licensee to Licensee's address stated above.

12. **Default and Remedies.**

a. **Notice of Default.** Miner's agrees to immediately notify Licensee by the most expeditious means available of any default by Licensee under this License.

b. **Termination of License.** If Licensee fails to correct any default within 24 hours of receiving notice, or if Licensee fails to pay the fees provided for in this License on the due date, then Miner's may cancel this License and remove Licensee from the Premises without further notice. The foregoing notwithstanding, in the event Licensee is cited by law enforcement authorities for any unlawful sale of fireworks, this License shall automatically terminate immediately without notice to Licensee and Licensee shall immediately vacate the Premises. Licensee remains liable, after such termination, eviction, or vacation for all fees, costs, and damages provided in this License.

c. **Compensation for Unexpired Term.** If this License is terminated due to Licensee's default, all fees payable by Licensee during the entire Term as provided in this License become immediately due and fully payable.

d. **Other Remedies.** If this License is terminated due to Licensee's default, Miner's may, in addition to any other rights and remedies available to Miner's, enter the Premises and have Licensee and Licensee's property removed at Licensee's sole cost and expense.

13. **Surrender.** At the end of the Term or earlier termination of this License, Licensee will quit and surrender the Premises in as good order and condition as on the commencement date of this License, except for ordinary wear and tear and damage by the elements.

14. **Exclusive.** So long as Licensee is not in default under this License, Licensee may peaceably and quietly enjoy the Premises during the Term and Miner's will not grant permission to any other third party to sell retail fireworks on the Premises or within Miner's store adjoining the Premises.

15. **No Waiver and Separability.** If Miner's fails to enforce any provision of this License, Miner's is not deemed to waive such provision and is not prevented from enforcing such provision thereafter. If any part of this License is invalid or unenforceable, the balance of this License shall remain effective, absent such provision.

16. **Successors.** This License is binding on all persons who may succeed to the rights of Miner's or Licensee.

17. **Merger.** This Licensee represents the entire agreement between Miner's and Licensee. Miner's has made no representations other than those contained in this License.


18. **Assignment and Subleasing.** Licensee may not assign this License, or allow any other person to occupy the Premises, without Miner's written consent, which consent shall not be unreasonably withheld.

19. **Amendments.** No change in this License shall be effective unless it is in writing and signed by both Miner's and Licensee.

20. **Miner's/Licensee Relationship.** It is expressly understood and agreed by the parties that nothing contained in this Agreement shall be construed to create a joint venture, partnership, association, or other affiliation or like relationship between the parties, it being specifically agreed that their relationship is and shall remain that of licensor and licensee.

MINER'S INCORPORATED


(Miner's)

By: 

Timothy J. Kleiman
Asset Manager

GENEROUS JERRY'S FIREWORKS, INC.

(Licensee)

By: 

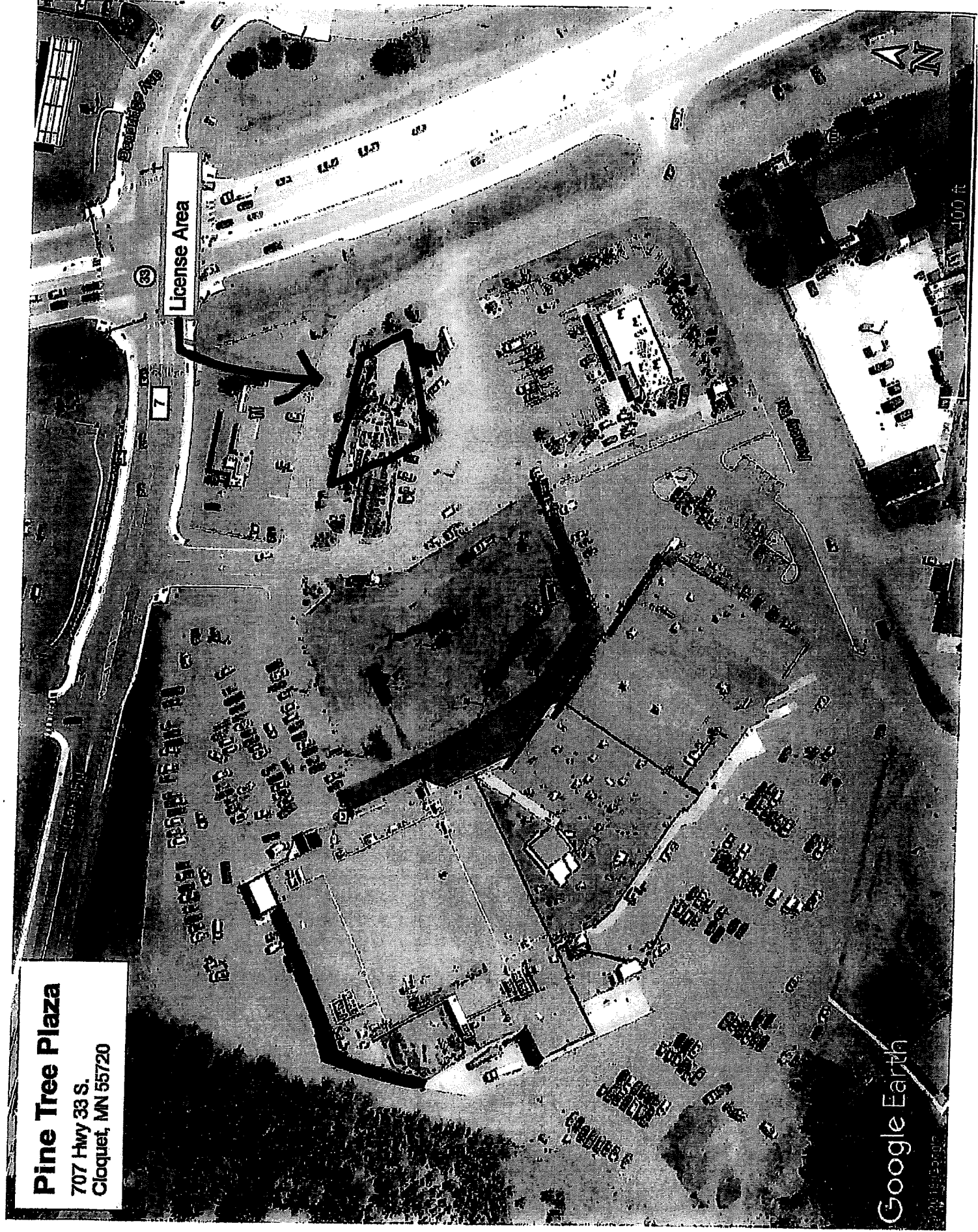
John Massari
President

Pine Tree Plaza

707 Hwy 33 S.
Cloquet, MN 55720

License Area

Google Earth





STARR-1

OP ID: JR

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
06/03/2020

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

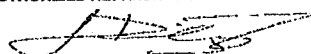
PRODUCER Connor & Gallagher Ins. Serv. 750 Warrenville Road, Ste. 400 Lisle, IL 60532 Bob Davis		CONTACT NAME: Jose L Rodriguez PHONE (A/C, No, Ext): 630-810-9100 FAX (A/C, No): 630-810-0100 E-MAIL ADDRESS: jrodriguez@gocgo.com	
INSURED Skys The Limit, Inc. dba Starr Fireworks; J Starr Properties, LLC 10908 38th Street S Horace, ND 58047		INSURER(S) AFFORDING COVERAGE INSURER A: Evanston Insurance Company INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:	
630-810-9100		NAIC # 35378	

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	X COMMERCIAL GENERAL LIABILITY	X		MKLV3PPD000470	09/01/2019	09/01/2020	EACH OCCURRENCE	\$ 1,000,000
	X CLAIMS-MADE <input type="checkbox"/> OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 100,000
							MED EXP (Any one person)	\$
							PERSONAL & ADV INJURY	\$ 1,000,000
							GENERAL AGGREGATE	\$ 2,000,000
							PRODUCTS - COM/OP AGG	\$ Included
								\$
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident)	\$
							BODILY INJURY (Per person)	\$
							BODILY INJURY (Per accident)	\$
							PROPERTY DAMAGE (Per accident)	\$
								\$
	UMBRELLA LIAB						EACH OCCURRENCE	\$
	EXCESS LIAB						AGGREGATE	\$
								\$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY						PER STATUTE	OTH-ER
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER MEMBER EXCLUDED? (Mandatory in MN)		N/A				E.L. EACH ACCIDENT	\$
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	\$
							E.L. DISEASE - POLICY LIMIT	\$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
RE: 2020 Cloquet, MN : parking lot of Super One Foods, 707 Hwy 33 South, Cloquet, MN 55720. Additional Insured on the General Liability per written contract: regarding location: Cloquet Super One Foods 707 Hwy 33 South Cloquet, MN 55720. Coverage Dates: June 15th 2020 to July 10th 2020.

CERTIFICATE HOLDER Generous Jerry's Fireworks Inc 733 St Mary's Road Libertyville, IL 60048		CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 	
GENEROU			



Community Development Department

101 14th Street • Cloquet MN 55720
Phone: 218-879-2507 • Fax: 218-879-6555
www.cloquetmn.gov

REQUEST FOR COUNCIL ACTION

To: Mayor and City Council
From: Holly Hansen, Community Development Director
Reviewed by: Tim Peterson, City Administrator *TP*
Date: June 16, 2020

ITEM DESCRIPTION: Establishing Development District No. 5 and Adopting the Development Program Therefor; Establishing TIF District No. 5-1 Within Development District NO. 5 and Adopting the TIF Plan Therefor; Authorizing the Terms of an Interfund Loan; and Authorizing the Execution of a Development Agreement

Proposed Action

The Council is asked to hold a public hearing on the proposed TIF Housing District for Trails Edge and move to approve **RESOLUTION NO. 20-33, A RESOLUTION ESTABLISHING DEVELOPMENT DISTRICT NO. 5 AND ADOPTING THE DEVELOPMENT PROGRAM THEREFOR; ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 5-1 WITHIN DEVELOPMENT DISTRICT NO. 5 AND ADOPTING THE TAX INCREMENT FINANCING PLAN THEREFOR; AUTHORIZING THE TERMS OF AN INTERFUND LOAN; AND AUTHORIZING THE EXECUTION OF A DEVELOPMENT AGREEMENT.**

Background/Overview

In 2003, Jim Kuklis Construction began the Trails Edge Phase senior duplex rental project west of 18th Street on Trail Drive. No public assistance was sought for that project which constructed 11 buildings for a total of 22 senior rental units (slab on grade duplex format, executive finish) and constructed Trail Drive which remains a private street that dead ends. There were a total of 16 buildable lots originally constructed, however only 11 were constructed upon, leaving 5 remaining unconstructed lots. This TIF Application "Trails Edge Phase 2" will complete the construction of the 5 remaining lots along the south side of Trail Drive generating 10 senior duplex rental units.

MN Housing TIF Districts

The public benefit provided in exchange for using TIF is occupancy, in part, by low- and moderate-income individuals. In the case of this project, a proposed senior rental project the requirement is either:

1. **20-50 test:** 20 percent of the units are occupied by individuals whose incomes are 50 percent or less of the area median income.
2. **40-60 test:** 40 percent of the units are occupied by individuals whose incomes are 60 percent or less of the area median income.

These rental limits apply for the duration of the TIF district and are screened annually by the City to examine compliance that the 20% of units rented to 50% of median income complies for the development at all times during the term of the TIF District.

TIF Plan and Development Program (Ehlers)

The financial review and analysis for the project was conducted by Ehlers, the City's financial advisors ensuring that the project would not proceed "But For" the public assistance being sought. The purpose of the TIF Plan is a budgeting document that describes options available for the project and state statutory requirements. The Plan reflects the full 26-year term for the project which includes inflation over time and flexibility of the housing district. The Development Agreement however is the terms of the deal with the City and recognizes the need for the project as evaluated for only 15-years of TIF assistance. Ehlers Senior Municipal Advisor Todd Hagen will be available by phone during the meeting to answer any questions of the Council. The purpose of the Development Program sets forth objectives for the TIF Development District in compliance with requirements of the Municipal Development District Act and the TIF Act.

