



**CITY OF CLOQUET  
City Council Agenda  
AMENDED  
Tuesday, April 4, 2017  
7:00 p.m.  
City Hall Council Chambers**

**CITY COUNCIL WORK SESSION**

5:30 Joint Meeting with EDA  
6:30 Andrew Kozelouzek – Grant In-Aid Trail Information

1. **Roll Call.**
2. **Pledge of Allegiance.**
3. **Approval of Agenda.**
  - a. Approval of April 4, 2017 Council Agenda
4. **Approval of Council Minutes.**
  - a. Regular Council minutes from the March 21, 2017 meeting
5. **Consent Agenda.**

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

  - a. Resolution No. 17-29, Authorizing the Payment of Bills and Payroll
  - b. Letter of Understanding Establishing Terms and Conditions of Mr. Palmer's Interim Position
6. **Public Hearings.**

None
7. **Presentations.**

None



**CITY OF CLOQUET  
City Council Agenda  
AMENDED  
Tuesday, April 4, 2017  
7:00 p.m.  
City Hall Council Chambers**

**8. Council Business.**

- a. Authorization to Hire Temporary Part Time Custodial Worker and Approval of LOU with Local #545
- b. Resolution No. 17-30, Resolution Providing for the Sale of \$8,400,000 General Obligation Sales Tax Revenue, Bond Series 2017A
- c. Public Works Pickup Truck Purchase
- d. Resolution No. 17-28, Resolution Awarding Pine Valley Singletrack Mountain Bike Trail Base Bid Only
- e. Resolution No. 17-31, Resolution Awarding Pavement Management Consulting Services to Goodpointe Technology

**9. Public Comments.**

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

**10. Council Comments, Announcements, and Updates.**

**11. Adjournment.**

Regular Meeting

Roll Call

Councilors Present: Bjerkness, Langley, Maki, Mayor Hallback

Councilors Absent: Bailey, Kolodge, Rock

Pledge of Allegiance

DRAFTAGENDA

**MOTION:** Councilor Bjerkness moved and Councilor Langley seconded the motion to approve the March 21, 2017 agenda. The motion carried unanimously (4-0).

MINUTES

**MOTION:** Councilor Langley moved and Councilor Maki seconded the motion to approve the minutes of the Work Session and Regular Meeting of March 7, 2017, and the Special Emergency Meeting of March 16, 2017. The motion carried unanimously (4-0).

CONSENT AGENDA

**MOTION:** Councilor Maki moved and Councilor Bjerkness seconded the motion to adopt the consent agenda of March 21, 2017 approving the necessary motions and resolutions. The motion carried unanimously (4-0).

- a. Resolution No. 17-25, Authorizing the Payment of Bills
- b. 4<sup>th</sup> of July Outdoor Public Fireworks Display Contract – Pyrotechnic Display, Inc.

PUBLIC HEARING

Mayor Hallback announced that now is the time and place for the public hearing on the proposed assessments for the reconstruction of 3<sup>rd</sup> Street from Cloquet Avenue to Carlton Avenue, including the replacement of existing sanitary sewer and water mains. City Engineer Peterson reviewed the cost of the project and the proposed assessments. With no questions or comments from the Council or public, the hearing was closed.

**MOTION:** Councilor Bjerkness and Councilor Langley seconded the motion to adopt **RESOLUTION NO. 17-25, RESOLUTION ADOPTING ASSESSMENTS FOR THE IMPROVEMENT OF 3<sup>RD</sup> STREET FROM CLOQUET AVENUE TO CARLTON AVENUE.** The motion carried unanimously (4-0).

**WHEREAS,** In 2016, the City Council received an engineering study to reconstruct 3<sup>rd</sup> Street from Cloquet Avenue to Carlton Avenue, including the replacement of existing sanitary sewer and water mains; and

**WHEREAS,** The Cloquet City Council on March 2, 2016, held a hearing to consider the improvement of this section of 3<sup>rd</sup> Street; and

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

**WHEREAS,** Due notice was given that said special assessments would be considered by the City Council at its meeting to be held on March 21, 2017, and at said meeting and time all parties interested were given an opportunity to be heard; and

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

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

1. Such assessment, a copy of which is attached hereto and made a part hereof, is hereby accepted and shall constitute the special assessment against the lands named therein, and each tract of land therein is hereby found to be benefitted by

the improvement in the amount of the assessment levied against it.

2. Said assessments shall be payable in equal annual installments extending over a period of ten (10) years and shall bear interest at a rate of four percent (4%) per annum from April 20, 2017. Property owners may prepay the entire assessment, or any portion of it, to the City of Cloquet without interest prior to April 20, 2017. Any principal not paid by November 30<sup>th</sup> of each year, will be certified along with accrued interest to the Carlton County Auditor for collection with the Real Estate Taxes payable over the period stated above.

**PRESENTATIONS**

There were none.

**CITY CODE SECTIONS 6.2 AND 6.3 – SALE OF INTOXICATING AND 3.2 PERCENT MALT LIQUOR ON SUNDAYS**

**MOTION:** Councilor Bjerkness moved and Councilor Maki seconded the motion to adopt **ORDINANCE NO. 463A, AN ORDINANCE AMENDING SECTIONS 6.2 AND 6.3 OF THE MUNICIPAL CODE AS IT RELATES TO THE SALE OF INTOXICATING AND 3.2 PERCENT MALT LIQUOR ON SUNDAYS.** The motion carried unanimously (4-0).

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

**Section 1.** That Section 6.2.33 Subdivision 1, (1) be amended to read as follows:

1. On Sundays; except between the hours of 11:00 a.m. and 6:00 p.m.

**Section 2.** That Section 6.3.11 Subdivision 3, (1) be amended to read as follows:

1. On Sundays; except between the hours of 11:00 a.m. and 6:00 p.m.

**Section 3.** Effective Date. This ordinance shall take effect and be in force effective July 1, 2017 and after its passage and publication in accordance with law.

**SITE PLAN FOR MARVIN FOR MARVIN DEVELOPMENT, IV, LLC – TACO BELL**

**MOTION:** Councilor Maki moved and Councilor Bjerkness seconded the motion adopt **RESOLUTION NO. 17-22, A RESOLUTION APPROVING THE SITE PLAN IN THE RC-REGIONAL COMMERCIAL DISTRICT FOR MARVIN DEVELOPMENT, IV, LLC.** The motion carried unanimously (4-0).

**WHEREAS,** Marvin Development IV, LLC is proposing a Site Plan in the RC – Regional Commercial District for Taco Bell; and

**WHEREAS,** the property of the proposed Site Plan is located at 1418 Highway 33 South and is legally described as follows:

All that part of the Southwest ¼ of the Northeast ¼, Section 26, Township 49, North of Range 17, West of the Fourth Principal Meridian, Carlton County, Minnesota described as follows: Commencing at the Northeast corner of said Southwest ¼ of the Northeast ¼, thence running South on the East line of said quarter a distance of 350 feet; thence running Westerly at right angles with said East line of said quarter to the Easterly right-of-way line of said Highway 33 a distance of 200 feet to the point of beginning; thence deflecting to the left at an angle of 90 degrees and running Easterly a distance of 300 feet to a point; thence running in a Southerly direction on a line parallel with the East line of said quarter a distance of 200 feet to a point; thence running Westerly a distance of 300 feet, more or less, to a point 200 feet South of the point of beginning located on the East right-of-way line of Highway 33; thence running Northerly along the East right-of-way line of Highway 33 a distance of 200 feet to the point of beginning. And,

**WHEREAS,** the Planning Commission reviewed the staff report and recommends approval of the Site Plan.

**NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF CLOQUET, MINNESOTA,** that the City Council approves Zoning Case 17-03 for a site plan for Marvin Development IV, LLC for Taco Bell subject to the following conditions:

1. The required easements, inspection and maintenance agreements, inspection and maintenance plan, financial guarantee and other items as required for the stormwater BMPs must be submitted before a building permit is issued.
2. Compliance with the Assistant City Engineer's Memo dated March 1, 2017.

**SET PUBLIC HEARING FOR COUNTRY CLUB TOWNHOMES, LLC TAX INCREMENT FINANCING**

**MOTION:** Councilor Maki moved and Councilor Bjerkness seconded the motion to adopt **RESOLUTION NO. 17-23, RESOLUTION CALLING FOR A PUBLIC HEARING BY THE CITY COUNCIL ON THE PROPOSED ADOPTION OF A MODIFICATION TO THE DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO. 4 AND THE PROPOSED ESTABLISHMENT OF TAX INCREMENT FINANCING DISTRICT NO. 4-1 THEREIN AND THE ADOPTION OF THE TAX INCREMENT FINANCING PLAN THEREFOR** which sets a public hearing for May 2, 2017. The motion carried unanimously (4-0).

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

**Section 1. Public Hearing.** This Council shall meet on May 2, 2017, at approximately 7:00 P.M., to hold a public hearing on the proposed establishment of Development District No. 4 and the proposed adoption of a Development Program therefor; and the proposed establishment of Tax Increment Financing District No. 4-1, (a housing district) and the proposed adoption of a Tax Increment Financing Plan (the "Plan") (together the "Program and Plan") therefor, all pursuant to and in accordance with *Minnesota Statutes, Sections 469.124 to 469.133, and Sections 469.174 to 469.1794*, inclusive, as amended, in an effort to encourage the development and redevelopment of certain designated areas within the City; and

**Section 2. Notice of Public Hearing. Filing of Program and Plan.** City staff is authorized and directed to work with Ehlers to prepare the Program and Plan and to forward documents to the appropriate taxing jurisdictions including Carlton County and Independent School District No. 94. The City Administrator is authorized and directed to cause notice of the hearing, together with an appropriate map as required by law, to be published at least once in the official newspaper of the City not later than 10, nor more than 30, days prior to May 2, 2017, and to place a copy of the Program and Plan on file in the City Administrator's office at City Hall and to make such copy available for inspection by the public.

**AWARDING BID FOR THE 2017 SEWER LINING PROJECT**

**MOTION:** Councilor Maki moved and Councilor Langley seconded the motion to adopt **RESOLUTION NO. 17-26, RESOLUTION AWARDING 2017 SEWER LINING BID.** The motion carried unanimously (4-0).

**WHEREAS,** The City has completed plans and specifications for the rehabilitation of those sewers within the 2017 Sewer Lining project; and

**WHEREAS,** A resolution of the Council adopted on January 17, 2017 Authorized Staff to solicit bids; and

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

Bidder	Base	Alternate A	Alternate B	Total Bid
Hydro-Klean LLC	\$ 105,335.24	\$ 27,557.57	\$ 16,571.73	\$ 149,464.54
Veit & Company	\$ 110,344.00	\$ 28,858.00	\$ 23,154.71	\$ 162,356.71
Visu-Sewer Inc.	\$ 114,632.00	\$ 31,381.00	\$ 17,764.00	\$ 163,777.00
Insituform Technologies	\$ 123,686.60	\$ 24,833.70	\$ 17,907.00	\$ 166,427.30
Michels Corporation	\$ 147,878.00	\$ 37,757.00	\$ 29,679.25	\$ 215,314.25
Lametti & Sons, Inc.	\$ 172,836.00	\$ 48,192.00	\$ 30,524.00	\$ 251,552.00

**AND WHEREAS,** The apparent low bid from Hydro-Klean LLC, Inc. was found to meet the minimum bid requirements.

**NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF CLOQUET, MINNESOTA,** That the bid from Hydro-Klean LLC in the amount of \$149,464.54 is hereby accepted.

**AUTHORIZATION TO BID 2017 RIVERFRONT IMPROVEMENTS**

**MOTION:** Councilor Langley moved and Councilor Maki seconded the motion to authorize the solicitation of bids for planned park, landscape, and street improvements on Broadway Avenue, Dunlap Island, and the north riverfront. The motion carried unanimously (4-0).

**BROADWAY AVENUE LIMITED USE PERMIT**

**MOTION:** Councilor Langley moved and Councilor Maki seconded the motion to adopt **RESOLUTION NO. 17-27, AUTHORIZING THE CITY OF CLOQUET PUBLIC WORKS DEPARTMENT TO MAINTAIN A PATHWAY ON MINNESOTA DEPARTMENT OF TRANSPORTATION RIGHT-OF-WAY ALONG BROADWAY AVENUE.** The motion carried unanimously (4-0).

**WHEREAS,** The City of Cloquet wishes to construct a pathway on Minnesota Department of Transportation Right-of-Way along Highway 33 and Broadway Avenue to serve as pedestrian access into the adjacent City Park; and

**WHEREAS,** The City requests to maintain the proposed pathways on Minnesota Department of Transportation Right-of-Way, as per this Resolution's adoption; and

**WHEREAS,** Authorization of this Resolution will be forwarded to the proper parties of the State of Minnesota Department of Transportation for review and approval of a Limited Use Permit; and

**WHEREAS,** The City Engineer has reviewed and recommended authorizing the Public Works Department to maintain the proposed pathways.

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

1. That the City Engineer is hereby authorized to request a Limited Use Permit from the Minnesota Department of Transportation for construction of a pedestrian path along Broadway Avenue.
2. That the City of Cloquet agrees to accept future responsibility for all costs associated with construction, maintenance or removal of the proposed pathway.
3. That all previously written and unwritten documents are hereby superseded and that this resolution shall become effective on the day it is adopted.

**REVISED MEMORANDUM OF UNDERSTANDING. REGIONAL STORMWATER PROTECTION TEAM**

**MOTION:** Councilor Bjerkness moved and Councilor Langley seconded the motion to approve the revised Memorandum of Understanding, Regional Stormwater Protection Team. The motion carried unanimously (4-0).

**PUBLIC COMMENTS**

There were none.

**COUNCIL COMMENTS, ANNOUNCEMENTS, AND UPDATES**

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

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James Barclay, Interim City Administrator



**ADMINISTRATIVE OFFICES**

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

**REQUEST FOR COUNCIL ACTION**

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To: Mayor and City Council  
From: Nancy Klassen, Finance Director *nk*  
Reviewed/Approved by: James Barclay, Interim City Administrator  
Date: April 3, 2017

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**ITEM DESCRIPTION:** Payment of Bills and Payroll

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**Proposed Action**

Staff recommends the Council move to adopt **RESOLUTION NO. 17-29, A RESOLUTION AUTHORIZING THE PAYMENT OF BILLS AND PAYROLL.**

**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 and Payroll.
- b. Vendor Summary Report.
- c. Department Summary Report.

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

**RESOLUTION NO. 17-29**

**A RESOLUTION AUTHORIZING THE PAYMENT OF BILLS AND PAYROLL**

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

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

101	General Fund	\$	412,059.55
207	Community Development Operating		14,206.07
208	Small Cities Development Program		9,320.00
226	Park Fund		25,473.88
228	Senior Center		338.42
231	Public Works Reserve		9,513.99
405	City Sales Tax Projects		15,574.22
600	Water - Lake Superior Waterline		79,271.33
601	Water - In Town		64,085.48
602	Sewer Fund		45,253.40
605	Storm Water Fund		14,617.79
614	CAT-7		14,412.30
701	Employee Severance Benefits		1,368.94
	<b>TOTAL:</b>	<b>\$</b>	<b><u>705,495.37</u></b>

**PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CLOQUET  
THIS 4TH DAY OF APRIL, 2017.**

ATTEST:

\_\_\_\_\_  
Dave Hallback, Mayor

\_\_\_\_\_  
James Barclay, Interim City Administrator



DATE: 04/04/2017  
TIME: 14:40:39  
ID: AP442000.WOW

CITY OF CLOQUET  
VENDOR SUMMARY REPORT

PAGE: 1

INVOICES DUE ON/BEFORE 04/04/2017

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE
110950	AARDVARK SEPTIC PUMPING	1,295.00	405.00
111610	ACME TOOLS	0.00	7.12
118600	APPLIED INDUSTRIAL TECH.	6,259.39	494.29
121000	ARROWHEAD SPRINGS INC	315.25	91.50
122958	AUTO ZONE, INC.	30.24	12.00
123080	B & F FASTENER SUPPLY CO	95.33	68.74
123150	B W DISTRIBUTING	153.99	128.98
124020	BAYCOM INC	5,604.00	5,604.00
125700	BEST OIL COMPANY	40,306.62	11,383.95
134800	CARLTON COUNTY TREASURER	35.30	25.54
135675	VORK ENTERPRISES INC	555.00	315.00
137310	CENTURY LINK	8,190.69	1,463.67
139800	CLOQUET AREA CHAMBER OF COMMER	9,315.90	2,435.80
140250	CITY OF CLOQUET-INVESTIGATIONS	0.00	2,766.00
141100	CLOQUET FORD-CHRYSLER CENTER	4,695.86	388.96
142100	CLOQUET MAIL STATION	372.57	12.55
150100	D A L C O	1,380.52	437.01
157000	DULUTH PLUMBING SUPPLIES	542.80	13.42
160000	ECLIPSE PAINT	0.00	577.26
160600	EHLERS & ASSOCIATES, INC.	322.50	90.00
161675	EMC NATIONAL LIFE	4,662.40	1,131.90
168900	JOSEPH FOLZ	0.00	761.66
173275	BURAND INC	0.00	2,786.88
175200	GOPHER STATE ONE CALL INC	220.15	76.95
175600	DUANE C GRACE & ASSOCIATES	0.00	1,606.27
175700	GRAINGER	196.61	61.12
175840	GRANDE HARDWARE CO.	44.99	92.87
179300	HACH COMPANY	887.87	141.79
180425	HARRIS COMPUTER SYSTEMS	1,231.07	237.14
180500	HAWKINS INC	12,350.39	513.80
181500	HERMANTOWN HYDRAULICS	0.00	367.45
190700	JAMAR COMPANY	5,948.59	944.54
192900	JOHNSON CONTROLS	0.00	434.04
193800	JOHNSON'S SEWER ROOTER SERVICE	0.00	325.00
202300	LEAGUE OF MN CITIES	2,500.00	760.00
204400	LINCOLN NATIONAL LIFE	12,907.86	2,766.59
207400	MANEY INTERNATIONAL INC	4,252.60	1,199.14
210450	MEDIACOM LLC.	714.52	72.49
211400	MENARDS	1,128.22	156.48
211645	METERING & TECHNOLOGY SOLUTION	317.25	816.60
212400	MICHAUD DIST INC	88.00	21.50
214000	MIELKE ELECTRIC WORKS	0.00	742.50
214800	CITY OF MINNEAPOLIS RECIEVABLE	316.80	92.70
215800	MINNESOTA PIPE & EQUIP.	12,511.21	6,313.36

