

Via Teleconference
6:00 P.M. July 6, 2021

DRAFT

Regular Meeting

Roll Call

Councilors Present: Carlson, Lamb, Swanson, Kolodge, Jaakola, Mayor Maki

Councilors Absent: Wilkinson

Pledge of Allegiance

AGENDA

MOTION: Councilor Kolodge moved and Councilor Lamb seconded the motion to approve the July 6, 2021 agenda. The motion carried unanimously (6-0).

MINUTES

MOTION: Councilor Jaakola moved and Councilor Swanson seconded the motion to approve the Regular Meeting minutes of June 15, 2021, as presented. The motion carried unanimously (6-0).

PUBLIC COMMENTS

There were none.

CONSENT AGENDA

MOTION: Councilor Lamb moved and Councilor Carlson seconded the motion to adopt the Consent Agenda of July 6, 2021, approving the necessary motions and resolutions. The motion carried unanimously (6-0).

- a. Resolution No. 21-31, Authorizing the Payment of Bills and Payroll
- b. Consideration of WLSSD Board Application – Rob Schilling
- c. Resolution No. 21-32, Approval of Exempt Permit to Conduct a Raffle Event for the Cloquet Youth Baseball/Softball Association

PUBLIC HEARINGS

Mayor Maki announced now is the place for the Public Hearing on the Issuance and Sale of Housing Facilities Revenue Refunding Bonds (HADC Cloquet, LLC Project), Series 2021 Relating to a Senior Housing and Healthcare Project.

MOTION: Councilor Kolodge moved and Councilor Lamb seconded the motion to open the public hearing. The time is 6:06 p.m. The motion carried unanimously (6-0).

Hearing no public comments, the hearing was closed.

MOTION: Councilor Jaakola moved and Councilor Kolodge seconded the motion to close the public hearing. The motion carried unanimously (6-0). The time is 6:08 p.m.

MOTION: Councilor Swanson moved and Councilor Jaakola seconded the motion to approve **RESOLUTION NO. 21-33, PROVIDING FOR THE APPROVAL OF A HOUSING PROGRAM AND THE SALE OF HOUSING FACILITIES REVENUE REFUNDING BONDS (HADC CLOQUET, LLC PROJECT), SERIES 2021 RELATING TO A SENIOR HOUSING AND HEALTHCARE PROJECT.** The motion carried unanimously (6-0).

BE IT RESOLVED by the City Council of the City of Cloquet, Minnesota (the "City"), as follows:

1. Authority. The City is, by the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Chapter 462C, as amended (the "Act"), authorized to issue and sell its revenue bonds for the purpose of financing and refinancing the cost of housing and skilled nursing facilities for the elderly and disabled and to enter into agreements necessary or convenient in the exercise of the powers granted by the Act.