Development Agreement (Taft Law)

The City's Development Attorney has prepared a Development Agreement detailing terms of the deal between the developer and City. Key provisions of the agreement include: the look back provision ensuring project costs have been met, compliance requirements of low/moderate income as discussed above, what constitutes a default of the agreement, termination of the agreement, additional provisions of the agreement and then exhibits.

1. **Phase 1 (3 buildings, 6 units) the eastern units to be fully completed by June 17, 2021** meaning a Certificate of Occupancy has been issued by the City Building Official for all interior and exterior requirements have been met including yards, driveways, exterior building finishes, post office addressing and mail receptacles etc.
2. **Phase 2 (2 buildings, 4 units) the western units to be fully completed by June 17, 2022** meaning a Certificate of Occupancy has been issued by the City Building Official for all interior and exterior requirements have been met including yards, driveways, exterior building finishes, post office addressing and mail receptacles etc.

The look back provision will require the developer to prove eligible costs of \$312,218 that over the term of the TIF Note at 4.5% will yield a total of \$437,078 by February 2037. The City will issue one TIF Note and will at the completion of the project apply the 20% income restriction requirement ensuring that 2 units are occupied by legally required income restricted individuals.

Policy Objectives

Implementing recommendations of the 2014 Cloquet Housing Study by Stantec has been a priority goal of the Cloquet EDA. The study, as shown in the graph below, demonstrates a strong senior housing market, with the need for age restricted market and affordable rental units. Further, the Cloquet-Scanlon Housing Task Force crafted an Implementation Plan for the 2014 Cloquet Housing Study in which Goal 8 identified options for senior housing.

This project is the first age restricted TIF project for seniors that the EDA/City have been asked to review for approval, a niche in demand in Cloquet. As we have recently learned, utilizing TIF for single family purchase (e.g. Patio Homes Project which generated far more TIF than traditional multifamily project in Cloquet) and this duplex rental project is much more expensive and labor intensive to incrementally construct than multifamily housing buildings.



Financial/Budget/Grant Considerations

On 4-24-20, the developer submitted a TIF Application and paid the City’s \$10,000 fee back in September 2019. Additional legal costs are expected and will be paid for by the developer. The purpose of the public assistance being sought is to offset the affordability of the senior rental units provided considering the high construction costs. TIF Housing Districts can examine construction costs for eligibility.

Attached the Council will find the TIF Note, the project will generate \$312,218 in TIF at 4.5% for a final Note payment in February of 2037 of \$437,078. The City will issue the TIF Note at the completion of the project after verification of project receipts, the developer has stated he will rely on project partner Lisa Kuklis to work with the City on this item via submitting verification of eligible TIF cost project receipts for reimbursement for Phase 1 (3 buildings, 6 units, fully completed by June 17, 2021) and Phase 2 (2 buildings, 4 units, fully completed by June 17, 2022).

Advisory Committee/Commission Action

At their June 3rd meeting, the Cloquet Economic Development Authority recommended approval to City Council.

Supporting Documentation Attached

- TIF Note Trails Edge Phase 2
- Tax Increment Financing Plan No. 5-1
- Establishment of the Development Program Development District No. 5
- Development Agreement by and Between the City of Cloquet and Trails Edge, LLC
- Resolution No. 20-33

CITY OF CLOQUET, MINNESOTA
 TAX INCREMENT FINANCING DISTRICT NO. 5-1: TRAIL'S EDGE, LLC/JIM KUKLIS CONSTRUCTION COMPANY, LLC (SENIOR RENTAL DUPEX PROJECT)
 (HOUSING DISTRICT)

LIMITED REVENUE NOTE (DEVELOPMENT PROPERTY ALL 5 LOTS)
 4.50%

PERIOD BEGINNING Mth. Yr.	Beg. Balance	Accrued Interest	Principal Payment	Interest Payment	Total Payment	End Balance	PERIOD ENDING Mth. Yr. PAYMENT DATE
1-Feb 2021	298,628	6,719	0	0	0	305,347	1-Aug 2021
1-Aug 2021	305,347	6,870	0	0	0	312,218	1-Feb 2022
1-Feb 2022	312,218	0	1,583	7,025	8,608	310,634	1-Aug 2022
1-Aug 2022	310,634	0	1,619	6,989	8,608	309,015	1-Feb 2023
1-Feb 2023	309,015	0	8,042	6,953	14,995	300,973	1-Aug 2023
1-Aug 2023	300,973	0	8,223	6,772	14,995	292,750	1-Feb 2024
1-Feb 2024	292,750	0	8,408	6,587	14,995	284,342	1-Aug 2024
1-Aug 2024	284,342	0	8,597	6,398	14,995	275,744	1-Feb 2025
1-Feb 2025	275,744	0	8,791	6,204	14,995	266,954	1-Aug 2025
1-Aug 2025	266,954	0	8,989	6,006	14,995	257,965	1-Feb 2026
1-Feb 2026	257,965	0	9,191	5,804	14,995	248,774	1-Aug 2026
1-Aug 2026	248,774	0	9,398	5,597	14,995	239,377	1-Feb 2027
1-Feb 2027	239,377	0	9,609	5,386	14,995	229,768	1-Aug 2027
1-Aug 2027	229,768	0	9,825	5,170	14,995	219,942	1-Feb 2028
1-Feb 2028	219,942	0	10,046	4,949	14,995	209,896	1-Aug 2028
1-Aug 2028	209,896	0	10,272	4,723	14,995	199,623	1-Feb 2029
1-Feb 2029	199,623	0	10,504	4,492	14,995	189,120	1-Aug 2029
1-Aug 2029	189,120	0	10,740	4,255	14,995	178,380	1-Feb 2030
1-Feb 2030	178,380	0	10,981	4,014	14,995	167,399	1-Aug 2030
1-Aug 2030	167,399	0	11,229	3,766	14,995	156,170	1-Feb 2031
1-Feb 2031	156,170	0	11,481	3,514	14,995	144,689	1-Aug 2031
1-Aug 2031	144,689	0	11,740	3,255	14,995	132,949	1-Feb 2032
1-Feb 2032	132,949	0	12,004	2,991	14,995	120,946	1-Aug 2032
1-Aug 2032	120,946	0	12,274	2,721	14,995	108,672	1-Feb 2033
1-Feb 2033	108,672	0	12,550	2,445	14,995	96,122	1-Aug 2033
1-Aug 2033	96,122	0	12,832	2,163	14,995	83,290	1-Feb 2034
1-Feb 2034	83,290	0	13,121	1,874	14,995	70,169	1-Aug 2034
1-Aug 2034	70,169	0	13,416	1,579	14,995	56,752	1-Feb 2035
1-Feb 2035	56,752	0	13,718	1,277	14,995	43,034	1-Aug 2035
1-Aug 2035	43,034	0	14,027	968	14,995	29,007	1-Feb 2036
1-Feb 2036	29,007	0	14,342	653	14,995	14,665	1-Aug 2036
1-Aug 2036	14,665	0	14,665	330	14,995	0	1-Feb 2037
		13,589	312,218	124,860	437,078		

Payments based on TMV of \$1,500,000 and 90% TIF to Developer.



CITY OF CLOQUET, MINNESOTA
TAX INCREMENT FINANCING DISTRICT NO. 5-1: TRAIL'S EDGE, LLC/JIM KUKLIS CONSTRUCTION COMPANY, LLC (SENIOR RENTAL DUPEX PROJECT)
(HOUSING DISTRICT)

LIMITED REVENUE NOTE (DEVELOPMENT PROPERTY ALL 5 LOTS)
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PERIOD BEGINNING		Beg. Balance	Accrued Interest	Principal Payment	Interest Payment	Total Payment	End Balance	PERIOD ENDING	
Mth.	Yr.							Mth.	Yr.
		PAYMENT DATE							
1-Feb	2021	298,628	6,719	0	0	0	305,347	1-Aug	2021
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1-Aug	2029	189,120	0	10,740	4,255	14,995	178,380	1-Feb	2030
1-Feb	2030	178,380	0	10,981	4,014	14,995	167,399	1-Aug	2030
1-Aug	2030	167,399	0	11,229	3,766	14,995	156,170	1-Feb	2031
1-Feb	2031	156,170	0	11,481	3,514	14,995	144,689	1-Aug	2031
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1-Feb	2035	56,752	0	13,718	1,277	14,995	43,034	1-Aug	2035
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			13,589	312,218	124,860	437,078			

Payments based on TMV of \$1,500,000 and 90% TIF to Developer.



Prepared by Ehlers Associates, Inc.

EXTRACT OF MINUTES OF A MEETING OF THE
CITY COUNCIL OF THE CITY
OF CLOQUET, MINNESOTA

HELD: June 16, 2020

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Cloquet, Carlton County, Minnesota, was duly called and held on June 16, 2020 at 7:00 p.m.

The following members of the Council were present:

and the following were absent:

Member _____ introduced the following resolution and moved its adoption:

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

RESOLUTION NO. 20-33

**A RESOLUTION ESTABLISHING DEVELOPMENT DISTRICT NO. 5
AND ADOPTING THE DEVELOPMENT PROGRAM THEREFOR;
ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 5-1
WITHIN DEVELOPMENT DISTRICT NO. 5 AND ADOPTING THE TAX
INCREMENT FINANCING PLAN THEREFOR; AUTHORIZING THE
TERMS OF AN INTERFUND LOAN; AND AUTHORIZING THE
EXECUTION OF A DEVELOPMENT AGREEMENT**

WHEREAS:

A. It has been proposed that the City of Cloquet, Minnesota (the "City"): (1) establish Development District No. 5 (the "Development District"); (2) adopt a Development Program for the Development District; (3) establish Tax Increment Financing District No. 5-1 therein (the "TIF District"); (4) approve and adopt the proposed Tax Increment Financing Plan therefor; (5) authorize the terms of an interfund loan related thereto; and (6) authorize the execution of a development agreement; all pursuant to and under the provisions of Minnesota Statutes, Sections 469.174 to 469.1794, as amended (the "Act"); and

B. The City Council has investigated the facts and has caused to be prepared a development program for the establishment of the Development District (the "Development Program"), and has caused to be prepared a proposed tax increment financing plan for the TIF District therein (the "TIF Plan"); and

C. The City has performed all actions required by law to be performed prior to the approval of the establishment of the Development District and the establishment of the TIF District therein, and the adoption of the Development Program and TIF Plan therefor, including, but not limited to, a review of the Planning Commission of the proposed Development Program

and establishment of the TIF District, notification of Carlton County and Independent School District No. 94 having taxing jurisdiction over the property to be included in the TIF District and the holding of a public hearing upon published and mailed notice as required by law.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Cloquet as follows:

1. Development District No. 5. There is hereby established in the City a Development District No. 5, the initial boundaries of which are fixed and determined as described in the Development Program.

2. Development Program. The Development Program for the establishment of the Development District, a copy of which is on file in the office of the City Administrator, is adopted as the development program for the Development District.

3. Tax Increment Financing District No. 5-1. There is hereby established in the City within the Development District, Tax Increment Financing District No. 5-1, a housing tax increment financing district, the initial boundaries of which are fixed and determined as described in the TIF Plan.

4. Tax Increment Financing Plan. The TIF Plan is adopted as the tax increment financing plan for the TIF District, and the City Council makes the following findings:

(a) The TIF District is a housing district as defined in Minnesota Statutes, Section 469.174, Subd. 11, the specific basis for such determination is set forth in Appendix C of the TIF Plan.

(b) The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future. The reasons for such determination are set forth in Appendix C of the TIF Plan.

(c) The TIF Plan for the TIF District conforms to the general plan for development or redevelopment of the City as a whole. The reasons for supporting this finding are set forth in Appendix C of the TIF Plan.

