

**MOUNTAIN IRON CITY COUNCIL MEETING
COMMUNITY CENTER
MOUNTAIN IRON ROOM
WEDNESDAY, JANUARY 17, 2007 - 6:30 P.M.
A G E N D A**

- I. Roll Call
 - II. Oath of Office
 - III. Consent Agenda
 - A. Minutes of the January 2, 2007 Regular Meeting (#1-16)
 - B. Communications (#82-91)
 - C. Receipts
 - D. Bills and Payroll
 - IV. Public Forum
 - A. Public Hearing – JOBZ Benefits (#17)
 - B. Public Hearing – Tax Abatement (#18)
 - V. Committee and Staff Reports
 - A. Mayor’s Report
 - B. City Administrator’s Report
 - C. Director of Public Works Report
 - D. Director of Parks and Recreations Report
 - E. Sheriff’s Department Report
 - 1. Patrol Vehicle Quotes (#19)
 - 2. Monthly Statistics (#20)
 - F. City Attorney’s Report
 - G. City Engineer’s Report
 - H. Planning and Zoning
 - 1. Friebe Reimbursement (#21-23)
 - I. Liaison Reports
 - VI. Unfinished Business
 - A. Building Permit Fee Schedule (#23-32)
 - B. Library Director Employment Agreement (#33-35)
 - VII. New Business
 - A. Resolution 03-07 Authorizing JOBZ Benefits (#36-43)
 - B. Resolution 04-07 Authorizing Tax Abatement (#44-57)
 - C. Resolution 05-07 Authorizing Plans and Specifications (#58-59)
 - D. Resolution 06-07 Authorizing Plans and Specifications (#60-61)
 - E. Resolution 07-07 Authorizing Plans and Specifications (#62-71)
 - F. Wetlands Credit Purchase (#72-74)
 - G. Continuation of Employment (#75)
 - H. Labor Management Meeting (#76)
 - I. Purchasing Amounts (#77)
 - J. VRMC Foundation Payment (#78)
 - K. First Responder Training and Mileage (#79)
 - L. Committee of the Whole Meeting (#80)
 - M. Request to Waive Fees (#81)
 - N. Communications (#82-91)
 - VIII. Open Discussion
 - IX. Announcements
 - X. Adjourn
- # Denotes page number in packet

MINUTES
MOUNTAIN IRON CITY COUNCIL
JANUARY 2, 2007

Mayor Skalko called the City Council meeting to order at 6:30 p.m. with the following members present: Joe Prebeg, Jr., Tony Zupancich, Alan Stanaway, Ed Roskoski, and Mayor Gary Skalko. Also present were: Craig J. Wainio, City Administrator; Jill M. Forseen, Municipal Services Secretary; Don Kleinschmidt, Director of Public Works; Rod Flannigan, City Engineer; and Rick Feiro, Sergeant.

The City Administrator administered the Oath of Office to Tony Zupancich and Alan Stanaway.

It was moved by Skalko and supported by Stanaway that the consent agenda be approved as follows:

1. Add the following item to the agenda:
VI. C. Library Pay Request Number 11 – Lenci Enterprises, Inc.
2. Approve the minutes of the December 18, 2006, City Council meeting as submitted.
3. That the communications be accepted, placed on file, and those requiring further action by the City Council be acted upon during their proper sequence on the agenda.
4. To acknowledge the receipts for the period December 16-31, 2006, totaling \$513,869.50, (a list is attached and made a part of these minutes).
5. To authorize the payments of the bills and payroll for the period December 16-31, 2006, totaling \$486,804.77, (a list is attached and made a part of these minutes).

The motion carried unanimously on a roll call vote.

It was moved by Skalko and supported by Zupancich to appoint Joe Prebeg as Deputy Mayor for 2007. The motion carried.

It was moved by Roskoski and supported by Stanaway to appoint Sam Aluni, The Trenti Law Firm, as the City Attorney for 2007 at the same rate as 2006 for 2007. The motion carried.

It was moved by Prebeg and supported by Zupancich to appoint Rod Flannigan, Benchmark Engineering, as the City Engineer for 2007. The motion carried.

It was moved by Stanaway and supported by Skalko to appoint the Mesabi Daily News as the official newspaper for the City of Mountain Iron for 2007. The motion carried.

It was moved by Zupancich and supported by Prebeg to set the regular meetings for the first and third Mondays at 6:30 p.m. for 2007. The motion carried.

It was moved by Prebeg and supported by Stanaway to designate the City's official depositories as the American Bank, Queen City Federal, Wells Fargo Bank, US Bank, Twin City Federal, League of Minnesota Cities 4M Fund, Miller Johnson Steichen Kinnard, Inc., Smith Barney, Inc., Northland Securities, First National Bank of Buhl, and Federal Home Loan Bank, for 2007. The motion carried.

It was moved by Skalko and supported by Prebeg to re-appoint Barb Fivecoate and Stephen Skogman to serve on the Planning and Zoning Commission with their term expiring on December 31, 2009, and appoint Tony Zupancich as the Council Liaison for the Planning and Zoning Commission. The motion carried.

It was moved by Zupancich and supported by Skalko to re-appoint Bruce Peterson and Scott Williams to the Utility Advisory Board with their term expiring on December 31, 2009, and appoint Joe Prebeg as the Council Liaison for the Utility Advisory Board. The motion carried.

It was moved by Stanaway and supported by Skalko to re-appoint Scott McDermid and Natalie Pankratz-Leff to the Park and Recreation Board with their term expiring on December 31, 2009, and appoint Joe Prebeg as the Council Liaison for the Park and Recreation Board. The motion carried.

It was moved by Skalko and supported by Prebeg to re-appoint Barb Fivecoate with her term expiring on December 31, 2012 and re-appoint Allen Nelson with his term expiring on December 31, 2007, and appoint Alan Stanaway with his term expiring on December 31, 2008, and have Tony Zupancich and Alan Stanaway serve as the Council Liaisons to the Economic Development Authority. The motion carried with Councilor Roskoski voting no.

It was moved by Prebeg and supported by Skalko to appoint Gail Kleinschmidt and re-appoint Jackie Jenko with their terms expiring on December 31, 2009, and to appoint Alan Stanaway as the Council Liaison for the Library Board. The motion carried with Councilor Roskoski voting no.