2. Authorization of Project; Documents Presented. HADC Cloquet, LLC, a Minnesota limited liability company (the "Borrower"), the sole member of which is Housing Alternatives Development Company, a Minnesota nonprofit corporation, has proposed that the City issue and sell its Housing Facilities Revenue Refunding Bonds (HADC Cloquet, LLC Project), Series 2021, in one or more series of tax-exempt and/or taxable bonds, in an aggregate principal amount not to exceed \$10,000,000 (the "Bonds") in substantially the form set forth in the Indenture (as hereafter defined) pursuant to the Act and loan the proceeds thereof to the Borrower, in order to (i) current refund the City's outstanding Housing Facilities Revenue Refunding Bonds (HADC Cloquet, LLC Project), Series 2013A, which proceeds were originally used to finance an integrated senior housing campus comprised of a 73-unit assisted living and memory care/care suites facility that is known as "Evergreen Knoll" and located at 1309 Fourteenth Street in the City (the "Assisted Living Facility") and an immediately adjacent 24-unit senior independent living rental housing facility, consisting of a community room and multiple residential buildings, that is known as "Evergreen Cottages" and located southwest of the corner of 14th Street and Evergreen Way in the City (the "Independent Living Facility" and, together with the Assisted Living Facility, the "Facilities"); (ii) refunding certain corporate indebtedness of the Borrower that was used to finance the acquisition, construction, and equipping of certain capital improvements to the Facilities, (iii) financing certain capital improvements to the Facilities, (iv) funding any necessary reserve account (except for the initial reserve fund deposit which will be satisfied by delivery of a reserve fund letter of credit), and (v) paying all or a portion of the costs of issuing the Bonds (collectively, the "Project"). The Facilities are and will be owned and operated by the Borrower. Forms of the following documents relating to the Bonds have been submitted to the City:
 - (a) The Loan Agreement (the "Loan Agreement") between the City and the Borrower, whereby the City agrees to make a loan of the proceeds of sale of the Bonds to the Borrower and pursuant to which agreement the Borrower agrees to finance the Project and to pay amounts in repayment of the loan sufficient to provide for the full and prompt payment of the principal of, premium, if any, and interest on the Bonds; and
 - (b) The Indenture of Trust (the "Indenture") between the City and U.S. Bank National Association, as trustee (the "Trustee"), authorizing the issuance of the Bonds and pledging certain revenues, including those to be derived from the Loan Agreement, as security for the Bonds, and setting forth proposed recitals, covenants and agreements relating thereto; and
 - (c) The Amended and Restated Combination Mortgage, Security Agreement and Fixture Financing Statement and Assignment of Leases and Rents (the "Mortgage") between the Borrower, as mortgagor, and the Trustee, as mortgagee, granting to the Trustee a first mortgage lien on and security interest in the Facilities as security for repayment of the Bonds (this document not executed by the City); and
 - (d) The Bond Purchase Agreement (the "Bond Purchase Agreement") between Colliers Securities LLC (the "Underwriter"), the Borrower, and the City, providing for the purchase of the Bonds from the City by the Underwriter and setting forth the terms and conditions of purchase; and
 - (e) The Preliminary Official Statement (together with the form of final Official Statement and the insertion of the final underwriting details of the Bonds, including the interest rates thereon, and any other changes deemed necessary or desirable, intended to constitute the form of the final Official Statement, and including all Appendices thereto (together the "Official Statement")), describing the offering of the Bonds, and certain terms and provisions of the foregoing documents relating to the Bonds.

3. Findings. It is hereby found, determined and declared that:
- (a) Based on Borrower representations to the City, the Project constitutes a project authorized by and described in the Act as elderly rental housing and healthcare facilities.
 - (b) A public hearing on the Project and the housing finance program was held this same date, after notice was published in the official newspaper of the City not less than 15 days in advance of said public hearing, and materials were made available for public inspection at the City Hall, all as required by the Act and Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), at which public hearing all those appearing who desired to speak were heard and written comments were accepted.
 - (c) Pursuant to Section 462C.04 of the Act, the City made timely submission of the housing finance program to the Arrowhead Regional Development Commission for its review and comment, and the City has heretofore received no comment from the Arrowhead Regional Development Commission on such program.
 - (d) No public official of the City has either a direct or indirect financial interest in the Project nor will any public official either directly or indirectly benefit financially from the Project.
 - (e) There is no litigation pending or, to the City's actual knowledge, threatened against the City relating to the Bonds, the Loan Agreement, the Bond Purchase Agreement, or the Indenture (collectively, the "City Bond Documents") or questioning the due organization of the City, or the powers or authority of the City to issue the Bonds and undertake the transactions contemplated hereby.
 - (f) The execution, delivery, and performance of the City's obligations under the City Bond Documents do not and will not violate any order of any court or other agency of government of which the City is aware or in which the City is a party, or any indenture, agreement, or other instrument to which the City is a party or by which it or any of its property is bound, or be in conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under any such indenture, agreement or other instrument.
 - (g) It is desirable that the Bonds be issued by the City upon the terms set forth in the Indenture under the provisions of which the City's interest in the Loan Agreement will be pledged to the Trustee as security for the payment of principal of, premium, if any, and interest on the Bonds.
 - (h) Under the provisions of the Act, and as provided in the City Bond Documents, the Bonds are not to be payable from nor charged upon any funds other than amounts payable pursuant to the Loan Agreement and moneys in the funds and accounts held by the Trustee which are pledged to the payment thereof; the City is not subject to any liability thereon; no owners of the Bonds shall ever have the right to compel the exercise of the taxing power of the City to pay any of the Bonds or the interest thereon, nor to enforce payment thereof against any property of the City; the Bonds shall not constitute a general or moral obligation of the City or a charge, lien or encumbrance, legal or equitable, upon any property of the City (other than the interest of the City in the Loan Repayments to be made by the Borrower under the Loan Agreement); and each Bond issued under the Indenture shall recite that such Bond, including interest thereon, shall not constitute or give rise to a charge against the general credit or taxing powers of the City.
4. Approval and Execution of Documents. The form of the Bonds and the other City Bond Documents are approved. The City Bond Documents, together with such other documents necessary in connection therewith, are authorized to be executed in the name and on behalf of the City by the Mayor and the City Administrator at such time, if any, as they may deem appropriate, or executed or attested by other officers of the City, in substantially the form on file, but with all such changes therein, not inconsistent with the Act or other law, as may be approved by the officers executing the same, which approval shall be conclusively evidenced by the execution thereof; and then shall be delivered to the Trustee. Modifications to the form of Mortgage may be made at the discretion of the parties thereto.
5. Approval, Execution and Delivery of Bonds. The City is authorized to issue the Bonds, in an aggregate principal amount not to exceed \$10,000,000, in the form and upon the terms