INVOICES DUE ON/BEFORE 04/04/2017

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE
219067	MN DEPT OF ADMINISTRATION	1,531.13	611.24
220500	MN DEPT OF HEALTH	5,884.00	23.00
234600	NORTHERN BUSINESS PRODUCTS	3,287.24	1,795.14
235800	NORTHLAND AUTO PARTS	97.03	22.35
236275	NORTHLAND VEBA TRUST	16,071.00	5,793.00
240725	O'REILLY AUTO ENTERPRISES LLC	142.52	43.25
242850	PARSONS ELECTRIC LLC	8,677.36	1,908.05
247250	POWERPLAN	1,373.14	2,795.00
247400	396-PRAXAIR DISTRIBUTION, INC.	2,111.69	189.43
256725	RONALD KENOWSKI CARPENTRY	0.00	9,320.00
261750	SEELYE PLASTICS, INC.	0.00	145.37
261800	SEH	206,930.07	3,189.20
267950	STANTEC CONSULTING SERVICES	2,974.30	15,321.77
269600	SUPER ONE FOODS CLOQUET	129.76	77.88
270200	SUPERIOR COMPUTER PRODUCTS INC	34,544.71	14,010.25
271325	NANCY GETCHELL	520.65	223.75
271975	TEAMSTER LOCAL 346 HEALTH FUND	80,657.54	26,840.00
272300	TELEPHONE ASSOCIATES	2,246.68	757.25
275075	TITAN MACHINERY	726.83	99.00
278600	TWIN PORT MAILING	14,449.64	577.19
283700	USA BLUEBOOK	571.24	204.26
284275	VSA, INC	950.00	158.96
284875	VERIZON WIRELESS	2,889.26	510.78
285500	VIKING INDUSTRIAL NORTH	55.77	296.52
287800	WAL-MART COMMUNITY	525.14	199.73
287900	WAL-MART COMMUNITY	43.91	248.05
289015	WELLS FARGO CREDIT CARD	31,209.46	2,633.74
291350	JOHN & JULIE HAVERKAMP	453.36	41.86
292400	XEROX CORPORATION	1,369.19	400.19
R0001009	EAST SIDE OIL COMPANIES INC	0.00	67.50
R0001284	OFFICE OF MN IT SERVICES	280.00	56.00

TOTAL ALL VENDORS: 137,703.27

Less: CAFD (3,324.13)

Less: Library (128.01)

Bills approved 134,251.13

Other:

Payroll 604,121.79

Payroll - benefits (32,877.55)

Total Bills and  
Payroll Approved

705,495.37

INVOICES DUE ON/BEFORE 04/04/2017

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE
GENERAL FUND			
00			
161675	EMC NATIONAL LIFE	4,662.40	471.90
204400	LINCOLN NATIONAL LIFE	12,907.86	2,739.65
236275	NORTHLAND VEBA TRUST	16,071.00	4,168.00
271975	TEAMSTER LOCAL 346 HEALTH FUND	80,657.54	25,498.00
			32,877.55
41	GENERAL GOVERNMENT		
111610	ACME TOOLS		77.64
150100	D A L C O	1,380.52	312.24
160600	EHLERS & ASSOCIATES, INC.	322.50	45.00
161675	EMC NATIONAL LIFE	4,662.40	56.00
175600	DUANE C GRACE & ASSOCIATES		1,606.27
212400	MICHAUD DIST INC	88.00	21.50
234600	NORTHERN BUSINESS PRODUCTS	3,287.24	493.10
236275	NORTHLAND VEBA TRUST	16,071.00	93.75
270200	SUPERIOR COMPUTER PRODUCTS INC	34,544.71	4,072.75
272300	TELEPHONE ASSOCIATES	2,246.68	378.63
278600	TWIN PORT MAILING	14,449.64	224.47
289015	WELLS FARGO CREDIT CARD	31,209.46	769.90
292400	XEROX CORPORATION	1,369.19	150.08
	GENERAL GOVERNMENT		8,301.33
42	PUBLIC SAFETY		
125700	BEST OIL COMPANY	40,306.62	3,565.34
135675	VORK ENTERPRISES INC	555.00	315.00
137310	CENTURY LINK	8,190.69	621.13
140250	CITY OF CLOQUET-INVESTIGATIONS		2,766.00
141100	CLOQUET FORD-CHRYSLER CENTER	4,695.86	211.86
142100	CLOQUET MAIL STATION	372.57	12.55
150100	D A L C O	1,380.52	25.13
161675	EMC NATIONAL LIFE	4,662.40	220.00
190700	JAMAR COMPANY	5,948.59	472.27
214800	CITY OF MINNEAPOLIS RECIEVABLE	316.80	92.70
234600	NORTHERN BUSINESS PRODUCTS	3,287.24	237.96
236275	NORTHLAND VEBA TRUST	16,071.00	500.00
269600	SUPER ONE FOODS CLOQUET	129.76	77.88
270200	SUPERIOR COMPUTER PRODUCTS INC	34,544.71	1,283.75
271325	NANCY GETCHELL	520.65	223.75

DATE: 04/04/2017  
TIME: 14:41:16  
ID: AP443000.WOW

CITY OF CLOQUET  
DEPARTMENT SUMMARY REPORT

PAGE: 2

INVOICES DUE ON/BEFORE 04/04/2017

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE
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GENERAL FUND			
42	PUBLIC SAFETY		
278600	TWIN PORT MAILING	14,449.64	64.13
284875	VERIZON WIRELESS	2,889.26	350.10
287900	WAL-MART COMMUNITY	43.91	248.05
289015	WELLS FARGO CREDIT CARD	31,209.46	970.62
R0001284	OFFICE OF MN IT SERVICES	280.00	56.00
	PUBLIC SAFETY		12,314.22
43	PUBLIC WORKS		
111610	ACME TOOLS		-200.00
121000	ARROWHEAD SPRINGS INC	315.25	45.50
123080	B & F FASTENER SUPPLY CO	95.33	68.74
123150	B W DISTRIBUTING	153.99	64.49
125700	BEST OIL COMPANY	40,306.62	2,308.29
137310	CENTURY LINK	8,190.69	137.92
161675	EMC NATIONAL LIFE	4,662.40	89.00
173275	BURAND INC		2,786.88
175200	GOPHER STATE ONE CALL INC	220.15	38.48
181500	HERMANTOWN HYDRAULICS		367.45
207400	MANEY INTERNATIONAL INC	4,252.60	1,199.14
211400	MENARDS	1,128.22	69.11
234600	NORTHERN BUSINESS PRODUCTS	3,287.24	251.56
235800	NORTHLAND AUTO PARTS	97.03	22.35
236275	NORTHLAND VEBA TRUST	16,071.00	250.00
240725	O'REILLY AUTO ENTERPRISES LLC	142.52	43.25
242850	PARSONS ELECTRIC LLC	8,677.36	1,908.05
247250	POWERPLAN	1,373.14	2,795.00
247400	396-PRAXAIR DISTRIBUTION, INC.	2,111.69	94.71
270200	SUPERIOR COMPUTER PRODUCTS INC	34,544.71	2,635.00
272300	TELEPHONE ASSOCIATES	2,246.68	54.09
275075	TITAN MACHINERY	726.83	99.00
278600	TWIN PORT MAILING	14,449.64	64.13
284875	VERIZON WIRELESS	2,889.26	55.65
285500	VIKING INDUSTRIAL NORTH	55.77	296.52
287800	WAL-MART COMMUNITY	525.14	108.47
289015	WELLS FARGO CREDIT CARD	31,209.46	64.88
291350	JOHN & JULIE HAVERKAMP	453.36	24.94
292400	XEROX CORPORATION	1,369.19	66.71
R0001009	EAST SIDE OIL COMPANIES INC		67.50
	PUBLIC WORKS		15,876.81

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CITY OF CLOQUET  
DEPARTMENT SUMMARY REPORT

PAGE: 3

INVOICES DUE ON/BEFORE 04/04/2017

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE
-----			
GENERAL FUND			
46	COMMUNITY DEVELOPMENT		
139800	CLOQUET AREA CHAMBER OF COMMER	9,315.90	2,435.80
	COMMUNITY DEVELOPMENT		2,435.80
COMMUNITY DEV OPERATING (CITY)			
46	COMMUNITY DEVELOPMENT		
160600	EHLERS & ASSOCIATES, INC.	322.50	45.00
161675	EMC NATIONAL LIFE	4,662.40	10.00
234600	NORTHERN BUSINESS PRODUCTS	3,287.24	125.78
272300	TELEPHONE ASSOCIATES	2,246.68	54.09
278600	TWIN PORT MAILING	14,449.64	32.07
287800	WAL-MART COMMUNITY	525.14	7.32
289015	WELLS FARGO CREDIT CARD	31,209.46	169.00
292400	XEROX CORPORATION	1,369.19	50.03
	COMMUNITY DEVELOPMENT		493.29
SCDP (CITY)			
46	COMMUNITY DEVELOPMENT		
256725	RONALD KENOWSKI CARPENTRY		9,320.00
	COMMUNITY DEVELOPMENT		9,320.00
LIBRARY FUND			
45	CULTURE AND RECREATION		
150100	D A L C O	1,380.52	44.26
161675	EMC NATIONAL LIFE	4,662.40	60.00
289015	WELLS FARGO CREDIT CARD	31,209.46	23.75
	CULTURE AND RECREATION		128.01
PARK FUND			
45	PARKS/RECREATION		
110950	AARDVARK SEPTIC PUMPING	1,295.00	405.00
122958	AUTO ZONE, INC.	30.24	6.00
125700	BEST OIL COMPANY	40,306.62	900.87

INVOICES DUE ON/BEFORE 04/04/2017

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE
-----			
PARK FUND			
45	PARKS/RECREATION		
134800	CARLTON COUNTY TREASURER	35.30	25.54
137310	CENTURY LINK	8,190.69	196.54
141100	CLOQUET FORD-CHRYSLER CENTER	4,695.86	177.10
150100	D A L C O	1,380.52	55.38
161675	EMC NATIONAL LIFE	4,662.40	34.00
175840	GRANDE HARDWARE CO.	44.99	92.87
236275	NORTHLAND VEBA TRUST	16,071.00	250.00
291350	JOHN & JULIE HAVERKAMP	453.36	11.94
	PARKS/RECREATION		2,155.24
SENIOR CENTER FUND			
45	CULTURE AND RECREATION		
157000	DULUTH PLUMBING SUPPLIES	542.80	13.42
193800	JOHNSON'S SEWER ROOTER SERVICE		325.00
	CULTURE AND RECREATION		338.42
PUBLIC WORKS RESERVE			
41	GENERAL GOVERNMENT		
270200	SUPERIOR COMPUTER PRODUCTS INC	34,544.71	3,298.75
	GENERAL GOVERNMENT		3,298.75
42	PUBLIC SAFETY		
124020	BAYCOM INC	5,604.00	5,604.00
219067	MN DEPT OF ADMINISTRATION	1,531.13	611.24
	PUBLIC SAFETY		6,215.24
CITY SALES TAX CAPITAL			
81	SPECIAL PROJECTS		
261800	SEH	206,930.07	252.45
267950	STANTEC CONSULTING SERVICES	2,974.30	15,321.77
	SPECIAL PROJECTS		15,574.22

INVOICES DUE ON/BEFORE 04/04/2017

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE
-----			
WATER - LAKE SUPERIOR WATERLIN			
50	STATION ONE		
168900	JOSEPH FOLZ		761.66
214000	MIELKE ELECTRIC WORKS		247.50
	STATION ONE		1,009.16
51	STATION TWO		
121000	ARROWHEAD SPRINGS INC	315.25	16.00
137310	CENTURY LINK	8,190.69	196.91
161675	EMC NATIONAL LIFE	4,662.40	40.00
179300	HACH COMPANY	887.87	141.79
180500	HAWKINS INC	12,350.39	513.80
211400	MENARDS	1,128.22	87.37
214000	MIELKE ELECTRIC WORKS		247.50
215800	MINNESOTA PIPE & EQUIP.	12,511.21	6,162.00
236275	NORTHLAND VEBA TRUST	16,071.00	125.00
261750	SEELYE PLASTICS, INC.		145.37
283700	USA BLUEBOOK	571.24	204.26
287800	WAL-MART COMMUNITY	525.14	83.94
289015	WELLS FARGO CREDIT CARD	31,209.46	270.00
	STATION TWO		8,233.94
52	LAKE SUPERIOR WATERLINE		
125700	BEST OIL COMPANY	40,306.62	530.03
161675	EMC NATIONAL LIFE	4,662.40	20.00
215800	MINNESOTA PIPE & EQUIP.	12,511.21	99.19
236275	NORTHLAND VEBA TRUST	16,071.00	125.00
284875	VERIZON WIRELESS	2,889.26	35.01
	LAKE SUPERIOR WATERLINE		809.23
57	ADMINISTRATION		
161675	EMC NATIONAL LIFE	4,662.40	3.30
	ADMINISTRATION		3.30

WATER - IN TOWN SYSTEM

INVOICES DUE ON/BEFORE 04/04/2017

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE
-----			
WATER - IN	TOWN SYSTEM		
49	CLOQUET		
111610	ACME TOOLS		129.48
118600	APPLIED INDUSTRIAL TECH.	6,259.39	494.29
122958	AUTO ZONE, INC.	30.24	6.00
123150	B W DISTRIBUTING	153.99	38.69
125700	BEST OIL COMPANY	40,306.62	782.42
137310	CENTURY LINK	8,190.69	112.33
160000	ECLIPSE PAINT		577.26
161675	EMC NATIONAL LIFE	4,662.40	32.00
175700	GRAINGER	196.61	61.12
192900	JOHNSON CONTROLS		434.04
211645	METERING & TECHNOLOGY SOLUTION	317.25	816.60
214000	MIELKE ELECTRIC WORKS		247.50
215800	MINNESOTA PIPE & EQUIP.	12,511.21	52.17
236275	NORTHLAND VEBA TRUST	16,071.00	125.00
247400	396-PRAXAIR DISTRIBUTION, INC.	2,111.69	56.83
284875	VERIZON WIRELESS	2,889.26	35.01
	CLOQUET		4,000.74
54	BILLING & COLLECTION		
161675	EMC NATIONAL LIFE	4,662.40	12.50
180425	HARRIS COMPUTER SYSTEMS	1,231.07	237.14
234600	NORTHERN BUSINESS PRODUCTS	3,287.24	183.66
236275	NORTHLAND VEBA TRUST	16,071.00	125.00
278600	TWIN PORT MAILING	14,449.64	64.13
	BILLING & COLLECTION		622.43
57	ADMINISTRATION & GENERAL		
137310	CENTURY LINK	8,190.69	82.75
161675	EMC NATIONAL LIFE	4,662.40	6.70
175200	GOPHER STATE ONE CALL INC	220.15	23.09
220500	MN DEPT OF HEALTH	5,884.00	23.00
234600	NORTHERN BUSINESS PRODUCTS	3,287.24	251.55
261800	SEH	206,930.07	1,468.37
270200	SUPERIOR COMPUTER PRODUCTS INC	34,544.71	907.00
272300	TELEPHONE ASSOCIATES	2,246.68	162.26
278600	TWIN PORT MAILING	14,449.64	64.13
289015	WELLS FARGO CREDIT CARD	31,209.46	134.88
292400	XEROX CORPORATION	1,369.19	66.69
	ADMINISTRATION & GENERAL		3,190.42



INVOICES DUE ON/BEFORE 04/04/2017

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE
-----			
ENTERPRISE FUND - SEWER			
55	SANITARY SEWER		
123150	B W DISTRIBUTING	153.99	25.80
125700	BEST OIL COMPANY	40,306.62	445.14
161675	EMC NATIONAL LIFE	4,662.40	20.00
247400	396-PRAXAIR DISTRIBUTION, INC.	2,111.69	37.89
261800	SEH	206,930.07	1,468.38
284875	VERIZON WIRELESS	2,889.26	35.01
291350	JOHN & JULIE HAVERKAMP	453.36	4.98
	SANITARY SEWER		2,037.20
56	LIFT STATIONS		
289015	WELLS FARGO CREDIT CARD	31,209.46	84.78
	LIFT STATIONS		84.78
57	ADMINISTRATION & GENERAL		
137310	CENTURY LINK	8,190.69	55.16
161675	EMC NATIONAL LIFE	4,662.40	28.50
175200	GOPHER STATE ONE CALL INC	220.15	15.38
234600	NORTHERN BUSINESS PRODUCTS	3,287.24	251.53
270200	SUPERIOR COMPUTER PRODUCTS INC	34,544.71	907.00
272300	TELEPHONE ASSOCIATES	2,246.68	108.18
278600	TWIN PORT MAILING	14,449.64	64.13
289015	WELLS FARGO CREDIT CARD	31,209.46	64.88
292400	XEROX CORPORATION	1,369.19	66.68
	ADMINISTRATION & GENERAL		1,561.44
STORM WATER UTILITY			
57	ADMINISTRATION & GENERAL		
161675	EMC NATIONAL LIFE	4,662.40	4.50
202300	LEAGUE OF MN CITIES	2,500.00	760.00
270200	SUPERIOR COMPUTER PRODUCTS INC	34,544.71	906.00
289015	WELLS FARGO CREDIT CARD	31,209.46	81.05
	ADMINISTRATION & GENERAL		1,751.55

