



Regular Meeting of the Planning Commission

Tuesday, March 12, 2024

7 pm Regular Meeting

101 14th Street, Cloquet, MN 55720

AGENDA

1. Call to Order
2. Roll Call
3. Additions/Changes to the Agenda
4. Minutes from the February 13, 2024, Planning Commission meeting

5. Zoning Case 24-03; Presbyterian Church of Cloquet, Conditional Use Permit

6. Zoning Case 24-04; City of Cloquet, Land Sale

7. Zoning Case 24-05; C&C Holdings of Cloquet, LLC., TIF

8. Zoning Case 24-06; C&C Holdings of Cloquet, LLC., Variance and Conditional Use Permit

9. Homeless Shelter/Housing Discussion
10. 18th Street and Avenue F – Rezone or Comprehensive Plan Amendment - Discussion
11. Commissioner’s Questions/Comments
12. Adjourn

NEXT MEETING:
Wednesday, April 10th @ 7 pm



Regular Meeting of the Planning Commission

Tuesday, January 9, 2024

7:00 p.m.

101 14th Street, Cloquet, MN 55720

CALL TO ORDER

Terri Lyytinen called the meeting to order at 7:00 p.m.

ROLL CALL

Attending: Planning Commission members: Terri Lyytinen, Philip Demers, Elizabeth Polling and Brittany Kuschel; City: Al Cottingham.

Absent: Michelle Wick.

Others Present: Susan Belich and Darren Weets.

AGENDA ITEMS

Additions/Changes to the Agenda

None.

January 9, 2024, Meeting Minutes

Chairman Lyytinen asked for any corrections or additions.

Motion: Commissioner Kuschel made a motion to approve the Planning Commission meeting minutes from January 9, 2024, Commissioner Demers seconded. (Motion was approved 4-0).

Zoning Case 24-02: 3W Properties, Inc., Conditional Use Permit

Chairman Lyytinen introduced Zoning Case 24-02, Conditional Use Permit for 3W Properties, Inc. and opened the public hearing. She asked Mr. Cottingham to provide an overview. Mr. Cottingham stated the 3W Properties, Inc. were proposing a conditional use permit in order to have 2 - two-family dwellings in the R1 – Single-Family Residence District. They would subdivide the existing lot with both new lots meeting the minimum requirements of the Ordinance. The property is located in the southeast corner of Maplewood Avenue and 20th Street. If approved, the property would be split in order to create two parcels of for each new two-family dwelling. This is a public hearing, and a legal notice was published in the Pine Knot on February 2, 2024, and property owners within 350 feet were notified of the hearing. Mrs. Weets was present to answer any questions.

Susan Belich, 2004 Maplewood Avenue stated she live on the east side of the property. She said there are currently two two-family dwellings in the area on larger lots than those proposed by Mr. Weets. She feels the lots are to small for two structures and that one structure would be more appropriate. She was concerned with buffers and the impact on the neighborhood.



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Mr. Weets stated he had done these same buildings before, and it makes them more efficient and cost effective if they subdivide the property and construct two buildings. He does not believe this will decrease the value of the homes in the area.

Commissioner Kuschel left the meeting at 7:15.

Mr. Demers had concerns about the changes being made to this area with the approvals that were made at the last meeting allowing more two-family dwellings and now two more. Why do we have the R1 District if we are going to allow two-family dwellings in it, why not rezone the area to R2.

There being no further discussion Chairman Lyytinen closed the public hearing and called for a motion.

Motion: **Commissioner Polling made a motion recommending approval to the City Council of the Conditional Use Permit for 2 - Two-Family Dwellings in the R1 – Single-Family Residence District for 3W Properties, Inc. subject to the conditions in the draft Resolution, Commissioner Lyytinen seconded. (Motion passed 2-1 Demers)**

Mr. Cottingham stated this would go to the City Council at their meeting on February 20th at 6:00 pm.

Commissioner's Questions/Comment

None.

Next Meeting

March 12, 2024

The meeting adjourned 7:24 p.m.

Respectfully submitted,

Al Cottingham, City Planner/Zoning Administrator



PLANNING COMMISSION MEMO

To: Planning Commission
From: Al Cottingham, City Planner/Zoning Administrator
Date: March 6, 2024

ITEM DESCRIPTION: ZONING CASE 24-03: CONDITIONAL USE PERMIT – PRESBYTERIAN CHURCH OF CLOQUET, UP TO 5,000 SQUARE FEET OF OFFICE IN THE R3 – MULTIPLE-FAMILY RESIDENCE DISTRICT

Background

Presbyterian Church of Cloquet is proposing a conditional use permit to allow up to 5,000 square feet of office in the R3 – Multiple-Family Residence District. The property involved is located at 47 4th Street. Presbyterian Church of Cloquet would like to rent out up to 5,000 square feet of their facility for professional office uses.

A public hearing will be held on Tuesday, March 12, 2024, to consider the conditional use permit for up to 5,000 square feet of office in the R3 - Multiple-Family Residence District. A legal notice was published in the Pine Knot on March 1, 2024, and property owners within 350 feet were sent notices of the public hearing.

Policy Objectives

The Zoning Ordinance states Conditional Use Permits may be granted when they comply with the following approval criteria: (*Staff comments in italic*)

1. Consistency with the Comprehensive Plan. The relationship of the proposed use to the goals, objectives, and policies of the City of Cloquet Comprehensive Plan. *The proposed site is guided as Planned Mixed Residential (Variable Density).*
2. Compatibility. The compatibility of the proposed use with existing development within three hundred (300) feet of the proposed use and within five hundred (500) feet along the same street and development anticipated in the foreseeable future within the neighborhood and conditions that would make the use more compatible. *The property surrounding this site is a mixture of residential to the north, south, and west. There is a church/school to the southeast of this church.*



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3. Importance of services to the community. The importance of the services provided by the proposed facility to the community, if any, and the requirements of the facility for certain locations, if any, and without undue inconvenience to the developer, and the availability of alternative locations equally suitable. *There is a need for small rental office space within the community.*

4. Neighborhood protections. The sufficiency of terms and conditions proposed to protect and maintain the uses in the surrounding neighborhood. *The site is currently a church, and no changes will be made to the structure.*

5. Conformance with other requirements of this Chapter. The conformance of the proposed development with all provisions of this Chapter. *The proposed location meets all of the requirements of the Zoning Ordinance. There is adequate off-street parking with surrounding parking lots owned by the church.*

6. Other factor. Other factors pertinent to the proposed use, site conditions, or surrounding area considerations that the Planning Commission or the City Council feels are necessary for review in order to make an informed and just decision.

Financial Impacts

The Conditional Use Permit fee is \$400. The applicant has paid this fee to cover the cost associated with the application process.

Advisory Committee Action Requested

The Planning Commission should listen to the testimony that is presented at the public hearing for the conditional use permit. Following this testimony, the Planning Commission should review the approval criteria for the conditional use permit and either recommend approval, approval with conditions or denial of the conditional use permit. The Planning Commission may impose conditions in the granting of conditional uses.

Staff Recommendation

Staff has reviewed the conditional use permit approval criteria requirements and would recommend approval of the conditional use permit subject to the condition in the draft resolution.

Supporting Documents Attachments

- Resolution No. 24-03
- Location Map
- Aerial Photo

STATE OF MINNESOTA

COUNTY OF CARLTON

CITY OF CLOQUET

Commissioner _____ offered the following Resolution and moved its adoption.

RESOLUTION NO. 24-03

A RESOLUTION RECOMMENDING THE CITY COUNCIL OF CLOQUET APPROVE THE CONDITIONAL USE PERMIT FOR PRESBYTERIAN CHURCH OF CLOQUET FOR UP TO 5,000 SQUARE FEET OF OFFICE IN THE R3 - MULTIPLE-FAMILY RESIDENCE DISTRICT

WHEREAS, Presbyterian Church of Cloquet is proposing a Conditional Use Permit for up to 5,000 square feet of office in the R3 - Multiple-Family Residence District; and

WHEREAS, As required by ordinance, notification was advertised in the Pine Knot on March 1, 2024, and property owners within 350 feet were sent notice. A public hearing was held to consider the application at the regular meeting of the Cloquet Planning Commission on March 12, 2024, at which time Zoning Case / Development Review No. 24-03 was heard and discussed; and

WHEREAS, the property of the proposed Conditional Use Permit is located at 47 4th Street and is legally described as follows:

Lots 11 & 12, Block C and the adjacent vacated Avenue F, Original Town of Cloquet. Carlton County, Minnesota. And the North 37 ½ feet of Lot 1, Block 68, Allen's Subdivision of Blocks 63-74 and 89-98, Carlton County, Minnesota. And,

WHEREAS, the Planning Commission reviewed the staff report and recommends approval of the Conditional Use Permit.

NOW, THEREFORE, BE IT RESOLVED, BY THE PLANNING COMMISSION OF THE CITY OF CLOQUET, MINNESOTA, that the Planning Commission recommends approval of Zoning Case 24-03 to the Cloquet City Council for up to 5,000 square feet of office in the R3 - Multiple-Family Residence District subject to the following conditions:

1. A Building Permit be issued prior to beginning any work.

The foregoing motion was duly seconded by Commissioner _____ and being put to vote members voted: AYE: ____ NAY: ____ ABSENT: ____

PHILIP DEMERS	_____	BRITTANY KUSCHEL	_____
TERRI LYYTINEN	_____	ELIZABETH POLLING	_____
MICHELLE WICK	_____		

Passed and adopted this 12th day of March 2024.

CITY OF CLOQUET

TERRI LYYTINEN
CHAIR

ATTEST: _____
Alan Cottingham
City Planner/Zoning Administrator

LOCATION MAP

Presbyterian Church of Cloquet



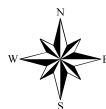
NO SCALE

47 4th St



2021 Imagery, Sources: Esri, TomTom, Garmin, FAO, NOAA, USGS, © OpenStreetMap contributors, and the GIS User Community, Carlton County GIS

This data is provided on an "AS-IS" basis, without warranty of any type, expressed or implied, including but not limited to any warranty as to their performance, merchantability, or fitness for any particular purpose. Not for survey purposes.



Carlton County, MN

Date: 3/4/2024



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To: Planning Commission
From: Al Cottingham, City Planner/Zoning Administrator
Date: March 6, 2024

ITEM DESCRIPTION: ZONING CASE 24-04: LAND SALE – Old Solem Hotel

Background

C&C Holdings of Cloquet, LLC is looking at purchasing the old Solem Hotel at 915 Cloquet Avenue. Attached is a copy of the aerial photo showing the location of the property. The property is proposed for 18 dwelling units.

State Statute requires that a municipal land sale and its proposed use conform to the Comprehensive Plan for the City. The Planning Commission needs to determine if this proposal is in conformance with the Comprehensive Plan.

Policy Objectives

The proposed development would be to add 18 housing units to the city.

The Comprehensive Plan for this area is “City Center”. The proposal for housing is consistent with the Comprehensive Plan.

Financial Impacts

None.

Advisory Committee Action Requested

The Planning Commission should review the Development to see that it conforms to the plans for general development of the city. In simpler terms the Commission needs to be sure the plan conforms to the Comprehensive Plan.

Staff Recommendation

Staff recommends approval of the land sale.

Supporting Documents Attachments

- Resolution No. 24-04
- Location Map
- Aerial Photo
- Comprehensive Plan Excerpt

STATE OF MINNESOTA

COUNTY OF CARLTON

CITY OF CLOQUET

Commissioner _____ offered the following Resolution and moved its adoption.

RESOLUTION NO. 24-04

A RESOLUTION OF THE CITY OF CLOQUET PLANNING COMMISSION FINDINGS THAT A HOUSING DEVELOPMENT IN THE CC - CITY CENTER DISTRICT CONFORMS TO THE GENERAL PLANS FOR THE DEVELOPMENT OF THE CITY

WHEREAS, the City of Cloquet (the "City") has received a proposal to purchase the old Solem Hotel, 915 Cloquet Avenue in the CC - City Center District and has submitted a plan to the City Planning Commission (the "Commission") pursuant to Minnesota Statutes, and

WHEREAS, the Commission has reviewed the plan to determine their conformity with the general plans for the development of the city as described in the Comprehensive Plan for the City.

NOW, THEREFORE, BE IT RESOLVED by the Commission that the plan conforms to the general plans for the development of the city as a whole.

The foregoing motion was duly seconded by Commissioner _____ and being put to vote members voted: AYE: ___ NAY: ___ ABSENT: ___

PHILIP DEMERS	_____	BRITTANY KUSCHEL	_____
TERRI LYYTINEN	_____	ELIZABETH POLLING	_____
MICHELLE WICK	_____		

Passed and adopted this 12th day of March 2024.

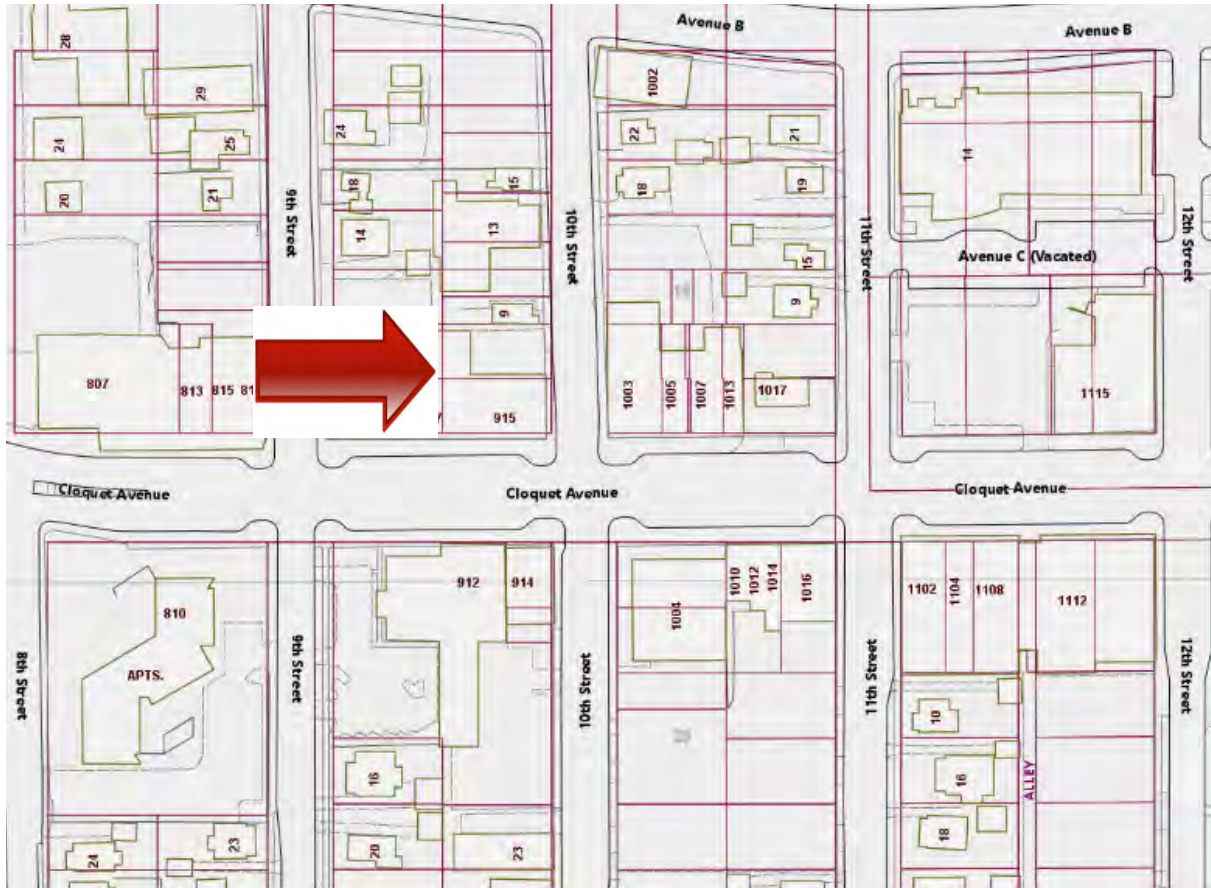
CITY OF CLOQUET

TERRI LYYTINEN
CHAIR

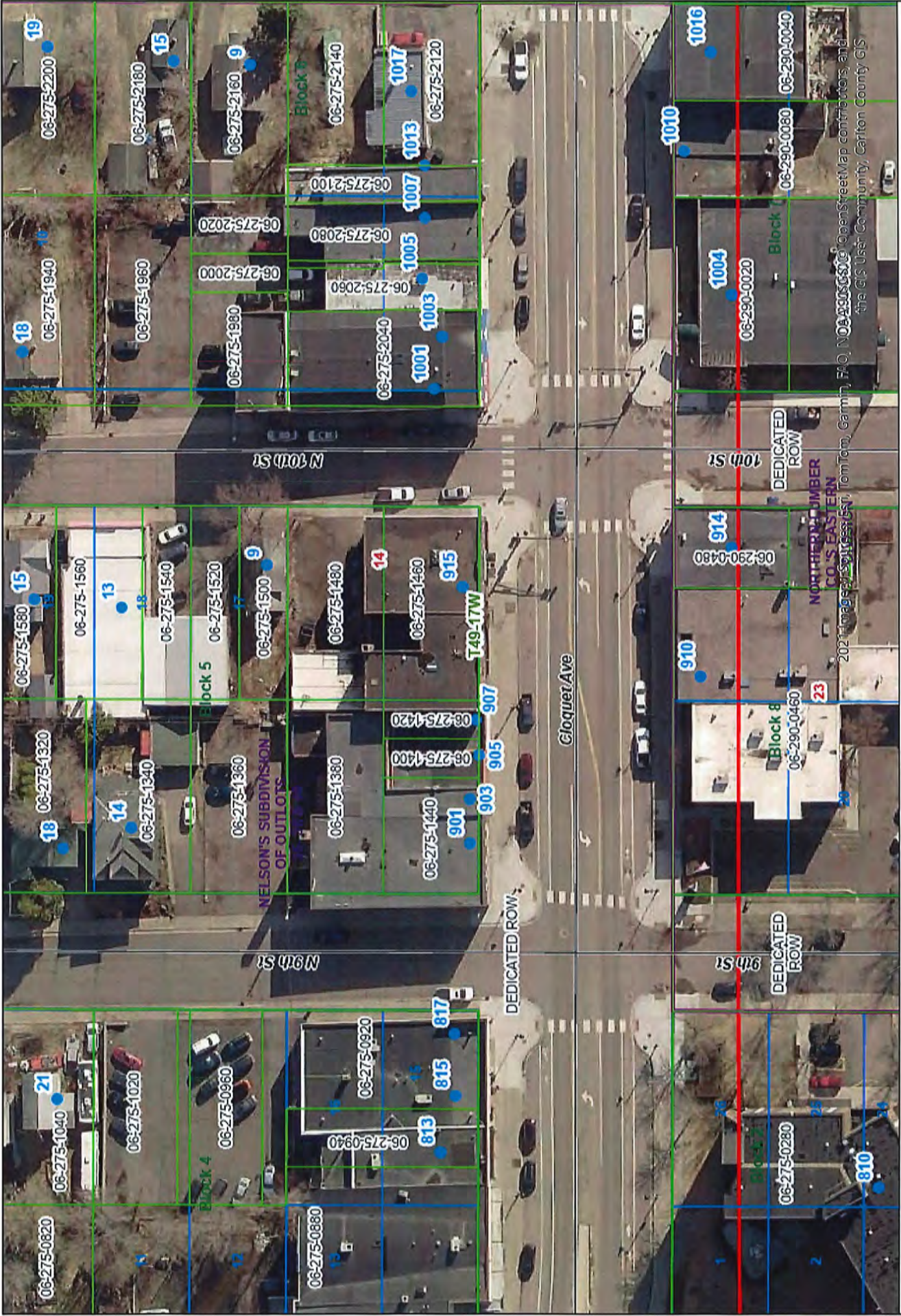
ATTEST: _____
Alan Cottingham
City Planner/Zoning Administrator

LOCATION MAP

City of Cloquet Land Sale



NO SCALE



This data is provided on an "AS-IS" basis, without warranty of any type, expressed or implied, including but not limited to any warranty as to their performance, merchantability, or fitness for any particular purpose. Not for survey purposes.

915 Cloquet Ave



Carlton County, MN

Date: 3/4/2024

Comprehensive Plan Excerpt

City of Cloquet Comprehensive Plan Chapter 3: Land Use

City Center

The Comprehensive Plan promotes the city center areas shown on the Land Use Plan (see Figure 3-3 as the heart (or center) of the city. These areas provide shopping, entertainment, offices, services, and government facilities. The boundaries and uses of the city center land use generally correspond with the City's C-2, General Commercial zoning district. The Comprehensive Plan supports and integrates the recommendations of Cloquet's 1998 Community Revitalization Plan relating to the city center area. Those recommendations include promoting redevelopment of distressed properties and promoting enhancements to existing buildings, sites, and streets. The city center has three general areas. The following provides an overview of each.

Cloquet Avenue. The Cloquet Avenue area includes City Hall, Carlton County offices, and various commercial and light industrial uses. Existing commercial uses are concentrated along Cloquet Avenue, but 14th Street south of Cloquet Avenue also has some commercial uses. City Hall is located at a prominent location at the intersection of 14th Street and Cloquet Avenue, but the existing Carlton County offices are located in two separate buildings on Avenue B and Avenue C. A scattering of light industrial uses are located between Avenue B and Cloquet Avenue.

The Comprehensive Plan promotes working cooperatively with existing industrial uses south of Avenue B to relocate those uses to the Cloquet Business Park on Stark Road. This would allow redevelopment of those sites for uses that are more compatible with the city center. Some light industry that provides high employment without adversely affecting surrounding commercial uses may be appropriate along Avenue B and Avenue C. Carlton County may explore opportunities for enhancing or expanding County offices in the city center. Although the Comprehensive Plan promotes commercial and civic uses along Cloquet Avenue, housing (particularly housing above commercial uses) is also a desirable use in the city center.



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To: Planning Commission
From: Al Cottingham, City Planner/Zoning Administrator
Date: March 6, 2024

ITEM DESCRIPTION: ZONING CASE 24-05: TAX INCREMENT FINANCING (TIF) – C&C HOLDINGS OF CLOQUET, LLC

Background

C&C Holdings of Cloquet, LLC has applied to the City of Cloquet for TIF assistance in order to renovate the old Solem Hotel into 18 apartment units. As part of the approval for a Development Program for Development District No. 7 and a Tax Increment Financing Plan for Tax Increment Financing District No. 7-1 need to conform to the general plans for the development and redevelopment of the City.

State Statute requires that a TIF conform to the Comprehensive Plan for the City. The Planning Commission needs to review the attached plan as provided by Ehlers & Associates for this proposal and determine if it is in conformance with the Comprehensive Plan.

The attached graphic shows the proposed Development District No. 7 and the new TIF District No. 7-1.

Policy Objectives

The proposed Development District No. 7 and the TIF District No. 7-1 (an economic development district) is for the renovation of the old Solem Hotel into 18 apartment units.

The Comprehensive Plan for this area is “City Center”. The proposal for residential development is consistent with the Comprehensive Plan.

Financial Impacts

The applicant has paid the required fees to cover the TIF application process.

Advisory Committee Action Requested

The Planning Commission should review the Development Program for Development District No. 7 and the Tax Increment Financing Plan for the establishment of Tax Increment Financing District 7-1 (an economic development district) within Development District No. 7 to see that it conforms to the plans for general development and redevelopment of the city. In simpler terms, the Commission needs to be sure the plan conforms to the Comprehensive Plan.



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Staff Recommendation

Staff recommends approval of the Development Program for Development District No. 7 and the Tax Increment Financing Plan for the establishment of Tax Increment Financing District No. 7-1 (an economic development district) within Development District No. 7.

Supporting Documents Attachments

- Resolution No. 24-05
- Comprehensive Plan Excerpt
- Development Program for Development District No. 7
- TIF Plan for Tax Increment Financing District No. 7-1

STATE OF MINNESOTA

COUNTY OF CARLTON

CITY OF CLOQUET

Commissioner _____ offered the following Resolution and moved its adoption.

RESOLUTION NO. 24-05

**RESOLUTION OF THE PLANNING COMMISSION FINDING THAT A
DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO. 7 AND
A TAX INCREMENT FINANCING PLAN FOR TAX INCREMENT
FINANCING DISTRICT NO. 7-1 CONFORM TO THE GENERAL PLANS
FOR THE DEVELOPMENT AND REDEVELOPMENT OF THE CITY**

WHEREAS, the City of Cloquet (the "City") has proposed to adopt a Development Program for Development District No. 7 (the "Development Program") and a Tax Increment Financing Plan for Tax Increment Financing District No. 7-1 (the "TIF Plan") therein and has submitted the Development Program and TIF Plan to the City Planning Commission (the "Planning Commission") pursuant to Minnesota Statutes, Sections 469.126 and 469.175, Subd. 3, and

WHEREAS, the Planning Commission has reviewed the Development Program and TIF Plan to determine their conformity with the general plans for the development and redevelopment of the City as described in the comprehensive plan for the City; and

WHEREAS, the Planning Commission is in agreement with the Development Program and TIF Plan.

NOW, THEREFORE, BE IT RESOLVED by the Planning Commission that the Development Program and TIF Plan conform to the general plans for the development and redevelopment of the City as a whole and the Planning Commission recommends the Development Program and TIF Plan to the City Council of the City of Cloquet for its approval.

The foregoing motion was duly seconded by Commissioner _____ and being put to vote members voted: AYE: ___ NAY: ___ ABSENT: ___

PHILIP DEMERS _____

BRITTANY KUSCHEL _____

TERRI LYYTINEN _____

ELIZABETH POLLING _____

MICHELLE WICK _____

Passed and adopted this 12th day of March 2024.

CITY OF CLOQUET

TERRI LYYTINEN
CHAIR

ATTEST: _____

Alan Cottingham
City Planner/Zoning Administrator

Comprehensive Plan Excerpt

City of Cloquet Comprehensive Plan Chapter 3: Land Use

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Adoption Date: April 2, 2024

City of Cloquet

Carlton County, Minnesota

DEVELOPMENT PROGRAM

Establishment of Development District No. 7



Prepared by:

Ehlers
3060 Centre Pointe Drive
Roseville, Minnesota 55113

BUILDING COMMUNITIES. IT'S WHAT WE DO.

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ACTION TAKEN IN DEVELOPMENT DISTRICT NO. 7

MUNICIPAL ACTION TAKEN

This Municipal Action is only for convenience of reference.

Based upon the statutory authority described in the Development Program attached hereto, the public purpose findings by the City Council and for the purpose of fulfilling the City's development objectives as set forth in the Development Program, the City Council has created, established and designated Development District No. 7 pursuant to and in accordance with the requirements of the Municipal Development District Act and the TIF Act as defined in the definitions of this document.

Tax Increment Financing District No. 7-1, a redevelopment tax increment financing district, was established at the same time that the Development District was established.

The following municipal action was taken in connection therewith:

Development District No. 7

April 2, 2024: The Development Program for Development District No. 7 was adopted by the City of Cloquet.

Tax Increment Financing District No. 7-1:

April 2, 2024: The Tax Increment Financing Plan for Tax Increment Financing District No. 7-1 was adopted by the City of Cloquet.

DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO. 7

DEFINITIONS

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

"City" means the City of Cloquet.

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

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

"County" means the County of Carlton, Minnesota.

"EDA" means the Cloquet Economic Development Authority.

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

"Development District" means the real property within the City constituting Development District No. 7, as described in the Development Program.

"Development Program" means this Development Program for Development District No. 7, as initially proposed, and as it shall be modified.

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

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

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

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

"State" means the State of Minnesota.

"Tax Increment Bonds" means any tax increment bonds or notes issued by the City to finance the Public Costs as stated in the Development Program for Development District No. 7 and in the Tax Increment Financing Plans, and any obligations issued to refund such bonds.

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

"Tax Increment Financing District" means any tax increment financing district presently established or to be established in the future in Development District No. 7.

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

STATUTORY AUTHORITY

The City established Development District No. 7 pursuant to the Municipal Development District Act. It is authorized that the City will administer Development District No. 7 and any tax increment financing districts.

Within Development District No. 7, the City plans to create one or more tax increment financing districts established pursuant to the Tax Increment Act to finance the public improvements proposed for the Development District. The public improvements may be initially financed from other City sources, including, but not limited to the use of improvement bonds issued pursuant to Minnesota Statutes, Chapter 429, which sources the City may reimburse from tax increment proceeds derived from tax increment districts to be created with Development District No. 7.

The tax increment district or districts will be created at such time as will enable the City to capture the increase in taxable value of private improvements to be constructed within Development District No. 7.

STATEMENT OF OBJECTIVES

The City determines that it is necessary, desirable and in the public interest to establish, designate, develop and administer the Development District. The City determines that the establishment of Development District No. 7 will provide the City with the ability to achieve certain public purpose objectives not otherwise obtainable in the foreseeable future without City intervention in the normal development process. The City seeks to achieve the following program objectives:

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

STATEMENT OF AND FINDING OF PUBLIC PURPOSE

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

1. Facilitating development activities that are compatible with overall community development objectives of the City.
2. Removing the physical and economic barriers to development.
3. Providing the infrastructure needed to support development.
4. Providing sites for future development.