It was the consensus of the Council to direct the City Administrator to send a thank you letter from the City Council to Lisa Casillo for her three years of service on the Library Board.

It was moved by Skalko and supported by Stanaway to appoint Joe Prebeg and Tony Zupancich to serve on the Personnel Committee. The motion carried with Councilor Roskoski voting no.

It was moved by Prebeg and supported by Zupancich to appoint Gary Skalko and Ed Roskoski to the Street Committee. The motion carried with Councilor Roskoski abstaining.

It was moved by Roskoski and supported by Prebeg to appoint Gary Skalko to serve on the Iron Range Youth in Action Board. The motion carried.

It was moved by Zupancich and supported by Prebeg to appoint Gary Skalko to the RRCC Board. The motion carried.

The Mayor gave a brief update on the status of the City. He stated that the City is in sound financial condition. He updated the residents and Council on the following projects. He said that the South Grove Playground was upgraded with an award of a \$20,000 grant from Saint Louis County and the City spending approximately \$25,000, he said that the City has applied for another grant from Saint Louis to complete the South Grove Park Project. In the Downtown area, the renovation of the Public Library was almost complete, it is now ADA compliant, has air conditioning on the main level, and the Project should be completed by this summer. He said that the City was awarded a TEA 21 federal enhancement grant for streetscape and lighting projects in the amount of \$140,000 with City matching funds of \$35,000. This grant will be used this summer and must be completed by 2008. He said that there has been a number of Economic Development Projects completed in the City and whether the city gives incentive or not, it is always a team approach beginning with the Planning and Zoning Commission, then to the Economic Development Authority, with the City Administrator/Executive Director and volunteers working on the Projects by serving on the Boards and Commissions, and then to the City Council for final approval. In 2006 the City saw the development of the following: the Mountain Timbers Project, the Diamond Willow Assisted Living Project, Walgreens, P & H MinePro, an expansion of the L & M Supply Store, an expansion of Fairview Clinic, the Park Ridge Development Project with a signed development agreement, Unity 2nd Addition with 33 lots to the west of the original Unity Addition for the construction of Single Family Dwellings, a Renewable Energy Grant awarded from the State of Minnesota working with a wood pellet plant that would be located by the Biomass Project, and a Wind Energy Project. The Mayor said that the City was awarded a \$150,000 for the Park Ridge Development for a secondary road. The Mayor credited the City Administrator for obtaining the majority of the grants for the City with the Recreation Director also working on some grant applications. The Mayor said that the City received the first big snowfall for the season and he thanked the Director of Public Works and the City Crew for the excellent work completed on removal of the snow. The Mayor also mention that his Dad had passed away a few weeks ago and he was both proud and humble to live in Mountain Iron for all of the people in the area for all of their thoughtfulness in remembering his family. The Mayor also thanked Joe Buria for the work he had completed writing FEMA grants for the Fire Department.

It was moved by Prebeg and supported by Stanaway to renew the amendment to surface lease number 13304 for one year at a cost of \$150, (a copy is attached and made a part of these minutes). The motion carried.

It was moved by Prebeg and supported by Zupancich to oversee, monitor, accept responsibility and evaluate the “nonaudit services” completed by Walker, Giroux and Hahne, Ltd. for the 2006 audit. The motion carried.

Councilor Roskoski asked the City Administrator if the City had received funding regarding a grant application submitted to IRRRA for the ceiling problem at the Wastewater Treatment

Plant. The City Administrator said that he has not received any information regarding the grant application.

Councilor Roskoski also asked if the City Administrator had completed the additional information regarding the fees schedule for residential building permits and obtaining the Council motion from IronWorld. The City Administrator said that he was still working on the request.

It was moved by Zupancich and supported by Prebeg to authorize the training agreement with Minnesota Power for two years a price of \$2,850.00 per year with the expenses being paid from the electrical fund. The motion carried.

Councilor Roskoski asked the Director of Public Works whether the concerns raised about the grout cracking in the new bathrooms at the Library had been taken care of. The Director of Public Works said that he spoke with the contractor and the project had been finalized out and the contractor said that he would have his crew come back and remove the grout and replace it with a flexible grout and he was not aware if the repairs had been completed yet or not.

Councilor Roskoski said that the Mayor's comment regarding the snow plowing was well taken with no complaints heard. He asked the Director of Public Works what projects the City Crews have been working on when they have not been plowing, due to the lack of snow. The Director of Public Works said that they have been working on a number of other projects including the addition of more Christmas decoration, street maintenance, and sanding icy areas.

It was moved by Prebeg and supported by Zupancich to authorize the contract to book "Game Show Mania" for the 2007 Merritt Days Celebration for a total cost of \$3,000. The motion carried unanimously on a roll call vote.

Councilor Roskoski asked the Sergeant whether their Department has noticed any unique happenings or trouble areas in Mountain Iron. The Sergeant stated that nothing came to mind regarding any trouble areas. He said that they got through the snow storm with only some minor accidents. The Mayor questioned the Sergeant about vandalism at Locomotive Park with regard to the breaking of the globes for the lights. The Director of Public Works said that they are looking into finding a replacement globes that are stronger. The Sergeant said that the vandalism had not been reported to the Sheriff's Department, as far as he is aware. The Director of Public Works said that he would forward the information to the Sheriff's Department for their review. The Mayor requested the residents of Mountain Iron to watch for any vandalism in Locomotive Park and report it to the Sheriff's Department.

It was moved by Roskoski and supported by Skalko to accept the recommendation of the Fire Department and authorize the change in the vendors to purchase jackets (approximately \$776/each), pants (approximately \$541/each), and boots (approximately \$180/each) from Midwest Emergency Equipment, helmets from The Fire Store, lockers at an expense of

\$4,800, and a 2001 Tahoe from the Oakdale Fire Department for a purchase price of \$18,500. The motion carried unanimously on a roll call vote.

Councilor Roskoski requested the City Engineer update the City Council on the Unity Drive Sidewalk and Street Reconstruction Project. The City Engineer explained the project to the Council.

The City Engineer thanked the City Council for the past years of work and being selected as City Engineer for 2007.

At 7:32 p.m., Councilor Roskoski left the meeting.

Councilor Prebeg questioned the City Engineer or the Director of Public Works regarding who would be responsible for the repair of the potholes by the L & M Supply's driveway. The Director of Public Works said that the repairs would be the responsibility of L & M Supply, as all driveways are considered private property.

