



CITY OF CLOQUET

**City Council Agenda
Tuesday, April 2, 2024
6:00 p.m.
City Hall Council Chambers**

Regular Meeting

1. **Roll Call**
2. **Pledge of Allegiance**
3. **Approval of Agenda**
 - a. Approval of April 2, 2024 Council Agenda
4. **Approval of Council Minutes**
 - a. Regular Council Minutes from the March 6, 2024 Meeting
5. **Public Comments**

Please give your name, address, and your concern or comments. Visitors may share their concerns with the City Council on any issue of public business. Each person will have 3 minutes to speak. The Mayor reserves the right to limit an individual or successive individual's presentation if they become redundant, repetitive, irrelevant, or overly argumentative. All comments will be taken under advisement by the City Council. No action will be taken at this time.
6. **Consent Agenda**

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

 - a. Resolution No. 24-22, Authorizing the Payment of Bills and Payroll
 - b. Resolution No. 24-23, Approving the Conditional Use Permit for the Presbyterian Church of Cloquet for up to 5,000 Square Feet of Office in the R3-Multiple -Family Residence District
 - c. Authorize Disposal of Surplus Equipment
 - d. Approve New Retail Sales of Tobacco, Tobacco Products and Tobacco Related Devices-APG MN, LLC



CITY OF CLOQUET

City Council Agenda Tuesday, April 2, 2024 City Hall Council Chambers

7. **Public Hearings**

Proposed Adoption of the Development Program for Development District No. 7 and the Proposed Adoption of the Tax Increment Financing Plan for TIF District No. 7

- a. Resolution No. 24-25, Approving the Conditional Use Permit for C&C Holdings, LLC, for Multiple-Family Dwellings in the CC-Center District
- b. Resolution No. 24-24, Establishing Development District No. 7 and Adopting the Development Program Therefor; Establishing Tax Increment Financing District No. 7-1 Within Development District No. 7 and Adopting the Tax Increment Financing Plan Therefor; Authorizing the Terms of an Interfund Loan; and Authorizing the Execution of a Development Agreement

8. **Presentations**

- a. Bryce Sweere – Presentation of Scouts BSA Project
- b. Carlton County Public Health – SRTS Boost Grant Presentation
- c. Mayor’s Proclamation – Week of the Young Child

9. **Council Business**

- a. Grant Award Notice – DEED Redevelopment Grant Program, Hotel Solem
- b. Approve Appointment of Chief Custodian – A. Chalberg
- c. Resolution No. 24-27, Recommending Award of the Proposed 2024 22nd Street Utility Improvements
- d. Resolution No. 24-28, Awarding Bid for the Proposed West End Streetscape
- e. Award Professional Services Contract – Tree Inventory

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

- a. Donation for Pine Valley Multi-Purpose Chalet

11. **Adjournment**

Cloquet City Hall Council Chambers
6:00 P.M. March 6, 2024

Roll Call

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

Councilors Absent: Keller, Jaakola

Pledge of Allegiance

AGENDA

MOTION: Councilor Kolodge moved and Councilor Lamb seconded the motion to approve the March 6, 2024 agenda as presented. The motion carried unanimously (5-0).

MINUTES

MOTION: Councilor Lamb moved and Councilor Carlson seconded the motion to approve the Regular Meeting minutes of February 20, 2024 as presented. The motion carried unanimously (5-0).

PUBLIC COMMENTS

There were none.

CONSENT AGENDA

MOTION: Councilor Wilkinson moved and Councilor Kolodge seconded the motion to adopt the Consent Agenda of March 6, 2024, approving the necessary motions and resolutions. The motion carried unanimously (5-0).

- a. Resolution No. 24-19, Authorizing the Payment of Bills and Payroll

PUBLIC HEARINGS

Assistant Public Works Director John Anderson gave an overview of the proposed 8th Street reconstruction project from Sahlman Avenue to Prospect Avenue scheduled for the summer of 2024. The project proposed includes total reconstruction of the street, curb and gutter, watermain, sanitary and storm sewers in the area.

Mayor Maki announced now is the time and place for the public hearing.

MOTION: Councilor Lamb moved and Councilor Wilkinson seconded the motion to open the public hearing. The motion carried unanimously (5-0). The time is 6:11 p.m.

Pam Erickson spoke on behalf of her mom, Delores Lindstrom who lives at 612 8th Street. Questioning any additional charge for reconnecting or is it part of the assessment. Also inquired if there will be any change in grade of the street? Mr. Anderson answered there will be no assessment for the reconnection and little, if any, changes to street grade. Administrator Peterson suggested to Ms. Erickson to get information on requirements on assessment deferral.

Kevin Karulak, 420 8th Street, questioned if the to pipes to his property can be replaced at the same time due to collapsing tile and back up issues. Mr. Anderson said it is possible to coordinate the private line replacement at the same time. Mr. Karulak also questioned what the 8th Street parking restrictions will be after the project is complete.

Hearing no further public comments, the public hearing was closed.

MOTION: Councilor Lamb moved and councilor Carlson seconded the motion to close the public hearing. The time is 6:19 p.m. The motion carried unanimously (5-0).

MOTION: Councilor Kolodge moved and Councilor Lamb seconded the motion to approve **RESOLUTION NO. 24-20, ORDERING IMPROVEMENTS FOR THE 2024 RECONSTRUCTION OF 8TH STREET FROM SAHLMAN AVENUE TO PROSPECT AVENUE.** The motion carried unanimously (5-0)

WHEREAS, The City has completed a feasibility study to reconstruct 8th Street from Sahlman Avenue to Prospect Avenue

WHEREAS, The City Engineer has identified a need to replace the street as well as aging and deteriorated sanitary sewers, and water utilities; and

WHEREAS, A resolution of the Council adopted January 16, 2024, set a date for a Council hearing on the proposed improvement; and

WHEREAS, Ten days mailed notice and two weeks published notice of the hearing was given and the hearing was held thereon on the March 6, 2024, at which time all persons desiring to be heard were given an opportunity to be heard.

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

1. Such improvement is necessary, cost effective, and feasible as detailed in the City's feasibility study.
2. The City Engineer is hereby designated as the engineer for this improvement.
3. Such improvement is hereby ordered.

MOTION: Councilor Wilkinson moved and Councilor Carlson seconded the motion to approve **RESOLUTION NO. 24-21, APPROVING PARKING RESTRICTIONS ON 8TH STREET FROM SAHLMAN AVENUE TO PROSPECT AVE.** The motion carried unanimously (5-0).

WHEREAS, The City has planned the improvement of 8th Street, State Aid Route No. 106, from Sahlman Avenue to Prospect Avenue; and

WHEREAS, the City will be expending Municipal State Aid Funds on the improvements of this street; and

WHEREAS, this improvement does not provide adequate width for parking on both sides of the street; and approval of the proposed construction as a State Aid Street project must therefore be conditioned upon certain parking restrictions.

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

That the City shall restrict the parking of motor vehicles on 8th Street from Sahlman Avenue to Prospect Avenue, to one side only.

PEDESTRIAN BRIDGE LCCMR FUNDING APPLICATION

MOTION: Councilor Kolodge moved and Councilor Lamb seconded the motion to adopt **RESOLUTION NO 24-17, SUPPORTING APPLICATION FOR LEGISLATIVE-CITIZEN COMMISSION ON MINNESOTA RESOURCES (LCCMR) FUNDING.** The motion carried unanimously (5-0).

WHEREAS, The City of Cloquet requires \$2 million to recondition the existing shared use pedestrian, bicycle, ATV and snowmobile bridge over the St. Louis River,

AND WHEREAS, A 2022 study of the Bridge combined structural analysis and user group feedback to identify a scope of improvements including a new bridge deck, pier scour protection, ADA accessibility, security lighting, overlooks and railings.

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

1. That the City of Cloquet supports the above referenced project and authorizes the submittal of a proposal for funding of this project on behalf of the City to the Legislative-Citizen Commission on Minnesota Resources (LCCMR) in response to the 2025 Environmental and Natural Resources Trust Fund (ENRTF) Request for Proposal; and
2. That, if funding is awarded, the City of Cloquet agrees to accept the award and may enter into an agreement with the state of Minnesota for the above referenced project. The City of Cloquet will comply with all applicable laws, environmental requirements, and regulations and any additional conditions stated in the grant agreement and the approved LCCMR work plan; and
3. That City of Cloquet understands that grants from the ENRTF are generally paid out on a reimbursement basis. The City of Cloquet has the financial capability to pay for project expenses prior to seeking reimbursement. Furthermore, the City of Cloquet will be responsible for future operations and maintenance costs upon project completion; and
4. That the City Administrator is hereby authorized to execute such agreements and work plans as necessary and the City Engineer is authorized to implement the project on behalf of the City of Cloquet
5. That the City of Cloquet has the financial capability to ensure adequate construction, operation, and maintenance of the project once completed.

PRESENTATIONS

There were none.

COUNCIL COMMENTS, ANNOUNCEMENTS, AND UPDATES

Administrator Peterson thanked election judges for their participation in the Presidential Primary Election this week.

ADJOURNMENT

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

Tim Peterson, City Administrator

DRAFT



ADMINISTRATIVE OFFICES

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

REQUEST FOR COUNCIL ACTION

To: Mayor and City Council
From: Katie Bloom, Finance Director
Reviewed by: Tim Peterson, City Administrator *TCF*
Date: April 2, 2024

ITEM DESCRIPTION: Payment of Bills and Payroll

Proposed Action

Staff recommends the Council move to adopt **RESOLUTION NO. 24-22, A RESOLUTION AUTHORIZING THE PAYMENT OF BILLS AND PAYROLL.**

Background/Overview

Statutory Cities are required to have most claims authorized by the city council.

Policy Objectives

MN State Statute sections 412.271, Claims and Disbursements for Statutory Cities.

Financial/Budget/Grant Considerations

See resolution for amounts charged to each individual fund.

Advisory Committee/Commission Action

Not applicable.

Supporting Documents Attached

- a. Resolution Authorizing the Payment of Bills and Payroll
- b. Vendor Summary Report
- c. Department Summary Report

STATE OF MINNESOTA

RESOLUTION NO. 24-22

A RESOLUTION AUTHORIZING THE PAYMENT OF BILLS AND PAYROLL

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

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

101	General Fund	\$	575,434.27
201	LDO Project Fund (EDA)		1,108.05
202	Federal CDBG Loan (EDA)		422.95
206	Revolving SCDP (EDA)		24,604.00
225	Permanent Improvement		1,925.00
231	Public Works Reserve		23,115.29
403	Capital Projects - Revolving		425.15
406	City Sales Tax - Pine Valley		1,236.25
600	Water - Lake Superior Waterline		79,749.47
601	Water - In Town		66,895.10
602	Sewer Fund		110,482.01
605	Stormwater Fund		588.24
614	Cable Television		16,949.90
701	Employee Severance		167.04
	TOTAL:	\$	<u>903,102.72</u>

**PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CLOQUET
THIS 2ND DAY OF APRIL, 2024.**

ATTEST:

Roger Maki, Mayor

Tim Peterson, City Administrator

DATE: 03/28/2024
TIME: 12:42:03
ID: AP442000.WOW

CITY OF CLOQUET
VENDOR SUMMARY REPORT

PAGE: 1

INVOICES DUE ON/BEFORE 04/02/2024

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE
111350	LEXISNEXIS RISK DATA MNGMT INC	400.00	200.00
111610	ACME TOOLS	446.93	129.99
112050	ADVANCED SERVICES INC	2,114.50	900.00
117200	AMSOIL INC.	489.61	62.50
121000	ARROWHEAD SPRINGS INC	176.50	102.50
121210	ASCENDANCE TRUCKS, LLC	365.82	248.12
122000	A T & T MOBILITY	3,838.51	1,300.60
122400	AHLMAN'S	0.00	7,689.83
123022	AXON ENTERPRISE, INC	0.00	1,820.00
123150	B W DISTRIBUTING	275.98	176.99
125700	BEST OIL COMPANY	28,882.03	15,133.31
125900	BEST SERVICE	357.39	242.50
126850	BLAINE BROTHERS, INC	532.50	2,973.98
128025	BP BUILDERS LLC	0.00	24,604.00
129200	BSN SPORTS LLC	0.00	192.58
134000	CARLTON COUNTY HIGHWAY DEPT	3,406.64	250.55
134300	CARLTON COUNTY RECORDER	92.00	138.00
135710	CAYWOOD OIL & PROPANE, LLC	805.56	1,007.46
137310	CENTURY LINK	1,698.76	210.53
137340	CHAMBERLAIN OIL CO., INC.	0.00	875.40
139025	CINTAS	930.11	294.18
139030	CINTAS CORPORATION NO 2	10,401.28	3,499.33
139800	CLOQUET AREA CHAMBER OF COMMER	15,242.60	3,545.65
142800	CLOQUET SANITARY SERVICE	5,114.36	2,155.88
142925	CLOQUET SERVICE CENTER	1,369.11	795.33
145300	COMMUNITY PRINTING	610.00	250.00
145500	COMPENSATION CONSULTANTS, LTD	882.00	231.00
147050	CONSOLIDATED TELEPHONE COMPANY	6,624.80	3,312.40
147600	EXELON CORPORATION	4,325.15	6,715.19
147725	CORE & MAIN LP	0.00	11,600.00
148850	CRYTEEL TRUCK EQUIPMENT	0.00	19.75
150100	D A L C O	1,873.27	182.28
151050	DAKOTA SUPPLY GROUP	85,685.22	1,567.16
152550	DECAIGNY EXCAVATING INC	5,994.00	1,650.00
152775	DELTA DENTAL OF MINNESOTA	1,898.36	1,029.38
156400	CITY OF DULUTH COMFORT SYSTEMS	323.10	161.55
156600	DULUTH LAWN & SPORTS, INC.	14,900.23	65.99
161200	PATRICK J ELENA	0.00	1,650.00
161675	EMC NATIONAL LIFE	5,839.28	1,461.51
162640	ENVENTIS TELECOM INC	99.80	49.90
164900	THE FASTENAL COMPANY	162.22	61.01
165375	FERGUSON WATERWORKS #2516	3,761.78	4,150.75
166625	FIRST AID CORP	822.34	321.04
169180	FORCE AMERICA DISTRIBUTING LLC	20.00	204.42

INVOICES DUE ON/BEFORE 04/02/2024

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE
171100	FRYBERGER, BUCHANAN, SMITH &	55,574.90	24,544.70
172300	GARTNER REFRIGERATION COMPANY	13,423.34	9,494.80
174000	MATTHEW LEDVINA	0.00	1,925.00
175200	GOPHER STATE ONE CALL INC	114.80	75.60
175700	GRAINGER	2,467.36	3,113.70
176200	GRAYBAR ELECTRIC COMPANY INC	39.18	99.00
178500	GUARDIAN PEST SOLUTIONS INC	114.58	57.00
179340	HAGENS GLASS & PAINT	3,323.30	103.99
180500	HAWKINS INC	20,249.04	8,461.33
184100	HR GREEN INC	0.00	2,755.00
186500	INDEPENDENT SCHOOL DISTRICT 94	44,736.75	20,833.50
188000	INNOVATIVE OFFICE SOLUTIONS	1,177.44	536.54
196975	KOMPAN INC	0.00	504.64
197775	KWIK TRIP INC	438.48	104.40
197800	L & M FLEET SUPPLY INC.	5,176.65	2,649.66
200100	LAKEHEAD TRUCKING, INC.	0.00	1,422.05
205050	LOFFLER COMPANIES INC	244.20	100.73
206800	MACQUEEN EQUIPMENT INC	2,058.45	331.76
211300	MENARDS INC	320.98	139.96
211400	MENARDS INC	2,277.02	1,003.30
211700	METRO SALES, INC.	1,015.19	484.94
212400	MICHAUD DIST INC	301.32	140.26
219067	MN DEPT OF ADMINISTRATION	2,490.18	830.06
229500	NAPA AUTO PARTS	773.35	687.95
234000	NORTHEAST LAW ENFORCEMENT	0.00	75.00
235565	NORTHERN TOOL & EQUIPMENT	0.00	587.48
235800	NORTHLAND AUTO PARTS	0.00	10.19
236450	THE NORTHSPAN GROUP, INC.	3,800.00	1,595.00
236530	MARK WAGMAN	0.00	840.00
238950	OCCUPATIONAL DEVELOPMENT	0.00	878.27
241400	OXYGEN SERVICE COMPANY	70.64	34.27
241950	PACE ANALYTICAL SERVICES INC	1,439.00	492.00
244975	PINE KNOT LLC	18,534.18	16,960.00
245575	PJ'S LUCKY SEVEN GENERAL STORE	19.98	69.93
247250	POWERPLAN	36.15	2,854.32
248650	THE PROJECT CENTER	781.53	733.26
259900	SAMBATEK, INC	6,288.88	2,974.60
260100	SAWTOOTH ARBOR SUPPLY & TREE S	0.00	18,775.25
260600	WILLIAM SCHLENOGT	0.00	208.22
261750	SEELYE PLASTICS, INC.	0.00	280.39
261800	SEH	8,643.75	1,236.25
265000	SHRED-N-GO INC	193.78	648.58
269300	STREICHER'S	0.00	722.00
270400	SUPERIOR WATER, LIGHT & POWER	276.27	120.86

INVOICES DUE ON/BEFORE 04/02/2024

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE
271975	TEAMSTERS JOINT COUNCIL 32	215,268.00	110,589.00
272600	TERMINAL SUPPLY INC	909.53	179.65
277500	TURBO DIESEL & ELECTRIC	0.00	3,227.10
278140	TWIN CITIES FLAG SOURCE	917.00	187.00
278600	TWIN PORT MAILING	12,401.46	4,805.07
279100	U S BANK EQUIPMENT FINANCE	1,643.24	609.45
281500	UNITED TRUCK BODY CO INC	3,984.95	440.00
283700	HD SUPPLY, INC	1,290.24	1,646.00
284580	VC3	37,938.24	9,123.30
286900	W L S S D	151,204.40	74,455.00
287800	WAL-MART COMMUNITY	130.45	126.37
287900	WAL-MART COMMUNITY	160.07	204.50
289015	WELLS FARGO CREDIT CARD	13,308.43	9,109.19
290300	WIDDES FEED & FARM SUPPLY	414.15	139.65
290900	DENNIS EDWARD ROSS JR	0.00	662.50
291400	WOOD CITY MOTORS	6,458.98	91.38
292500	XS SIGHT SYSTEMS, INC	0.00	1,368.00
R0000062	JUDY VUKELICH	0.00	197.09
R0000299	DENISE HAMMOND	0.00	235.56
R0000302	CARLA HOULE	0.00	188.24
R0000325	CHRISTINA DEBLASS	0.00	202.56
R0000866	PATRICK BEGAN	0.00	195.48
R0001370	MARY KROHN	0.00	243.23
R0001371	CRYSTA REEVES	0.00	235.56
R0001375	VICKI OBERSTAR	0.00	260.58
R0001378	JESSICA LOONS	0.00	242.82
R0001382	CHRIS CONNER	0.00	243.43
R0001420	DAVID PETERSON	0.00	124.65
R0001424	GOLDIE DEMERS	0.00	196.29
R0001425	CAROL PERTTULA	0.00	196.69
R0001650	PATRICIA GEORGE	0.00	198.37
R0001895	BECKY DOOLEY	0.00	195.55
R0001898	ANNE GULLION	0.00	201.11
R0001950	ROBIN WILKINSON	0.00	190.36
R0001969	CAROLYN KEDROWSKI	0.00	196.29
R0001972	TERESA BACKUS	0.00	185.70
R0002217	FINIFROCK, ALAN	0.00	96.26
R0002219	DEMERS, PHIL	0.00	202.29
R0002220	KING, PAULA	0.00	190.15
R0002223	REHAK, BRIANNE	0.00	231.37
R0002255	NADINE BROWN	0.00	205.47
R0002256	JOE PETERSON	0.00	177.69
R0002408	MOFLE, NATHANIAL	0.00	112.00
R0002409	NICK FRANK	0.00	631.05

DATE: 03/28/2024
TIME: 12:42:03
ID: AP442000.WOW

CITY OF CLOQUET
VENDOR SUMMARY REPORT

INVOICES DUE ON/BEFORE 04/02/2024

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE
R0002413	THOMAS BOND	0.00	144.15
R0002414	PETER OR NANCY STONE	0.00	4,000.00
R0002416	CLOQUET FOURTH OF JULY COMMITE	0.00	1,000.00
TOTAL ALL VENDORS:			461,611.43

City of Cloquet
Vendor Summary Report Reconciliation
Invoices Due On/Before 4/2/2024

Bills	461,611.43
Less: CAFD	(3,989.33)
Less: Library	(593.72)
Bills approved	457,028.38
Other:	
Payroll	543,850.19
Payroll - benefits	<u>(97,775.85)</u>
Total Bills and Payroll Approved	<u><u>903,102.72</u></u>

DATE: 03/28/24
TIME: 12:42:50
ID: AP443000.WOW

CITY OF CLOQUET
DEPARTMENT SUMMARY REPORT

PAGE: 1

INVOICES DUE ON/BEFORE 04/02/2024

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE

GENERAL FUND			
00			
152775	DELTA DENTAL OF MINNESOTA	1,898.36	862.34
161675	EMC NATIONAL LIFE	5,839.28	1,461.51
271975	TEAMSTERS JOINT COUNCIL 32	215,268.00	95,340.00
R0002408	MOFLE, NATHANIAL		112.00
			97,775.85
41	GENERAL GOVERNMENT		
139025	CINTAS	930.11	57.27
139030	CINTAS CORPORATION NO 2	10,401.28	69.36
142800	CLOQUET SANITARY SERVICE	5,114.36	98.08
145300	COMMUNITY PRINTING	610.00	89.30
145500	COMPENSATION CONSULTANTS, LTD	882.00	231.00
147050	CONSOLIDATED TELEPHONE COMPANY	6,624.80	411.37
150100	D A L C O	1,873.27	91.14
171100	FRYBERGER, BUCHANAN, SMITH &	55,574.90	23,971.55
176200	GRAYBAR ELECTRIC COMPANY INC	39.18	49.50
188000	INNOVATIVE OFFICE SOLUTIONS	1,177.44	37.84
197800	L & M FLEET SUPPLY INC.	5,176.65	29.94
211400	MENARDS INC	2,277.02	183.24
211700	METRO SALES, INC.	1,015.19	250.74
212400	MICHAUD DIST INC	301.32	16.86
244975	PINE KNOT LLC	18,534.18	60.00
260600	WILLIAM SCHLENVOGT		208.22
265000	SHRED-N-GO INC	193.78	648.58
278140	TWIN CITIES FLAG SOURCE	917.00	145.00
278600	TWIN PORT MAILING	12,401.46	218.50
279100	U S BANK EQUIPMENT FINANCE	1,643.24	316.12
284580	VC3	37,938.24	3,766.15
289015	WELLS FARGO CREDIT CARD	13,308.43	2,632.35
R0000062	JUDY VUKELICH		197.09
R0000299	DENISE HAMMOND		235.56
R0000302	CARLA HOULE		188.24
R0000325	CHRISTINA DEBLASS		202.56
R0000866	PATRICK BEGAN		195.48
R0001370	MARY KROHN		243.23
R0001371	CRYSTA REEVES		235.56
R0001375	VICKI OBERSTAR		260.58
R0001378	JESSICA LOONS		242.82
R0001382	CHRIS CONNER		243.43
R0001420	DAVID PETERSON		124.65
R0001424	GOLDIE DEMERS		196.29

INVOICES DUE ON/BEFORE 04/02/2024

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE

GENERAL FUND			
41	GENERAL GOVERNMENT		
R0001425	CAROL PERTTULA		196.69
R0001650	PATRICIA GEORGE		198.37
R0001895	BECKY DOOLEY		195.55
R0001898	ANNE GULLION		201.11
R0001950	ROBIN WILKINSON		190.36
R0001969	CAROLYN KEDROWSKI		196.29
R0001972	TERESA BACKUS		185.70
R0002217	FINIFROCK, ALAN		96.26
R0002219	DEMERS, PHIL		202.29
R0002220	KING, PAULA		190.15
R0002223	REHAK, BRIANNE		231.37
R0002255	NADINE BROWN		205.47
R0002256	JOE PETERSON		177.69
	GENERAL GOVERNMENT		38,614.90
42	PUBLIC SAFETY		
111350	LEXISNEXIS RISK DATA MNGMT INC	400.00	200.00
122000	A T & T MOBILITY	3,838.51	1,300.60
122400	AHLMAN'S		7,689.83
125700	BEST OIL COMPANY	28,882.03	4,117.16
139025	CINTAS	930.11	40.55
139030	CINTAS CORPORATION NO 2	10,401.28	112.04
142800	CLOQUET SANITARY SERVICE	5,114.36	98.08
142925	CLOQUET SERVICE CENTER	1,369.11	795.33
147050	CONSOLIDATED TELEPHONE COMPANY	6,624.80	792.34
150100	D A L C O	1,873.27	91.14
176200	GRAYBAR ELECTRIC COMPANY INC	39.18	49.50
197775	KWIK TRIP INC	438.48	104.40
211400	MENARDS INC	2,277.02	80.34
211700	METRO SALES, INC.	1,015.19	150.62
212400	MICHAUD DIST INC	301.32	123.40
234000	NORTHEAST LAW ENFORCEMENT		75.00
236530	MARK WAGMAN		840.00
245575	PJ'S LUCKY SEVEN GENERAL STORE	19.98	69.93
269300	STREICHER'S		722.00
271975	TEAMSTERS JOINT COUNCIL 32	215,268.00	15,249.00
278140	TWIN CITIES FLAG SOURCE	917.00	42.00
278600	TWIN PORT MAILING	12,401.46	62.43
284580	VC3	37,938.24	3,951.95
287900	WAL-MART COMMUNITY	160.07	204.50
289015	WELLS FARGO CREDIT CARD	13,308.43	4,217.53