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

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

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

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

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

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

STATEMENT OF PUBLIC FACILITIES AND COSTS TO BE FINANCED

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

FUNDING OF DEVELOPMENTS AND REDEVELOPMENTS

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

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

ENVIRONMENTAL CONTROLS

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

PROPOSED REUSE OF PROPERTY

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

OPEN SPACE TO BE CREATED

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

ADMINISTRATION AND MAINTENANCE OF DEVELOPMENT DISTRICT NO. 7

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

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

REHABILITATION

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

RELOCATION

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

PROPERTY ACQUISITION

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

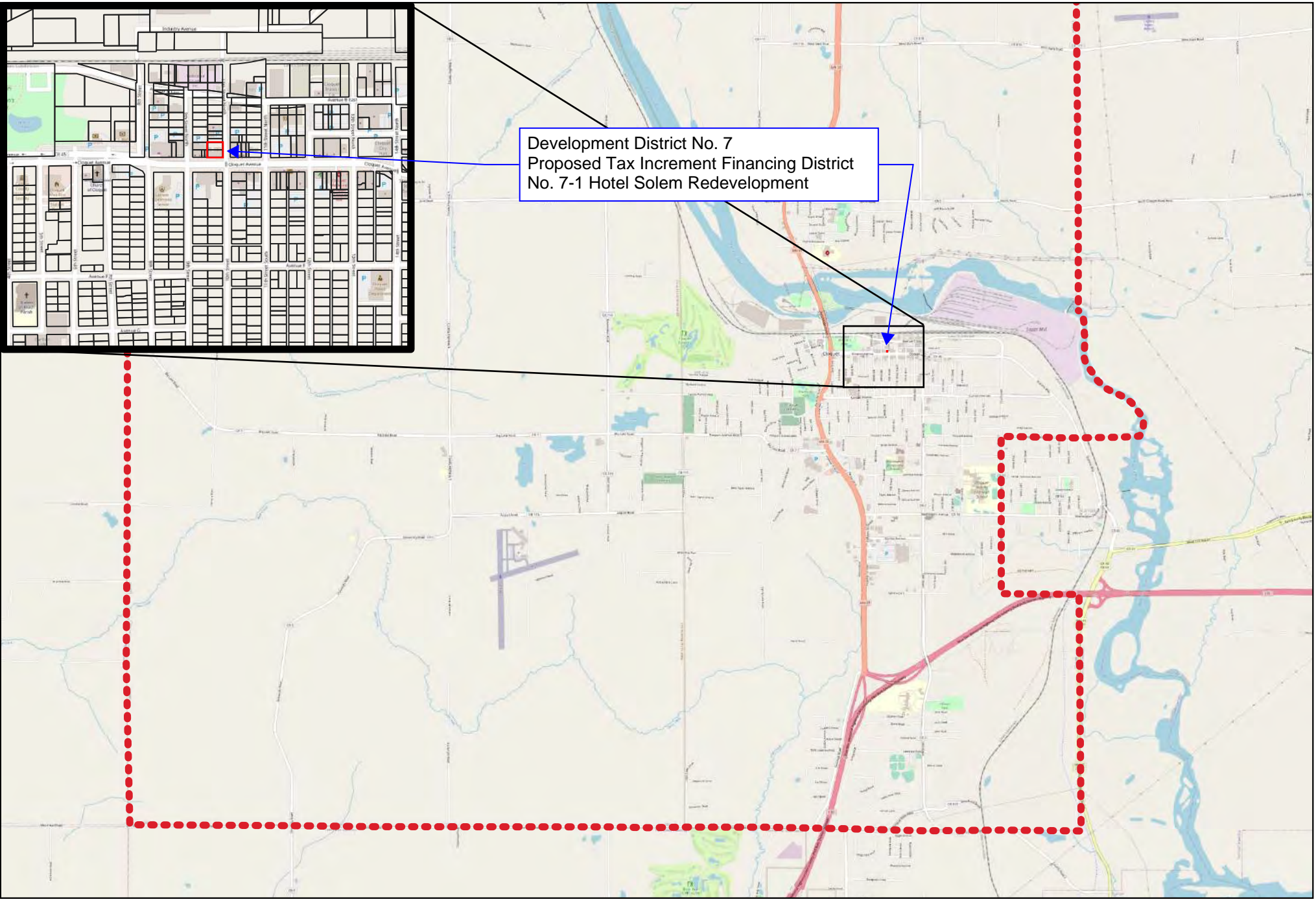
MODIFICATION OF THE DEVELOPMENT PROGRAM AND/OR DEVELOPMENT DISTRICT NO. 7

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

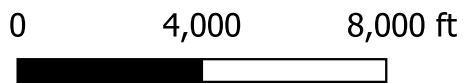
DESCRIPTION OF BOUNDARIES OF DEVELOPMENT DISTRICT NO. 7

The boundaries of the Development District shall be within the City of Cloquet.

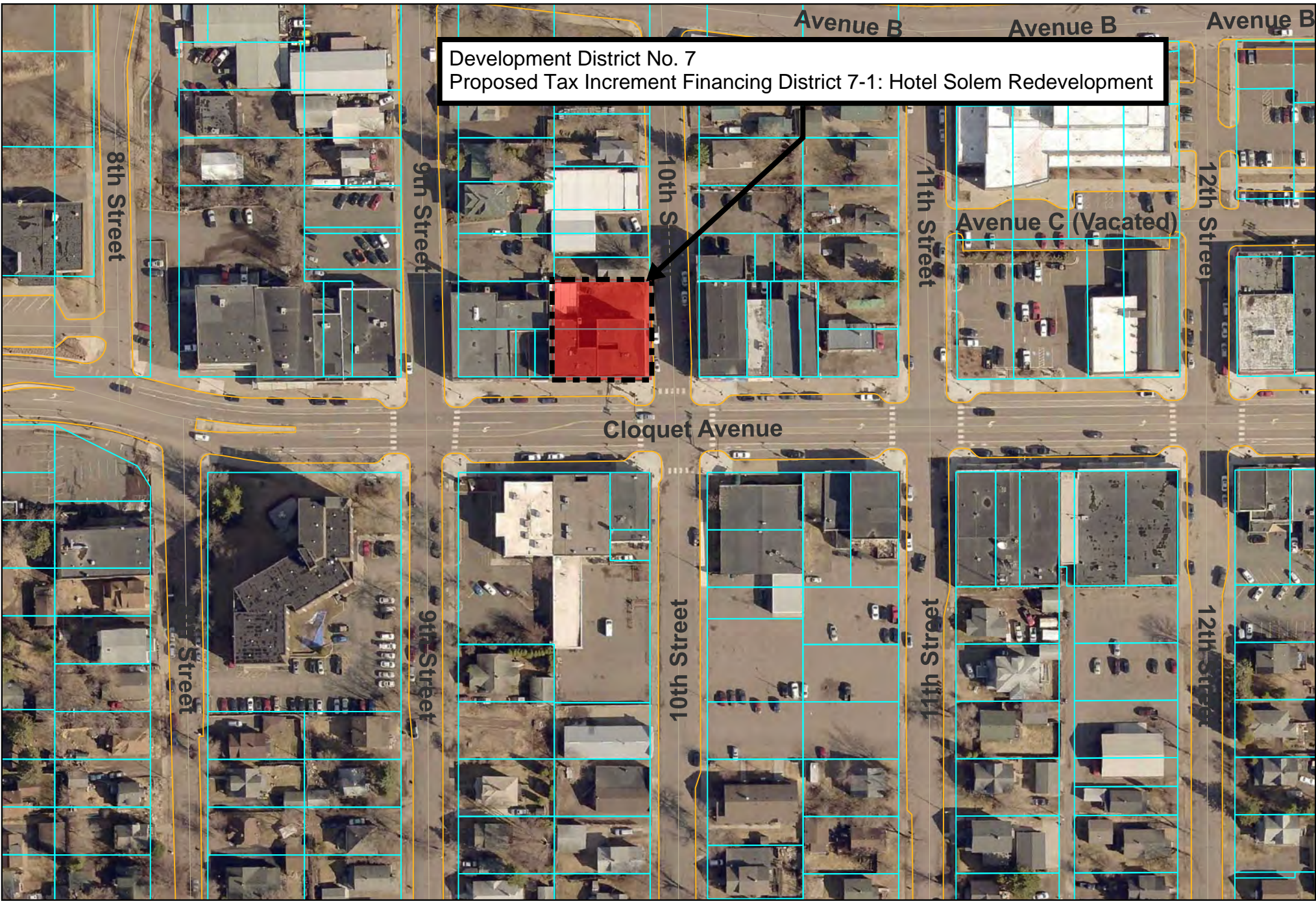
Appendix A: Map of Municipal Development District No. 7



Development District No. 7
Proposed Tax Increment Financing District
No. 7-1 Hotel Solem Redevelopment



Development District No. 7
Proposed Tax Increment Financing District 7-1: Hotel Solem Redevelopment



Adoption Date: April 2, 2024

City of Cloquet

Carlton County, Minnesota

Tax Increment Financing (TIF) Plan

Establishment of Tax Increment Financing
District No. 7-1: Hotel Solem Redevelopment
(a redevelopment district)
within
Development District No. 7



Prepared by:

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BUILDING COMMUNITIES. IT'S WHAT WE DO.

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Tax Increment Financing Plan for Tax Increment Financing District No. 7-1: Hotel Solem Redevelopment

FOREWORD

The City of Cloquet (the "City"), staff and consultants have prepared the following information to expedite the establishment of Tax Increment Financing District No. 7-1: Hotel Solem Redevelopment (the "District"), a redevelopment tax increment financing district, and to establish Development District No. 7 where the District will be located.

STATUTORY AUTHORITY

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

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Development Program for Development District No. 7.

STATEMENT OF OBJECTIVES

The District currently consists of two (2) parcels of land and adjacent roads and internal rights-of-way. The District is being created to facilitate the redevelopment of Hotel Solem into 18 market-rate apartments in the City by improving the extremely poor condition of the existing building, remediating environmental hazards and to fund the costly modifications required to convert the building for another use thereby reducing blight in the downtown. The City has not entered into a development agreement at the time of preparation of this TIF Plan, but has designated C&C Holdings of Cloquet, LLC as the developer. Development is anticipated to begin in 2024. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for Development District No. 7.

The activities contemplated in the Development Program and the TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of Development District No. 7 and the District.

DEVELOPMENT PROGRAM OVERVIEW

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

1. Property to be Acquired - The City currently owns both parcels of property within the District.
2. Relocation - Relocation services, to the extent required by law, are available pursuant to *M.S., Chapter 117* and other relevant state and federal laws.
3. Upon approval of a developer's plan relating to the project and completion of the necessary legal requirements, the City may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.
4. The City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.

DESCRIPTION OF PROPERTY IN THE DISTRICT AND PROPERTY TO BE ACQUIRED

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

Parcel number	Address	Owner
06-275-1460	915 Cloquet Ave	City
06-275-1480	915 Cloquet Ave	City

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

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

The City currently owns both parcels of the property to be included in the District.

DISTRICT CLASSIFICATION

The City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1794*, as amended, inclusive, finds that the District, to be established, is a redevelopment district pursuant to *M.S., Section 469.174, Subd. 10(a)(1)*.

- The District is a redevelopment district consisting of two (2) parcels.
- An inventory shows that parcels consisting of more than 70% of the area in the District are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures.
- An inspection of the buildings located within the District finds that more than 50% of the buildings are structurally substandard as defined in the TIF Act. (See Appendix D).

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

DURATION & FIRST YEAR OF DISTRICT'S TAX INCREMENT

Pursuant to *M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1*, the duration and first year of tax increment of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the District will be 25 years after receipt of the first increment by the City (a total of 26 years of tax increment). The City elects to receive the first tax increment in 2027, which is no later than four years following the year of approval of the District.

Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2052, or when the TIF Plan is satisfied. The City reserves the right to decertify the District prior to the legally required date.

ORIGINAL TAX CAPACITY, TAX RATE & ESTIMATED CAPTURED NET TAX CAPACITY VALUE/INCREMENT & NOTIFICATION OF PRIOR PLANNED IMPROVEMENTS

Pursuant to *M.S., Section 469.174, Subd. 7 and M.S., Section 469.177, Subd. 1*, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor in 2023 for taxes payable 2024.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2027) the amount by which the original value has increased or decreased as a result of:

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

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

The original local tax rate for the District will be the local tax rate for taxes payable 2024, assuming the request for certification is made before June 30, 2024. The final rates for 2024 were not available at the time the District was established. The ONTC and the Original Local Tax Rate for the District appear in the table below.

Pursuant to *M.S., Section 469.174 Subd. 4 and M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within Development District No. 7, upon completion of the projects within the District, will annually approximate tax increment revenues as is shown in the table below. The City requests 100% of the available increase in tax capacity be used for repayment of the obligations of the City and current expenditures, beginning in the tax year payable 2027. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Tax Capacity		
Project estimated Tax Capacity upon completion	40,076	
Original estimated Net Tax Capacity	<u>101</u>	
Estimated Captured Tax Capacity	39,975	
Original Local Tax Rate	<u>152.3660%</u>	Prelim Pay 2024
Estimated Annual Tax Increment	\$60,908	
Percent Retained by the City	100%	

Note: Tax capacity includes a 1% inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 26. The tax capacity of the District in year one is estimated to be \$31,250.

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

The City has reviewed the area to be included in the District and found no parcels for which building permits have been issued during the 18 months immediately preceding approval of the TIF Plan by the City.

SOURCES OF REVENUE/BONDS TO BE ISSUED

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

SOURCES	
Tax Increment	\$ 1,396,787
Interest	<u>139,679</u>
TOTAL	\$ 1,536,466

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The City reserves the right to issue bonds (as defined in the TIF Act) or incur other indebtedness as a result of the TIF Plan. As presently proposed, the projects within the District will be financed by pay-as-you-go notes and interfund loans. Any refunding amounts will be deemed a budgeted cost without a formal modification to this TIF Plan. This provision does not obligate the City to incur debt.

The City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The City may issue bonds secured in whole or in part with tax increments from the District in a maximum principal amount of \$752,488. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

USES OF FUNDS

Currently under consideration for the District is a proposal to facilitate the redevelopment of Hotel Solem into 18 market-rate apartments. The City has determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described herein.

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

USES	
Land/Building Acquisition	\$ 8,100
Site Improvements/Preparation	439,779
Affordable Housing	-
Utilities	59,500
Other Qualifying Improvements	105,431
Administrative Costs (up to 10%)	139,679
PROJECT COSTS TOTAL	\$ 752,489
Interest	783,977
PROJECT AND INTEREST COSTS TOTAL	\$ 1,536,466

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

Estimated costs associated with the District are subject to change among categories without a modification to the TIF Plan. The cost of all activities to be considered for tax increment financing will not exceed, without formal modification, the budget above pursuant to the applicable statutory requirements. Pursuant to *M.S., Section 469.1763, Subd. 2*, no more than 25% of the tax increment paid by property within the District will be spent on activities related to development or redevelopment outside of the District but within the boundaries of Development District No. 7, (including administrative costs, which are considered to be spent outside of the District) subject to the limitations as described in the TIF Plan.

ESTIMATED IMPACT ON OTHER TAXING JURISDICTIONS

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

Impact on Tax Base			
Entity	Preliminary 2023/Pay 2024 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) upon completion	Percent of CTC to Entity Total
Carlton County	50,417,512	39,975	0.0793%
City of Cloquet	12,200,481	39,975	0.3276%
ISD No. 94 (Cloquet Public Schools)	15,159,231	39,975	0.2637%

Impact on Tax Rates				
Entity	Preliminary Pay 2024 Extension Rate	Percent of Total	CTC	Potential Taxes
Carlton County	63.1290%	41.43%	39,975	\$ 25,236
City of Cloquet	35.0190%	22.98%	39,975	13,999
ISD No. 94 (Cloquet Public Schools)	33.9140%	22.26%	39,975	13,557
Other	20.3040%	13.33%	39,975	8,116
	152.3660%	100.00%		\$ 60,908

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Preliminary Pay 2024 rate. The total net capacity for the entities listed above are based on Preliminary Pay 2024 figures. The District will be certified under the Final Pay 2024 rates, which were unavailable at the time this TIF Plan was prepared.

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

- (1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is \$1,396,787;

- (2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is expected. With any addition of new residents or businesses, police service calls will be increased. New developments add an increase in traffic, and additional overall demands to the call load. However, the City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The probable impact of the District on fire protection is not expected to be significant. Typically, new buildings generate few calls, if any, and are of superior construction. The existing building, located at the site, which will be renovated to a new use, has public safety concerns that include exposure to risk of injury to persons in or around the City-owned vacant building. It is not uncommon for vacant buildings to experience structural fires causing additional cost to the City from emergency services to respond to such an event. Adjacent structures are also at great risk should a structural fire occur. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

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

The probable impact of the issuance of any general obligation tax increment bonds payable from tax increment revenues from the

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

- (3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is \$310,900;
- (4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is \$578,723;
- (5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S., Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

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

SUPPORTING DOCUMENTATION

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

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

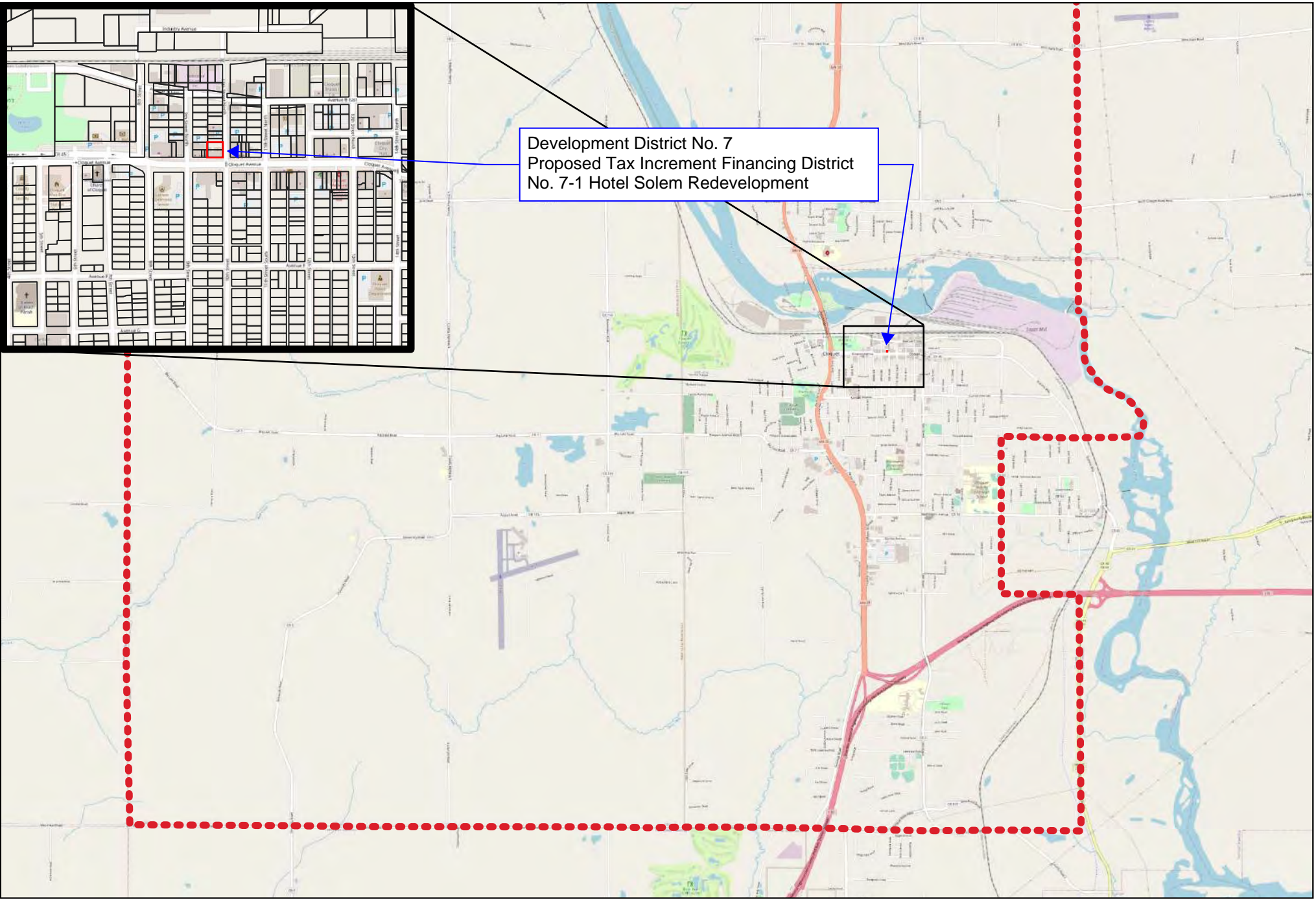
- (ii) A comparative analysis of estimated market value both with and

without establishment of the District and the use of tax increments has been performed. Such analysis is included with the cashflow in Appendix B and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the District and the use of tax increments.

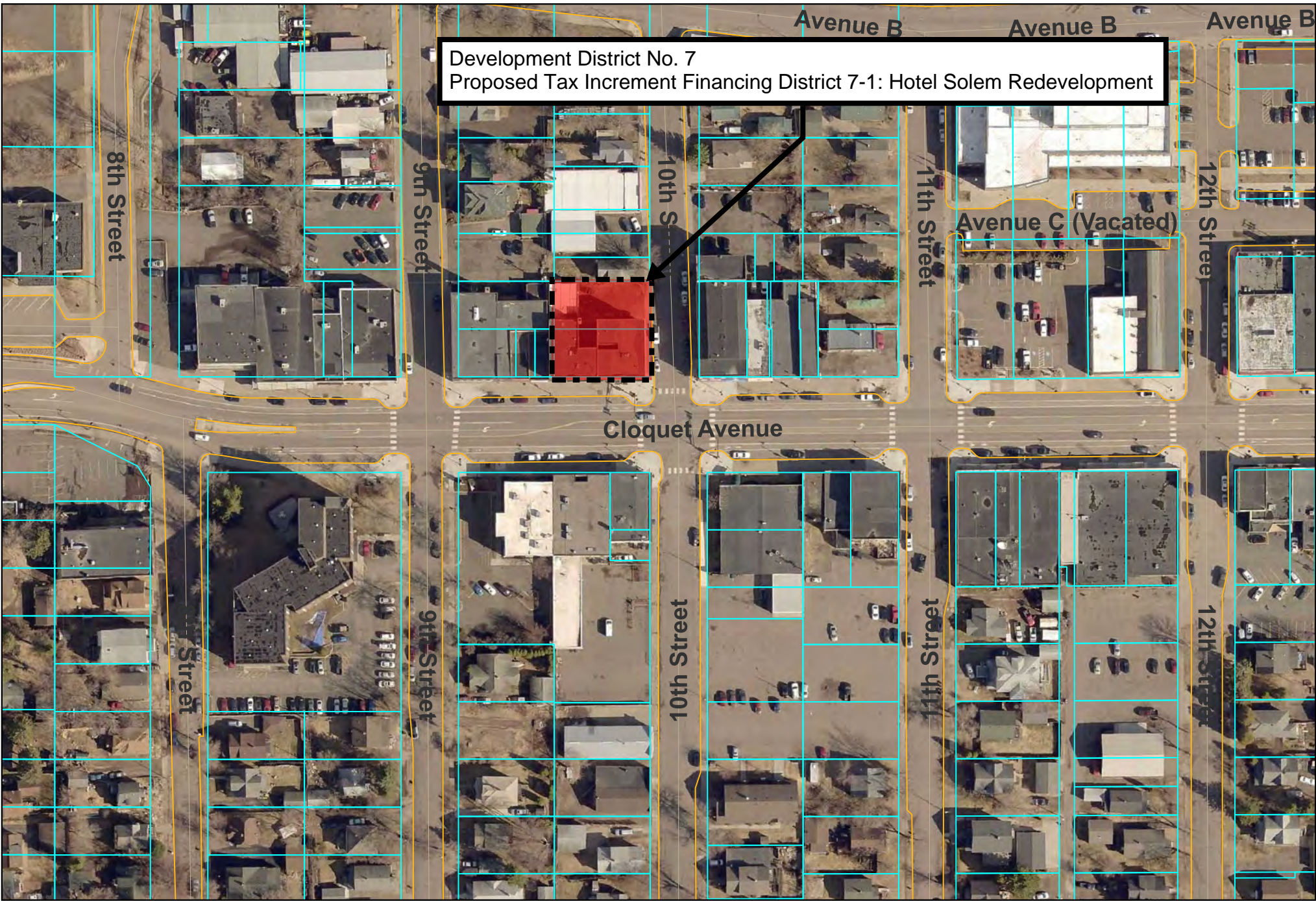
DISTRICT ADMINISTRATION

Administration of the District will be handled by the Community Development Director.

Appendix A: Map of Development District No. 7 and the TIF District



Development District No. 7
Proposed Tax Increment Financing District 7-1: Hotel Solem Redevelopment



Appendix B: Estimated Cash Flow for the District

C&C Holdings Development - New TIF District w/Inflation

City of Cloquet, Minnesota

Redevelopment of Solem Hotel w/18 Units of Residential Apartments (renovate all 3 floors)



ASSUMPTIONS AND RATES

DistrictType:	Redevelopment	
District Name/Number:	7-1	
County District #:	TBD	
First Year Construction or Inflation on Value	2025	
Existing District - Specify No. Years Remaining		
Inflation Rate - Every Year:	1.00%	
Interest Rate:	7.50%	
Present Value Date:	1-Aug-25	
First Period Ending	1-Feb-26	
Tax Year District was Certified:	Pay 2024	
Cashflow Assumes First Tax Increment For Development:	2027	
Years of Tax Increment	26	
Assumes Last Year of Tax Increment	2052	
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	NA	
Incremental or Total Fiscal Disparities		
Fiscal Disparities Contribution Ratio	0.0000%	Prelim Pay 2024
Fiscal Disparities Metro-Wide Tax Rate	0.0000%	Prelim Pay 2024
Maximum/Frozen Local Tax Rate:	152.3660%	Prelim Pay 2024
Current Local Tax Rate: (Use lesser of Current or Max.)	152.3660%	Prelim Pay 2024
State-wide Tax Rate (Comm./Ind. only used for total taxes)	30.0000%	Prelim Pay 2024
Market Value Tax Rate (Used for total taxes)	0.15289%	Prelim Pay 2024

Tax Rates		
Exempt Class Rate (Exempt)		0.00%
Commercial Industrial Preferred Class Rate (C/I Pref.)		
First \$150,000		1.50%
Over \$150,000		2.00%
Commercial Industrial Class Rate (C/I)		2.00%
Rental Housing Class Rate (Rental)		1.25%
Affordable Rental Housing Class Rate (Aff. Rental)		
First \$100,000		0.75%
Over \$100,000		0.25%
Non-Homestead Residential (Non-H Res. 1 Unit)		
First \$500,000		1.00%
Over \$500,000		1.25%
Homestead Residential Class Rate (Hmstd. Res.)		
First \$500,000		1.00%
Over \$500,000		1.25%
Agricultural Non-Homestead		1.00%

BASE VALUE INFORMATION (Original Tax Capacity)

Map ID	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/ Phase
1	06-275-1460	City	915 Cloquet Ave	4,000	100	4,100	100%	4,100	Pay 2024	Exempt	-	Rental	51	1
1	06-275-1480	City	915 Cloquet Ave	4,000	0	4,000	100%	4,000	Pay 2024	Exempt	-	Rental	50	1
				8,000	100	8,100		8,100			0		101	

Note:

1. Base values are from County Assessor reduction on December 11, 2023 for pay 2024 from County website review on November 16, 2022 to \$4,000 per parcel and \$100 value to the building which is comparable to the price the City obtained the property for via court condemnation.
2. Located in ISD #94.

C&C Holdings Development - New TIF District w/Inflation

City of Cloquet, Minnesota

Redevelopment of Solem Hotel w/18 Units of Residential Apartments (renovate all 3 floors)



PROJECT INFORMATION (Project Tax Capacity)													
Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2025	Percentage Completed 2026	Percentage Completed 2027	Percentage Completed 2028	First Year Full Taxes Payable
1	Apartments	138,889	138,889	18	2,500,000	Rental	31,250	1,736	100%	100%	100%	100%	2027
TOTAL					2,500,000		31,250						
Subtotal Residential				18	2,500,000		31,250						
Subtotal Commercial/Ind.				0	0		0						

Note:

1. Market values are based upon estimate from County Assessor on December 22, 2023.

TAX CALCULATIONS									
New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Apartments	31,250	0	31,250	47,614	0	0	3,822	51,437	2,857.59
TOTAL	31,250	0	31,250	47,614	0	0	3,822	51,437	

Note:

1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	51,437
less State-wide Taxes	0
less Fiscal Disp. Adj.	0
less Market Value Taxes	(3,822)
less Base Value Taxes	(154)
Annual Gross TIF	47,460

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	8,100
New Market Value - Est.	2,500,000
Difference	2,491,900
Present Value of Tax Increment	527,599
Difference	1,964,301
Value likely to occur without Tax Increment is less than:	1,964,301

Appendix C: Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan (TIF Plan) for Tax Increment Financing District No. 7-1 (the “District”), as required pursuant to *Minnesota Statutes (M.S.), Section 469.175, Subdivision 3* are as follows:

1. *Finding that Tax Increment Financing District No. 7-1 is a redevelopment district as defined in M.S., Section 469.174, Subd. 10.*

The District consists of two (2) parcels and vacant right-of-way, with plans to redevelop the area to convert Hotel Solem into 18 market-rate apartments. Parcels consisting of 70% of the area of the District are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures and more than 50% of the buildings in the District, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance. On the second and third floors of the building, there is no plumbing nor HVAC that is functional. The interior of the building has the presence of hazardous materials including asbestos, lead, and mold. Nothing is salvageable in the interior on the ground level and above floors requiring complete interior demolition and functional reconstruction. The original boiler is not functional, steam pipes are covered in asbestos. The roof of the building is leaking and is estimated at ten years past replacement schedule. Furthermore, the roof drains are currently tied into the sanitary sewer even though they are mandated to instead be tied into the stormwater system. Because of this, the sanitary sewer is inadequately sized to handle both the sewer and roof drainage and therefore routinely backup and has standing water in the basement which is a long-term risk to foundation and structural building integrity. On the exterior of the building, the east wall bricks are bulging and not secure to the building therefore the City of Cloquet has placed jersey barriers along the sidewalk to protect pedestrians from hazards. Court Commissioners found the property value to be \$8,000 and in a state of total functional obsolescence. (See Appendix D of the TIF Plan.)

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of Tax Increment Financing District No. 7-1 permitted by the TIF Plan.*

The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future: This finding is supported by the fact that the redevelopment proposed in the TIF Plan meets the City's objectives for redevelopment. Due to the high cost of redevelopment on the parcels currently occupied by a substandard building and the cost of financing the proposed improvements, this project is feasible only through assistance, in part, from tax increment financing. The Developer was asked for and provided a letter and a pro forma as justification that the Developer would not have gone forward without tax increment assistance.

The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan: This finding is justified on the grounds that the cost of site improvements adds to the total redevelopment cost. Historically, construction costs and site improvement costs in this area have made redevelopment infeasible without tax increment assistance. The City reasonably determines that no other redevelopment of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

Therefore, the City concludes as follows:

- a. The City's estimate of the amount by which the market value of the entire District will increase without the use of tax increment financing is \$0.
- b. If the proposed development occurs, the total increase in market value will be \$2,491,900.
- c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$527,599.
- d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than \$1,964,301 (the amount in clause b less the amount in clause c) without tax increment assistance.

- 3. Finding that the TIF Plan for the District conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The Planning Commission reviewed the TIF Plan on March 12, 2024 and found that the TIF Plan conforms to the general development plan of the City.

- 4. Finding that the TIF Plan for Tax Increment Financing District No. 7-1 Redevelopment will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Development District No. 7 by private enterprise.*

The project to be assisted by the District will result in increased employment in the City and the State of Minnesota, the renovation of substandard properties, increased tax base of the State and add a high-quality development to the City.

Through the implementation of the TIF Plan, the City will increase the availability of safe and decent life-cycle housing in the City.

Appendix D: Redevelopment Qualifications for the District



Community Development Department
101 14th ST • Cloquet MN 55720
Phone: 218-879-2507 • Fax: 218-879-6555

To: Todd Hagen, Ehlers
From: Holly Hansen, Community Development Director
Date: December 20, 2023

ITEM DESCRIPTION: TIF ANALYSIS FINDINGS MINIMUM QUALIFICATIONS
REPORT FOR 915 CLOQUET AVENUE: **Hotel Solem Tax
Increment Financing Redevelopment District Eligibility**

Summary

The purpose of this report is to verify that the building located at 915 Cloquet Avenue known as Hotel Solem fully meets all of the State of Minnesota statutory requirements as a redevelopment district. The City of Cloquet is the owner of the building, which was obtained via adverse possession due to absentee ownership and hazardous building distress. This report will outline and overview a series of detailed reports supporting evidence, including but not limited to:

- City of Cloquet Orders to Repair or Remove Hazardous Conditions, by City of Cloquet Building Official
- December 2021 Property Appraisal, by Ramsland Vigen (hired by the City)
- 2021-2022 Hazardous building declarations and resolutions by the City of Cloquet and Implementation of protective sidewalk jersey barriers by the City of Cloquet
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- December 2022 Phase 1 Brownfields Report, by Stantec (hired by ARDC/City via EPA grant)
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Background / Overview

For background, Wells Fargo initiated mortgage foreclosure on 915 Cloquet Avenue in 2001 following a small interior building fire. Wells Fargo approached the City about purchase interests. The City purchased the building from the bank in the fall of 2002 for \$67,500 and also settled a lien (\$20,000). On September 19, 2003 the City sold the building in an “as is” condition with no formal plans for renovating or reusing the upper two floors of the building to the current owners for \$75,000 who opened a successful Mexican Restaurant operated out of the ground level of the building and initiated required roof repairs (not full roof replacement). The goal of the City at the time was to sell the building into private ownership and get the storefront occupied and used on mainstreet, that goal was certainly met. Formerly Mexico Lindo and then



Pedro's Restaurant have operated out of 915 Cloquet Avenue since purchase from generally 2003 – 2021, always under the same building ownership.