At 7:33 p.m., Councilor Roskoski returned to the meeting.

It was moved by Prebeg and supported by Stanaway to accept the recommendation of the Personnel Committee and offer the Lineman Position to Gary Savela. The motion carried.

It was moved by Prebeg and supported by Stanaway to approve the Employment Agreement for the Library Director. The motion carried.

It was moved by Roskoski, with regard to the administration negotiations, to have the Trenti Law Firm office look into the legality of management and the City Council correctly following proper procedure in opening contract negotiations in a timely manner and check if the City Council has violated any open meeting laws by going into a closed session to discuss pending negotiations with City management personnel. And, whatever conclusion he finds be provided to the Council in writing. The **motion died** for lack of support.

It was moved by Skalko and supported by Zupancich to authorize payment request number 11 to Lenci Enterprise Incorporated in the amount of \$17,917.05 for the Library Renovation Project. The motion carried unanimously on a roll call vote.

It was moved by Zupancich and supported by Stanaway to adopt Resolution Number 01-07, approving an amendment to the Development Agreement with Mountain Timber Company, (a copy is attached and made a part of these minutes). The motion carried.

It was moved by Roskoski and supported by Zupancich to adopt Resolution Number 02-07, guaranteeing the local share of construction costs and ongoing maintenance for a grant application for a trail from the Mountain Iron-Buhl High School to South Grove to the Merritt Elementary School, (a copy is attached and made a part of these minutes). The motion carried.

It was moved by Prebeg and supported by Stanaway to authorize a donation of \$100 for the 2007 Mountain Iron-Buhl All Night Graduation Party with the funds being expended from the Charitable Gambling Fund. The motion carried.

It was moved by Zupancich and supported by Prebeg to waive the building rental fee for the Mountain Iron-Buhl High School Prom on Saturday, April 21, 2007. The motion carried.

It was moved by Skalko and supported by Stanaway to reschedule the next regular meeting for Wednesday, January 17, 2007, at 6:30 p.m. The motion carried.

It was moved by Prebeg and supported by Zupancich to schedule a public hearing for January 17, 2007, for the tax abatement for the L & M Supply expansion. The motion carried with Councilor Roskoski voting no.

It was moved by Zupancich and supported by Stanaway to schedule a public hearing for January 17, 2007, to consider granting Mountain Timber Wood Products for JOBZ status. The motion carried.

It was moved by Skalko and supported by Zupancich to authorize City Staff to seek quotes for the City Hall central office carpeting or floor covering and window enclosure. The motion carried with Councilor Roskoski voting no.

It was moved by Roskoski to have the City Administrator and the Mayor put together a list of specific procedures that the former City Council put into practice on how to put items on meeting agendas, how to authorize money expenditures especially the ones that come before the Council right at the beginning of the meeting, how we honor various requests, and how we make and support motion with said list being in the packet for the second meeting in January. The **motion died** for lack of support.

The Council reviewed the list of communications. The Mayor said that he would attend the Saint Louis County Board of Review training session on January 17, 2007, in Cotton.

Councilor Roskoski questioned what the amount of the Saint Louis Community Development Block Grant for Mountain Manor was. The City Administrator said that the grant was for \$15,000 for playground improvements. Councilor Roskoski asked who was going to decide what type of equipment would be placed there. Councilor Prebeg suggested that this be turned over to the Recreation Director for a recommendation.

Councilor Roskoski questioned the grant that the City failed to receive because of a requirement not met by the City from the Department of Employment and Economic Development (DEED). The City Administrator said that DEED said that the grant was not applied for within six months of the remedial action plan being completed, but he said that this was completed within the time frame and the City is still seeking the funding.

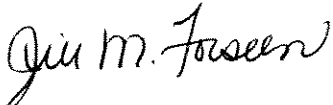
Councilor Prebeg asked if any of the Council members would be attending the Leadership Conference on January 12-13, 2007 in Grand Rapids. Councilor Zupancich and Stanaway said that they would be attending the training.

During the open discussion, Councilor Roskoski commented regarding the Mayor's right to make appointments to board and commissions. He said that it is not his right, but his obligation to bring names to the City Council. The Mayor explained that it is the Mayor's appointment and the Council votes on the appointment and the Council can vote against the appointment if they so chose.

Also during the open discussion, Councilor Roskoski said that the new Council Members should somehow be made aware of the procedures set forth by the previous City Council. The Mayor said that the new Council Members would meet with City Staff if they have any questions.

At 8:19 p.m., it was moved by Skalko and supported by Prebeg that the meeting be adjourned. The motion carried.

Respectfully submitted:



Jill M. Forseen, CMC/MMCA
Municipal Services Secretary

www.mtniron.com

COMMUNICATIONS

1. Saint Louis County, a letter advising the City of the CDBG award for the Mountain Manor Playground Improvements.
2. Department of Employment and Economic Development, a letter advising the City that the Contamination Cleanup/Investigation Grant Program application did not meet the eligibility requirements of the program.
3. AFSCME Local 453, a letter advising of the newly elected officers for the Union and approval of an error found in the labor agreement.
4. Saint Louis County, a letter informing the City of a training opportunity for the Local Board of Appeal & Equalization on January 17, 2007, in Cotton

Summary By Category And Distribution

Category	Distribution	Amount
UTILITY	UTILITY	108,440.02
LICENSES	LIQUOR	1,750.00
BUILDING RENTALS	COMMUNITY CENTER	675.00
LICENSES	CIGARETTE	100.00
MISCELLANEOUS	REIMBURSEMENTS	7,067.53
BUILDING RENTALS	BUILDING RENTAL DEPOSITS	200.00
MISCELLANEOUS	ASSESSMENT SEARCHES	50.00
FINES	CRIMINAL	226.82
MISCELLANEOUS	BLUE CROSS/BLUE SHIELD PAYABLE	26,433.40
PERMITS	BUILDING	183.34
TAXES	TAX LEVY	54,098.89
INTERGOVERNMENTAL REVENUE	LOCAL GOVERNMENT AID	311,941.00
INTERGOVERNMENTAL REVENUE	MISCELLANEOUS STATE AID	2,264.50
METER DEPOSITS	ELECTRIC	100.00
METER DEPOSITS	WATER	15.00
MISCELLANEOUS	FAX CHARGES	2.00
MISCELLANEOUS	REFUNDS/ REIMBURSEMENTS	12.00
PERMITS	CONDITIONAL USE	150.00
PERMITS	VARIANCE	150.00
BUILDING RENTALS	NICHOLS HALL	10.00
Summary Totals:		<u>513,869.50</u>