INVOICES DUE ON/BEFORE 04/02/2024

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE
GENERAL FUND			
42	PUBLIC SAFETY		
291400	WOOD CITY MOTORS	6,458.98	91.38
292500	XS SIGHT SYSTEMS, INC		1,368.00
	PUBLIC SAFETY		42,639.05
43	PUBLIC WORKS		
121000	ARROWHEAD SPRINGS INC	176.50	66.50
121210	ASCENDANCE TRUCKS, LLC	365.82	248.12
123150	B W DISTRIBUTING	275.98	88.50
125700	BEST OIL COMPANY	28,882.03	3,229.92
125900	BEST SERVICE	357.39	206.50
126850	BLAINE BROTHERS, INC	532.50	2,973.98
134000	CARLTON COUNTY HIGHWAY DEPT	3,406.64	250.55
137340	CHAMBERLAIN OIL CO., INC.		875.40
139025	CINTAS	930.11	61.72
139030	CINTAS CORPORATION NO 2	10,401.28	151.84
142800	CLOQUET SANITARY SERVICE	5,114.36	119.37
145300	COMMUNITY PRINTING	610.00	35.71
147050	CONSOLIDATED TELEPHONE COMPANY	6,624.80	259.95
148850	CRYSTEEL TRUCK EQUIPMENT		19.75
156600	DULUTH LAWN & SPORTS, INC.	14,900.23	65.99
164900	THE FASTENAL COMPANY	162.22	61.01
166625	FIRST AID CORP	822.34	321.04
169180	FORCE AMERICA DISTRIBUTING LLC	20.00	204.42
175200	GOPHER STATE ONE CALL INC	114.80	37.80
175700	GRAINGER	2,467.36	547.11
188000	INNOVATIVE OFFICE SOLUTIONS	1,177.44	15.13
197800	L & M FLEET SUPPLY INC.	5,176.65	1,277.76
205050	LOFFLER COMPANIES INC	244.20	16.35
211400	MENARDS INC	2,277.02	99.99
229500	NAPA AUTO PARTS	773.35	687.95
238950	OCCUPATIONAL DEVELOPMENT		878.27
241400	OXYGEN SERVICE COMPANY	70.64	17.14
247250	POWERPLAN	36.15	2,854.32
272600	TERMINAL SUPPLY INC	909.53	179.65
277500	TURBO DIESEL & ELECTRIC		3,227.10
278600	TWIN PORT MAILING	12,401.46	62.43
279100	U S BANK EQUIPMENT FINANCE	1,643.24	46.57
284580	VC3	37,938.24	1,290.25
289015	WELLS FARGO CREDIT CARD	13,308.43	108.34
	PUBLIC WORKS		20,586.43

INVOICES DUE ON/BEFORE 04/02/2024

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE

GENERAL FUND			
45	CULTURE AND RECREATION		
112050	ADVANCED SERVICES INC	2,114.50	900.00
125700	BEST OIL COMPANY	28,882.03	1,695.58
125900	BEST SERVICE	357.39	36.00
129200	BSN SPORTS LLC		192.58
135710	CAYWOOD OIL & PROPANE, LLC	805.56	1,007.46
137310	CENTURY LINK	1,698.76	137.06
139030	CINTAS CORPORATION NO 2	10,401.28	3,061.37
142800	CLOQUET SANITARY SERVICE	5,114.36	1,595.79
147050	CONSOLIDATED TELEPHONE COMPANY	6,624.80	614.53
147600	EXELON CORPORATION	4,325.15	6,715.19
161200	PATRICK J ELLENA		1,650.00
165375	FERGUSON WATERWORKS #2516	3,761.78	264.14
172300	GARTNER REFRIGERATION COMPANY	13,423.34	9,494.80
175700	GRAINGER	2,467.36	306.49
178500	GUARDIAN PEST SOLUTIONS INC	114.58	57.00
179340	HAGENS GLASS & PAINT	3,323.30	103.99
180500	HAWKINS INC	20,249.04	10.00
186500	INDEPENDENT SCHOOL DISTRICT 94	44,736.75	20,833.50
196975	KOMPAN INC		504.64
197800	L & M FLEET SUPPLY INC.	5,176.65	1,105.65
200100	LAKEHEAD TRUCKING, INC.		1,422.05
211300	MENARDS INC	320.98	139.96
211400	MENARDS INC	2,277.02	90.92
235800	NORTHLAND AUTO PARTS		10.19
248650	THE PROJECT CENTER	781.53	733.26
289015	WELLS FARGO CREDIT CARD	13,308.43	1,071.15
290300	WIDDES FEED & FARM SUPPLY	414.15	139.65
	CULTURE AND RECREATION		53,892.95
46	COMMUNITY DEVELOPMENT		
139800	CLOQUET AREA CHAMBER OF COMMER	15,242.60	3,545.65
145300	COMMUNITY PRINTING	610.00	17.86
147050	CONSOLIDATED TELEPHONE COMPANY	6,624.80	58.77
188000	INNOVATIVE OFFICE SOLUTIONS	1,177.44	7.57
211700	METRO SALES, INC.	1,015.19	83.58
236450	THE NORTHSPAN GROUP, INC.	3,800.00	350.00
278600	TWIN PORT MAILING	12,401.46	31.21
279100	U S BANK EQUIPMENT FINANCE	1,643.24	81.25
289015	WELLS FARGO CREDIT CARD	13,308.43	57.49
R0002416	CLOQUET FOURTH OF JULY COMMITE		1,000.00
	COMMUNITY DEVELOPMENT		5,233.38

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CITY OF CLOQUET
 DEPARTMENT SUMMARY REPORT

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INVOICES DUE ON/BEFORE 04/02/2024

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE

LDO PROJECT FUND (EDA)			
46	COMMUNITY DEVELOPMENT		
236450	THE NORTHSPAN GROUP, INC.	3,800.00	1,108.05
	COMMUNITY DEVELOPMENT		1,108.05
FEDERAL CDBG LOAN (EDA)			
46	COMMUNITY DEVELOPMENT		
134300	CARLTON COUNTY RECORDER	92.00	138.00
171100	FRYBERGER, BUCHANAN, SMITH &	55,574.90	148.00
236450	THE NORTHSPAN GROUP, INC.	3,800.00	136.95
	COMMUNITY DEVELOPMENT		422.95
REVOLVING SCDP (EDA)			
00			
128025	BP BUILDERS LLC		14,604.00
			14,604.00
46	COMMUNITY DEVELOPMENT		
128025	BP BUILDERS LLC		10,000.00
	COMMUNITY DEVELOPMENT		10,000.00
LIBRARY FUND			
45	CULTURE AND RECREATION		
147050	CONSOLIDATED TELEPHONE COMPANY	6,624.80	593.72
	CULTURE AND RECREATION		593.72
PERMANENT IMPROVEMENT			
56	CONSTRUCTION & MAINTENANCE		
174000	MATTHEW LEDVINA		1,925.00
	CONSTRUCTION & MAINTENANCE		1,925.00

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CITY OF CLOQUET
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INVOICES DUE ON/BEFORE 04/02/2024

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE

PUBLIC WORKS RESERVE			
42	PUBLIC SAFETY		
123022	AXON ENTERPRISE, INC		1,820.00
219067	MN DEPT OF ADMINISTRATION	2,490.18	830.06
290900	DENNIS EDWARD ROSS JR		662.50
	PUBLIC SAFETY		3,312.56
43	PUBLIC WORKS		
235565	NORTHERN TOOL & EQUIPMENT		587.48
260100	SAWTOOTH ARBOR SUPPLY & TREE S		18,775.25
281500	UNITED TRUCK BODY CO INC	3,984.95	440.00
	PUBLIC WORKS		19,802.73
CAPITAL PROJECTS - REVOLVING			
81	SPECIAL PROJECTS		
171100	FRYBERGER, BUCHANAN, SMITH &	55,574.90	425.15
	SPECIAL PROJECTS		425.15
CITY SALES TAX PINE VALLEY			
81	SPECIAL PROJECTS		
261800	SEH	8,643.75	1,236.25
	SPECIAL PROJECTS		1,236.25
WATER - LAKE SUPERIOR WATERLIN			
50	STATION 1		
117200	AMSOIL INC.	489.61	31.25
	STATION 1		31.25
51	STATION 2		
117200	AMSOIL INC.	489.61	31.25
121000	ARROWHEAD SPRINGS INC	176.50	36.00

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CITY OF CLOQUET
 DEPARTMENT SUMMARY REPORT

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INVOICES DUE ON/BEFORE 04/02/2024

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE

WATER - LAKE SUPERIOR WATERLIN			
51	STATION 2		
137310	CENTURY LINK	1,698.76	73.47
139025	CINTAS	930.11	72.92
139030	CINTAS CORPORATION NO 2	10,401.28	39.60
175700	GRAINGER	2,467.36	1,921.70
180500	HAWKINS INC	20,249.04	20.00
211400	MENARDS INC	2,277.02	236.44
261750	SEELYE PLASTICS, INC.		80.00
283700	HD SUPPLY, INC	1,290.24	77.39
287800	WAL-MART COMMUNITY	130.45	54.88
	STATION 2		2,643.65
52	LAKE SUPERIOR WATERLINE		
125700	BEST OIL COMPANY	28,882.03	758.99
139030	CINTAS CORPORATION NO 2	10,401.28	7.80
147725	CORE & MAIN LP		11,600.00
184100	HR GREEN INC		2,755.00
197800	L & M FLEET SUPPLY INC.	5,176.65	59.08
270400	SUPERIOR WATER, LIGHT & POWER	276.27	120.86
	LAKE SUPERIOR WATERLINE		15,301.73
57	ADMINISTRATION		
156400	CITY OF DULUTH COMFORT SYSTEMS	323.10	161.55
205050	LOFFLER COMPANIES INC	244.20	16.35
	ADMINISTRATION		177.90
WATER - IN TOWN SYSTEM			
00			
R0002409	NICK FRANK		631.05
R0002413	THOMAS BOND		144.15
			775.20
49	CLOQUET		

INVOICES DUE ON/BEFORE 04/02/2024

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE

49	WATER - IN TOWN SYSTEM CLOQUET		
123150	B W DISTRIBUTING	275.98	53.10
125700	BEST OIL COMPANY	28,882.03	990.50
139025	CINTAS	930.11	37.03
139030	CINTAS CORPORATION NO 2	10,401.28	21.50
151050	DAKOTA SUPPLY GROUP	85,685.22	1,567.16
152550	DECAIGNY EXCAVATING INC	5,994.00	1,650.00
165375	FERGUSON WATERWORKS #2516	3,761.78	3,886.61
175700	GRAINGER	2,467.36	325.56
180500	HAWKINS INC	20,249.04	8,431.33
197800	L & M FLEET SUPPLY INC.	5,176.65	118.16
205050	LOFFLER COMPANIES INC	244.20	18.97
211400	MENARDS INC	2,277.02	312.37
241400	OXYGEN SERVICE COMPANY	70.64	10.28
241950	PACE ANALYTICAL SERVICES INC	1,439.00	492.00
259900	SAMBATEK, INC	6,288.88	2,974.60
261750	SEELYE PLASTICS, INC.		200.39
283700	HD SUPPLY, INC	1,290.24	1,568.61
287800	WAL-MART COMMUNITY	130.45	71.49
	CLOQUET		22,729.66
54	BILLING & COLLECTION		
142800	CLOQUET SANITARY SERVICE	5,114.36	165.00
145300	COMMUNITY PRINTING	610.00	35.71
188000	INNOVATIVE OFFICE SOLUTIONS	1,177.44	445.73
278600	TWIN PORT MAILING	12,401.46	4,305.66
279100	U S BANK EQUIPMENT FINANCE	1,643.24	72.36
	BILLING & COLLECTION		5,024.46
57	ADMINISTRATION & GENERAL		
142800	CLOQUET SANITARY SERVICE	5,114.36	39.78
145300	COMMUNITY PRINTING	610.00	35.71
147050	CONSOLIDATED TELEPHONE COMPANY	6,624.80	407.21
175200	GOPHER STATE ONE CALL INC	114.80	22.68
188000	INNOVATIVE OFFICE SOLUTIONS	1,177.44	15.13
205050	LOFFLER COMPANIES INC	244.20	16.35
278600	TWIN PORT MAILING	12,401.46	62.43
279100	U S BANK EQUIPMENT FINANCE	1,643.24	46.57
289015	WELLS FARGO CREDIT CARD	13,308.43	802.06
	ADMINISTRATION & GENERAL		1,447.92

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CITY OF CLOQUET
 DEPARTMENT SUMMARY REPORT

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INVOICES DUE ON/BEFORE 04/02/2024

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE

ENTERPRISE FUND - SEWER			
00			
286900	W L S S D	151,204.40	-11,476.00
			-11,476.00
55	SANITARY SEWER		
123150	B W DISTRIBUTING	275.98	35.39
125700	BEST OIL COMPANY	28,882.03	466.78
139025	CINTAS	930.11	24.69
139030	CINTAS CORPORATION NO 2	10,401.28	35.82
175700	GRAINGER	2,467.36	12.84
197800	L & M FLEET SUPPLY INC.	5,176.65	59.07
241400	OXYGEN SERVICE COMPANY	70.64	6.85
286900	W L S S D	151,204.40	85,931.00
	SANITARY SEWER		86,572.44
57	ADMINISTRATION & GENERAL		
142800	CLOQUET SANITARY SERVICE	5,114.36	39.78
145300	COMMUNITY PRINTING	610.00	35.71
147050	CONSOLIDATED TELEPHONE COMPANY	6,624.80	174.51
175200	GOPHER STATE ONE CALL INC	114.80	15.12
188000	INNOVATIVE OFFICE SOLUTIONS	1,177.44	15.14
205050	LOFFLER COMPANIES INC	244.20	16.35
278600	TWIN PORT MAILING	12,401.46	62.41
279100	U S BANK EQUIPMENT FINANCE	1,643.24	46.58
289015	WELLS FARGO CREDIT CARD	13,308.43	110.14
R0002414	PETER OR NANCY STONE		4,000.00
	ADMINISTRATION & GENERAL		4,515.74
STORM WATER UTILITY			
57	ADMINISTRATION & GENERAL		
205050	LOFFLER COMPANIES INC	244.20	16.36
289015	WELLS FARGO CREDIT CARD	13,308.43	110.13
	ADMINISTRATION & GENERAL		126.49

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CITY OF CLOQUET
DEPARTMENT SUMMARY REPORT

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INVOICES DUE ON/BEFORE 04/02/2024

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE

STORM WATER UTILITY			
59	OPERATIONS		
111610	ACME TOOLS	446.93	129.99
206800	MACQUEEN EQUIPMENT INC	2,058.45	331.76
	OPERATIONS		461.75
CABLE TELEVISION			
45	CULTURE AND RECREATION		
162640	ENVENTIS TELECOM INC	99.80	49.90
244975	PINE KNOT LLC	18,534.18	16,900.00
	CULTURE AND RECREATION		16,949.90
EMPLOYEE SEVERANCE			
45	EMPLOYEE VACATION & SICK		
152775	DELTA DENTAL OF MINNESOTA	1,898.36	167.04
	EMPLOYEE VACATION & SICK		167.04
CLOQUET AREA FIRE DISTRICT			
42	PUBLIC SAFETY		
125700	BEST OIL COMPANY	28,882.03	3,874.38
284580	VC3	37,938.24	114.95
	PUBLIC SAFETY		3,989.33
	TOTAL ALL DEPARTMENTS		461,611.43



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

REQUEST FOR COUNCIL ACTION

To: Mayor and City Council
From: Al Cottingham, City Planner/Zoning Administrator
Reviewed/Approved By: Tim Peterson, City Administrator *TLP*
Date: April 2, 2024

ITEM DESCRIPTION: Conditional Use Permit – Presbyterian Church of Cloquet

Proposed Action

The Planning Commission recommends the City Council move to adopt **RESOLUTION NO. 24-23, A RESOLUTION APPROVING 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.**

Background/Overview

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 was 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.***

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/Budget/Grant Considerations

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

Advisory Committee/Commission Action

The Planning Commission has recommended approval of the Conditional Use Permit subject to the condition in the attached resolution on a 4 – 0 vote.

Supporting Documentation Attached

- Resolution No. 24-23
- Location Map
- Aerial Photo

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

RESOLUTION NO. 24-23

**A RESOLUTION APPROVING 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 CITY COUNCIL OF THE CITY OF CLOQUET, MINNESOTA, that it approves 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 condition:

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

PASSED BY THE CITY COUNCIL OF THE CITY OF CLOQUET THIS 2ND DAY OF APRIL 2024.

Roger Maki, Mayor

ATTEST:

Tim Peterson, City Administrator

Location Map

Presbyterian Church of Cloquet



No Scale

47 4th St



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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DEPARTMENT OF PUBLIC WORKS

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

REQUEST FOR COUNCIL ACTION

To: Mayor and City Council
From: Caleb Peterson, Public Works Director
Reviewed By: Tim Peterson, City Administrator *TCP*
Date: April 2, 2024

ITEM DESCRIPTION: Disposal of Surplus Equipment

Proposed Action

Staff recommends the City Council move to authorize the disposal of surplus equipment.

Background/Overview

Maintenance of equipment and replacement of a playground has resulted in the need to auction off City property. These items do have some salvage value and to obtain a reasonable price, staff propose to offer them for sale through the online auction service MinnBid.

The items include:

- Pinehurst Playground Equipment
- John Deere Hydraulic Cylinder

Policy Objectives

To dispose of surplus equipment in accordance with State Statute.

Financial/Budget/Grant Considerations

It has been determined that it is no longer financially feasible to maintain these items in inventory or they are no longer needed by the city. This surplus equipment does have some salvage value and this money would be returned to the appropriate department fund accounts.

Advisory Committee/Commission Action

N/A

Supporting Documents Attached

N/A



ADMINISTRATIVE OFFICES

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

REQUEST FOR COUNCIL ACTION

To: Mayor and City Council
From: Tim Peterson, City Administrator *TP*
Date: April 2, 2024

ITEM DESCRIPTION: Approval of License to Sell Tobacco and Tobacco Products

Proposed Action

Staff recommends the City Council move to approve a new license for Retail Sales of Tobacco, Tobacco Products and Tobacco Related Devices for APG MN, LLC., d.b.a. BP, operating at 1310 Highway 33 South.

Background/Overview

The City has received an application from APG MN, LLC, who acquired the BP fuel station from Diversified Management Group (DMG) in January. DMG will continue to oversee operations and the station will remain as BP, the only change is ownership. The applicant has submitted the required paperwork and fee required by City Code.

Policy Objectives

Approval of a Tobacco and Tobacco Products License is required under Section 6.5 of the Municipal Code. There is no limit on the number of licenses issued in any one year.

Financial/Budget/Grant Considerations

The City's fee schedule requires a \$150 annual fee for this license which has been paid in full.

Advisory Committee/Commission Action

None.

Supporting Documentation Attached

- Application

License Application to Make Retail Sales of Cigarette and Other Tobacco Products

To be completed by applicant when applying for a license with a city or county.

FOR MUNICIPAL USE ONLY

Applicant's Minnesota Tax ID Number

The Minnesota Tax ID must be issued in the same legal name of the licensee below.

License Authority
License Number
Period Covered
Date of Issuance

Cigarettes/tobacco products will be sold (a separate license is required for each location or vending machine):

Over Counter Through Vending Machine Both

Licensee's Legal Name APG MN LLC	Federal Employer ID Number (FEIN) 93-3059811
Business Trade Name (doing business as) Bp #7806	Daytime Phone 218-879-7513
Complete Address of Business Location (permit location) 1310 Hwy 33 S	County Carlton
City Cloquet	State MN
	ZIP Code 55720
Mailing Address (if different than business address) PO Box 3155	City Eau Claire
	State WI
	ZIP Code 54702-3155
	Email Address jenny.matysik@dmgcorp.com

Type of legal organization (check one):

Sole proprietor Minnesota corporation: Enter date of incorporation _____

Partnership Out-of-state corporation: State of incorporation _____

Other (describe) Limited Liability Co Are you registered to do business in Minnesota? Yes No

Corporate officers or partners (attach a list if necessary)

Name Rad Pandit	Title Member	State IA	ZIP Code 52722
Address Bettendorf	City Bettendorf	State IA	ZIP Code 52722
Name Ather Chaudhry	Title Member	State MD	ZIP Code 21035
Address Davidsonville	City Davidsonville	State MD	ZIP Code 21035

As a licensed tobacco products or cigarette retailer, I understand that:

1. I can purchase cigarettes and tobacco from a Minnesota distributor or subjobber who holds a license with the Minnesota Department of Revenue. The Cigarette and Tobacco Distributor List is on our website. Go to www.revenue.state.mn.us and type Distributor List in the Search box.
2. I must obtain a tobacco products distributor license if I purchase untaxed tobacco products from an out-of-state company.
3. I may not sell cigarettes affixed with Minnesota Native American stamps unless my retail business is located on a reservation that has a tax agreement with the State of Minnesota.
4. I may not purchase from or exchange cigarettes or tobacco products with another retailer.
5. I must keep complete and legible cigarette and tobacco products invoices on the licensed premises, or make invoices available within one hour of request, for at least one year after the date of the purchase.
6. I know that the Minnesota Department of Revenue and/or law enforcement may conduct cigarette and tobacco inspections of the premises, including inspections of inventory, invoices and licenses, and I understand that a refusal to allow an inspection is grounds for revocation of my license.
7. I know that failure to comply with all requirements can result in criminal penalties, including the loss of cigarettes and tobacco products.

Licensee Signature 	Title Managing Member	Print Name Rad Pandit	Date 3/1/24	Daytime Phone 715-839-5258
Licensing Agent's Signature	Title	Print Name	Date	Daytime Phone

License applicant: Submit this form to the licensing authority along with the license application.

Licensing authority: Mail, email or fax to:
Minnesota Revenue, Mail Station 3331, St. Paul, MN 55146-3331.
Fax: 651-556-5236. Email: cigarette.tobacco@state.mn.us

Print or Type

Business Information

Statement of Understanding

Sign Here



CITY ADMINISTRATOR'S OFFICE
101 – 14th Street, Cloquet MN 55720
Phone: 218-879-3347 Fax: 218-879-6555
www.cloquetmn.gov

**CITY OF CLOQUET, MN
APPLICATION TO SELL AT RETAIL
TOBACCO, TOBACCO PRODUCTS AND TOBACCO RELATED DEVICES**

This application, all required documentation and fees must be submitted by any person desiring to obtain a license to sell tobacco, tobacco products and tobacco related devices within the City of Cloquet, MN.

INDIVIDUAL SUBMITTING APPLICATION:

Name: Rad Pandit
First Full Middle Name Last

Applicant Current Address: _____

City, State, Zip: Bettendorf, IA 52722

Home Phone Work Phone Cell Phone

rad.pandit@gmail.com
E-Mail Address

Date of Birth: _____ Place of Birth: Tanahun, Nepal

BUSINESS INFORMATION:

Business Name: ↗ Bp #7806

Address of Business: 1310 Hwy 33 S, Cloquet, MN 55720

Mailing Address (if different from above): PO Box 3155
Eau Claire, WI 54702-3155

Phone No.: 218-879-7513 Alternate Number: 715-839-5258

MANAGER OR PERSON IN CHARGE OF BUSINESS:

Name: Peggy Bursch
First Full Middle Name Last

Address: _____

City, State, Zip: Buffalo, MN 55313

Home Phone Work Phone Cell Phone

peggy.bursch@dmgcorp.com
E-Mail Address

Authorization & Release

The undersigned, having filed an application with the City of Cloquet realizing that the City has need to investigate the background and history of the applicant in order to better evaluate his or her application, does hereby authorize and request every law enforcement official and every other person, firm, officer, corporation, association, organization or institution having control of any documents, records or other information pertaining to me to furnish the original or copies of any such documents, records and other information to the City or any of its representatives and to permit said City or any of its representatives to inspect and make copies of any such documents, records and other information. I further authorize any such persons to answer any inquiries, questions or interrogatories concerning the undersigned which may be submitted to them by the City or its authorized representative. I fully understand that the information so obtained by the City may be used by it in its evaluation of my application.

I hereby release and exonerate any person who shall comply with the authorization and request made herein from any and all liability of every nature and kind growing out of and in any way pertaining to the furnishing or inspection of such documents, records and other information.

Data Practices Advisory (Tennessee Warning)

Some or all of the information that you are asked to provide on the attached forms are classified by state law as either private or confidential. Private data is information which generally cannot be given to the public, but can be given to the subject of the data. Confidential data is information which generally cannot be given to either the public or the subject of the data.

Our purpose and intended use of this information is to perform background investigations of the applicant, manager and others appearing on the application. This information will be used to determine if it is appropriate for the applicant to be issued a license or permit from the City of Cloquet.

You are not legally required to provide this information. However, failure to furnish the requested information may result in your application being denied.

This information will be used by various City departments in the course of their investigations. In addition, various State and Federal law enforcement agencies may be furnished portions of the information you provide.

If you have any questions in this regard, please contact the City Administrator's Office at (218) 879-3347.