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CITY OF CLOQUET  
DEPARTMENT SUMMARY REPORT

PAGE: 8

INVOICES DUE ON/BEFORE 04/04/2017

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE
-----			
STORM WATER	UTILITY		
59	OPERATIONS		
161675	EMC NATIONAL LIFE	4,662.40	10.00
	OPERATIONS		10.00
CABLE TELEVISION			
45	PUBLIC TV		
121000	ARROWHEAD SPRINGS INC	315.25	30.00
137310	CENTURY LINK	8,190.69	60.93
161675	EMC NATIONAL LIFE	4,662.40	13.50
210450	MEDIACOM LLC.	714.52	72.49
236275	NORTHLAND VEBA TRUST	16,071.00	31.25
284275	VSA, INC	950.00	158.96
	PUBLIC TV		367.13
EMPLOYEE SEVERANCE			
45	EMPLOYEE VACATION & SICK		
204400	LINCOLN NATIONAL LIFE	12,907.86	26.94
271975	TEAMSTER LOCAL 346 HEALTH FUND	80,657.54	1,342.00
	EMPLOYEE VACATION & SICK		1,368.94
CLOQUET AREA FIRE DISTRICT			
42	PUBLIC SAFETY		
125700	BEST OIL COMPANY	40,306.62	2,851.86
190700	JAMAR COMPANY	5,948.59	472.27
	PUBLIC SAFETY		3,324.13
	TOTAL ALL DEPARTMENTS		137,703.27



**ADMINISTRATIVE OFFICES**

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Phone: 218-879-3347 • Fax: 218-879-6555  
email: admin@ci.cloquet.mn.us  
www.ci.cloquet.mn.us

**REQUEST FOR COUNCIL ACTION**

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To: Mayor and City Council  
From: James Barclay, Interim City Administrator  
Date: April 4, 2017

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**ITEM DESCRIPTION:** Approval of LOU Between Local #346 & City Establishing Certain Terms and Conditions of Jeff Palmer's Employment and Benefits

---

**Proposed Action**

Staff recommends that the City Council move to approve the attached Letter of Understanding (LOU) between the City of Cloquet and Local #346 recognizing that Jeff Palmer is on leave from his position of Sergeant and therefore, not a Bargaining Unit Employee while he is Interim Police Chief.

This LOU provides an avenue for Jeff Palmer to maintain his seniority under the existing Labor Agreement and remain on the Teamsters insurance plan during the period he is serving as Interim Police Chief.

**Background/Overview**

The purpose of this Letter of Understanding is to provide an avenue for Mr. Palmer to maintain his seniority under the existing Labor Agreement and remain on the Teamsters insurance plan during the period he is serving as Interim Police Chief.

**Policy Objectives**

Non-Union employees would normally be offered benefits under the City's Benefit Program versus those offered through the Teamsters Union #346.

**Financial/Budget/Grant Considerations**

The cost to the City will remain the same for Mr. Palmer as they were before this Interim Position, would ease the burden of shifting to the City's Benefit Program and back again, and result in a monthly savings to the City of \$889.55.

**Advisory Committee/Commission Action**

None.

**Supporting Documentation Attached**

- Letter of Understanding

**Letter of Understanding  
by and between  
Teamsters General Local Union No. 346  
and  
City of Cloquet**

This Letter of Understanding (“LOU”) is made by and between City of Cloquet, Minnesota (“Employer”) and Teamsters General Local Union No. 346 (“Union”).

**Recitals**

WHEREAS, the Union is the exclusive representative for certain employees employed by Employer in the appropriate unit (“Bargaining Unit Employees”);

WHEREAS, the Employer and Union are parties to a labor agreement for January 1, 2015 through December 31, 2017 (“Labor Agreement”);

WHEREAS, the Employer City Council appointed a Bargaining Unit Employee, Jeff Palmer, to be Interim Police Chief for an indefinite time due to the extended absence of the current Police Chief;

WHEREAS, Jeff Palmer is on leave from his position of Sergeant, and, therefore, not a Bargaining Unit Employee, while he is Interim Police Chief;

WHEREAS, the Employer and Union desire in this specific circumstance to establish certain terms and conditions of Jeff Palmer’s employment related to his leave; and

NOW, THEREFORE, all parties hereto understand as follows below.

**Agreement**

**Article 1. Terms and Conditions of Leave**

**Section 1.1.** Jeff Palmer will not lose his seniority or years of service under the Labor Agreement or accumulated paid leave balances upon his start date as Interim Police Chief.

**Section 1.2.** Jeff Palmer will remain eligible to participate in the group health plan he is enrolled in as of his start date as Interim Police Chief.

**Section 1.3.** Effective on the calendar day after Jeff Palmer’s last date as Interim Police Chief, he has a right to be reemployed as Sergeant, unless he is discharged or demoted by the Employer for gross misconduct, which is intentional conduct, on the job or off the job, that results in the loss of Mr. Palmer’s Peace Officer License.

**Article 2. Entire Understanding**

This LOU constitutes the entire understanding among the parties hereto. No representations, warranties, covenants, or inducements have been made to any party concerning this LOU, other than the representations, covenants, or inducements contained and memorialized in this LOU. This LOU supersedes all prior negotiations, oral and written understandings, policies and practices with respect thereto addressing the specific subject matter addressed in this LOU.

**Article 3. Limitations**

This LOU is intended for the sole and limited purpose specified herein. This LOU cannot be construed to be nor does it constitute or establish any waiver or admission of the Employer that the subject matter of this LOU is negotiable or that it is bound by terms of conditions of employment of predecessor employers, precedent, or past practice, or otherwise place any prohibition or limitation on any management right of the Employer except as otherwise prohibited or limited by the express terms of this LOU. The Employer expressly reserves the right to exercise all of its management rights without limitation, including the right to make any decision and implement any such decision related to these issues consistent with the law in its sole discretion.

**Article 4 Amendment or Modification**

This LOU or any of its terms may only be amended or modified by a written instrument that: (1) expressly states it is amending or modifying the LOU; and (2) is signed by or on behalf of all of the parties hereto or their successors in interest.

**Article 5. Hold Harmless**

Jeffrey Palmer has read and understands this document and agrees to hold Teamsters General Local Union No. 346 harmless for any claims.

**Article 6. Voluntary Understanding of the Parties**

The parties hereto acknowledge and agree that this LOU is voluntarily entered into by all parties hereto as the result of arm's-length negotiations during which all such parties were represented.

**Article 7. Execution and Effective Date**

This LOU is executed and effective on the latest date affixed to the signatures below.

**Article 8. Expiration**


This LOU will expire and no longer be in force or effect, effective on the date that Jeff Palmer is no longer Interim Police Chief.

IN WITNESS HEREOF, the parties hereto have made this LOU on the latest date affixed to the signatures on the next page.

FOR THE EMPLOYER

FOR THE UNION

\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Secretary-Treasurer

Date: \_\_\_\_\_

Date: 03-31-2019

\_\_\_\_\_  
City Administrator

\_\_\_\_\_  
Interim Police Chief

Date: \_\_\_\_\_

Date: \_\_\_\_\_




**ADMINISTRATIVE OFFICES**

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

**REQUEST FOR COUNCIL ACTION**

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To: Mayor and City Council  
From: James Barclay, Interim City Administrator   
Date: April 4, 2017

---

**ITEM DESCRIPTION:** Approval of LOU Between Local #545 & City and Authorization to Begin Hiring Process for Temporary Custodial Worker

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**Proposed Action**

Staff recommends that the City Council move to approve the attached Letter of Understanding (LOU) between the City of Cloquet and Local #545 and begin the hiring process to retain another individual or individuals to perform, the custodial functions, on an ongoing basis during the leave of absence of our Building Maintenance & Grounds employee.

**Background/Overview**

The intent and purpose of this Letter of Understanding is to modify certain terms and conditions presently contained in the Collective Bargaining Agreement between the City Council of the City of Cloquet, Minnesota and the American Federation of State, County, Municipal Employees, which agreement covers the period effective January 1, 2015, through December 31, 2017.

The City has been informed that a full-time member of the Building Maintenance & Grounds staff will be required to take a temporary leave of absence to address certain medical/health conditions; and the Union and City have previously discussed changes which would temporarily allow the City to hire a part-time, non-union, temporary employee or to contract with a firm to provide for the continuation of service to the community and avoid the need to replace said employee.

**Policy Objectives**

Under the Family Medical Leave Act (FMLA) an employee's job is protected for up to 12 weeks in any 12-month period for the medical condition of the employee or in some cases a family member. At the expiration of that 12-week period an employer may replace the employee by hiring their replacement. Hiring a temporary, part-time employee provides the avenue to preserve the absent employee's position if it exceeds 12 weeks.

**Financial/Budget/Grant Considerations**

The cost to the City will be the hourly wage of the temporary, part-time, non-union employee estimated at \$13 to \$16 an hour.

**Advisory Committee/Commission Action**

None.

**Supporting Documentation Attached**

- Letter of Understanding

**LETTER OF UNDERSTANDING**  
**By and Between**  
**AFSCME LOCAL #545**  
**And**  
**THE CITY OF CLOQUET**

This Letter of Understanding ("LOU") is made by and between City of Cloquet ("Employer") and American Federation of State, County and Municipal Employees, Council No. 65, Local Number 545 ("Union").

**Recitals**

WHEREAS, the Union is the exclusive representative for certain employees employed by Employer in the appropriate unit ("Bargaining Unit Employees");

WHEREAS, the Employer and Union are parties to a labor contract for January 1, 2015 through December 31, 2017;

WHEREAS, a Bargaining Unit Employee in the position of Building Maintenance & Grounds will be taking a long-term, undefined voluntary leave of absence from the position;

WHEREAS, the City may deem it necessary to retain another individual or individuals to perform on an ongoing basis during the leave of absence custodial functions that were solely performed by the Bargaining Unit Employee as part of the Building Maintenance & Grounds position;

WHEREAS, the Employer and Union desire in this specific circumstance to establish components related to the individual or individual(s) to be retained to perform these functions;

NOW, THEREFORE, all parties hereto agree as follows below.

**Agreement**

**Article 1.     Individuals Retained**

**Section 1.**       The City may, at its sole discretion: (1) attempt to hire an individual as a City employee who will work part-time to perform custodial duties of the Building Maintenance & Grounds position on a temporary basis not to exceed the term of this LOU as necessary to keep City Hall and the City Police Station serviced; or (2) if the City is unable to hire such individual, utilize a third party to provide an individual or individuals to the City to perform custodial duties of the Building Maintenance & Grounds position on a temporary basis not to exceed the term of this LOU as necessary to keep City Hall and the City Police Station serviced.

The City may accept assistance of Bargaining Unit Employees in identifying a qualified candidate to fill the temporary position.



**Section 2.** The provision of services under this LOU will not, during the term of this LOU or temporary extension of this temporary employment, render such individual or individuals eligible to be a Bargaining Unit Employee.

**Section 3.** In the event that the Bargaining Unit Employee does not return to work and the temporary part-time employee hired under this LOU subsequently fills the position on a permanent basis, such employee shall become Bargaining Unit eligible with a seniority date reverting back to the first date of hire.

## **Article 2. Entire Understanding**

This LOU constitutes the entire understanding among the parties hereto. No representations, warranties, covenants, or inducements have been made to any party concerning this LOU, other than the representations, covenants, or inducements contained and memorialized in this LOU. This LOU supersedes all prior negotiations, oral and written understandings, policies and practices with respect thereto addressing the specific subject matter addressed in this LOU.

## **Article 3. Limitations**

This LOU is intended for the sole and limited purpose specified herein. This LOU does not constitute or establish any waiver or admission of the Employer that the subject matter of this LOU is negotiable or that it is bound by terms of conditions of employment of predecessor employers, precedent, or past practice, or otherwise place any prohibition or limitation on any management right of the Employer except as otherwise prohibited or limited by the express terms of this LOU. The Employer expressly reserves the right to exercise all of its management rights without limitation, including the right to make any decision and implement any such decision related to these issues consistent with the law in its sole discretion.

## **Article 4. Amendment or Modification**

This LOU or any of its terms may only be amended or modified by a written instrument that: (1) expressly states it is amending or modifying the LOU; and (2) is signed by or on behalf of all of the parties hereto or their successors in interest.

## **Article 5. Voluntary Understanding of the Parties**

The parties hereto acknowledge and agree that this LOU is voluntarily entered into by all parties hereto as the result of arm's-length negotiations during which all such parties were represented.

## **Article 6. Execution and Effective Date**

This LOU is executed and effective on the latest date affixed to the signatures below.

## **Article 7. Expiration**

This LOU will expire and no longer be in force or effect, effective on the earlier of: (1) the date that the Bargaining Unit Employee on leave returns to work for the City; or (2) September 1, 2017. Effective on the expiration date of the LOU, components of items addressed in and related to Article 1 of this LOU in effect as of the calendar day immediately preceding the effective date of this LOU; including, but not limited to, practices, Labor Agreement language and other aids in contract interpretation; will revert back to the status quo as of the calendar day immediately preceding the effective date of this LOU and treated as if this LOU were never negotiated nor entered into.

**Article 8. Non-Precedent Setting**

This LOU shall be non-precedent setting.

IN WITNESS HEREOF, the parties hereto have made this LOU on the latest date affixed to the signatures on the next page.

FOR THE EMPLOYER

\_\_\_\_\_  
Mayor

Date: \_\_\_\_\_


\_\_\_\_\_  
City Administrator

Date: \_\_\_\_\_

FOR THE UNION

  
\_\_\_\_\_  
President

Date: 4-4-2017

  
\_\_\_\_\_  
Staff Representative

Date: 4-3-17



**ADMINISTRATIVE OFFICES**

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

**REQUEST FOR COUNCIL ACTION**

1

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To: Mayor and City Council  
From: Nancy Klassen, Finance Director *NK*  
Reviewed by: James Barclay, Interim City Administrator  
Date: September 30, 2010

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**ITEM DESCRIPTION:** General Obligation Sales Tax Revenue Bonds, Series 2017A

---

**Proposed Action**

Staff recommends the Council move to adopt **RESOLUTION NO. 17-30, A RESOLUTION PROVIDING FOR THE SALE OF \$8,400,000 GENERAL OBLIGATION SALES TAX REVENUE BONDS, SERIES 2017A.**

**Background/Overview**

The council authorized the sale of the General Obligation Sales Tax Revenue Bonds, Series 2017A, at the March 7, 2017 meeting. These bonds were issued to construct improvements for the City Sales Tax legislation.

The debt service is being funded through City Sales Tax collections.

**Policy Objectives**

The bonds are being issued pursuant to Minnesota Statutes Chapter 475 and laws of 2011. The bonds will be general obligation of the City for which its full faith, credit and taxing powers are pledged. They will also be issued consistent with the special legislation authorizing the City to enact a local option sales tax.

**Financial Impacts/Budget/Grant Considerations**

The bonds were rated AA with stable outlook by S&P on March 31, 2017. This is a one point downgrade from previously rated bonds but still an upgrade of four points since 2003. This is still a very good rating. The City's economy is on par with other AA rated communities. I believe it was upgraded to AA+ since we had such low debt. Now with the issuance of \$8.4 million general obligations bonds the ratings was changed to reflect how the City compares to other AA+ rated entities and the City tracks more closely with other AA rated entities.

**Advisory Committee/Commission Action**

None.

**Supporting Document Attached**

Resolution 17-30  
Pre-Sale Report  
Ratings report

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

**RESOLUTION NO. 17-30  
RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF \$8,400,000  
GENERAL OBLIGATION SALES TAX REVENUE BONDS, SERIES 2017A, AND  
LEVYING A TAX FOR THE PAYMENT THEREOF**

**WHEREAS**, Under the provisions of Minnesota Statutes, Chapter 475 and Laws of 2011, First Special Session, Chapter 7, Article 4, Section 10 (the "Special Law"), the City of Cloquet, Minnesota (the "City") is authorized to levy an additional sales tax of up to one-half of one percent on sales transactions taxable pursuant to Minnesota Statutes, Chapter 297A, that occur within the City (the "Sales Tax") and to levy an excise tax of up to \$20 per motor vehicle purchased or acquired from any person engaged within the City in the business of selling motor vehicles at retail (the "Excise Tax") for the purposes of paying all or a portion of the costs of Project, as defined hereinafter, and as further provided in the Special Law and Minnesota Statute, Chapter 475 (collectively, the "Act"). Under the Act, the City is also authorized to issue its general obligation bonds in anticipation of the collection of the Sales Tax and Excise Tax (collectively, the "Tax Revenues") to provide funds for acquisition or betterment of the Project, and to apply the Tax Revenues to the payment of the costs of collecting the Sales Tax and the Excise Tax, to the payment of all or a portion of the cost of the Project or to the payment of principal of or interest on such bonds; and

**WHEREAS**, The City did take all action required under the Act to authorize the issuance of such general obligation bonds by resolution of this Council, and the City enacted an ordinance imposing the Sales Tax and the Excise Tax as authorized by the Act, which is codified as Chapter 3.4 of the Cloquet City Code (the "Ordinance"); and

**WHEREAS**, The City Council hereby determines and declares that it is necessary and expedient to issue \$8,400,000 General Obligation Sales Tax Revenue Bonds, Series 2017A, pursuant to the Act, to provide moneys to finance a portion of the costs of the Project; and

**WHEREAS**, The City has retained Ehlers & Associates, Inc., in Roseville, Minnesota ("Ehlers"), as its independent financial advisor for the sale of the Bonds and was therefore authorized to sell the Bonds by private negotiation in accordance with Minnesota Statutes, Section 475.60, Subdivision 2(9) and proposals to purchase the Bonds have been solicited by Ehlers; and

**WHEREAS**, The proposals set forth on Exhibit A attached hereto were received by the Interim City Administrator, or designee, at the offices of Ehlers at 10:00 A.M. on the date hereof, pursuant to the Preliminary Official Statement, dated March 23, 2017, established for the Bonds; and

**WHEREAS**, it is in the best interests of the City that the Bonds be issued in book-entry form as hereinafter provided; and

Denominations for any Bond shall be deemed to be limited during the Book Entry Only Period to the outstanding principal amount of that Bond.