During annual liquor licensing inspections on March 4, 2020 Building Official Munter noted brick and other deterioration and scheduled a reinspection of the building for July 14, 2020 blocking off more time for a walk through after COVID-19 city hall shut down. During the July 14, 2020 inspection walk through findings included 1) a leaking roof and 2) east wall face brick deterioration. The City prepared:

1. Order to Repair the above mentioned items to the property owner in September 2020
2. In October 2020 the City encouraged the business operator, Pedros, to communicate building repair needs to her landlord.
3. With no landlord response, the City issued an extension to the Order to Repair to April 15, 2021 and personally served this notice to the building owner in the Twin Cities area via a process server on January 21, 2021.
4. Understanding the sensitive nature of an operating business located inside of a building they did not own with a standing repair order to repair, the City allowed the business operator to continue private discussions between tenant and landlord on repair needs.
5. Pedros renovated the former Northeast Barbeque restaurant and opened in this new location on October 11, 2021.
6. October 15, 2021 exterior inspection, Building Official Munter and Director Hansen find a rear window open and secure the window.
7. With cold weather, city staff monitor the building and on November 2, 2021 exterior inspection, Building Official Munter and Director Hansen find the rear window reopened, fan and lights on. The City requests utility status and finds the gas account has been shut off. The City in an effort to protect the building shuts off water and sewer and revokes the Certificate of Occupancy for the building providing notice to the owner.
8. December 15, 2021 Building Official Munter declared the building vacant and hazardous.

The situation at hand now twenty years later is related to addressing prior damage and repairing the building. The building has opportunity, and its form has value in three story, two story or one-story formats. If no action is taken, conditions will worsen and create risks and there will be no options. The building has potential in its building form but will require substantial gutting and renovating for which there are economic development tools to match skilled developer needs.

The City Council declared the building to be a vacant and hazardous structure in December 2021 and scheduled a public hearing to initiate acquisition offers on March 15, 2022, and then



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The City then hired a structural condition assessment of the building during September and October 2022, and leveraged an EPA grant hiring a Phase 1 of the building as well. Then the Cloquet Economic Development Authority (EDA) released a October 2022 Request for Proposals for Adaptive Reuse or Redevelopment of the building site yielding only one development proposal. In May 2023, that development team withdrew noting the complex 1919-1923 architectural construction necessitating an adept structural engineering development team. In June 2023, AMI Engineering submitted a letter of interest for the Hotel Solem Redevelopment project. In July 2023, the City hired a Hazardous Material Survey of the building.

In December 2023, the City received a TIF application from C&C Holdings of Cloquet, LLC to create three floors of market rate apartments for a total of 18 units and to partner with the City on a DEED Redevelopment Grant application for interior asbestos, lead, and mold abatement and remediation.

Policy Objectives

The mission of the Cloquet Economic Development Authority (EDA) is to take an active role in attracting new businesses to the community, retaining existing businesses, assisting businesses with expansion, and enabling rehabilitation and/or redevelopment of areas within the community. The goal of work activities by the EDA is to grow the local economy through focused efforts that stimulate economic investment and grow prosperity in the Cloquet region.

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Interior and Exterior Inspections and Report Documentation

- See attached May 2022 PETITION FOR CONDEMNATION PURSUANT TO "QUICKTAKE" and PROVISIONS OF MINN. STAT.§ 117.042 Also all heirs and devisees of any of the above named persons who are deceased; and all other persons or parties unknown claiming any right, title, estate, lien or interest in the real estate described in the Complaint herein, Respondents. IN THE MATTER OF CONDEMNATION BY THE CITY OF CLOQUET OF CERTAIN REAL PROPERTY AND INTERESTS THEREIN IN THE CITY OF CLOQUET FOR THE REMOVAL OF A VACANT HAZARDOUS SUBSTANDARD BUILDING AND PUBLIC NUISANCE. Note specifically, Resolution No. 21-79, Extension / Order to Repair, Property Secured by City, Utilities Off / Revoked Occupancy Permit and City of Cloquet Orders to Repair or Remove Hazardous Conditions, by City of Cloquet Building Official
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Qualification Requirements

Minnesota Statutes, Section 469.174, Subdivision 10 (a) (f) requires two tests for occupied parcels:

1. Coverage Test

...”parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, or paved or gravel parking lots.” Parcels reviewed included:

- PIN 06-275-1460: The parcel is approximately 5,000 square feet and is 92% covered by buildings.
- PIN 06-275-1480: The parcel is approximately 5,000 square feet and is 80% covered by buildings and parking lots.
- Cumulatively between the two parcels, effectively used as one cohesive site, the total site coverage by buildings and parking lots is 86% across both parcels.

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Minnesota Statutes, Section 469.174, Subdivision 10(a) states, “..and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance,”

- a. Structurally substandard is defined under Minnesota Statutes, Section 469.174, Subdivision 10(b) which states: “For purposes of this subdivision, “structurally substandard shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significant to justify substantial renovation or clearance.”
 - i. We do not count energy code deficiencies toward the thresholds required by Minnesota Statutes, Section 469.174, Subdivision 10(b) defined as “structurally substandard” due to concerns expressed by the State of Minnesota Court of Appeals in the Walser Auto Sales, Inc. vs. City of Richfield case filed November 13, 2001.

Findings:

- Matt Munter, City of Cloquet Building Official summarizes:
“On the second and third floors of the building, there is no plumbing nor HVAC that is functional. The interior of the building has the presence of hazardous materials including asbestos, lead, and mold. Nothing is salvageable in the interior on the three ground level and above floors requiring complete interior demolition and functional reconstruction. The original boiler is not functional, steam pipes are covered in asbestos. The roof of the building is leaking and is estimated at ten years past replacement schedule. Furthermore, the roof drains are currently tied into the sanitary



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Findings:

The City, with cost verification from commercial contractor Ray Riihiluoma Construction Inc. in Cloquet, has calculated the cost of a new building of the same size and type by completely demolishing the existing structure, including foundation removal and rebuilding the structure to current codes, replicating the square footage and interior buildout of the original hotel to be as follows:

Existing building square footage: 25,000

Replacement cost per square foot: \$460

Estimated total replacement cost: \$11,500,000 (B),

and has also estimated that the cost of bringing the existing building up to current code would be \$3,975,900 (A). Therefore, since A divided by B is equal to 34.57%, the existing building could not be brought up to current code for less than 15% of the new building.



To: Todd Hagen, Ehlers
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Findings:

The building has code deficiencies exceeding the 15 percent building code deficiency criteria required to be determined substandard as determined by the City of Cloquet Building Official Matt Munter, City Attorney Helwig, and Carlton County Court per Vacant and Hazardous Buildings statutory guidance.

STATE OF MINNESOTA
COUNTY OF CARLTON

SIXTH JUDICIAL DISTRICT
DISTRICT COURT

Case Type: Condemnation

Court File No.: 09-CV-22-_____

City of Cloquet,

Petitioner,

v.

Felipe A. Mata and the Estate of Carlos G. Villareal a/k/a Estate of Carlos G. Villarreal,

and

Also all heirs and devisees of any of the above named persons who are deceased; and all other persons or parties unknown claiming any right, title, estate, lien or interest in the real estate described in the Complaint herein,

Respondents.

**NOTICE OF PETITION FOR
CONDEMNATION PURSUANT TO
“QUICKTAKE” PROVISIONS
OF MINN. STAT. § 117.042**

TO: THE RESPONDENTS ABOVE NAMED:

You and each of you are hereby notified that on _____, at _____, in the court room of the Carlton County Courthouse in Carlton, Minnesota, the City of Cloquet will present to the District Court its petition now on file for the condemnation, appropriation, and taking in fee of that vacant hazardous building (which by definition is also substandard and a public nuisance) located at 915 Cloquet Avenue in downtown Cloquet, by exercise of the power of eminent domain, for the specific purpose of removing a danger and hazard to the public safety and for the further purpose of redevelopment which will result in a significant public benefit to the City’s business base and provide new opportunities for economic growth.

The parcel of property to be appropriated, located in the City of Cloquet, County of Carlton, State of Minnesota, is legally described as follows:

Parcel Descriptions

Lots 15 and 16, Block 5, NELSON’S SUB-DIVISION OF OUTLOTS 35, 36 & 40 OF THE VILLAGE, NOW CITY, OF CLOQUET, according to the plat thereof on file and of record in the office of the County Recorder in and for Carlton County, Minnesota.

Parcel ID Nos.: 06-275-1460 and 06-275-1480.

The names of all persons having an interest therein, including all persons whom the City as petitioner has been able by investigation and inquiry to discover, together with the nature of the interest of each as nearly as can be ascertained, is as follows:

Names & Interests

Name	Address	Interest
Felipe A. Mata	Felipe A. Mata 1919 Knob Road Mendota Heights, MN 55118	50% undivided interest as tenants in common pursuant to Warranty Deed A000427650
Estate of Carlos G. Villareal a/k/a Estate of Carlos G. Villareal	Estate of Carlos G. Villareal c/o Andrea M. Villareal 2101 Monterrey Street Hidalgo, TX 78557-3432	50% undivided interest as tenants in common pursuant to Warranty Deed A000427650

The petition prays for the appointment by the court of commissioners to appraise the damages for the property proposed and necessary to be taken and appropriated for the purpose aforesaid or injuriously affected by such taking.

A party wishing to challenge the public use or public purpose, necessity, or authority for a taking must appear at the court hearing and state the objection or must appeal within 60 days of a court order.

A court order approving the public use or public purpose, necessity, and authority for the taking is final unless an appeal is brought within 60 days after service of the order on the party.

You are further notified that the City as petitioner intends to take possession 90 days after service of the prior Notice of Intent to Possess through Condemnation Proceedings served by certified mail on May 5, 2022, or as soon thereafter as is reasonably possible, but no later than August 3, 2022, but before taking title and possession, the City will pay to the owner or deposit with the court an amount equal to the petitioner's approved appraisal of value.

Dated: May 17, 2022

CITY OF CLOQUET



William T. Helwig (298682)
Rudy, Gassert, Yetka, Pritchett & Helwig
A Fryberger Law Firm Practice Group
813 Cloquet Avenue
Cloquet, MN 55720
218-725-6867 (direct)
bhelwig@fryberger.com

STATE OF MINNESOTA
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Case Type: Condemnation

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and

**PETITION FOR CONDEMNATION
PURSUANT TO “QUICKTAKE”
PROVISIONS OF MINN. STAT. § 117.042**

Also all heirs and devisees of any of the above
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persons or parties unknown claiming any right,
title, estate, lien or interest in the real estate
described in the Complaint herein,

Respondents.

IN THE MATTER OF CONDEMNATION BY THE CITY OF CLOQUET OF CERTAIN
REAL PROPERTY AND INTERESTS THEREIN IN THE CITY OF CLOQUET FOR THE
REMOVAL OF A VACANT HAZARDOUS SUBSTANDARD BUILDING AND PUBLIC
NUISANCE

The City of Cloquet for its petition herein respectfully states:

1. The City of Cloquet is a duly incorporated city of Minnesota organized under the general statutes relating to statutory cities and has authority to acquire property by eminent domain pursuant to Minnesota Statutes § 412.211 and § 465.01.

2. The acquisition of 915 Cloquet Avenue is necessary as Respondents have failed to comply with or respond to orders of the City Building Official to repair identified hazardous conditions on the Property issued September 10, 2020 and January 14, 2021, an order to secure the open building after being vacated by the only tenant issued on November 2, 2021, a notice declaring the building to be a vacant and hazardous substandard building issued on December 15, 2021, and City Council Resolution No. 21-79 adopted December 21, 2021, declaring the building to be vacant and hazardous, a copy of which is attached hereto as **Exhibit 1**.

3. It is necessary, advisable, and in the public interest for a city to acquire buildings found to be hazardous pursuant to Minn. Stat. § 463.15, and such acquisition along with the real estate upon which they are located is declared to be a public purpose pursuant to § 463.152.

4. It is therefore necessary, advisable, and in the public interest for the City of Cloquet to condemn, take, repair and redevelop the vacant hazardous building (which by definition is also substandard and a public nuisance) located at 915 Cloquet Avenue in downtown Cloquet, by exercise of the power of eminent domain, for the specific purpose of removing a danger and hazard to the public safety and for the further purpose of redevelopment which will result in a significant public benefit to the City's business base and provide new opportunities for economic growth. It is therefore necessary to acquire that certain vacant hazardous property herein described, and it has been so determined by City Council Resolution No. 22-29, adopted April 19, 2022, a copy of which is attached hereto as **Exhibit 2**.

5. In order to carry out the purpose described above, Petitioner seeks to acquire a fee simple absolute title in the following described parcel of land, and the description of such parcel and the names of all persons appearing of record or known to your Petitioner to be owners of such parcel or to have any interest in such parcel, including all persons whom your Petitioner has been able, by investigation and inquiry to discover, together with the nature of the interest of each as nearly as can be ascertained, are as follows:

Parcel Descriptions

Lots 15 and 16, Block 5, NELSON'S SUB-DIVISION OF OUTLOTS 35, 36 & 40 OF THE VILLAGE, NOW CITY, OF CLOQUET, according to the plat thereof on file and of record in the office of the County Recorder in and for Carlton County, Minnesota.

Parcel ID Nos.: 06-275-1460 and 06-275-1480.

Hereinafter "the Property."

Names & Interests

Name	Address	Interest
Felipe A. Mata	Felipe A. Mata 1919 Knob Road Mendota Heights, MN 55118	50% undivided interest as tenants in common pursuant to Warranty Deed A000427650
Estate of Carlos G. Villareal a/k/a Estate of Carlos G. Villarreal	Estate of Carlos G. Villarreal c/o Andrea M. Villarreal 2101 Monterrey Street Hidalgo, TX 78557-3432	50% undivided interest as tenants in common pursuant to Warranty Deed A000427650

6. The Property described above is privately owned within the city limits of the City of Cloquet and was purchased by Felipe A. Mata and Carlos G. Villareal from Petitioner City on a Contract for Deed dated September 19, 2003, and recorded October 29, 2003 as Document No. A000376832, for the sum of \$75,000.00, and due to inadequate maintenance, dilapidation, physical damage and unsanitary condition over the past 19 years now requires the present action.

7. Pursuant to Minn. Stat. § 117.036, Petitioner obtained an appraisal of the Property, dated December 1, 2021 by Mr. John Vigen, a principal of Ramsland and Vigen, Inc., which reported an appraised value of \$8,000.00 due to the vacant and hazardous condition of the property and the estimated costs of required repairs to make the Property useable and code compliant. A copy of said appraisal is attached hereto as **Exhibit 3**.

8. Petitioner's Resolution No. 21-79 found that condemnation and repair would remove a danger and hazard to public safety; said resolution further authorized the acquisition of the Property by direct purchase for the appraised value of the Property and set a public hearing on the issue of acquisition by condemnation proceedings in case negotiations to purchase failed. (See **Exhibit 1**.)

9. The Petitioner did also take action on its own to secure the vacant open building in December of 2021 and to fence off the sidewalk along the east side of the building where bricks were falling off the second floor outside wall onto the sidewalk in February of 2022.

10. All required notices and letters identified herein have been sent to both owners at the property owner's address as listed in the property tax records of the Carlton County Auditor/Treasurer. Additional contact addresses have also been identified and used to provide notice to the owners. It is believed that Carlos G. Villareal died on or about June 2006, while residing at 2101 Monterrey St., Hidalgo, Texas 78557, with his surviving spouse, Andrea M. Villarreal, and notices and letters referenced herein addressed to the Estate of Carlos G. Villareal a/k/a Estate of Carlos G. Villarreal have been sent to her attention at that address.

11. Pursuant to Minn. Stat. § 117.036, Petitioner attempted to enter into good faith negotiations with Respondents by Offer Letters dated February 9, 2022 offering \$8,000.00; March 16, 2022 offering \$50,000.00; and a Final Offer letter dated April 5, 2022 offering \$75,000.00 to which Respondent Mata responded rejecting each of the offers and demanding \$192,800.00 (which is equal to the tax assessed value as determined by the County); his final rejection was received by Petitioner on April 8, 2022, and to which Respondent Estate of Villarreal did not respond to the initial offer and was not provided further offers until the final offer contained within the Notice of Intent to Possess. Respondent Estate has failed to respond to any correspondence from Petitioner but is in receipt of such. (See **Exhibit 2**.)

12. Pursuant to Minn. Stat. § 117.0412, Petitioner held a public hearing on the proposed condemnation on March 15, 2022 at 6:00 p.m. in the City Council chambers following published, posted and mailed notice as required by the statute. At the City Council meeting directly following the public hearing, Petitioner adopted Resolution No. 22-22 declining Respondent Mata's counteroffer of \$192,800 and authorizing the EDA to proceed to determine as appropriate counteroffers to continue good faith negotiations. See hearing notice and Resolution attached as **Exhibit 4**.

13. Petitioner did not issue a decision following said public hearing until the next regular meeting of the City Council that was more than 30 days after said public hearing on April 19, 2022 at which time said Resolution No. 22-29 was adopted approving to proceed with the condemnation of 915 Cloquet Avenue, pursuant to Minn. Stat. § 117.0412. (See **Exhibit 2**.)

14. Petitioner did provide Notice to both owners of intent to possess the Property through condemnation proceedings by letter dated May 5, 2022, and served upon them by certified mail, with said Resolution No. 22-29 approving to proceed with the condemnation of 915 Cloquet Avenue being attached thereto. Said Notice also contained an extension of Petitioner's final offer to purchase the Property for \$75,000.00 to be held open for another 60 days from the date of said Notice (July 3, 2022). Return receipt cards for said mailing showed the aforesaid Notices were both delivered, one to each owner, on May 10, 2022.

15. This petition is brought with the intention of taking possession 90 days following said Notice (pursuant to Minn. Stat. § 117.042) to the property owners identified above, or as soon thereafter as is reasonably possible.

WHEREFORE, your Petitioner prays for an order of this court appointing commissioners to appraise the damage which may be occasioned by this taking in accordance with the statutes of the State of Minnesota and for such other relief as the court may deem just and proper.

Dated: May 17, 2022

CITY OF CLOQUET



William T. Helwig (298682)
Rudy, Gassert, Yetka, Pritchett & Helwig
A Fryberger Law Firm Practice Group
813 Cloquet Avenue
Cloquet, MN 55720
218-725-6867 (direct)
bhelwig@fryberger.com

Exhibit 1

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

RESOLUTION NO. 21-79

**RESOLUTION DECLARING 915 CLOQUET AVENUE
A VACANT AND HAZARDOUS SUBSTANDARD BUILDING AND
SETTING A PUBLIC HEARING FOR CITY ACQUISITION (VIA PURCHASE OR
CONDEMNATION) OF 915 CLOQUET AVENUE**

WHEREAS, pursuant to Cloquet City Code §§ 10.3.07 subd. 1 and 7.1.01 to 7.1.07 and Minn. Stat. §§ 463.152 and Chapter 117, the City Council of the City of Cloquet finds the building on the property located at 915 Cloquet Avenue (PINs 06-275-1460 and 06-275-1480) a vacant hazardous and substandard building and a public nuisance for the following reasons:

1. An annual liquor license inspection was conducted on March 4, 2020 by the Cloquet Building Official which concluded there was visible deterioration that required reinspection on July 14, 2020. The reinspection on July 14, 2020 found a leaking roof and east wall brick deterioration. The report concludes that the property needs immediate repairs to the bulging exterior brick and that the roof has failed and requires complete replacement, and to disconnect the roof drains which are discharging into the sanitary sewer system as it is a regional WLSSD violation.
2. On September 10, 2020, the Building Official issued an Order to Repair the deteriorated brick and leaking roof pursuant to City Code § 10.5 and Minn. Stat. § 326B.101 providing 90 days to comply. The City Building Official further issued an extension on the Order to Repair on January 14, 2021, providing a final repair deadline of April 15, 2021 which was personally served to the owner via process server. There has been no response or attempt to repair the building.
3. The property has been disconnected from water and sewer as of November 2, 2021 and gas utility service since October 6, 2021. Water and sewer service are required by Cloquet City Code § 10.3.05 subd. 2 subp. B.
4. On December 15, 2021, the Building Official issued a notice declaring the property a Vacant Hazardous Substandard Building and a Public Nuisance due to further deterioration and failure to respond to prior Orders to Repair and make necessary repairs to the building to ensure safety of the occupants and general public.

WHEREAS, the building located at 915 Cloquet Avenue is sitting vacant in an urban commercial district and has been determined to be a structurally substandard structure. That said building was inspected by the City Building Official and found to be in violation of State Building Code and City Code involving the roof and roof framing elements (the roof has failed and requires complete replacement), exterior envelope (east wall face exterior brick is deteriorating and bulging) and utilities (lacks water/sewer as of 11/02/2021 and gas as of 10/06/2021), and that the order to repair has not been complied with and the violations have not been remedied after two orders to repair have been issued and served to cure the noncompliance, meeting the definition of a substandard structure comprising a blighted area, pursuant to Minnesota Statutes Sec. 117.025, subsd. 6 & 7.

WHEREAS, it has further been determined that the building located at 915 Cloquet Avenue, due to inadequate maintenance, dilapidation, physical damage, unsanitary condition, and abandonment,

Exhibit 1

constitutes a fire hazard and a hazard to public safety and health, and has therefore been declared to be a hazardous (and substandard) structure pursuant to Minnesota Statutes Sec. 463.15, subd. 3.

WHEREAS, the public interest requires that municipalities be authorized to acquire buildings, and real estate on which buildings are located, which are found to be hazardous (and substandard) within the meaning of Sec. 463.15, subd. 3, and the acquisition of such buildings and real estate is declared to be a public purpose, under Minnesota Statutes Sec. 463.152, subd. 1.

WHEREAS, the governing body of any municipality may therefore acquire any such hazardous (and substandard) building, or real estate on which any such building is located, by eminent domain in the manner provided by chapter 117, pursuant to Minnesota Statutes Sec. 463.152, subd. 2.

WHEREAS, the conditions listed above, which are more fully documented in the Building Inspection photos and Report prepared by Building Official Matt Munter on July 14, 2020, a copy of which is attached hereto as **Exhibit A**, along with the final report declaring the property a Vacant Hazardous Building and a Public Nuisance attached hereto as **Exhibit B**, which conditions have further deteriorated to date, make clear that due to years of neglect and failure to repair the leaking roof and deteriorating brick on the east exterior wall, the building located on the property at 915 Cloquet Avenue constitutes a hazard to public health and safety, and is therefore declared a Vacant Hazardous Substandard Building and a Public Nuisance that is subject to condemnation proceedings by the City of Cloquet; and

WHEREAS, the complete legal description for the property at 915 Cloquet Avenue is as follows:

**Lots 15 and 16, Block 5, NELSON'S SUB-DIVISION OF OUTLOTS
35, 36 & 40 OF THE VILLAGE, NOW CITY, OF CLOQUET,
according to the plat thereof on file and of record in the office of the
County Recorder in and for Carlton County, Minnesota.**

Parcel ID Nos.: 06-275-1460 and 06-275-1480.

Hereinafter the "Property."

WHEREAS, the owners of record of the Property are Felipe A. Mata and Carlos G. Villareal, of which Mr. Villareal is deceased (herein OWNER); and

WHEREAS, the City is authorized to declare the Property a Vacant Hazardous Substandard Building and a Public Nuisance;

WHEREAS, the City is authorized to hold a public hearing for the purchase or condemnation of the Property; and

WHEREAS, the City is authorized to acquire the Property by direct purchase or by condemnation pursuant to Minn. Stat. § 412.211, 463.152 and Chapter 117 of the Minnesota Statutes; and

WHEREAS, OWNER and their successors and assigns have failed to comply with the September 11, 2020 and January 14, 2021 Orders to Repair the deteriorated and bulging brick on the exterior east wall and replace the roof and disconnect the roof drains from the sanitary sewer; and

WHEREAS, the City may proceed with obtaining the Property by Judgment of the District Court through condemnation proceedings, allowing City to take the property and thereafter transfer to a contractor to perform the necessary repairs and redevelopment;

Exhibit 1

WHEREAS, the City of Cloquet's Economic Development Department has funds and authority to pay for the acquisition of the property and aid in redevelopment of the Property after acquisition, including but not limited to working with the City Attorney to prepare and file appropriate court documents, zoning changes, obtain property survey(s), collecting bids from contractors, and review of development agreements; and

WHEREAS, pursuant to a search of the records of the Carlton County Recorder's Office, the City does not find and is not aware of any lienholder of record of said parcel other than Carlton County for partially unpaid taxes for the second half of the year 2021;

WHEREAS, the City Council of the City of Cloquet has considered this matter and believes that it is in the best interests of the City to acquire the property by direct purchase through good faith negotiation, or if an agreement cannot be reached, through the exercise of the City's power of Eminent Domain under the quick-take provisions.

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

1. The City declares the Property a Vacant Hazardous Substandard Building and a Public Nuisance due to failure to respond to prior Orders to Repair and make necessary repairs to the building to ensure safety of the occupants and general public.
2. The City will hold a public hearing for the City to acquire (via purchase or condemnation) the Property at least 30 days after proper notice can be given and published.
3. The City finds that the condemnation, repair, and redevelopment will remove a danger and hazard to public safety, and redevelopment will result in a significant public benefit to the City's business base and provide new opportunities for economic growth.
4. That the Property be acquired by the City by direct purchase through good faith negotiation (pursuant to Minn. Stat. § 117.036) for no more than the appraised value of \$8,000.00 (plus costs pursuant to Minn. Stat. § 117.232) unless further approved by this Council, or if an agreement cannot be reached, by condemnation through the exercise of the City's power of Eminent Domain subject to further approval following a public hearing.
5. That pursuant to the foregoing findings and in accordance with Cloquet City Code § 10.5 and Minn. Stat. § 326B.101 (as appropriate), the Council orders the condemnation, repair, and redevelopment of the Property subject to further approval following a public hearing, which constitutes a Vacant Hazardous Building and a Public Nuisance, which repair and redevelopment shall be commenced by the City at the conclusion of a condemnation proceeding commenced in Carlton County District Court if City is unable to first acquire the property by direct purchase in lieu of condemnation proceedings subject to further approval following a public hearing.
6. OWNER and their successors and assigns have 20 days from the date of service of this Resolution/Order to serve an answer in the manner provided for the service of an answer in a civil action, specifically denying such facts in the Resolution/Order as are in dispute; or to provide an acceptance of an offer to purchase by the City for the estimated market value of the property valued at \$8,000.00.
7. That the City Attorney working with the City Administrator and Community Development Director are authorized to proceed with the preparation of all documents and the taking of all actions

Exhibit 1

necessary for enforcement of this Resolution/Order, including negotiating with the OWNER and their successors and assigns for direct purchase in lieu of condemnation, the filing of an action in the District Court including a condemnation action if required, subject to further approval following a public hearing, for any appropriate Order needed, preparation and filing of appropriate zoning changes, obtain property survey(s), collecting bids from contractors, and review of development agreements.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CLOQUET THIS 21st DAY OF DECEMBER, 2021.



Roger Maki, Mayor

ATTEST:



Tim Peterson, City Administrator

Exhibit 1

EXHIBIT A

Exhibit 1

**COMMUNITY DEVELOPMENT DEPARTMENT**101 14th Street • Cloquet MN 55720

Phone: 218-879-2507 • Fax: 218-879-6555

www.cloquetmn.gov

INVESTIGATION REPORT

 X BUILDING & HOUSING CODE
 ZONING CODE

Date of Investigation:**Inspector:** Matt Munter, Building Official**Date of Report:** 7/14/2020**Site Address:** 915 Cloquet Avenue**Owner:** Felipe Mata**Investigation Findings:**

1. **LEAKING ROOF.** In conjunction with annual liquor licensing inspections on March 4, 2020 the City Building Official conducted an inspection with the tenant, Pedros Restaurant, noting that the brick on the east wall face of the building is shifting and mortar is deteriorated. The state of this deterioration was noted as critical by the building official who then examined the building's drainage and brick integrity requesting a more detailed walk through on another day. With the disruption of COVID-19, most City inspection functions ceased after this inspection only resuming as staffing stabilized in late spring. Reinspection was scheduled for July 14, 2020.
2. **EAST BUILDING WALL FACE EXTERIOR BRICK DETERIORATION AND BULGING BRICK.** On July 14, 2020 the Building Official conducted a walkthrough of the building and gained access to upper stories of the building to investigate drainage and found that the roof of 915 Cloquet Avenue is actively leaking with ceiling stain marks and drainage is directed to the outside of the building's north side. At this time, the Building Official also noted that the roof drains are discharging into the sanitary sewer system which is a regional WLSSD violation and requires disconnection.