I read and understand the above information regarding my rights as a subject of government data.

**I HAVE READ AND UNDERSTAND THE ABOVE
AUTHORIZATION & RELEASE AND DATA PRACTICES ADVISORY.**



Signature of Applicant

3/20/2024

Date

MINNESOTA BUSINESS TAX IDENTIFICATION LAW

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

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

License Type: Sell Tobacco and Tobacco Products

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

APPLICANT INFORMATION		
Name: First Rad	Full Middle	Last Pandit
Current Address:		
City: Bettendorf	State: IA	Zip Code: 52722
Social Security Number:		

BUSINESS INFORMATION		
Business Name: APG MN LLC		
Business Address: PO Box 3155		
City: Eau Claire	State: WI	Zip Code: 54702-3155

TAX IDENTIFICATION NUMBERS	
Federal Tax Identification Number: 93-3059811	
Minnesota Tax Identification Number: 9150298	

Signature: 

Date: 3/20/2024

Certificate of Compliance Minnesota Workers' Compensation Law

THIS FORM MUST BE COMPLETED BY THE BUSINESS LICENSE APPLICANT

PRINT IN INK or TYPE.

Minnesota Statutes, Section 176.182 requires every state and local licensing agency to withhold the issuance or renewal of a license or permit to operate a business in Minnesota until the applicant presents acceptable evidence of compliance with the workers' compensation insurance coverage requirement of Minnesota Statutes, Chapter 176. If the required information is not provided or is falsely stated, it shall result in a \$2,000 penalty assessed against the applicant by the commissioner of the Department of Labor and Industry.

A valid workers' compensation policy must be kept in effect at all times by employers as required by law.

LICENSE or CERTIFICATE NO (if applicable)	BUSINESS TELEPHONE NO. 715-839-5258	FAX TELEPHONE NO.
BUSINESS NAME (Use the person(s) name if business structure is sole proprietor or partnership (i.e., John Doe, or John Doe and Jane Doe), otherwise it is the legal name of the business entity.) Diversified Management Group, Inc.		
DBA ("doing business as" or also known as an assumed name) (if applicable) Bp #7806		
BUSINESS ADDRESS (must be physical street address, no PO boxes) 2280 EastRidge Ctr	CITY Eau Claire, WI 54701	STATE ZIP CODE
COUNTY Eau Claire	E-MAIL ADDRESS jenny.matysik@dmgcorp.com	

YOUR LICENSE OR CERTIFICATE WILL NOT BE ISSUED WITHOUT THE FOLLOWING INFORMATION. *You must complete number 1 or 2 below.*

NUMBER 1 – Workers' compensation insurance policy information

INSURANCE COMPANY NAME (not the insurance agent) Employers Assurance Co	NAIC Number 36870
POLICY NO. EIG 5157282 00	EFFECTIVE DATE 1/1/24
	EXPIRATION DATE 1/1/25

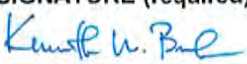
NUMBER 2 – Reason for exemption from workers' compensation insurance

If you have questions regarding the need to obtain workers' compensation coverage, including exemptions, contact 651.284.5032 or 1-800-342-5354.

- I have no employees. (See Minn. Stat. § 176.011, subd. 9 for the definition of an employee.)
- I am self-insured for workers' compensation (attach a copy of the authorization to self-insure from the Minnesota Department of Commerce).
- I have employees but they are not covered by the workers' compensation law. (See Minn. Stat. § 176.041 for a list of excluded employees.) Explain why your employees are not covered:

Other: _____

I certify that the information provided on this form is accurate and complete. If I am signing on behalf of a business, I certify that I am authorized to sign on behalf of the business.

PRINT NAME Kenneth M Buck		
APPLICANT SIGNATURE (required) 	TITLE CEO	DATE 3/21/24

NOTE: You must notify us if there is any change to your Workers' Compensation Insurance Information or Employee Status Change by resubmitting this form. This material can be made available in different forms, such as large print, Braille or on a tape.



COMMUNITY DEVELOPMENT DEPARTMENT

101 14th Street • Cloquet MN 55720

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

www.cloquetmn.gov

REQUEST FOR COUNCIL ACTION

To: Mayor and City Council
From: Al Cottingham, City Planner/Zoning Administrator
Reviewed/Approved By: Tim Peterson, City Administrator *TEP*
Date: April 2, 2024

ITEM DESCRIPTION: Conditional Use Permit – C&C Holdings of Cloquet, LLC

Proposed Action

The Planning Commission recommends the City Council move to adopt **RESOLUTION NO. 24-25, A RESOLUTION APPROVING THE CONDITIONAL USE PERMIT FOR C & C HOLDINGS, LLC, FOR MULTIPLE-FAMILY DWELLINGS IN THE CC – CITY CENTER DISTRICT.**

Background/Overview

C & C Holdings of Cloquet, LLC is proposing a conditional use permit to allow 18 - multiple-family dwellings in the CC – City Center District. The property involved is located in 915 Cloquet Avenue. 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 was held on Tuesday, March 12, 2024, to consider the 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 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 City Center. Multiple-Family Dwellings are allowed in the 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/Budget/Grant Considerations

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

Advisory Committee/Commission Action

The Planning Commission following discussion with a property owner to the west has recommended approval of the Conditional Use Permit subject to the conditions in the attached resolution on a 4 - 0 vote.

Supporting Documentation Attached

- Resolution No. 24-25
- Location Map
- Petitioner Narrative
- Aerial Photo's

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

RESOLUTION NO. 24-25

**A RESOLUTION APPROVING 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.

NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF CLOQUET, MINNESOTA, that it approves Zoning Case 24-06 for C&C Holdings of Cloquet, LLC for multiple-family dwellings in the CC – City Center 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.

PASSED BY THE CITY COUNCIL OF THE CITY OF CLOQUET THIS 2ND DAY OF APRIL 2024.

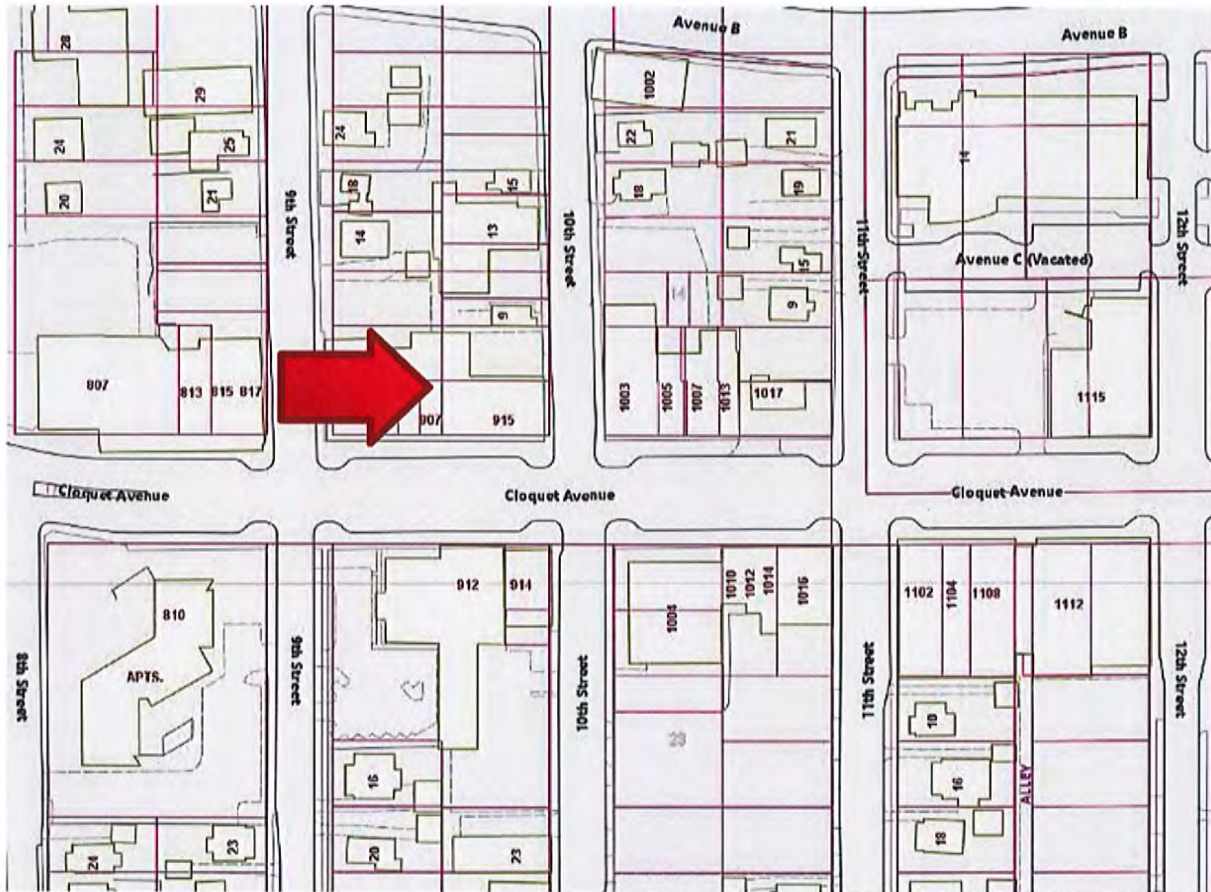
Roger Maki, Mayor

ATTEST:

Tim Peterson, City Administrator

Location Map

C&C Holdings of Cloquet, LLC



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 Jouppi, 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 Jouppi [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.





REQUEST FOR COUNCIL ACTION

To: Mayor and Cloquet City Council
From: Holly Hansen, Community Development Director
Reviewed by: Tim Peterson, City Administrator *TP*
Date: April 2, 2024

ITEM DESCRIPTION: Public Hearing on Hotel Solem TIF

Proposed Action

The Council is to hold a Public Hearing to consider the proposed adoption of the Development Program for Development District No. 7 and the proposed adoption of the Tax Increment Financing Plan for Tax Increment Financing District No. 7-1 (collectively, the "Plans").

After the conclusion of the public hearing, staff recommends the Council move to adopt **RESOLUTION NO. 24-24, ESTABLISHING DEVELOPMENT DISTRICT NO. 7 AND ADOPTING THE DEVELOPMENT PROGRAM THEREFOR; ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 7-1 WITHIN DEVELOPMENT DISTRICT NO. 7 AND ADOPTING THE TAX INCREMENT FINANCING PLAN THEREFOR; AUTHORIZING THE TERMS OF AN INTERFUND LOAN; AND AUTHORIZING THE EXECUTION OF A DEVELOPMENT AGREEMENT.**

Background/Overview

Tax Increment Financing – Public Hearing

Within the City, there exist areas where public improvement is necessary to cause development or redevelopment to occur. To this end, the City has certain statutory powers pursuant to Minnesota Statutes to assist in financing public costs related to a project. The City has identified downtown revitalization, business support, and redevelopment support as one of its critical goals that support tax base and local job opportunities.

The City has received an application from C&C Holdings of Duluth, LLC / AMI Consulting Engineers (C&C Holdings of Cloquet, LLC will be the owner of the building, an entity yet to be created) for assistance to redevelop the Hotel Solem building located at 915 Cloquet Avenue, owned by the City of Cloquet. The project will involve gutting the entire building down to the studs, bolstering, and stabilizing the building and constructing it entirely into a functional building with HVAC systems and structural improvements to support 18 market rate apartments. There will be six apartments per floor plus amenities incorporated into the building and units. The plans are to add an elevator and full sprinkler system. Other highlights include:

HOTEL SOLEM REDEVELOPMENT - (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
○ 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, and the City’s municipal parking lot between 10 th and 11 th Streets

The project cost is \$3.975 million, and construction could begin late spring / early summer 2024 after execution of the development agreement with the City of Cloquet and issuance of appropriate building permits. The company is seeking tax increment financing to assist them with their proposed construction project to aid company cash flow to move the project forward. In order to do so, the City must create Development District No. 7 and then create the Tax Increment Financing District No. 7-1 as part of this development district.

Development Agreement

Attached the Council will find a copy of the Development Agreement By and Between the City of Cloquet, MN and C&C Holdings of Cloquet, LLC for the Hotel Solem Redevelopment. Entity formation of C&C Holdings of Cloquet, LLC is planned during March, entity formation of this LLC is required for all agreements. The development agreement provides definitions, project details, explains events of default, options for the developer to terminate the agreement, and additional provisions.

Key summary points of the Development Agreement are as follows:

- 1. Purchase of the property located at 915 Cloquet Avenue for \$1.**
 - a. Overviewed in Article III
 - b. Legally described in Exhibit A
 - c. The Purchase Agreement for which is Exhibit D

- 2. Establishment of Tax Increment Financing District No. 7, a Redevelopment District**
 - a. Overviewed in Article III
 - b. TIF Note is Exhibit B, \$533,832 with an interest rate of 6.52% for a term of 26 years
 - c. TIF qualified reimbursement expenditures are Exhibit C

3. EDA Loan

- a. Overviewed in Article III
- b. Separate detailed loan documents will be issued, but the use of the Cloquet EDA loan for this project is referenced. Importantly, redevelopment per state statutes is not a business subsidy therefore no business subsidy hearing is required for this loan.

Policy Objectives

In the pursuit of these improvements, the City has received a tax increment financing (TIF) application from the developer to assist them with their proposed construction project to aid company cash flow to move the project forward. Staff has prepared a report for Ehlers on behalf of the City of Cloquet summarizing TIF Redevelopment District eligibility and compliance with Minnesota Statutes Sections 469.124 to 469.133, and Sections 469.174 to 469.1974 (the “Tax Increment Financing Act”) and further, the use of tax increment financing for this project is consistent with those priorities identified as part of the City’s Tax Increment Financing Policy and City of Cloquet EDA Policy Goals.

The Development Agreement is the guiding compliance document on this project between the City and Developer. For the long term, this agreement explains events of default, the terms of the TIF Note and its future assignability guiding the current and future procedures.

The City of Cloquet/Cloquet EDA have taken risk to acquire this property to ensure quality competent redevelopment as the City has identified downtown revitalization, business support, and redevelopment support as one of its critical goals that support tax base and local job opportunities.

Financial Impacts

The City Council will hold a public hearing on the establishment of Development District No. 7 and Tax Increment Financing Plan No. 7-1 for the Hotel Solem Redevelopment by C&C Holdings of Cloquet, LLC. At the public hearing Ehlers will review for Council the TIF Program and Plan for the project. Ehlers has reviewed eligibility for a redevelopment district and the project pro forma recommending a TIF Note of \$533,832 with bearing an interest rate of 6.52% and factoring in inflation on the project value over time (26-year district). Plans have been provided to the County and the School District in which Tax Increment Financing District No. 7-1 is located.

All costs associated with the creation of the Development District and TIF District are paid for by the business per the city’s TIF Policy. The developer has paid all economic development and zoning application fees (TIF/Development Agreement, Loan, Site Plan, Variance, Conditional Use Permit).

Advisory Committee / Commission Action

At their March 6th meeting, the Cloquet Economic Development Authority (EDA) took the following actions:

- 1) **Approved a Gap Financing Loan to C&C Holdings of Cloquet, LLC** (an entity to be created for this project) in the amount of \$936,000 for a term of 20 years, at an interest rate of 2%, with a 16-month deferral, the loan upon which is collateralized on the completed 915 Cloquet Avenue contingent on bank loan approval, and TIF Redevelopment District establishment. The primary lender will be doing a final appraisal / market rate analysis. If necessary, after the appraisal is provided to the City for review, additional collateral could be secured from C&C Holdings of Duluth, LLC, however the developer does not anticipate additional collateral will be needed after bank appraisal.

- 2) **If the Hotel Solem Redevelopment project is approved by Council, the Cloquet EDA will authorize hiring Kiminski Paving in an amount not to exceed \$3,000 to clean the pavement, add directional arrows, and stripe the City of Cloquet Municipal Parking Lot located between 10th and 11th Streets (which is currently unstriped) during the warm weather season of 2024. Staff met with the Cloquet Avenue businesses to discuss the plans, two businesses plan to hire additional private parking striping to be paid for privately in conjunction with this project. All appreciate the city's efforts to delineate the lot as vehicles currently park haphazardly leading to vehicle blocking; and**
- 3) Reviewed the TIF Program and Plan to ensure that the proposed district being created are in compliance with Minnesota Statutes Sections 469.124 to 469.133, and Sections 469.174 to 469.1974 (the "Tax Increment Financing Act") and further, the use of tax increment financing for this project is consistent with those priorities identified as part of the City's Tax Increment Financing Policy and City of Cloquet / Cloquet EDA Policy Goals. Then, **the Cloquet EDA recommended the Council Establish Development District No. 7, its program, and establish Tax Increment Financing District No. 7-1 and its Plan; and**
- 4) **Recommended the Council move to approve the Development Agreement By and Between the City of Cloquet, MN and C&C Holdings of Cloquet, LLC.**

At their March 12th meeting, the Cloquet Planning Commission took the following actions:

- **Review of the proposed TIF Program and Plan to ensure compliance with the City's Comprehensive Plan and authorized the sale of city property, recommending approval to the Council; and**
- **Review and approval of a Variance to the Zoning Ordinance for density per acre; and**
- **Review of a Conditional Use Permit for apartments in the City Center District recommending approval to Council.**

Supporting Documents Attached

- Resolution No. 24-24
- Establishment of the Development Program for Development District No. 7
- Tax Increment Financing Plan District 7-1: Hotel Solem Redevelopment
- Development Agreement by and between the City and C&C Holdings of Cloquet, LLC

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

RESOLUTION NO. 24-24

**RESOLUTION ESTABLISHING DEVELOPMENT DISTRICT NO. 7 AND
ADOPTING THE DEVELOPMENT PROGRAM THEREFOR; ESTABLISHING
TAX INCREMENT FINANCING DISTRICT NO. 7-1 WITHIN DEVELOPMENT
DISTRICT NO. 7 AND ADOPTING THE TAX INCREMENT FINANCING PLAN
THEREFOR; AUTHORIZING THE TERMS OF AN INTERFUND LOAN; AND
AUTHORIZING THE EXECUTION OF A DEVELOPMENT AGREEMENT**

WHEREAS:

A. It has been proposed that the City of Cloquet, Minnesota (the "City"): (1) establish Development District No. 7 (the "Development District"); (2) adopt a Development Program for the Development District; (3) establish Tax Increment Financing District No. 7-1 therein (the "TIF District"); (4) approve and adopt the proposed Tax Increment Financing Plan therefor; (5) authorize the terms of an interfund loan related thereto; and (6) authorize the execution of a development agreement; all pursuant to and under the provisions of Minnesota Statutes, Sections 469.174 to 469.1794, as amended (the "Act"); and

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

C. The City has performed all actions required by law to be performed prior to the approval of the establishment of the Development District and the establishment of the TIF District therein, and the adoption of the Development Program and TIF Plan therefor, including, but not limited to, a review of the Planning Commission of the proposed Development Program and establishment of the TIF District, notification of Carlton County and Independent School District No. 94 having taxing jurisdiction over the property to be included in the TIF District and the holding of a public hearing upon published and mailed notice as required by law.

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

1. Development District No. 7. There is hereby established in the City a Development District No. 7, the initial boundaries of which are fixed and determined as described in the Development Program.

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

3. Tax Increment Financing District No. 7-1. There is hereby established in the City within the Development District, Tax Increment Financing District No. 7-1, a redevelopment tax increment financing district, the initial boundaries of which are fixed and determined as described in the TIF Plan.

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

(a) The TIF District is a redevelopment district as defined in Minnesota Statutes, Section 469.174, Subd. 10, the specific basis for such determination is set forth in Appendix C of the TIF Plan.

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

(c) In the opinion of the City Council, 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 the TIF District permitted by the TIF Plan. The reasons supporting this finding are set forth in Appendix C of the TIF Plan.

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

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

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

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

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

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

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

9. Interfund Loan. The City has determined to pay for certain costs (the "Qualified Costs") identified in the TIF Plan consisting of certain administrative expenses, which costs may be financed on a temporary basis from the City's general fund or any other fund from which such advances may be legally

made (the "Fund"). Under Minnesota Statutes, Section 469.178, Subd. 7, the City is authorized to advance or loan money from the Fund in order to finance the Qualified Costs. The City intends to reimburse itself for the payment of the Qualified Costs, plus interest thereon, from tax increments derived from the TIF District in accordance with the following terms (which terms are referred to collectively as the "Interfund Loan"):

(a) The City shall repay to the Fund from which the Qualified Costs are initially paid, the principal amount of \$139,679 (or, if less, the amount actually paid from such fund) together with interest at 5.00% per annum (which is not more than the greater of (i) the rate specified under Minnesota Statutes, Section 270C.40, or (ii) the rate specified under Minnesota Statutes, Section 549.09) from the date of the payment.

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

(c) Payments on the Interfund Loan are payable solely from the tax increment generated in the preceding twelve (12) months with respect to the TIF District and remitted to the City by Carlton County, all in accordance with Minnesota Statutes, Sections 469.174 to 469.1794, as amended. Payments on this Interfund Loan are subordinate to any outstanding or future bonds, notes or contracts secured in whole or in part with tax increment, and are on parity with any other outstanding or future interfund loans secured in whole or in part with tax increments.

(d) The principal sum and all accrued interest payable under this Interfund Loan are pre-payable in whole or in part at any time by the City without premium or penalty. No partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under this Interfund Loan.

(e) The Interfund Loan is evidence of an internal borrowing by the City in accordance with Minnesota Statutes, Section 469.178, Subd. 7, and is a limited obligation payable solely from tax increment pledged to the payment hereof under this resolution. The Interfund Loan and the interest hereon shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the City. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of or interest on the Interfund Loan or other costs incident hereto except out of tax increment, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on the Interfund Loan or other costs incident hereto. The City shall have no obligation to pay any principal amount of the Interfund Loan or accrued interest thereon, which may remain unpaid after the termination of the TIF District.

(f) The City may amend the terms of the Interfund Loan at any time by resolution of the City Council, including a determination to forgive the outstanding principal amount and accrued interest to the extent permissible under law.

10. Development Agreement.

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

(b) The approval hereby given to the Development Agreement includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by the City officials authorized by this resolution to execute the Development Agreement. The execution of the Development Agreement by the appropriate officer or officers of the City shall be conclusive evidence of the approval of the Development Agreement in accordance with the terms hereof.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CLOQUET THIS 2nd DAY OF APRIL, 2024.

Roger Maki, Mayor

Attest:

Tim Peterson, City Administrator

STATE OF MINNESOTA
COUNTY OF CARLTON
CITY OF CLOQUET

I, the undersigned, being the duly qualified and acting Administrator of the City of Cloquet, Minnesota, DO HEREBY CERTIFY that I have carefully compared the attached and the original minutes of a meeting of the City Council of the City held on the date therein indicated, which are on file and of record in my office, and the same is a full, true and complete transcript therefrom insofar as the same relates to Resolution No. 24-24 Establishing Development District No. 7 and Adopting the Development Program Therefor; Establishing Tax Increment Financing District No. 7-1 Within Development District No. 7 and Adopting the Tax Increment Financing Plan therefor; Authorizing the Terms of an Interfund Loan; and Authorizing the Execution of a Development Agreement.

WITNESS my hand as such Administrator of the City Council of the City of Cloquet, Minnesota this 2nd day of April, 2024.

City Administrator

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.

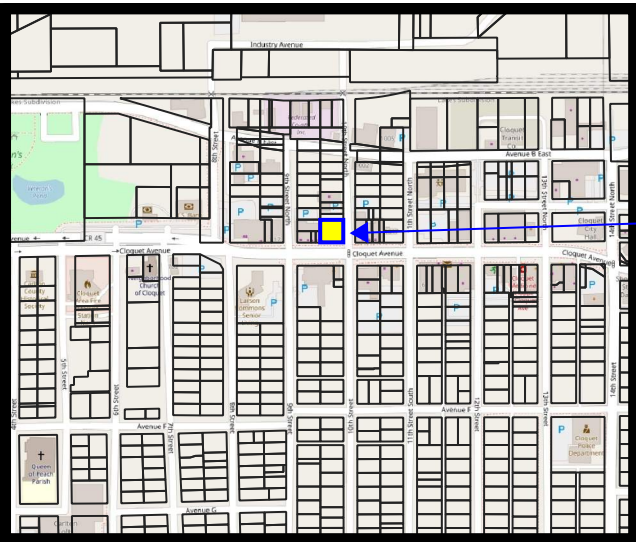
MODIFICATION OF THE DEVELOPMENT PROGRAM AND/OR DEVELOPMENT DISTRICT NO. 7

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.