- (ii) Upon initial issuance, ownership of the Bonds shall be registered in a bond register maintained by the Bond Registrar (as hereinafter defined) in the name of CEDE & CO, as the nominee (it or any nominee of the existing or a successor Depository, the "Nominee").
- (iii) With respect to the Bonds neither the City nor the Bond Registrar shall have any responsibility or obligation to any broker, dealer, bank, or any other financial institution for which the Depository holds Bonds as securities depository (the "Participant") or the person for which a Participant holds an interest in the Bonds shown on the books and records of the Participant (the "Beneficial Owner"). Without limiting the immediately preceding sentence, neither the City, nor the Bond Registrar, shall have any such responsibility or obligation with respect to (A) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any ownership interest in the Bonds, or (B) the delivery to any Participant, any Owner or any other person, other than the Depository, of any notice with respect to the Bonds, including any notice of redemption, or (C) the payment to any Participant, any Beneficial Owner or any other person, other than the Depository, of any amount with respect to the principal of or premium, if any, or interest on the Bonds, or (D) the consent given or other action taken by the Depository as the Registered Holder of any Bonds (the "Holder"). For purposes of securing the vote or consent of any Holder under this Resolution, the City may, however, rely upon an omnibus proxy under which the Depository assigns its consenting or voting rights to certain Participants to whose accounts the Bonds are credited on the record date identified in a listing attached to the omnibus proxy.
- (iv) The City and the Bond Registrar may treat as and deem the Depository to be the absolute owner of the Bonds for the purpose of payment of the principal of and premium, if any, and interest on the Bonds, for the purpose of giving notices of redemption and other matters with respect to the Bonds, for the purpose of obtaining any consent or other action to be taken by Holders for the purpose of registering transfers with respect to such Bonds, and for all purpose whatsoever. The Bond Registrar, as paying agent hereunder, shall pay all principal of and premium, if any, and interest on the Bonds only to the Holder or the Holders of the Bonds as shown on the bond register, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid.
- (v) Upon delivery by the Depository to the Bond Registrar of written notice to the effect that the Depository has determined to substitute a new Nominee in place of the existing Nominee, and subject to the transfer provisions in paragraph 10, references to the Nominee hereunder shall refer to such new Nominee.

- (vi) So long as any Bond is registered in the name of a Nominee, all payments with respect to the principal of and premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, by the Bond Registrar or City, as the case may be, to the Depository as provided in the Letter of Representations to the Depository required by the Depository as a condition to its acting as book-entry Depository for the Bonds (said Letter of Representations, together with any replacement thereof or amendment or substitute thereto, including any standard procedures or policies referenced therein or applicable thereto respecting the procedures and other matters relating to the Depository's role as book-entry Depository for the Bonds, collectively hereinafter referred to as the "Letter of Representations").
- (vii) All transfers of beneficial ownership interests in each Bond issued in book-entry form shall be limited in principal amount to Authorized Denominations and shall be effected by procedures by the Depository with the Participants for recording and transferring the ownership of beneficial interests in such Bonds.
- (viii) In connection with any notice or other communication to be provided to the Holders pursuant to this Resolution by the City or Bond Registrar with respect to any consent or other action to be taken by Holders, the Depository shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action; provided, that the City or the Bond Registrar may establish a special record date for such consent or other action. The City or the Bond Registrar shall, to the extent possible, give the Depository notice of such special record date not less than fifteen calendar days in advance of such special record date to the extent possible.
- (ix) Any successor Bond Registrar in its written acceptance of its duties under this Resolution and any paying agency/bond registrar agreement, shall agree to take any actions necessary from time to time to comply with the requirements of the Letter of Representations.
- (x) Termination of Book-Entry Only System. Discontinuance of a particular Depository's services and termination of the book-entry only system may be effected as follows:
  - (xi) The Depository may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice to the City and discharging its responsibilities with respect thereto under applicable law. The City may terminate the services of the Depository with respect to the Bond if it determines that the Depository is no longer able to carry out its functions as securities depository or the continuation of the system of book-entry transfers through the Depository is not in the best interests of the City or the Beneficial Owners.
  - (xii) Upon termination of the services of the Depository as provided in the preceding paragraph, and if no substitute securities depository is willing to undertake the functions of the Depository hereunder can be found which, in the opinion of the

City, is willing and able to assume such functions upon reasonable or customary terms, or if the City determines that it is in the best interests of the City or the Beneficial Owners of the Bond that the Beneficial Owners be able to obtain certificates for the Bonds, the Bonds shall no longer be registered as being registered in the bond register in the name of the Nominee, but may be registered in whatever name or names the Holder of the Bonds shall designate at that time, in accordance with paragraph 10. To the extent that the Beneficial Owners are designated as the transferee by the Holders, in accordance with paragraph 10, the Bonds will be delivered to the Beneficial Owners.

(xiii) Nothing in this subparagraph (d) shall limit or restrict the provisions of paragraph 10.

(c) Letter of Representations. The provisions in the Letter of Representations are incorporated herein by reference and made a part of the resolution, and if and to the extent any such provisions are inconsistent with the other provisions of this resolution, the provisions in the Letter of Representations shall control.

3. Purpose. The Bonds shall provide funds to finance a portion of the cost (a) for construction and completion of park improvement projects, including St. Louis River riverfront improvements; Veteran's Park construction and improvements; improvements to the Hilltop Park soccer complex and Braun Park baseball complex; capital equipment and building and grounds improvements at the Pine Valley Park/Pine Valley Hockey Arena/Cloquet Area Recreation Center; and development of pedestrian trails within the city; (b) for extension of utilities and the construction of all improvements associated with the development of property adjacent to Highway 33 and Interstate Highway 35, including payment of all debt service on bonds issued for these; and (c) for engineering and construction of infrastructure improvements, including, but not limited to, storm sewer, sanitary sewer, and water in areas identified as part of the city's comprehensive land use plan. Authorized expenses include, but are not limited to, acquiring property and paying construction expenses related to these improvements, and paying debt service on bonds or other obligations issued to finance acquisition and construction of the Project.

4. Interest. The Bonds shall bear interest payable semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing February 1, 2018, calculated on the basis of a 360-day year of twelve 30-day months, at the respective rates per annum set forth opposite the maturity years as follows:

<u>Year</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Interest Rate</u>
2018		2028	
2019		2029	
2020		2030	
2021		2031	
2022		2032	
2023		2033	
2024		2034	

<u>Year</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Interest Rate</u>
2025		2035	
2026		2036	
2027		2037	

5. Redemption. All Bonds maturing on February 1, 2027 and thereafter, shall be subject to redemption and prepayment at the option of the City on February 1, 2026, and on any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and the principal amounts within each maturity to be redeemed shall be determined by the City; and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given to the paying agent and to each affected registered holder of the Bonds not more than sixty (60) days and not fewer than thirty (30) days prior to the date fixed for redemption.

To effect a partial redemption of Bonds having a common maturity date, the Bond Registrar prior to giving notice of redemption shall assign to each Bond having a common maturity date a distinctive number for each \$5,000 of the principal amount of such Bond. The Bond Registrar shall then select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers so assigned to such Bonds, as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of each such Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. If a Bond is to be redeemed only in part, it shall be surrendered to the Bond Registrar (with, if the City or Bond Registrar so requires, a written instrument of transfer in form satisfactory to the City and Bond Registrar duly executed by the Holder thereof or the Holder's attorney duly authorized in writing) and the City shall execute (if necessary) and the Bond Registrar shall authenticate and deliver to the Holder of the Bond, without service charge, a new Bond or Bonds having the same stated maturity and interest rate and of any Authorized Denomination or Denominations, as requested by the Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

6. Bond Registrar. Bond Trust Services Corporation in Roseville, Minnesota is appointed to act as bond registrar and transfer agent with respect to the Bonds (the "Bond Registrar"), and shall do so unless and until a successor Bond Registrar is duly appointed, all pursuant to any contract the City and Bond Registrar shall execute which is consistent herewith. The Bond Registrar shall also serve as paying agent unless and until a successor paying agent is duly appointed. Principal and interest on the Bonds shall be paid to the registered holders (or record holders) of the Bonds in the manner set forth in the form of Bond and paragraph 12.

7. Form of Bond. The Bonds, together with the Bond Registrar's Certificate of Authentication, the form of Assignment and the registration information thereon, shall be in substantially the following form:



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

R-\_\_\_\_\_

\$\_\_\_\_\_

GENERAL OBLIGATION SALES TAX REVENUE BOND, SERIES 2017A

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
	February 1, 20__	May 4, 2017	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The City of Cloquet, Carlton County, Minnesota (the "Issuer"), certifies that it is indebted and for value received promises to pay to the registered owner specified above, or registered assigns, in the manner hereinafter set forth, the principal amount specified above, on the maturity date specified above, unless called for earlier redemption, and to pay interest thereon semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing February 1, 2018, at the rate per annum specified above (calculated on the basis of a 360-day year of twelve 30-day months) until the principal sum is paid or has been provided for. This Bond will bear interest from the most recent Interest Payment Date to which interest has been paid or, if no interest has been paid, from the date of original issue hereof. The principal of and premium, if any, on this Bond are payable upon presentation and surrender hereof at the principal office of Bond Trust Services Corporation, in Roseville, Minnesota (the "Bond Registrar"), acting as paying agent, or any successor paying agent duly appointed by the Issuer (the "Bond Registrar"), acting as paying agent, or any successor paying agent duly appointed by the Issuer. Interest on this Bond will be paid on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered (the "Holder" or "Bondholder") on the registration books of the Issuer maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any interest not so timely paid shall cease to be payable to the person who is the Holder hereof as of the Regular Record Date, and shall be payable to the person who is the Holder hereof at the close of business on a date (the "Special Record Date") fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given to Bondholders not less than ten days prior to the Special Record Date. The principal of and premium, if any, and interest on this Bond are payable in lawful money of the United States of America. So long as this Bond is registered in the name of the Depository or its Nominee as provided in the Resolution hereinafter described, and as those terms are defined therein, payment of principal of, premium, if any, and interest on this Bond and notice with respect thereto shall be made as provided in the Letter of Representations, as defined in the Resolution, and surrender of this Bond shall not be required for payment of the redemption price upon a partial redemption of

this Bond. Until termination of the book-entry only system pursuant to the Resolution, Bonds may only be registered in the name of the Depository or its Nominee.

Optional Redemption. All Bonds of this issue (the "Bonds") maturing on February 1, 2027, and thereafter, are subject to redemption and prepayment at the option of the Issuer on February 1, 2026, and on any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and the principal amounts within each maturity to be redeemed shall be determined by the Issuer; and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given to the paying agent and to each affected registered holder of the Bonds not more than sixty (60) days and not fewer than thirty (30) days prior to the date fixed for redemption.

Prior to the date on which any Bond or Bonds are directed by the Issuer to be redeemed in advance of maturity, the Issuer will cause notice of the call thereof for redemption identifying the Bonds to be redeemed to be mailed to the Bond Registrar and all Bondholders, at the addresses shown on the Bond Register. All Bonds so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption have been duly deposited.

Selection of Bonds for Redemption; Partial Redemption. To effect a partial redemption of Bonds having a common maturity date, the Bond Registrar shall assign to each Bond having a common maturity date a distinctive number for each \$5,000 of the principal amount of such Bond. The Bond Registrar shall then select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to the Bonds, as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of such Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. If a Bond is to be redeemed only in part, it shall be surrendered to the Bond Registrar (with, if the Issuer or Bond Registrar so requires, a written instrument of transfer in form satisfactory to the Issuer and Bond Registrar duly executed by the Holder thereof or the Holder's attorney duly authorized in writing) and the Issuer shall execute (if necessary) and the Bond Registrar shall authenticate and deliver to the Holder of the Bond, without service charge, a new Bond or Bonds having the same stated maturity and interest rate and of any Authorized Denomination or Denominations, as requested by the Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

Issuance; Purpose; General Obligation. This Bond is one of an issue in the total principal amount of \$8,400,000, all of like date of original issue and tenor, except as to number, maturity, interest rate and denomination, issued pursuant to and in full conformity with the Constitution and laws of the State of Minnesota and pursuant to a resolution adopted by the City Council of the Issuer on April 4, 2017 (the "Resolution"), for the purpose of providing funds to finance the construction and completion of various park improvements and infrastructure projects in the City

as authorized by special legislation. This Bond is payable out of the General Obligation Sales Tax Revenue Bonds, Series 2017A Fund of the Issuer. This Bond constitutes a general obligation of the Issuer, and to provide moneys for the prompt and full payment of its principal, premium, if any, and interest when the same become due, the full faith and credit and taxing powers of the Issuer have been and are hereby irrevocably pledged.

Denominations; Exchange; Resolution. The Bonds are issuable solely in fully registered form in Authorized Denominations (as defined in the Resolution) and are exchangeable for fully registered Bonds of other Authorized Denominations in equal aggregate principal amounts at the principal office of the Bond Registrar, but only in the manner and subject to the limitations provided in the Resolution. Reference is hereby made to the Resolution for a description of the rights and duties of the Bond Registrar. Copies of the Resolution are on file in the principal office of the Bond Registrar.

Transfer. This Bond is transferable by the Holder in person or the Holder's attorney duly authorized in writing at the principal office of the Bond Registrar upon presentation and surrender hereof to the Bond Registrar, all subject to the terms and conditions provided in the Resolution and to reasonable regulations of the Issuer contained in any agreement with the Bond Registrar. Thereupon the Issuer shall execute and the Bond Registrar shall authenticate and deliver, in exchange for this Bond, one or more new fully registered Bonds in the name of the transferee (but not registered in blank or to "bearer" or similar designation), of an Authorized Denomination or Denominations, in aggregate principal amount equal to the principal amount of this Bond, of the same maturity and bearing interest at the same rate.

Fees upon Transfer or Loss. The Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange of this Bond and any legal or unusual costs regarding transfers and lost Bonds.

Treatment of Registered Owners. The Issuer and Bond Registrar may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except as otherwise provided herein with respect to the Record Date) and for all other purposes, whether or not this Bond shall be overdue, and neither the Issuer nor the Bond Registrar shall be affected by notice to the contrary.

Authentication. This Bond shall not be valid or become obligatory for any purpose or be entitled to any security unless the Certificate of Authentication hereon shall have been executed by the Bond Registrar.

Not Qualified Tax-Exempt Obligations. The Bonds have not been designated by the Issuer as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota and Charter of the Issuer to be done, to happen and to be performed, precedent to and in the issuance of this Bond, have been done, have happened and have been performed, in regular and due form, time and manner as required by law, and that this Bond, together with all other debts of the Issuer outstanding on the

date of original issue hereof and the date of its issuance and delivery to the original purchaser, does not exceed any constitutional, statutory or charter limitation of indebtedness.

IN WITNESS WHEREOF, the City of Cloquet, Carlton County, Minnesota, by its City Council has caused this Bond to be executed on its behalf by the facsimile signatures of its Mayor and its City Interim City Administrator, the corporate seal of the Issuer having been intentionally omitted as permitted by law.

Date of Registration:

Registrable by: BOND TRUST SERVICES CORPORATION

May 4, 2017

Payable at: BOND TRUST SERVICES CORPORATION

BOND REGISTRAR'S  
CERTIFICATE OF  
AUTHENTICATION

CITY OF CLOQUET,  
CARLTON COUNTY, MINNESOTA

This Bond is one of the Bonds described in the Resolution mentioned within.

/s/ Facsimile  
Mayor

Bond Trust Services Corporation  
Roseville, Minnesota  
Bond Registrar

/s/ Facsimile  
Interim City Administrator

By: \_\_\_\_\_  
Authorized Signature



8. Execution. The Bonds shall be in typewritten form, shall be executed on behalf of the City by the signatures of its Mayor and Interim City Administrator and be sealed with the seal of the City; provided, as permitted by law, both signatures may be photocopied facsimiles and the corporate seal has been omitted. In the event of disability or resignation or other absence of either officer, the Bonds may be signed by the manual or facsimile signature of the officer who may act on behalf of the absent or disabled officer. In case either officer whose signature or facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, the signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery.

9. Authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this resolution unless a Certificate of Authentication on the Bond, substantially in the form hereinabove set forth, shall have been duly executed by an authorized representative of the Bond Registrar. Certificates of Authentication on different Bonds need not be signed by the same person. The Bond Registrar shall authenticate the signatures of officers of the City on each Bond by execution of the Certificate of Authentication on the Bond and by inserting as the date of registration in the space provided the date on which the Bond is authenticated, except that for purposes of delivering the original Bonds to the Purchaser, the Bond Registrar shall insert as a date of registration the date of original issue of May 4, 2017. The Certificate of Authentication so executed on each Bond shall be conclusive evidence that it has been authenticated and delivered under this resolution.