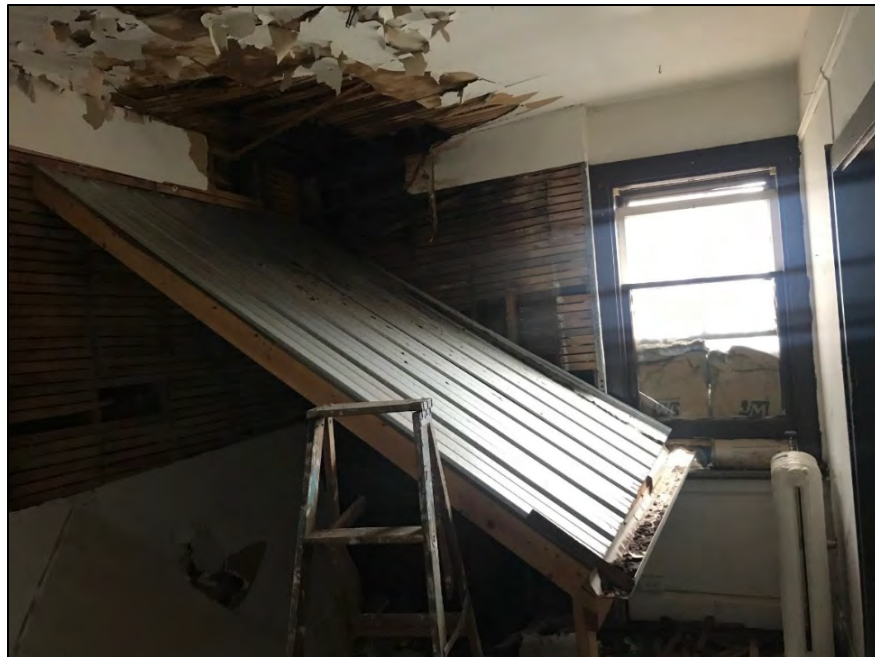
Exhibit 1



COMMUNITY DEVELOPMENT DEPARTMENT

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

1. LEAKING ROOF AND REDIRECTED DRAINAGE



2. DETERIORATED AND BULGING BRICK ON THE EAST WALL FACE, ESPECIALLY NOTABLE ON THE SECOND AND THIRD STORIES



Exhibit 1

EXHIBIT B



Exhibit 1

Community Development Department
101 14TH ST • Cloquet MN 55720
Phone: 218-879-2507 • Fax: 218-879-6555

December 15, 2021

Felipe Mata
915 Cloquet Avenue
Cloquet, MN 55720

RE: DECLARING A VACANT HAZARDOUS SUBSTANDARD BUILDING AND A PUBLIC NUISANCE AT 915 CLOQUET AVENUE (PIN 06-275-1460 and 06-275-1480) City Code § 10.3.07 Subd. 1, City Code §§ 7.1.01 to 7.1.07, Minn. Stat. §§ 463.15 Subd. 3, Minn. Stat. §§ 117.025 Subd. 6 to 7

The building or structure located at 915 Cloquet Avenue in the City of Cloquet, County of Carlton, and State of Minnesota, legally described as follows, to wit:

Lots 15 and 16, Block 5, NELSON'S SUB-DIVISION OF OUTLOTS 35, 36, & 40 OF THE VILLAGE OF CLOQUET, according to the Plat thereof on file and of record in the office of the County Recorder, in and for Carlton County, Minnesota,

The building located at 915 Cloquet Avenue is sitting vacant in an urban commercial district and has been determined to be a structurally substandard structure. That said building was inspected by the City Building Official in detail on July 14, 2020 and found to be in violation of State Building Code and City Code requirements. On September 10, 2020 and Order to Repair served and was extended on January 14, 2021 providing an April 15, 2021 deadline. These orders have not been complied with and violations have not been remedied after two orders to repair have been issued and served to cure the noncompliance, meeting the definition of a substandard structure comprising a blighted area, pursuant to Minnesota Statutes Sec. 117.025, Subds. 6 and 7.

It has further been determined that the building located at 915 Cloquet Avenue, due to inadequate maintenance, dilapidation, physical damage, unsanitary condition, and abandonment, constitutes a fire hazard and a hazard to public safety and health, and has therefore been declared to be a hazardous (and substandard) structure pursuant to Minnesota Statutes Sec. 463.15, subd. 3.

CASE FACTS

1. **LEAKING ROOF.** The roof has failed and requires complete replacement. In conjunction with annual liquor licensing inspections on March 4, 2020 the City Building Official conducted an inspection with the tenant, Pedros Restaurant, noting that the brick on the east wall face of the building is shifting and mortar is



Exhibit 1

Community Development Department

101 14TH ST • Cloquet MN 55720

Phone: 218-879-2507 • Fax: 218-879-6555

deteriorated. The state of this deterioration was noted as critical by the building official who then examined the building's drainage and brick integrity requesting a more detailed walk through on another day. With the disruption of COVID-19, most City inspection functions ceased after this inspection only resuming as staffing stabilized in late spring. Reinspection was scheduled for July 14, 2020 with the same conditions noted. The above Case Facts conclude that while the roof has not collapsed, it is actively leaking and has failed and requires complete replacement. When roof repairs are done, the roof drains must be disconnected from the sanitary sewer.

2. **EAST BUILDING WALL FACE EXTERIOR BRICK DETERIORATION AND BULGING BRICK.** The exterior envelope is distressed, the east wall face exterior brick is deteriorating and bulging. On July 14, 2020 the Building Official conducted a walkthrough of the building and gained access to upper stories of the building to investigate drainage and found that the roof of 915 Cloquet Avenue is actively leaking with ceiling stain marks and drainage is directed to the outside of the building's north side. At this time, the Building Official also noted that the roof drains are discharging into the sanitary sewer which must be corrected. Additionally, Case Facts conclude that the east wall face of the building requires professional tuck pointing to secure the bricks and is in critically poor condition therefore imperative to repair by April 15, 2021.
3. **BUILDING SECURED, UTILITIES OFF.** On November 2, 2021 the City of Cloquet secured the building from trespass and shut off water and sewer. Gas service was shut off at the building on October 6, 2021. On November 8, 2021 the City revoked the certificate of occupancy for the building. Due to inadequate maintenance, dilapidation, physical damage, unsanitary condition, and abandonment, constitutes a fire hazard and a hazard to public safety and health, and has therefore been declared to be a hazardous (and substandard) structure pursuant to Minnesota Statutes Sec. 463.15, subd. 3.

Case facts lead me to conclude that this structure is structurally compromised and constitutes a hazard to public health and safety. The structure is therefore declared to be a Vacant Hazardous Substandard Building and a Public Nuisance.

Within 20 days from the date of service, any interested person upon whom the order is served may appeal this decision in writing, specifically denying such facts in the order as are in dispute.

Dated this 15th day of December 2021.

If you have any questions you may contact me at (218) 879.2507 x2 or mmunter@cloquetmn.gov.

Exhibit 1



Community Development Department
101 14TH ST • Cloquet MN 55720
Phone: 218-879-2507 • Fax: 218-879-6555

Sincerely,

A handwritten signature in black ink that reads "Matt Munter".

Matt Munter, Building Official

COPY: City Attorney

Exhibit 2

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

RESOLUTION NO. 22-29

**RESOLUTION APPROVING CONDEMNATION OF
915 CLOQUET AVENUE**

WHEREAS, in accordance with Resolution No. 21-79 passed on December 21, 2021, the City approved the acquisition of 915 Cloquet Avenue, legally described as follows:

Lots 15 and 16, Block 5, NELSON'S SUB-DIVISION OF OUTLOTS 35, 36 & 40 OF THE VILLAGE, NOW CITY, OF CLOQUET, according to the plat thereof on file and of record in the office of the County Recorder in and for Carlton County, Minnesota.

Parcel ID Nos.: 06-275-1460 and 06-275-1480

Hereinafter the "Property,"

by direct purchase through good faith negotiation (pursuant to Minn. Stat. § 117.036) for no more than the appraised value of \$8,000 (plus costs pursuant to Minn. Stat. § 117.232) unless further approved by this Council, or if an agreement cannot be reached, by condemnation through the exercise of the City's power of Eminent Domain subject to further approval following a public hearing on March 15, 2022 at 6:00 p.m.

WHEREAS, the City's first good faith offer of the appraised value of \$8,000 was sent to Felipe A. Mata and the Estate of Carlos G. Villarreal by Offer Letter dated February 9, 2022, to which Felipe A. Mata responded rejecting the offer and to which the Estate of Carlos G. Villarreal did not respond.

WHEREAS, in accordance with Resolution No. 22-16 passed on March 1, 2022, the City authorized the EDA to determine further good faith offers for negotiations with Felipe A. Mata and the Estate of Carlos G. Villarreal without requiring further approval from the City Council.

WHEREAS, the City did respond to Felipe A. Mata requesting that he make a counteroffer to the City, giving consideration to the City's appraisal of \$8,000, to which Mr. Mata responded with a counteroffer of \$192,800, being the estimated value listed on the 2022 County property tax statement for the Property building parcel.

WHEREAS, a public hearing on the proposed condemnation of 915 Cloquet Avenue was held on March 15, 2022 at 6:00 p.m. in the City Council chambers following published, posted and mailed notice as required by statute, at which time the City Council adopted Resolution No. 22-22 declining Felipe A. Mata's counteroffer of \$192,800 and authorizing the EDA to proceed to determine an appropriate counteroffer to continue good faith negotiations.

WHEREAS, the City next offered to Felipe A. Mata and the Estate of Carlos G. Villarreal \$50,000 as determined by the EDA, wherein no response was received from the Villarreal Estate, and Mr. Mata maintained his position with respect to subsequent counteroffers by the City, and will only accept \$192,800, which is equal to the tax assessed value as determined by the County.

Exhibit 2

WHEREAS, EDA staff, following a discussion by the EDA Board, agreed to offer Felipe A. Mata and the Estate of Carlos G. Villarreal a final offer of \$75,000 to purchase the property by Final Offer letter signed by the City Attorney on April 5, 2022.

WHEREAS, Felipe A. Mata responded on April 8, 2022 and rejected the City's \$75,000 offer and did not make a further counteroffer. To date, the Estate of Carlos G. Villarreal has not responded to any offer letters or requests for confirmation of receipt of such letters.

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

1. The City's good faith negotiations with Felipe A. Mata and the Estate of Carlos G. Villarreal have been unsuccessful.
2. That after further consideration by the City Council following the public hearing held on March 15, 2022 at 6:00 p.m., the City finds that condemnation, repair, and redevelopment of the property will remove a danger and hazard to public safety at minimal cost to the City due to the low appraised value of the Property being taken, which associated damages and acquisition costs will be passed on to a developer, and further finds that redevelopment will result in a significant public benefit to the City's business base and provide new opportunities for economic growth.
3. The acquisition of buildings found to be hazardous under Minn. Stat. § 463.15 and the acquisition of the real estate upon which they are located is declared to be a public purpose pursuant to § 463.152. This acquisition is necessary as the owners have failed to comply with or respond to multiple orders to repair identified hazardous conditions to the Property.
4. That pursuant to the foregoing findings and resolutions, and in accordance with Minn. Stat. § 463.152 and Cloquet City Code § 10.5 (as appropriate), the Council orders that the Property be acquired by the City by condemnation through the exercise of the City's power of Eminent Domain according to the City's appraised value of \$8,000.
5. That title and possession of the Property is required as soon as possible so that the danger and hazard to public safety can be corrected, necessitating that the Property be acquired prior to the filing of an award by the Court pursuant to the quick-take provisions of Minnesota Statutes §117.042.
6. That the City Attorney is hereby authorized and directed to prepare all documents and take whatever actions are necessary to file the necessary petition for condemnation and other pleadings with the District Court for the acquisition of the Property through the exercise of the City's power of Eminent Domain, and to prosecute said action(s) to a successful conclusion or until it is obtained, dismissed, or terminated by the City or the Court.

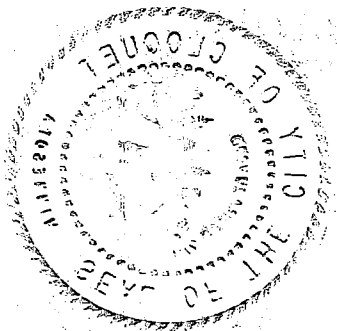
PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CLOQUET THIS 19th DAY OF APRIL, 2022.


Lara Wilkinson, Acting Mayor

ATTEST:


Tim Peterson, City Administrator

Exhibit 2



[Handwritten signature]

Exhibit 3

APPRAISAL REPORT

OF

**Former Solem Hotel
915 Cloquet Avenue
Cloquet, Minnesota**

VALUED AS OF

November 15, 2021

PREPARED FOR

**City of Cloquet
101 14th Street
Cloquet, Minnesota**

BY

RAMSLAND & VIGEN, INC.
Real Estate Appraisers & Consultants
320 West Superior Street, Suite 410
Duluth, Minnesota 55802

Exhibit 3

Exhibit 3

RAMSLAND & VIGEN, INC.
Real Estate Appraisers & Consultants
LONSDALE BUILDING
302 WEST SUPERIOR STREET, SUITE 410
DULUTH, MINNESOTA 55802-5110

JOHN M. VIGEN, SRA, RM
GARY A. BATTUELLO, MAI, AI-GRS
MARCIA A. RAMSLAND, RESEARCH

TELEPHONE: 218/727-8583
appraise@ramslandvigen.com

MAXWELL O. RAMSLAND, JR., MAI, CRE 1939-2014

December 1, 2021

Holly Hansen, EDFP/AICP
Community Development Director
City of Cloquet
101 14th Street
Cloquet, Minnesota 55720-1657

Re: Former Solem Hotel
915 Cloquet Avenue
Cloquet, Minnesota

Dear Ms. Hansen:

On October 5, 2020, the undersigned completed a real property appraisal of the referenced property predicated on its then condition. Due to changing physical/functional characteristics of the real property as well as the nature of community's commercial real estate market, a reappraisal of the subject has been requested. Albeit the reappraisal is intended to reflect current market observations and opinion of value, significant consideration is given to the property's physicality as previously reported. This property's descriptive data presented in the prior report is incorporated herein. Various aspects of the prior appraisal report remain applicable.

The appraisal procedure and report format employed herein is intended to be compliant with Uniform Standards of Professional Appraisal Practice (2020-2022) Standards Rule 1 (Real Property Appraisal Development) and Standards Rule 2-2 (Appraisal Report). This report summarizes data, reasoning and analyses used in the appraisal process.

The intended user of this appraisal is the addressee on behalf of the city of Cloquet. The purpose of this appraisal is to provide real property market value consultation to assist the client in decision-making regarding the subject's acquisition.

Predicated upon a review of data summarized herein, a fair market value of the subject in its "as is" condition, effective November 15, 2021, can be estimated to be:

EIGHT THOUSAND DOLLARS
(\$8,000.00)

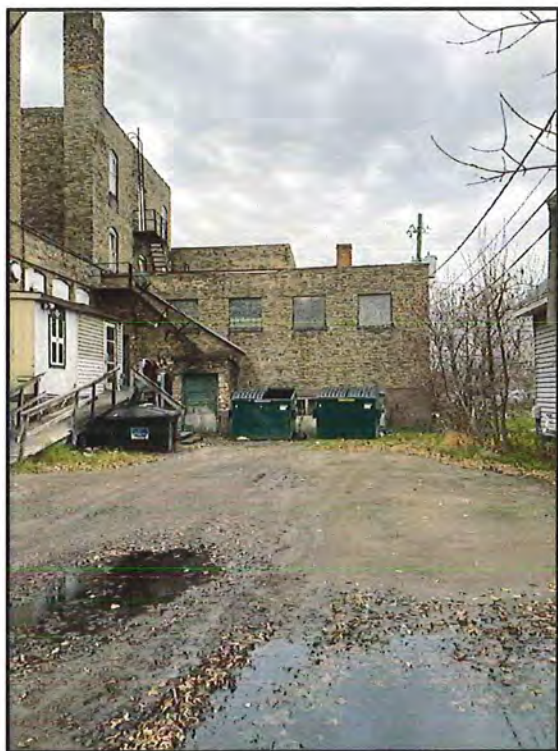
Respectfully submitted,


John M. Vigen, SRA
Certified General Real Estate Appraiser
Minnesota License 4000928

Exhibit 3



Former Solem Hotel
915 Cloquet Avenue
Cloquet, Minnesota



2021 Exterior



Exhibit 3

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Assessment Information
LHB Memorandum 5-28-2003

Exhibit 3

PROPERTY IDENTIFICATION

The subject is the former Solem Hotel building, whose mailing address is 915 Cloquet Avenue, Cloquet, Minnesota. It is located at the northwesterly corner of Cloquet Avenue and 10th Street within the city's central business district. The building as a whole is constructed of two, co-joined structures. According to the property's story stones, the corner, primary building was built about 1919. Its mid-block addition was built in 1923. Combined, the complex is a three-story structure built on a full stone foundation. It features a 7,000 square foot basement and main level footprint. Due to design, the second and third stories are each of 5,700 square feet. In total, this element contains approximately 25,400± gross square feet. At an unknown time a one-story with basement was added to the rear of the 1923 structure. This addition has a 1,200 square foot footprint for a total area of 2,400 square feet. On a combined basis, the total complex features 19,600± square feet above basement grade. The land area features 100 feet of frontage on the northerly side of Cloquet Avenue, and 100 feet of frontage along the westerly side of 10th Street. Since the building is orientated tight to Cloquet Avenue/10th Street frontage, the remainder undeveloped area functions as service access/egress area and limited off-street parking.

Available information indicates the property is legally defined as:

Lot 15 and 16, Block 5
Nelson's Subdivision of Outlots 35, 36 and 40
City of Cloquet
Carlton County, Minnesota

A title examination confirming surface and fee simple interest is beyond the scope of this assignment. The legal description as defined is inclusive of any easement of record which may become evident upon completion of title review and resulting opinion. The subject as defined is depicted on project exhibits herein.

Exhibit 3

The property is reportedly owned by a Mr. Felipe Mata, who acquired the property in September 19, 2003 from the city of Cloquet's economic development authority. Information obtained from available sources suggest Mr. Mata's known addresses to be:

Felipe Mata
14 Melanie Way
Evans, Georgia 30809

Felipe Mata
1965 Knob Road
St. Paul, Minnesota 55118-4326



Photo from 2020

Exhibit 3



Former Solem Hotel
915 Cloquet Avenue
Cloquet, Minnesota

Exhibit 3

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate a fair market value of the subject's fee simple interest in its "as is" condition, effective November 15, 2021.

Effective the date of value, the Solem Hotel property as a whole is vacant. The city of Cloquet has revoked its certificate of occupancy. Municipal utilities have been severed and Minnesota Power has been notified to disconnect. Due to unauthorized intrusion, the building has reportedly been secured. Physical/functional deficiencies defined and exhibited within the undersigned's prior October 5, 2020 report have continued unabated at the expense of the property.

Market value is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and defined. The Dictionary of Real Estate Appraisal, 6th Edition. (2015), pp. 141-142 defines market value as interpreted by various agencies for various purposes, inclusive of the federally insured financial institutions (FIRREA), the International Valuation Standards Council, and Uniform Standards of Federal Land Acquisition (Yellow Book). Uniform Standards of Professional Appraisal Practice (USPAP 2020-2022) recommendations are also referenced. The Appraisal Institute indicates in its 14th Edition of The Appraisal of Real Estate, p. 58, the most widely accepted components of market value as expressed by various professional appraisal groups are incorporated into the following definition:

The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.

USER AND USE OF THE APPRAISAL

The intended user of this appraisal is the city of Cloquet, Minnesota, whose representative in this matter is Ms. Holly Hansen, EDFP/AICP Community Development Director for the city of Cloquet. The intended use of this appraisal is to assist representatives of the city in their decision-making regarding the subject property.

Exhibit 3

APPRAISAL FORMAT

The valuation procedure and reporting format of the appraisal are intended to be compliant with the Uniform Standards of Professional Appraisal Practice (USPAP 2020-2022 edition) Standards Rule 1 (Real Property Appraisal Development) and Standards Rule 2-2 (Appraisal Report).

The appraisal process is also intended to be compliant with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute (2015 edition).

This report is intended for the client and their assigns for the purpose stated. Further, due to proprietary data, portions of the analytical presentation have been summarized. Such data is retained in the appraiser's file.

HAZARDOUS SUBSTANCES

The term "Hazardous Substance" shall mean and include any element, compound, mixture, solution or substance regulated by a federal, state or local law, rule or regulation because of its toxicity, corrosiveness, reactivity, ignitability or carcinogenic effect and shall include petroleum, natural gas and derivative of synthetics thereof. The subject was constructed in 1919, an era which preceded general awareness of adverse health effects resulting from a variety of building materials inclusive of asbestos, lead, and other products known today for their carcinogenic characteristics. Albeit renovations have occurred since the subject's initial construction, unless otherwise stated in this report, the existence of hazardous substances, which may or may not be present on the property, was not called to the attention of nor did the undersigned become aware of such during the appraiser's observation. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to test for such substances. The presence of such hazardous substances may affect the property's market value. The value opinion developed herein is predicated on the assumption that no such hazardous substances exist on or in the property or in such proximity thereto which would cause a loss in value. No responsibility is assumed for any such hazardous substance or for any expertise or knowledge required to discover them.

Exhibit 3

SCOPE OF THE APPRAISAL

The undersigned was retained by Ms. Hansen, EDFP/AICP, to reappraise the subject for the purpose stated. Legal descriptions were obtained from public record. The undersigned is generally familiar with the subject property, ^{And 175} ~~its general site environs,~~ and greater city of Cloquet CBD location through past real property appraisal activity within this sector of the community as well as passing observations. City of Cloquet municipal offices were queried with respect to zoning and land use opportunity. Carlton County assessment information summary of the same is presented in the Addenda. Project exhibits were obtained from various sources to best depict the subject's physical characteristics and community location. On July 14, 2020, the undersigned, accompanied by Mr. Matt Munter, observed the property as a whole. Information pertaining to earlier 2003 engineering/construction study completed on the subject property by LHB Engineers and Architects, and Johnson Wilson Constructors of Duluth were reviewed and taken into consideration. The undersigned also reviewed proprietary information from other sources, which contributed to further understanding of the property.

Between November 1, and November 15, 2021, Ms. Hansen and the undersigned had various discussions pertaining to the subject's condition and occupancy. The undersigned was advised Pedro's Grill and Cantina has vacated the property. Personal property inclusive of kitchen equipment have been removed from the building. The 2020 described characteristics of the building's various levels, inclusive of the failed roof system and third level parapet wall remain in a state of disrepair and have contributed to the building's continued deterioration. A main level rear window/frame has been substantially damaged by vagrants seeking access.

Regional, economic, cultural and demographic information was assembled and analyzed. Market research was completed through public offices and other venues. All factors relevant to an appropriate valuation procedure for the subject property in its "as is" condition and purpose of this appraisal were considered herein.

Exhibit 3

DATES OF NOTE

Date of Initial Property Observation: July 14, 2020
Date of Condition Update Discussion: November 11-15, 2021
Date of Value: November 15, 2021
Date of Report: December 1, 2021

PRIOR APPRAISAL SERVICE

The undersigned has completed prior appraisal/consultation services for the subject.

COVID-19

Effective the date of this report, the worldwide Corona Virus Disease 2019 (COVID-19) pandemic continues to surge across the United States. Despite a multi-month “stay at home” quarantine mandated in many states and encouraged by national CDC administration, COVID-19 continues. The pandemic has devastated much of the national economy, increased unemployment and has introduced uncertainty for many. At question is its influence on real property value. While some sectors, such as lodging facilities, restaurants, entertainment venues, and others have been severely impacted, other property types have been less affected. At this time, any attempt to quantify valuation adjustment to recreational real estate of the subject’s type would be premature and unsupported. A period of cautious optimism prevails.

Exhibit 3**HISTORY OF OWNERSHIP**

The subject has been publicly acknowledged as a physically/functionally challenged property for decades. Although once a modest attempt to renovate portions of the former hotel to accommodate SRO affordable housing occurred, the element of the whole remains in disrepair and is not habitable. In 2000, a fire damaged significant portions of the subject's second level and primary vertical staircase in the westerly 1923 structure. In 2001, Wells Fargo initiated foreclosure on the property. In 2002, the city of Cloquet acquired the property with the intent of promoting its redevelopment. On September 19, 2003, the city sold the property to Felipe Mata, et al. for development of Mexico Lindo/Pedro's Grill & Cantina on the main street level of the 1919 building. During October 2021, this restaurant vacated the building, which is now wholly vacant, not habitable, and whose Certificate of Occupancy has been revoked by the city. Municipal utilities are disconnected, and the building is attempted to be secured against unauthorized access.

Exhibit 3

MARKETING PERIOD

Marketing period may be defined as:

A normal market period is the amount of time necessary to expose a property to the open market in order to achieve a sale. Implicit in this definition are the following conditions:

- 1) The property will be actively exposed in and aggressively marketed to potential purchasers through market channels commonly used by sellers of similar types of properties.
- 2) The property will be offered at a price reflecting the most probable markup over market value used by sellers of similar properties.
- 3) A sale will be consummated under the terms and conditions of the definition of market value stated in this report.

The subject was constructed in 1919 and expanded in 1923 to accommodate a three-story hotel with main street commercial space. At some unknown time, an addition to the 1923 building was completed. Over time, there was an unsuccessful attempt to convert the second and third floors to affordable housing for the urban core. The 2000 fire and subsequent lack of owner response to necessary building maintenance has continued to adversely influence the building's physical/functional integrity and resulted in increased deterioration. Simply, as a result of continued, unabated deterioration, severance of utilities, loss of occupancy permit, a marketing time cannot be projected. Clearly, a concerted effort on the City's part, both promotionally and financially, would be required to attract any type of meaningful investment interest and property restoration if possible.

Exhibit 3

CARLTON COUNTY DATA

Carlton County was established in its current boundary in 1857. Its geopolitical characteristics include 24 townships of which 19 are organized and 5 unorganized. The county has ten cities, the largest being Cloquet. The others are widely dispersed within the county and function as central cities within their region. Carlton is the county seat. Historically, the county's population was of an agrarian society. Although agriculture and forest management remains an integral part of its landscape, over recent decades, such use is giving way to fractionalization of the landscape for recreational and rural residential development. The county remains sparsely populated with a ratio of 35± persons per square mile. Carlton County is well known for the devastating fire of 1918, which raged through the region at great loss of human life and property.

Current labor statistics for Carlton County indicate an unemployment rate of 3.1% for September 2021. This compares to 5.8% experienced in September 2020.

Exhibit 3CLOQUET AREA

Cloquet is known as the City of Wood Industries and is situated in northeastern Minnesota approximately 135 miles north of Minneapolis – St. Paul and 18 miles southwest of Duluth. It is the largest city in Carlton County and local population has had the following pattern.

Area	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2016</u>	<u>2019</u>
Cloquet	11,142	10,885	11,201	12,124	12,111	12,009
Carlton County	29,936	29,259	31,671	35,386	35,738	35,871

Cloquet's population experienced a decline between the 1980 and the 1990 census, but 2010 counts demonstrate a modest growth and since remains fairly stable. Carlton County as a whole indicates positive growth, much of which relates to retiree in-migration to the county's recreational lakes.

The community of Cloquet is located on the St. Louis River, which has been utilized as a water resource for the wood products industry prevalent in the community. Economic wellbeing in the city is dependent upon the fortunes of the wood products business with the three largest employers being Sappi Corporation (formerly Potlatch), USG Acoustical Products, and Upper Lakes Foods.

Cloquet is serviced by rail, has its own general aviation airport and abuts the northerly side of Interstate 35 with two access points to this highway. Minnesota Highway 33 bisects a westerly part of the city in a north-south direction. This highway links Interstate 35 to the south with U.S. Highway 53 to the north. Highway 53 links Cloquet with Minnesota's "Iron Range" community 60 miles northward and the U.S.-Canadian International border beyond.

Exhibit 3

NEIGHBORHOOD DATA

The subject is located in a northcentral sector of Cloquet’s original cityscape as it lay southward of the St. Louis River. The site specific is within the core of Cloquet’s historical CBD. The site is located at the northwesterly corner of Cloquet Avenue and 10th Street. Cloquet Avenue is the CBD’s primary east-west connector linking Highway 33 at the west of Scanlon and Highway 45, which is an easterly portal to Cloquet’s CBD area. 10th Street is a north-south connector linking the CBD to Industry Avenue north of the railyard.

The subject’s immediate neighborhood is predominately commercial with varying degrees of mixed commercial occupancy.



Exhibit 3MUNICIPAL DATAReal Estate Tax Assessment Data

For public record keeping purpose, the subject is identified by two PIN's. The 2021 assessor's market value for real estate taxes payable in 2022 and the 2021 real estate taxes payable applicable to each follows.

PIN	EMV			RET 2021
	Land	Improvement	Total	
06-275-1460	\$21,000	\$171,800	\$192,800	\$10,306 (\$2,893 unpaid)
06-275-1480	21,000	0	21,000	840 (\$453.06 unpaid)
Total	\$42,000	\$171,800	\$213,800	11,200 (\$3,346.06 unpaid)

The subject is assessed under Class Code 233, Commercial Preferred. A query of Mr. Kyle Holmes, Carlton County Assessor, finds the subject to be assessed on the premise portions of the main level occupied for commercial purpose and fully functional. Other unoccupied commercial portions of the building are assigned fair characteristics and poor for the upper levels. A reassessment of the property is scheduled which will recognize its lack of occupancy and deteriorated physical/functional characteristics. Mr. Holmes acknowledges current estimated market value for real estate tax purposes is an overstatement under current circumstances.

Exhibit 3

Land Use and Zoning

A city of Cloquet Land Use and Zoning Department representative confirms the subject lay within a CC-City Center district. In essence, the CC district encompasses Cloquet's historical CBD along Cloquet Avenue, portions of Avenue B, and a segment of 14th Street as it extends southerly from Main Street. An exhibit depicting this district is presented.



Article 17.6.13 defines CC-City Center district to encourage and foster further development enhancement of downtown (city center) area. The district requirements recognize the unique characteristics of the city center area as the heart of the city. The city center provides a mix of traditional downtown uses that are consistent with a vision for the area as expressed in a comprehensive plan including retail, entertainment, offices, services, government facilities and a mixture of residential uses. Subd. 2 of the article defines permitted uses of which the subject's current use is one.

Although the building's architectural characteristics and historical use are compliant with the city's CBD land use standards, it must be recognized the building's lack of occupancy and deteriorated condition has resulted in the city's revocation of occupancy permits, severance of utilities, and necessity to secure the property against unauthorized entry.

PROPERTY DESCRIPTION

The subject's interior was last observed by the undersigned on July 14, 2020, while the exterior was observed on November 10, 2021. Recently, Pedro's Restaurant vacated the premises, resulting in the building as a whole being unoccupied with continued deterioration. Due to these circumstances, the City has disconnected municipal utilities and revoked the building's occupancy permit. A descriptive analysis of the property, inclusive of interior exhibits derived from past observation, as well as current information provided by the city of Cloquet follows.

The Solem Hotel complex is located at the northwesterly corner of Cloquet Avenue and 10th Street intersect. Its corner location features 100 feet of frontage along Cloquet Avenue and 100-foot depth along 10th Street. The site is essentially level at street grade. In essence, the Solem Hotel complex consists of two, co-joined buildings with further addition to one. Story stones indicate the first structure to be built in 1919 at the intersect corner. The second story stone indicates in addition to the westerly side of the original hotel was built in 1923. By observation, it is apparent an addition was made to the rear of the 1923 building at a later date. The 1919-1923 complex features a full basement with three-story superstructure above. At this time, the building is fully vacated and its physical/functional characteristics are significantly impaired by conditions of continual deterioration and depicted herein. Project exhibits depict the second and third levels to be physically/functionally obsolete and adversely influenced by unrepaired roof leaks (which manifest themselves in damaged walls and flooded basement), spalling interior plaster, fire damage, intrusion of restaurant utilities, lack of heat and related operational utilities, to name a few. These conditions have rendered the building uninhabitable.

In 2003, to accommodate a group's effort to repurpose the Solem Hotel complex to create Minnesota military veteran housing, LHB Engineers of Duluth was retained to complete a preliminary assessment of redesign/cost necessary to repurpose the building for multi-unit/main street commercial purpose. The full basement was observed by the undersigned to be of stone with breach of common wall linking the 1919-1923 structures. The basement and main street commercial level above are each of 7,000 square feet. The hotel complex was designed within the second and third levels, which were reported to be 5,700 square feet each. Not mentioned in the LHB analysis is a two-story addition to the rear of the 1923 building. This addition has a full basement of 1,200 square foot footprint with one-story over. Overall, excluding basement area, the

Exhibit 3

complex as a whole contains approximately 19,600± square feet above grade. The complex's footprint encumbers 8,200± square feet of the total 10,000 square foot site. The site's remaining 1,800± square feet lay towards the rear property line and provides access/egress for loading and parking.