Per	Date	Check No	Vendor No	Payee	Check GL Acct	Amount
01/07	01/04/2007	34334	10017	ABDO PUBLISHING COMPANY	002-20200	204.04
01/07	01/04/2007	34335	10021	ARROWHEAD LIBRARY SYSTEM	002-20200	250.00
01/07	01/04/2007	34336	20022	BENCHMARK ENGINEERING INC	002-20200	5,030.00
01/07	01/04/2007	34337	20039	BIOSOLIDS DISPOSAL SITE	002-20200	5,647.88
01/07	01/04/2007	34338	20008	BREHM GROUP INC	002-20200	408.00
01/07	01/04/2007	34339	30017	CARQUEST (MOUNTAIN IRON)	002-20200	248.81
01/07	01/04/2007	34340	30032	COURT ADMIN.-CONCILIATION	002-20200	60.00
01/07	01/04/2007	34341	40013	DR MATTHEW A GAHN	002-20200	141.00
01/07	01/04/2007	34342	70031	GAME SHOW MANIA	002-20200	1,500.00
01/07	01/04/2007	34343	70004	GRANDE ACE HARDWARE	002-20200	51.10
01/07	01/04/2007	34344	1227	GREGORY RANTA	002-20200	100.00
01/07	01/04/2007	34345	70029	GUARDIAN PEST CONTROL INC	002-20200	65.60
01/07	01/04/2007	34346	90010	INTERNATIONAL INSTITUTE OF	002-20200	31.00
01/07	01/04/2007	34347	90012	IREA SECRETARY/TREASURER	002-20200	100.00
01/07	01/04/2007	34348	30023	J P COOKE COMPANY	002-20200	65.76
01/07	01/04/2007	34349	110013	JERRY D KUJALA	002-20200	602.08
01/07	01/04/2007	34350	120006	L & M SUPPLY	002-20200	255.93
01/07	01/04/2007	34351	120032	LAKE COUNTRY POWER	002-20200	130.00
01/07	01/04/2007	34352	120003	LEAGUE OF MINNESOTA CITIES	002-20200	265.00
01/07	01/04/2007	34353	120008	LEHMAN FABRICATING INC	002-20200	186.38
01/07	01/04/2007	34354	120035	LENCI ENTERPRISES INC	002-20200	17,917.05
01/07	01/04/2007	34355	120012	LIBRARY STORE	002-20200	29.57
01/07	01/04/2007	34356	130030	MACQUEEN EQUIPMENT	002-20200	40.98
01/07	01/04/2007	34357	130020	MARQUETTE SCHOOL	002-20200	100.00
01/07	01/04/2007	34358	130060	MCCARTHY WELL COMPANY	002-20200	250.00
01/07	01/04/2007	34359	130006	MESABI HUMANE SOCIETY	002-20200	1,000.00
01/07	01/04/2007	34360	130026	MESABI SIGN COMPANY	002-20200	62.30
01/07	01/04/2007	34361	130038	MIB HIGH SCHOOL GRAD PARTY	002-20200	100.00
01/07	01/04/2007	34362	140026	MINNESOTA ENERGY RESOURCES	002-20200	4,848.82
01/07	01/04/2007	34363	130009	MINNESOTA POWER	002-20200	58,712.87
01/07	01/04/2007	34364	130049	MINNESOTA STATE TREASURER	002-20200	860.64
01/07	01/04/2007	34365	130015	MOUNTAIN IRON PUBLIC UTILITIES	002-20200	684.82
01/07	01/04/2007	34366	6057	NATURE'S TREASURES	002-20200	100.00
01/07	01/04/2007	34367	140004	NORTHERN ENGINE & SUPPLY INC	002-20200	178.39
01/07	01/04/2007	34368	140056	NORTHLAND TRUST SERVICES INC	002-20200	403.00
01/07	01/04/2007	34369	1069	OAKDALE VOLUNTEER FIRE D INC	002-20200	18,500.00
01/07	01/04/2007	34370	40032	OFFICE OF ENTERPRISE TECHNOLOG	002-20200	422.92
01/07	01/04/2007	34371	101	PAULETTE LALONDE	002-20200	100.00
01/07	01/04/2007	34372	160045	PHILLIPS 66-CONOCO-76	002-20200	3,402.01
01/07	01/04/2007	34373	170001	QWEST	002-20200	106.67
01/07	01/04/2007	34374	9013	RANGE MENTAL HEALTH CENTER	002-20200	100.00
01/07	01/04/2007	34375	180029	RGGS LAND & MINERALS, LTD., LP	002-20200	150.00
01/07	01/04/2007	34376	1229	ROXANNE OSTENDORF	002-20200	100.00
01/07	01/04/2007	34377	190072	SAINT LOUIS COUNTY AUDITOR	002-20200	80.00
01/07	01/04/2007	34378	1037	SHIRLEY SAVELA	002-20200	50.00
01/07	01/04/2007	34379	190039	ST LOUIS COUNTY RECORDERS OFFC	002-20200	322.00
01/07	01/04/2007	34380	200003	TACONITE TIRE SERVICE	002-20200	726.67
01/07	01/04/2007	34381	200028	TRI CITIES BIOSOLIDS DISPOSAL	002-20200	7,135.36
01/07	01/04/2007	34382	1228	TRICIA JALONEN	002-20200	50.00
01/07	01/04/2007	34383	210007	U S BANK TRUST NATIONAL ASS'N	002-20200	203,902.50
01/07	01/04/2007	34384	210002	UNITED TRUCK BODY COMPANY INC	002-20200	184.78
01/07	01/04/2007	34385	210029	USS REAL ESTATE	002-20200	849.15
01/07	01/04/2007	34386	220025	VERIZON WIRELESS	002-20200	19.06
01/07	01/04/2007	34387	220014	VIKING INDUSTRIAL NORTH	002-20200	186.75
01/07	01/04/2007	34388	220004	VIRGINIA DEPARTMENT OF PUBLIC	002-20200	28,569.11
01/07	01/04/2007	34389	220026	VIRGINIA HOME CENTER	002-20200	11.70
01/07	01/04/2007	34390	220020	VISA OR AMERICAN BANK CC PMT	002-20200	25.00