(d) The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of the Development District by private enterprise. The reasons supporting this finding are set forth in Appendix C of the TIF Plan.

(e) Appendix C of the TIF Plan is incorporated herein by reference.

5. Public Purpose. The adoption of the Development Program for the Development District, and the adoption of the TIF Plan for the TIF District conform in all respects to the requirements of the Act and will help fulfill a need to develop an area of the State which is already built up to provide safe, decent, sanitary housing for residents of the City, to improve the tax base and to improve the general economy of the State and thereby serves a public purpose.

6. Certification. The Auditor of Carlton County is requested to certify the original net tax capacity of the TIF District as described in the TIF Plan, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased in accordance with the Act; and the City Administrator is authorized and directed to forthwith transmit this request to the County Auditor in such form and content as the Auditor may specify, together with a list of all properties within the TIF District for which building permits have been issued during the 18 months immediately preceding the adoption of this Resolution.

7. Filing. The City Administrator is further authorized and directed to file a copy of the Development Program and TIF Plan for the TIF District with the Commissioner of Revenue and the Office of the State Auditor.

8. Administration. The administration of the Development District is assigned to the City Administrator who shall from time to time be granted such powers and duties pursuant to Minnesota Statutes, Sections 469.130 and 469.131 as the City Council may deem appropriate.

9. Interfund Loan. The City has determined to pay for certain costs (the "Qualified Costs") identified in the TIF Plan consisting of certain administrative expenses, which costs may be financed on a temporary basis from the City's general fund or any other fund from which such advances may be legally made (the "Fund"). Under Minnesota Statutes, Section 469.178, Subd. 7, the City is authorized to advance or loan money from the Fund in order to finance the Qualified Costs. 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 following terms (which terms are referred to collectively as the "Interfund Loan"):

(a) The City shall repay to the Fund from which the Qualified Costs are initially paid, the principal amount of \$1,226,802 (or, if less, the amount actually paid from such fund) together with interest at 5.00% per annum (which is not more than the greater of (i) the rate specified under Minnesota Statutes, Section 270C.40, or (ii) the rate specified under Minnesota Statutes, Section 549.09) from the date of the payment.

(b) Principal and interest on the Interfund Loan ("Payments") shall be paid annually on each December 31 commencing with the date the tax increments from the TIF District are available and not otherwise pledged to and including the earlier of (a) the date the principal and accrued interest of the Interfund Loan is paid in full, or (b) the date of last receipt of tax increment from the TIF District ("Payment Dates") which Payments will be made in the amount and only to the extent of available tax increments. Payments shall be applied first to accrued interest, and then to unpaid principal.

(c) Payments on the Interfund Loan are payable solely from the tax increment generated in the preceding twelve (12) months with respect to 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 this Interfund Loan are subordinate to any outstanding or future bonds, notes or contracts secured in whole or in part with tax increment, and are on parity with any other outstanding or future interfund loans secured in whole or in part with tax increments.

(d) The principal sum and all accrued interest payable under this 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 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 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 termination of the TIF District.

(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.

10. Development Agreement.

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

(b) 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.

The motion for the adoption of the foregoing resolution was duly seconded by member _____ and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

Whereupon said resolution was declared duly passed and adopted.

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 compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council of said City, duly called and held on the date therein indicated, insofar as such minutes relate to: the establishment of Development District No. 5, and approving the Development Program therefor; the establishment of Tax Increment Financing District No. 5-1 and approving the Tax Increment Financing Plan therefor; authorizing the terms of an interfund loan; and authorizing the execution of a development agreement.

WITNESS my hand this 16th day of June, 2020.

City Administrator



TAX INCREMENT FINANCING PLAN

Establishment of Tax Increment Financing District No. 5-1 (a housing district)



City of Cloquet, Carlton County, Minnesota

Public Hearing: June 16, 2020

Table of Contents

Tax Increment Financing Plan for Tax Increment Financing District No. 5-1	3
Foreword	3
Statutory Authority	3
Statement of Objectives	3
Development Program Overview	3
Description of Property in the District and Property to be Acquired	4
Classification of the District	4
Duration and First Year of Tax Increment of the District	5
Original Tax Capacity, Tax Rate and Estimated Captured Net Tax Capacity Value/Increment and Notification of Prior Planned Improvements	5
Sources of Revenue/Bonds to be Issued	6
Uses of Funds	7
Estimated Impact on Other Taxing Jurisdictions	8
Supporting Documentation	9
Administration of the District	10
Appendix A: Map of Development District No. 5 and the TIF District	11
Appendix B: Estimated Cash Flow for the District	12
Appendix C: Findings Including But/For Qualifications	13

Tax Increment Financing Plan for Tax Increment Financing District No. 5-1

Foreword

The City of Cloquet (the "City"), staff and consultants have prepared the following information to expedite the Establishment of Tax Increment Financing District No. 5-1 (the "District"), a housing tax increment financing district, located in Development District No. 5.

Statutory Authority

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the City has certain statutory powers pursuant to *Minnesota Statutes ("M.S."), Sections 469.124 - 469.133*, inclusive, as amended, and *M.S., Sections 469.174 to 469.1794*, inclusive, as amended (the "Tax Increment Financing Act" or "TIF Act"), to assist in financing public costs related to this project.

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Redevelopment Plan for Development District No. 5.

Statement of Objectives

The District currently consists of five parcel(s) of land and adjacent and internal rights-of-way. The District is being created to facilitate the development of five (5) detached, twin-home buildings. The ten (10) units will be for-rent to persons age 55+ and located just off 18th Street and Washington Avenue along the south-side of Trail Drive. The City has not entered into an agreement but has designated Trail's Edge, LLC as developer at the time of preparation of this TIF Plan. The development is likely to occur in 2020. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for Development District No. 5.

The activities contemplated in the Development Program and the TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of Development District No. 5 and the District.

Development Program Overview

Pursuant to the Development Program and authorizing state statutes, the City is authorized to undertake the following activities in the District:

1. Property to be Acquired - Selected property located within the District may be acquired by the City and is further described in this TIF Plan.
2. Relocation - Relocation services, to the extent required by law, are available pursuant to *M.S., Chapter 117* and other relevant state and federal laws.

3. Upon approval of a developer's plan relating to the project and completion of the necessary legal requirements, the City may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.
4. The City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.

Description of Property in the District and Property to be Acquired

The District encompasses all property and adjacent rights-of-way and abutting roadways identified by the parcels listed below.

Parcel number	Address	Owner
06-753-0110	Trails Edge	Kuklis
06-753-0120	Trails Edge	Kuklis
06-753-0130	Trails Edge	Kuklis
06-753-0160	Trails Edge	Kuklis
06-753-0170	Trails Edge	Kuklis

Please also see the map in Appendix A for further information on the location of the District.

The City may acquire any parcel within the District including interior and adjacent street rights of way. Any properties identified for acquisition will be acquired by the City only in order to accomplish one or more of the following: storm sewer improvements; provide land for needed public streets, utilities and facilities; carry out land acquisition, site improvements, clearance and/or development to accomplish the uses and objectives set forth in this plan. The City may acquire property by gift, dedication, condemnation or direct purchase from willing sellers in order to achieve the objectives of this TIF Plan. Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs.

Classification of the District

The City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1794*, as amended, inclusive, finds that the District, to be established, is a housing district pursuant to *M.S., Section 469.174, Subd. 11 and M.S., Section 469.1761*.

- The District consists of five parcels
- The development will consist of 10 units of single-family housing
- 20% of the units will be occupied by person with incomes less than 50% of median income.

Pursuant to *M.S., Section 469.176, Subd. 7*, the District does not contain any parcel or part of a parcel that qualified under the provisions of *M.S., Sections 273.111, 273.112, or 273.114* or *Chapter 473H* for taxes payable in any of the five calendar years before the filing of the request for certification of the District.

Duration and First Year of Tax Increment of the District

Pursuant to *M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1*, the duration and first year of tax increment of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the District will be 25 years after receipt of the first increment by the City (a total of 26 years of tax increment). The City elects to receive the first tax increment in 2022, which is no later than four years following the year of approval of the District.

Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2047, or when the TIF Plan is satisfied. The City reserves the right to decertify the District prior to the legally required date.

Original Tax Capacity, Tax Rate and Estimated Captured Net Tax Capacity Value/Increment and Notification of Prior Planned Improvements

Pursuant to *M.S., Section 469.174, Subd. 7 and M.S., Section 469.177, Subd. 1*, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor in 2019 for taxes payable 2020.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2021) the amount by which the original value has increased or decreased as a result of:

1. Change in tax exempt status of property;
2. Reduction or enlargement of the geographic boundaries of the district;
3. Change due to adjustments, negotiated or court-ordered abatements;
4. Change in the use of the property and classification;
5. Change in state law governing class rates; or
6. Change in previously issued building permits.

In any year in which the current Net Tax Capacity (NTC) value of the District declines below the ONTC, no value will be captured and no tax increment will be payable to the City.

The original local tax rate for the District will be the local tax rate for taxes payable 2020, assuming the request for certification is made before June 30, 2020. The ONTC and the Original Local Tax Rate for the District appear in the table below.

Pursuant to *M.S., Section 469.174 Subd. 4 and M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within Development District No. 5, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The City requests 100 percent of the available increase in tax capacity for repayment of its obligations and current expenditures, beginning in the tax year payable 2022. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Tax Capacity		
Project estimated Tax Capacity upon completion	\$30,520	
Original estimated Net Tax Capacity	<u>\$1,141</u>	
Estimated Captured Tax Capacity	\$29,379	
Original Local Tax Rate	<u>189.9210%</u>	Pay 2020
Estimated Annual Tax Increment	\$55,797	
Percent Retained by the City	100%	

Note: Tax capacity includes a 2.00% inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 25. The tax capacity of the District in year one is estimated to be \$11,250.

Pursuant to *M.S., Section 469.177, Subd. 4*, the City shall, after a due and diligent search, accompany its request for certification to the County Auditor or its notice of the District enlargement pursuant to *M.S., Section 469.175, Subd. 4*, with a listing of all properties within the District or area of enlargement for which building permits have been issued during the eighteen (18) months immediately preceding approval of the TIF Plan by the municipality pursuant to *M.S., Section 469.175, Subd. 3*. The County Auditor shall increase the original net tax capacity of the District by the net tax capacity of improvements for which a building permit was issued.

The City is reviewing the area to be included in the District to determine if any building permits have been issued during the 18 months immediately preceding approval of the TIF Plan by the City.

Sources of Revenue/Bonds to be Issued

The total estimated tax increment revenues for the District are shown in the table below:

SOURCES	
Tax Increment	1,115,275
<u>Interest</u>	<u>111,527</u>
TOTAL	1,226,802

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The City reserves the right to incur bonds or other indebtedness as a result of the TIF Plan. As presently proposed, the projects within the District will be financed by pay-as-you-go notes and interfund loans. Any refunding amounts will be deemed a budgeted cost without a formal TIF Plan Modification. This provision does not obligate the City to incur debt. The City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The City may issue bonds (as defined in the TIF Act) secured in whole or in part with tax increments from the District in a maximum principal amount of \$752,463. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

Uses of Funds

Currently under consideration for the District is a proposal to facilitate the development of five (5) detached, twin-home buildings. The ten (10) units will be for-rent to persons age 55+ and located just off 18th Street and Washington Avenue along the south-side of Trail Drive. The City has determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described.

The City has studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

USES	
Land/Building Acquisition	-
Site Improvements/Preparation	100,000
Affordable Housing	420,936
Utilities	100,000
Other Qualifying Improvements	20,000
Administrative Costs (up to 10%)	111,527
PROJECT AND INTEREST COSTS TOTAL	752,463
<u>Interest</u>	<u>474,339</u>
PROJECT AND INTEREST COSTS TOTAL	1,226,803

The total project cost, including financing costs (interest) listed in the table above does not exceed the total projected tax increments for the District as shown in the Sources of Revenue section.