The undersigned, accompanied by Mr. Matt Munter, city of Cloquet Building Official-Code Enforcement, observed the subject as a whole on July 14, 2020. A summary of the undersigned's observations and supportive photographs of the same follow.

The basement was observed to be of stone foundation, consistent in characteristics with its original construction era and functioning as a utility core. In various areas, the concrete slab was of differing height. There was a breach in the foundation wall linking the 1919 and 1923 buildings. The 1923 basement evidenced several, long ago defunct, finished storage/meeting rooms. The 1919 basement evidenced standing water intrusion originating from roof drains or other upper level sources. Remnants of defunct heating systems were observed. Electrical and other utility lines were randomly strung. Stairway access from both buildings to the basement level was haphazard at best.

The building's Cloquet Avenue level was originally designed to accommodate four to six commercial storefronts. Recently, the easterly two were occupied by Pedro's Restaurant, which has now vacated the property. The Cloquet Avenue level space is a mix of original building characteristics wherein some portions lack plaster surfaces and have exposed wood lathe underlayment. The remainder constitutes the now vacated restaurant space.

The building's second and third level constitute the former hotel. The 1919 building's second level is above the restaurant and portions have simply been randomly cannibalized to accommodate installation of the restaurant's HVAC distribution plenums, mechanical lines, and furnace. Several rooms on this level, including what was once the hotel's primary staircase access, were significantly damaged by fire in 2000. This area, the second level of the 1923 building, as well as third of both continue to feature the building's original physicality and layout and are in poor to very poor condition. The third level experiences continuing roof leaks and subsequent water damage. Throughout the former hotel area, spalling interior surfaces, missing plaster, damaged or missing plumbing fixtures and general state of deterioration exist. Again, project exhibits depict

Exhibit 3

the undersigned's observations. Since the 2003 LHB analysis, little, if any, maintenance has been completed, so the building has experienced an additional 18 years of disintegration. While engineers suggest the building has good "bones", its interior characteristics are fully depleted. The building's exterior has a brick fascia, and, by observation, lacks appropriate maintenance. At the building's east wall, the brick fascia is "bubbled" creating a question as to its structural integrity. It is suspected the additional weight imposed by added masonry roof parapets may be contributing to this problem.

As suggested by the LHB 2003 analysis, significant cost and effort would be required to repurpose the subject in any meaningful manner.

Note the following photographic exhibits were derived from the undersigned's July 14, 2020 property observation. The Pedro's Restaurant is now vacated with all personal property removed.

Exhibit 3

Exterior View



Photos from 2020



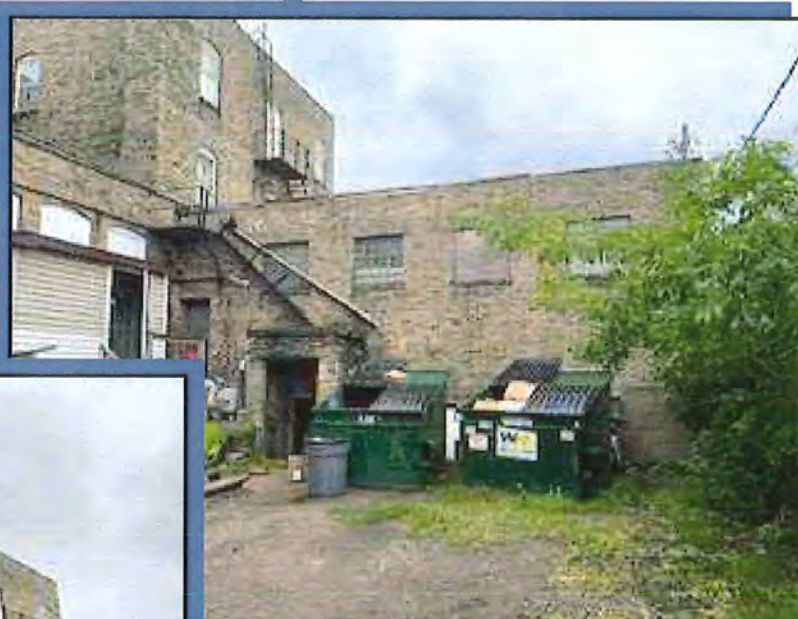
Former Solem Hotel
915 Cloquet Avenue
Cloquet, Minnesota

Exhibit 3

Rear View



Photos from 2020

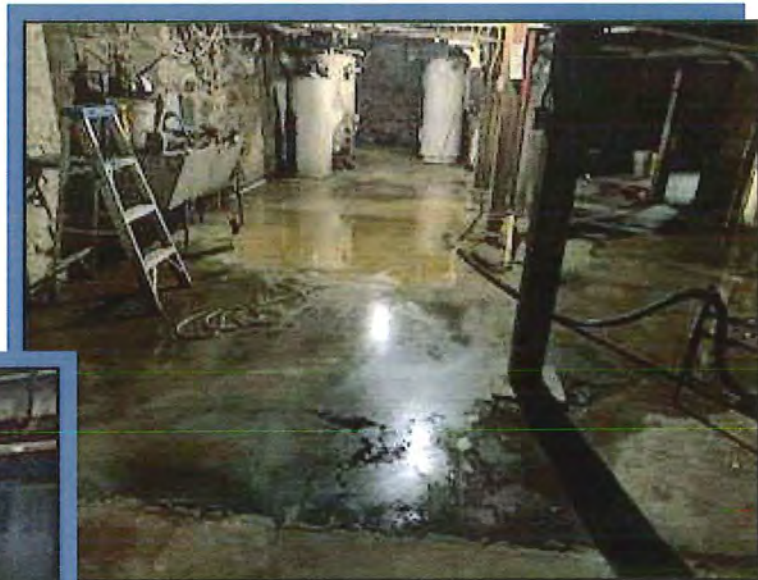


Former Solem Hotel
915 Cloquet Avenue
Cloquet, Minnesota



Exhibit 3

Basement Level



Photos from 2020



Former Solem Hotel
915 Cloquet Avenue
Cloquet, Minnesota

Exhibit 3

Former Solem Hotel
915 Cloquet Avenue
Cloquet, Minnesota



First Level

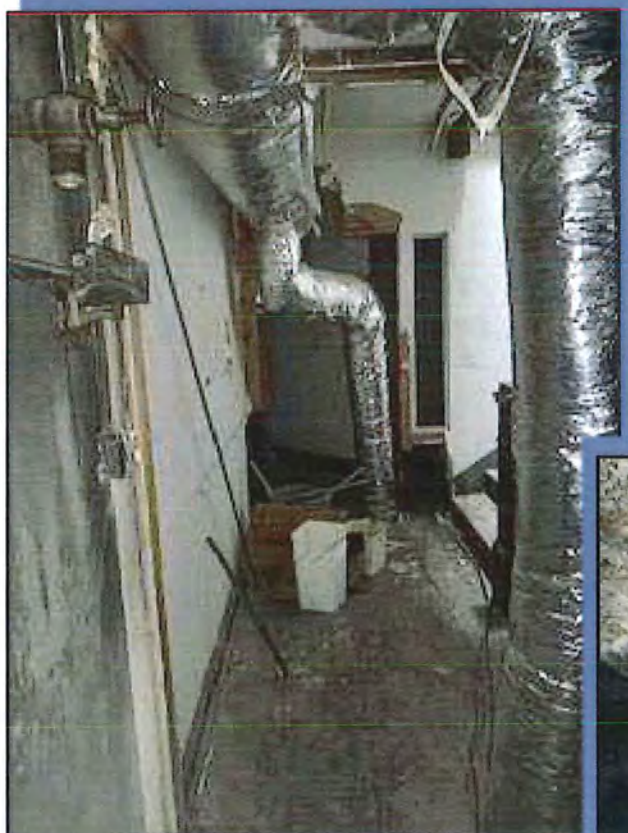


Photos from 2020

Exhibit 3

Second Level

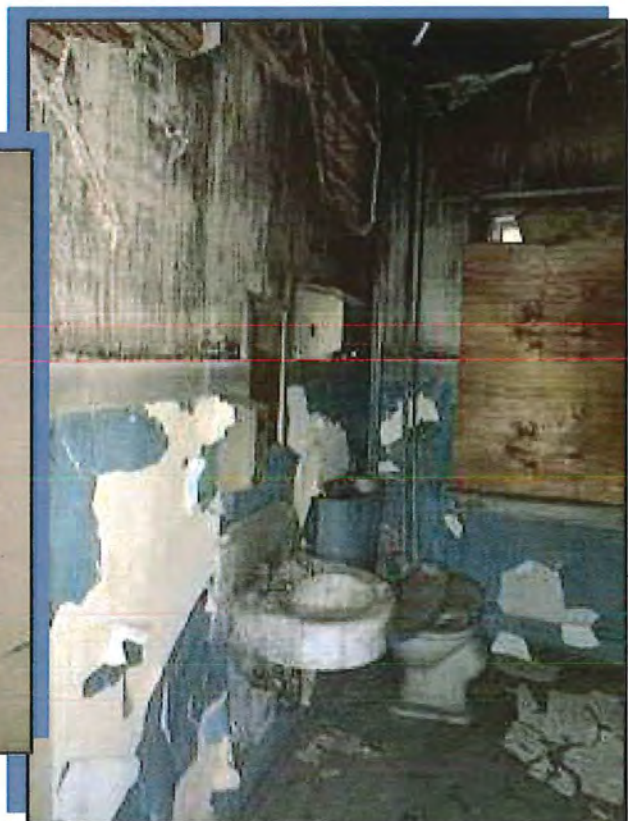
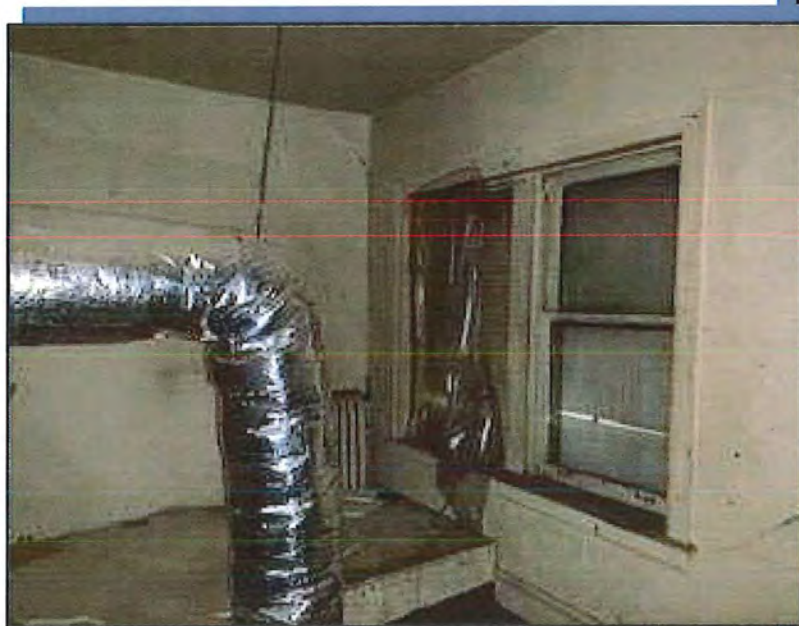
Photos from 2020



Former Solem Hotel
915 Cloquet Avenue
Cloquet, Minnesota

Exhibit 3

Second Level



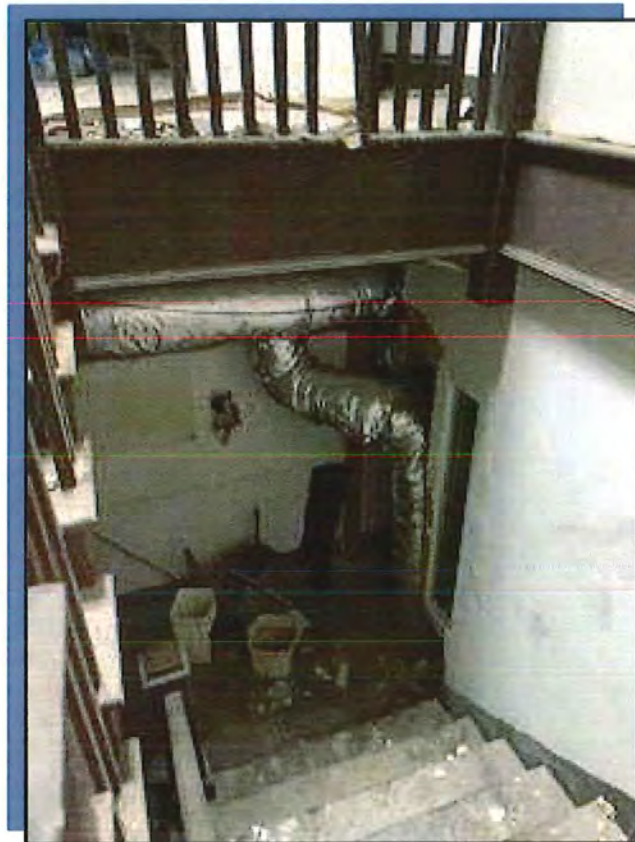
Former Solem Hotel
915 Cloquet Avenue
Cloquet, Minnesota



Photos from 2020

Exhibit 3

Second Level



Former Solem Hotel
915 Cloquet Avenue
Cloquet, Minnesota

Photos from 2020

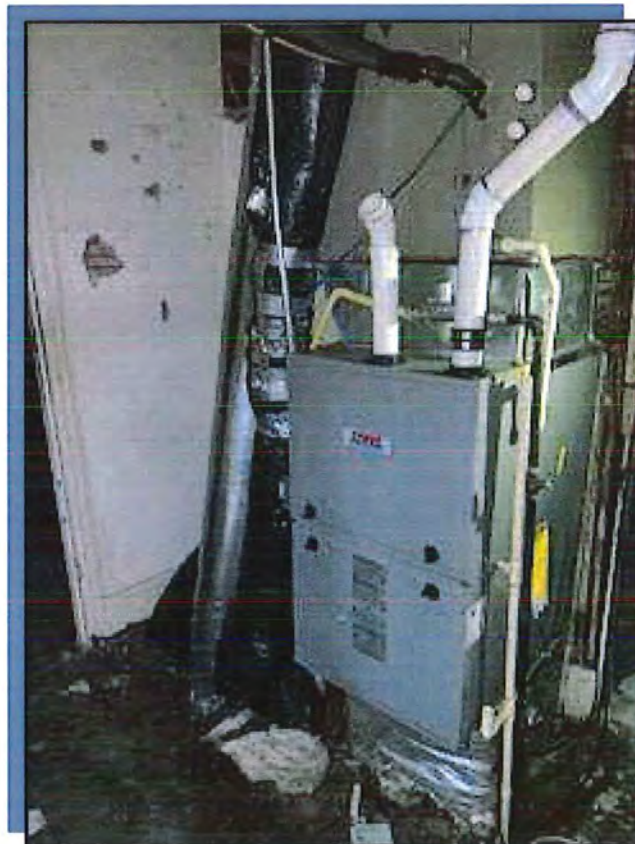
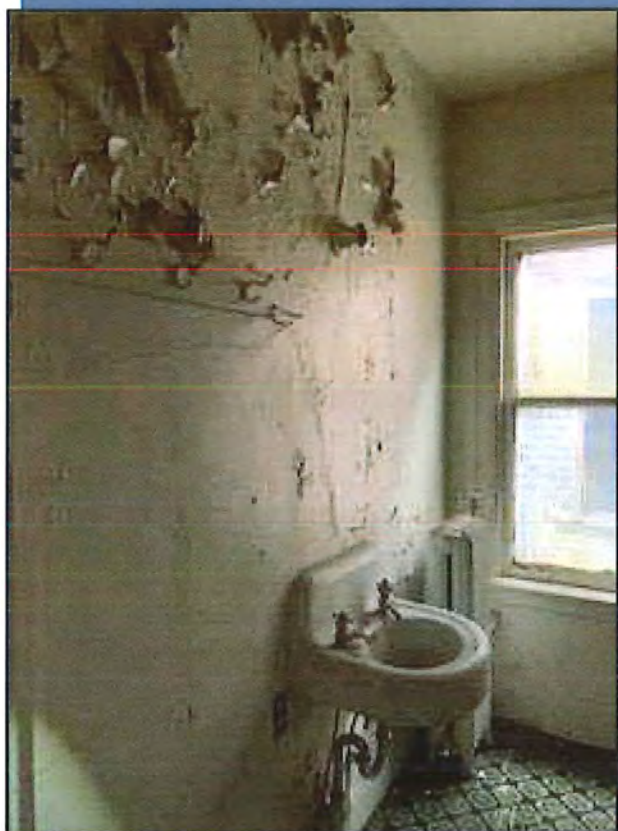


Exhibit 3

Third Level



Former Solem Hotel
915 Cloquet Avenue
Cloquet, Minnesota



Ramsland & Vigen, Inc.

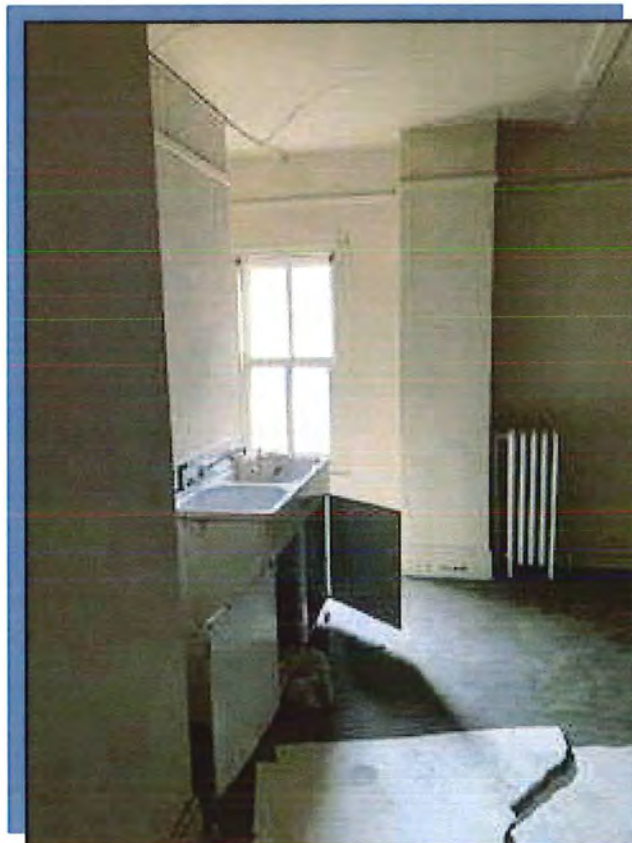
Photos from 2020

Exhibit 3

Third Level



Former Solem Hotel
915 Cloquet Avenue
Cloquet, Minnesota



Photos from 2020

Exhibit 3

HIGHEST AND BEST USE

The Appraisal Institute in its Dictionary of Real Estate Appraisal, 6th Edition, p. 109, defines highest and best use as:

The reasonably probable use of property that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

HIGHEST AND BEST USE ANALYSIS

An analysis of the four criteria appropriate for the subject follows.

Legal Permissibility

The test of this standard is to recognize private restrictions, zoning, building codes, historic district controls, and environmental regulations which may impact a property's use opportunity. Appropriate land use regulatory standards applicable to the city of Cloquet have been analyzed.

The subject is fully vacant and, as described herein, experiences significant disrepair and continuing deterioration. Due to the building's vacancy and physical/functional deficiencies, the city of Cloquet has revoked the building's occupancy permit. Further, the city has terminated all municipal utilities and has attempted to secure the building against unlawful entry. Reuse of the subject property will require compliance with city mandate with respect to occupancy standards. At present, the subject's use opportunity does not meet the test of legal permissibility.

Exhibit 3

Test of Physical Possibility

The subject site is a corner location with 100 feet of frontage on the northerly side of Cloquet Avenue and 100 feet of frontage on the westerly side of 10th Street. At present, the land is improved with the former Solem Hotel, a 1919-1923, three-story complex, which as a whole contains approximately 19,600± square feet above grade. The building is vacant and in a state of continuing deterioration. The city has revoked the occupancy permit and severed all utilities. Albeit the building could accommodate various uses consistent with its central business district location if fully rehabilitated and maintained, at present it does not. Accordingly, the property as improved does not meet the test of physical possibility.

Test of Financial Feasibility

The Appraisal Institute suggests the financial feasibility test of land as though vacant relies on interpretation of relevant and credible market evidence collected and analyzed in the market area and in the subject's competitive market. At present, the property as improved is depicted as a defunct, vacant building in a state of continued deterioration. LHB Engineering studies indicate substantial investment is required to restore the building to an acceptable operational standard. While the city has queried various entities with respect to rehabilitation interest, most have indicated a lack of interest for such a project predicated on current market economies. Acknowledging uncertainty as to the future, unknown developer's rehabilitation concept, a financial feasibility test cannot be determined.

Test of Maximum Productivity

This test shadows the prior. It is a test of maximum productivity or economic benefit that accrues as a result of highest and best use of the land. Likely repurpose opportunity for the subject would be consistent with the building's architectural design and compatible with the community's land use objective. Maximum productivity of the land is achieved through an economic gain for the property specific as well as the community as a whole. At this time, recognizing the unknowns applicable to the subject's future, the test of maximum productivity is not met.

Exhibit 3

Highest and Best Use Conclusion

Factors necessary for consideration in a highest and best use analysis have been defined. The subject's descriptive analysis, supported by project exhibits, depict the building to be vacant and in a severely deteriorated condition. It is physically/functionally obsolete, and presently lacks meaningful investment interest for its rehab and/or alternate use. The lack of occupancy permit, disconnected utilities, and continuing deterioration relegates the former Solem Hotel to a challenged property. Accordingly, in the short term, the highest and best use is for the City to attempt to secure rehab investment interest from outside sources. Should the property provide a community hazard and contribute to visual blight, future highest and best use may be to raze the building and repurpose the land.

Exhibit 3

VALUATION PROCEDURE

Traditional appraisal practice utilizes three recognized indicators of value: the replacement cost, income analysis, and sales comparison valuation techniques. The nature of the subject property and purpose of the appraisal influence appropriate valuation techniques to be employed.

Generally, these recognized indicators of value are most effective when a subject property has use opportunity reasonably competitive with other properties of similar categories. Conversely, when a subject is so physically or functionally impaired there is uncertainty as to the economic viability for rehabilitation, these techniques are less than reliable. The Solem Hotel is in this category. Its deteriorated condition continues to be adversely influenced by its leaking roof, vacated condition, severance of utilities, lack of heat, and known structural deficiencies. Nevertheless, absent the availability of alternate valuation methods, a summation of traditional techniques follows.

Cost Approach

The cost approach to value estimates replacement cost of improvements less applicable depreciation plus contributory value of the land. For the most part, the Solem Hotel property is considered to be at the end of its functional life. The LHB Engineers study of 2003 suggests the building's "bone" elements are suitable to support a major repurpose effort. However, interior elements (i.e., mechanicals, exterior envelope-roofing, windows, brick work, room layout and partitioning) are physically/functionally obsolete and require deconstruction, redesign and replacement. While a current repurpose plan with associated costs is absent, predicated on prior 2003 study estimates, such costs may well exceed \$2 million. Recognizing the extensive physical/functional obsolescence observed and reported from other sources, any attempt to complete a cost less depreciation analysis for purposes herein would be speculative at best, therefore, not applicable.

Exhibit 3

Income Approach

An income valuation technique estimates the subject's most probable market value predicated on an analysis of its net earning potential capitalized into value. At present, the Solem Hotel stands vacant and is experiencing continued and increasing deterioration. Its occupancy permit has been revoked and utilities severed. The cost of rehabilitation necessary to accommodate income producing occupancy is projected to be momentous. Acknowledging the building's abandoned and deteriorating condition, as well as a lack of supportable redevelopment scenario, an income analysis is not applicable.

Sales Comparison Approach

The sales comparison or market data approach considers the value in exchange or the price paid for comparable properties in the marketplace. It is defined as a process of deriving a valuation indication for a subject by direct comparison of similar properties, identifying appropriate units of comparison and making qualitative or quantitative adjustment to the sale prices (or unit prices) of the comparables based on relevant, market derived elements of comparison. Most often, data is obtained from public records, realtors or other sources.

It must be acknowledged the subject's 1919-1923 era of construction, design, and intended use as a two-story hotel plus street level commercial space represents a distinctly unique property type within Cloquet's greater competitive commercial real estate market. Further, the building's vacated, highly deteriorated condition combined with the revoked occupancy permit relegates the subject to that of an abandoned property seeking rehabilitation opportunity. Most often, disposition of such property is fully dependent on economic incentive and/or participation by public entities such as a local or regional economic group. At the same time, the willingness of private investment is generally linked to the availability of investment/property tax abatement, participation of public monies or other community driven incentives. In other words, when a community is confronted with the challenge of disposition and repurposing a blighted property, a marriage of public participation and private investment generally occurs.

Exhibit 3

Acknowledging the subject's atypical characteristics, the undersigned deems it would be conjecture at best to attempt a sales comparison analysis whereby an element-to-element adjustment between a subject and comparable sale can be analyzed. Simply, because of the subject's deficient physical/functional characteristics, the market is absent adequate data representing the transfer of similarly impaired properties nor adequate information from which a supportable abstractive adjustment process can be developed. Alternatively, a market survey technique, which recognizes the range in price expectation for properties of a similarly challenged market segment is more appropriate. This process takes into consideration a relative comparison analysis which provides an opportunity to develop a supportable conclusion even when the ability to derive a precise adjustment is absent. In other words, a market survey technique provides a supportable range in price expectation for a segment of the market wherein certain characteristics are exhibited. With respect to the subject, a market survey analyzes the transfer of diverse property types, all of which are physically/functionally challenged compared to others of their respective category. The worth of a physically/functionally challenged property can be ranked through analysis of it in comparison to other commercial properties experiencing competitive restraints. Elements of comparison which explain variance in price paid are considered. In doing so, the qualitative analysis of a market survey technique can result in a reasonably supported reconciliation of value.

Understanding the subject's unique characteristics as well as lack or availability of like market data, market research focused on the sales/offering of diverse property types which, individually, represent physically/functionally challenged properties. Albeit, these observations vary in type as well as physical/functional characteristics, all represent a commonality of purpose. They meet subjective expectation necessary to accommodate a specified repurpose project. Research queried multiple sources, inclusive of Board of Realtor data, public record, multiple county assessment sources, and economic development groups. The above efforts resulted in only a limited number of observations representative of challenged properties acquired for adaptive repurpose.

Exhibit 3

Unit of Comparison

An analysis of challenged properties of differing categories and characteristics disallows a meaningful market abstraction and adjustment process. However, through a relative comparison analysis, a trend in probable value between properties with certain like characteristics can be identified. Within this analysis, a price per square foot of primary building area above grade is the best unit of comparison. Inherent within this factor are typical land/site improvements normally anticipated for the given properties.

Adjustment Procedure for Comparable Data

Although both quantitative and qualitative adjustments are most often considered in the appraisal process, recognizing the subject's challenging characteristics and proposed market survey analysis, a quantitative adjustment cannot be supported. Accordingly, only qualitative adjustments are considered herein.

Qualitative adjustments tend to be more subjective, predicated on an observed relative comparison and weigh a comparable's relative comparability to a subject. Qualitative adjustments are acceptable in real property appraisal protocol when, due to lack of meaningful market data or other reasons, specific adjustments cannot be definitively extracted from the market. The positive/negative attributes of these factors is based on a reasoned, professional opinion of a knowledgeable valuation analyst. The greater number of non-monetary indicators reflects a greater influence applicable to that attribute. In this analysis, a (-) warrants a downward adjustment to the comparable. Conversely, a (+) represents an upward adjustment. While the "Yellow Book" U.S. Federal Land Acquisition standard is not applicable to this assignment, USPAP and U.S. Treasury Regulation relative to a real property appraisal for Federal income tax purpose are.

Available data suggests the sale of properties within a market subset considered representative of the subject are limited and subjectively influenced. Nevertheless, the undersigned deems it appropriate to consider qualitative adjustments which reflect a property's overall **condition** based on research input as well as a property's relative **location** within its respective community. The subject is known to be severely deteriorated and untenable. Most of the market observations were similarly impacted.

Exhibit 3

It is, however, located within its city's CBD. By all indications, potential adaptive use opportunity may relate to conversion of the building's majority area to affordable housing with limited commercial or alternate use opportunity on its main level. Several of the market observations were acquired for similar purpose. It must be recognized, however, at present the commercial market is saturated and speculative at best.

Since a challenged property may be different in type and physical/functional characteristics, it is improbable this adjustment can be reasonably abstracted from market data. Accordingly, quantitative adjustments applicable to physical/functional characteristics are not applicable.

The acquisition price of physically/functionally impaired properties which require significant public assistance are project specific, thus a date of sale adjustment is not applicable.

Matrixes depicting regionally derived challenged property sales and a matrix depicting a qualitative analysis follow.

Market Survey Data (Unadjusted)

ID	Property	Address	Date	Price	SF	\$/SF	Grantor	Grantee
1	Nettelton School	108 E 6 th St	2018-6	\$165,000	90,449	\$1.82	ISD #709	108 Lofts, LLC
2	Board of Trade Building	301 W 1 st St	2017-3	800,000	104,745	7.76	Dengler	Dubin Does Duluth 1, LLC
3	Redstone Building	1511 E Superior St	2016-3	45,000	9,267	4.86	1511 E Superior St, LLC	Redstone House, LLC
4	Cook Public School Complex	302 E Vermilion Blvd, Cook	2014-1	27,000	106,125	.25	ISD #2142	Redwater, Inc.
5	Albrook High School	7427 Seville Rd, Saginaw	2012-5	50,000	79,357	.63	ISD #2142	Pru Properties, LLC
6	Kenwood/Edison School	1750 Kenwood Ave	2012-5	270,000	30,587	8.83	ISD #709	Carlson, Gregory
7	Raleigh Edison Charter School	5905 Raleigh St	2010-11	207,192	47,628	4.35	St. James Church	Tischer Creek Duluth Bldg Co
8	Washburn Hall	2305 E 5 th St	2010-5	186,000	15,833	11.75	Regents of the U of MN	Modern Vision Media, Inc.
9	Cloquet Middle School	509 Carlton Ave	2017-12	99,500	156,342	.64	ISD 94	Cloquet Housing

Exhibit 3

Market Survey Data (Adjusted)										
ID	Subject	1	2	3	4	5	6	7	8	9
Sale Date		6-2018	3-2017	3-2016	1-2014	5-2012	5-2012	11-2010	5-2010	12-2017
Sale Price		\$165,000	\$800,000	\$45,000	\$27,000	\$50,000	\$270,000	\$207,192	\$186,000	\$99,500
Bld SF	196,000	90,449	104,745	9,267	106,125	79,357	30,587	47,628	15,833	156,342
\$/SF		\$1.82	\$7.64	\$4.86	\$.25	\$.63	\$8.83	\$4.35	\$11.75	.64
Qualitative										
Location	CBD	0	0	-	++	++	--	-	--	0
Condition	Poor	-	--	0	0	0	-	-	--	--
Reuse Opportunity	Res/Com	Res	Res/Com	Res	Mixed	Mixed	Res	School	Res	Res
Adj. \$/SF		\$1.82	\$7.64	\$4.86	\$.25	\$.63	\$8.83	\$4.35	\$11.75	\$.64
Qualitative Summary		0	-2	0	+2	+2	-3	-2	-4	-1

After necessary consideration for qualitative (location, condition, and use opportunity) elements, the nine observations indicated a range in price paid per square foot of building area above grade between .25¢ to \$11.75. It is of interest to note, the city of Cloquet sold the subject property to Felipe Mata on September 19, 2003 (contract for deed) for a reported price of \$75,000 (\$25,000 down, \$50,000 @ 6%). The 2003 sale price equates to \$3.83 per square foot predicated on the building having 19,600 square feet above grade. At that time, albeit the building had noted deficiencies, they were not at current levels. Also, the building had an occupancy permit and was serviced by utilities.