Per	Date	Check No	Vendor No	Payee	Check GL Acct	Amount
01/07	01/04/2007	34391	230027	WELLS FARGO BANK	002-20200	60,717.50
Totals:						426,342.20
Payroll-PP Ending 12/29/06						51,492.97
Electronic Trans.-S.Tax 12/20/06						8,969.60
TOTAL EXPENDITURES						<u>\$486,804.77</u>

AMENDMENT

Surface Lease 13304 (hereinafter the "Agreement")

IT IS HEREBY AGREED, by and between the undersigned parties, that the referenced Agreement by and between RGGGS Land & Minerals, LTD., L.P., a Delaware limited partnership, and the City of Mt. Iron, 8586 Enterprise Drive South, Mt. Iron, Minnesota 55768 be and hereby is amended as follows:

1. The original term of the referenced Agreement is January 1, 2005, through December 31, 2005. The Agreement is hereby amended and extended until December 31, 2007.
2. The annual rental fee for this extended time period shall remain the same at \$150.00, which sum shall be payable to RGGGS Land & Minerals, LTD., L.P.
Sign both copies of this Amendment and return one copy along with your rental payment to RGGGS Land & Minerals, LTD., L.P. at 202 South 2nd. Avenue, Virginia, Minnesota 55792.
3. This Amendment shall be effective as of January 1, 2007.

IT IS FURTHER AGREED that except as hereinabove amended, the terms, conditions, and obligations of the referenced Agreement are incorporated herein as if fully set forth at length, and shall remain in full force and effect until termination or until otherwise further amended by the parties in writing.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date(s) set forth below.

Lessor: RGGGS LAND & MINERALS, LTD., L.P.

Lessee: CITY OF MT. IRON

By: Gordy Oil Company, a Texas corporation

By: Cey W. Huber

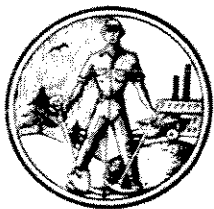
Its: General Partner

Title: Mayor

By: Russell D. Gordy
Russell D. Gordy, President

Dated: 12-13-06

Dated: 1-2-07



CITY OF MOUNTAIN IRON

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RESOLUTION NUMBER 01-07

APPROVING AMENDMENT TO DEVELOPMENT AGREEMENT

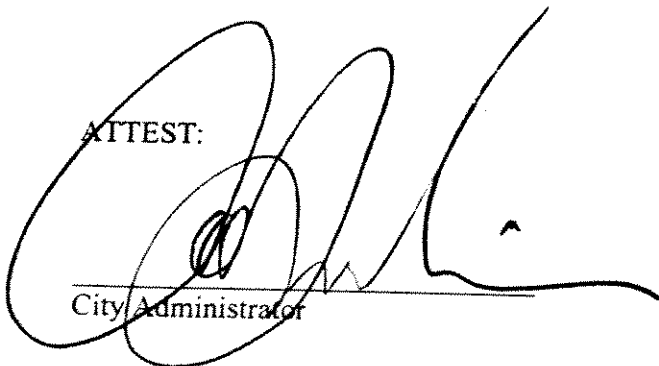
**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MOUNTAIN
IRON, MINNESOTA:**

1. That the Amendment to Development Agreement, the form of which is attached hereto as Exhibit "A" is hereby approved and shall be executed by the Mayor and City Administrator of the City in substantially the form attached but with all such changes therein as may be approved by the officers executing the same, which approval shall be conclusively evidenced by the execution thereof.

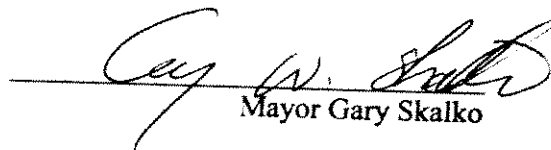
2. The City Administrator may take such other action as may be necessary or expedient to facilitate the execution and effectuation of the Amendment to Development Agreement.

DULY ADOPTED BY THE CITY COUNCIL THIS 2nd DAY OF JANUARY, 2007.

ATTEST:



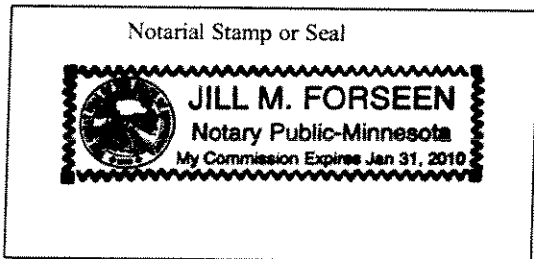
City Administrator



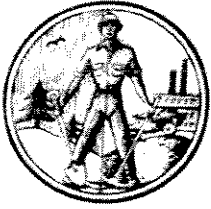
Mayor Gary Skalko

STATE OF MINNESOTA)
) ss
 COUNTY OF ST. LOUIS)

The foregoing instrument was acknowledged before me this 2nd day of January, 2007, by Gary Skalko and Craig Wainio, the Mayor and City Administrator of City of Mountain Iron, a statutory city and municipal corporation under the laws of the State of Minnesota, on behalf of the City of Mountain Iron.



Jill M. Forseen
 Notary Public



CITY OF MOUNTAIN IRON

"TACONITE CAPITAL OF THE WORLD"

PHONE: 218-748-7570 • FAX: 218-748-7573 • www.mtniron.com
8586 ENTERPRISE DRIVE SOUTH • MOUNTAIN IRON, MN • 55768-8260

RESOLUTION NUMBER 01-07

APPROVING AMENDMENT TO DEVELOPMENT AGREEMENT

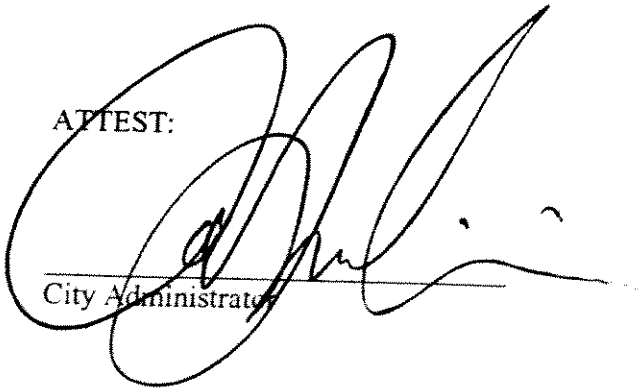
**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MOUNTAIN
IRON, MINNESOTA:**

1. That the Amendment to Development Agreement, the form of which is attached hereto as Exhibit "A" is hereby approved and shall be executed by the Mayor and City Administrator of the City in substantially the form attached but with all such changes therein as may be approved by the officers executing the same, which approval shall be conclusively evidenced by the execution thereof.