set forth in the Indenture which terms are for this purpose incorporated in this Resolution and made a part hereof; provided, however, that the initial aggregate principal amount of and the maturities of the Bonds, the interest rates thereon, and any provisions for the optional or mandatory redemption thereof shall all be as set forth in the final form of the Indenture to be approved, executed and delivered by the officers of the City authorized to do so by the provisions of this Resolution, which approval shall be conclusively evidenced by such execution and delivery. The Underwriter has agreed pursuant to the provisions of the Bond Purchase Agreement and subject to the conditions therein set forth, to purchase the Bonds at the purchase price set forth in the Bond Purchase Agreement and said purchase price is hereby accepted. The Mayor, City Administrator, and other City officers are authorized to execute the Bonds as prescribed in the Indenture at such time, if any, as they may deem appropriate, and to deliver them to the Trustee, together with a certified copy of this Resolution and the other documents required by the Indenture for authentication, registration and delivery to the Underwriter.

6. Official Statement. As requested by the Underwriter, the City hereby consents to the circulation by the Underwriter of the Official Statement in offering the Bonds for sale; provided, however, that the City has not participated in the preparation of the Official Statement or independently verified the information in the Official Statement except with respect to the information under the heading "THE ISSUER" and with respect to litigation against the City relating to issuance of the Bonds (of which there is none) under the heading "ABSENCE OF MATERIAL LITIGATION–The Issuer" and takes no responsibility for, and makes no representations or warranties as to, the accuracy, completeness or sufficiency of such information.
7. Certificates, etc. The Mayor, City Administrator, and other officers of the City are authorized at such time, if any, as they may deem appropriate, to prepare and furnish to bond counsel and the purchaser of the Bonds, when issued, certified copies of all proceedings and records of the City relating to the Bonds, and such other affidavits and certificates as may be required to show the facts appearing from the books and records in the officers' custody and control or as otherwise known to them; and all such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations of the City as to the truth of all statements contained therein.
8. Housing Program. The housing program in substantially the form attached hereto as Exhibit A is hereby approved.

PRESENTATIONS

There were none.

PERSONNEL POLICIES HANDBOOK UPDATE

MOTION: Councilor Lamb moved and Councilor Jaakola seconded the motion to approve changes to the Personnel Policies Handbook incorporating the new federal holiday "Juneteenth Independence Day". The motion carried unanimously (6-0).

FINANCE DIRECTOR RETIREMENT

Finance Director Nancy Klassen will be retiring September 30, 2021. City Administrator Peterson would like to have the new hire start before Ms. Klassen leaves so there's overlap for training. Councilors Kolodge, Swanson and Lamb will take part in the interview process.

COUNCIL COMMENTS, ANNOUNCEMENTS AND UPDATES

Councilor Lamb stated she has received numerous calls regarding unleashed dogs around the community and urged citizens to maintain control of our animals.

Councilor Kolodge requested an update on the sales tax bill. City Administrator Peterson stated the bill has been passed through the legislature and has been signed by the Governor. A resolution approving the law will be on the July 20th Council agenda. There will then be a referendum question on the next general election ballot.

Councilor Swanson congratulated the July 4th celebration community. He also reminded citizens to be mindful and stop for pedestrians in crosswalks and to use the sidewalks where available.

Councilor Carlson would like to discuss at the July 20th meeting amending the PLA amount from \$175,000 to \$500,000 due to rising construction prices.

City Administrator Peterson reminded councilors to send budget items, comments, and suggestions to him as the budget is prepared.

ADJOURNMENT

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

Tim Peterson, City Administrator