In addition to the challenged market observations presented, two sales representing typical commercial buildings located in Cloquet's CBD were observed. These are presented to indicate a level of price expectation for useable commercial space in the CBD. The first at 128 Avenue C was the former Robert's Furniture store, a one-story, 6,000 square foot retail facility that sold in August of 2021 for \$82,000 or \$13.67 per square foot. The second, a former Labor Temple, a multi-tenant, two-story building located at 1403 Avenue C, sold in June of 2020 for a reported price of \$225,000 or \$19.57 per square foot. Both properties were of typical condition for CBD commercial occupancy.

Exhibit 3

It is noted Observation #9 featured a 2.45± acre, centrally located site. The school complex was of differing age and presented opportunity for housing conversion. Observations #4 and #5 represent vacated, rural hinterland public schools which were acquired on a speculative basis for unknown repurpose. As observed, only nominal consideration was paid. Observation #1 is also a vacated public school located at the fringe of Duluth's CBD. It was acquired by a private investment group, with public assistance, for conversion to urban core affordable housing. Observation #2 was a city of Duluth CBD office building with main level commercial space. The building was operational at the time of acquisition. It was acquired to convert upper stories for urban residential apartments (mix of market and affordable housing) with reuse of its main street commercial sector. Observation #3 was an urban fringe apartment complex once acquired and converted for private office use. A substantial fire gutted the interior, leaving the building in total disrepair. It was acquired on a speculative basis for rehab and conversion for urban edge residential use. Observation #6 was a former public elementary school located within the Kenwood residential neighborhood of Duluth. It is near a community shopping center and within walking distance to two universities. It was acquired and converted to residential apartments. The worth of this property is enhanced by its location. Acquisition #7 was the acquisition of the former Good Shepard Catholic Church in a western sector of Duluth. The active church building was connected to a two-story, ten-room elementary school structure first built in the 1950's, but never completed and never used. The entire complex was acquired and converted for charter school use. Observation #8 was of early 1900 era and originally built as a dormitory on the University of Minnesota Old Main campus. It had been vacant for years, in a state of disrepair, and acquired for conversion to apartment use. Due to the original design, the existing floorplan was deconstructed, redesigned, and rebuilt. It has a favorable location near the University of Minnesota and is within a residential neighborhood. The worth of this property is enhanced by its location.

VALUATION SUMMARY

The subject is of 1919-1923 era, was designed, built and historically used as a two-story hotel plus main level commercial space. Over time, the building's layout and functionality has remained essentially consistent with the building's construction era. In 2000, a fire significantly impacted portions of the building's second floor. The damage remains. Continued water intrusion by way of the building's failed roof system is particularly evident in the upper levels. A city representative indicates that several inches of water has accumulated within the basement. Brick fascia on the upper stories of the building's east wall is also compromised with the potential for spalling. In addition to the significant physical/functional deterioration, the property has limited land area to accommodate off-street parking requirements for certain reuse opportunities. The 1923 annex, which was added to the building's northwest corner, may require demolition to accommodate parking. Cloquet's CBD is experiencing expanded commercial vacancy with little consumer demand as business is relocated to the Highway 33 corridor.

Due to the subject's physical/functional characteristics, particularly its advanced and continuing deterioration and vacant, untenable status, neither the cost or income approaches to value were employed. Due to these characteristics, the subject is rightly relegated to a unique subset of properties best considered impaired and which would require extensive renovation for reasonable re-adaptive use or demolition. Under this circumstance, a market survey of other properties which also face this dilemma is appropriate. Due to the subject's size, which influences reuse opportunity combined with likely rehabilitation/conversion cost, the economic interest of potential developers may be challenged. It is reasonable to anticipate required public participation.

The process considered nine market derived sale observations summarily discussed herein. Predicated on this analysis and taking into consideration the subject's CBD location, its vacant deteriorated overall condition, and potential economic challenge for adaptive reuse, its most probable range in price expectation, assuming its "as is" condition, is estimated at the lower end of market observations, or say .25¢ to .50¢ per square foot of building area above grade. Applying these factors results in the following range of fair market value.

19,600 square feet x .25¢ per square foot = \$4,900

19,600 square feet x .50¢ per square foot = \$9,800

Rounded) \$5,000 to \$10,000

Exhibit 3

Predicated on the analysis presented herein, and fully acknowledging the subject's condition as well as challenges to attracting investor interest, and a likely scenario of public participation to accommodate adaptive reuse, a most probable fair market value for the subject property in its "as is" condition is estimated to be:

EIGHT THOUSAND DOLLARS

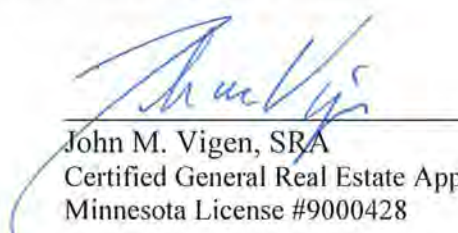
(\$8,000.00)

Exhibit 3

CERTIFICATION:

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have performed services, as an appraiser regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions and conclusions were developed; and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The reported analyses, opinions and conclusions were developed, and this report has been prepared in conformity the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal, appraisal review, or appraisal consulting assistance to the person signing this certification.
- As of the date of this report, I, John M. Vigen SRA, have completed the requirements of the continuing education program for Designated Members of the Appraisal Institute.



John M. Vigen, SRA
Certified General Real Estate Appraiser
Minnesota License #9000428

Exhibit 3

ASSUMPTIONS AND LIMITING CONDITIONS:

1. This Appraisal Report is intended to comply with the reporting requirements set forth under Standard Rule 2-2 of the Uniform Standards of Professional Appraisal Practice (2020-2022). As such, it contains discussions of the data, reasoning, and analyses used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
2. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
3. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.
4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
5. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
6. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
8. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.
9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined, and considered in this appraisal report.
10. It is assumed that all required licenses, certificates of occupancy, or other legislative or administrative authority from any local, state, or national governmental, or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.
11. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.
12. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.

Exhibit 3

13. The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.
14. The exhibits found herein are included to assist the reader in visualizing the property. The appraisers assume no responsibility in connection with the accuracy of such items.
15. Any proposed improvements are assumed to be completed in a good, workmanlike manner in accordance with the submitted plans and specifications.
16. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
17. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event, only with proper written qualification and only in its entirety.
18. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the appraiser.
19. The Americans with Disabilities Act, "ADA," became effective January 26, 1992. The appraiser has not made a specific compliance survey/analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact may have a negative effect upon the value of the property. Since there is no direct evidence relating to this issue, non-compliance with the requirements of ADA has not been considered in estimating the value of the property.

Exhibit 3**QUALIFICATIONS OF THE APPRAISER****John M. Vigen, SRA, RM**

Present Position: Ramsland & Vigen, Inc.
Real Estate Appraisers & Consultants
Lonsdale Building
302 West Superior Street, Suite 410
Duluth, Minnesota 55802

Past Real Estate Experience: Forty-six years real estate experience consisting of residential, natural resource land, and commercial appraisals, residential sales and property management.

Professional Associations: Appraisal Institute
North Star Chapter
(Past President – 2000)
(Lake Superior Chapter No. 183)

Duluth Board of Realtors

License: Minnesota Real Estate Appraiser - #4000928
Certified General Classification

Wisconsin Real Estate Appraiser - #750-10
Certified General Classification

Member: RM Designation #1363 (1979)
(Former – American Institute of Real Estate Appraisers)

SRA Designation, Certification #909007 (1980)
(Former – Society of Real Estate Appraiser's)

Certified Instructor, State of Minnesota
Department of Securities, Real Estate Division

Real Estate
Appraisal Education: Compliant with qualifying and continuing education requirement for:

Appraisal Institute
State of Minnesota
State of Wisconsin

Uniform Standards of Professional Appraisal Practice – (2020)
Business Practice and Ethics – (2020)

Land Trust Alliance Symposiums (1996-2008)

Exhibit 3

Vigen (continued)

Real Estate Appraisal
Education (continued):

National Conservation Training Center – (1999)
Land Conservation Strategies

Federal Land Exchanges & Acquisitions – (2008)
Valuation of Conservation Easements – (2008)
IRS-Valuation of Donated Real Estate – (2014)

Appraisal Seminars/Courses of Diverse Content (1975-2021)


Representative Client List:

3M – Real Estate Department
Conservation Fund
Employee Relocation Council
Federal Deposit Insurance Corporation
Iron Range Resources & Rehabilitation Board
LTV Mining Company, Lands and Minerals Division
Metropolitan Federal Bank
Minnesota Cities of:
 Bemidji
 Cromwell
 Cloquet
 Duluth
 Grand Marais
 Hermantown
 Moose Lake
 Proctor
 Two Harbors
Minnesota Counties: St. Louis, Lake, Cook, Cass,
 Koochiching, and Aitkin
Minnesota Department of Natural Resources
Minnesota Department of Transportation
Minnesota Land Trust
Minnesota Parks and Trails
Minnesota Power and Light Company
Nature Conservancy
North Shore Bank of Commerce
Potlatch Corporation
Republic Bank of Duluth
Soo Line Railroad
City of Superior, Wisconsin
 Community Development Program
State of Minnesota
Trust for Public Land
United States Forest Service
University of Minnesota
 Office of Real Estate Coordinator
U.S. Bank System
USX
 Northern Land & Minerals Division
Wells Fargo
Western National Bank

Exhibit 3

ADDENDA

Exhibit 3

	Carlton County Parcel Information System Carlton County's Web Site	<p style="text-align: right;">Thu, Nov 18, 2021</p> <p style="text-align: right;">Parcel Info Data Date: November 16, 2021 CRV Info Data Date: November 16, 2021 Payment Detail Data Date: November 16, 2021</p>
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[Parcel Information](#)[CRV Information](#)[Lake Finder](#)[FAQ](#)[Request Info](#)

2021 Assessor's Market Values For Taxes Payable In 2022

[Record Details](#)**Parcel Number: 06-275-1460**

Owner of Record MATA, FELIPE A
915 CLOQUET AVE
CLOQUET MN 55720-1615

Physical Address:	915 CLOQUET AVE CLOQUET MN 55720
Plat Name:	NELSONS SUBD OF OUTLOTS 35, 36 & 40
1st Line of Legal Desc:	
Deeded Acres:	0
Sec-Twp-Rng:	0-0-0
Lake (# / Name):	
Emergency Number:	NOT AVAILABLE

This parcel has **1** property tax classification(s). Valuations are provided below for each classification.

Class Code 233 Commercial Preferred		Total Land Value = \$21,000 Total Building Value = \$171,800 Grand Total Value = \$192,800	06-275-1460 Click Here To See The Current Year Tax Record For This Parcel
Land Value:	\$21,000		
Building Value:	\$171,800		
Total Class Value:	\$192,800		

Minnesota Counties Information Systems (MCIS) makes no warranties, implied or explicit, as to the accuracy or completeness of this data. The data presented on this site is provided directly by the County, and MCIS merely converts it to a searchable web format. This data is intended to be used for informal informational purposes only. It is not intended for use in abstract work, land surveys, title opinions, appraisals, or any other legal documents or for any other purposes. For up-to-date and/or certified information, the user should contact the County Auditor/Treasurer.

Minnesota Counties Information Systems
Grand Rapids, MN
Website hosting & maintenance provided by [Two Dogs in the Web, LLC](#)

Exhibit 3

Carlton County Parcel Information System

Carlton County's Web Site

Thu, Nov 18, 2021

Parcel Info Data Date: November 16, 2021
CRV Info Data Date: November 16, 2021
Payment Detail Data Date: November 16, 2021

[Parcel Information](#)

[CRV Information](#)

[Lake Finder](#)

[FAQ](#)

[Request Info](#)

Payable 2021 Property Tax Statement

Record Details

Account Number: 003444

Parcel Number: 06-275-1460

**Taxpayer
of
Record** MATA, FELIPE A
915 CLOQUET AVE
CLOQUET MN 55720-1615

2021 Tax:	\$6,728.08
2021 Special Assessments:	\$3,577.92
2021 TOTAL Tax and Assessments:	\$10,306.00

2021 Payment Detail

First Half	Paid	
Second Half	Partially Paid	Pay Online*

***Please allow time for payment status to be updated. If opting to pay online, please note that convenience fees will be added on to your payment. Delinquent tax payments are posted to the most current year first.**

Tax District (# / Name):	6 / City of Cloquet
Plat Description:	NELSONS SUBD OF OUTLOTS 35, 36 & 40
Lot / Block:	15 / 5
Legal Description:	\
Deeded Acres:	0
Section-Township-Range:	0-0-0
School District:	94
Lake (# / Name):	


Payable 2021 Assessment Data

	Estimated Value	Taxable Value
Land	\$21,000	\$21,000
Building	\$171,800	\$171,800
TOTAL	\$192,800	\$192,800

Class Code(s)
233 -- Commercial Preferred

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Exhibit 3

	Carlton County Parcel Information System Carlton County's Web Site	<p style="text-align: right;">Thu, Nov 18, 2021</p> <p>Parcel Info Data Date: November 16, 2021 CRV Info Data Date: November 16, 2021 Payment Detail Data Date: November 16, 2021</p>
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[Parcel Information](#)[CRV Information](#)[Lake Finder](#)[FAQ](#)[Request Info](#)

2021 Assessor's Market Values For Taxes Payable In 2022

[Record Details](#)**Parcel Number: 06-275-1480**

Owner of Record MATA, FELIPE A
 915 CLOQUET AVE
 CLOQUET MN 55720-1615

Plat Name:	NELSONS SUBD OF OUTLOTS 35, 36 & 40
1st Line of Legal Desc:	\
Deeded Acres:	0
Sec-Twp-Rng:	0-0-0
Lake (# / Name):	
Emergency Number:	NOT AVAILABLE

This parcel has **2** property tax classification(s). Valuations are provided below for each classification.

Class Code 233 Commercial Preferred		Total Land Value = \$21,000 Total Building Value = \$0 Grand Total Value = \$21,000	06-275-1480 Click Here To See The Current Year Tax Record For This Parcel
Land Value:	\$14,700		
Building Value:	\$0		
Total Class Value:	\$14,700		
Class Code 205 Apartment (4 or more units)			
Land Value:	\$6,300		
Building Value:	\$0		
Total Class Value:	\$6,300		

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Minnesota Counties Information Systems
 Grand Rapids, MN
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Exhibit 3

Carlton County Parcel Information System

[Carlton County's Web Site](#)

Thu, Nov 18, 2021

Parcel Info Data Date: November 16, 2021
CRV Info Data Date: November 16, 2021
Payment Detail Data Date: November 16, 2021

[Parcel Information](#)

[CRV Information](#)

[Lake Finder](#)

[FAQ](#)

[Request Info](#)

Payable 2021 Property Tax Statement

Record Details

Account Number: 003445

Parcel Number: 06-275-1480

Taxpayer of Record

MATA, FELIPE A
915 CLOQUET AVE
CLOQUET MN 55720-1615

2021 Tax:	\$840.00
2021 Special Assessments:	\$0.00
2021 TOTAL Tax and Assessments:	\$840.00

2021 Payment Detail

First Half	Paid
Second Half	Not Paid Pay Online*

***Please allow time for payment status to be updated. If opting to pay online, please note that convenience fees will be added on to your payment. Delinquent tax payments are posted to the most current year first.**

Tax District (# / Name):	6 / City of Cloquet
Plat Description:	NELSONS SUBD OF OUTLOTS 35, 36 & 40
Lot / Block:	16 / 5
Legal Description:	\
Deeded Acres:	0
Section-Township-Range:	0-0-0
School District:	94
Lake (# / Name):	

Payable 2021 Assessment Data

	Estimated Value	Taxable Value
Land	\$21,000	\$21,000
Building	\$0	\$0
TOTAL	\$21,000	\$21,000

Class Code(s)

233 -- Commercial Preferred
205 -- Apartment (4 or more units)

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Minnesota Counties Information Systems
Grand Rapids, MN

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Exhibit 3

LHB
250 Third Avenue North, Suite 450
Minneapolis, MN 55401
PH: (612) 338-2029
FAX: (612) 338-2088
www.lhbcorp.com

MEMORANDUM

DATE: May 28, 2003

TO: Durbin Keeney, Minnesota Assistance for Veterans

FROM: Ben Trousdale, LHB Engineers & Architects

RE: Solom Hotel, Cloquet, Minnesota

Find attached a side-by-side preliminary opinion of probable construction costs for the Solom Hotel. The left-hand column covers new construction and the right-hand column covers renovation. It is based on the project scope of work dated May 5, 2003. We worked with Johnson Wilson Constructors, a general contractor who is located in Duluth, MN. We visited the site three times – once with Johnson Wilson.

There are some challenges in each option. The floor framing and support system of the existing building should be investigated further in order to determine its adequacy to support the additional dead load of the acoustical sub-floor. Interior floors were out of level in several places. Even though parts of the floor joist system were visible because of an apartment fire, we could not readily determine the location of load bearing walls. For example visible joists appeared to be very long for their depth and disappeared beyond the exposed ceiling. Therefore we could not determine all of their bearing points.

The site on Cloquet Avenue presents some challenges in constructing a new building. Building demolition, shoring of the excavation on two or three sides, potential underpinning of the adjacent building, and site reconstruction add costs that might not normally be incurred in a less urban setting.

Please feel free to call if you have any questions.

c: 03550.10 - F201.3; RAC

Exhibit 3

Estimate of Probable Cost

Solom Hotel Description of work	New 22,400 sf building		Remodel existing 25,400 sf building	
	New/SF 22,400.00	New	Rem/SF 25,400.00	Remodel
General Requirements				
Permit	1.00	22,400.00	1.00	25,400.00
General Conditions	6.00	134,400.00	6.50	139,700.00
Sitework				
Sheet Pile	4.00	89,800.00	-	-
Building Demolition	3.15	70,500.00	1.90	48,260.00
Haz. Material Abatement	2.24	50,175.00	1.97	50,038.00
Site Utilities	1.00	22,400.00	1.00	25,400.00
Site concrete	0.30	6,720.00	0.30	7,820.00
Sitework	7.50	169,000.00	3.00	70,200.00
Concrete				
Acoustical Floor Leveling	-	-	1.80	45,720.00
Concrete Slab on Grade	10.00	224,000.00	-	-
Poured Walls/Foundations	2.20	49,280.00	-	-
Reinforcing	0.30	6,720.00	-	-
Masonry				
Block/Brick	8.50	190,400.00	-	-
Brick tuckpointing/cleaning	-	-	5.50	139,700.00
Metals				
Structural/Miscellaneous Metals	3.00	67,200.00	1.00	25,400.00
Steel Erection	2.00	44,800.00	0.88	17,272.00
Wood & Plastics				
Finish Carpentry	2.08	48,592.00	2.08	52,832.00
Stairways	-	-	2.00	50,800.00
Floor Modifications	-	-	1.70	43,180.00
Cabinets/Casework	2.08	48,592.00	2.20	55,880.00
Rough Carpentry	1.00	22,400.00	1.50	38,100.00
Thermal & Moisture Protection				
Waterproofing	0.30	6,720.00	-	-
Caulking/Sealants	0.20	4,480.00	0.20	5,080.00
Fireproofing	1.88	44,352.00	1.88	50,282.00
Insulation	0.30	6,720.00	0.30	7,820.00
Roofing	0.60	13,440.00	1.05	26,870.00
Doors and Windows				
Doors Frames & Hdwr	3.50	78,400.00	3.50	88,900.00
Alum. Entrances	0.25	5,600.00	0.28	7,112.00
Windows	2.25	50,400.00	2.70	68,580.00
Finishes				
Acoustical Ceilings	0.40	8,960.00	0.40	10,160.00
Drywall/Metal Studs	7.20	161,280.00	5.00	127,000.00
Floor Prep	-	-	0.50	12,700.00
Flooring	3.50	78,400.00	3.70	93,880.00
Painting	1.65	36,960.00	1.65	41,910.00
Specialties				
Accessories	0.40	8,960.00	0.40	10,160.00
Equipment				
Furnishings	0.85	14,560.00	0.85	10,510.00
Conveying Systems				
Elevators	4.50	100,800.00	5.50	139,700.00
Mechanical	22.50	504,000.00	18.90	480,060.00
Sprinkler	1.75	39,200.00	1.75	44,450.00
Electrical	8.00	179,200.00	8.00	203,200.00
Subtotal		2,604,672.00		2,275,589.00
Overhead & Profit		130,233.60		113,779.30
Subtotal		2,734,905.60		2,389,368.30
Per/Leasymnt bond		27,349.00		23,893.65
Total		2,762,254.60		2,413,261.95
Cost/SF		123.31		95.01
Contingency (5%)		138,112.73	(10%)	241,325.90
Total Incl. Contingency		2,900,367.33		2,654,587.85
Cost/SF		129.48		104.51

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Concrete Slab on Grade	10.00	224,000.00	-	-
Poured Walls/Foundations	2.20	49,280.00	-	-
Reinforcing	0.30	6,720.00	-	-
Masonry		-		-
Block/Brick	8.50	190,400.00	-	-
Brick tuckpointing/cleaning	-	-	5.50	139,700.00
Metals		-		-
Structural/Miscellaneous Metals	3.00	87,200.00	1.00	25,400.00
Steel Erection	2.00	44,800.00	0.88	17,272.00
Wood & Plastics		-		-
Finish Carpentry	2.08	48,592.00	2.08	52,832.00
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Accessories	0.40	8,960.00	0.40	10,160.00
Equipment		-		-
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Conveying Systems		-		-
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Mechanical	22.50	604,000.00	18.90	480,060.00
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Total incl. Contingency		2,900,367.39		2,654,577.75
Cost/SF		129.48		104.51

Exhibit 3

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FAX: (612) 338-2088
www.lhbcorp.com

MEMORANDUM

DATE: May 29, 2003

TO: Durbin Keeney, Minnesota Assistance for Veterans

FROM: Rick Carter, LHB Engineers & Architects

RE: Solom Hotel, Cloquet, Minnesota

We have attached our written descriptions of the two possible scenarios for this project (new construction and remodel existing), LHB's memo dated May 28th and a revised version of the Cost Estimate with contingencies and costs per square foot is included.

The following is a summary of our telephone conversation on Wednesday, May 28th:

The estimates prepared by Johnson-Wilson Constructors (reviewed by LHB and based on our descriptions) show the new construction costing approximately 10% more than the remodel option. This is based on an analysis that assumes we are creating a similar quality building (downtown corner site) and program. As you know, less than 50% of the existing square footage would be dedicated to the 20 apartment units.

In addition, it is much more difficult to accurately estimate the remodeling costs. We have indicated a 5% contingency for the new construction cost and 10% for the remodeling. The 10% may not allow for the level of costs incurred in order to bring the existing building into full code compliance and covering unforeseen conditions.

Therefore, it may be easier to contain and control construction costs in the new construction scenario. It would be difficult to further refine the cost estimates without developing a schematic design. LHB is prepared to do this once a decision is made on which direction to take.

Please forward this information to the appropriate individuals, and let us know the response.

Attachments

c: 03550.10 - F202

Exhibit 3

basement. The first floor will have commercial/retail space with storefronts on Cloquet Avenue, program office and building lobby. Finishes will be appropriate for commercial/retail space including carpet, ceramic/porcelain tile flooring, vinyl wall covering and paint at walls and painted gypsum board and/or acoustical panel ceilings with decorative soffits.

The second and third stories would consist of 20 efficiency units (10 per floor). Materials and finishes are to be durable and have a long service life. This includes solid core wood doors and commercial grade VCT finished floor goods in most areas, and commercial grade door and cabinet hardware. Bathrooms will have ceramic tile floors. Walls and ceilings will be 3-coat painted gypsum board. There will be vinyl base in areas with VCT floor and ceramic tile base in the bathrooms.

Site work will include a new paved off-street parking lot at the rear of the building, fencing and landscaping required to screen parking and reconstruction of city sidewalks and streetscape.

A variation of this option would be to demolish the second and third floor down to the concrete cap over the first floor and rebuild the upper two floors with wood frame construction with brick veneer exterior. Construction of the second and third floors would be as described under Option 2, and renovation of the first floor and basement would be as described under Option 1.

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Exhibit 3

Exhibit 3



LHB Engineers & Architects
250 3rd Avenue North, Ste 450
Minneapolis, Minnesota 55401
612 338-2029
Fax 612 338-2088
www.LHBcorp.com

Solom Hotel Scope of Work

May 5, 2003

The project program consists of 20 efficiency residential units on the second and third floors, commercial/retail space and program office on the first floor, and building services, storage and community space in the basement. Two options are being considered: Renovate the existing building or demolish the existing and build a new structure. The only current occupant of the building is a pawnshop at the west end of the first floor. There may be some environmental clean-up issues. An underground vault containing fuel oil storage tanks was observed and there appeared to have been some leakage.

Option 1 – Renovate Existing Structure

The existing, approximately 80 year-old, brick building is 3 stories plus a basement. It was built in two phases, therefore there is at least one interior masonry wall running through the interior of the building from street wall to rear yard wall. The building is a wood framed construction with some column and beam construction in the basement and first floor. Floor and flat roof systems are wood joists with wood sub-floor and finished floor. Exterior walls are load-bearing masonry. Basement and first floor are approximately 7,000 GSF each. The second and third floors are approximately 5,700 GSF each. Total area is approximately 25,400 SF. The plumbing, sanitary and mechanical services for the first floor restaurant are recently installed however the kitchen equipment, except for the range hood, have been removed.

The exterior masonry is in fair to good condition. Exterior renovation would consist of brick repair, tuck-pointing and cleaning, new windows at second and third floors, new roof membrane, and new storefronts along Cloquet Avenue. Most of the first floor windows along the side and back are fairly new.

Interior work would consist of installing an ADA compliant, 4-stop hydraulic elevator, two new stair additions connecting all levels and renovation of the main stair, installing an automatic sprinkler system and new electrical service entrance. The existing boiler and heating system appears to be in good repair, however is not currently in use because so much of the building is unoccupied. A mechanical contractor mothballed the heating plant and domestic plumbing system after much of the building was vacated following an apartment fire.

The second and third floors would be completely remodeled into 20 (10 per floor) new efficiency units. Each unit would be about 400 GSF and include a small kitchen open to the living, dining and sleeping area. The bathroom would be a separate room within the
Duluth, MN Minneapolis, MN

Exhibit 3

Solom Hotel Scope of Work
Page 2 of 3
May 5, 2003

unit. Interior non-load bearing walls, finishes, millwork, etc would be demolished. Plaster and lath would be demolished from load bearing walls, exterior masonry walls and ceilings, and be replaced with gypsum board. Minor structural damage caused by a fire will have to be repaired. Interior non-load bearing walls, all gypsum board, paint, flooring, doors, windows, millwork, base, plumbing, sanitary and electric would be new. Exterior masonry walls would be furred out and insulated. Floors are not level and could be leveled using a lightweight cementitious material provided the structure could support the additional dead load. Materials and finishes are to be durable and have a long service life. This includes solid core wood doors and commercial grade VCT finished floor goods in most areas, and commercial grade door and cabinet hardware. Bathrooms will have ceramic tile floors. Walls and ceilings will be 3-coat painted gypsum board. There will be vinyl base in areas with VCT floor and ceramic tile base in the bathrooms.

Business, residential and basement areas would have to be separated from each other by 2-hour fire barriers. Residential units must be acoustically isolated from each other and the rest of the building. One-hour fire rated construction must be provided between units.

Much of the first floor is in fair to good condition and could require only cosmetic renovation. New kitchen equipment would be required if a restaurateur were to move into the space, however it should be assumed this would be purchased or leased by the restaurateur. The extent of the remodeling would depend upon the requirements of the new tenants. It is assumed there would be some minor remodeling and finished flooring (carpet, ceramic/porcelain tile), wall covering, paint, built-in cabinets and millwork would be new. Existing finished floor goods would be demolished. It is likely that much of the tin and plaster ceilings would have to be removed and reinstalled while doing the sanitary rough-ins for the second floor dwelling units. Basement remodeling will be limited to accommodate commercial/retail tenant storage, resident laundry, resident storage and a community space occupying the eastern third of the basement for the residential program. Basement circulation will be modified to accommodate the new stairs and elevator.

Site work will include a new paved off-street parking lot at the rear of the building, fencing and landscaping required to screen parking and reconstruction of city sidewalks and streetscape.

Option 2 – Demolish Existing Structure and Build New Structure

The existing structure would be completely demolished including foundations, footings and any underground utilities would have to be cut back and capped. The adjacent building foundation and footing might have to be shored. Two sides of the excavation along Cloquet Avenue and 10th would have to be shored.

Exhibit 3

Solom Hotel Scope of Work
Page 2 of 3
May 5, 2003

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Solom Hotel Scope of Work
Page 3 of 3
May 5, 2003

The new structure would occupy approximately the same footprint as the existing, or could be slightly smaller, filling the entire frontage on Cloquet Avenue. It would also be 3 stories with a basement, have a flat roof, and its exterior skin at the street facades would be brick. The exterior finish materials facing the rear yard could be less expensive. Construction type would be Type V-A (IBC), 1-hour fire protected wood structural frame and load bearing walls, with automatic sprinkler system. Business, residential and basement areas would have to be separated from each other by 2-hour fire barriers. All wood sub-floors (1st, 2nd & 3rd floors) will be covered by a lightweight cementitious underlayment. Residential units must be acoustically isolated from each other and the rest of the building. One-hour fire rated construction must be provided between units. Each story and basement would be about 5,600 SF for a total of about 22,400 SF. It will have a 4-stop ADA compliant hydraulic elevator.

The program will be similar to the renovated building. The basement will consist of mechanical and electrical rooms, resident laundry room, storage for commercial/retail tenants, resident storage, and community room space occupying the eastern third of the basement. The first floor will have commercial/retail space with storefronts on Cloquet Avenue, program office and building lobby. Finishes will be appropriate for commercial/retail space including carpet, ceramic/porcelain tile flooring, vinyl wall covering and paint at walls and painted gypsum board and/or acoustical panel ceilings with decorative soffits.

The second and third stories would consist of 20 efficiency units (10 per floor). Materials and finishes are to be durable and have a long service life. This includes solid core wood doors and commercial grade VCT finished floor goods in most areas, and commercial grade door and cabinet hardware. Bathrooms will have ceramic tile floors. Walls and ceilings will be 3-coat painted gypsum board. There will be vinyl base in areas with VCT floor and ceramic tile base in the bathrooms. Site work will include a new paved off-street parking lot at the rear of the building, fencing and landscaping required to screen parking and reconstruction of city sidewalks and streetscape.