Estimated costs associated with the District are subject to change among categories without a modification to this TIF Plan. The cost of all activities to be considered for tax increment financing will not exceed, without formal modification, the budget above pursuant to the applicable statutory requirements. The City may expend funds for qualified housing activities outside of the District boundaries.

Estimated Impact on Other Taxing Jurisdictions

The estimated impact on other taxing jurisdictions assumes that the redevelopment contemplated by the TIF Plan would occur without the creation of the District. However, the City has determined that such development or redevelopment would not occur "but for" tax increment financing and that, therefore, the fiscal impact on other taxing jurisdictions is \$0. The estimated fiscal impact of the District would be as follows if the "but for" test was not met:

Impact on Tax Base			
Entity	2019/Pay 2020 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) upon completion	Percent of CTC to Entity Total
County	33,267,713	29,379	0.0883%
City	8,992,772	29,379	0.3267%
School	10,684,507	29,379	0.2750%

Impact on Tax Rates				
Entity	Pay 2020 Extension Rate	Percent of Total	CTC	Potential Taxes
County	84.3840%	44.43%	29,379	24,791
City	39.0930%	20.58%	29,379	11,485
School	45.9210%	24.18%	29,379	13,491
Other	20.5230%	10.81%	29,379	6,029
Total	189.9210%	100.00%		55,797

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Pay 2020 rate. The total net capacity for the entities listed above are based on Pay 2020 figures. The District will be certified under the Pay 2020 rates.

Pursuant to *M.S. Section 469.175 Subd. 2(b)*:

- (1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is \$1,115,275;
- (2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is expected. With any addition of new residents or businesses, police calls for service will be increased. New developments add an increase in traffic, and additional overall demands to the call load. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The probable impact of the District on fire protection is not expected to be significant. Typically new buildings generate few calls, if any, and are of superior construction. The existing buildings, which will be eliminated by the new development, have public safety concerns that include several unprotected old buildings with issues such as access, hydrant locations, and converted structures. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The impact of the District on public infrastructure is expected to be minimal. The development is not expected to significantly impact any traffic movements in the area. The current infrastructure for sanitary sewer, storm sewer and water will be able to handle the additional volume generated from the proposed development. Based on the development plans, there are no additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks. The development in the District is expected to contribute an estimated \$9,400 to sanitary sewer (SAC) and water (WAC) connection fees.

The probable impact of any City's general obligation tax increment bonds on the ability to issue debt for general fund purposes is expected to be minimal. It is not anticipated that there will be any general obligation debt issued in relation to this project, therefore there will be no impact on the City's ability to issue future debt or on the City's debt limit.

- (3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is \$283,632;
- (4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is \$495,529;
- (5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S. Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

No requests for additional information from the county or school district regarding the proposed development for the District have been received.

Supporting Documentation

Pursuant to *M.S. Section 469.175, Subd. 1 (a), clause 7* the TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S. Section 469.175, Subd. 3, clause (b)(2)* and the findings are required in the resolution approving the District.

- (i) In making said determination, reliance has been placed upon (1) written representation made by the developer to such effects, (2) review of the developer's proforma; and (3) City staff awareness of the feasibility of developing the project site within the District, which is further outlined in the City Council resolution approving the establishment of the TIF District and (4) the findings contained in Appendix C.

Administration of the District

Administration of the District will be handled by the Finance Director.


Appendix A: Map of Development District No. 5 and the TIF District


TIF District No. 5-1

Development District No. 5

City of Cloquet
Carlton County, Minnesota



 Development District No. 5 Boundaries

 Tax Increment Financing District No. 5-1

Appendix B: Estimated Cash Flow for the District



Trails Edge Phase 2 Housing Development - Proposed TIF District (20/50 Income Limits)

Cloquet, Minnesota (Jim Kuklis Construction Company, LLC)

5 Senior Duplex (10-Unit) Residential Rental Buildings on 5 lots along the south-side of Trail Drive

ASSUMPTIONS AND RATES

DistrictType:	Housing	
District Name/Number:	TBD	
County District #:	TBD	
First Year Construction or Inflation on Value	2020	
Existing District - Specify No. Years Remaining		
Inflation Rate - Every Year:	2.00%	
Interest Rate:	4.50%	
Present Value Date:	1-Feb-21	
First Period Ending	1-Aug-21	
Tax Year District was Certified:	Pay 2020	
Cashflow Assumes First Tax Increment For Development:	2022	
Years of Tax Increment	26	
Assumes Last Year of Tax Increment	2047	
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	NA	
Incremental or Total Fiscal Disparities	Incremental	
Fiscal Disparities Contribution Ratio	0.0000%	
Fiscal Disparities Metro-Wide Tax Rate	0.0000%	
Maximum/Frozen Local Tax Rate:	189.921%	Pay 2020
Current Local Tax Rate: (Use lesser of Current or Max.)	189.921%	Pay 2020
State-wide Tax Rate (Comm./Ind. only used for total taxes)	38.8460%	Pay 2020
Market Value Tax Rate (Used for total taxes) ISD# 94	0.15925%	Pay 2020

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 \$162,000		0.75%
Over \$162,000		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
1	06-753-0110	Kuklis	Trails Edge	20,600	0	20,600	100%	20,600	Pay 2020	Non-H Res. 1 Unit	206	Rental	258	2
2	06-753-0120	Kuklis	Trails Edge	16,300	0	16,300	100%	16,300	Pay 2020	Non-H Res. 1 Unit	163	Rental	204	2
3	06-753-0130	Kuklis	Trails Edge	16,300	0	16,300	100%	16,300	Pay 2020	Non-H Res. 1 Unit	163	Rental	204	2
4	06-753-0160	Kuklis	Trails Edge	18,100	0	18,100	100%	18,100	Pay 2020	Non-H Res. 1 Unit	181	Rental	226	2
5	06-753-0170	Kuklis	Trails Edge	20,000	0	20,000	100%	20,000	Pay 2020	Non-H Res. 1 Unit	200	Rental	250	2
								91,300			913		1,141	

Note:

1. Base values are for pay 2020 based upon review of County website on April 28, 2020.



Trails Edge Phase 2 Housing Development - Proposed TIF District (20/50 Income Limits)

Cloquet, Minnesota (Jim Kuklis Construction Company, LLC)

5 Senior Duplex (10-Unit) Residential Rental Buildings on 5 lots along the south-side of Trail Drive

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 2020	Percentage Completed 2021	Percentage Completed 2022	Percentage Completed 2023	First Year Full Taxes Payable
1	Townhouses	150,000	150,000	6	900,000	Rental	11,250	1,875	100%	100%	100%	100%	2022
2	Townhouses	150,000	150,000	4	600,000	Rental	7,500	1,875	100%	100%	100%	100%	2023
TOTAL					1,500,000		18,750						
Subtotal Residential				10	1,500,000		18,750						
Subtotal Commercial/Ind.				0	0		0						

Note:

1. Market values are based upon estimates from developer on September 10, 2019. Needs to be confirmed by county assessor.

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
Townhouses	11,250	0	11,250	21,366	0	0	1,433	22,799	3,799.89
Townhouses	7,500	0	7,500	14,244	0	0	956	15,200	3,799.89
TOTAL	18,750	0	18,750	35,610	0	0	2,389	37,999	

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	37,999
less State-wide Taxes	0
less Fiscal Disp. Adj.	0
less Market Value Taxes	(2,389)
less Base Value Taxes	(2,167)
Annual Gross TIF	33,443



Trails Edge Phase 2 Housing Development - Proposed TIF District (20/50 Income Limits)

Cloquet, Minnesota (Jim Kuklis Construction Company, LLC)

5 Senior Duplex (10-Unit) Residential Rental Buildings on 5 lots along the south-side of Trail Drive

TAX INCREMENT CASH FLOW														
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	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
-	-	-	-	-	-	-	-	-	-	-	-	-	-	08/01/21
100%	11,250	(1,141)	-	10,109	189.921%	19,199	9,599	(35)	(956)	8,608	8,052	0.5	2022	08/01/22
100%	18,975	(1,141)	-	17,834	189.921%	33,870	16,935	(61)	(1,687)	15,187	29,515	1.5	2023	08/01/23
100%	19,355	(1,141)	-	18,213	189.921%	34,591	16,935	(61)	(1,687)	15,187	42,804	2	2023	02/01/24
100%	19,742	(1,141)	-	18,600	189.921%	35,326	17,295	(62)	(1,723)	15,510	56,077	2.5	2024	08/01/24
100%	20,136	(1,141)	-	18,995	189.921%	36,076	17,295	(62)	(1,723)	15,510	69,058	3	2024	02/01/25
100%	20,539	(1,141)	-	19,398	189.921%	36,841	17,663	(64)	(1,760)	15,839	82,023	3.5	2025	08/01/25
100%	20,950	(1,141)	-	19,809	189.921%	37,621	17,663	(64)	(1,760)	15,839	94,702	4	2025	02/01/26
100%	21,369	(1,141)	-	20,228	189.921%	38,417	18,038	(65)	(1,797)	16,176	107,366	4.5	2026	08/01/26
100%	21,796	(1,141)	-	20,655	189.921%	39,228	18,038	(65)	(1,797)	16,176	119,751	5	2026	02/01/27
100%	22,232	(1,141)	-	21,091	189.921%	40,056	18,420	(66)	(1,835)	16,519	132,121	5.5	2027	08/01/27
100%	22,677	(1,141)	-	21,536	189.921%	40,901	18,420	(66)	(1,835)	16,519	144,218	6	2027	02/01/28
100%	23,130	(1,141)	-	21,989	189.921%	41,762	18,810	(68)	(1,874)	16,858	156,300	6.5	2028	08/01/28
100%	23,593	(1,141)	-	22,452	189.921%	42,641	18,810	(68)	(1,874)	16,858	168,115	7	2028	02/01/29
100%	24,065	(1,141)	-	22,924	189.921%	43,537	19,208	(69)	(1,914)	17,225	179,916	7.5	2029	08/01/29
100%	24,546	(1,141)	-	23,405	189.921%	44,451	19,208	(69)	(1,914)	17,225	191,456	8	2029	02/01/30
100%	25,037	(1,141)	-	23,896	189.921%	45,383	19,614	(71)	(1,954)	17,589	202,981	8.5	2030	08/01/30
100%	25,538	(1,141)	-	24,397	189.921%	46,334	19,614	(71)	(1,954)	17,589	214,253	9	2030	02/01/31
100%	26,049	(1,141)	-	24,907	189.921%	47,304	20,028	(72)	(1,996)	17,960	225,509	9.5	2031	08/01/31
100%	26,570	(1,141)	-	25,428	189.921%	48,294	20,028	(72)	(1,996)	17,960	236,517	10	2031	02/01/32
100%	27,101	(1,141)	-	25,960	189.921%	49,303	20,460	(74)	(2,038)	18,339	247,510	10.5	2032	08/01/32
100%	27,643	(1,141)	-	26,502	189.921%	50,332	20,460	(74)	(2,038)	18,339	258,261	11	2032	02/01/33
100%	28,196	(1,141)	-	27,055	189.921%	51,382	20,881	(75)	(2,081)	18,725	268,997	11.5	2033	08/01/33
100%	28,760	(1,141)	-	27,619	189.921%	52,453	20,881	(75)	(2,081)	18,725	279,497	12	2033	02/01/34
100%	29,335	(1,141)	-	28,194	189.921%	53,546	21,320	(77)	(2,124)	19,119	289,982	12.5	2034	08/01/34
100%	29,922	(1,141)	-	28,780	189.921%	54,660	21,320	(77)	(2,124)	19,119	300,236	13	2034	02/01/35
100%	30,520	(1,141)	-	29,379	189.921%	55,797	21,768	(78)	(2,169)	19,521	310,475	13.5	2035	08/01/35
100%							21,768	(78)	(2,169)	19,521	320,489	14	2035	02/01/36
100%							22,225	(80)	(2,215)	19,931	330,488	14.5	2036	08/01/36
100%							22,225	(80)	(2,215)	19,931	340,267	15	2036	02/01/37
100%							22,692	(82)	(2,261)	20,349	350,032	15.5	2037	08/01/37
100%							22,692	(82)	(2,261)	20,349	359,582	16	2037	02/01/38
100%							23,167	(83)	(2,308)	20,775	369,117	16.5	2038	08/01/38
100%							23,167	(83)	(2,308)	20,775	378,442	17	2038	02/01/39
100%							23,652	(85)	(2,357)	21,210	387,754	17.5	2039	08/01/39
100%							23,652	(85)	(2,357)	21,210	396,850	18	2039	02/01/40
100%							24,147	(87)	(2,406)	21,654	405,952	18.5	2040	08/01/40
100%							24,147	(87)	(2,406)	21,654	414,844	19	2040	02/01/41
100%							24,651	(89)	(2,456)	22,106	423,722	19.5	2041	08/01/41
100%							24,651	(89)	(2,456)	22,106	432,405	20	2041	02/01/42
100%							25,166	(91)	(2,508)	22,568	441,074	20.5	2042	08/01/42
100%							25,166	(91)	(2,508)	22,568	449,552	21	2042	02/01/43
100%							25,691	(92)	(2,560)	23,039	458,017	21.5	2043	08/01/43
100%							25,691	(92)	(2,560)	23,039	466,295	22	2043	02/01/44
100%							26,227	(94)	(2,613)	23,519	474,561	22.5	2044	08/01/44
100%							26,227	(94)	(2,613)	23,519	482,644	23	2044	02/01/45
100%							26,773	(96)	(2,668)	24,009	490,714	23.5	2045	08/01/45
100%							26,773	(96)	(2,668)	24,009	498,606	24	2045	02/01/46
100%							27,330	(98)	(2,723)	24,508	506,485	24.5	2046	08/01/46
100%							27,330	(98)	(2,723)	24,508	514,191	25	2046	02/01/47
100%							27,898	(100)	(2,780)	25,018	521,884	25.5	2047	08/01/47
100%							27,898	(100)	(2,780)	25,018	529,408	26	2047	02/01/48
Total														
						1,119,304	(4,029)	(111,527)	1,003,747					
Present Value From 02/01/2021						590,356	(2,125)	(58,823)	529,408					