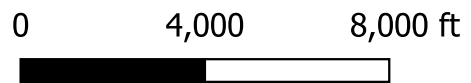
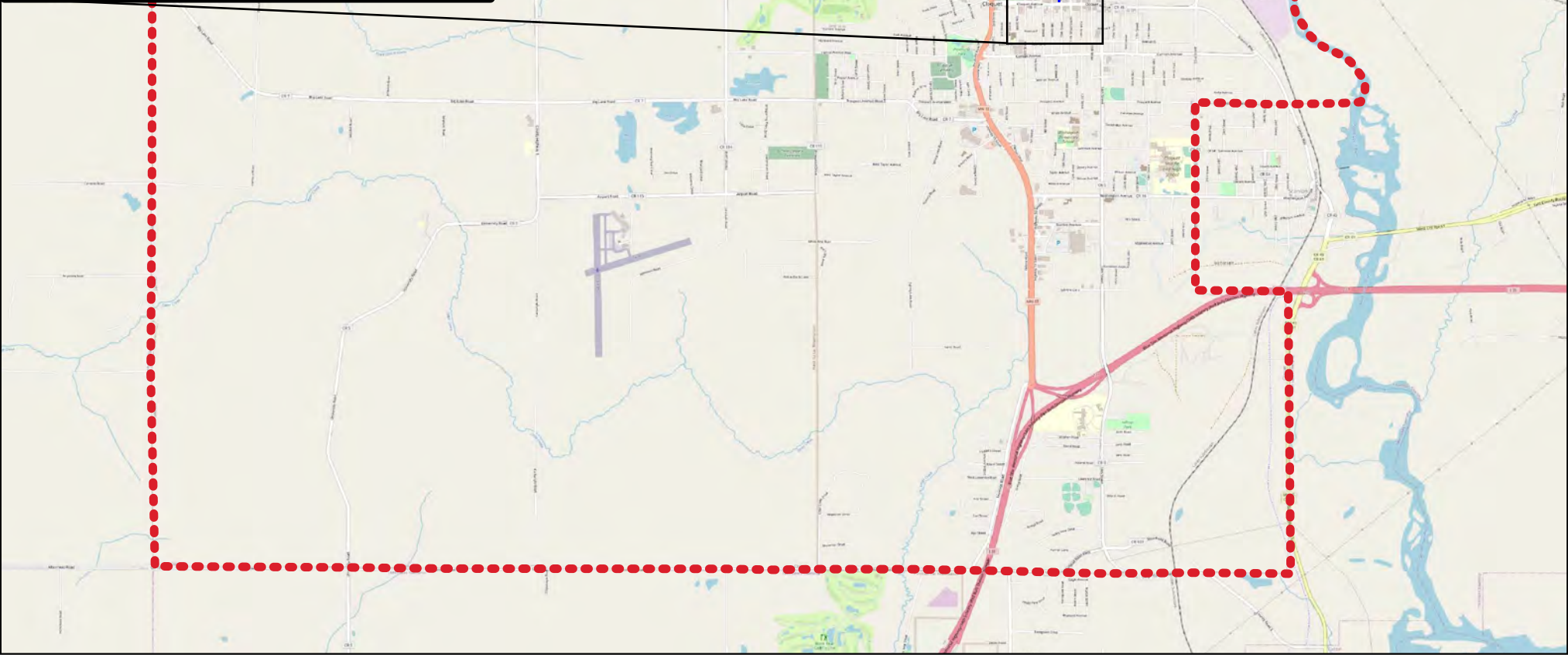
DESCRIPTION OF BOUNDARIES OF DEVELOPMENT DISTRICT NO. 7

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

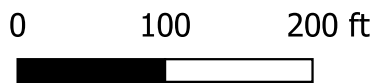
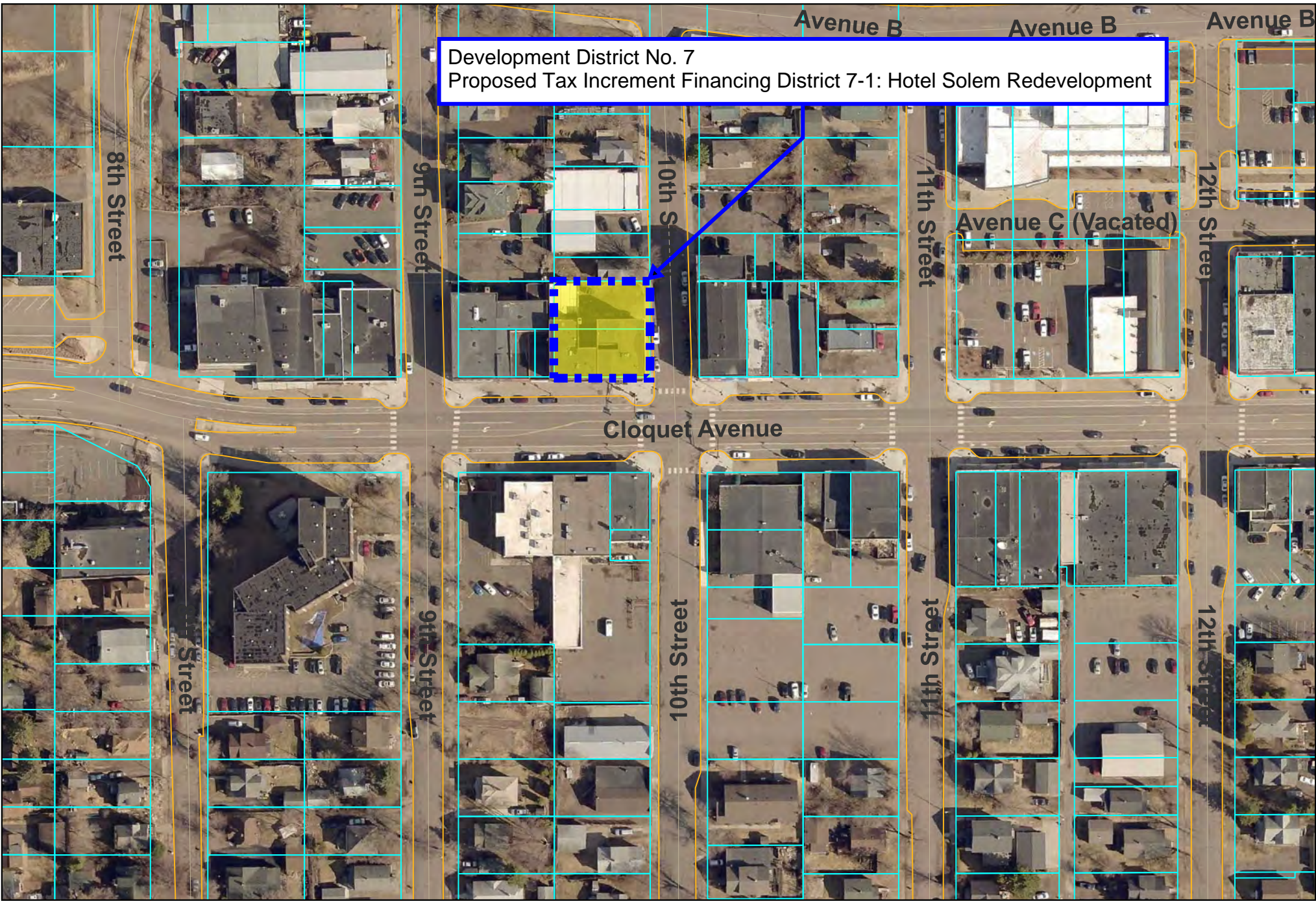
Appendix A: Map of Municipal Development District No. 7



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.

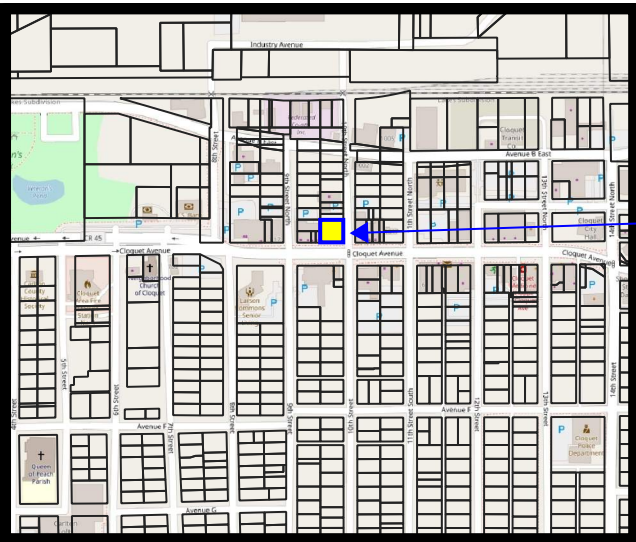
- (ii) A comparative analysis of estimated market value both with and

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.

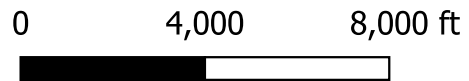
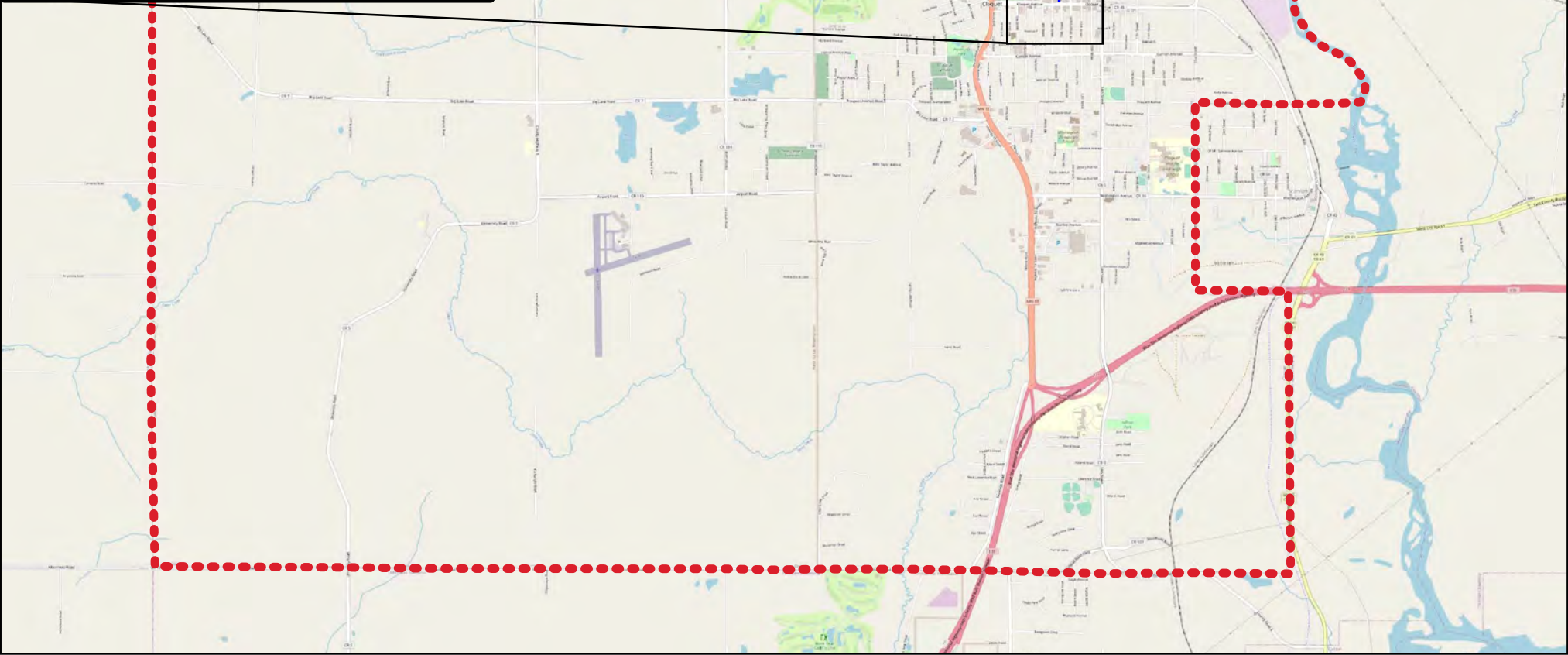
DISTRICT ADMINISTRATION

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

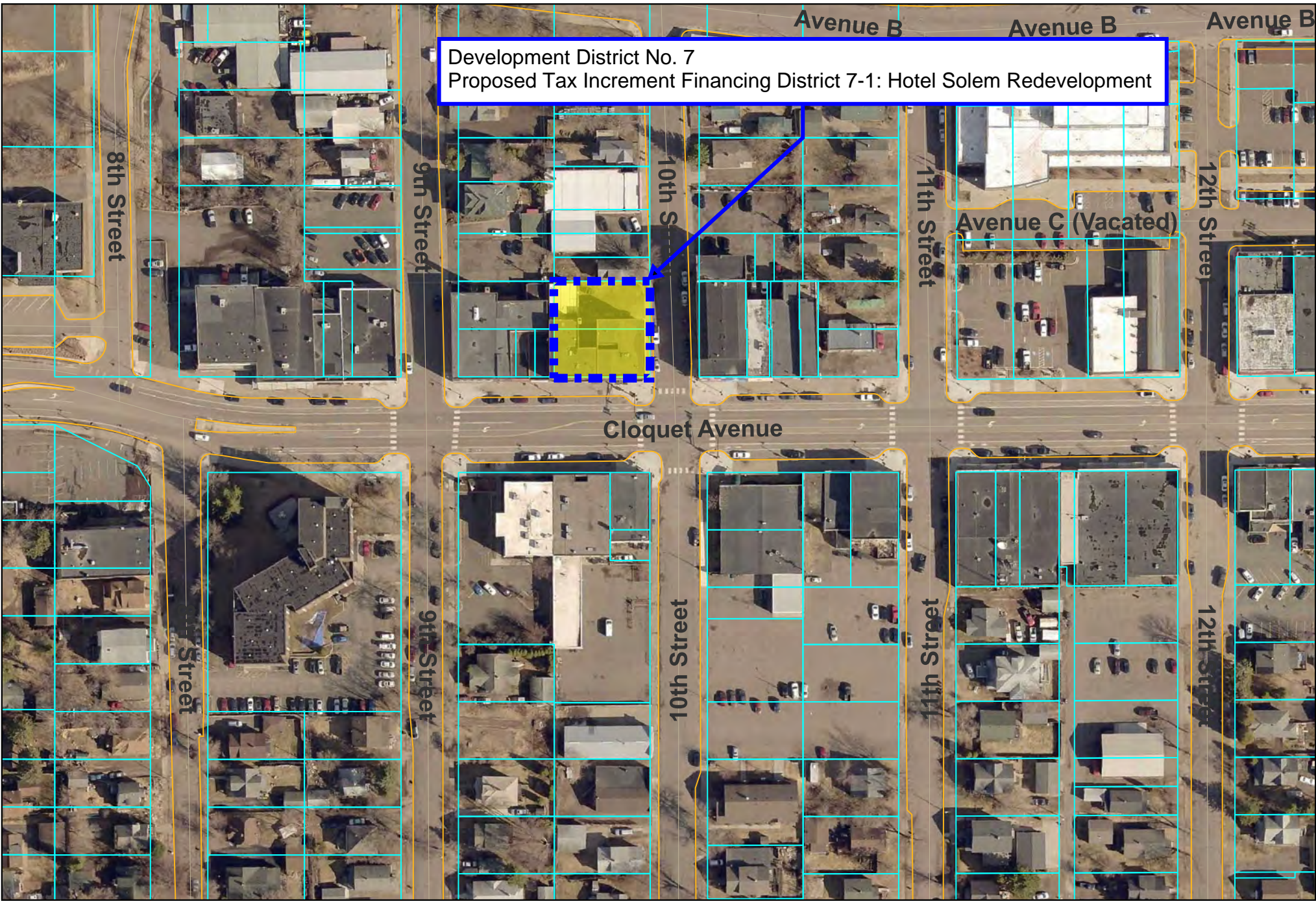
Appendix A: Map of Development District No. 7 and the TIF District



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



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



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)

TAX INCREMENT CASH FLOW														
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities -	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
														02/01/26
														08/01/26
														02/01/27
100%	31,250	(101)	-	31,149	152.366%	47,460	23,730	(85)	(2,364)	21,280	18,366	0.5	2027	08/01/27
							23,730	(85)	(2,364)	21,280	36,069	1	2027	02/01/28
100%	31,563	(101)	-	31,461	152.366%	47,936	23,968	(86)	(2,388)	21,494	53,303	1.5	2028	08/01/28
							23,968	(86)	(2,388)	21,494	69,914	2	2028	02/01/29
100%	31,878	(101)	-	31,777	152.366%	48,417	24,209	(87)	(2,412)	21,709	86,085	2.5	2029	08/01/29
							24,209	(87)	(2,412)	21,709	101,671	3	2029	02/01/30
100%	32,197	(101)	-	32,096	152.366%	48,903	24,451	(88)	(2,436)	21,927	116,845	3.5	2030	08/01/30
							24,451	(88)	(2,436)	21,927	131,471	4	2030	02/01/31
100%	32,519	(101)	-	32,418	152.366%	49,393	24,697	(89)	(2,461)	22,147	145,709	4.5	2031	08/01/31
							24,697	(89)	(2,461)	22,147	159,433	5	2031	02/01/32
100%	32,844	(101)	-	32,743	152.366%	49,889	24,944	(90)	(2,485)	22,369	172,793	5.5	2032	08/01/32
							24,944	(90)	(2,485)	22,369	185,671	6	2032	02/01/33
100%	33,173	(101)	-	33,071	152.366%	50,389	25,195	(91)	(2,510)	22,594	198,207	6.5	2033	08/01/33
							25,195	(91)	(2,510)	22,594	210,290	7	2033	02/01/34
100%	33,504	(101)	-	33,403	152.366%	50,895	25,447	(92)	(2,536)	22,820	222,054	7.5	2034	08/01/34
							25,447	(92)	(2,536)	22,820	233,392	8	2034	02/01/35
100%	33,839	(101)	-	33,738	152.366%	51,405	25,703	(93)	(2,561)	23,049	244,430	8.5	2035	08/01/35
							25,703	(93)	(2,561)	23,049	255,069	9	2035	02/01/36
100%	34,178	(101)	-	34,076	152.366%	51,921	25,960	(93)	(2,587)	23,280	265,427	9.5	2036	08/01/36
							25,960	(93)	(2,587)	23,280	275,410	10	2036	02/01/37
100%	34,519	(101)	-	34,418	152.366%	52,442	26,221	(94)	(2,613)	23,514	285,128	10.5	2037	08/01/37
							26,221	(94)	(2,613)	23,514	294,496	11	2037	02/01/38
100%	34,865	(101)	-	34,763	152.366%	52,968	26,484	(95)	(2,639)	23,750	303,615	11.5	2038	08/01/38
							26,484	(95)	(2,639)	23,750	312,405	12	2038	02/01/39
100%	35,213	(101)	-	35,112	152.366%	53,499	26,749	(96)	(2,665)	23,988	320,962	12.5	2039	08/01/39
							26,749	(96)	(2,665)	23,988	329,210	13	2039	02/01/40
100%	35,565	(101)	-	35,464	152.366%	54,035	27,018	(97)	(2,692)	24,228	337,239	13.5	2040	08/01/40
							27,018	(97)	(2,692)	24,228	344,978	14	2040	02/01/41
100%	35,921	(101)	-	35,820	152.366%	54,577	27,289	(98)	(2,719)	24,471	352,512	14.5	2041	08/01/41
							27,289	(98)	(2,719)	24,471	359,774	15	2041	02/01/42
100%	36,280	(101)	-	36,179	152.366%	55,125	27,562	(99)	(2,746)	24,717	366,844	15.5	2042	08/01/42
							27,562	(99)	(2,746)	24,717	373,658	16	2042	02/01/43
100%	36,643	(101)	-	36,542	152.366%	55,677	27,839	(100)	(2,774)	24,965	380,292	16.5	2043	08/01/43
							27,839	(100)	(2,774)	24,965	386,685	17	2043	02/01/44
100%	37,010	(101)	-	36,908	152.366%	56,236	28,118	(101)	(2,802)	25,215	392,910	17.5	2044	08/01/44
							28,118	(101)	(2,802)	25,215	398,910	18	2044	02/01/45
100%	37,380	(101)	-	37,278	152.366%	56,800	28,400	(102)	(2,830)	25,468	404,750	18.5	2045	08/01/45
							28,400	(102)	(2,830)	25,468	410,380	19	2045	02/01/46
100%	37,753	(101)	-	37,652	152.366%	57,369	28,685	(103)	(2,858)	25,723	415,860	19.5	2046	08/01/46
							28,685	(103)	(2,858)	25,723	421,143	20	2046	02/01/47
100%	38,131	(101)	-	38,030	152.366%	57,944	28,972	(104)	(2,887)	25,981	426,286	20.5	2047	08/01/47
							28,972	(104)	(2,887)	25,981	431,242	21	2047	02/01/48
100%	38,512	(101)	-	38,411	152.366%	58,525	29,263	(105)	(2,916)	26,242	436,068	21.5	2048	08/01/48
							29,263	(105)	(2,916)	26,242	440,719	22	2048	02/01/49
100%	38,897	(101)	-	38,796	152.366%	59,112	29,556	(106)	(2,945)	26,505	445,247	22.5	2049	08/01/49
							29,556	(106)	(2,945)	26,505	449,611	23	2049	02/01/50
100%	39,286	(101)	-	39,185	152.366%	59,705	29,852	(107)	(2,974)	26,770	453,859	23.5	2050	08/01/50
							29,852	(107)	(2,974)	26,770	457,954	24	2050	02/01/51
100%	39,679	(101)	-	39,578	152.366%	60,303	30,152	(109)	(3,004)	27,039	461,941	24.5	2051	08/01/51
							30,152	(109)	(3,004)	27,039	465,784	25	2051	02/01/52
100%	40,076	(101)	-	39,975	152.366%	60,908	30,454	(110)	(3,034)	27,310	469,524	25.5	2052	08/01/52
							30,454	(110)	(3,034)	27,310	473,130	26	2052	02/01/53
Total							1,401,833	(5,047)	(139,679)	1,257,108				
Present Value From 08/01/2025 Present Value Rate 7.50%							527,599	(1,899)	(52,570)	473,130				

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
- Summation of resolutions initiating condemnation proceeds and determinations by the
- August Carlton County Courts determination awarding
- October 2022 Structural Condition Assessment Report, by TKDA (hired by the City)
- December 2022 Phase 1 Brownfields Report, by Stantec (hired by ARDC/City via EPA grant)
- July 2023 Hazardous Materials Survey, by ACCT (hired by City)

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



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

approved condemnation via court proceedings of the property on April 19, 2022, eventually taking over ownership of the building on August 4, 2022.

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.

MINNESOTA STATUTE 469.174, SUBDIVISION 10 REQUIREMENTS

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
- December 2021 Appraisal and Inspection, Ramsland Vigen



- October 2022 Structural Condition Assessment, TKDA

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.

2. Condition of Buildings Test

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



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 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
- December 2021 Property Appraisal, by Ramsland Vigen (hired by the City)
- October 2022 Structural Condition Assessment Report, by TKDA (hired by the City)

As a point of informational reference, the City hired a December 2022 Phase I Brownfields Report, by Stantec via an ARDC held EPA grant. And in July 2023 Hazardous Materials Survey, by ACCT (hired by City).

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.

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. 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

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
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

**PETITION FOR CONDEMNATION
PURSUANT TO "QUICKTAKE"
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

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.

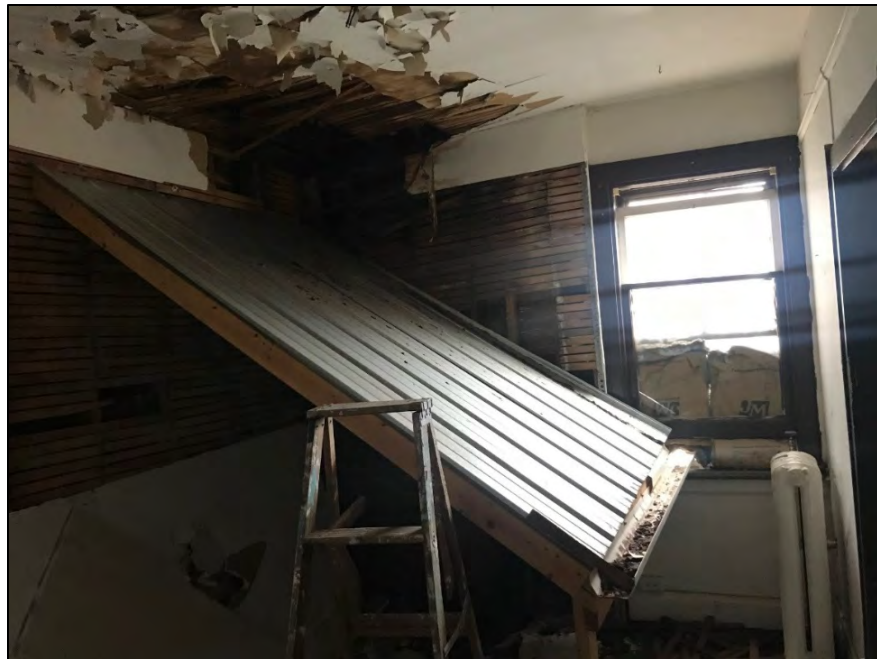
Exhibit 1



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

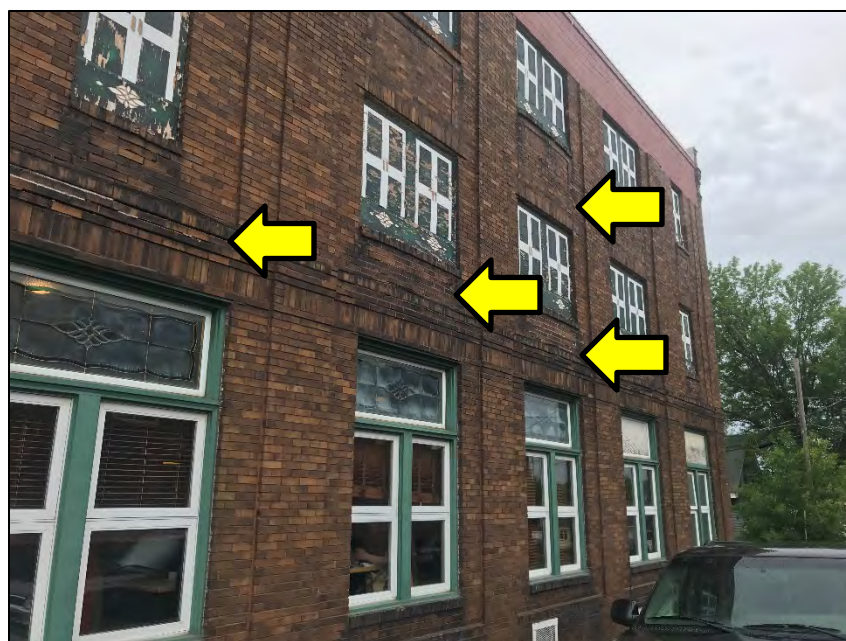


Exhibit 1

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.