Exhibit 3**DEVELOPERS****ANDERSON, LEE****A & L PARTNERSHIP**
11 E SUPERIOR ST
DULUTH, MN 55802
Work: 218.727.9556**BILLMAN, MICHAEL****BILLMAN CONSTRUCTION**
5010 MILLER TRUNK HWY
HERMANTOWN, MN 55811
Work: 218.729.7570**CICH, CLAYTON****C & W DEVELOPMENT**
PO BOX 16510
DULUTH, MN 55802**FITZGERALD, BOB****KRAUS-ANDERSON CONSTRUCTION
CO.**
206 BELTRAMI AVE
BEMIDJI, MN 56601
Work: 218.759.0596
Fax: 218.759.0995
Email: bfitzgerald@k-a-c.com**HOLAPPA, DAVE****HOLAPPA COMMERCIAL REAL
ESTATE**
1131 E SUPERIOR ST
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DULUTH, MN 55802
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Fax: 218.722.0476**HOLAPPA, FRANK****HOLAPPA COMMERCIAL REAL
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Work: 218.722.0357
Fax: 218.722.1476**HOLM, DEAN****DON HOLM CONSTRUCTION**
3211 W 3RD ST
DULUTH, MN 55806-1706
Work: 218.628.2257**LINK, ROB****A & L PARTNERSHIP**
11 E SUPERIOR ST, STE 570
DULUTH, MN 55802
Work: 218.628.1027**MAKI, BRIAN****LAKEHEAD CONSTRUCTORS**
2916 HILL AVE
SUPERIOR, WI 54880
Work: 715.392.5181**RIIHILUOMA, JOHN****RAY RIIHILOUMA, INC.**
1513 HWY 33 S
CLOQUET, MN 55720
Work: 218.879.3317**STROMME, FRED****JOHNSON WILSON**
4431 W MICHIGAN ST
DULUTH, MN 55807
Work: 218.628.0202**WILSON, BILL****C & W DEVELOPMENT**
PO BOX 16510
DULUTH, MN 55802
Work: 888.310.5253

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 Email: bfitzgerald@k-a-c.com

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WILSON, BILL
C & W DEVELOPMENT
 PO BOX 16510
 DULUTH, MN 55802
 Work: 888.310.5253

Exhibit 3

Exhibit 4

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

RESOLUTION NO. 22-22

**RESOLUTION ADDING CONTINGENCY FOR
INSPECTION/ANALYSIS OF STRUCTURAL ENGINEER
FOR ANY PURCHASE AGREEMENT FOR 915 CLOQUET AVENUE**

WHEREAS, in accordance with Resolution No. 21-79 passed on December 21, 2021, the City approved the acquisition of 915 Cloquet Avenue (“Property”) by direct purchase through good faith negotiation (pursuant to Minn. Stat. § 117.036) for no more than the appraised value (plus costs pursuant to Minn. Stat. § 117.232) unless further approved by this Council, or if an agreement cannot be reached, by condemnation through the exercise of the City’s power of Eminent Domain subject to further approval following a public hearing on March 15, 2022 at 6:00 p.m.

WHEREAS, in accordance with Resolution No. 22-16 passed on March 1, 2022, the City authorized the EDA to determine further good faith offers for negotiations with Felipe A. Mata and the Estate of Carlos G. Villareal without requiring further approval from the City Council.

WHEREAS, Felipe Mata has made a counteroffer for the purchase of the Property of \$192,800.00, which is equal to the tax assessed value as determined by the County, and indicates he is ready to proceed with demolition if the City does not accept his offer.

WHEREAS, EDA staff, following a discussion by the EDA Board, believes that any further offer for the purchase of the Solem Hotel property at 915 Cloquet Avenue, as determined by the EDA as authorized by the City Council, which is greater than the City’s appraised value of \$8,000, should be contingent upon a determination that the building is structurally sound, following an inspection and analysis by a structural engineer.

WHEREAS, EDA staff further believes that such contingency should be made a part of any purchase agreement for the purchase of the Property from the owners, and that the costs for such analysis should come out of EDA funds designated for this project if so ordered by the City Council.

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

1. The City declines to accept Felipe Mata’s offer of \$192,800.00 as unreasonable in light of the City’s appraisal of \$8,000.00 and relies on the EDA to determine an appropriate counteroffer.
2. The City hereby orders the EDA to make any further counteroffer and purchase agreement for the Solem Hotel property at 915 Cloquet Avenue contingent upon a determination that the building is structurally sound, following an inspection and analysis by a structural engineer, and that the costs for such analysis would come out of EDA funds designated for this project.

Exhibit 4

3. The City Attorney working with the City Administrator and Community Development Director are authorized to proceed with the preparation of all documents and the taking of all actions necessary for negotiating the purchase price, confirming said price as hereafter approved by the EDA, and preparing a purchase agreement.

**PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CLOQUET THIS 15th
DAY OF MARCH 2022.**



Roger Maki, Mayor

ATTEST:



Tim Peterson, City Administrator



Exhibit 4

CITY OF CLOQUET

101 14th Street • Cloquet MN 55720
Phone: 218-879-3347 • Fax: 218-879-6555

NOTICE OF PUBLIC HEARING

Notice is hereby given that there will be a public hearing to consider City acquisition (via condemnation if a City offer to purchase for value is not accepted) of 915 Cloquet Avenue, the structure located thereon having been determined to be a vacant and hazardous substandard building, which is legally described as follows:

**Lots 15 and 16, Block 5, NELSON'S SUB-DIVISION OF
OUTLOTS 35, 36 & 40 OF THE VILLAGE, NOW CITY, OF
CLOQUET, according to the plat thereof on file and of record
in the office of the County Recorder in and for Carlton
County, Minnesota.**

Parcel ID Nos.: 06-275-1460 and 06-275-1480.

The public hearing will be conducted by the Cloquet City Council at its regular meeting on **Tuesday, March 15, 2022, at 6:00 pm at the Cloquet City Hall**, 101 14th Street, Cloquet, Minnesota unless the City of Cloquet Proclamation and Declaration of Emergency is extended mandating virtual teleconference city meetings. Persons wishing to comment on the proposal may do so in writing by addressing their comments to the Community Development Department, 101 14th Street, Cloquet, prior to the hearing. Any interested person will also be allowed reasonable time to present relevant testimony in person (or virtually if the Emergency Declaration is extended) at the hearing. The meeting format information (and a link to the virtual meeting if the Emergency Declaration is extended) will be available prior to the meeting on the City website (at this link): <https://www.cloquetmn.gov/our-city/agendas-minutes/city-council/-folder-175>. The public hearing will be recorded and available to the public for later review.

Holly Hansen
Community Development Director
For Posting February 11, 2022

State of Minnesota
Carlton County

District Court
Sixth Judicial District

Court File Number: **09-CV-22-864**

Case Type: Condemnation

Notice of Filing of Order

City of Cloquet vs Felipe A. Mata and teh Estate of Carlos G. Villareal a/k/a Estate of Carlos G. Villarreal and Also all heirs and devisees of any of the abovenamed persons who are deceased; and all otherpersons or parties unknown claiming any right,title, estate, lien or interest in the real estatedescribed in the Complaint herein

You are notified that an order was filed on this date.

Dated: August 2, 2022

Amy Turnquist
Court Administrator
Carlton County District Court
301 Walnut Avenue, PO Box 190
Carlton Minnesota 55718
218-673-5065

cc: Felipe A Mata
Estate of Carlos G. Villareal
WILLIAM THOMAS HELWIG

A true and correct copy of this notice has been served pursuant to Minnesota Rules of Civil Procedure, Rule 77.04.

City of Cloquet,

Petitioner,

v.

Felipe A. Mata and the Estate of Carlos G.
Villareal a/k/a Estate of Carlos G. Villarreal,

and

Also all heirs and devisees of any of the above
named persons who are deceased; and all other
persons or parties unknown claiming any right,
title, estate, lien or interest in the real estate
described in the Complaint herein,

Respondents.

**FINDINGS OF FACT,
CONCLUSIONS OF LAW,
ORDER APPROVING PETITION
AND TRANSFERRING TITLE
AND POSSESSION,
AND ORDER APPOINTING
COMMISSIONERS**

The above-entitled matter came on for hearing before the undersigned on August 2, 2022, at 2:30 p.m. remotely by Zoom. Present at the hearing were William T. Helwig, Attorney for the Petitioner. There were no other appearances.

Based upon the Petition, the Affidavit of William T. Helwig with attached exhibits, and based upon all the files and records herein, the Court makes the following Findings of Fact, Conclusions of Law, Order Approving Petition and Transferring Title and Possession, and Order Appointing Commissioners.

FINDINGS OF FACT

1. The City of Cloquet is a duly incorporated city of Minnesota organized under the general statutes relating to statutory cities and has authority to acquire property by eminent domain

pursuant to Minnesota Statutes § 412.211 and § 465.01, and specifically has authority to acquire any hazardous building, real estate on which any such building is located, or vacant or undeveloped real estate by eminent domain pursuant to Minnesota Statutes § 463.152.

2. That the City of Cloquet has commenced an action in eminent domain in this court whereby it seeks to acquire fee title to real property described in the Petition filed on May 17, 2022 (herein “the Property”) for the acquisition of a hazardous building and the real estate on which it is located for the specific purpose of removing a danger and hazard to the public safety and for the further purpose of redevelopment.

3. That the acquisition by a municipality of such buildings and real estate is declared to be a public purpose pursuant to Minnesota Statutes § 463.152.

4. That the Property is located at 915 Cloquet Avenue in the City of Cloquet, County of Carlton, State of Minnesota, and is legally described in the Petition, and as follow,

Lots 15 and 16, Block 5, NELSON'S SUB-DIVISION OF OUTLOTS 35, 36 & 40 OF THE VILLAGE, NOW CITY, OF CLOQUET, according to the plat thereof on file and of record in the office of the County Recorder in and for Carlton County, Minnesota.

Parcel ID Nos.: 06-275-1460 and 06-275-1480,

being the Property the City seeks to acquire.

5. That Felipe A. Mata and Carlos G. Villareal are the record owners of the property.

6. That Carlos G. Villareal is believed to be deceased and his interest in the Property is now held by the Estate of Carlos G. Villareal a/k/a the Estate of Carlos G. Villarreal.

7. That there are no Judgments or Mortgage liens of record against the Property.

8. That property taxes for the year 2022 in the amount of \$7,694.00 are unpaid and owing.

9. That pursuant to Minn. Stat. § 117.036, Petitioner obtained an appraisal of the Property, dated December 1, 2021, by Mr. John Vigen, a principal of Ramsland and Vigen, Inc., which reported an appraised value of \$8,000.00 due to the vacant and hazardous condition of the property and the estimated costs of required repairs to make the Property useable and code compliant. A copy of said appraisal is attached to the Petition as **Exhibit 3**.

10. That Petitioner's Resolution No. 21-79 found that condemnation and repair would remove a danger and hazard to public safety; said resolution further authorized the acquisition of the Property by direct purchase for the appraised value of the Property and set a public hearing on the issue of acquisition by condemnation proceedings in case negotiations to purchase failed, following public hearing procedures set out in Minn. Stat. § 117.0412 for blight mitigation. A copy of said Resolution is attached to the Petition as **Exhibit 1**.

11. That pursuant to Minn. Stat. § 117.036, Petitioner attempted to enter into good faith negotiations with Respondents by Offer Letters dated February 9, 2022 offering \$8,000.00; March 16, 2022 offering \$50,000.00; and a Final Offer letter dated April 5, 2022 offering \$75,000.00 to which Respondent Mata responded rejecting each of the offers and demanding \$192,800.00 (which is equal to the tax assessed value as determined by the County); his final rejection was received by Petitioner on April 8, 2022, and to which Respondent Estate of Villarreal did not respond to the initial offer and was not provided further offers until the final offer contained within the Notice of Intent to Possess. Respondent Estate has failed to respond to any correspondence from Petitioner but is in receipt of such. (See Petition **Exhibit 2** reciting attempted negotiations.)

12. Petitioner held a public hearing following the procedures set out in Minn. Stat. § 117.0412, on the proposed condemnation on March 15, 2022, at 6:00 p.m. in the City Council chambers following published, posted and mailed notice as required by the statute. At the City

Council meeting directly following the public hearing, Petitioner adopted Resolution No. 22-22 declining Respondent Mata's counteroffer of \$192,800 and authorizing the EDA to proceed to determine as appropriate counteroffers to continue good faith negotiations. (See hearing notice and Resolution attached to the Petition as **Exhibit 4**.)

13. That Petitioner issued a decision more than 30 days after the March 15, 2022, public hearing on April 19, 2022, at which time said Resolution No. 22-29 was adopted which approved to proceed with the condemnation of 915 Cloquet Avenue, Pursuant to Minn. Stat. § 117.0412, and which authorized the use of the Quick-Take provisions of Minnesota Statutes § 117.042 in any eminent domain proceedings necessary. (See Petition **Exhibit 2**.)

14. That Petitioner provided Notice to both owners, of Petitioner's intent to possess the Property through condemnation proceedings, by letter dated May 5, 2022, and served upon them by certified mail, pursuant to Minn. Stat. § 117.042, along with said Resolution No. 22-29 approving to proceed with the condemnation of 915 Cloquet Avenue, being attached thereto. Said Notice also contained an extension of Petitioner's final offer to purchase the Property for \$75,000.00 to be held open for another 60 days from the date of said Notice (to July 3, 2022). Return receipt cards for said mailing showed the aforesaid Notices were both delivered, one to each owner, on May 10, 2022.

15. That on May 17, 2022, the City filed a Petition for Condemnation Pursuant to the "Quick Take" provisions of Minn. Stat. § 117.042, to acquire the Property, and recorded a Notice of Pendency of Condemnation Proceedings pursuant to Minn. Stat. § 117.065.

16. That a Notice of Petition for Condemnation Pursuant to "Quick Take" provisions of Minn. Stat. § 117.042, was served on Felipe A. Mata by personal service on June 10, 2022, and the Estate of Carlos G. Villareal a/k/a Estate of Carlos G. Villarreal by personal service on June

21, 2022, being all the known owners and parties in interest (as identified in the petition), pursuant to Minn. Stat. § 117.055 (proof of service for each have been filed separately and as exhibits to the Affidavit of William T. Helwig).

17. That a Notice of Petition for Condemnation Pursuant to “Quick Take” provisions of Minn. Stat. § 117.042, was also served on all parties by publication on June 10, 17 and 24, 2022, service by publication being complete on July 1, 2022, being more than 20 days before the hearing on the petition pursuant to Minn. Stat. § 117.055.

18. That August 3, 2022, is the 90th day following service upon all the known owners and parties in interest regarding the Property, of the Notice of Intent to Possess through Condemnation Proceedings, pursuant to Minn. Stat. § 117.042.

19. That the City of Cloquet has not yet deposited with the Court their approved appraisal value, in the amount of \$8,000.00, as determined by the Vigen Appraisal.

20. That due to the need for removal of the danger and hazard to public safety presented by the hazardous building located on the Property, the City requires the immediate transfer of title and possession of the Property to the City, prior the return of the Condemnation Commissioners Report.

21. Petitioner has identified Ron Tondryk as listed with the Court as qualified for appointment as a condemnation commissioner, Marci Moreland who is presently appointed by the Court as a condemnation commissioner in another matter, and Lisa Westendorf who meets the qualifications of a condemnation commissioner although not listed with the Court.

22. That the Property to be taken and acquired is situated in the City of Cloquet, County of Carlton, State of Minnesota.

23. Felipe Mata may be objecting to any valuation based upon the City's approved appraisal value as determined by the Vigen Appraisal but no one on his behalf appeared at the hearing.

24. That the award of damages as determined by the Condemnation Commissioners must be awarded one half to Felipe A. Mata and one half to the Estate of Carlos G. Villareal a/k/a the Estate of Carlos G. Villarreal.

25. That no objection to the public purpose was made by anyone at the hearing.

CONCLUSIONS OF LAW

1. The City of Cloquet has shown, and the building located at 915 Cloquet Avenue is found to be hazardous within the meaning of Minn. Stat. § 463.16, subd. 3, and the acquisition and taking of said building and the real estate on which it is located is declared to be a public purpose pursuant to Minn. Stat. § 463.152, subd. 1., and the need for removal of the danger and hazard to public safety presented by the hazardous building located on the Property, requires the immediate transfer of title and possession of the Property to the City, prior to return of the Condemnation Commissioners Report.

2. That the City of Cloquet has complied with all of the legal requirements for obtaining title and possession pursuant to Minn. Stat. § 117.042 (2021), except for depositing with the court Petitioner's approved appraisal value; however, subject to Respondent Mata's and Respondent Estate of Villareal's right to remain in control of the property until the end of the 90 day quick take period, which ends 11:59 p.m. on August 3, 2022.

WHEREFORE, the Court makes the following:

**ORDER APPROVING PETITION AND
TRANSFERRING TITLE AND POSSESSION**

3. That the City of Cloquet's petition is granted and the City of Cloquet is authorized by law to acquire the real estate identified as the Property herein and described in its petition herein, under the procedures specified in Minn. Stat. Chapter 117 (2021) and other law.

4. That pursuant to Minn. Stat. § 117.042, Petitioner may deposit with the District Court Administrator for this Court an amount equal to Petitioner's approved appraisal of value of the Property which is \$8,000.00.

5. That on or after the date hereof, the District Court Administrator is directed to accept the deposit of such amount. The deposit shall be held in interest-bearing accounts for the benefit of the parties with ownership interests in the Property, being Felipe A. Mata and the Estate of Carlos G. Villareal a/k/a Estate of Carlos G. Villarreal.

6. That on or after August 4, 2022, upon the filing with the Carlton County Recorder and/or Registrar of Titles, as the case may be, of a certified copy of this Order and the receipt of the District Court Administrator or Accountant confirming receipt of such deposit with respect to the Property, title and the right of possession of the real estate interests being acquired herein, as identified as the Property herein and described in the petition shall, without further notice, immediately vest in the Petitioner.

7. That immediately following said deposit, said District Court Administrator shall, from said deposited funds, pay to the City of Cloquet and County of Carlton (a) all real estate taxes payable in the year 2022 and prior years, including all special assessments and future installments thereof, unpaid on the property as of the date of filing of the Petition for Condemnation, pursuant to § 117.135 and § 272.68; and (b) any Public Works charges (water, sewer, garbage, etc.) or other charges as are unpaid on or before the vesting of Petitioner's right of possession. All of such

payments to the City of Cloquet and/or the County of Carlton as provided for in this paragraph 7 shall include interest and penalties payable therewith, if any.

In the event that said deposited funds are insufficient to pay all of the above-mentioned taxes and assessments, the amount deposited shall be applied toward such taxes and assessments and the balance of such taxes and/or assessments shall be paid from any additional amounts awarded by the Commissioners or the Court with respect to the Property. However, pursuant to Minn. Stat. § 272.68, subd. 1, in no event shall Petitioner be required to pay accrued taxes and/or unpaid assessments or any other charges on the property acquired herein which exceed the fair market value of the Property. The fair market value of the Property is that amount determined by the court-appointed Condemnation Commissioners as the award of damages for the Property.

8. That the owner(s) and all persons occupying the Property must vacate the Property and remove all personal property on or before 11:59 p.m. on August 3, 2022. All advertising signs or devices, if any, located on the Property must also be removed on or before 11:59 p.m. on August 3, 2022.

9. That Petitioner shall give written notice of the fact of said deposit or payment to all parties previously appearing in this proceeding with respect to the Property.

10. That this Order does not preclude any party from offering valuation evidence, and seeking an award of damages, different from Petitioner's approved appraisal amount.

11. That the Court retains jurisdiction of this matter for the purposes of granting the parties such other and further relief as may be necessary and appropriate to implement the provisions of this Order and to otherwise transfer title and the right to possession of the interests required herein to Petitioner in accordance with the provisions of Minn. Stat. § 117.042.

WHEREFORE, the Court makes the following:

ORDER APPOINTING COMMISSIONERS

12. IT IS HEREBY ORDERED THAT Ron Tondryk, Marci Moreland, and Lisa Westendorf are hereby appointed as commissioners, all being residents of the County of Carlton, to ascertain and report the amount of damages, if any, that will be sustained by the parties named as having an interest in the real estate described in the petition herein. The said commissioners shall be paid and shall undertake their duties in accordance with the Policy of the District Court Concerning Condemnation Commissioners.

The above-named commissioners shall meet on August 9, 2022, at 2:00 p.m. in the Court Administration Office, at the Carlton County Courthouse, for the purposes of taking the oath of commissioners. The above-named commissioners shall file their report showing the amount of the award of damages as to the property described in the petition, no later than 90 days from the date of this Order, unless such time is extended by further order of this Court.

LET JUDGMENT BE ENTERED ACCORDINGLY

BY THE COURT

Dated: _____

The Honorable Amy E. Lukasavitz
Judge of District Court



October 3, 2022

Ms. Holly Hansen
City of Cloquet
101 14th Street
Cloquet, MN 55720

Re: **City of Cloquet Structural Condition Assessment Report for
915 Cloquet Avenue
Cloquet, MN 55720**

Ms. Hansen:

TKDA is pleased to prepare this structural condition assessment for the subject property. Our scope of work is limited to visual observations, recording of deficient structural conditions, and providing general recommendations on remediation and/or replacement. This report does not include specific remedial plans or details. **The overall structural condition of the building is fair condition. The two notable exceptions are a portion of the eastern brick wall and a fire damaged portion of the 3rd floor which are in poor condition.** Refer to Attachment A for definitions of overall structural condition classifications.

Background

The City of Cloquet (the Client hereinafter) contacted TKDA to conduct a structural condition assessment on the subject property at 915 Cloquet Avenue in Cloquet, Minnesota. The subject property has been referred to as the Hotel Solem in the past and has most recently housed commercial occupancies such as a restaurant.

- Refer to Attachment B for aerial images.
- Refer to Attachment C for framing plan images.
- Refer to Attachment D for the Photo Log

The Client provided the following information to TKDA prior to our site visit:

- Appraisal Report, prepared by Ramsland & Vigen, Inc., Real Estate Appraisers & Consultants, dated November 15, 2021.
- Order to Repair issued by the City of Cloquet to the Building Owner dated January 14, 2021
- Multiple condition assessment and repair estimate reports prepared by LHB Corporation, with input from Johnson-Wilson Constructors, dated May 2003.

For reference, the elevations of the building will be referenced directionally (north, south, east and west). The south elevation of the building is parallel and adjacent to Cloquet Avenue. The east elevation of the building is parallel and adjacent to 10th Street North. Refer to photos 1 through 4. The level of the building with walk-out access to Cloquet Avenue will be referred to as Level 1.

No drawings or building records were made available for our use; however, the building is believed to have been constructed in multiple phases. Date stones in the parapets of the south elevation indicate the first portion of the building was constructed in or around 1919 and the second portion was constructed in or around 1923. Multiple additions appear to have been added to the north of the building in more recent times.

The building consists of exterior bearing walls composed of multiple wythes of brick. The floor and roof framing consists of 2x wood purlins at varying spacing and an interior bearing wall and/or beam/column system.

The building footprint at the basement and Level 1 is approximately 6,000 square feet. Levels 2 and 3 are approximately 5,400 square feet.

Prior to beginning our inspection activities, we were notified by the Client of three potential safety hazards:

- A portion of the sidewalk adjacent to 10th Street North and adjacent to the building east elevation was barricaded off for fear of falling brick as noted in the Client's Order to Repair.
- A portion of the 3rd floor structure was damaged in a recent fire.
- Standing water in portions of the basement. The standing water was presumably due to roof drains not being disconnected from the sanitary sewer.

Inspection Methodology

TKDA's inspection activities included measurements and visual observations made from the ground at the building exterior, and from the floor structures or a ladder at the building interior. TKDA began the inspection by circumnavigating the building to review the exterior building condition. TKDA's interior inspection activities began at the top level, worked down level by level, and concluded in the basement. TKDA did not access the roof of the building or any of the exterior fire escape structures. Plumbness and levelness were measured with a hand held level tool. Representative measurements and photos were taken where appropriate to record typical conditions. Interior finishes were not removed where present due to concerns of dust-borne materials.

Specific deficiencies in primary structure (brick walls, wood members, columns, walls, etc.) were recorded by hand in our field notes and supplemented by photos where appropriate. Refer to Attachment C for field notes and Attachment D for the photo log. Deficiencies in secondary structural members are not included in our field notes, but are briefly discussed in this report where applicable.

TKDA's inspection scope of services did not include verification of facility compliance with OSHA or other safety standards with regards to access requirements, clearance requirements, guarding, egress, or adequacy of fall protection systems. The extent of TKDA's safety observations was limited to noting any immediate dangers to the health and welfare of building occupants. TKDA's scope of inspection services did not include a review of mechanical systems, electrical systems, or the condition of architectural finishes.

General Structural Observations

The building was observed to be in overall **fair** condition for a facility of its age and intended use, with the two areas noted by the Client being observed to be in **poor** condition and requiring more immediate attention. Refer to Attachment A for definitions of overall structural condition classifications.

The exterior walls were generally plumb with sporadic local variations. Brick and brick mortar in the outer wythe were generally in good condition with minimal localized and non-structural cracking. The exception to this was at the east elevation, where the original parapet had been removed and replaced with CMU. The northern portion of the east elevation showed signs of the brick wall bowing outward (refer to photo 5). At the southern elevation, a fire escape structure from a bygone era was observed and did not appear to be code compliant. The brick adjacent to the fire escape's lower connections also appeared to be loose and spalling (refer to photos 6 and 7). The brick which comprises a chimney at the northern elevation of the building appeared to be out of plumb and in need of tuckpointing (refer to photo 8). Loose and missing brick was observed at the southeast building corner at grade (refer to photo 9).

TKDA was able to observe a portion of the roof structure from a step ladder through a ceiling access port. The roof structure was observed to be 2x wood purlins spaced at 16" on center. The purlins were supported by 2x cripple walls which in turn bear through ceiling support structure to 2x bearing walls below (refer to photos 10 and 11). Due to the presence of interior finishes, our observations of the remainder of roof structure were limited to individual locations where finishes were damaged. TKDA's additional observations confirmed the presence of 2x wood members spaced at 16" on center.



At one location, TKDA observed a makeshift decking and gutter arrangement which reroutes water, which apparently leaks through the roof, out of the building envelope through an adjacent window (refer to photo 12).

Portions of the 3rd floor structure were visible through damaged architectural finishes. TKDA observed approximately 300 square feet of floor structure that was damaged in a fire and is structurally compromised (refer to photos 13 and 14). One fire damaged joist had been cut through adjacent to a hole in the floor in this area, presumably by fire-fighting activities (refer to photo 15).

Mechanical ventilation systems had been installed on the second floor to service the first floor commercial kitchen and restaurant spaces.

The 2nd floor structure was generally not observable due to the presence of architectural finishes. TKDA did observe a steel column and steel beam system which supported 2x wood floor purlins. The steel beams were visible through a ceiling access port near the entryway on Cloquet Avenue and TKDA was able to take photographs and measurements of the beams in this area (refer to photos 16 and 17). The steel beam appeared to be a built-up section with the top flange comprised of angles which were riveted to the web member. Beams were riveted to top cap plates over the columns. Architectural soffits were observed underneath the steel beams in these locations and TKDA surmises that the structural system is similar in other areas where similar soffits are present (refer to photos 18 and 19).

Portions of the basement floor slab were covered with 2 to 3 inches of water. Some portions of the basement floor slab were elevated and were not covered with water at the time of our visit. The basement walls were generally observed to be constructed of stone and appeared to be in fair condition with no signs of structural distress (refer to photo 20).

First floor structure was almost completely observable from the basement. The floor structure consisted of 2x wood purlins spaced at 16" on center. Steel (12" deep) and wood girders (6"x12") were spaced at approximately 8 feet on center and were supported by either wood or steel columns spaced at approximately 7 feet on center (refer to photos 21 through 25). No foundation elements were observed under these columns. The wood columns did not have connection material at their tops and bottoms, such as Simpson post bases or post caps. The wood columns whose bases were partially submerged showed signs of surface water damage (refer to photo 26).

TKDA observed nominal 2'x2' brick and concrete piers in the basement. TKDA believes the pier locations coincide with the locations of the steel columns observed between Level 1 and Level 2. TKDA could not observe if a foundation element was present under the piers (refer to photos 27 and 28). The thickness of the basement slab-on-grade could not be determined.

TKDA's observations of the above grade portion of the one-story north addition were limited due to the presence of architectural finishes. TKDA observed concrete basement walls under the addition which did not show signs of distress at the time of our visit.

TKDA's preliminary calculations on the building gravity members indicate that the building can generally support the anticipated dead, live, and snow loads from the current Minnesota State Building Code (MSBC). TKDA's preliminary analysis assumes a residential occupancy on Levels 2 and 3 and a commercial (restaurant) occupancy on Level 1 (or similar).

Conclusions and Recommendations

Based on our limited observations, the building appears to be generally structurally compliant with the current MSBC for its anticipated occupancy (residential, commercial, or retail). However, TKDA recommends the following courses of action be undertaken prior to allowing residential or commercial occupancy of the building:



- Continue to restrict access to the sidewalk along the eastern (10th Street North) side of the building until repairs can be made to the upper brick wall. Repair or replace the brick in this location as required and per the Client's Order to Repair.
- Repair missing brick at the southeast building corner at grade.
- Remove the fire escape on the southern elevation and repair the brick at the lower fire escape connections. Determine if a new form of egress is required in lieu of this fire escape.
- Tuckpoint and replumb the chimney at the northern building elevation. Alternatively, this chimney could be removed and "stopped up" if it is not in service.
- Repair the roof area noted in Photo 11 and the Client's Order to Repair. Repair any other damage caused by the makeshift water diversion structure.
- Replace the 3rd floor structural elements which show signs of fire damage (approximately 300 square feet).
- Determine the cause of the standing water in the basement and make repairs as required to prevent future water infiltration. Provide proper ventilation in this space to prevent moisture build-up.
- Install retrofit post caps at all wood basement column to girder connections.
- Install retrofit post bases at all wood basement columns.
- Determine the extent of mechanical, electrical, and architectural deficiencies in conjunction with any cost estimating activities for structural repair efforts.

Attachments

Attachment A: Overall Building Classification Definitions
Attachment B: Aerial Photo
Attachment C: Framing Plan Images
Attachment D: Photo Log

Project Specific - Standard of Care

This report was prepared with a standard of care appropriate to the specific project contract requirements. Our scope for this phase is based on visual observations, review of existing documents made available to us by you, and our engineering judgment during field observations. Additional clarifications or additions to this report may occur during future QA/QC processes or through newly added scope as authorized by you.

Thank you for the opportunity to prepare this report for your use. If you should have any questions or comments, please do not hesitate to contact us.

Sincerely,

Craig W. Bursch, PE (MN)
cwb:slv



Nicholas Johnson, EIT (MN)



ATTACHMENT A
OVERALL STRUCTURE
CLASSIFICATIONS



OVERALL STRUCTURE CLASSIFICATIONS

- Excellent: Building structure can be used with little to no remedial work.
- Good: Building structure has a small amount of localized areas (less than 5%) that may require replacement of secondary members or minor remedial repair work.
- Fair: Building structure has at least one life safety issue and/or multiple localized areas (greater than 5%) that require replacement of secondary members or minor remedial repair work.
- Poor: Building structure has multiple life safety issues and/or significant deterioration. Significant member replacement and/or remedial work is required for the primary lateral or gravity load resisting system.