Appendix C: Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for Tax Increment Financing District No. 5-1, as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. *Finding that Tax Increment Financing District No. 5-1 is a housing district as defined in M.S., Section 469.174, Subd. 11.*

Tax Increment Financing District No. 5-1 consists of five parcels. The development will include five (5) detached, twin-home buildings. The ten (10) units will be for-rent and a portion of which that receive tax increment assistance will meet income restrictions described in *M.S. 469.1761*. At least 20 percent of the units receiving assistance will have incomes at or below 50 percent of area median income.

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future.*

The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future: This finding is supported by the fact that the development proposed in this plan is a housing district that meets the City's objectives for development and redevelopment. Townhome construction requires a higher per-unit cost than most other types of housing but serves to keep financially comfortable yet fixed-income individuals and families in the community where they prefer to live and retire. This higher cost of construction makes this type of housing development infeasible without City assistance. Due to decreased rental income from affordable units, there is insufficient cash flow to provide a sufficient rate of return, pay operating expenses, and service the debt. This leaves a gap in the funding for the project and makes this housing development feasible only through assistance, in part, from tax increment financing. The developer was asked for and provided a letter and a proforma as justification that the developer would not have gone forward without tax increment assistance.

The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan: As there is only a small amount of site improvement costs to reimburse with this development, eligible building construction costs will be used to support the benefit of creating senior affordable rental housing for low-or-moderate income individuals through lower rents charged by the developer on the income restricted units in accordance with the housing TIF district qualifications. Historically, building in Trail's Edge has remained dormant for 10+ years despite the availability of five improved building lots. Although the demand for townhomes is high, the high infrastructure costs in combination with ever-increasing property taxes and the fact that this development is already near threshold market rates affordable to most residents in the City has made development infeasible without tax increment assistance. The City reasonably determines that no other development of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

3. *Finding that the TIF Plan for Tax Increment Financing District No. 5-1 conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The Planning Commission reviewed the TIF Plan on June 9, 2020 and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the TIF Plan for Tax Increment Financing District No. 5-1 will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Development District No. 5 by private enterprise.*

Through the implementation of the TIF Plan, the City will provide an impetus for residential development, which is desirable or necessary for increased population and an increased need for life-cycle housing within the City.



ESTABLISHMENT OF THE DEVELOPMENT PROGRAM Development District No. 5



City of Cloquet, Carlton County, Minnesota

Public Hearing: June 16, 2020

Table of Contents

Action Taken in Development District No. 5	3
Municipal Action Taken.....	3
Development Program for Development District No. 5	4
Definitions	4
Statutory Authority	5
Statement of Objectives	5
Statement of and Finding of Public Purpose.....	5
Statement of Objectives	7
Statement of Public Facilities and Costs to be Financed	7
Funding of Developments and Redevelopments	8
Environmental Controls.....	8
Proposed Reuse of Property.....	8
Open Space to be Created	8
Administration and Maintenance of Development District No. 5	8
Rehabilitation	9
Relocation	9
Property Acquisition	9
Modification of the Development Program and/or Development District No. 5.....	9
Description of Boundaries of Development District No. 5	9
Appendix A: Map of Development District No. 5	10

Action Taken in Development District No. 5

Municipal Action Taken

This Municipal Action is only for convenience of reference.

Based upon the statutory authority described in the Development Program attached hereto, the public purpose findings by the City Council and for the purpose of fulfilling the City's development objectives as set forth in the Development Program, the City Council has created, established and designated Development District No. 5 pursuant to and in accordance with the requirements of the Municipal Development District Act and the TIF Act as defined in the definitions of this document.

Tax Increment Financing District No. 5-1, a housing tax increment financing district, was established at the same time that the Development District was established.

The following municipal action was taken in connection therewith:

Development District No. 5

June 16, 2020: The Development Program for Development District No. 5 was adopted by the City of Cloquet.

Tax Increment Financing District No. 5-1:

June 16, 2020: The Tax Increment Financing Plan for Tax Increment Financing District No. 5-1 was adopted by the City of Cloquet.

Development Program for Development District No. 5

Definitions

The terms defined below shall, for purposes of this Development Program, have the meanings herein specified, unless the context otherwise specifically requires.

"City" means the City of Cloquet.

"City Council" means the City Council of the City of Cloquet.

"Comprehensive Plan" means the documents which contain the objectives, policies, standards and programs to guide public and private land use, development, redevelopment and preservation for all lands and water within the City.

"County" means the County of Carlton, Minnesota.

"Enabling Act" means Minnesota Statutes, 469.124 to 469.134, as amended and supplemented from time to time.

"Development District" means the real property within the City constituting Development District No. 5, as described in the Development Program.

"Development Program" means this Development Program for Development District No. 5, as initially proposed, and as it shall be modified.

"Land Use Regulations" means all federal, state and local laws, rules, regulations, ordinances, and plans relating to or governing the use of development of land in the City, including but not limited to environmental, zoning and building code laws and regulations.

"Municipal Development District Act" means Minnesota Statutes, 469.124 to 469.134, inclusive, as amended.

"Public Costs" means the costs set forth in the Tax Increment Financing Plan, and any other costs eligible to be financed by Tax Increments under the TIF Act or the Municipal Development District Act.

"Public Improvements" means the public improvements described in the Development Program and Tax Increment Financing Plan.

"State" means the State of Minnesota.

"Tax Increment Bonds" means any tax increment bonds or notes issued by the City to finance the Public Costs as stated in the Development Program for Development District No. 5 and in the Tax Increment Financing Plans, and any obligations issued to refund such bonds.

"TIF Act" means Minnesota Statutes, Sections 479.174 through 479.1799, inclusive, as amended.

"Tax Increment Financing District" means any tax increment financing district presently established or to be established in the future in Development District No. 5.

"Tax Increment Financing Plan" or "Plan" means the Plans adopted by the City for any Tax Increment Financing District.

Statutory Authority

The City established Development District No. 5 pursuant to the Municipal Development District Act. It is authorized that the City will administer Development District No. 5 and any tax increment financing districts.

Within Development District No. 5, the City plans to create one or more tax increment financing districts established pursuant to the Tax Increment Act to finance the public improvements proposed for the Development District. The public improvements may be initially financed from other City sources, including, but not limited to the use of improvement bonds issued pursuant to Minnesota Statutes, Chapter 429, which sources the City may reimburse from tax increment proceeds derived from tax increment districts to be created with Development District No. 5.

The tax increment district or districts will be created at such time as will enable the City to capture the increase in taxable value of private improvements to be constructed within Development District No. 5.

Statement of Objectives

The District currently consists of five parcels of land and adjacent and internal rights-of-way. The District is being created to facilitate the development of five (5) detached, twin-home buildings. The ten (10) units will be for-rent with 20% available to persons at or below 50% of area median income in the City. The City has not entered into an agreement but has designated Trails Edge LLC as developer at the time of preparation of this Development Program. The development is likely to occur in 2020. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for Development District No. 5.

The activities contemplated in the Modification to the Development Program and the TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of Development District No. 5 and the District.

Statement of and Finding of Public Purpose

In recent months, the City has been reviewing the future development of the community. This review has defined several important roles for the City of Cloquet.

- Facilitating development activities that are compatible with overall community development objectives of the City.
- Removing the physical and economic barriers to development.
- Providing the infrastructure needed to support development.

- Providing sites for future development.

The City intends to use the powers allowed under the Enabling Act to fill these roles, to promote development and redevelopment throughout the City, and to pool resources in order to reduce financial barriers to providing decent housing and development and redevelopment opportunities.

The City has found that there is a need for development and redevelopment within the Development District based upon the following conditions:

1. The Development District contains numerous parcels containing buildings or improvements which, by reason of dilapidation, obsolescence, overcrowding, faulty arrangement or design, lack of ventilation, light and sanitary facilities, excessive land coverage, deleterious land use or obsolete layout, and a combination of these and other factors is detrimental to the safety, health, morals or welfare of the community.
2. The Development District suffers from a lack of necessary streets, utilities and site improvements essential to preparing and making sites available for meaningful development.
3. The Development District requires active promotion, attraction, encouragement and development of economically sound commerce through government action for the purpose of preventing emergence and continuation of blight and the occurrence of conditions requiring redevelopment
4. The Development District contains vacant, unused, underused and inappropriately used land.

Therefore, the City has determined to exercise its authority to develop a program for improving the Development District to provide impetus for private development and redevelopment, to provide decent housing to residents, to maintain and increase employment, to provide infrastructure to serve citizens and employees of the City, to utilize existing land for potential redevelopment and to provide other facilities as are outlined in the Development Program.

The City has also determined that proposed developments to be assisted by the City would not occur solely through private investment in the foreseeable future. The City finds that the welfare of the City, as well as the State of Minnesota, requires active promotion, attraction, encouragement and development of economically sound industry and commerce to carry out its stated public purpose objectives.

The City has also determined that any tax increment financing plans to be proposed herein will be consistent with the Development Program, and that the tax increment financing plans will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of the Development District by private enterprise.

Statement of Objectives

The City determines that it is necessary, desirable and in the public interest to establish, designate, develop and administer the Development District. The City determines that the establishment of Development District No. 5 will provide the City with the ability to achieve certain public purpose objectives not otherwise obtainable in the foreseeable future without City intervention in the normal development process. The City seeks to achieve the following program objectives:

1. Promoting and securing the prompt development of property in the Development District in a manner consistent with the City's planning and with a minimal adverse impact on the environment, which property is less productive because of the lack of proper utilization and lack of investment, and thereby promoting and securing the development of other land in the City;
2. Promoting and securing additional employment opportunities within the Development District and the City for residents of the City and the surrounding area, thereby improving living standards and preventing unemployment and the loss of skilled and unskilled labor and other human resources in the City;
3. Securing the increase in value of property subject to taxation by the City, Independent School District No. 94 and Carlton County, and any other taxing jurisdictions in order to better enable such entities to pay for public improvements and governmental services and programs required to be provided by them;
4. Securing the construction and providing of moneys for the payment of the cost of public improvements in the Development District, which are necessary for the orderly and beneficial development of the Development District; and
5. Providing and securing the development of increased opportunities for families to reside in quality owner-occupied housing, for senior citizens to choose from housing options which offer a wide array of services without regard to income, and for residents looking for a wide range of multi-family units.