2. The City Administrator may take such other action as may be necessary or expedient to facilitate the execution and effectuation of the Amendment to Development Agreement.

DULY ADOPTED BY THE CITY COUNCIL THIS 2nd DAY OF JANUARY, 2007.

ATTEST:



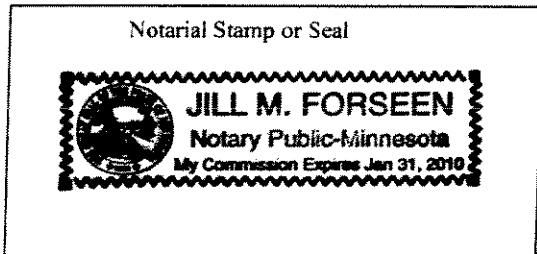
City Administrator



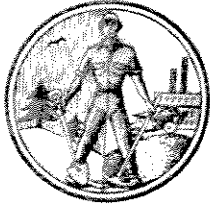
Mayor Gary Skalko

STATE OF MINNESOTA)
) ss
COUNTY OF ST. LOUIS)

The foregoing instrument was acknowledged before me this 2nd day of January, 2007, by **Gary Skalko** and **Craig Wainio**, the **Mayor and City Administrator of City of Mountain Iron**, a statutory city and municipal corporation under the laws of the State of Minnesota, on behalf of the **City of Mountain Iron**.



Jill M. Forseen
Notary Public



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RESOLUTION NUMBER 02-07

GUARANTEEING LOCAL SHARE OF CONSTRUCTION COSTS AND ONGOING MAINTENANCE

WHEREAS, the City of Mountain Iron recognizes the Mountain Iron – Buhl High School to Merritt Elementary School Trail project as an important transportation facility; and,

WHEREAS, the City of Mountain Iron desires to undertake the Mountain Iron – Buhl High School to Merritt Elementary School Trail; and,

WHEREAS, 80 percent development grants are available for eligible projects; and,

WHEREAS, the applicant must guarantee the 20 percent local match to the enhancement grant; and,

WHEREAS, the Federal Highway Administration (FHWA) requires that states agree to operate and maintain facilities constructed with federal transportation enhancement funds for the useful life of the improvement.

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF MOUNTAIN IRON, MINNESOTA, that the City of Mountain Iron acknowledges full well that such an application for enhancement funds for the City of Mountain Iron's Mountain Iron – Buhl High School to Merritt Elementary School Trail project includes a willingness to secure and guarantee the local share of costs associated with this project and responsibility for seeing this project through to its completion, with compliance of all applicable laws, rules and regulations.

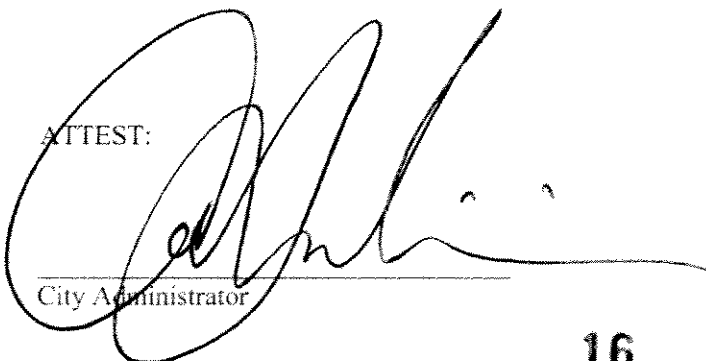
BE IT FURTHER RESOLVED BY THE CITY COUNCIL OF MOUNTAIN IRON, MINNESOTA, that the City Administrator is hereby authorized to act as agent on behalf of this applicant.

BE IT FURTHER RESOLVED BY THE CITY COUNCIL OF MOUNTAIN IRON, MINNESOTA, that the City of Mountain Iron hereby agrees to assume full responsibility for the operation and maintenance of property and facilities related to the aforementioned transportation enhancement project.

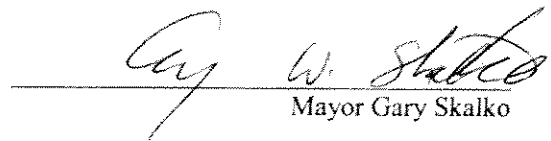
BE IT FURTHER RESOLVED BY THE CITY COUNCIL OF MOUNTAIN IRON, MINNESOTA, that the City of Mountain Iron, through city and private contributions, guarantees the local match for the Mountain Iron – Buhl High School to Merritt Elementary School Trail project.

DULY ADOPTED BY THE CITY COUNCIL THIS 2nd DAY OF JANUARY, 2007.

ATTEST:



City Administrator



Mayor Gary Skalko

**NOTICE OF PUBLIC HEARING
ON PROPOSED BUSINESS SUBSIDY AGREEMENT
BY THE CITY OF MOUNTAIN IRON, MINNESOTA
(Mountain Timber Wood Products Project)**

NOTICE IS HEREBY GIVEN that the City Council of the City of Mountain Iron, Minnesota (the "City"), will conduct a public hearing in the council chambers in City Hall on Wednesday, January 17, 2007, at 6:30 p.m., or as soon thereafter as the matter can be considered, for consideration of a business subsidy agreement pursuant to which Mountain Timber Wood Products, LLC (the "Company") would receive job opportunity building zone benefits under Minnesota Statutes, Sections 469.310 through 469.320. The proposed project consists of the construction by the Company of an approximately 25,000 square foot manufacturing facility.

The property for which a business subsidy is under consideration is legally described as follows:

West ½ of the Southwest ¼ of the Northwest ¼ of Section 10, Township 58
North, Range 18 West of the Fourth Principal Meridian, City of Mountain Iron,
County of St. Louis, State of Minnesota.