10. Registration; Transfer; Exchange. The City will cause to be kept at the principal office of the Bond Registrar a bond register in which, subject to such reasonable regulations as the Bond Registrar may prescribe, the Bond Registrar shall provide for the registration of Bonds and the registration of transfers of Bonds entitled to be registered or transferred as herein provided.

Upon surrender for transfer of any Bond at the principal office of the Bond Registrar, the City shall execute (if necessary), and the Bond Registrar shall authenticate, insert the date of registration (as provided in paragraph 9) of, and deliver, in the name of the designated transferee or transferees, one or more new Bonds of any Authorized Denomination or Denominations of a like aggregate principal amount, having the same stated maturity and interest rate, as requested by the transferor; provided, however, that no Bond may be registered in blank or in the name of "bearer" or similar designation.

At the option of the Holder, Bonds may be exchanged for Bonds of any Authorized Denomination or Denominations of a like aggregate principal amount and stated maturity, upon surrender of the Bonds to be exchanged at the principal office of the Bond Registrar. Whenever any Bonds are so surrendered for exchange, the City shall execute (if necessary), and the Bond Registrar shall authenticate, insert the date of registration of, and deliver the Bonds which the Holder making the exchange is entitled to receive.

All Bonds surrendered upon any exchange or transfer provided for in this resolution shall be promptly canceled by the Bond Registrar and thereafter disposed of as directed by the City.

All Bonds delivered in exchange for or upon transfer of Bonds shall be valid general obligations of the City evidencing the same debt, and entitled to the same benefits under this resolution, as the Bonds surrendered for such exchange or transfer.

Every Bond presented or surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, in form satisfactory to the Bond Registrar, duly executed by the Holder thereof or his, her or its attorney duly authorized in writing

The Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange of any Bond and any legal or unusual costs regarding transfers and lost Bonds.

Transfers shall also be subject to reasonable regulations of the City contained in any agreement with the Bond Registrar, including regulations which permit the Bond Registrar to close its transfer books between record dates and payment dates. The Administrator-Clerk-Treasurer is hereby authorized to negotiate and execute the terms of said agreement.

11. Rights Upon Transfer or Exchange. Each Bond delivered upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond.

12. Interest Payment; Record Date. Interest on any Bond shall be paid on each Interest Payment Date by check or draft mailed to the person in whose name the Bond is registered (the "Holder") on the registration books of the City maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any such interest not so timely paid shall cease to be payable to the person who is the Holder thereof as of the Regular Record Date, and shall be payable to the person who is the Holder thereof at the close of business on a date (the "Special Record Date") fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given by the Bond Registrar to the Holders not less than ten days prior to the Special Record Date.

13. Treatment of Registered Owner. The City and Bond Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of principal of and premium, if any, and interest (subject to the payment provisions in paragraph 12) on, such Bond and for all other purposes whatsoever whether or not such Bond shall be overdue, and neither the City nor the Bond Registrar shall be affected by notice to the contrary.

14. Delivery; Application of Proceeds. The Bonds when so prepared and executed shall be delivered by the Interim City Administrator to the Purchaser upon receipt of the purchase price, and the Purchaser shall not be obliged to see to the proper application thereof.

15. Fund and Accounts. For the convenience and proper administration of the moneys to be borrowed and repaid on the Bonds, and to make adequate and specific security to the Purchaser and holders from time to time of the Bonds, there is hereby created a special fund to be designated the "General Obligation Sales Tax Revenue Bonds, Series 2017A Fund" (the

"Fund") to be administered and maintained by the Interim City Administrator as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City. The Fund shall be maintained in the manner herein specified until all of the Bonds and the interest thereon shall have been fully paid. There shall be maintained and created in the fund the "Construction Account" and a "Debt Service Account".

(a) Construction Account. To the Construction Account there shall be credited the proceeds of the sale of the Bonds less any amount paid in excess of the minimum bid. From the Construction Account there shall be paid all costs and expenses of the Project, including all costs incurred and to be incurred of the kind authorized in Minnesota Statutes, Section 475.65. The moneys in the Construction Account shall be used for no other purpose except as otherwise provided by law and the Charter; provided that the proceeds of the Bonds may also be used to the extent necessary to pay interest on the Bonds due prior to the anticipated date of commencement of the collection of taxes herein levied or covenanted to be levied. If upon completion of the Project there shall remain any unexpended balance in the Construction Account, the balance shall be transferred to the Debt Service Account.

(b) Debt Service Account. To the Debt Service Account there is hereby pledged and irrevocable appropriated and there shall be credited: (1) all funds paid for the Bonds in excess of the minimum bid; (2) all collections of Tax Revenues in an amount sufficient to pay annual principal and interest payments on the Bonds; (3) all investment earnings on funds in the Debt Service Account; (4) any taxes herein or hereafter levied for the payment of the Bonds; (5) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Debt Service Account. The amount of any surplus remaining in the Debt Service Account when the Bonds and interest thereon are paid shall be used consistent with Minnesota Statutes, Section 475.61, Subdivision 4.

No portion of the proceeds of the Bonds shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (1) for a reasonable temporary period until such proceeds are needed for the purpose for which the Bonds were issued and (2) in addition to the above in an amount not greater than the lesser of five percent of the proceeds of the Bonds or \$100,000. To this effect, any proceeds of the Bonds and any sums from time to time held in the Debt Service Account (or any other City account which will be used to pay principal or interest to become due on the bonds payable therefrom) in excess of amounts which under then applicable federal arbitrage regulations may be invested without regard to yield shall not be invested at a yield in excess of the applicable yield restrictions imposed by the arbitrage regulations on such investments after taking into account any applicable "temporary periods" or "minor portion" made available under the federal arbitrage regulations. Money in the Fund shall not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent that such investment would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended (the "Code").

16. Coverage Test. The Tax Revenues are such that they will produce at least five percent (5%) in excess of the amount needed to meet when due the principal and interest payments on the Bonds.



17. Tax Revenues. The City hereby pledges and appropriates the Tax Revenues to the Debt Service Account, which pledge and appropriation shall continue until all of the Bonds, and any additional bonds payable from the Debt Service Account, are paid or discharged. The City hereby expressly reserves the right to use the Tax Revenues to finance any other activities authorized by the Special Law, as amended from time to time. Nothing contained herein shall be deemed to preclude the City from making further pledges and appropriations of the net revenues of the System for the payment of other or additional obligations of the City, provided that it has first been determined by the City Council that the estimated Tax Revenues will be sufficient in addition to all other sources, for the payment of the Bonds and such additional obligations and activities.

18. Future Tax Levies. On or before September 15 of each year, the Interim City Administrator shall certify to the County Auditors of Carlton County the amount of Tax Revenues and any other funds appropriated to and then held in the Debt Service Account and the estimated collections of Tax Revenues to be received in the next succeeding year. In the event that it is anticipated that the aggregate of said sums will not be sufficient to pay the principal and interest on the Bonds to become due in the first calendar year thereafter and the first six (6) months of the succeeding calendar year, the City Council shall pass a resolution requesting the County Auditors of Carlton County to levy an ad valorem tax in an amount as is necessary, together with the aforementioned funds then held in the Debt Service Account and said estimated collections of Tax Revenues, to pay the principal and interest on the Bonds to become due during said period.

19. Levying of Sales Tax and Excise Tax. The City will not amend or repeal the Ordinance relating to the Sales Tax or the Excise Tax by decreasing the sales or excise tax rate or the appropriation of Tax Revenues to the Debt Service Account, or in any way that would adversely affect the amount of Tax Revenues which would otherwise be collected and deposited to the Debt Service Account. However, nothing shall prevent the City from amending the Ordinance in order to make changes in the administration, collection or enforcement of the Sales Tax or the Excise Tax; provided that such changes shall not materially adversely affect the interests of the owners of or the security for the Bonds. The City will administer, enforce and collect, or cause to be administered, enforced or collected, the Sales Tax and the Excise Tax authorized by the Ordinance, and shall take such necessary action to collect, or cause to be collected, delinquent payments in accordance with the law.

20. General Obligation Pledge. For the prompt and full payment of the principal and interest on the Bonds, as the same respectively become due, the full faith, credit and taxing powers of the City shall be and are hereby irrevocably pledged. If the balance in the Debt Service Account is ever insufficient to pay all principal and interest then due on the Bonds and any other bonds payable therefrom, the deficiency shall be promptly paid out of any other funds of the City which are available for such purpose, and such other funds may be reimbursed with or without interest from the Debt Service Account when a sufficient balance is available therein.

21. Certificate of Registration. The Interim City Administrator is hereby directed to file a certified copy of this resolution with the County Auditor of Carlton County, Minnesota, together with such other information as the County Auditor shall require, and to obtain a County

Auditor's certificate that the Bonds have been entered in the Bond Register and that the tax levy required by law has been made.

22. Records and Certificates. The officers of the City are hereby authorized and directed to prepare and furnish to the Purchaser, and to the attorneys approving the legality of the issuance of the Bonds, certified copies of all proceedings and records of the City relating to the Bonds and to the financial condition and affairs of the City, and such other affidavits, certificates and information as are required to show the facts relating to the legality and marketability of the Bonds as the same appear from the books and records under their custody and control or as otherwise known to them, and all such certified copies, certificates and affidavits, including any heretofore furnished, shall be deemed representations of the City as to the facts recited therein.

23. Continuing Disclosure. The City is the sole obligated person with respect to the Bonds. The City hereby agrees, in accordance with the provisions of Rule 15c2-12 (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended, and a Continuing Disclosure Undertaking (the "Undertaking") hereinafter described to:

(a) Provide or cause to be provided to the Municipal Securities Rulemaking Board (the "MSRB") by filing at [www.emma.msrb.org](http://www.emma.msrb.org) in accordance with the Rule, certain annual financial information and operating data in accordance with the Undertaking. The City reserves the right to modify from time to time the terms of the Undertaking as provided therein.

(b) Provide or cause to be provided to the MSRB notice of the occurrence of certain events with respect to the Bonds in not more than ten (10) business days after the occurrence of the event, in accordance with the Undertaking.

(c) Provide or cause to be provided to the MSRB notice of a failure by the City to provide the annual financial information with respect to the City described in the Undertaking, in not more than ten (10) business days following such occurrence.

(d) The City agrees that its covenants pursuant to the Rule set forth in this paragraph and in the Undertaking is intended to be for the benefit of the Holders of the Bonds and shall be enforceable on behalf of such Holders; provided that the right to enforce the provisions of these covenants shall be limited to a right to obtain specific enforcement of the City's obligations under the covenants.

The Mayor and Interim City Administrator of the City, or any other officer of the City authorized to act in their place (the "Officers") are hereby authorized and directed to execute on behalf of the City the Undertaking in substantially the form presented to the City Council subject to such modifications thereof or additions thereto as are (i) consistent with the requirements under the Rule, (ii) required by the Purchaser of the Bonds, and (iii) acceptable to the Officers.

24. Negative Covenant as to Use of Bond Proceeds and Project. The City hereby covenants not to use the proceeds of the Bonds or to use the improvements refinanced by the Prior Bonds (the "Project"), or to cause or permit them to be used, or to enter into any deferred payment arrangements for the cost of the Project, in such a manner as to cause the Bonds to be "private activity bonds" within the meaning of Sections 103 and 141 through 150 of the Code.

25. Tax-Exempt Status of the Bonds; Rebate. The shall comply with requirements necessary under the Code to establish and maintain the exclusion from gross income under Section 103 of the Code of the interest on the Bonds, including without limitation (1) requirements relating to temporary periods for investments, (2) limitations on amounts invested at a yield greater than the yield on the Bonds, and (3) the rebate of excess investment earnings to the United States. The City expects to satisfy the 24-month expenditure exemption for gross proceeds of the Bonds as provided in Section 1.148-7(d)(1) of the Regulations. The Mayor and/or Interim City Administrator are hereby authorized and directed to make such elections as to arbitrage and rebate matters relating to the Bonds as they deem necessary, appropriate or desirable in connection with the Bonds, and all such elections shall be, and shall be deemed and treated as, elections of the City.

26. Defeasance. When all Bonds have been discharged as provided in this paragraph, all pledges, covenants and other rights granted by this resolution to the registered holders of the Bonds shall, to the extent permitted by law, cease. The City may discharge its obligations with respect to any Bonds which are due on any date by irrevocably depositing with the Bond Registrar on or before that date a sum sufficient for the payment thereof in full; or if any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Bond Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit. The City may also at any time discharge its obligations with respect to any Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a suitable banking institution qualified by law as an escrow agent for this purpose, cash or securities described in Minnesota Statutes, Section 475.67, Subdivision 8, bearing interest payable at such times and at such rates and maturing on such dates as shall be required, without regard to sale and/or reinvestment, to pay all amounts to become due thereon to maturity or, if notice of redemption as herein required has been duly provided for, to such earlier redemption date.

27. Official Statement. The Official Statement relating to the Bonds prepared and distributed by Ehlers is hereby approved and the officers of the City are authorized in connection with the delivery of the Bonds to sign such certificates as may be necessary with respect to the completeness and accuracy of the Official Statement.

28. Payment of Issuance Expenses. The City authorizes the Purchaser to forward the amount of Bond proceeds allocable to the payment of issuance expenses to KleinBank, Chaska, Minnesota, on the closing date for further distribution as directed by the City's municipal advisor, Ehlers.

29. Severability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

30. Headings. Headings in this resolution are included for convenience of reference only and are not a part hereof, and shall not limit or define the meaning of any provision hereof.

The motion for the adoption of the foregoing resolution was duly seconded by member \_\_\_\_\_ and, after a full discussion thereof and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

Whereupon the resolution was declared duly passed and adopted.

STATE OF MINNESOTA  
COUNTY OF CARLTON  
CITY OF CLOQUET

I, the undersigned, being the duly qualified Interim City 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, duly called and held on the date therein indicated, insofar as such minutes relate to considering proposals for, and awarding the competitive negotiated sale of \$8,400,000 General Obligation Sales Tax Revenue Bonds, Series 2017A.

WITNESS my hand on April \_\_, 2017.

\_\_\_\_\_  
Interim City Administrator

EXHIBIT A  
PROPOSALS

[To be supplied by Ehlers & Associates, Inc.]

March 7, 2017

Pre-Sale Report for

City of Cloquet, Minnesota

\$8,400,000 General Obligation Sales Tax Revenue  
Bonds, Series 2017A



**Prepared by:**

Todd Hagen, CIPMA  
VP/Senior Municipal Advisor

And

Brian Reilly, CIPMA  
VP/Senior Municipal Advisor

And

Chris Mickelson,  
Financial Specialist



## Executive Summary of Proposed Debt

Proposed Issue:	\$8,400,000 General Obligation Sales Tax Revenue Bonds, Series 2017A
Purpose:	<p>The proposed issue includes financing for the construction and completion of various park improvements and infrastructure projects in the City as authorized by special legislation.</p> <p>Debt service will be paid from sales tax revenue.</p>
Authority:	<p>The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475 and Laws of 2011, First Special Session, Chapter 7, Article 4, Section 10.</p> <p>The Bonds will be general obligations of the City for which its full faith, credit and taxing powers are pledged.</p>
Term/Call Feature:	<p>The Bonds are being issued for a 20-year term. Principal on the Bonds will be due on February 1 in the years 2018 through 2037. Interest is payable every six months beginning February 1, 2018.</p> <p>The Bonds maturing on and after February 1, 2027 will be subject to prepayment at the discretion of the City on February 1, 2026 or any date thereafter.</p>
Bank Qualification:	<p>Because the City is expecting to issue no more than \$10,000,000 in tax exempt debt during the calendar year, the City will be able to designate the Bonds as "bank qualified" obligations.</p> <p>Bank qualified status broadens the market for the Bonds, which can result in lower interest rates.</p>
Rating:	<p>The City's most recent bond issues were rated AA+ by Standard &amp; Poor's.</p> <p>The City will request a new rating for the Bonds.</p> <p>If the winning bidder on the Bonds elects to purchase bond insurance, the rating for the issue may be higher than the City's bond rating in the event that the bond rating of the insurer is higher than that of the City.</p>
Basis for Recommendation:	<p>Based on our knowledge of your situation, your objectives communicated to us, our advisory relationship as well as characteristics of various municipal financing options, we are recommending the issuance of general obligation bonds as a suitable financing option for the following reasons:</p> <ul style="list-style-type: none"> <li>• The City's sales tax legislation specifically allows financing municipal projects like this to be financed with this type of debt issue.</li> <li>• This is a cost-effective option among the limited other options available to finance this type of project.</li> </ul>





	<ul style="list-style-type: none"> <li>• General obligation bonds provide the lowest possible interest cost.</li> </ul>
Method of Sale/Placement:	<p>In order to obtain the lowest interest cost to the City, we will competitively bid the purchase of the Bonds from local and national underwriters/banks.</p> <p>We have included an allowance for discount bidding equal to 0.90% of the principal amount of the issue. The discount is treated as an interest item and provides the underwriter with all or a portion of their compensation in the transaction.</p> <p>If the Bonds are purchased at a price greater than the minimum bid amount (maximum discount), the unused allowance may be used to lower your borrowing amount.</p> <p><b>Premium Bids:</b> Under current market conditions, most investors in municipal bonds prefer “premium” pricing structures. A premium is achieved when the coupon for any maturity (the interest rate paid by the issuer) exceeds the yield to the investor, resulting in a price paid that is greater than the face value of the bonds. The sum of the amounts paid in excess of face value is considered “reoffering premium.”</p> <p>For this issue of Bonds, we have been directed to use the premium to reduce the size of the issue. The adjustments may slightly change the true interest cost of the original bid, either up or down.</p>
Review of Existing Debt:	<p>We have reviewed all outstanding indebtedness for the City and find that there are no refunding opportunities at this time.</p> <p>We will continue to monitor the market and the call dates for the City’s outstanding debt and will alert you to any future refunding opportunities.</p>
Continuing Disclosure:	<p>Because the City has less than \$10,000,000 in outstanding debt (including this issue) and this issue is over \$1,000,000, the City will be agreeing to provide its Audited Financial Statements annually as well as providing notices of the occurrence of certain reportable events to the Municipal Securities Rulemaking Board (the “MSRB”), as required by rules of the Securities and Exchange Commission (SEC).</p> <p>The City is already obligated to provide such reports for its existing bonds, and has contracted with Ehlers to prepare and file the reports.</p>
Arbitrage Monitoring:	<p>Because the Bonds are tax-exempt securities/tax credit securities, the City must ensure compliance with certain Internal Revenue Service (IRS) rules throughout the life of the issue. These rules apply to all gross proceeds of the issue, including initial bond proceeds and investment earnings in construction, escrow, debt service, and any reserve funds. How issuers spend bond proceeds and how they track interest earnings on funds (arbitrage/yield restriction compliance) are common subjects of IRS inquiries. Your specific responsibilities will be detailed in the Non-Arbitrage Certificate prepared by your Bond Attorney and provided at closing.</p>