Statement of Public Facilities and Costs to be Financed

The preceding objectives will be promoted by providing improvements and opportunities within the Development District which may include various types of site improvements, land acquisition, redevelopment, demolition, parking, street, sewer, water and other public improvements. A description of the items of expenditure and the estimated costs can be found in the Tax Increment Financing Plans for the Tax Increment Financing Districts created within this Development District.

Funding of Developments and Redevelopments

To implement the established objectives, the City plans to utilize a number of public and private financing tools. Funding of the necessary activities and improvements in the Development District is expected to be accomplished through, and is not limited to, tax increment financing, special assessments, state aid for road construction, proceeds from the sale of property, and federal and state grants.

Any public facilities within the Development District will be financially feasible and compatible with longer range development plans. Any acquisition of property for the public improvements will be done to provide the impetus for private development within the Development District.

Environmental Controls

All municipal actions, public improvements and private development shall be carried out in a manner consistent with existing environmental controls and all applicable Land Use regulations.

Proposed Reuse of Property

The Development Program contemplates that the City may acquire property and reconvey the same to another entity. Prior to formal consideration of the acquisition of any property, the City will require the execution of a binding development agreement with respect thereto and evidence that Tax Increments or other funds will be available to repay the Public Costs associated with the proposed acquisition. It is the intent of the City to negotiate the acquisition of property whenever possible. Appropriate restrictions regarding the reuse and redevelopment of property shall be incorporated into any development agreement to which the City is a party.

Open Space to be Created

Any open space within the Development District will be created in accordance with the zoning and ordinances of the City.

Administration and Maintenance of Development District No. 5

Maintenance and operation of the Development District will be the responsibility of the City Finance Director. Each year, the administrator of the Development District will submit to the City Council the maintenance and operation budget for the following year.

The administrator of the Development District will administer the Development District pursuant to the provision of the Enabling Act; provided, however, that such powers may only be exercised at the direction of the City. No action taken by the administrator of the Development District pursuant to the above-mentioned powers shall be effective without authorization by the City.

Rehabilitation

Owners of properties within the Development District may be encouraged to rehabilitate their properties to conform with the applicable state and local codes and ordinances, as well as any design standards. Persons who purchase property within the Development District from the City may be required to rehabilitate their properties as a condition of sale of land. The City may provide such rehabilitation assistance as may be available from federal, state or local sources.

Relocation

Any person or business that is displaced as a result of the Development Program will be relocated in accordance with Minnesota Statutes, Section 117.50 to 117.56. The City accepts its responsibility for providing for relocation assistance pursuant to the Enabling Act.

Property Acquisition

The City may acquire such property, or appropriate interest therein, within the Development District as the Authority may deem to be necessary or desirable to assist in the implementation of the Development Program.

Modification of the Development Program and/or Development District No. 5

The City reserves the right to alter and amend the Development Program and the Tax Increment Financing Plans, subject to the provisions of state law regulating such action. The City specifically reserves the right to enlarge or reduce the size of the Development District and the Tax Increment Financing District, the Development Program, the Public Costs and the amount of Tax Increment Bonds to be issued to finance such cost by following the procedures specified in Minnesota Statutes, Section 469.175, subdivision 4.

Description of Boundaries of Development District No. 5

The boundaries of the Development District shall be located at Trail Drive off 18th Street (PIDs 06-753-0110/06-753-0120/06-753-0130/06-753-0140/06-753-0150/06-753-0160/06-753-170) in the City of Cloquet.

Appendix A: Map of Development District No. 5

TIF District No. 5-1
Development District No. 5
City of Cloquet
Carlton County, Minnesota



Development District No. 5 Boundaries



Tax Increment Financing District No. 5-1

DEVELOPMENT AGREEMENT

BY AND BETWEEN

THE CITY OF CLOQUET, MINNESOTA

AND

TRAIL'S EDGE, LLC

This document drafted by:

Taft Stettinius & Hollister LLP (DFB)
2200 IDS Center, 80 South 8th Street
Minneapolis, Minnesota 55402

TABLE OF CONTENTS

	Page
ARTICLE I DEFINITIONS	1
Section 1.1 Definitions.....	1
ARTICLE II REPRESENTATIONS AND WARRANTIES	3
Section 2.1 Representations and Warranties of the City.....	3
Section 2.2 Representations and Warranties of the Developer.....	4
ARTICLE III [RESERVED].....	5
ARTICLE IV UNDERTAKINGS BY DEVELOPER AND CITY	5
Section 4.1 Development Property, Improvements; and Legal and Administrative Expenses	5
Section 4.2 Reimbursement: TIF Note	5
Section 4.3 Compliance with Low and Moderate Income Requirements	6
Section 4.4 City Review of Developer's Costs	7
ARTICLE V EVENTS OF DEFAULT	8
Section 5.1 Events of Default Defined	8
Section 5.2 Remedies on Default.....	8
Section 5.3 No Remedy Exclusive.....	9
Section 5.4 No Implied Waiver	9
Section 5.5 Agreement to Pay Attorney's Fees and Expenses	9
Section 5.6 Indemnification of City	9
ARTICLE VI DEVELOPER'S OPTION TO TERMINATE AGREEMENT	10
Section 6.1 The Developer's Option to Terminate.....	10
Section 6.2 Effect of Termination.....	10
ARTICLE VII ADDITIONAL PROVISIONS.....	11
Section 7.1 Restrictions on Use	11
Section 7.2 Conflicts of Interest.....	11
Section 7.3 Titles of Articles and Sections	11
Section 7.4 Notices and Demands	11
Section 7.5 Counterparts	12
Section 7.6 Law Governing	12
Section 7.7 Expiration.....	12
Section 7.8 Provisions Surviving Rescission or Expiration.....	12
Section 7.9 Assignment	12
EXHIBIT A DESCRIPTION OF DEVELOPMENT PROPERTY.....	A-1
EXHIBIT B FORM OF TIF NOTE.....	B-1
EXHIBIT C IMPROVEMENTS	C-1
EXHIBIT D COMPLIANCE CERTIFICATE	D-1
EXHIBIT E FINANCIAL PRO FORMA	E-1

DEVELOPMENT AGREEMENT

THIS AGREEMENT, made as of the ____ day of _____, 2020, by and between the City of Cloquet, Minnesota (the "City"), a municipal corporation existing under the laws of the State of Minnesota and Trail's Edge, LLC, a Minnesota limited liability company (the "Developer"),

WITNESSETH:

WHEREAS, pursuant to Minnesota Statutes, Section 469.174 through 469.1794. as amended (the "Tax Increment Act"), the City has heretofore established Development District No. 5 (the "Development District") and has adopted a development program therefor (the "Development Program"); and

WHEREAS, pursuant to the provisions of the Tax Increment Act, the City has heretofore established, within the Development District, Tax Increment Financing District No. 5-1 (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;

Developer means Trail's Edge, LLC, its successors and assigns;

Development District means Development District No. 5, 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;

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

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, 2022, and each February 1 and August 1 of each year thereafter to and including February 1, 2037; 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 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.

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 5 2-unit senior rental housing facilities by the Developer on the Development Property;

State means the State of Minnesota;

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

Tax Increment District means Tax Increment Financing District No. 5-1 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;

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

Termination Date means the earlier of (i) February 1, 2037, (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 (Trail's Edge, 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 a portion of the costs of the construction of 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.

(5) Based on the representation of the Developer set forth herein, the Tax Increment District is a "housing district" within the meaning of Minnesota Statutes, Section 469.174, Subdivision 11, and was created, adopted and approved in accordance with the terms of the Tax Increment Act.

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 is estimated to commence on June 17, 2020, subject to all necessary approvals by the City of the Project, and barring Unavoidable Delays, the Project will be substantially completed by June 17, 2022. The Developer shall complete construction of (i) three of the five buildings by June 17, 2021, and (ii) the remaining two buildings by June 17, 2022.

(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 construction of the 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

[RESERVED]

ARTICLE IV

UNDERTAKINGS BY DEVELOPER AND CITY

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

(1) The parties agree that the construction and installation of the Improvements are essential to the successful completion of the Project. The costs of the Improvements shall be paid by the Developer. The City shall reimburse the Developer for the lesser of (a) \$312,218, or (b) the costs of the 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 the construction of the 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 first three of the five buildings of the Project has been completed and that the Developer has incurred and paid all costs of the construction of the Improvements related thereto. Upon completion of the remaining two buildings of the Project, the Developer shall demonstrate in writing to the reasonable satisfaction of the City that the construction of said remaining two buildings has been completed and that the Developer has incurred and paid all costs of the construction of the Improvements related thereto. The Developer shall then surrender to the City the TIF Note, and the City shall then issue an amended TIF Note with an increased principal amount equal to the full Reimbursement Amount, as described in and limited by Section 4.1.

(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 4.50% per annum; provided however, that the interest accruing from the date of the issuance of the TIF Note to and including August 1, 2021 shall be added to the principal amount of the TIF Note. 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, 2022, 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 Improvements. 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 Improvements 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 and Improvements provided to the City by the Developer setting forth the Developer's anticipated costs associated with the construction of the Project and Improvements. Within thirty (30) days after the Developer's completion of construction of the Project and Improvements 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 and Improvements, together with such supporting documentation as the City may require. If such updated pro forma shows that the Developer's total costs of constructing the Project and Improvements is less than the amount shown on the pro forma attached hereto for the Project and Improvements, 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 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:

Trail's Edge, LLC
Attention: James Kuklis, President
1593 Evergreen Drive
Cloquet, MN 55720

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

City of Cloquet, Minnesota
Attention: Community Development Director
Cloquet Community Development Department
101 14th Street
Cloquet, MN 55720

with a copy to:

Taft Stettinius & Hollister LLP
Attention: Dan Burns
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 the Termination Date.

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 Trail's Edge, LLC.

TRAIL'S EDGE, LLC

By _____
James Kuklis
Its President

This is a signature page to the Development Agreement by and between the City of Cloquet and Trail's Edge, LLC.

EXHIBIT A

DESCRIPTION OF DEVELOPMENT PROPERTY

Legal Description

Lots 1, 2, and 3, Block 2 and Lots 1 and 2, Block 3, Trails Edge, City of Cloquet, Carlton County, Minnesota.

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
(Trail's Edge, 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 Trail's Edge, 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 \$312,218 as provided in that certain Development Agreement, dated as of _____, 2020, as the same may be amended from time to time (the "Development Agreement"), by and between the City and Trail's Edge, 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 one half percent (4.50%) per annum; provided however, that the interest accruing from the date of this Note to and including August 1, 2021 shall be added to the principal amount of this Note. 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, 2022, and on each August 1 and February 1 thereafter to and including February 1, 2037, 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. 5-1 (the "Tax Increment District") within its Development District No. 5 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 (in an aggregate amount not to exceed \$437,078), 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 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 Trail's Edge, 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>
Trail's Edge, LLC Attn: James Kuklis 159 Evergreen Drive Cloquet, MN 55720 _____ _____ _____	_____, 20__ _____, 20__ _____, 20__	_____ _____ _____
_____ _____ _____	_____, 20__	_____

EXHIBIT C
IMPROVEMENTS

Landscaping, including irrigation
Foundations and Footings
Onsite Utilities
Driveway
Home Construction

EXHIBIT D

COMPLIANCE CERTIFICATE

The undersigned Trail's Edge, 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 _____ in Cloquet, Minnesota, and the subject project of that certain Development Agreement, dated _____, 2020, by and between the City of Cloquet and Trail's Edge, LLC, are occupied by individuals whose income is 50% or less of the Carlton County median income.