The proposed business subsidy agreement and a summary of terms of the agreement are on file and available for public inspection in the office of the City Administrator at City Hall during normal business hours.

Any person who resides in or owns taxable property within the City may file a written complaint with the City, as the grantor of the proposed business subsidy, if the City fails to comply with Minnesota Statutes, Sections 116J.993 through 116J.995 (the Business Subsidy Act), but no action may be filed against the City for the failure to comply unless a written complaint is filed.

Any person wishing to be heard with respect to the proposed business subsidy will be heard orally or in writing at the public hearing.

BY ORDER OF THE CITY COUNCIL

/s/ Craig Wainio, City Administrator

**CITY OF MOUNTAIN IRON, MINNESOTA
NOTICE OF PUBLIC HEARING**

**NOTICE ON PROPOSED TAX ABATEMENT BY THE CITY OF
MOUNTAIN IRON, MINNESOTA (L & M SUPPLY, INC. PROJECT)**

NOTICE IS HEREBY GIVEN that the City Council of the City of Mountain Iron, St. Louis County, Minnesota (the "City"), will conduct a public hearing in the City Hall, 8586 Enterprise Drive South, in the City on Wednesday, January 17, 2007, at 6:30 p.m., or as soon thereafter as the matter can be considered, to consider approving a property tax abatement to assist in site preparation for a parking lot which will be located on parcel number 175-0049-00120, which will be adjacent to an approximately 25,000 square foot addition to the current L & M Supply, Inc. facility. The estimated amount of the tax abatement shall be a maximum of \$10,000 per year from either 2007 or 2008 through 2017 or 2018, for a total estimated maximum amount of \$100,000.

The proposed tax abatement is a business subsidy pursuant to Minnesota Statutes, Sections 116J.993 to 116J.995, as amended. The proposed business subsidy agreement is on file in the office of the City Administrator. A person with residence in or the owner of taxable property in the City may file a written complaint with the City Administrator if the City fails to comply with Minnesota Statutes, Sections 116J.993 to 116J.995. No action may be filed against the City for any failure to comply unless a written complaint is filed.

Any person wishing to be heard with respect to the consideration of the tax abatement by the City Council will be heard orally or in writing at the public hearing.

BY ORDER OF THE CITY COUNCIL

/s/ Craig Wainio, City Administrator



Saint Louis County

Office of the Sheriff - 100 North 5th Avenue West, Room 103 • Duluth, Minnesota 55802
Phone: (218) 726-2337 - Fax: (218) 726-2171

Ross Litman
Sheriff

TO: Mt. Iron Mayor and City Council
FROM: Sgt. R. Feiro/5171
RE: New SUV Purchase for Sheriff's Office
DATE: January 08, 2007

Sirs,

We are looking into replacing our Chevrolet Tahoe, which currently has over 90,000 miles. Tentatively I am looking at a Dodge Durango, which on base State bid price comes in at around \$21,500. there maybe some tweaking as far as options go, but I anticipate the price being under \$25,000.

Currently the State Bid dealer is out of Elk River, MN. I have made inquiries with Iron Trail Motors for giving a possible bid, which they indicated an interest. I am still waiting to hear from them.

This memo is to request permission to seek bids and purchase of a new SUV for the Sheriff's Office in Mt. Iron.

Thank you for consideration.

19

Reply to:

Administrative Offices

100 N 5th Ave. W, Rm 103
P.O. Box 16187 Duluth, MN 55816
Phone: (218) 726-2341
Fax: (218) 726-2171

County Jail

4334 Haines Road
Duluth, MN 55811
Phone: (218) 726-2345
Fax: (218) 725-6134

Emergency Management

5735 Old Miller Trunk Hwy
Duluth, MN 55811
Phone: (218)
Fax: (218)

Sheriff's Office

300 South 5th Avenue
Virginia, MN 55792
Phone: (218) 749-7134
Fax: (218) 749-7192

Sheriff's Office

1810 12th Ave. E
Hibbing, MN 55746
Phone: (218) 262-0132
Fax: (218) 262-6334



Saint Louis County

Office of the Sheriff - 100 North 5th Avenue West, Room 103 • Duluth, Minnesota 55802
Phone: (218) 726-2337 - Fax: (218) 726-2171

Ross Litman
Sheriff

TO: Mt. Iron Mayor and City Council
FROM: Sgt. R. Feiro/5171
RE: Stats for December 2006
DATE: January 08, 2007

The St. Louis County Sheriff's Office in Mt. Iron responded to the following calls for service during the month of September.

Deputies also performed 73 traffic stops while issuing 21 citations for traffic or criminal offenses and 52 traffic warnings.

Calls For Service:

- 6-Fire Calls
- 6-Drug related Calls
- 13- On views- Officer initiated contacts checking on persons, vehicles, properties
- 25- Public Assists (Hotrodders, Loud Music, Animal Complaints, etc.)
- 18- Custodial Arrests
- 8- Disturbances (Verbal arguments/Domestic/Threats)
- 27- Suspicious Person/Vehicles or Unwanted Person(s)
- 14-Theft
- 33- Assists to Virginia Sheriff's (13 of these were inside MT. Iron City limits)
- 17- Assists to Virginia Police Department(8 of these in City Limits- Traffic Stops)
- 5- Welfare Checks Upon Persons or Suicide Threats
- 13- Medical Assists
- 17- Motor Vehicle Crashes
- 7- Alarm Calls
- 5- Assault
- 5- Damage to Property
- 3- Burglary
- 2-Animal Complaints
- 9-Search Warrants
- 15- Other Miscellaneous Calls (Ex. Harassment, Civil Disputes, ATLS, Assist State Patrol)
- 3-Runaway Reports

Reply to:

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COUNCIL LETTER 011707-VH1

PLANNING & ZONING

FRIEBE REIMBURSEMENT

DATE: January 10, 2007

FROM: Jerry Kujala
Zoning Administrator

Don Kleinschmidt
Director of Public Works

Craig J. Wainio
City Administrator

Staff is recommending the refund of the \$150.00 variance application fee to Mr. Kevin Friebe.

Mr. Friebe has applied for a variance permit with the understanding that a variance could be granted with the same criteria as a conditional use permit. He should have been informed of the required criteria and differences between the two prior to the application and public hearing process.