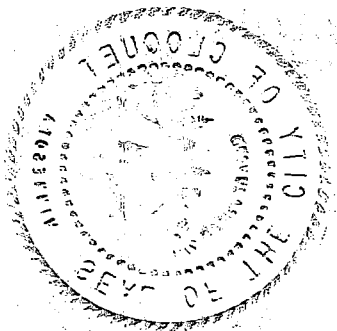
PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CLOQUET THIS 19th DAY OF APRIL, 2022.


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)

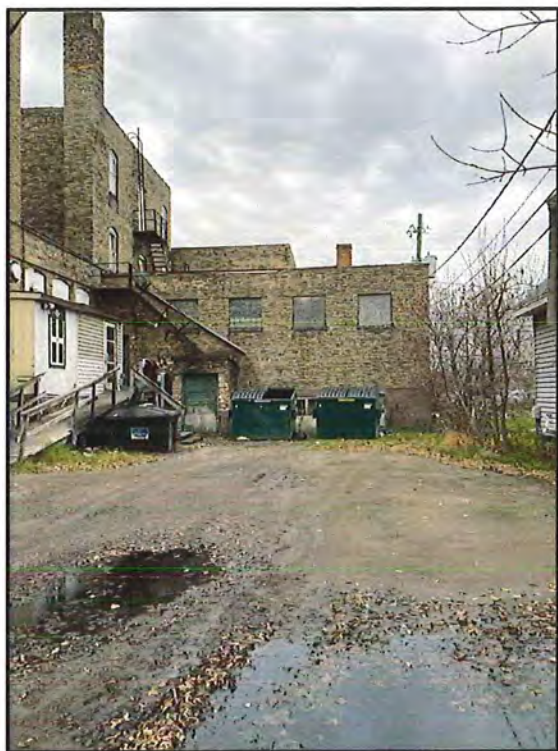
Respectfully submitted,


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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Letter of Transmittal
2021 Exterior Photographs of Subject
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Addenda

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:

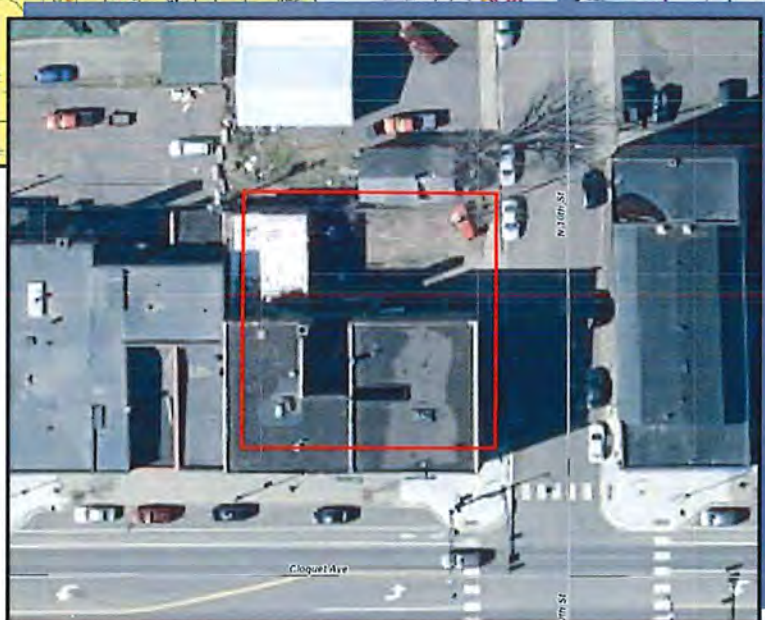
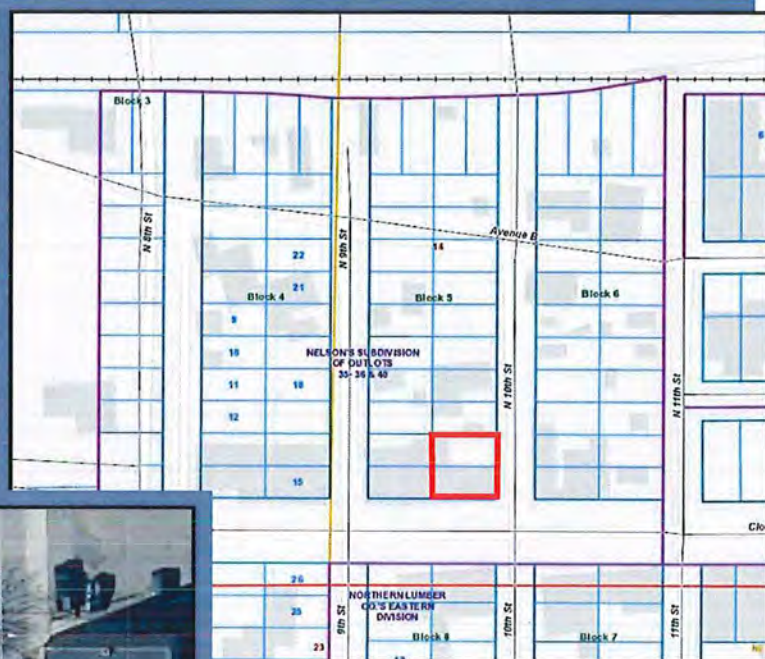
Felipe Mata
14 Melanie Way
Evans, Georgia 30809

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 3DATES 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.

Exhibit 3

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



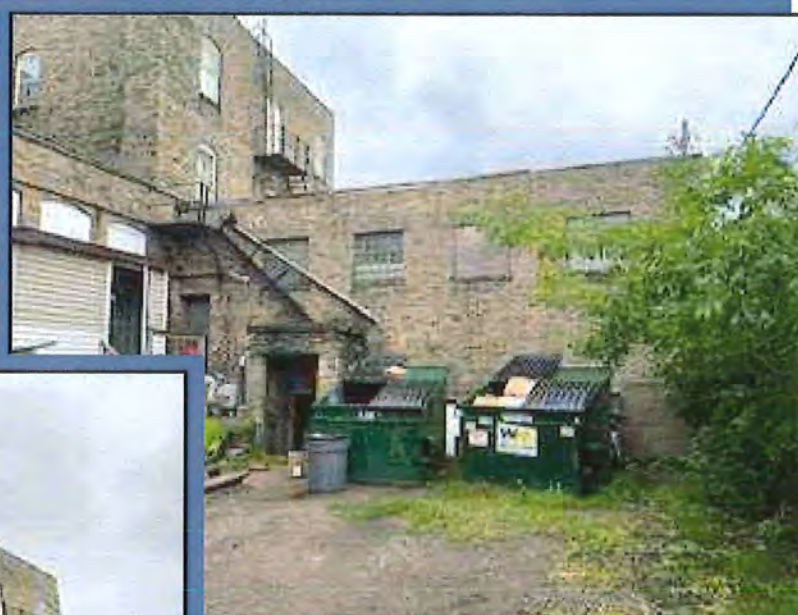
Former Solem Hotel
915 Cloquet Avenue
Cloquet, Minnesota

Exhibit 3

Rear View



Photos from 2020

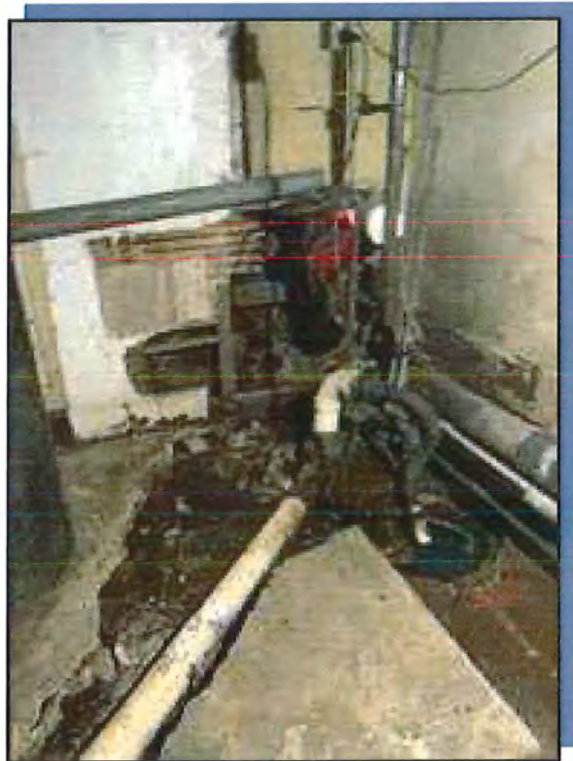


Former Solem Hotel
915 Cloquet Avenue
Cloquet, Minnesota

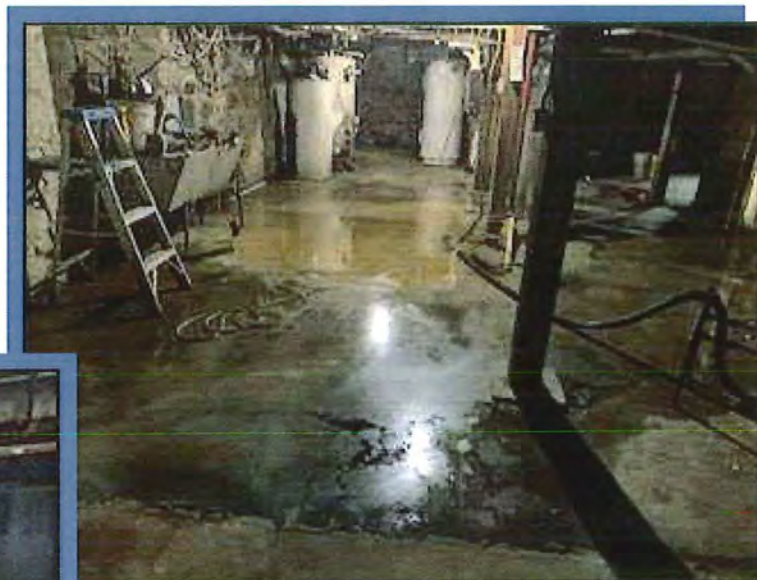


Exhibit 3

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

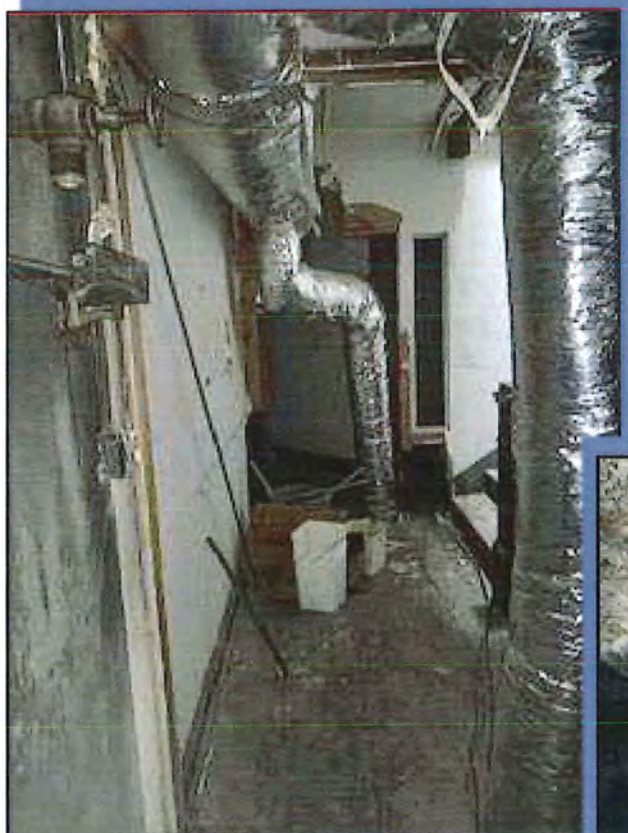


Photos from 2020

Exhibit 3

Second Level

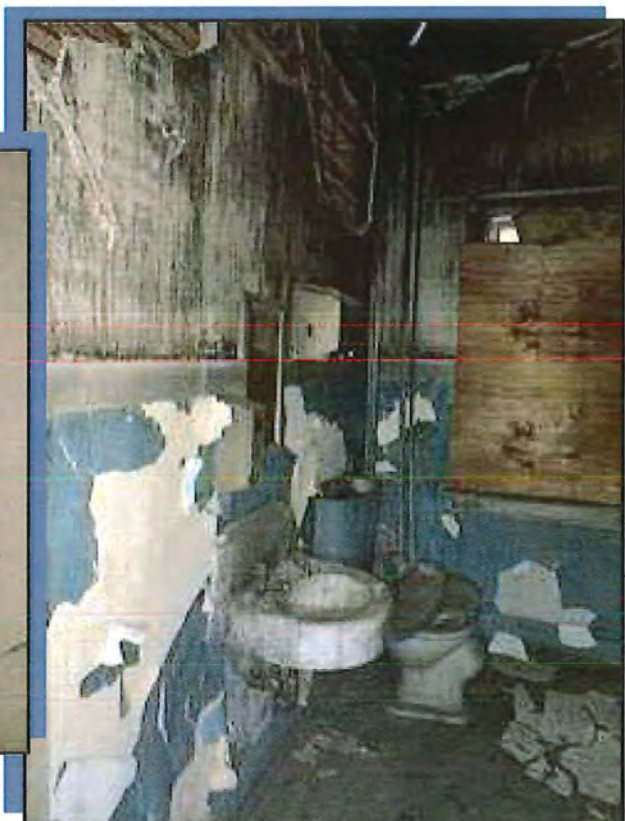
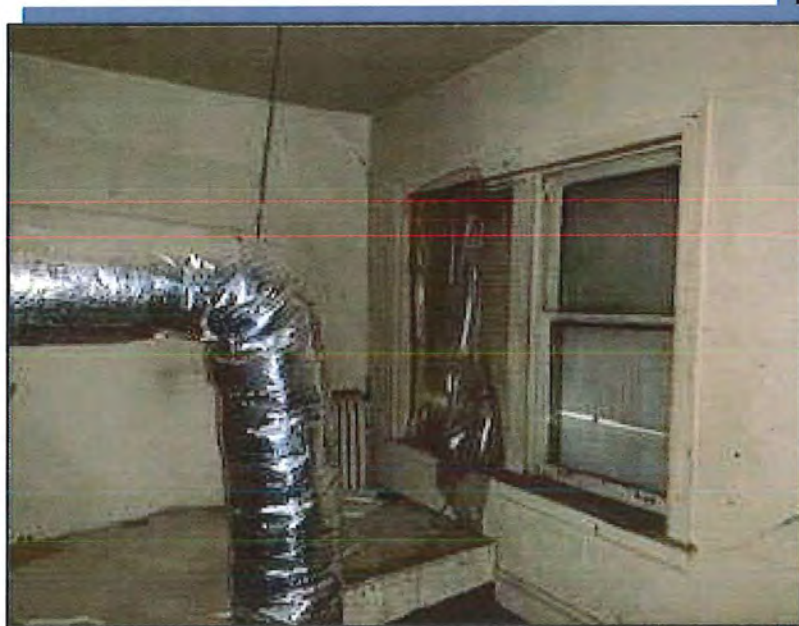
Photos from 2020



Former Solem Hotel
915 Cloquet Avenue
Cloquet, Minnesota

Exhibit 3

Second Level



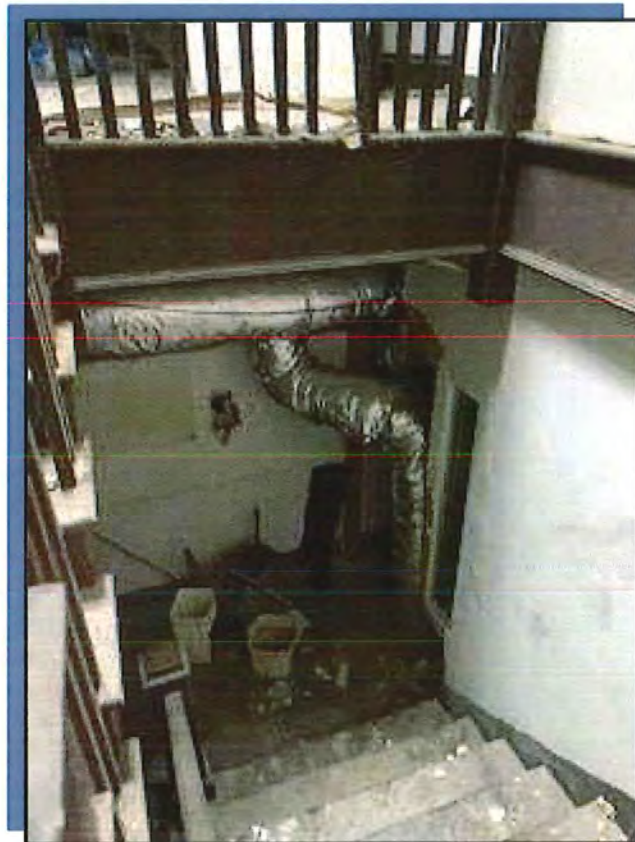
Former Solem Hotel
915 Cloquet Avenue
Cloquet, Minnesota



Photos from 2020

Exhibit 3

Second Level



Former Solem Hotel
915 Cloquet Avenue
Cloquet, Minnesota

Photos from 2020

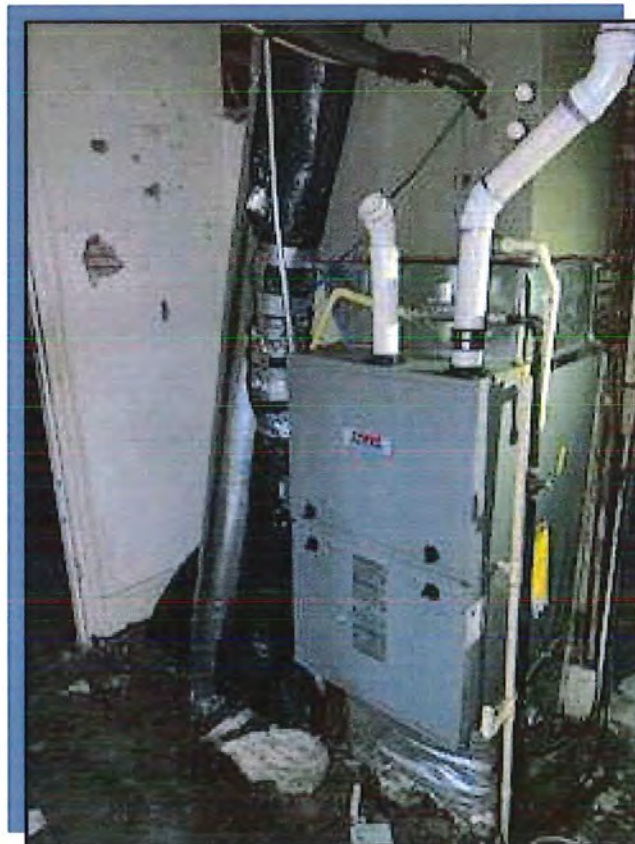
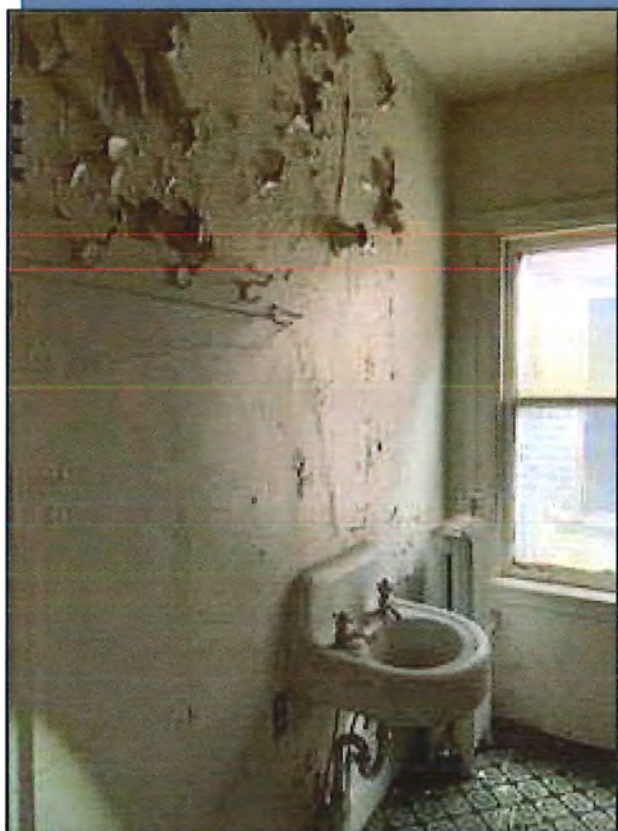
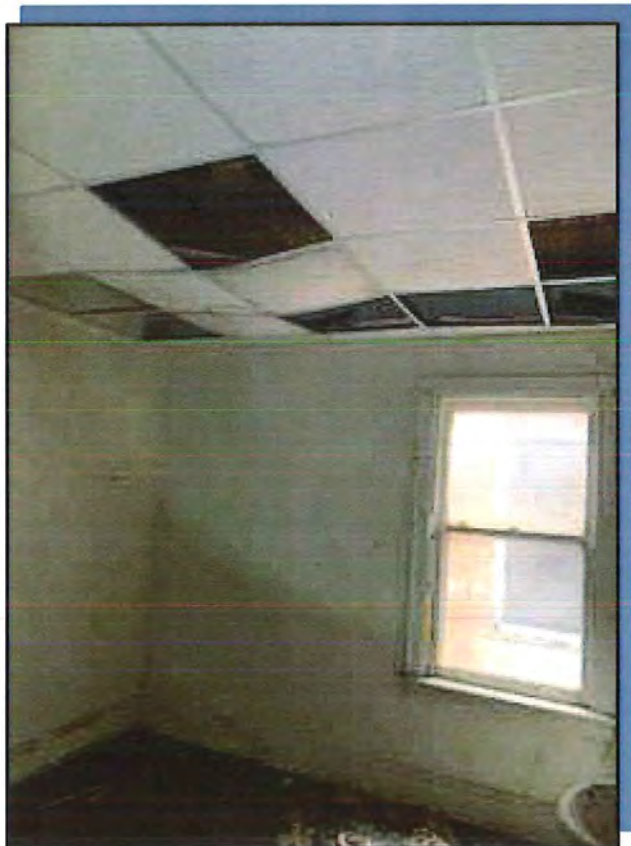


Exhibit 3

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

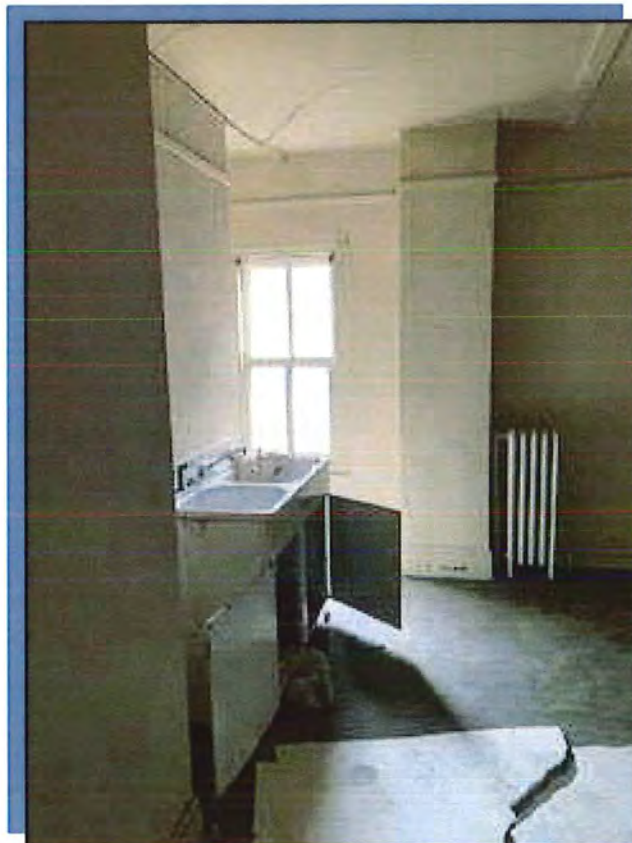


Exhibit 3

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.

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.