ATTACHMENT B
AERIAL PHOTO


915 Cloquet Avenue


Legend

-  915 Cloquet Ave
-  Feature 1

N 9th St

10th St N

 915 Cloquet Ave

 Northern Lights Community Action

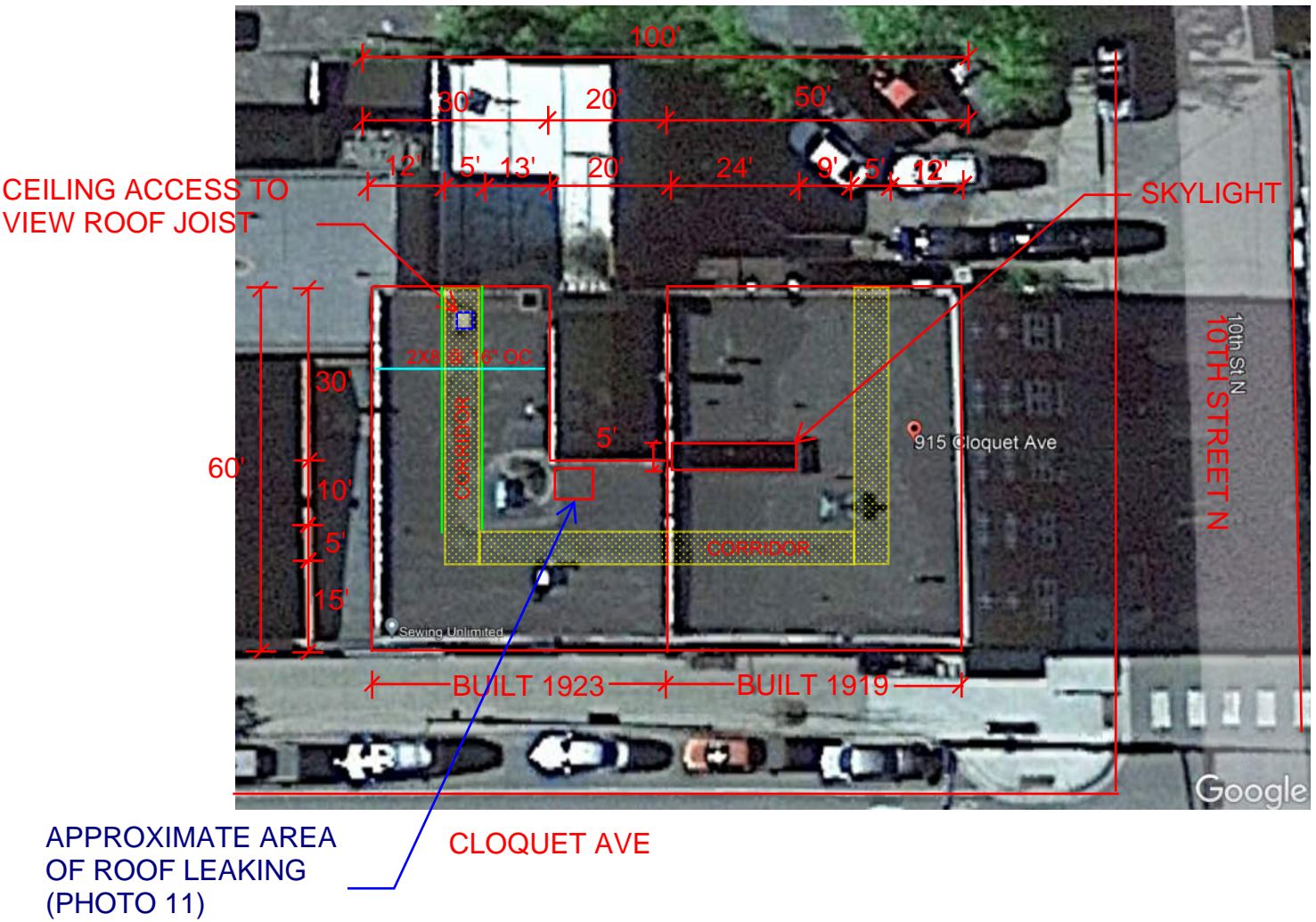
Cloquet Ave



ATTACHMENT C
FRAMING PLAN IMAGES

ROOF FRAMING PLAN

- UNKNOWN INTERIOR WALL
- EXTERIOR WALL
- INTERIOR BEARING WALL
- WOOD JOISTS
- PIPE COLUMN
- STEEL BEAM



- VIEW SHOWS ROOF FRAMING AND SUPPORTING ELEMENTS.
- ROOF BEAMS SPAN EAST TO WEST IN 1923 BUILDING. BEAMS BEAR ON CRIPPLE WALLS ABOVE CORRIDOR WALLS AND ON CRIPPLE WALLS NEAR BRICK WALLS. CRIPPLE WALLS ARE 2X4 @ 16" O.C.
- 2X6 @ 16" O.C. WALLS, TYPICAL

3RD FLOOR FRAMING

- UNKNOWN INTERIOR WALL
- EXTERIOR WALL
- INTERIOR BEARING WALL
- WOOD JOISTS
- PIPE COLUMN
- STEEL BEAM



NOTES:

- VIEW SHOWS 3RD FLOOR FRAMING AND SUPPORTING ELEMENTS.

2ND FLOOR FRAMING

- UNKNOWN INTERIOR WALL
- EXTERIOR WALL
- INTERIOR BEARING WALL
- WOOD JOISTS
- PIPE COLUMN
- STEEL BEAM



NOTES:

- VIEW SHOWS 2ND FLOOR AND SUPPORTING ELEMENTS.

1ST FLOOR FRAMING

- UNKNOWN INTERIOR WALL
- EXTERIOR WALL
- INTERIOR BEARING WALL
- WOOD JOISTS
- PIPE COLUMN
- STEEL BEAM

STEEL OR TIMBER BEAMS @ ~8' O.C. SUPPORTED BY TIMBER POSTS AT ~7' O.C.



NOTES:

- VIEW SHOWS 1ST FLOOR AND SUPPORTING ELEMENTS
- 2ND AND 3RD FLOOR CORRIDOR PATH SHOWN ABOVE FOR REFERENCE.
- 8X8 TIMBER POSTS, TYPICAL
- 6X12 TIMBER GIRDER, TYPICAL

ATTACHMENT D
PHOTO LOG



Photo 1: South Elevation



Photo 2: East Elevation



Photo 3: South Elevation



Photo 4: West Elevation



Photo 5: East Elevation Close-up



Photo 6: Fire Escape



Photo 7: Brick Damage and Lower Connections



Photo 8: Chimney at North Elevation



Photo 9: Missing Brick



Photo 10: Interior Bearing of Roof Structure



Photo 11: Exterior Bearing of Roof Structure



Photo 12: Roof Leak



Photo 13: Fire Damage



Photo 14: Fire Damage



Photo 15: Cut Purlin



Photo 16: Steel Beam and Column



Photo 17: Steel Beam



Photo 18: 2nd Floor Soffits



Photo 19: 2nd Floor Soffits



Photo 20: Basement Wall



Photo 21: 1st Floor Structure



Photo 22: 1st Floor Structure



Photo 23: Steel Column and Girder

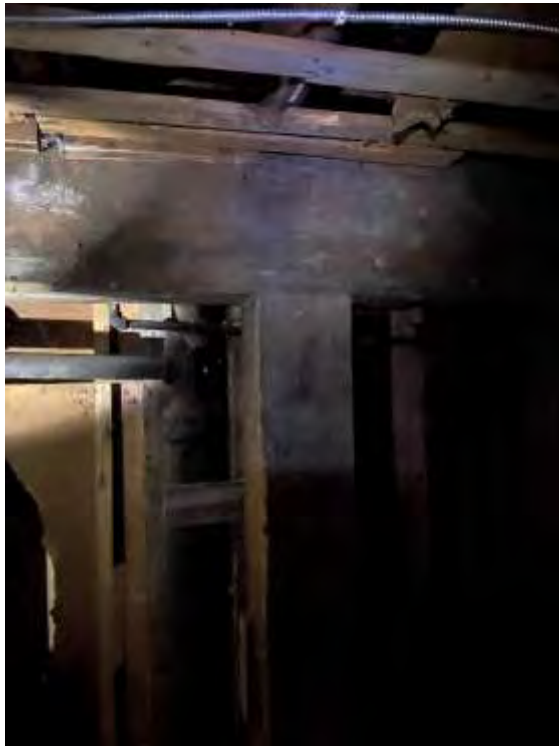


Photo 24: Wood Column and Girder



Photo 25: Wood Column to Girder



Photo 26: Water Damage



Photo 27: Brick Pier



Photo 28: Brick Pier



PLANNING COMMISSION MEMO

To: Planning Commission
From: Al Cottingham, City Planner/Zoning Administrator
Date: March 6, 2024

ITEM DESCRIPTION: ZONING CASE 24-06: VARIANCE AND CONDITIONAL USE PERMIT – C & C HOLDINGS OF CLOQUET, LLC, 18 - MULTIPLE-FAMILY DWELLINGS IN THE CC – CITY CENTER DISTRICT

Background

C & C Holdings of Cloquet, LLC is proposing a variance and conditional use permit to allow 18 - multiple-family dwellings in the CC – City Center District. The property involved is located in 915 Cloquet Avenue. C & C Holdings of Cloquet, LLC would like to redevelop the old Solem Hotel into 18 dwelling units. The variance is from the maximum density of 20 units per acre allowing a density of 78 units per acre. The conditional use permit is to allow 18 dwelling units in the CC – City Center District. The property currently has the old Solem Hotel on it.

A public hearing will be held on Tuesday, March 12, 2024, to consider the variance from the maximum density of 20 units per acre and a conditional use permit 18 dwelling units in the CC – City Center District. A legal notice was published in the Pine Knot on March 1, 2024, and property owners within 350 feet were sent notices of the public hearing.

Policy Objectives

The Zoning Ordinance states Variances may be granted when they are in harmony with the general purpose and intent of the ordinance, are consistent with the Comprehensive Plan, and when the applicant for the variances establishes that there are practical difficulties in complying with the official control. No variance may be granted unless all of the following conditions exist:

1. The property owner proposes to use the property in a reasonable manner not permitted by an official control;
2. The plight of the landowner is due to circumstances unique to the property not created by the landowner; and
3. The variance, if granted, will not alter the essential character of the locality.

The Zoning Ordinance states Conditional Use Permits may be granted when they comply with the following approval criteria: (*Staff comments in italic*)



Community Development Department

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Phone: 218-879-2507 • Fax: 218-879-6555

1. Consistency with the Comprehensive Plan. The relationship of the proposed use to the goals, objectives, and policies of the City of Cloquet Comprehensive Plan. *The proposed site is guided as City Center.*
2. Compatibility. The compatibility of the proposed use with existing development within three hundred (300) feet of the proposed use and within five hundred (500) feet along the same street and development anticipated in the foreseeable future within the neighborhood and conditions that would make the use more compatible. *The property surrounding this site is primarily commercial uses with some residential dwelling units located on the upper floors.*
3. Importance of services to the community. The importance of the services provided by the proposed facility to the community, if any, and the requirements of the facility for certain locations, if any, and without undue inconvenience to the developer, and the availability of alternative locations equally suitable. *There is a need for rental and owner-occupied housing within the community.*
4. Neighborhood protections. The sufficiency of terms and conditions proposed to protect and maintain the uses in the surrounding neighborhood. *The site was a former restaurant on the street level with vacant floors above. Prior to that it was the Solem Hotel.*
5. Conformance with other requirements of this Chapter. The conformance of the proposed development with all provisions of this Chapter. *The proposed location meets all of the requirements of the Zoning Ordinance. The City Center District exempts existing buildings from off-street parking requirements. There is room on the north side of the building for 4-5 parking spaces. There is a municipal parking lot behind the Nelson Funeral Home to the southeast of this site for off-street winter parking.*
6. Other factor. Other factors pertinent to the proposed use, site conditions, or surrounding area considerations that the Planning Commission or the City Council feels are necessary for review in order to make an informed and just decision.

Financial Impacts

The Variance and Conditional Use Permit fees are \$750. The applicant has paid this fee to cover the cost associated with the application process.

Advisory Committee Action Requested

The Planning Commission should listen to the testimony that is presented at the public hearing for the variance and conditional use permit. Following this testimony, the Planning Commission should review the approval criteria for the variance and conditional use permit and either recommend approval, approval with conditions or denial of the variance and conditional use permit. The Planning Commission may impose conditions in the granting of conditional uses.



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Staff Recommendation

Staff has reviewed the variance criteria and would recommend approval of the variance. The Larson Common apartments to the southwest of this proposal have a density of 74 units per acre. Staff has reviewed the conditional use permit approval criteria requirements and would recommend approval of the conditional use permit subject to the condition in the draft resolution.

Supporting Documents Attachments

- Resolution No. 24-06 Var
- Resolution No. 24-06 CUP
- Location Map
- Petitioner Narrative
- Aerial Photo's

STATE OF MINNESOTA

COUNTY OF CARLTON

CITY OF CLOQUET

Commissioner _____ offered the following Resolution and moved its adoption.

RESOLUTION NO. 23-06 Var

A RESOLUTION APPROVING A MAXIMUM DENSITY VARIANCE IN THE CC – CITY CENTER DISTRICT FOR C & C HOLDINGS OF CLOQUET, LLC

WHEREAS, C & C Holdings of Cloquet, LLC is proposing a Variance from the maximum density allowed in the CC – City Center District; and

WHEREAS, As required by ordinance, notification was advertised in the Pine Knot and property owners within 350 feet have been notified. A public hearing was held to consider the application at the regular meeting of the Cloquet Planning Commission on March 12, 2024, at which time Zoning Case / Development Review No. 24-06 was heard and discussed; and

WHEREAS, the property of the proposed Variance is located 915 Cloquet Avenue (PINs 06-275-1460 and 06-275-1480) and is legally described as follows:

Lots 15 and 16, Block 5, Nelson’s Subdivision of Outlots 35, 36 and 40., Carlton County, Minnesota. And,

WHEREAS, the Planning Commission reviewed the staff report and approves maximum density variance to allow a density of 78 units per acre.

NOW, THEREFORE, BE IT RESOLVED, BY THE PLANNING COMMISSION OF THE CITY OF CLOQUET, MINNESOTA, that the Planning Commission approves Zoning Case 24-06 for a maximum density of 78 units per acre.

The foregoing motion was duly seconded by Commissioner _____ and being put to vote members voted: AYE: ____ NAY: ____ ABSENT: ____

PHILIP DEMERS	_____	BRITTANY KUSCHEL	_____
TERRI LYYTINEN	_____	ELIZABETH POLLING	_____
MICHELLE WICK	_____		

Passed and adopted this 12th day of March 2024.

CITY OF CLOQUET

TERRI LYYTINEN
CHAIR

ATTEST: _____
Alan Cottingham
City Planner/Zoning Administrator

STATE OF MINNESOTA

COUNTY OF CARLTON

CITY OF CLOQUET

Commissioner _____ offered the following Resolution and moved its adoption.

RESOLUTION NO. 24-06 CUP

A RESOLUTION RECOMMENDING THE CITY COUNCIL OF CLOQUET APPROVE THE CONDITIONAL USE PERMIT FOR C & C HOLDINGS OF CLOQUET, LLC FOR MULTIPLE-FAMILY DWELLINGS IN THE CC – CITY CENTER DISTRICT

WHEREAS, C & C Holdings of Cloquet, LLC is proposing a Conditional Use Permit for multiple-family dwellings in the CC – City Center District; and

WHEREAS, As required by ordinance, notification was advertised in the Pine Knot on March 1, 2024, and property owners within 350 feet were sent notice. A public hearing was held to consider the application at the regular meeting of the Cloquet Planning Commission on March 12, 2024, at which time Zoning Case / Development Review No. 24-06 was heard and discussed; and

WHEREAS, the property of the proposed Conditional Use Permit is located at 915 Cloquet Avenue and is legally described as follows:

Lots 15 and 16, Block 5, Nelson’s Subdivision of Outlots 35, 36 and 40. Carlton County, Minnesota. And,

WHEREAS, the Planning Commission reviewed the staff report and recommends approval of the Conditional Use Permit 18 dwelling units.

NOW, THEREFORE, BE IT RESOLVED, BY THE PLANNING COMMISSION OF THE CITY OF CLOQUET, MINNESOTA, that the Planning Commission recommends approval of Zoning Case 24-06 to the Cloquet City Council for multiple-family dwellings in the Single-Family Residence District subject to the following conditions:

1. The property must be combined.
2. A Building Permit be issued prior to beginning any work.
3. A maximum of 18 dwelling units are allowed.
4. Signage shall be installed within the entrance of the building reminding tenants of building where parking is allowed and not to block driveways.

The foregoing motion was duly seconded by Commissioner _____ and being put to vote members voted: AYE: ____ NAY: ____ ABSENT: ____

PHILIP DEMERS	_____	BRITTANY KUSCHEL	_____
TERRI LYYTINEN	_____	ELIZABETH POLLING	_____
MICHELLE WICK	_____		

Passed and adopted this 12th day of March 2024.

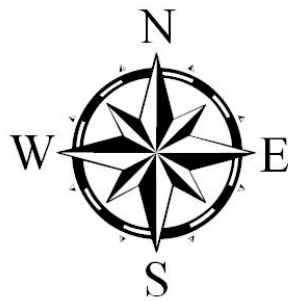
CITY OF CLOQUET

TERRI LYYTINEN
CHAIR

ATTEST: _____
Alan Cottingham
City Planner/Zoning Administrator

LOCATION MAP

C&C Holdings of Cloquet, LLC



NO SCALE

Good morning Al,

My apologies in the delay in getting back to you. I don't feel the floor plans are in a place to send you at this time given the preliminary nature of the project.

Here is some more information about the project that may be helpful for you. All of the following information is subject to change based on final design, building code requirements, actual project costs, etc.

- (18) apartments
 - Total of 24 bedrooms
 - (6) apartments on each floor
 - (4) Studio
 - (8) 1 BR
 - (6) 2 BR
- Improvements:
 - Abatement of mold, asbestos and lead
 - A 13R fire protection system will be installed throughout
 - A new (4) stop hydraulic elevator will be installed.
 - Air conditioning in all units
- Amenities:
 - Exercise room on first floor
 - In unit laundry
 - Secure storage in basement
 - Secure access in and out of building
 - Security camera system for tenant safety
- Parking
 - 4-5 parking spots behind the building thus leaving room for trash and recycling collection, snow storage and space for loading/unloading of tenants moving in and out of the building.
 - 30 Parking spots on City lot will be requested

Let me know if you have any more specific questions.

Best regards,

Craig Jouppe, PE, SE - Principal
AMI Consulting Engineers, PA
[REDACTED]

From: Al Cottingham <ACottingham@cloquetmn.gov>

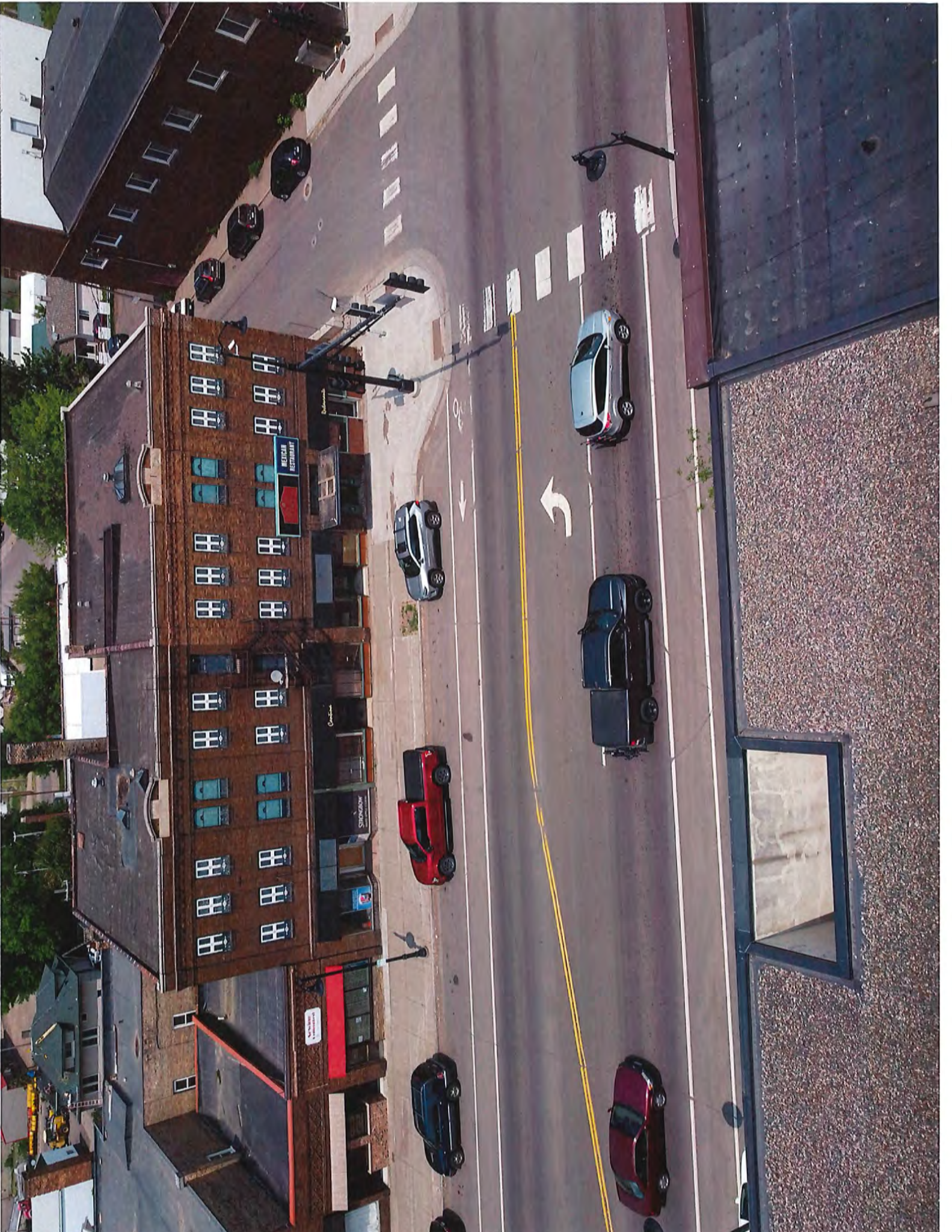
Sent: Tuesday, February 20, 2024 9:11 AM

To: Holly Hansen <HHansen@cloquetmn.gov>; Craig Jouppe [REDACTED]

Subject: RE: Solem Hotel

Caution: This email originated from outside the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

I am more interested in a floor layout and not a unit layout if one exist.







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Phone: 218-879-2507 • Fax: 218-879-6555

To: Planning Commission
From: Al Cottingham, City Planner/Zoning Administrator
Date: March 6, 2024

ITEM DESCRIPTION: Homeless Shelter

Staff has been having discussions with a group that is looking for a location for a “Homeless Shelter”. This is not the same as a “Sacred Community” but rather a location that homeless individuals could come and stay overnight, get a dinner and breakfast and it would be closed during the day. Currently our Ordinance does not address this type of facility. Staff would like to have a discussion as to where the city should locate something like this whether it be in a church or a commercial setting.



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To: Planning Commission
From: Al Cottingham, City Planner/Zoning Administrator
Date: March 6, 2024

ITEM DESCRIPTION: Southeast Quadrant of 18th Street and Avenue F

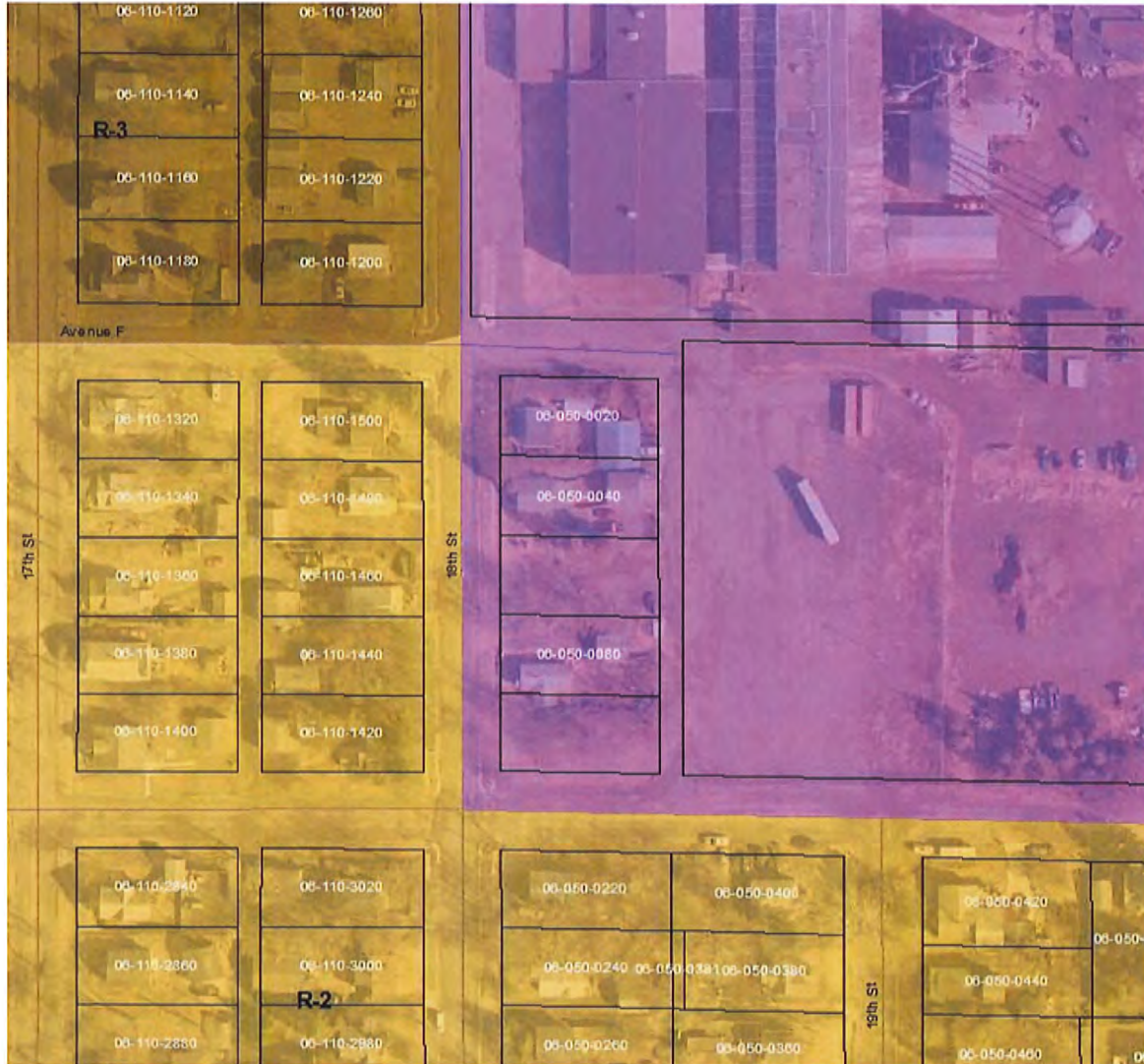
Staff has been discussing the Zoning of the property in the southeast quadrant of 18th Street and Avenue F with a property owner in that block and the issue that it is Zoned LI – Light Industry. The Comprehensive Plan, Land use Map has it Guided as Low Density Residential. State Statue says that the zoning and land use of property need to be the same.

The question before the Planning Commission is should we change the Zoning or the Land Use. Staff believes that since there are three homes on this block and two vacant lots that it makes more sense to change the zoning.

Supporting Documents Attachments

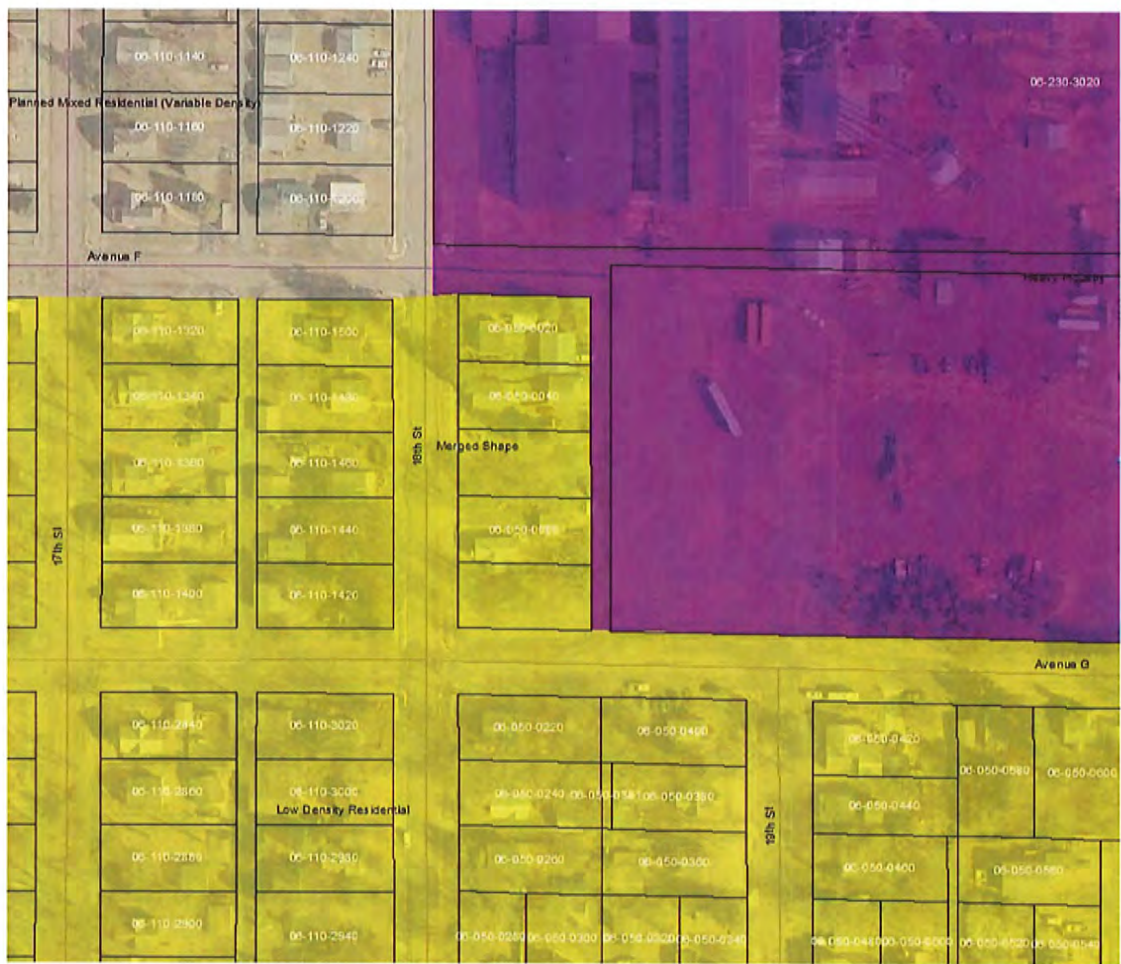
- Zoning Map
- Land Use Map

Zoning Map



No Scale

Land Use Map



No Scale