Dated this ____ day of _____, 20__.

TRAIL'S EDGE, LLC

By _____
Its _____

[Attach income verification required by Section 4.3]

EXHIBIT E
FINANCIAL PRO FORMA



ADMINISTRATIVE OFFICES

101 14th Street Cloquet, MN 55720-1903
Phone: 218.879.3347 Fax: 218.879.6555
www.cloquetmn.gov

REQUEST FOR COUNCIL ACTION

To: Mayor and City Council
From: Caleb Peterson, Public Works Director
Reviewed by: James Barclay, Asst City Administrator & HR Dir
Date: June 16, 2020

ITEM DESCRIPTION: Qualified Pumphouse Operator and Relief Pumphouse Operator
Appointments

Proposed Action

Staff recommends that the City Council move to approve the one year probationary appointment of Mike Austin to the position of Qualified Pumphouse Operator and Caleb Maki to the position of Relief Pumphouse Operator in the Public Works-Utilities Department effective June 22, 2020.

Background/Overview

The vacancy at the Qualified Pumphouse Operator position is due to the recent retirement of the incumbent, Kris Anderson, on May 31, 2020. The vacancy for the Relief Pumphouse Operator is due to Mike Austin's promotion to Qualified Pumphouse Operator.

In May 2020, the City completed all of its due diligence required and posted the position vacancy as required under the AFSCME labor agreement. Mike Austin and Caleb Maki were the only members of the AFSCME unit posted for the two Operator positions. Under the agreement, the oldest in point of service in the department shall be given preference, ability and efficiency taken into consideration. Mr. Austin is the senior employee within the department who posted for the Qualified Pumphouse Operator position and Mr. Maki was the only employee in the department who posted for the Relief Pumphouse Operator position.

The appointments of Mr. Austin and Mr. Maki to these positions will create a vacancy for a Truck Driver/Utility Maintenance person within Public Works. Human Resources will complete all of the due diligence required and post the position vacancy as required under the AFSCME labor agreement.

Policy Objectives

The Department currently is responsible for the oversight and maintenance of the Station 2 pumphouse. This is a critical component of the Lake Superior Waterline which provides water to Sappi. Keeping a fully staffed department is consistent with the service level directives of the City Council and expectation of Sappi.

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 these individuals to complete the hiring process.

Financial/Budget/Grant Considerations

These positions are currently fully funded as part of the adopted 2020 operating budget. All pumphouse operator positions are funded by the Lake Superior Waterline Enterprise Fund which has no impact on the tax levy or in-town utility rates.

Advisory Committee/Commission Action

- None.

Supporting Documentation Attached

- None.



COMMUNITY DEVELOPMENT DEPARTMENT
101 14th Street • Cloquet MN 55720
Phone: 218-879-2507 • Fax: 218-879-6555
www.cloquetmn.gov

REQUEST FOR COUNCIL ACTION

To: Mayor and City Council
From: Al Cottingham, City Planner/Zoning Administrator
Reviewed/Approved By: Tim Peterson, City Administrator *TEP*
Date: June 10, 2020

ITEM DESCRIPTION: Zoning Case 20-03: Easement Vacation – Vacating the North/South Utility Easement lying between Big Lake Road and Armory Road, West of Highway 33 South

Proposed Action

Staff recommends the City Council move to adopt **RESOLUTION NO. 20-34, A RESOLUTION APPROVING THE VACATION OF NORTH/SOUTH UTILITY EASEMENT LYING BETWEEN BIG LAKE ROAD AND ARMORY ROAD, WEST OF HIGHWAY 33 SOUTH.**

Background/Overview

The City of Cloquet is proposing to vacate the North/South Utility Easement lying between Big Lake Road and Armory Road, West of Highway 33 South. This is being requested since the utilities located within the easement were abandoned with a construction project last year.

A public hearing was held on Tuesday, June 9, 2020 to consider a possible utility easement vacation. A legal notice was published in the Pine Knot on May 22, 2020 and effected property owners were sent notices of the public hearing.

Policy Objectives

The purpose of this vacation application is to ensure that MN State Statute 160.29 and 412.851 are followed in giving up rights to property. There is no formal requirement on determining if a utility easement should be vacated. It is really up to a commonsense approach as to whether there is currently or will be in the future a need for the easement that is being vacated.

Financial/Budget/Grant Considerations

The filing fee for the vacation of an alley is \$350.00. The fee was waived since the City is the applicant.

Advisory Committee/Commission Action

The Planning Commission discussed the request and has recommended approval of the Vacation on a 6-0 vote.

Supporting Documentation Attached

- Resolution 20-34
- Location Map and easement drawings

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

RESOLUTION NO. 20-34

**A RESOLUTION APPROVING THE VACATION OF THE NORTH/SOUTH UTILITY
EASEMENT LYING BETWEEN BIG LAKE ROAD AND ARMORY ROAD, WEST OF
HIGHWAY 33**

WHEREAS, The City of Cloquet is proposing to vacate the north/south utility easement lying between Big Lake Road and Armory Road, west of Highway 33 South; and

WHEREAS, As required by ordinance, notification was advertised in the Pine Knot and effected property owners have been notified. A public hearing was held to consider the application at the regular meeting of the Cloquet Planning Commission on June 9, 2020 at which time Zoning Case / Development Review No. 20-03 was heard and discussed; and

WHEREAS, the property of the proposed Vacation is located south of Big Lake Road, north of Armory Road and west of Highway 33 South and is legally described as follows:

The 20-foot wide platted Utility Easement located at the easterly portion of Lots 1 and 4, Block 1, LUMBERJACK, Carlton County, Minnesota. AND

All that part of the 20-foot wide platted utility easement lying within Lot 3, Block 1, LUMBERJACK, according to the recorded plat thereof, Carlton County, Minnesota, lying southerly of a 20-foot wide platted utility easement and northerly of platted service road, the easterly line of said easement to be vacated being more specifically described as follows: Commencing at the northeast corner of said Lot 3A; thence South 26 degrees 33 minutes 45 seconds East a distance of 20.33 feet to the point of intersection of the westerly line of said State Trunk Highway No. 33 and the south line of an existing platted utility easement according to said LUMBERJACK plat, said point being the beginning of a non-tangential curve, concave to the north, having a radius of 548.22 feet, a central angle of 6 degrees 02 minutes 08 seconds, and a chord bearing of South 75 degrees 39 minutes 51 seconds West; thence westerly along said line and curve a distance of 57.72 feet to the Point of Beginning; thence South 30 degrees 39 minutes 21 seconds East a distance of 125.71 feet to the northerly line of said platted service road and there terminating.

And,

WHEREAS, the Planning Commission reviewed the staff report and recommends approval of the Vacation.

NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF CLOQUET, MINNESOTA, that it approves of Zoning Case 20-03 for a vacation of the north/south utility easement lying between Big Lake Road and Armory Road, west of Highway 33 South.

PASSED BY THE CITY COUNCIL OF THE CITY OF CLOQUET THIS 16TH DAY OF JUNE 2020.

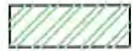
Roger Maki, Mayor


ATTEST:


Tim Peterson, City Administrator

PIZZA HUT

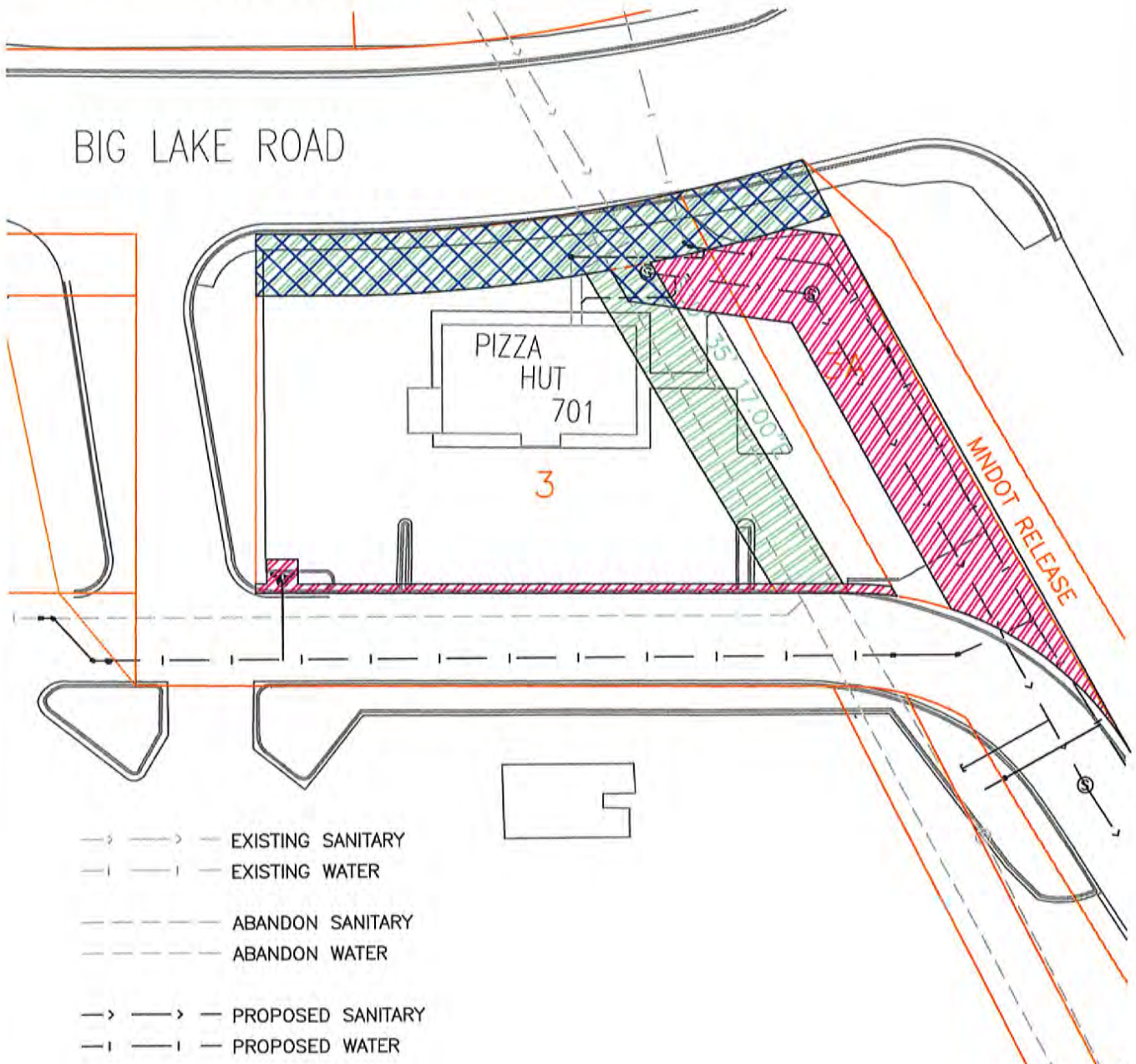


 **ABANDON EXISTING EASEMENT**
 ≈ 2202 SQ.FT.

 **EXISTING EASEMENT TO REMAIN**
 ≈ 3870 SQ.FT.

 **PROPOSED EASEMENT**
 ≈ 5508 SQ.FT.

BIG LAKE ROAD



- > —> — EXISTING SANITARY
- | —| — EXISTING WATER
- ABANDON SANITARY
- ABANDON WATER
- > —> — PROPOSED SANITARY
- | —| — PROPOSED WATER