Exhibit 3VALUATION 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

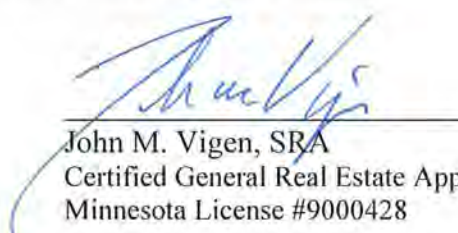
(\$8,000.00)

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](#)

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](#)

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

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](#)

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

Website hosting & maintenance provided by [Two Dogs in the Web, LLC](#)

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	46,592.00	2.08	52,832.00
Stairways	-	-	2.00	50,800.00
Floor Modifications	-	-	1.70	43,180.00
Cabinets/Casework	2.08	46,592.00	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	16,510.00
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

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	5.50	139,700.00
Sitework		-		-
Sheet Pile	4.00	89,800.00	-	-
Building Demolition	3.15	70,560.00	1.80	48,260.00
Haz. Material Abatement	2.24	50,178.00	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	7,620.00
Sitework	7.50	168,000.00	3.00	78,200.00
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	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
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	7,620.00
Roofing	0.80	13,440.00	1.05	28,670.00
Doors and Windows		-		-
Doors Frames & Hdwr	3.50	78,400.00	3.50	89,000.00
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	93,980.00
Painting	1.85	38,960.00	1.85	41,910.00
Specialties		-		-
Accessories	0.40	8,960.00	0.40	10,160.00
Equipment		-		-
Furnishings	0.85	14,560.00	0.85	16,510.00
Conveying Systems		-		-
Elevators	4.50	100,800.00	5.50	139,700.00
Mechanical	22.50	604,000.00	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		2,604,872.00		2,275,588.00
Overhead & Profit		130,233.80		113,770.30
Subtotal		2,734,805.80		2,389,358.30
Perf./payment bond		27,349.00		23,893.85
Total		2,762,254.80		2,413,252.15
Cost/SF		123.31		95.01
Contingency (5%)		138,112.73	(10%)	241,325.60
Total incl. Contingency		2,900,367.39		2,654,577.75
Cost/SF		129.48		104.51

Exhibit 3

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 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.

Exhibit 3

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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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Exhibit 3

Exhibit 3

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.

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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
STE 101
DULUTH, MN 55802
Work: 218.722.0357
Fax: 218.722.0476**HOLAPPA, FRANK****HOLAPPA COMMERCIAL REAL
ESTATE**
1131 E SUPERIOR ST
STE 101
DULUTH, MN 55802-1801
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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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

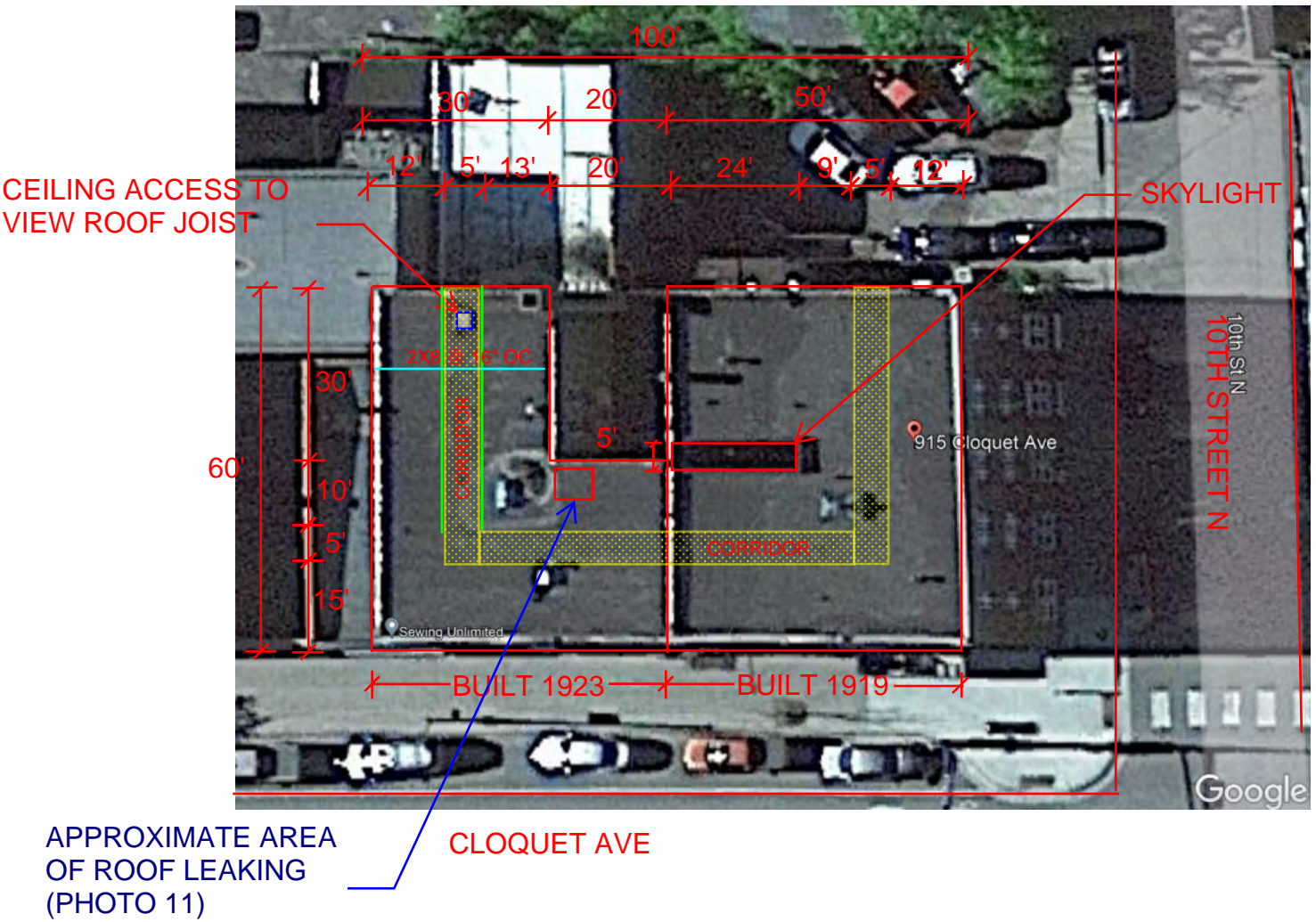
Cloquet Ave



ATTACHMENT C
FRAMING PLAN IMAGES

ROOF FRAMING PLAN

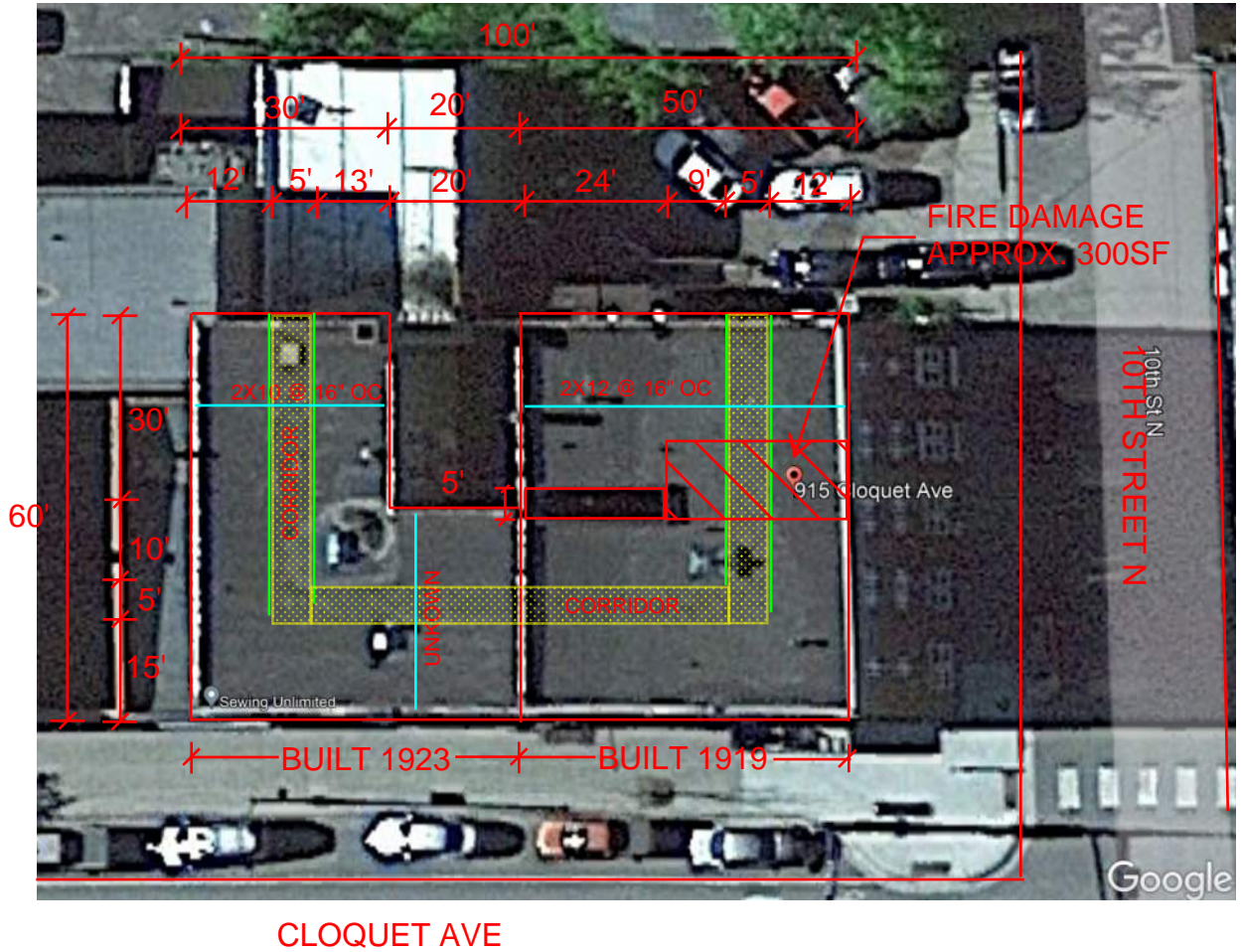
- UNKNOWN INTERIOR WALL
- EXTERIOR WALL
- INTERIOR BEARING WALL
- WOOD JOISTS
- PIPE COLUMN
- STEEL BEAM



- 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

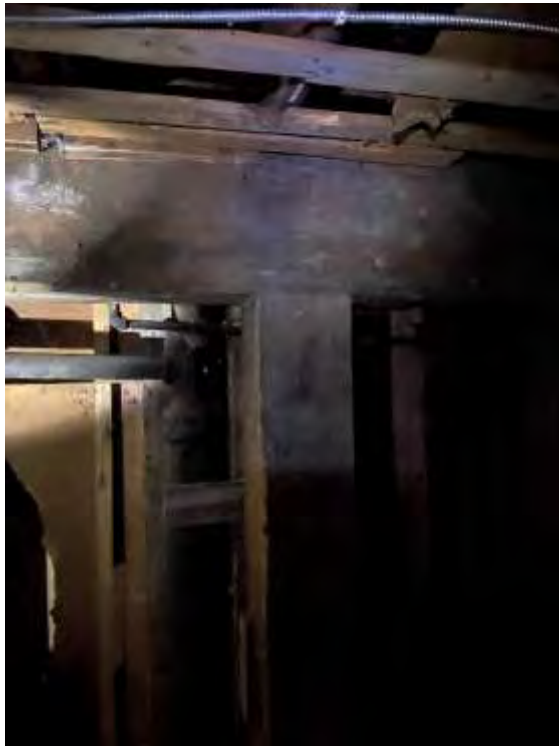


Photo 24: Wood Column and Girder



Photo 25: Wood Column to Girder



Photo 26: Water Damage



Photo 27: Brick Pier



Photo 28: Brick Pier

DEVELOPMENT AGREEMENT

BY AND BETWEEN

CITY OF CLOQUET, MINNESOTA

AND

C&C HOLDINGS OF CLOQUET, LLC

This document drafted by:

TAFT STETTINIUS & HOLLISTER LLP
2200 IDS Center
80 South 8th Street
Minneapolis, Minnesota 55402

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DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (the "Agreement"), made as of the 2nd day of April, 2024, by and between the City of Cloquet, Minnesota (the "City"), a municipal corporation existing under the laws of the State of Minnesota and C&C Holdings of Cloquet, LLC, a Minnesota limited liability company (the "Developer").

WITNESSETH:

WHEREAS, pursuant to Minnesota Statutes, Section 469.124 through 469.133, as amended, the City has heretofore established Development District No. 7 (the "Development District") and has adopted a development program therefor (the "Development Program"); and

WHEREAS, pursuant to the provisions of Minnesota Statutes, Section 469.174 through 469.1794, as amended (hereinafter, the "Tax Increment Act"), the City has heretofore established, within the Development District, Tax Increment Financing (Redevelopment) District No. 7-1 (the "Tax Increment District") and has adopted a tax increment financing plan therefor (the "Tax Increment Plan") which provides for the use of tax increment financing in connection with certain development within the Tax Increment District and the Development District; and

WHEREAS, in order to achieve the objectives of the Development Program and particularly to make the land in the Development District available for development by private enterprise in conformance with the Development Program, the City has determined to assist the Developer with the financing of certain costs of a Project (as hereinafter defined) to be constructed within the Tax Increment District as more particularly set forth in this Agreement; and

WHEREAS, the City believes that the redevelopment and construction of the Project, and fulfillment of this Agreement are vital and are in the best interests of the City, the health, safety, morals and welfare of residents of the City, and in accordance with the public purpose and provisions of the applicable state and local laws and requirements under which the Project has been undertaken and is being assisted; and

WHEREAS, the requirements of the Business Subsidy Law, Minnesota Statutes, Section 116J.993 through 116J.995, do not apply to this Agreement because the Developer's investment in the purchase of the site and in site preparation is at least 70 percent of the assessor's current year's estimated market value; and

NOW, THEREFORE, in consideration of the premises and the mutual obligations of the parties hereto, each of them does hereby covenant and agree with the other as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Definitions. All capitalized terms used and not otherwise defined herein shall have the following meanings unless a different meaning clearly appears from the context:

Agreement means this Development Agreement by and between the City and the Developer, as the same may be from time to time modified, amended or supplemented;

Business Day means any day except a Saturday, Sunday or a legal holiday or a day on which banking institutions in the City are authorized by law or executive order to close;

City means the City of Cloquet, Minnesota;

County means Carlton County, Minnesota;

Developer means C&C Holdings of Cloquet, LLC, a Minnesota limited liability company, its successors, and assigns;

Development District means Development District No. 7, including the real property described in the Development Program;

Development Program means the development program approved in connection with the Development District;

Development Property means the real property described in Exhibit A attached to this Agreement;

EDA means the City of Cloquet Economic Development Authority;

EDA Loan means the loan in the approximate amount of \$936,000 from the EDA to the Developer to finance a portion of the costs of the Project;

Event of Default means any of the events described in Section 4.1 hereof;

Legal and Administrative Expenses means the fees and expenses incurred by the City in connection with the review and analysis of the development proposed under this Agreement with the adoption and administration of the Tax Increment Financing Plan and establishment of the Tax Increment District, the preparation of this Agreement, the issuance of the TIF Note, including, but not limited to, attorney and municipal advisor fees and expenses;

Note Payment Date means August 1, 2027, and each February 1 and August 1 thereafter to and including February 1, 2053; provided, that if any such Note Payment Date should not be a Business Day, the Note Payment Date shall be the next succeeding Business Day;

Prime Rate means the rate of interest from time to time publicly announced by U.S. Bank National Association in Minneapolis, Minnesota, as its "reference rate" or any successor rate, which rate shall change as and when that prime rate or successor rate changes;

Project means the renovation of a substandard building located on the Development Property by the Developer to be used as an apartment building containing eighteen (18) market rate units;

Purchase Agreement means the Commercial Real Estate Purchase Agreement, between the City and the Developer for the conveyance of the Development Property to the Developer, a form of which is attached as Exhibit D hereto;

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

State means the State of Minnesota;

Tax Increments means [90]% of the tax increments derived from the Development Property which have been received and retained by the City in accordance with the provisions of Minnesota Statutes, Section 469.177, which tax increments from the Development Property are calculated in the sole discretion of the City;

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

Tax Increment District means Tax Increment Financing (Redevelopment) District No. 7-1 located within the Development District, a description of which is set forth in the Tax Increment Financing Plan, and qualified as a redevelopment district under the Tax Increment Act;

Tax Increment Financing Plan means the tax increment financing plan approved for the Tax Increment District by the City Council on April 2, 2024, and any future amendments thereto;

Termination Date means the earlier of (i) February 1, 2053, (ii) the date the TIF Note is paid in full, (iii) the date on which the Tax Increment District expires or is otherwise terminated, or (iv) the date this Agreement is terminated or rescinded in accordance with its terms; and

TIF Note means the Tax Increment Revenue Note (Hotel Solem Redevelopment) to be executed by the City and delivered to the Developer pursuant to Article III hereof, a form of which is attached hereto as Exhibit B; and

Unavoidable Delays means delays, outside the control of the party claiming its occurrence, which are the direct result of strikes, other labor troubles, material shortages, transportation shortages or interruptions, unusually severe or prolonged bad weather, acts of God, fire or other casualty to the Project, litigation commenced by third parties which, by injunction or other similar judicial action or by the exercise of reasonable discretion, directly results in delays, or acts of any federal, state or local governmental unit (other than the City)

which directly result in delays, government order or law, national or regional emergency, disease, pandemics or epidemics.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1 Representations and Warranties of the City. The City makes the following representations and warranties:

(1) The City is a municipal corporation and has the power to enter into this Agreement and carry out its obligations hereunder.

(2) The Tax Increment District is a "redevelopment district" within the meaning of Minnesota Statutes, Section 469.174, Subdivision 10 and was created, adopted and approved in accordance with the terms of the Tax Increment Act.

(3) The development contemplated by this Agreement is in conformance with the development objectives set forth in the Development Program.

(4) The City proposes to convey the Development Property to the Developer pursuant to the terms and conditions of the Purchase Agreement for a purchase price of \$1.00.

(5) To finance certain costs within the Tax Increment District, the City agrees, subject to the further provisions of this Agreement, to apply Tax Increments to reimburse the Developer for a portion of the costs of the construction of Site Improvements incurred in connection with the Project as further provided in this Agreement.

(6) The City makes no representation or warranty, either expressed or implied, as to the Development Property or its condition or the soil conditions thereon, or that the Development Property shall be suitable for the Developer's or Developer's purposes or needs.

Section 2.2 Representations and Warranties of the Developer. The Developer makes the following representations and warranties:

(1) The Developer is a Minnesota limited liability company and has the power and authority to enter into this Agreement and to perform its obligations hereunder and doing so will not violate its articles of organization, member control agreement, or operating agreement, or the laws of the State and by proper action has authorized the execution and delivery of this Agreement.

(2) The Developer shall cause the Project to be constructed in accordance with the terms of this Agreement, the Development Program, Tax Increment Financing Plan, and all applicable local, state and federal laws and regulations (including, but not limited to, environmental, zoning, energy conservation, building code and public health laws and regulations).

(3) The construction of the Project would not be undertaken by the Developer, and in the opinion of the Developer would not have been or be economically feasible within the reasonably foreseeable future, without the assistance and benefit to the Developer provided for in this Agreement.

(4) The Developer will obtain, or cause to be obtained, in a timely manner, all required permits, licenses and approvals, and will meet, in a timely manner, all requirements of all applicable local, state, and federal laws and regulations which must be obtained or met before the Project may be lawfully constructed.

(5) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of, the terms, conditions or provision of any contractual restriction, evidence of indebtedness, agreement or instrument of whatever nature to which the Developer is now a party or by which it is bound, or constitutes a default under any of the foregoing.

(6) The Developer will cooperate fully with the City with respect to any litigation commenced with respect to the Project.

(7) The Developer will cooperate fully with the City in resolution of any traffic, parking, trash removal or public safety problems which may arise in connection with the construction and operation of the Project.

(8) The construction of the Project will commence on or before June 1, 2024 and barring Unavoidable Delays, the Project will be substantially completed by Jan 2, 2026.

(9) The Developer acknowledges that Tax Increment projections contained in the Tax Increment Financing Plan are estimates only and the Developer acknowledges that it shall place no reliance on the amount of projected Tax Increments and the sufficiency of such Tax Increments to reimburse the Developer for a portion of the costs of the construction of the Site Improvements as provided in Article III.

ARTICLE III

UNDERTAKINGS BY DEVELOPER AND CITY

Section 3.1 Acquisition of Development Property. The City agrees to sell the Development Property to the Developer for \$1.00 pursuant to the terms and conditions of the Purchase Agreement.

Section 3.2 EDA Loan. Pursuant to the terms of the Loan Agreement Documents, the EDA will loan the Developer the approximate sum of \$936,000 to finance a portion of the costs of the Project.

Section 3.3 Development Property, Site Improvements; and Legal and Administrative Expenses.

(1) The parties agree that the Site Improvements to be constructed by the Developer are essential to the successful completion of the Project. The costs of the Site Improvements and the construction of the Project shall be paid by the Developer. The City shall reimburse the Developer for the lesser of (a) \$533,832, or (b) the cost of making the Site Improvements actually incurred and paid by the Developer (the "Reimbursement Amount") as further provided in Section 3.5.

(2) The Developer has deposited \$15,000 with the City to pay actual out of pocket Legal and Administrative Expenses.

Section 3.4 Limitations on Undertaking of the City. Notwithstanding the provisions of Section 3.3, the City shall have no obligation to the Developer under this Agreement to reimburse the Developer for the Reimbursement Amount, if the City, at the time or times such payment is to be made is entitled under Section 4.2 to exercise any of the remedies set forth therein as a result of an Event of Default which has not been cured.

Section 3.5 Reimbursement: TIF Note. The City shall reimburse for the costs identified in Section 3.3 through the issuance of the City's TIF Note in substantially the form attached to this Agreement as Exhibit B, subject to the following conditions:

(1) The TIF Note shall be dated, issued and delivered when the Developer shall have (a) demonstrated in writing to the reasonable satisfaction of the City that the construction of the Project has been completed and the costs of the Site Improvements, as described in and limited by Section 3.3, have been paid; and (b) shall have submitted paid invoices for the costs of the Site Improvements in an amount not less than the Reimbursement Amount.

(2) The unpaid principal amount of the TIF Note shall bear simple, non-compounding interest from the date of issuance of the TIF Note, at 6.52% per annum. Interest shall be computed on the basis of a 360 day year consisting of twelve (12) 30-day months.

(3) The principal amount of the TIF Note and the interest thereon shall be payable solely from the Tax Increments.

(4) On each Note Payment Date and subject to the provisions of the TIF Note, the City shall pay, against the principal and interest outstanding on the TIF Note, the Tax Increments received by the City during the preceding six (6) months. All such payments shall be applied to accrued interest and then to reduce the principal of the TIF Note.

(5) The TIF Note shall be a special and limited obligation of the City and not a general obligation of the City, and only Tax Increments shall be used to pay the principal of and interest on the TIF Note.

(6) The City's obligation to make payments on the TIF Note on any Note Payment Date or any date thereafter shall be conditioned upon the requirement that there shall not at that time be an Event of Default that has occurred and is continuing under this Agreement.

(7) The TIF Note shall be governed by and payable pursuant to the additional terms thereof, as set forth in Exhibit B. In the event of any conflict between the terms of the TIF Note and the terms of this Section 3.5, the terms of the TIF Note shall govern. The issuance of the TIF Note pursuant and subject to the terms of this Agreement, and the taking by the City of such additional actions as bond counsel for the TIF Note may require in connection therewith, are hereby authorized and approved by the City.

Section 3.6 Prohibition Against Transfer of Project and Assignment of Agreement. The Developer represents and agrees that prior to the Termination Date the Developer shall not transfer the Project or any part thereof or any interest therein to a unrelated entity, without the prior written approval of the City. The City shall be entitled to require as conditions to any such approval that:

(1) Any proposed transferee shall have the qualifications and financial responsibility, in the reasonable judgment of the City, necessary and adequate to fulfill the obligations undertaken in this Agreement by the Developer.

(2) Any proposed transferee, by instrument in writing satisfactory to the City shall, for itself and its successors and assigns, and expressly for the benefit of the City, have expressly assumed all of the obligations of the Developer under this Agreement and agreed to be subject to all the conditions and restrictions to which the Developer is subject.

(3) There shall be submitted to the City for review and prior written approval all instruments and other legal documents involved in effecting the transfer of any interest in this Agreement or the Project.

Section 3.7 Real Property Taxes. Prior to the Termination Date, the Developer shall pay all real property taxes payable with respect to all and any parts of the Development Property acquired and owned by it until the Developer's obligations have been assumed by any other person pursuant to the provisions of this Agreement.

The Developer agrees that, so long as it owns all or any portion of the Development Property, prior to the Termination Date:

(1) It will not seek administrative review or judicial review of the applicability of any tax statute relating to the ad valorem property taxation of real property contained on the Development Property determined by any tax official to be applicable to the Project or the Developer or raise the inapplicability of any such tax statute as a defense in any proceedings with respect to the Development Property, including delinquent tax proceedings; provided, however, "tax statute" does not include any local ordinance or resolution levying a tax;

(2) It will not seek administrative review or judicial review of the constitutionality of any tax statute relating to the taxation of real property contained on the Development Property determined by any tax official to be applicable to the Project or the Developer or raise the unconstitutionality of any such tax statute as a defense in any proceedings, including delinquent tax proceedings with respect to the Development Property; provided, however, "tax statute" does not include any local ordinance or resolution levying a tax;

(3) It will not seek any tax deferral or abatement, either presently or prospectively authorized under Minnesota Statutes, Section 469.1813, or any other State or federal law, of the ad valorem property taxation of the Development Property between the date of execution of this Agreement and the Termination Date; and

(4) It will not seek a reduction in the market value as determined by the Carlton County Assessor of the Project or other facilities, if any, that it constructs on the Development Property, pursuant to the provisions of this Agreement, for so long as the TIF Note remains outstanding.