	We recommend that you regularly monitor compliance with these rules and/or retain the services of a qualified firm to assist you.
<b>Risk Factors:</b>	<b>Sales Tax Revenue:</b> The debt is being paid with sales tax revenue. It should be noted that the amount of revenue is estimated at this time and the actual amount of sales tax revenue that will be available in the future is subject to legislative changes, economic times, commercial/retail businesses subject to the tax and actual annual sales subject to the sales tax. If sales tax revenue is inadequate and other funding sources are not available, the City may have to levy taxes to pay debt service on the Bonds or appropriate sufficient funds from other sources.
<b>Other Service Providers:</b>	This debt issuance will require the engagement of other public finance service providers. This section identifies those other service providers, so Ehlers can coordinate their engagement on your behalf. Where you have previously used a particular firm to provide a service, we have assumed that you will continue that relationship. For services you have not previously required, we have identified a service provider. Fees charged by these service providers will be paid from proceeds of the obligation, unless you notify us that you wish to pay them from other sources. Our pre-sale bond sizing includes a good faith estimate of these fees, so their final fees may vary. If you have any questions pertaining to the identified service providers or their role, or if you would like to use a different service provider for any of the listed services please contact us.  <b>Bond Attorney:</b> Briggs and Morgan <b>Paying Agent:</b> Bond Trust Services <b>Rating Agency:</b> Standard & Poor's
<b>Investment Earnings:</b>	In order to more efficiently segregate funds for this project and maximize interest earnings we recommend using either your local banks or Ehlers Investment Partners, a subsidiary of Ehlers, to assist with the investment of bond proceeds until they are needed to pay project costs.
<b>Summary:</b>	The decisions to be made by the Council are as follows: <ul style="list-style-type: none"> <li>• Accept or modify the finance assumptions described in this report.</li> <li>• Adopt the resolution attached to this report.</li> </ul>

This presale report summarizes our understanding of the City's objectives for the structure and terms of this financing as of this date. As additional facts become known or capital markets conditions change, we may need to modify the structure and/or terms of this financing to achieve results consistent with the City's objectives.



## Proposed Debt Issuance Schedule

Pre-Sale Review by City Council:	March 7, 2017
Distribute Official Statement:	Week of March 20, 2017
Conference with Rating Agency:	Week of March 27, 2017
City Council Meeting to Award Sale of the Bonds:	April 4, 2017
Estimated Closing Date:	May 1, 2017

### Attachments

Sources and Uses of Funds  
Proposed Debt Service Schedule  
Bond Buyer Index  
Refunding Savings Analysis  
Resolution Authorizing Ehlers to Proceed with Bond Sale

### Ehlers Contacts

Municipal Advisors:	Todd Hagen	(651) 697-8508
	Brian Reilly	(651) 697-8541
	Chris Mickelson	(651) 697-8556
Disclosure Coordinator:	Meghan Lindblom	(651) 697-8549
Financial Analyst:	Alicia Gage	(651) 697-8551

The Official Statement for this financing will be mailed to the City Council at their home address or e-mailed for review prior to the sale date.



# City of Cloquet, Minnesota

\$8,400,000 General Obligation Sales Tax Revenue Bonds, Series 2017A

Assumes Current Market BQ AA+ rates plus 25bps

## Sources & Uses

Dated 05/01/2017 | Delivered 05/01/2017

### Sources Of Funds

Par Amount of Bonds	\$8,400,000.00
<b>Total Sources</b>	<b>\$8,400,000.00</b>

### Uses Of Funds

Total Underwriter's Discount (0.900%)	75,600.00
Costs of Issuance	65,000.00
Deposit to Project Fund	8,259,400.00
<b>Total Uses</b>	<b>\$8,400,000.00</b>



# City of Cloquet, Minnesota

\$8,400,000 General Obligation Sales Tax Revenue Bonds, Series 2017A

Assumes Current Market BQ AA+ rates plus 25bps

## Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
05/01/2017	-	-	-	-	-
02/01/2018	395,000.00	1.200%	156,553.13	551,553.13	551,553.13
08/01/2018	-	-	101,998.75	101,998.75	-
02/01/2019	345,000.00	1.350%	101,998.75	446,998.75	548,997.50
08/01/2019	-	-	99,670.00	99,670.00	-
02/01/2020	350,000.00	1.550%	99,670.00	449,670.00	549,340.00
08/01/2020	-	-	96,957.50	96,957.50	-
02/01/2021	355,000.00	1.700%	96,957.50	451,957.50	548,915.00
08/01/2021	-	-	93,940.00	93,940.00	-
02/01/2022	360,000.00	1.850%	93,940.00	453,940.00	547,880.00
08/01/2022	-	-	90,610.00	90,610.00	-
02/01/2023	370,000.00	2.050%	90,610.00	460,610.00	551,220.00
08/01/2023	-	-	86,817.50	86,817.50	-
02/01/2024	375,000.00	2.150%	86,817.50	461,817.50	548,635.00
08/01/2024	-	-	82,786.25	82,786.25	-
02/01/2025	385,000.00	2.250%	82,786.25	467,786.25	550,572.50
08/01/2025	-	-	78,455.00	78,455.00	-
02/01/2026	395,000.00	2.350%	78,455.00	473,455.00	551,910.00
08/01/2026	-	-	73,813.75	73,813.75	-
02/01/2027	400,000.00	2.450%	73,813.75	473,813.75	547,627.50
08/01/2027	-	-	68,913.75	68,913.75	-
02/01/2028	410,000.00	2.500%	68,913.75	478,913.75	547,827.50
08/01/2028	-	-	63,788.75	63,788.75	-
02/01/2029	420,000.00	2.600%	63,788.75	483,788.75	547,577.50
08/01/2029	-	-	58,328.75	58,328.75	-
02/01/2030	435,000.00	2.700%	58,328.75	493,328.75	551,657.50
08/01/2030	-	-	52,456.25	52,456.25	-
02/01/2031	445,000.00	2.800%	52,456.25	497,456.25	549,912.50
08/01/2031	-	-	46,226.25	46,226.25	-
02/01/2032	460,000.00	2.900%	46,226.25	506,226.25	552,452.50
08/01/2032	-	-	39,556.25	39,556.25	-
02/01/2033	470,000.00	3.000%	39,556.25	509,556.25	549,112.50
08/01/2033	-	-	32,506.25	32,506.25	-
02/01/2034	485,000.00	3.100%	32,506.25	517,506.25	550,012.50
08/01/2034	-	-	24,988.75	24,988.75	-
02/01/2035	500,000.00	3.150%	24,988.75	524,988.75	549,977.50
08/01/2035	-	-	17,113.75	17,113.75	-
02/01/2036	515,000.00	3.250%	17,113.75	532,113.75	549,227.50
08/01/2036	-	-	8,745.00	8,745.00	-
02/01/2037	530,000.00	3.300%	8,745.00	538,745.00	547,490.00
<b>Total</b>	<b>\$8,400,000.00</b>	<b>-</b>	<b>\$2,591,898.13</b>	<b>\$10,991,898.13</b>	<b>-</b>

## Yield Statistics

Bond Year Dollars	\$92,220.00
Average Life	10.979 Years
Average Coupon	2.8105597%
Net Interest Cost (NIC)	2.8925376%
True Interest Cost (TIC)	2.8814647%
Bond Yield for Arbitrage Purposes	2.7824223%
All Inclusive Cost (AIC)	2.9676610%

## IRS Form 8038

Net Interest Cost	2.8105597%
Weighted Average Maturity	10.979 Years

Series 2017A GO Sale Tax | SINGLE PURPOSE | 3/ 1/2017 | 9:03 AM



**EHLERS**  
LEADERS IN PUBLIC FINANCE



# City of Cloquet, Minnesota

\$8,400,000 General Obligation Sales Tax Revenue Bonds, Series 2017A  
Assumes Current Market BQ AA+ rates plus 25bps

## Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	105% Overlevy
02/01/2018	395,000.00	1.200%	156,553.13	551,553.13	579,130.79
02/01/2019	345,000.00	1.350%	203,997.50	548,997.50	576,447.38
02/01/2020	350,000.00	1.550%	199,340.00	549,340.00	576,807.00
02/01/2021	355,000.00	1.700%	193,915.00	548,915.00	576,360.75
02/01/2022	360,000.00	1.850%	187,880.00	547,880.00	575,274.00
02/01/2023	370,000.00	2.050%	181,220.00	551,220.00	578,781.00
02/01/2024	375,000.00	2.150%	173,635.00	548,635.00	576,066.75
02/01/2025	385,000.00	2.250%	165,572.50	550,572.50	578,101.13
02/01/2026	395,000.00	2.350%	156,910.00	551,910.00	579,505.50
02/01/2027	400,000.00	2.450%	147,627.50	547,627.50	575,008.88
02/01/2028	410,000.00	2.500%	137,827.50	547,827.50	575,218.88
02/01/2029	420,000.00	2.600%	127,577.50	547,577.50	574,956.38
02/01/2030	435,000.00	2.700%	116,657.50	551,657.50	579,240.38
02/01/2031	445,000.00	2.800%	104,912.50	549,912.50	577,408.13
02/01/2032	460,000.00	2.900%	92,452.50	552,452.50	580,075.13
02/01/2033	470,000.00	3.000%	79,112.50	549,112.50	576,568.13
02/01/2034	485,000.00	3.100%	65,012.50	550,012.50	577,513.13
02/01/2035	500,000.00	3.150%	49,977.50	549,977.50	577,476.38
02/01/2036	515,000.00	3.250%	34,227.50	549,227.50	576,688.88
02/01/2037	530,000.00	3.300%	17,490.00	547,490.00	574,864.50
<b>Total</b>	<b>\$8,400,000.00</b>	<b>-</b>	<b>\$2,591,898.13</b>	<b>\$10,991,898.13</b>	<b>\$11,541,493.04</b>

## Significant Dates

Dated	5/01/2017
First Coupon Date	2/01/2018

## Yield Statistics

Bond Year Dollars	\$92,220.00
Average Life	10.979 Years
Average Coupon	2.8105597%
Net Interest Cost (NIC)	2.8925376%
True Interest Cost (TIC)	2.8814647%
Bond Yield for Arbitrage Purposes	2.7824223%
All Inclusive Cost (AIC)	2.9676610%

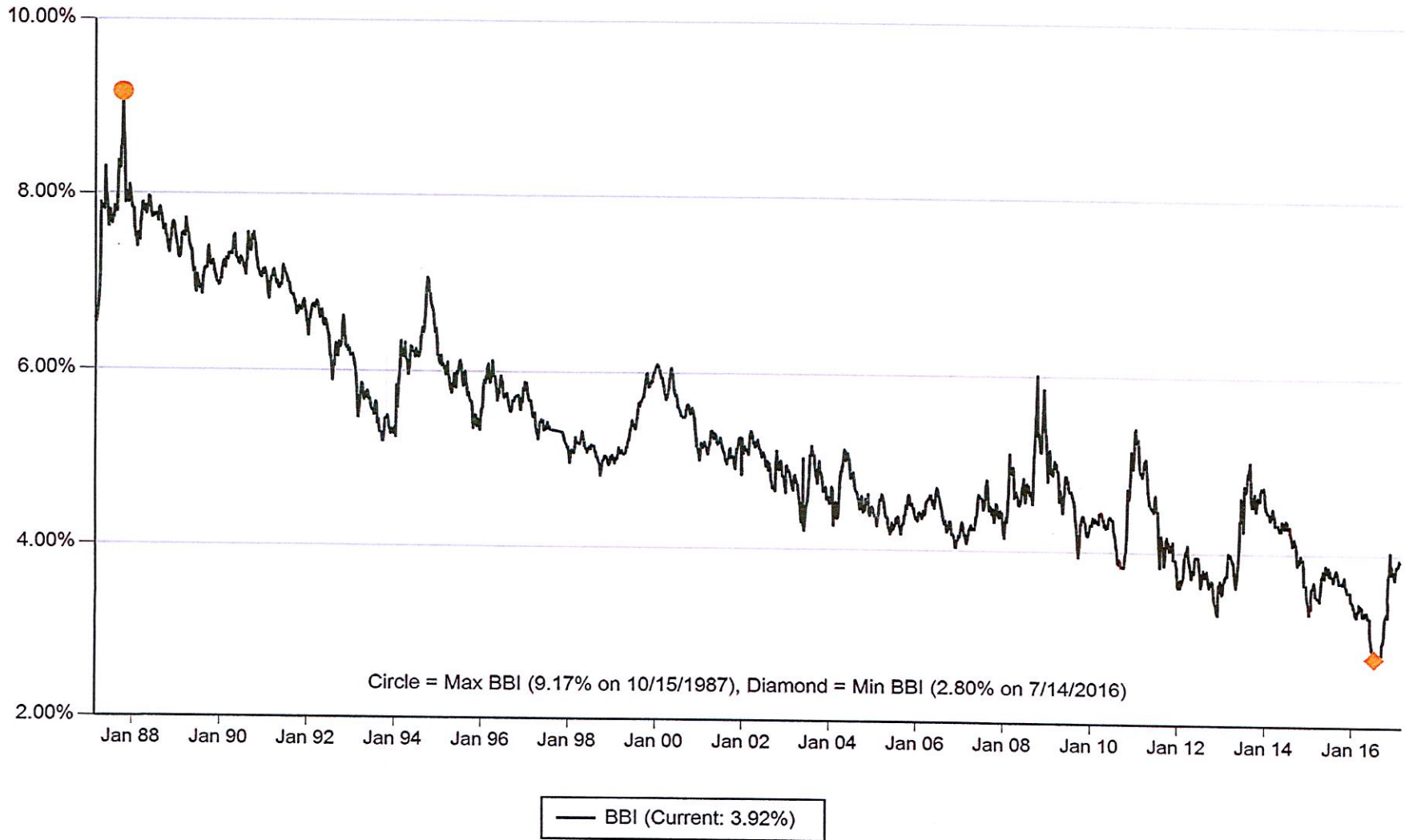
## IRS Form 8038

Net Interest Cost	2.8105597%
Weighted Average Maturity	10.979 Years



# 30 YEAR TREND IN MUNICIPAL BOND INDICES

Weekly Rates February, 1987 - February, 2017



The Bond Buyer "20 Bond Index" (BBI) shows average yields on a group of municipal bonds that mature in 20 years and have an average rating equivalent to Moody's Aa2 and S&P's AA.

Source: The Bond Buyer

Resolution No. \_\_\_\_\_

Council Member \_\_\_\_\_ introduced the following resolution and moved its adoption:

**Resolution Providing for the Sale of  
\$8,400,000 General Obligation Sales Tax Revenue Bonds, Series 2017A**

- A. WHEREAS, the City Council of the City of Cloquet, Minnesota has heretofore determined that it is necessary and expedient to issue the City's \$8,400,000 General Obligation Sales Tax Revenue Bonds, Series 2017A (the "Bonds"), to finance the construction and completion of various park improvements and infrastructure projects in the City as authorized by special legislation; and
- B. WHEREAS, the City has retained Ehlers & Associates, Inc., in Roseville, Minnesota ("Ehlers"), as its independent municipal advisor for the Bonds in accordance with Minnesota Statutes, Section 475.60, Subdivision 2(9);

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

1. Authorization; Findings. The City Council hereby authorizes Ehlers to assist the City for the sale of the Bonds.
2. Meeting; Proposal Opening. The City Council shall meet at 7:00 p.m. on April 4, 2017, for the purpose of considering proposals for and awarding the sale of the Bonds.
3. Official Statement. In connection with said sale, the officers or employees of the City are hereby authorized to cooperate with Ehlers and participate in the preparation of an official statement for the Bonds and to execute and deliver it on behalf of the City upon its completion.

The motion for the adoption of the foregoing resolution was duly seconded by City Council Member \_\_\_\_\_ and, after full discussion thereof and upon a vote being taken thereon, the following City Council Members voted in favor thereof:

and the following voted against the same:

Whereupon said resolution was declared duly passed and adopted.

Dated this 7<sup>th</sup> day of March, 2017.