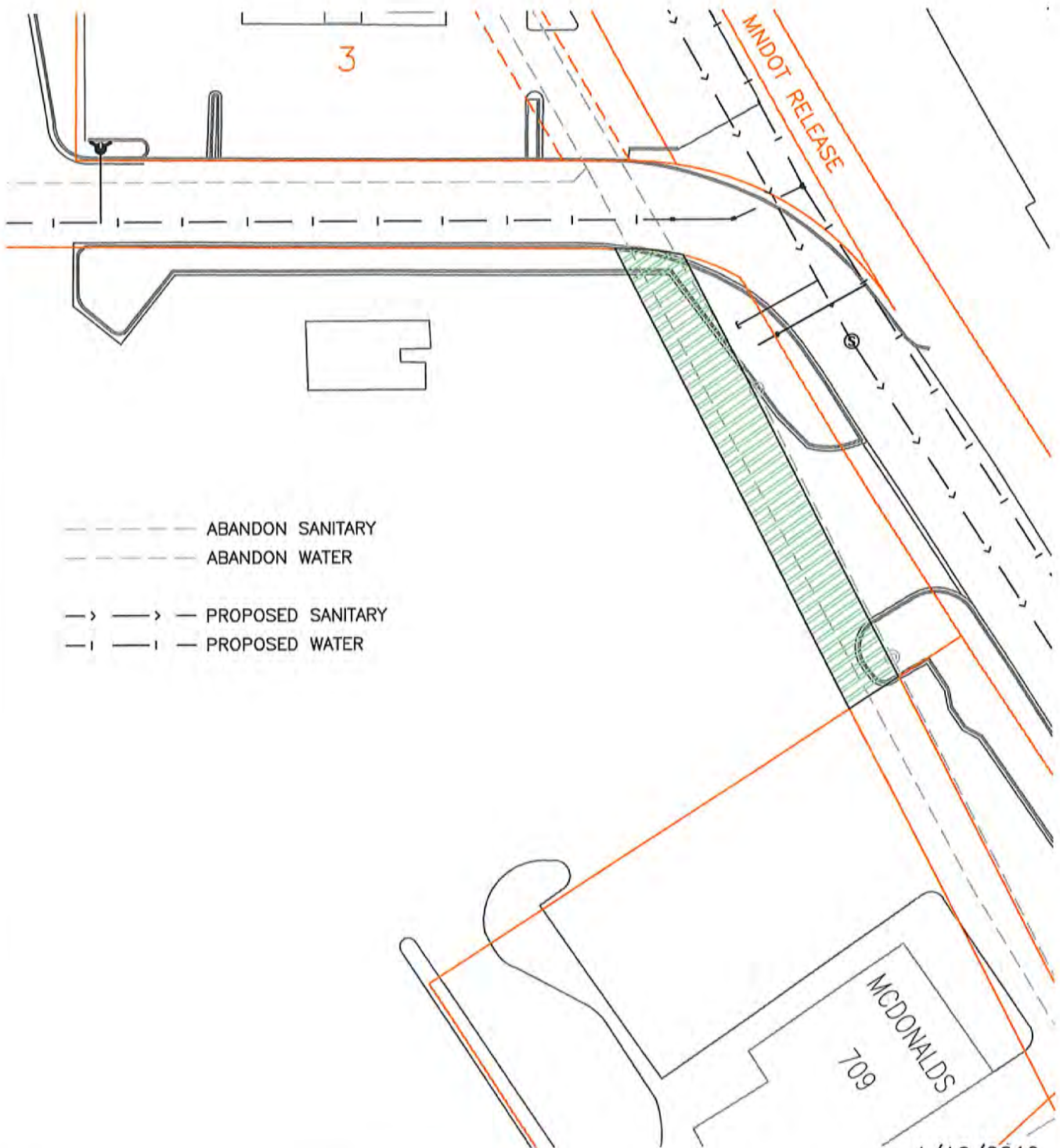
1/16/2019



MINERS PROPERTY



ABANDON EXISTING EASEMENT
≈ 3440 SQ.FT.



- ABANDON SANITARY
- ABANDON WATER
- > -> - PROPOSED SANITARY
- | -| - PROPOSED WATER

MCDONALDS
709

1/16/2019



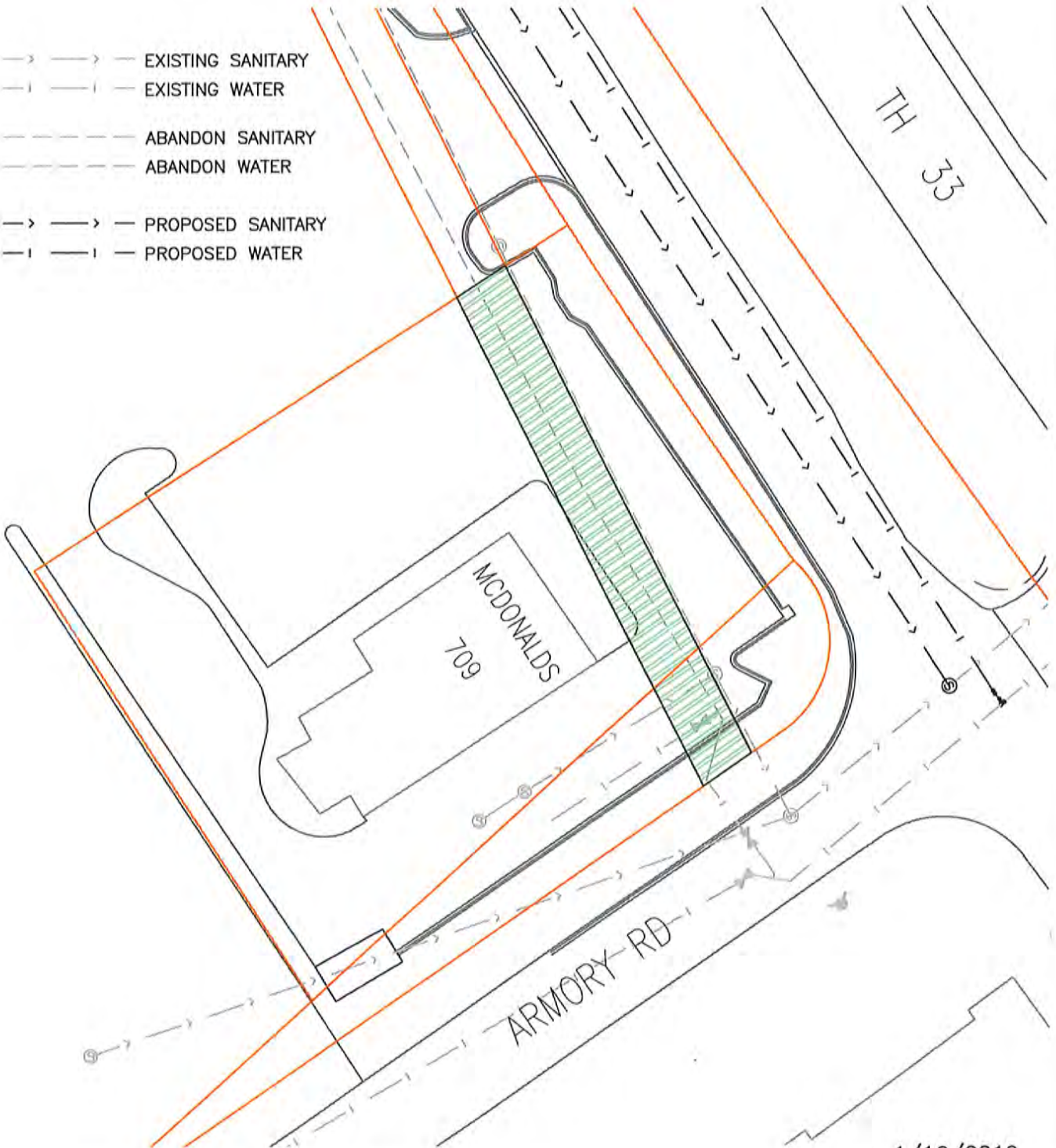
McDONALDS



ABANDON EXISTING EASEMENT
≈ 3781 SQ.FT.



- > —> — EXISTING SANITARY
- | —| — EXISTING WATER
- --- ABANDON SANITARY
- --- ABANDON WATER
- > —> — PROPOSED SANITARY
- | —| — PROPOSED WATER



1/16/2019



DEPARTMENT OF PUBLIC WORKS

101 14th Street; Cloquet, MN 55720
Phone: (218) 879-6758 Fax: (218) 879-6555
Street - Water - Sewer - Engineering - Park
www.cloquetmn.gov

REQUEST FOR COUNCIL ACTION

To: Mayor and City Council
From: Caleb Peterson, Public Works Director
Reviewed By: Tim Peterson, City Administrator *TCP*
Date: June 16, 2020

ITEM DESCRIPTION: Northwoods Arena Dehumidification

Proposed Action

Staff recommends the City Council move to adopt **RESOLUTION 20-35, AWARDED BID FOR THE PROPOSED NORTHWOODS ARENA DEHUMIDIFICATION IMPROVEMENTS.**

Background

In April of 2020 Council approved a professional services contract with McKinstry to implement priority repairs at both Ice Arenas. The project is proposed to be completed during the summer of 2020. The scope of work at Pine Valley includes replacement of the existing sand floor and underlying plumbing along with conversion of the existing ice plant to an indirect system. Northwoods Arena improvements are limited to replacement of the existing dehumidification system with an appropriately sized unit and the addition of stairs/OSHA compliant railing for safety/maintenance access. This project would allow the City to address critical short-term repair needs with funds already reserved from sales tax proceeds.

Since the scope of work varied greatly between the two Arenas, the project was broken into two separate bid packages. Bids for Northwoods Dehumidification were received June 2nd as follows:

No.	Bidder	Dehumidification Bid	Stairs/ Railing
1	Four Star Construction	\$ 275,080.00	\$ 67,530.00
	Engineer's Estimate	\$ 350,000.00	\$ 25,000.00

Although only one bid was received the total cost of the improvement is within the engineer's estimate excluding the stairs and safety railing. At this time staff would recommend award of the Dehumidification improvements only. Once bids are received for Pine Valley, the City can reevaluate if funds exist to add the stairs and safety rails back into the contract. We will also explore alternate bids from specialty contractors in an attempt to bring these costs down prior to award.

McKinstry has reached out to other perspective bidders and they have indicated the primary reason for the low number of bidders was existing workload. That indicated they are comfortable with Four Star's qualifications/bid and have recommended award.

The Pine Valley Bid package required a Contractor prequalification process per McKinstry's recommendation. The qualification process is now complete and final bid numbers are expected shortly. This bid will also be brought to Council for award once final numbers are received.

Policy Objectives

N/A.

Financial/Budget/Grant Considerations

All Arena improvements would be funded utilizing sales tax proceeds which were previously reserved by Council for this use. A breakdown of the Northwood's project is as follows:

Item	Budget	Recommendation
Dehumidification	\$350,000	\$275,080.00
Stairs	\$ 25,0000	\$0.00
Engineering	<i>Included in numbers above.</i>	\$71,250.00
TOTAL:	\$375,000	\$346,330.00

Total project costs including Pine Valley Improvements was estimated at \$1.14 million.

Advisory Committee/Commission Action

N/A.

Supporting Documentation Attached

- Resolution No 20-35

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

RESOLUTION NO. 20-35

**RESOLUTION AWARDING BID FOR THE PROPOSED
NORTHWOODS ARENA DEHUMIDIFICATION IMPROVEMENTS**

WHEREAS, City Council previously entered a professional services and construction management contract with McKinstry Essention, LLC for 2020 ice arena repairs.

AND WHEREAS, The City of Cloquet advertised and received the following bids for Northwoods Arena Dehumidification Improvements:

No.	Bidder	Dehumidification Bid	Stairs/ Railing
1	Four Star Construction	\$ 275,080.00	\$ 67,530.00
	Engineer's Estimate	\$ 350,000.00	\$ 25,000.00

AND WHEREAS, The apparent low bid from Four Star Construction 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 for Dehumidification Improvements from Four Star Construction in the amount of \$275,080.00 is hereby accepted.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CLOQUET THIS 16th DAY OF JUNE 2020.

Roger Maki, Mayor

ATTEST:

Tim Peterson, City Administrator