ARTICLE IV

EVENTS OF DEFAULT

Section 4.1 Events of Default Defined. The following shall be "Events of Default" under this Agreement and the term "Event of Default" shall mean whenever it is used in this Agreement any one or more of the following events:

(1) Failure by the Developer to timely pay any ad valorem real property taxes and special assessments levied against the Development Property and all public utility or other City payments due and owing with respect to the Development Property when due and payable.

(2) Failure by the Developer to cause the construction of the Project to be completed pursuant to the terms, conditions and limitations of this Agreement.

(3) Failure of the Developer to observe or perform any other covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement.

(4) Failure of the Developer to pay the EDA Loan when such payments are due and payable.

(5) The holder of any mortgage on the Project commences foreclosure proceedings as a result of any default under the applicable mortgage documents.

(6) If the Developer shall:

(A) file any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act of 1978, as amended or under any similar federal or state law; or

(B) make an assignment for the benefit of its creditors; or

(C) admit in writing its inability to pay its debts generally as they become due; or

(D) be adjudicated as bankrupt or insolvent; or if a petition or answer proposing the adjudication of the Developer as bankrupt or its reorganization under any present or future federal bankruptcy act or any similar federal or state law shall be filed in any court and such petition or answer shall not be discharged or denied within sixty (60) days after the filing thereof; or a receiver, trustee or liquidator of the Developer, or of the Project, or part thereof, shall be appointed in any proceeding brought against the Developer, and shall not be discharged within sixty (60) days after such appointment, or if the Developer, shall consent to or acquiesce in such appointment.

Section 4.2 Remedies on Default. Whenever any Event of Default referred to in Section 4.1 occurs and is continuing, the City, as specified below, may take any one or more of the following actions after the giving of thirty (30) days' written notice to the Developer, but only if the Event of Default has not been cured within said thirty (30) days:

(1) The City may suspend its performance under this Agreement and the TIF Note until it receives assurances from the Developer, deemed adequate by the City, that the Developer will cure its default and continue its performance under this Agreement.

(2) The City may cancel and rescind the Agreement and the TIF Note.

(3) The City may take any action, including legal or administrative action, in law or equity, which may appear necessary or desirable to enforce performance and observance of any obligation, agreement, or covenant of the Developer under this Agreement.

Section 4.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 4.4 No Implied Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 4.5 Agreement to Pay Attorney's Fees and Expenses. Whenever any Event of Default occurs and the City shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement or performance or observance of any obligation or agreement on the part of the Developer herein contained, the Developer agrees that it shall, on demand therefor, pay to the City the reasonable fees of such attorneys and such other expenses so incurred by the City.

Section 4.6 Indemnification of City.

(1) The Developer releases from and covenants and agrees that the City, its governing body members, officers, agents, including the independent contractors, consultants and legal counsel, servants and employees thereof (hereinafter, for purposes of this Section, collectively the "Indemnified Parties") shall not be liable for and agrees to indemnify and hold harmless the Indemnified Parties against any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Project, provided that the foregoing indemnification shall not be effective for any actions of the Indemnified Parties that are not contemplated by this Agreement.

(2) Except for any willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties, the Developer agrees to protect and defend the Indemnified Parties, now and forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from the actions or inactions of the Developer (or other persons acting on its behalf or under its direction or control) under this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, and operation of the Project; provided, that

this indemnification shall not apply to the warranties made or obligations undertaken by the City in this Agreement or to any actions undertaken by the City which are not contemplated by this Agreement but shall, in any event and without regard to any fault on the part of the City, apply to any pecuniary loss or penalty (including interest thereon from the date the loss is incurred or penalty is paid by the City at a rate equal to the Prime Rate) as a result of the Developer operating the Project so that the Tax Increment District does not qualify or cease to qualify as a "redevelopment district" under Section 469.174, Subdivision 10, of the Act, or (ii) to violate limitations as to the use of Tax Increments as set forth in Section 469.176, Subdivision 4j.

(3) All covenants, stipulations, promises, agreements and obligations of the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the City and not of any governing body member, officer, agent, servant or employee of the City.

ARTICLE V

DEVELOPER'S OPTION TO TERMINATE AGREEMENT

Section 5.1 The Developer's Option to Terminate. This Agreement may be terminated by Developer, if (i) the Developer is in compliance with all material terms of this Agreement and no Event of Default has occurred; and (ii) the City fails to comply with any material term of this Agreement, and, after written notice by the Developer of such failure, the City has failed to cure such noncompliance within ninety (90) days of receipt of such notice, or, if such noncompliance cannot reasonably be cured by the City within ninety (90) days, of receipt of such notice, the City has not provided assurances, reasonably satisfactory to the Developer that such noncompliance will be cured as soon as reasonably possible.

Section 5.2 Action to Terminate. Termination of this Agreement pursuant to Section 5.1 must be accomplished by written notification by the Developer to the City within sixty (60) days after the date when such option to terminate may first be exercised. A failure by the Developer to terminate this Agreement within such period constitutes a waiver by the Developer of their rights to terminate this Agreement due to such occurrence or event.

Section 5.3 Effect of Termination. If this Agreement is terminated pursuant to this Article V, this Agreement shall be from such date forward null and void and of no further effect; provided, however, the termination of this Agreement shall not affect the rights of either party to institute any action, claim or demand for damages suffered as a result of breach or default of the terms of this Agreement by the other party, or to recover amounts which had accrued and become due and payable as of the date of such termination. Upon termination of this Agreement pursuant to this Article V, the Developer shall be free to proceed with the Project at their own expense and without regard to the provisions of this Agreement; provided, however, that the City shall have no further obligations to the Developer with respect to reimbursement of the expenses set forth in Section 3.5, or to make any further payments on the TIF Note (but the termination of such obligations is not intended to relieve the City for any damages to Developer caused by the City's failure to comply with its obligations under this Agreement or the TIF Note).

ARTICLE VI

ADDITIONAL PROVISIONS

Section 6.1 Restrictions on Use. The Developer agrees for itself, its successors and assigns and every successor in interest to the Project that during the term of this Agreement the Developer and its successors and assigns shall operate, or cause to be operated, the Project as contemplated in this Agreement, and shall devote the Project to, and in accordance with, the uses specified in this Agreement.

Section 6.2 Conflicts of Interest. No member of the governing body or other official of the City shall have any financial interest, direct or indirect, in this Agreement, the Development Property or the Project, or any contract, agreement or other transaction contemplated to occur or be undertaken thereunder or with respect thereto, nor shall any such member of the governing body or other official participate in any decision relating to the Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested. No member, official or employee of the City shall be personally liable to the City in the event of any default or breach by the Developer or successor or on any obligations under the terms of this Agreement.

Section 6.3 Titles of Articles and Sections. Any titles of the several parts, articles and sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 6.4 Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under this Agreement by any party to any other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, and

- (1) in the case of the Developer is addressed to or delivered personally to:

C&C Holdings of Cloquet, LLC
1583 County Road 4
Carlton, MN 55718

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

City of Cloquet, Minnesota
101 14th Street
Cloquet, MN 55720

with a copy to:

Taft Stettinius & Hollister LLP
Attention: Mary Ippel
2200 IDS Center
80 South 8th Street
Minneapolis, MN 55402

or at such other address with respect to any such party as that party may, from time to time, designate in writing and forward to the other, as provided in this Section.

Section 6.5 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 6.6 Law Governing. This Agreement will be governed and construed in accordance with the laws of the State.

Section 6.7 Expiration. This Agreement shall expire on the Termination Date.

Section 6.8 Provisions Surviving Rescission or Expiration. Sections 4.5 and 4.6 shall survive any rescission, termination or expiration of this Agreement with respect to or arising out of any event, occurrence or circumstance existing prior to the date thereof.

Section 6.9 Assignability of TIF Note. The TIF Note may only be assigned pursuant to the terms of the TIF Note.

IN WITNESS WHEREOF, the City has caused this Agreement to be duly executed in its name and on its behalf and its seal to be hereunto duly affixed, the Developer has caused this Agreement to be duly executed on its behalf, on or as of the date first above written.

CITY OF CLOQUET, MINNESOTA

By _____
Its Mayor

By _____
Its City Administrator

This is a signature page to the Development Agreement by and between the City of Cloquet, and C&C Holdings of Cloquet, LLC

C&C HOLDINGS OF CLOQUET, LLC

Its

Its

This is a signature page to the Development Agreement by and between the City of Cloquet, and C&C Holdings of Cloquet, LLC.

EXHIBIT A

DESCRIPTION OF DEVELOPMENT PROPERTY

HOTEL SOLEM: 915 Cloquet Avenue Cloquet, MN 55720

LEGAL DESCRIPTION: Lots 15 and 16, Block 5, NELSON'S SUB-DIVISION OF OUTLOTS 35,36 & 40 OF THE VILLAGE OF CLOQUET now City of Cloquet, Carlton County, Minnesota

PARCEL IDENTIFICATION NUMBERS: 06-275-1460 and 06-275-1480



EXHIBIT B

FORM OF TIF NOTE

No. R-1

\$ _____

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

TAX INCREMENT REVENUE NOTE
(HOTEL SOLEM REDEVELOPMENT)

The City of Cloquet, Minnesota (the "City"), hereby acknowledges itself to be indebted and, for value received, hereby promises to pay the amounts hereinafter described (the "Payment Amounts") to C&C Holdings of Cloquet, LLC, a Minnesota limited liability company, or its registered assigns (the "Developer" or "Registered Owner"), but only in the manner, at the times, from the sources of revenue, and to the extent hereinafter provided.

The principal amount of this Note shall equal from time to time the principal amount stated above, as reduced to the extent that such principal installments shall have been paid in whole or in part pursuant to the terms hereof; provided that the sum of the principal amount listed above shall in no event exceed \$533,832 as provided in that certain Development Agreement, dated as of April 2, 2024, as the same may be amended from time to time (the "TIF Agreement"), by and between the City and the Developer. The unpaid principal amount hereof shall bear interest from the date of this Note at the simple, non-compounding interest at a rate of six and fifty-two hundredths percent (6.52%) per annum. Interest shall be computed on the basis of a 360 day year consisting of twelve (12) 30-day months.

The amounts due under this Note shall be payable on August 1, 2027, and on each February 1 and August 1 thereafter to and including February 1, 2053, or, if the first should not be a Business Day (as defined in the TIF Agreement), the next succeeding Business Day (the "Payment Dates"). On each Payment Date the City shall pay by check or draft mailed to the person that was the Registered Owner of this Note at the close of the last business day of the City preceding such Payment Date an amount equal to the sum of the Tax Increments (hereinafter defined) received by the City during the six (6) month period preceding such Payment Date. All payments made by the City under this Note shall first be applied to accrued interest and then to principal. This Note is prepayable by the City, in whole or in part, on any date.

The Payment Amounts due hereon shall be payable solely from 90% of the tax increments (the "Tax Increments") from the Development Property (as defined in the Development Agreement) within the City's Tax Increment Financing (Redevelopment) District No. 7-1 (the "Tax Increment District") within its Development District No. 7 which are paid to the City and which the City is entitled to retain pursuant to the provisions of Minnesota Statutes, Sections 469.174 through 469.1794, as the same may be amended or supplemented from time to time (the "Tax Increment Act"). This Note shall terminate and be of no further force and effect

following the termination of the Tax Increment District, on any date upon which the City shall have terminated the Development Agreement under Section 4.2(2) thereof or the Developer shall have terminated the Development Agreement under Article V thereof, or on the date that all principal and interest payable hereunder shall have been paid in full, whichever occurs earliest.

The City makes no representation or covenant, expressed or implied, that the Tax Increments will be sufficient to pay, in whole or in part, the amounts which are or may become due and payable hereunder.

The City's payment obligations hereunder shall be further conditioned on the fact that no Event of Default under the Development Agreement shall have occurred and be continuing at the time payment is otherwise due hereunder, but such unpaid amounts shall become payable if said Event of Default shall thereafter have been cured; and, further, if pursuant to the occurrence of an Event of Default under the Development Agreement the City elects to cancel and rescind the Development Agreement, the City shall have no further debt or obligation under this Note whatsoever. Reference is hereby made to all of the provisions of the Development Agreement, including without limitation Section 3.5 thereof, for a fuller statement of the rights and obligations of the City to pay the principal of this Note, and said provisions are hereby incorporated into this Note as though set out in full herein.

This Note is a special, limited revenue obligation and not a general obligation of the City and is payable by the City only from the sources and subject to the qualifications stated or referenced herein. This Note is not a general obligation of the City of Cloquet, Minnesota, and neither the full faith and credit nor the taxing powers of the City are pledged to the payment of the principal of this Note and no property or other asset of the City, save and except the above-referenced Tax Increments, is or shall be a source of payment of the City's obligations hereunder.

This Note is issued by the City in aid of financing a project pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including the Tax Increment Act.

This Note may be assigned only with the consent of the City, which consent shall not be unreasonably withheld, conditioned or delayed. In order to assign the Note, the assignee shall surrender the same to the City either in exchange for a new fully registered note or for transfer of this Note on the registration records for the Note maintained by the City. Each permitted assignee shall take this Note subject to the foregoing conditions and subject to all provisions stated or referenced herein.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to be done, to have happened, and to be performed precedent to and in the issuance of this Note have been done, have happened, and have been performed in regular and due form, time, and manner as required by law; and that this Note, together with all other indebtedness of the City outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the City to exceed any constitutional, statutory or charter limitation thereon.

IN WITNESS WHEREOF, City of Cloquet, Minnesota, by its City Council, has caused this Note to be executed by the manual signatures of its Mayor and City Administrator and has caused this Note to be issued on and dated _____, 20__.

City Administrator

Mayor

DO NOT EXECUTE UNTIL PAID INVOICES FOR SITE IMPROVEMENTS ARE GIVEN TO THE CITY - REFER TO SECTION 3.5(1).

CERTIFICATION OF REGISTRATION

It is hereby certified that the foregoing Note, as originally issued on _____, 20__, was on said date registered in the name of C&C HOLDINGS OF CLOQUET, LLC, and that, at the request of the Registered Owner of this Note, the undersigned has this day registered the Note in the name of such Registered Owner, as indicated in the registration blank below, on the books kept by the undersigned for such purposes.

NAME AND ADDRESS OF
REGISTERED OWNER

DATE OF
REGISTRATION

SIGNATURE OF
CITY ADMINISTRATOR

C&C Holdings of Cloquet, LLC
1583 County Road 4
Carlton, MN 55718

_____	_____	_____
_____	_____	_____
_____	_____	_____

EXHIBIT C

SITE IMPROVEMENTS

Building Systems (functional HVAC, electrical, plumbing etc.)
Building Envelope Repairs, including, but not limited to, roof, exterior brick
removal/replacement, windows, and doorways
Demolition
Elevator
Engineering
Environmental Testing
Landscaping, including irrigation
Onsite Road, Curb, Gutter, Driveway, Sidewalk and Streetscape Improvements
Outdoor Lighting
Parking
Site Preparation
Site Utilities
Soil Testing & Boring
Sprinkler System
Survey
Structural Modifications to Create Project

EXHIBIT D
PURCHASE AGREEMENT

[See attached].

COMMERCIAL REAL ESTATE PURCHASE AGREEMENT

1. **PARTIES.** This Purchase Agreement ("Agreement") is made and entered into as of the date on which the last party executes this Agreement, (hereinafter "Effective Date"), between the City of Cloquet, a municipal corporation and political subdivision of the State of Minnesota, 101 14th Street, Cloquet, Minnesota 55720 ("Seller"), and C&C Holdings of Cloquet, LLC, a Minnesota limited liability company, 1583 County Road 4, Carlton, Minnesota 55718, ("Buyer").

2. **OFFER/ACCEPTANCE.** Buyer offers to purchase and Seller agrees to sell real property located at 915 Cloquet Avenue, City of Cloquet, County of Carlton, State of Minnesota, 55720, referred to herein as the "Property", and 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.

3. **PRICE AND TERMS.** The price for the real and personal property included in this sale is One Dollar (\$1.00), which Buyer agrees to pay in the following manner: \$1.00 cash on or before the **Date of Closing**. Buyer is purchasing the property AS IS, with all faults, both patent and latent, and assumes all costs for rehabilitation of the Property following closing, including costs of all demolition and cleanup as required. Any fixtures and items of personal property remaining on the Property following the date of closing are to be considered as abandoned by the Seller and shall become the property and responsibility of the Buyer. Following closing Seller shall have no further obligations to the Property.

4. **DEED/MARKETABLE TITLE.** Upon performance by Buyer, Seller shall execute and deliver a Warranty Deed conveying marketable title, subject to:

- A. Building and zoning laws, ordinances, state and federal regulations;
- B. Restrictions relating to use or improvements of the property without effective forfeiture provisions;
- C. Reservation of any mineral rights by the State of Minnesota;
- D. Utility and drainage easements which do not interfere with existing improvements;
- E. Exceptions to title which constitute encumbrances, restrictions, or easements which have been disclosed to Buyer and accepted by Buyer in this Purchase Agreement (Must be specified in writing); None.

5. **REAL ESTATE TAXES/ASSESSMENTS; PRORATIONS.** Buyer shall pay taxes and assessments due and payable for the years 2023 and prior. Taxes and assessments due and payable in the year 2024 shall be prorated between Buyer and Seller to the date of closing and thereafter shall be paid by Buyer. The property is presently tax exempt. All interest in fuel oil, liquid petroleum gas, and all charges for city water, city sewer, electricity, and natural gas shall be prorated between the parties as of the date of closing.

6. **DAMAGES TO REAL PROPERTY.** If the real property is damaged materially prior to closing, Buyer may rescind this Agreement by notice to Seller within 21 days after Seller notifies Buyer of such damage, during which 21-day period Buyer may inspect the real property to make such determination of rescission.

7. **SELLER'S ACCESS AND LIEN WARRANTIES.** Seller warrants that there is a right of access to the real property from a public right of way. Seller warrants that there has been no labor or material furnished to the property for which payment has not been made. These warranties shall survive the delivery of the Deed.

8. **CONDITION OF PROPERTY; WELL/SEPTIC/LEAD/METH DISCLOSURE.** Seller makes no warranties as to the condition of the Property, improvements, fixtures, equipment, personal property, building systems, or any other aspect of the property. Seller certifies to the best of Seller's knowledge there is no water well, septic system, or underground storage tank at the Property. Seller believes that the dwelling was constructed on the real property before 1978 and a LEAD PAINT ADDENDUM is therefore attached to this agreement. Seller certifies that Seller is not aware of any methamphetamine production that has occurred on the property. Buyer has inspected the property and, subject to the investigation and additional terms of buyer contained herein, is satisfied with the condition and suitability thereof for buyer's purposes. Buyer understands and agrees that buyer is purchasing the property and all improvements, fixtures, equipment, personal property, building systems, and other aspects thereof in the condition in which they exist on the date hereof, "AS IS", "WHERE IS", with all faults, with only the representations and warranties of seller set forth herein.

9. **POSSESSION.** Seller shall deliver possession of the property not later than immediately after closing.

10. **LEASES.** Seller represents that no leases affect the Property.

11. **EXAMINATION OF TITLE.** No Abstract or Title Insurance will be provided by the Seller. Buyer has the right to conduct Buyer's own title examination prior to closing. Buyer shall be deemed to have waived any title objection not made prior to closing. Buyer shall be responsible for costs of any Title Insurance Buyer wishes to obtain for this purchase.

TIME IS OF THE ESSENCE FOR ALL PROVISIONS OF THIS CONTRACT.

12. **MINNESOTA LAW.** This contract shall be governed by the laws of the State of Minnesota.

13. **NOTICES.** All communications pertaining to this Agreement and any of the documents or instruments contemplated herein shall be in writing and shall be deemed given if delivered by hand, or mailed, certified mail with postage prepaid to the addresses listed below. A party may change its address for notices by written notice to the other party.

If to Seller: City of Cloquet
ATTN: Holly Hansen
Cloquet City Hall
101 – 14th Street
Cloquet, MN 55720

If to Buyer: C&C Holdings of Cloquet, LLC
1583 County Road 4
Carlton, MN 55718

With copy to: William T. Helwig
Rudy, Gassert, Yetka, Pritchett & Helwig
A Fryberger Law Firm Practice Group
813 Cloquet Avenue
Cloquet, MN 55720

14. **CLOSING.** Closing shall be held at Cloquet City Hall, 101 – 14th Street, Cloquet, MN 55720 (phone: 218-879-3454) on or before **April 30, 2024**, or as soon thereafter as reasonably possible, and may be conducted via US Mail if so arranged. The following costs and expenses shall be paid in connection with the closing:

A. **Seller shall pay:**

- (1) \$1.65 State deed tax or transfer fee imposed on the conveyance.
- (2) A pro-rata portion of taxes as provided under "Real Estate Taxes" above.
- (3) All special assessments whether levied, pending or assessed.
- (4) Seller's attorneys' fees.
- (6) The cost of recording the city resolution necessary to make title marketable.

B. **Buyer shall pay:**

- (1) The cost of any Commitment and Title Policy obtained by Buyer.
- (2) The document fee necessary to record the Deed.
- (3) Buyer's attorneys' fees.

C. Any additional closing costs shall be apportioned in the customary manner between Buyer and Seller.

15. **COUNTERPARTS:** This Agreement may be executed in any number of counterparts by the parties hereto, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. All facsimile or electronic transmissions of this Agreement shall be deemed to contain original signatures for all purposes.

16. **ENTIRE AGREEMENT.** This Purchase Agreement, any attached exhibits and any addenda or amendments signed by the parties, shall constitute the entire Agreement between Seller and Buyer, and supersedes any other written or oral agreements between Seller and Buyer. This Purchase Agreement can be modified only in writing signed by Seller and Buyer.

17. **ADDENDA.** Attached are _____ addenda which are made a part of this Agreement.

[Signature page to follow.]

THIS IS A LEGALLY BINDING CONTRACT. BEFORE SIGNING, CONSULT A LAWYER. Minnesota law permits licensed real estate brokers and sales agents to prepare purchase agreements. No recommendation or representation may be made by any real estate broker or sales agent as to the legal sufficiency, the legal effect, or the tax consequences of this contract. These are questions for your lawyer.

SELLER:

We agree to sell this property for the price and terms and conditions set forth above.

SELLER

City of Cloquet

Roger Maki, Mayor (date)

Tim Peterson, City Administrator (date)

BUYER:

We agree to purchase the property for the price and terms and conditions set forth above.

BUYER

C&C Holdings of Cloquet, LLC

Chad Scott, Manager/President (date)

Craig Jouppi, Vice President (date)

Closing shall be at the office of:
Cloquet City Hall
101 – 14th Street
Cloquet, MN 55720

Bryce Sweere Presentation



CITY *of* CLOQUET

Proclamation

WHEREAS, the Minnesota Association for the Education of Young Children and the Minnesota Departments of Education and Human Services, in conjunction with the National Association for the Education of Young Children, are celebrating the Week of the Young Child and the 50th Birthday of ECFE in Minnesota; and

WHEREAS, By calling attention to the need for high-quality child care and education for all young children and their families within Minnesota, these organizations work in partnership to improve the quality and availability of child care and early learning programs; and

WHEREAS, The child care providers and early childhood education professionals who work with or on behalf of young children are the backbone of the economy, health, and well-being of our community, warrant thanks and recognition; and

WHEREAS, Public policies and investments that support early education care and education for all young children are crucial to their futures and the prosperity of our society; and

WHEREAS, the future of our state depends on the quality of life we provide to Minnesota's young children today.

NOW, THEREFORE, I, Roger Maki, Mayor of Cloquet, Minnesota, do hereby proclaim April 6-12, 2024 , as:

WEEK OF THE YOUNG CHILD



Roger Maki, Mayor



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

REQUEST FOR COUNCIL ACTION

To: Mayor and City Council
From: Holly Hansen, Community Development Director
Reviewed By: Tim Peterson, City Administrator *TCP*
Date: April 2, 2024

ITEM DESCRIPTION: Grant Award Notice – State of Minnesota DEED Redevelopment Grant Program (Hotel Solem Redevelopment)

With the goal of revitalizing the vacant and blighted Hotel Solem building, on February 1st the City of Cloquet, in partnership with C&C Holdings of Cloquet, LLC (developer), submitted a Redevelopment Grant Application to the State of Minnesota Department of Employment and Economic Development (DEED). This grant program helps communities with the costs of redeveloping blighted industrial, residential, or commercial sites and putting land back into productive use.

The city and developer identified qualifying expenses for this program in the amount of \$175,318 for asbestos, lead, and mold abatement and remediation inside the building. Grants pay up to half of the redevelopment costs for a qualifying site, with a 50% local match and the application looks for cities to utilize Tax Increment Financing (TIF) Redevelopment District funding as the source of their 50% project match for which the Council has set the public hearing for April 2, 2024.

Attached the Council will find the city has been awarded a \$87,659 DEED Redevelopment Grant for asbestos, lead, and mold abatement and remediation inside the Hotel Solem. As proposed for utilization, this DEED grant would be paired with the city's creation of a TIF Redevelopment District for the project providing the required 50% match (\$87,659), if approved by the Council at the April 2, 2024 public hearing.

Supporting Documents Attached

- Grant Award

March 8, 2024

The Honorable Roger Maki
City of Cloquet
1011 4th St.
Cloquet, MN 55720

Sent via email to: rmaki@cloquetmn.gov

Dear Mayor Maki:

Re: Grant Awards – Redevelopment Grant Program

The Department of Employment and Economic Development is pleased to announce the recent awards from the Redevelopment Grant Program. Following is a list of the projects selected for funding along with the grant amounts.