\_\_\_\_\_  
City Administrator



# RatingsDirect®

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## Summary:

# Cloquet, Minnesota; General Obligation

### Primary Credit Analyst:

Scott Nees, Chicago (1) 312-233-7064; scott.nees@spglobal.com

### Secondary Contact:

Angel A Bacio, Centennial 303-721-4671; angel.bacio@spglobal.com

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Rationale

Outlook

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## Summary:

# Cloquet, Minnesota; General Obligation

### Credit Profile

US\$8.4 mil GO sales tax rev bnds ser 2017A dtd 05/04/2017 due 02/01/2037		
<i>Long Term Rating</i>	AA/Stable	New
Cloquet GO		
<i>Long Term Rating</i>	AA/Stable	Downgraded
Cloquet GO tax abatement rfdg bnds ser 2016A due 02/01/2030		
<i>Long Term Rating</i>	AA/Stable	Downgraded

### Rationale

S&P Global Ratings lowered its long-term on Cloquet, Minn.'s outstanding general obligation (GO) debt to 'AA' from 'AA+'. At the same time, we assigned our 'AA' long-term rating to the city's series 2017A (GO) sales tax revenue bonds. The outlook is stable.

The downgrade reflects our view of the weakening in the city's debt profile with the addition of the series 2017A bonds to its direct debt burden, along with the its merely adequate economic characteristics, including wealth and income measures that are well below average compared to those of other 'AA+' credits.

The series 2017A bonds are secured by a half-percent citywide sales tax and are backed by the city's unlimited-tax GO pledge. We understand that the city expects to be able to pay debt service entirely from the sales tax, though we rate the bonds to the GO pledge. Officials will use proceeds for various infrastructure and park improvements.

The rating reflects Cloquet's:

- Adequate economy, with market value per capita of \$64,325 and projected per capita effective buying income (EBI) at 77.5%, but that benefits from access to a broad and diverse metropolitan statistical area (MSA);
- Very strong management, with "strong" financial policies and practices under our Financial Management Assessment (FMA) methodology;
- Strong budgetary performance, with operating surpluses in the general fund and at the total governmental fund level in fiscal 2015;
- Very strong budgetary flexibility, with a high available fund balance in fiscal 2015 of 90% of operating expenditures;
- Very strong liquidity, with total government available cash at 2.2x total governmental fund expenditures and 45.2x governmental debt service, and access to external liquidity we consider strong;
- Weak debt and contingent liability position, with debt service carrying charges at 4.9% of expenditures and net direct debt that is 138.5% of total governmental fund revenue; and
- Strong institutional framework score.

### Adequate economy

We consider Cloquet's economy adequate. The city, with an estimated population of 12,237, occupies 36 square miles

along Interstate 35 in northern Minnesota's Carlton County about 22 miles southwest of Duluth. It is in the Duluth MSA, which we consider to be broad and diverse. The city has a projected per capita EBI of 77.5% of the national level and per capita market value of \$64,325. Overall, market value grew by 1.6% over the past year to \$787.1 million in 2016. The county unemployment rate was 5.0% in 2015.

The city is home to Sappi Fine Paper Co. (750 employees) and Fond du Lac Indian Reservation casino (670).

Recently, the city has been considering a potential merger with the neighboring city of Scanlon. Cloquet has been reviewing external studies that consider the financial benefits and costs of annexation. It is unclear at this time how the potential merger would affect the city's economic metrics; the city estimates the tax base could increase by up to 8%. Officials plan to take the issue to voters within the next few years.

Although Duluth's economy was historically based on heavy industry, it has diversified in more recent years to include tourism, health care, education, aerospace, and advanced manufacturing. We note that under our local government GO criteria's methodology for determining whether an MSA is broad and diverse, the Duluth MSA could lose its broad and diverse designation if employment concentration in any employer sector were to increase, in which case our assessment of Cloquet's economy would also weaken.

### **Very strong management**

We view the city's management as very strong, with "strong" financial policies and practices under our FMA methodology, indicating financial practices are strong, well embedded, and likely sustainable.

In developing its revenue and expenditure assumptions for its annual budgets, the city examines four years of historical data and uses line-item and zero-based budgeting, along with external sources to project its budget for the current and next four fiscal years, and management provides monthly budget-to-actual reports to the city council, which can amend the budget as needed. The city does a three-year financial projection along with its annual budget, and has a rolling, five-year capital plan that includes funding sources for the projects included in the plan. Cloquet has an investment management policy and provides updates regarding investment holdings on a monthly basis. The city recently adopted a comprehensive debt management policy. It maintains a formal fund balance policy and plan which it updates annually based on fund performance in the previous fiscal year. It has a general fund reserve minimum of 35% of operating expenditures, which it has historically exceeded.

### **Strong budgetary performance**

Cloquet's budgetary performance is strong, in our opinion. The city had operating surpluses of 10.6% of expenditures in the general fund and 5.7% across all governmental funds in fiscal 2015. Our assessment accounts for the fact that we expect budgetary results could deteriorate somewhat from 2015 results in the near term.

The city has in recent years transferred a large portion of its general fund surplus to its permanent improvement fund to reserve for future capital projects, and it has also received transfers from enterprise funds to cover routine administrative costs. We have excluded the transfer out to the permanent improvement fund to arrive at a more accurate picture of its budgetary results, and we have included the transfer from the enterprise funds in total governmental fund revenues. We have also adjusted out approximately \$1.27 million in expenditures from the city's sales tax fund that represent the one-time use of reserves that had been built up in prior years for capital projects.

Fiscal 2016 unaudited results reflect a \$362,000 use of general fund reserves prior to adjustments, though an approximately \$137,000 (2.8%) surplus after adjusting for a \$500,000 transfer to the permanent improvement fund. The adopted fiscal 2017 budget reflects a \$127,000 (2.4%) draw, though given past favorable budget variances and management's tight budget monitoring and oversight, we expect actual results to fare better. Management indicates, as well, that the city will likely discontinue its annual transfer to the permanent improvement fund in fiscal 2017 and will see another large draw in its sales tax fund for one-time projects. While we expect the city's overall budgetary performance to remain strong, we also expect the large total governmental fund surpluses to moderate in the coming years, as a large share of its sales tax revenues will be diverted to paying debt service on the 2017A bonds.

### **Very strong budgetary flexibility**

Cloquet's budgetary flexibility is very strong, in our view, with a high available fund balance in fiscal 2015 of 90% of operating expenditures, or \$4.1 million. We expect the available fund balance to remain above 75% of expenditures for the current and next fiscal years, which we view as a positive credit factor. Over the past three years, the total available fund balance has remained at a consistent level overall, totaling 92% of expenditures in 2014 and 93% in 2013.

The city commits a portion of its general fund balance for cash flow, and we have included this portion along with its unassigned reserves as available. We note that in prior reviews we had also included the city's permanent improvement fund reserves as available, though management has indicated that the city will likely spend these reserves down in a few years to cover a portion of a new police station. Given that we understand these reserves will likely be spent, we have excluded them from the city's available reserves. Still, the city's available general fund reserves alone have generally been well in excess of 75% of expenditures in recent years and have been stable as well. Management has indicated that Cloquet will likely maintain its general fund reserves at approximately their present level, and as noted, the city's consistently strong budgetary performance and the fact that it will discontinue its discretionary transfers to the permanent improvement fund should, in our view, ensure a degree of stability, with reserves likely remaining in excess of 75% of recurring expenditures.

### **Very strong liquidity**

In our opinion, Cloquet's liquidity is very strong, with total government available cash at 2.2x total governmental fund expenditures and 45.2x governmental debt service in 2015. In our view, the city has strong access to external liquidity if necessary.

We have excluded restricted cash in our calculation of the city's available cash and equivalents. The city invests in U.S. government obligations, certificates of deposit, and money market funds, which are not risky instruments that pose liquidity risk. The city has issued GO debt in the last 20 years, which we believe indicates strong access to external liquidity. We do not anticipate any deterioration in liquidity during the next few years.

### **Weak debt and contingent liability profile**

In our view, Cloquet's debt and contingent liability profile is weak. Total governmental fund debt service is 4.9% of total governmental fund expenditures, and net direct debt is 138.5% of total governmental fund revenue.

The city's water enterprise fund supports debt service on the 2002 Minnesota Public Facilities Authority Water Tower loan that is backed by the full faith and credit of the city and funded by water charges, and which we have excluded



from our direct debt calculation. On issuance, the series 2017A bonds will result in a substantial increase in the city's direct debt burden and concurrent weakening in its overall debt profile, which we had considered very strong at our last review. We understand that the city has no debt plans in the next two years, though it may issue approximately \$4.4 million in new-money debt in three years for the construction of a new police station, mentioned previously.

Cloquet's combined required pension and actual other postemployment benefit (OPEB) contributions totaled 5.9% of total governmental fund expenditures in 2015. The city made its full annual required pension contribution in 2015.

All full-time and certain part-time employees of the city are covered by defined-benefit pension plans administered by the Public Employee Retirement Assn. of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF), which are cost-sharing multiemployer retirement plans. The city's proportionate share of the net pension liability was \$2.1 million for GERF (78% funded) and \$1.6 million for PEPFF (86% funded) as of the June 30, 2015, measurement date. Given low annual costs and relatively strong plan funding, we do not expect pension costs to pose a significant budgetary burden in the next several years.

### **Strong institutional framework**

The institutional framework score for Minnesota cities with a population greater than 2,500 is strong.

## **Outlook**

The stable outlook reflects our view that Cloquet will maintain very strong budgetary flexibility and strong budgetary performance, supported by its very strong management conditions. We do not expect to change the rating in the two-year outlook horizon.

### **Upside scenario**

If the economic indicators improved to levels comparable to those of more highly rated peers and if the city saw some moderation in its direct debt burden, resulting in substantial strengthening in its debt profile, we could raise the rating.

### **Downside scenario**

If the city saw a significant deterioration in its reserves such that these fell well below those of comparably rated peers with similar economic and debt characteristics, we could lower the rating.

## **Related Research**

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Incorporating GASB 67 And 68: Evaluating Pension/OPEB Obligations Under Standard & Poor's U.S. Local Government GO Criteria, Sept. 2, 2015

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.standardandpoors.com](http://www.standardandpoors.com) for further information. Complete ratings information is

*Summary: Cloquet, Minnesota; General Obligation*

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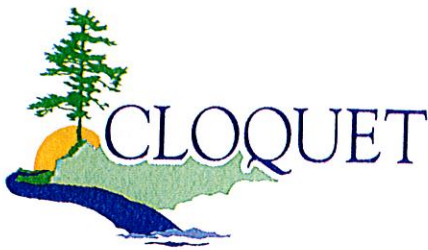
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## DEPARTMENT OF PUBLIC WORKS

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

### REQUEST FOR COUNCIL ACTION

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To: Mayor and City Council  
From: Caleb Peterson, Director of Public Works  
Reviewed by: James Barclay, Interim City Administrator  
Date: April 4, 2017

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**ITEM DESCRIPTION:** Public Works Pickup Truck Purchase

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#### Proposed Action

Staff recommends the City Council move to authorize the purchase of a Dodge Ram 2500 Regular Cab pickup from Cloquet Ford Chrysler in the amount of \$26,464.

#### Background/Overview

As part of the 2017 Capital Improvement Program (CIP) and annual budget, a ¾ ton pickup truck is scheduled to be purchased by the Public Works Department. The existing truck (Unit #232) is 21 years old and burns oil badly. This unit is used by the Street Department to transport staff, tools and materials to and from worksites on a daily basis. It is anticipated the existing truck will be sold at auction once the new equipment is placed into service.

Under a Cooperative Purchase Agreement with the State of Minnesota, local governments are allowed to purchase such equipment directly off a previously awarded state contract. This process can provide significantly discounted prices and eliminate the need and cost of the City obtaining bids on our own. As a matter of policy, if a local truck dealer is able to provide the same equipment as offered on the State's contract, prices are also requested from the local dealer to see if they can match or come close to the State's price.

The truck selected is a 2017 Dodge Ram 2500 4WD Regular Cab Pickup with 8-Foot Box. It is offered by Nelson Auto Center of Fergus Falls, MN, at a State Contract Price of \$26,479.97 each. Cloquet Ford Chrysler has offered the same truck for \$26,484 including an additional lifetime limited power train warranty.

#### Policy Objectives

To replace necessary equipment in accordance with the approved Capital Improvement Plan.

#### Financial/Budget/Grant Considerations

The 2017 Capital Improvement Program (CIP) and annual budget included \$40,000 for this purchase.

#### Advisory Committee/Commission Action

N/A

#### Supporting Documentation Attached

- Bid Proposals



**CLOQUET CHRYSLER CENTER**  
**701 WASHINGTON AVE**  
**CLOQUET, MN 557202558**

**Configuration Preview**

**Date Printed:** 2017-03-09 11:55 AM **VIN:** **Quantity:** 1  
**Estimated Ship Date:** **VON:** **Status:** BA - Pending order  
**FAN 1:** 004FR Cloquet, Minnesota, City of  
**FAN 2:**  
**Client Code:**  
**Bid Number:** TB7072  
**PO Number:** 8791621

**Sold to:** CLOQUET CHRYSLER CENTER (60405)  
701 WASHINGTON AVE  
CLOQUET, MN 557202558

**Ship to:** CLOQUET CHRYSLER CENTER (60405)  
701 WASHINGTON AVE  
CLOQUET, MN 557202558

**Vehicle:** 2017 2500 TRADESMAN REG CAB 4X4 (140 in WB 8 FT 0 IN box) (DJ7L62)

	Sales Code	Description	MSRP(USD)
<b>Model:</b>	DJ7L62	2500 TRADESMAN REG CAB 4X4 (140 in WB 8 FT 0 IN box)	34,895
<b>Package:</b>	26A	Customer Preferred Package 26A	0
	EZC	5.7L V8 HEMI VVT Engine	0
	DFP	6-Spd Automatic 66RFE Transmission	0
<b>Paint/Seat/Trim:</b>	PS2	Bright Silver Metallic Clear Coat	0
	APA	Monolone Paint	0
	*V9	Cloth 40/20/40 Bench Seat	0
	-X8	Black/Diesel Gray	0
<b>Options:</b>	MRU	Black Tubular Side Steps	350
	LNC	Clearance Lamps	95
	4DH	Prepaid Holdback	0
	LHL	Auxiliary Switches - I/P Mounted	145
	4ES	Delivery Allowance Credit	0
	DSA	Anti-Spin Differential Rear Axle	395
	MAF	Fleet Purchase Incentive	0
	CK9	Delete Carpet	0
	LM1	Daytime Running Headlamps Low Beam	40
	AJY	Popular Equipment Group	545
	YEP	Manuf Statement of Origin	0
	ADB	Protection Group	100
	XMF	Spray in Bedliner	495
	GPG	Power Black Trailer Tow Mirrors	195
	XHC	Trailer Brake Control	280
	AJW	Power Accessory Group	545
	UA1	Uconnect 3.0	195
	5N6	Easy Order	0
	4FM	Fleet Option Editor	0
	4FT	Fleet Sales Order	0
	174	Zone 74-Denver	0
	4EA	Sold Vehicle	0
<b>Non Equipment:</b>	4FA	Special Bid-Ineligible For Incentive	0
<b>Bid Number:</b>	TB7072	Government Incentives	0
<b>Discounts:</b>	YG2	5.2 Additional Gallons of Gas	0
<b>Destination Fees:</b>			1,195

**Note: This is not an invoice. The prices and equipment shown on this priced order confirmation are tentative and subject to change or correction without prior notice. No claims against the content listed or prices quoted will be accepted. Refer to the vehicle invoice for final vehicle content and pricing. Orders are accepted only when the vehicle is shipped by the factory.**

Total Price: 39,470

Order Type: Fleet  
Scheduling Priority: 1-Sold Order  
Customer Name:  
Customer Address: USA

PSP Month/Week:  
Build Priority: 99

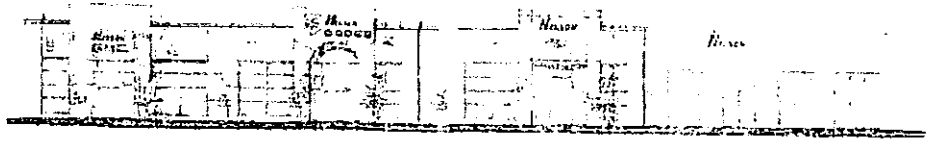
Instructions:

**Note: This is not an invoice. The prices and equipment shown on this priced order confirmation are tentative and subject to change or correction without prior notice. No claims against the content listed or prices quoted will be accepted. Refer to the vehicle invoice for final vehicle content and pricing. Orders are accepted only when the vehicle is shipped by the factory.**

Final Price \$26559\*

Chris Davis  
Cloquet Chrysler Center  
701 Washington Ave  
Cloquet, MN 55720  
218-879-4668 office  
218-576-9505 direct

\*Must qualify for Fleet pricing, final price included DOC fees, and is plus any tax and license if applicable.



**Fleet Department**

2228 College Way • PO Box 338 • Fergus Falls, MN 56538-0338  
218-998-8864 • 800-477-3013 Ext. 8864 • Fax 218-998-8813 • www.nelsonfergusfalls.com

**VEHICLE QUOTE NUMBER Cloquet DJ7L62**

Sold To: City of Cloquet  
Attn: Les Peterson  
Address: 410 Armory Rd  
Cloquet MN 55720

Date: 03/14/2017  
Phone:  
FAX:  
Salesperson: Sue Kugler

Key Code Ignition: Door

Stock No.	Year	Make	Model	New/Used	Vehicle ID Number
Cloquet DJ7L62	2017	Dodge Ram 2500	4WD Reg Cab 140' WB Color Bright Silver / Gray Cloth	New	

Price of Vehicle *Per MN T52* \$23,287.97

Options & Extras \$3,192.00

Total for requested factory options \$3,192.00  
Dealer-provided options

Transit Improvement Vehicle Excise Tax \$0.00

Subtotal \$26,479.97

Trade - In

Total Cash Price **\$26,479.97**

Your Purchase Order # Project # Contract #70765

**Thanks for your business!**

Ship To / Lessee / End User: City of Cloquet  
Les Peterson  
Cloquet Public Works Garage  
410 Armory Rd  
Cloquet, MN 55720

Phone  
FAX

Signed \_\_\_\_\_ and Initialed \_\_\_\_\_

Printed Name \_\_\_\_\_ and Date \_\_\_\_\_

Cloquet T52 DJ7L62 123

## MANUFACTURER OPTIONS

**Sold To:** City of Cloquet  
**Attn:** Les Peterson  
**Address** 410 Armory Rd  
 Cloquet, MN 55720

Cloquet Public Works Ga

**Date:** 03/14/2017

**Phone:**

**FAX:**

**Salesperso** Sue Kugler

Key Code: Ignition/Door.

Stock No	Year	Make	Model	New/Used	Vehicle ID Number
Cloquet DJ7L62	2017	Dodge Ram 2500	4WD Reg Cab 140" WB	New	0
		Color:	Bright Silver / Gray Cloth		

EZC ENGINE: 5.7L V8 HEMI VVT	INC
DFP TRANSMISSION: 6-SPEED AUTOMATIC (66RFE)	INC
DME 3.73 AXLE RATIO	INC
TWD TIRES: LT245/70R17E BSW AS	INC
V9X8 DIESEL GRAY/BLACK, CLOTH 40/20/40 BENCH SEAT	INC w/ AJY
Z7C GVWR: 9,000 LBS	INC
AJY POPULAR EQUIPMENT GROUP	\$496.00
ADB PROTECTION GROUP	\$132.00
AJW POWER ACCESSORY GROUP	\$496.00
DSA ANTI-SPIN DIFFERENTIAL REAR AXLE	\$405.00
XHC TRAILER BRAKE CONTROL	\$268.00
XEF TRANSFER CASE SKID PLATE SHIELD	INC w/ ADB
GPG POWER BLACK TRAILER TOW MIRRORS	\$177.00
XMF SPRAY IN BEDLINER	\$450.00
MRU BLACK TUBULAR SIDE STEPS	\$337.00
LM1 LOW BEAM DAYTIME RUNNING HEADLAMPS	\$36.00
LNC CLEARANCE LAMPS	\$86.00
UA1 RADIO: UCONNECT 3.0	\$177.00
RSD SIRIUSXM SATELLITE RADIO	INC w/ AJY
CK9 DELETE CARPET	\$0.00
LHL I/P MOUNTED AUXILIARY SWITCHES	\$132.00

Options Total

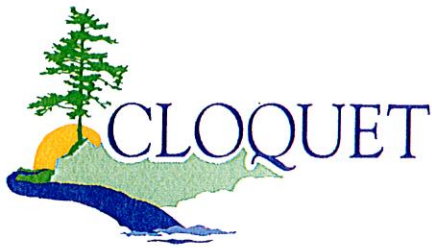
**\$3,192.00**

**Ship To / Lessee / End User:** City of Cloquet  
 Les Peterson  
 Cloquet Public Works Garage  
 410 Armory Rd  
 Cloquet, MN 55720

**Phone:**

**FAX:**

Cloquet T52 DJ7L62 123



DEPARTMENT OF PUBLIC WORKS

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

REQUEST FOR COUNCIL ACTION

To: City Council  
From: John Anderson, Assistant City Engineer  
Reviewed By: James Barclay, Interim City Administrator  
Date: April 4, 2017

ITEM DESCRIPTION: Awarding Bid for the Pine Valley Singletrack Mountain Bike Trail

**Proposed Action**

Staff recommends that the City Council move to adopt **RESOLUTION NO. 17-28, A RESOLUTION AWARDING PINE VALLEY SINGLETRACK MOUNTAIN BIKE TRAIL BASE BID ONLY.**

**Background/Overview**

On January 17, 2017, the City Council authorized staff to solicit bids for the Pine Valley Singletrack Mountain Bike Trail project. The City Council has planned for this trail in the Capital Improvement Plan (CIP). The CIP includes item PP-010 Pine Valley Park Improvements which budgets \$120,000 in 2017 for this work.

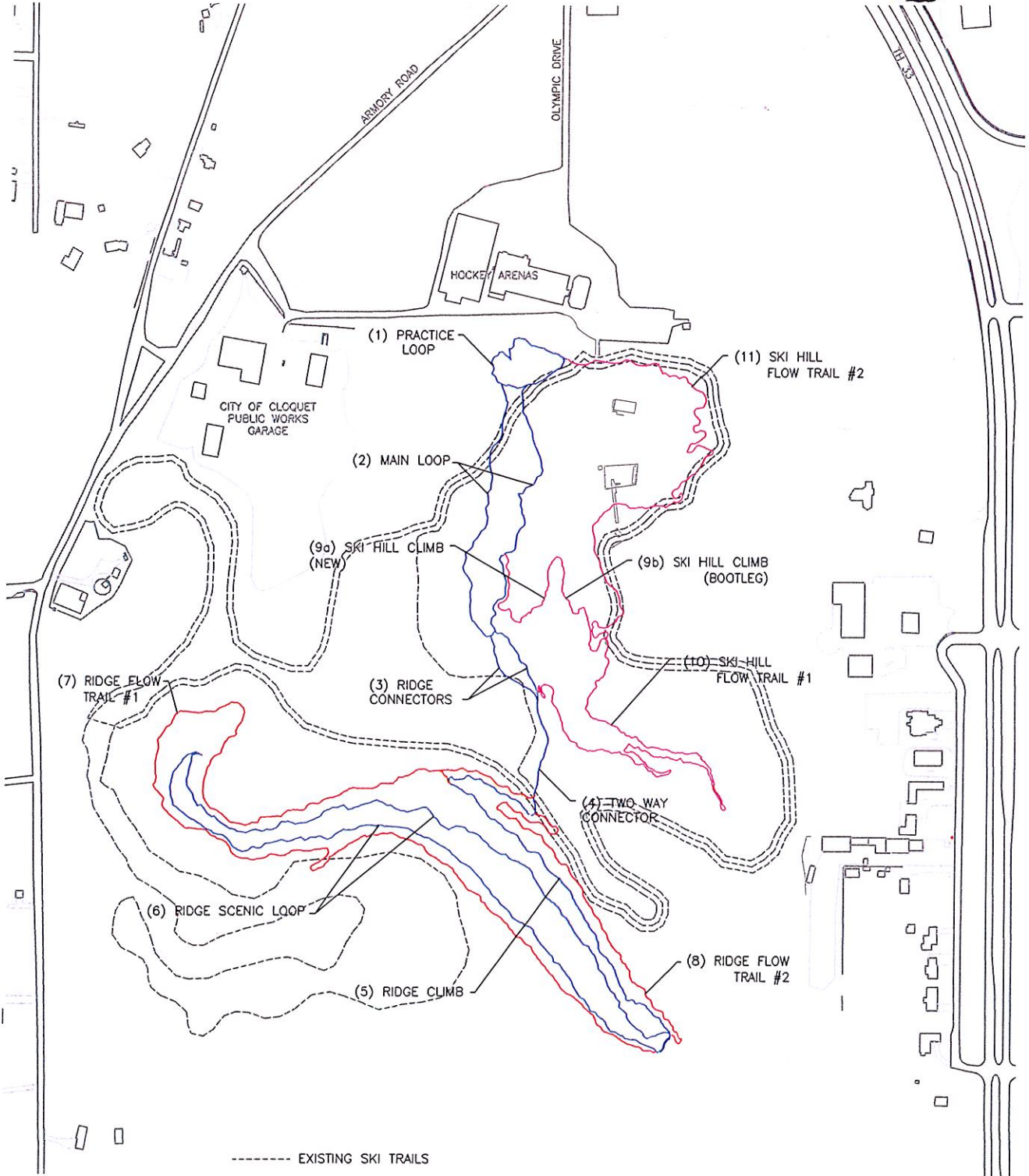
The preliminary trail design was completed by consultant Dirt Dojo, who walked the park and flagged the trail segments. A report was prepared with the trail layout as well as a written description of each trail segment and an estimated trail construction cost.

The project was first bid February 14, 2017 and no bids were received. Staff restructured the contract to allow construction in 2017 or 2018. Most contractors we interviewed following the first bid said they were booked for the 2017 construction season. The bidding was set up with a base and two alternates to give the City Council the option of awarding the base bid and any combination of the alternates.

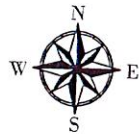
The project was re-advertised and bids were opened on Thursday March 23, 2017. Two bids were received with Trail Source, LLC being the low base bid at \$124,336.75. Trail Source, LLC has constructed a number of mountain bike trail projects for the City of Duluth and is a member of the Professional Trail Builders Association and meets the contract experience requirements. The bids received were as follows:

Bidder	Base	Alternate A	Alternate B	Total Bid
Trail Source, LLC	\$124,336.75	\$59,514.40	\$55,469.80	\$239,320.95
Solutions 101, LLC	\$193,150.67	\$76,087.32	\$91,205.80	\$360,443.79
Engineers Estimate	\$119,682.15	\$55,687.45	\$51,895.14	\$227,180.09

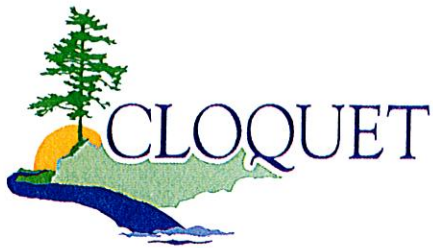
# EXHIBIT A — Pine Valley Single Track Mountain Bike Trail



- EXISTING SKI TRAILS
- BLUE — BASE BID
- RED — ALTERNATE A
- PINK — ALTERNATE B








## DEPARTMENT OF PUBLIC WORKS

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

### REQUEST FOR COUNCIL ACTION

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To: City Council  
From: John Anderson, Assistant City Engineer  
Reviewed By: James Barclay, Interim City Administrator  
Date: April 4, 2017



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**ITEM DESCRIPTION:** Pavement Management Consulting Services

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#### Proposed Action

Staff recommends that the City Council move to adopt **RESOLUTION NO. 17-31, A RESOLUTION AWARDED PAVEMENT MANAGEMENT CONSULTING SERVICES TO GOODPOINTE TECHNOLOGY.**

#### Background/Overview

The street network the City of Cloquet owns and operates represents one of our most valuable assets. It is also the asset that requires the most maintenance. The City of Cloquet has 77.4 miles of streets, 5.3 miles of alleys, and 20 parking lots we are responsible to maintain. Of this, some have been recently reconstructed, such as 3<sup>rd</sup> Street, some have been overlaid recently such as Holmes Drive, but most have had little maintenance other than plowing and sweeping.

Since the network is so large and the cost to maintain and improve the system is so great, it is important that the decisions made about that maintenance consider all factors. Often times, cities manage their roadway systems based on complaints and repairing the worst roads first. This will often lead to missed opportunities in less expensive maintenance that can extend pavement life and reduce the cost of maintaining the overall system. The goal of pavement management is to do the right maintenance at the right time to bring down the cost of the entire system.

The first step in implementing pavement management is to assess the condition of all the pavement in the system. A rating system called Pavement Condition Index (PCI) has been developed and standardized to assist in this process. In this system, a new road with no distresses has a PCI rating of 100. As pavement distresses (cracks, potholes, rutting, etc.), increase in the PCI goes down. The rating is determined by a formula that is standardized to give consistent results when assessing the pavement condition. Next, the deterioration of the pavement is forecasted based on the current condition and the rate at which pavement deteriorates from that point. From this a projection the future average condition of an entire street network can be calculated. At this point, various maintenance strategies can be applied to street segments in the system. The maintenance strategies can include a wide variety of options such as crack sealing, chip sealing, overlay, reclamation and reconstruction. Each of these maintenance strategies will improve the PCI for a street segment.



The goal of pavement management is to analyze the alternative maintenance strategies, forecast the future PCI and arrive at the most cost effective mix of maintenance activities. Once the blend of maintenance work is established, the cost of that work can be determined and in turn the funding level on an annual basis can be projected. The strength of this approach is it allows various scenarios to be explored and the impacts to the funding sources. Examples of different scenarios analyzed would be a fixed budget amount, setting a minimum average PCI for the street network, or minimum PCI but include projects X, Y and Z.

Staff has researched multiple software providers and consultants that can assist in completing the pavement distress surveys and the software to analyze and forecast pavement conditions. Based on our research, staff is recommending contracting with Goodpointe Technology to provide the consulting services, software (ICON) and training needed to establish a robust pavement management system. Staff has discussed the implementation in other communities that currently use the ICON software and found in most cases those cities and counties were pleased with the software and service provided by Goodpointe Technology.

The proposal from Goodpointe includes a pavement condition index survey of our streets, alleys and parking lots. The approach would be to record high definition photos from which technicians would record pavement distress measurements in the software. The photos would be provided to city staff and can be useful for many other purposes outside of pavement management. Pavement condition index surveys should be completed every 3 to 4 years to provide current data moving forward. The future surveys can be contracted for or can be collected by staff with sufficient training.

The software is a web based system where the data is hosted by Goodpointe and access to the system is available through an internet connection. There is an initial software fee and an annual maintenance fee. Software phone support is included with the annual maintenance fee. Also included in this proposal is 40 hours of premium support which would be used for training staff in using the program, developing custom scenarios and reports and city staff training on distress survey data collection. A complete breakdown of fees is shown in the attached proposal.

#### **Policy Objectives**

N/A

#### **Financial/Budget/Grant Considerations**

The City has included \$50,000 for Pavement Management (225-56-170-3) in the 2017 Budget. The item is proposed to be funded through the Permanent Improvement Fund. Of the total cost included in the proposal, the software costs are an initial onetime fee of \$3,495. Other costs reoccur annually, the annual maintenance fee is \$1,750 or \$1,167 prorated for 2017 as the service would begin in May of 2017. The initial pavement survey and georeferenced digital photos are priced at \$27,243. Updates to the pavement condition ratings should be made every 3 to 4 years. This can be done in a number of ways. It could be contracted every 4 years at a cost of approximately \$25,000. Alternatively, 25% of the network could be rated each year by either the consultant at an annual cost estimated to be \$6,250 or by city staff or engineering interns with adequate training.

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

**RESOLUTION NO. 17-31**

**RESOLUTION AWARDING PAVEMENT MANAGEMENT CONSULTING SERVICES TO  
GOODPOINTE TECHNOLOGY**

**WHEREAS**, The City is responsible for maintenance of the local roadway network within the City of Cloquet; and

**WHEREAS**, The City Council as good stewards of public fund requires maintenance to be conducted in a fiscally responsible manner; and

**WHEREAS**, Pavement management provides the necessary data for fiscally responsible decisions to be made concerning street maintenance expenditures; and

**WHEREAS**, The City of Cloquet has received a proposal for consulting service related to establishing a pavement management system for the City of Cloquet from Goodpointe Technology.

**AND WHEREAS**, The City Council has planned for this expenditure with in the 2017 budget.

**NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF CLOQUET, MINNESOTA**, That the proposal from Goodpointe Technology in the amount of \$34,624.00 is hereby accepted.

**PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CLOQUET THIS 4th DAY OF APRIL, 2017.**

\_\_\_\_\_  
Dave Hallback, Mayor

ATTEST:

\_\_\_\_\_  
James Barclay, Interim City Administrator

## Fee Schedule

ICON Pavement Management System Implementation Project for the City of Cloquet, MN  
Exhibit A.2

March 23, 2017

Task Description	Units	Quantity	Rate	Optional	Estimated Cost
<b>1. Citywide Pavement Condition Assessment &amp; Digital Image Collection</b>					
1.1 ASTM Pavement Condition Index (PCI) Survey of City Roadways	Centerline Miles	77.4	\$250		\$19,350
1.1 ASTM Pavement Condition Index (PCI) Survey of City Roadways	Alley Miles	5.3	\$250		\$1,325
1.1 ASTM Pavement Condition Index (PCI) Survey of City Roadways	Parking Lots	20	\$225		\$4,500
Digital Image Option: Delivery of geo-referenced JPG images hotlinked to ArcGIS shapefile	Image Miles	82.7	\$25	\$2,068	
				<b>\$ 2,068</b>	<b>\$25,175</b>
<b>2. ICON Software License</b>					
ICON Pavement Management (Pavement) Module	5 CAL License	1	\$3,495		\$3,495
<b>Subtotal:</b>				<b>\$ -</b>	<b>\$ 3,495</b>
<b>3. ICON Standard Support Agreement</b>					
ICON Pavement Management (Pavement) Module-Prorated beginning 5/1/2017	8/12ths Support Year	0.67	\$1,750		\$1,167
Cost to Authorize Additional Users to Recieve Technical Support (per user/per module/per year)	User	1	\$250		
<b>Subtotal:</b>				<b>\$ -</b>	<b>\$1,167</b>
<b>4. ICON Premium Consulting Agreement</b>					
Options:					
Provide value-added consulting services on an hourly, cost-plus basis	Per Hour	TBD	\$125		
Ten (10) Hour Agreement to cover value-added services (training, etc.)	10 Hour Package	10	\$99	\$990	
Twenty (20) Hour Agreement to cover value-added services (training, etc.)	20 Hour Package	20	\$86	\$1,720	
<b>Forty (40) Hour Agreement to cover value-added services (training, etc.)</b>	<b>40 Hour Package</b>	<b>40</b>	<b>\$68</b>	<b>\$2,720</b>	<b>\$2,720</b>
Eighty (80) Hour Agreement to cover value-added services (training, etc.)	80 Hour Package	80	\$49	\$3,920	
<b>Subtotal:</b>					<b>\$2,720</b>
<b>Not to Exceed Base Project Budget:</b>					<b>\$32,557</b>
<b>Digital Image Option:</b>					<b>\$2,068</b>
<b>Total Base Project + Digital Image Option:</b>					<b>\$34,624</b>