GRANTEE	PROJECT	GRANT AWARD
Albert Lea, city of	Convenience Store	\$189,205
Cloquet, city of	Hotel Solem Reuse	\$87,659
Hutchinson, city of	Jorgensen Hotel	\$150,000
La Crescent, city of	31 South Walnut Redevelopment	\$19,051
Moorhead, city of	Downtown (MCM)	\$1,000,000
Scott County CDA	Senior Housing/Office	\$545,000
White Bear Lake, city of	Wildwood Rowhomes	\$115,253
	Total Grant Awards	\$2,106,168

The Redevelopment Grant Program continues to be a very popular program that is over-subscribed with funding requests. We are very proud of this program and the positive effects it has on communities. We are pleased to partner with our grantees to revitalize areas and provide opportunities for job creation and tax base increases that help our communities and State thrive.

Congratulations to the above grant recipients! They can be proud of a job well done!

For additional information, contact Kristin Lukes, Brownfields and Redevelopment Director at 651-259-7451.

Regards,



Matt Varilek
Commissioner

C: Senator Jason Rarick
Representative Jeff Dotseth

March 15, 2024

Holly Hansen
Community Development Director
104 14th Street
Cloquet, MN 55720

Sent via email to: hhansen@cloquetmn.gov

Re: Redevelopment Grant Award for the Hotel Solem project

Dear Holly:

Congratulations on the city of Cloquet's recent Redevelopment Grant award of \$87,659 from the Department of Employment and Economic Development (DEED). I wanted to introduce myself as the DEED project manager for this grant. The purpose of this letter is to share information necessary for the administration of this grant.

A grant agreement will be emailed to you soon. Please read it carefully, sign, and return to DEED via email as soon as possible. Signatures must be those authorized in the application's resolution. Once the grant agreement is fully executed, work may begin, and funds may be requested and disbursed. A few noteworthy sections of the grant agreement include:

Clause 1.1 Effective Date: Costs incurred prior to the execution of the grant agreement are not eligible for reimbursement. **Do not commence any work under the contract without prior approval from DEED.**

Clause 1.2 Expiration Date: All eligible activities listed in the grant agreement must be completed and all funds must be drawn by June 30, 2027.

Clause 2.1 Duties, Deliverables, and Completion Dates: Grant funds were awarded for the project described in the application. Any modifications to that project, including, but not limited to, the redevelopment plan, development plan, budget, or schedule must be approved by DEED. Please notify DEED of any changes to the project immediately.

Clause 2.2 (c) Payment of Contractors and Subcontractors: The Grantee must provide evidence that all contractors and subcontractors performing work covered by this grant are paid for their work that is satisfactorily completed.

Clause 4.1 (c) Eligible Costs: This is the grant's approved budget. Only the activities listed in this section of grant agreement are eligible for grant reimbursement and/or match.

Clause 4.2 (a) Invoices: DEED makes payments on a reimbursement basis and will provide a payment request form once the grant agreement is fully executed. Payment requests submitted to DEED must be accompanied by supporting invoices from the general contractor and subcontractors performing the grant related work. Invoices must clearly state what work was completed, the dates the work was completed, and that work must directly relate to the activities listed in the approved budget. The state's fiscal year ends June 30th. The grantee should make every effort to submit costs for

Business and Community Development Division
Great Northern Building
180 East Fifth Street, 12th Floor
Saint Paul, MN 55101
www.mn.gov/deed

Holly Hansen
March 15, 2024
Page 2

the same fiscal year in which they were incurred. Additionally, final payment requests must be submitted to DEED 30 days prior to the grant-term expiration date.

Clause 5 Reporting: Annual reports must be submitted to DEED no later than July 25th until project benefits are achieved. The annual report form will be provided by your DEED project manager.

Clause 8 Authorized Representative: If the grantee's representative changes, please notify DEED immediately.

Clause 11 State Audits: DEED staff is required to audit the grant within one year of the grant's status change to "closed, pending monitoring." This change in grant status typically occurs once 100% of grant funds have been disbursed or the grant term ends. Be sure to retain all documents related to the grant. An audit of your accounting records will be conducted and must clearly show DEED funds (and any matching funds, if applicable) as revenues and expenditures.

Clause 16.2 Termination for Cause: Redevelopment activities funded by the grant must commence shortly after receiving an award, and the first payment request must be submitted to DEED by June 30, 2025. The request must include invoices for eligible redevelopment costs incurred after the grant was awarded. Failure to meet this deadline may result in the termination of the grant.

Clause 19 Grant Repayment: Repayment of the grant will be required if the project fails to substantially provide the benefits listed in the grant application within five years from the date of the award. These benefits are listed below.

Clause 20 Minnesota Business Subsidy Law: This grant may be considered a business subsidy under [Minn. Stat. § 116J.993, Subd. 3](#). It is the grantee's responsibility to determine applicability.

Project Benefits

The application for which this grant award is made was scored using strict criteria. The project benefits included in your application outscored others that did not receive funding. Therefore, it is important that the benefits listed in the application are achieved. For this project, the expected benefits are:

Local Property Tax Increase: \$37,550
Private Investment (construction costs): \$2,505,000
Total Housing Units: 18

Lastly, DEED wants to emphasize the importance of communication throughout the life of the project. We understand that projects are fluid and changes are sometimes necessary. We are invested in this project and want it to succeed. Clear and open communication is key to making the necessary adjustments to keep the project moving forward.

DEED is excited to partner with you on the Hotel Solem project. If you have any questions, please contact me at 651-259-7453 or erin.welle@state.mn.us.

Sincerely,



Erin Welle, Project Manager
Brownfields and Redevelopment Unit



ADMINISTRATIVE OFFICES

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

REQUEST FOR COUNCIL ACTION

To: Mayor and City Council
From: Caleb Peterson, Public Works Director
Reviewed by: Tim Peterson, City Administrator *TCP*
Date: April 2, 2024

ITEM DESCRIPTION: Chief Custodian

Proposed Action

Staff recommends that the City Council move to approve the one-year probationary appointment of Andy Chalberg to the position of Chief Custodian effective April 2, 2024.

Background/Overview

The vacancy at the Chief Custodian position is due to the absence of Steve Anderson from the position with no projection of his return.

In March 2024, the City completed all due diligence and posted the position vacancy as required under the AFSCME labor agreement. The City had only one internal applicant, Andy Chalberg. Mr. Chalberg is currently employed by the City of Cloquet in the Parks Department and is highly qualified for this move if approved by City Council.

Policy Objectives

The position currently functions with Mr. Chalberg filling in as much as possible, splitting his time between Parks and the Chief Custodian position. This short-term solution will not be able to continue as we approach the summer months as Parks work will increase with the change of seasons. Keeping both positions fully staffed is integral to assuring all job demands are met and is consistent with the service level directives of the City Council.

The City Council is the hiring authority for the City as determined by City Code and State law. The City Council must act to appoint individuals to complete the hiring process.

Financial/Budget/Grant Considerations

This position is currently fully funded as part of the adopted 2024 operating budget. There should be no additional impact on the tax levy or in-town utility rates.

Advisory Committee/Commission Action

None

Supporting Documentation Attached

None



DEPARTMENT OF PUBLIC WORKS

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

REQUEST FOR COUNCIL ACTION

To: Mayor and City Council
 From: John Anderson, Assistant City Engineer
 Reviewed by: Tim Peterson, City Administrator *TEP*
 Date: April 2, 2024

ITEM DESCRIPTION: Award 22nd Street Utility Project Bid

Proposed Action

Staff recommends the City Council move to adopt **RESOLUTION NO. 24-27, RECOMMENDING AWARD OF THE PROPOSED 2024 22nd STREET UTILITY IMPROVEMENTS.**

Background/Overview

On October 17, 2023 the City Council approved a Reconstruction Agreement with Carlton County for 22nd Street. Also, on October 17th, 2023 the Cloquet City Council adopted Resolution No. 23-50, Ordering the Improvement of 22nd Street. Carlton County has solicited bids for the joint project along 22nd Street from Prospect Avenue to Washington Avenue. Staff reviewed bids results for the project, as shown below, compared to the engineers estimate.

	Engineer's Estimated Amount	Northland Constructors of Duluth, Inc	Ulland Brothers, Inc.	Utility Systems of America, Inc.
Total Bid	\$3,770,592.70	\$3,136,047.50	\$3,319,081.00	\$3,462,826.55
City of Cloquet Portion	\$755,940	\$742,720.73	\$920,356.01	\$781,289.00

The low total bid was submitted by Northland Constructors of Duluth, Inc. The low total bid was 16.8% under the Engineer’s Estimate. Cloquet’s portion of the project low bid is \$742,720.73 or 1.75% under the Engineer’s Estimate. The City’s portion of the work involves Sanitary Sewer and watermain and associated work in this corridor.

The Reconstruction Agreement the City signed with Carlton County identifies the county as the lead agency in contracting for the construction. The Carlton County Board met on March 25, 2024 and awarded the project to Northland Constructors of Duluth, Inc., contingent on the City of Cloquet providing a recommendation of award to Carlton County.

Policy Objectives

To advance proposed capital improvement projects.

To Mayor and Council
Award 22nd Street Utility Const.
April 2, 2024
Page 2

Financial/Budget/Grant Considerations

The Capital Improvement Plan includes an estimated cost of \$820,000. The bid for Cloquet's portion of the project total \$742,720.73. In addition to the construction costs, the City of Cloquet will be responsible for costs associated with material testing on the City's portion of the project which is estimated to be \$10,000. In total, the City's costs are 8.2% under the amount budgeted in Capital improvement plan for this project.

An Assessment Hearing will be held at the end of construction that will deal with the details of the assessments and take public input on the cost of the assessment. Based on the bids received and the contingencies built in, staff believes the assessment rates will be at or below the levels previously discussed at the public hearing.

Advisory Committee/Commission Action

N/A

Supplemental Documents Attached

- Resolution No. 24-27
- County Board Resolution Awarding the Contract

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

RESOLUTION NO. 24-27

**RESOLUTION RECOMMENDING AWARD OF THE
22nd STREET PROJECT**

WHEREAS, A resolution of the Council adopted on October 17, 2023, entered a Construction Agreement with Carlton County for the improvement of 22nd Street, and

WHEREAS, A resolution of the Council adopted on October 17, 2023, Ordered the Improvement of 22nd Street, and

WHEREAS, Carlton County advertised for and received the following bids for the project:

No.	Bidder	Total Bid
1	Northland Constructors of Duluth, Inc	\$3,136,047.70
2	Ulland Brothers, Inc.	\$3,319,081.00
3	Utility Systems of America	\$3,462,826.55
	Engineer's Estimate	\$3,770,592.70

AND WHEREAS, The apparent low bid from Northland Constructors of Duluth, Inc. was found to meet the minimum bid requirements.

NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF CLOQUET, MINNESOTA, That the City Council recommend award of the 22nd Street Improvement to Northland Constructors of Duluth, Inc. in the amount of \$3,136,047.70.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CLOQUET THIS 2nd DAY OF APRIL 2024.

Roger Maki, Mayor

ATTEST:

Tim Peterson, City Administrator

WHEREAS, bids have been received by the County Auditor/Treasurer for SP 009-655-004/009-070-012 STPG-TA-HSIP 0924(146) for bituminous mill, bituminous surfacing, concrete curb and gutter, concrete walk, ADA improvement, modular block wall, storm sewer, watermain, and pavement markings on CSAH 55 between CSAH 16 and Prospect Ave. in the cities of Cloquet and Scanlon; and

WHEREAS, said bids or proposals were duly opened in the Carlton County Engineer's Office at 10:00 a.m. on Monday, March 25th, and this Board has, with the County Engineer, determined the lowest bidder of said project for which proposals were invited and submitted; and

WHEREAS, in the judgement of this Board, it is for the best interest of Carlton County that the award of said contract be made to the lowest bidder;

NOW, THEREFORE, BE IT RESOLVED that the Carlton County Board of Commissioners, in regular session duly convened, hereby approve the award of the contract on the above listed project to the lowest bidder contingent on approval from the City of Scanlon, City of Cloquet, and Office of Civil Rights:

Northland Constructors of Duluth, Inc.	\$3,136,047.50
--	----------------

BE IT FURTHER RESOLVED that the County Board Chairperson, the County Auditor/Treasurer, and the County Attorney, on behalf of Carlton County, are hereby authorized to approve the Contractor's Performance Bonds and to execute the bonds and contracts with the Contractor for the above listed project.



DEPARTMENT OF PUBLIC WORKS

101 14th Street; Cloquet, MN 55720
Phone: (218) 879-6758 Fax: (218) 879-6555
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REQUEST FOR COUNCIL ACTION

To: Mayor and City Council
From: John Anderson, Assistant City Engineer
Reviewed by: Tim Peterson, City Administrator *TCP*
Date: April 2, 2024

ITEM DESCRIPTION: West End Streetscape Award

Proposed Action

Staff recommends the City Council move to adopt **RESOLUTION NO. 24-28, AWARDING BID FOR THE PROPOSED WEST END STREETScape**.

Background/Overview

In 2022 the city was awarded \$483,000 in Small Cities Development (SCDP) Program Grant funding for replacement of 21 obsolete streetlights installed in 1986, the addition of 5 new streetlights for safety along poorly lit areas in the business district, and replacement of an outdated park sign in the District's Wentworth Square. Staff have been working with SEH in recent months to prepare bidding documents and opened bids on March 19th. The City received four bids.

Policy Objectives

To advance proposed capital improvement projects.

Financial Impacts

The cost of installation of the new streetlights as bid will be completely covered by the grant. City staff will provide contract administration to meet the in-kind match required by the grant. While slightly higher than the engineers estimate (3.7%) the low bid is well within the project budget and the grant funds available to fund the work.

Advisory Committee/Commission Action

N/A

Supplemental Documents Attached

- Resolution No. 24-28

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

RESOLUTION NO. 24-28

RESOLUTION AWARDING WEST END STREETScape

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

No.	Bidder	Total Bid
1	PEC Solutions LLC dba Parsons Electric	\$ 386,303.00
2	Hunt Electric Corporation	\$ 407,561.00
3	Neo Electrical Solutions	\$ 437,562.20
4	Benson Electric Co.	\$ 536,284.94
	Engineers Estimate	\$ 372,060.00

AND WHEREAS, The apparent low bid from PEC Solutions LLC dba Parsons Electric. was found to meet the minimum bid requirements.

AND WHEREAS, The City of Cloquet had been awarded a Small Cities Development Program Grant in the amount of \$483,000 to fund this project.

NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF CLOQUET, MINNESOTA, That the bid from PEC Solutions LLC dba Parsons Electric in the amount of \$386,303.00 is hereby accepted.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CLOQUET THIS 2nd DAY OF APRIL 2024.

Roger Maki, Mayor

ATTEST:

Tim Peterson, City Administrator



DEPARTMENT OF PUBLIC WORKS

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

REQUEST FOR COUNCIL ACTION

To: City Council
From: John Anderson, Assistant City Engineer
Reviewed By: Tim Peterson, City Administrator *TCP*
Date: April 2, 2024

ITEM DESCRIPTION: Award Professional Services Contract – Tree Inventory

Proposed Action

Staff recommends that the City Council move to accept the proposal from Bluestem Forestry in the amount of \$44,850 for preparation of a tree inventory.

Background/Overview

Staff were successful in obtaining a grant from the Minnesota Department of Natural Resources ReLeaf Program in the amount of \$427,500 to be spent over the next three years to address Emerald Ash Borer (EAB) impacts throughout the City. The Grant is intended to fund a public tree inventory, tree management plan, tree removal, chemical treatment and tree replacement throughout public spaces in Cloquet. City Staff worked with Calton County Soil and Water Conservation District (CSWCD) to complete a sample tree inventory of a portion of the city and in that test area, 267 Ash trees were identified with 32 of those showing signs of EAB. Staff held a kickoff meeting on Tuesday, January 23, 2024 for this project with our community partners Fond du Lac band of Superior Chippewa (FDL) and Carlton County Soil and Water Conservation District whom we plan to work closely with throughout the project.

Staff issued a Request for Proposals to complete a tree inventory in public spaces throughout the City, provide an urban forest management plan for the city, develop a woodland stewardship plan for the two forested parks and provide staff training related tree care and maintenance with a focus on EAB.

Staff evaluated the proposals and ranked them based on cost, scope, experience, qualifications, and delivery timeline. The rankings are as follows:

	Company	Score
1	Bluestem Forestry	25
2	Tettegouche Treecare	22
3	Davey Resource Group	18

To Mayor and Council
Award Professional Services Contract
Tree Inventory
April 2, 2024
Page 2

Financial/Budget/Grant Considerations

This work has been included in the 2024-2028 Capital Improvement plan. The dollar amount of the grant received will cover work over the next three years. Staff will be bringing forward more quote packages covered under this grant over that period for council approval.

Work Completed under this grant to date includes phase one tree removal of 32 EAB infected ash trees at a cost of \$18,775.25.

Advisory Committee/Commission Action

N/A

Supporting Documents Attached

- Bluestem Forestry Proposal



CITY OF CLOQUET

URBAN FORESTRY PROPOSAL

Bluestem Forestry Consulting, Inc. understands the City of Cloquet needs assistance from a consultant to complete the following tasks:

1. Conduct an individual tree inventory on street rights-of-way and specified parks.
2. Develop an urban forestry management plan.
3. Develop a woodland stewardship plan for two areas.
4. Provide staff training.

Below you will find information on the proposed services.

SCOPE OF SERVICES

INVENTORY. A visual inventory will be conducted of trees located on street rights-of-way and at the following parks: Fauley, Braun, Dunlap, Veteran's, Athletic, Hilltop, Spafford, Pinehurst, Sunnyside and Little Peoples Parks. Wooded, naturalized and/or unmaintained areas on street rights-of-way and parks will not be inventoried.

Suggested data collection on each tree that is individually inventoried will include:

- **GPS Coordinates:** A Trimble GPS will be used to collect positions for all tree locations.
- **Unique Number:** Each tree and planting site will be given a unique ID number.
- **Address:** House number will be included.
- **Location:** Park or street name will be listed.
- **Utilities:** Overhead utilities will be noted.
- **Species:** Common and scientific names will be provided.
- **DBH:** Diameter at breast height (4.5' above ground).
- **Tree Height:** Will be estimated using ranges such as 0-15', 15-30', etc.
- **Stems:** Number of stems will be recorded.
- **EAB:** Ash suspected of EAB will be noted.
- **Condition Rating:** Categories include excellent, good, fair, poor, very poor and dead.
- **Growspace:** A description of the growing space will be noted including blvd w/walk, park, unrestricted, etc.
- **Maintenance Activity:** Examples include training prune, routine prune, removal and stump.
- **Defect/Diseases One & Two:** This field will allow for two defect, disease or damage entries. This will include items such as amount of deadwood and other special conditions.
- **Priority Rating:** Each tree will be given a priority rating operating a 0-100 condition factor. A dead standing tree will receive a rating of 0 and a perfect specimen tree will receive a rating of 100.
- **Inventory Date:** The inventory date is included as a data field.
- **Notes:** A text section will be included to allow for miscellaneous comments and special conditions and tree history.

The data shall be delivered to the City of Cloquet in ESRI ArcView format. The data will be of the highest quality and collection will be completed by degreed foresters under the management of an ISA Certified Arborist. Trimble GPS units will be used to collect coordinates. These units are capable of sub-meter accuracy.

MANAGEMENT PLAN. From inventory data, an urban forestry management plan will be developed for the City. The plan will focus on tree health with the goal of sustaining and improving the tree population. The plan will include strategies for managing EAB, prioritized operations for a five-year period, risk tree reduction, activities to accomplish goals, equipment and staffing recommendations, planting guidelines and detailed budget recommendations. Goals will be determined from interviews with staff and administration.

WOODLAND STEWARDSHIP PLAN. A woodland stewardship plan will be developed for two forested areas – Riverfront East and Pine Valley East. These areas will be assessed for overall forest type, invasive species, and management options. A summary management plan will be developed for each area with specific recommendations for forest stand management.

STAFF TRAINING. Training will be provided to staff on tree identification and risks identified during the inventory, including EAB as well as small tree training pruning. The training will last ½ to 1 day.

Upon completion of the project Bluestem will present findings and recommendations to the City. This can be scheduled at the City's convenience.

PROJECT SCHEDULE/TIMELINE

Anticipated schedule of project completion:

May 2024	Begin tree inventory
September 2024	Completion of tree inventory & staff training
October 2024	Delivery of plans

QUALIFICATIONS/RESUME

Bluestem Forestry Consulting Inc. has been providing urban forestry consulting services throughout Wisconsin since 1998. **Kelli Tuttle**, President of Bluestem Forestry Consulting Inc. will provide the bulk of services related to this project. Kelli holds a B.S. in Forestry (field of study: urban forestry) from Purdue University. Her experience includes all aspects of municipal forestry and community involvement as well as consulting. Her consulting services include: tree inventories, management plans, EAB planning, ordinance preparation, public relations and staff training to mention just a few. She inventories, on average, approximately 15,000 trees per year and works with 3-5 communities annually. Bluestem Forestry Consulting Inc. has also established ongoing relationships with communities that contract for her work to be completed annually, including tree removal and pruning management, tree planting plans and supervision and hosting Arbor Day Celebrations. In these cases, Bluestem is essentially hired as the 'City Forester' and schedules day-to-day operations.

The City of Duluth, MN employed Kelli as a tree inspector for nearly five years. Duluth has a tree population of 17,000 trees and has 30 parks. This provided her with a solid understanding of the working and challenges faced by all City Forester's and Parks Directors.

Kelli has been an ISA Certified Arborist (MN-0215) since 1997 and regularly attends courses on topics ranging from construction damage to hazard tree identification. She is a former member of the National Urban and Community Forestry Advisory Committee (NUCFAC) in Washington DC. NUCFAC acts as an advisor to the Secretary of Agriculture and administers one million dollars in grant projects annually. Kelli is past chair of the Wisconsin Urban Forestry Council and is also a member of the International Society of Arboriculture and the Wisconsin Arborist Association. Kelli is also an instructor at the WI DNR CTMI (Community Tree Management Institute) where she leads courses on tree inventories and management plan development.

Andrew Tuttle will also provide support and services during the project. Andy holds a B.S. in Forestry (field of study: forest management) from Purdue University. He has been providing forestry and GIS related consulting services for 25+ years. Andy provides traditional field forestry, urban forestry, and GIS related services for projects.

CONTRACTOR LOCATION

Bluestem Forestry Consulting Inc. is a Wisconsin based firm that has the resources to carry out the project proposed in a professional and timely fashion. Bluestem will maintain an open line of communication and provide regular updates on the progress of the project. Bluestem Forestry Consulting's office is located at:

49910 South Loop Road
Drummond, WI 54832
(715) 499-5538 e-mail: bluestemforest@cheqnet.net

FEE SUMMARY

Tree Inventory	\$ 38,250.00
UF Management Plan	\$ 2,700.00
Woodland Plan	\$ 2,500.00
Staff Training	\$ 1,400.00
TOTAL	\$ 44,850.00

Respectfully submitted,

Kelli Tuttle

President March 20, 2024

Signature	Title	Date
(Bluestem Forestry Consulting Inc.)		

Date: March 11, 2024

To: Caleb Peterson – Cloquet City Engineer
Cloquet City Council Members

From: Mike Medich on behalf of the George & Helen Medich Family

RE: Donation for Pine Valley

*Just FYI Caleb.
I want to thank you for your
help on this.
Mike*

Dear Caleb,

I am happy to inform you of my intent to donate funds for the planning and construction of a proposed multipurpose chalet at Pine Valley Recreation Center in Cloquet.

Over the past few years, my siblings and I have been considering possibilities to give back to the community in which we were raised. We hoped to recognize with thanks and appreciation the community of Cloquet; the foundation it provided, the values it helped instill, the education it afforded, and the support it generously provided our family of six children and my parents, George and Helen Medich, as small business owners over many decades.

After conversations among family and friends, combined with several visits to Pine Valley and informal discussions with City representatives, we believe supporting a new multipurpose chalet at Pine Valley is a perfect fit. Our goal is to leave behind a lasting memorial to be enjoyed for years by future generations and citizens of Cloquet. The proposed facility can be used by all in the community to pursue healthy recreation, and further the use and enjoyment of a unique, beautiful, and easily accessible public space.

To begin the planning process in 2024, my intent is to donate up to \$20,000 to pay for the professional services needed for preliminary design, space planning and project estimating. After successfully completing the planning process with a goal to schedule construction during 2025, my intent is to donate up to \$1,000,000 for the project's construction on behalf of the George & Helen Medich Family and in exchange for permanent naming rights to the proposed facility.

While I would enjoy the opportunity to attend a City Council meeting in person to discuss these intentions and answer your questions, I live in the Green Bay area so the distance makes it difficult to be present. I have had several discussions with Caleb Peterson, City Engineer, and Tom Urbanski, Park Commission member, who have quietly nurtured this idea along over the past few years with me. They will be able to provide some project history if needed.

I hope you will accept our family's intent to support the proposed multipurpose chalet at Pine Valley. Please let me know if you need anything else from me.

Thank you for your time and consideration.

Mike

Mike Medich

cc/ Mayor Roger Maki, City of Cloquet / Kerry Kolodge, Cloquet City Councilor – Ward 4