The application process has been modified to require the applicant to attend a planning and zoning meeting prior to making application. This will assure the applicant fully understands the process and requirements of the permit they are applying for.

From: Donald V. Kleinschmidt
Sent: Tuesday, January 09, 2007 3:41 PM
To: Mary Jo Glavan-Salo
Cc: Craig Wainio (cityadm@mtniron.com)
Subject: FW: Planning and Zoning Procedures

Attach to the CC Letter for the Friebe application
Thanks
DVK

From: Jerry Kujala [mailto:jerry2@cpinternet.com]
Sent: Tuesday, December 19, 2006 5:54 PM
To: Craig J. Wainio; Jill M. Forseen; Judy Seurer; Mary Jo Glavan-Salo; mipeanut@2z.net; Steve; Steve Giorgi; vnr@rangenet.com; BOBBIE J
Cc: Donald V. Kleinschmidt
Subject: Re: Planning and Zoning Procedures

I have been doing this for a number of years for variances, although this last one I didn't. I thought the applicant was just looking for information given the time of the year. Most conditional use applications have been for oversize garages and don't need a meeting. However anyone applying for a permit for an oversize garage in UR classes should be advised of the need for a CUP as well as the time frame for the process. Other CUP applicants should attend a meeting first.

JK

----- Original Message -----

From: [Craig J. Wainio](mailto:Craig.J.Wainio)
To: Jerry Kujala ; Jill M. Forseen ; Judy Seurer ; Mary Jo Glavan-Salo ; mipeanut@2z.net ; Steve ; Steve Giorgi ; vnr@rangenet.com ; BOBBIE J
Cc: Donald V. Kleinschmidt
Sent: Tuesday, December 19, 2006 2:55 PM
Subject: Planning and Zoning Procedures

Starting January 1, 2007, all persons requesting to apply for a variance are required to attend a Planning and Zoning Commission meeting prior to the City accepting any application for the variance. At that Planning and Zoning meeting the Commission will preliminarily review the variance request and based upon the merits of the request, the Planning and Zoning Commission will or will not schedule a public hearing. Once a hearing is scheduled the individual requesting the variance will be allowed to submit the variance application.

The same procedure should be recommended to applicants for a Conditional Use Permit, however it is not required.

Craig J. Wainio
City Administrator

COUNCIL LETTER 011707-VA

COUNCILOR ROSKOSKI

BUILDING PERMIT FEE SCHEDULE

DATE: January 10, 2007

FROM: Councilor Roskoski

Craig J. Wainio
City Administrator

Councilor Roskoski requested this item be place on the agenda with the background information:

A past City Council voted the current fee schedule into place on 8-21-89.



City of Mountain Iron

"TACONITE CAPITOL OF THE WORLD"

A G E N D A

MOUNTAIN IRON CITY COUNCIL
AUGUST 21, 1989
6:00 P.M.

1. Roll Call - 6:00 P.M.
2. Consent Agenda
 - A. Approve Minutes of August 7, 1989, Regular Meeting
 - B. Communications
 - C. Bills and Payroll
 - D. Acknowledgements
3. Public Forum
4. Unfinished Business
 - A. West Virginia School fence
 - B. Other
5. New Business
 - A. 1990 Census Committee Appointments
 - B. Resolution designating a Responsible Authority for the Minnesota Government Data Practices Act
 - C. Northern Metals Conditional Use Permit
 - D. Request for Variance, Gerald L. and Mary Lynn Golobich
 - E. Other
 - 1) Communications
6. Water, Light, and Street Report
7. Planning and Zoning
8. Administrator's Report
9. Announcements
10. Adjourn

MINUTES
MOUNTAIN IRON CITY COUNCIL
AUGUST 21, 1989

The meeting was called to order at 6:00 P.M. by Mayor Jenko with the following members present: Ed Roskoski, Pete Cerkvenik, Patricia Dale and Mayor Jim Jenko. Absent member included: William Mattila. Also present were: Deputy Clerk, Jill M. Forseen; Water/Wastewater Supervisor, Don Kleinschmidt; Superintendent of Public Works, Richard Anderson; City Engineer, Pete Baker; and Chairperson of the Planning and Zoning, Carolyn Olsen.

It was moved by Cerkvenik and supported by Dale that the consent agenda be approved as follows:

1. Approve the minutes of the August 7, 1989, Regular Meeting as submitted.
2. That the communications be accepted, placed on file, and those requiring further action by the Council be acted upon during their proper sequence on the agenda.
3. Authorize payment of the bills and payroll for the period August 1-15, 1989, totaling \$141,408.17, (a list of which is hereto attached and made a part of these minutes). And further, that the Superintendent review the travel bill for Mark Krall before it is paid.
4. Acknowledge receipts for the period August 1-15, 1989, totaling \$47,873.11, (a list of which is hereto attached and made a part of these minutes).

The motion to adopt the consent agenda carried unanimously.

The Council discussed what should be done with the fence at the West Virginia School Site.

The Superintendent recommended putting the fence out on bids and having it entirely removed. And further, the bids be published in the Virginia, Duluth, and Minneapolis newspapers.

It was the consensus of the Council that the Superintendent prepare bids for the 800 feet of fence to be reviewed by the Council for the next meeting.

The City Engineer informed the Council that the State of Minnesota will be opening bids for the Viewpoint Access Road on September 6, 1989. The expected completion date would be sometime in November.

The City Engineer suggested that the Council call for bids to hire a contractor to move the locomotive from its present site to the historic site. He estimated that the project would cost approximately \$5,000.

It was the consensus of the Council that the Mayor contact USX Corporation and request that they provide 2 to 3 sets of tracks, treated ties, and the ballast needed for the project.

It was moved by Roskoski and supported by Cerkvnik to direct the Engineer to prepare specs to move the locomotive to the historic site and to solicit quotes or proposals. The motion carried.

The Mayor bought up the Centennial Committee's request for a reduction in fees for vendors for the week of the Centennial. He stated that he had contacted the Health Department to see what the procedure is for obtaining a food service license. The Health Department stated that the Vendor's requesting permits should first contact them before the City approves a permit to sell.

It was the consensus of the Council to request the Deputy Clerk to contact the City Attorney to see if there would be any problems in lowering the selling permit fee to a more reasonable amount for the week of the Centennial for vendor's involved in the centennial events.

It was moved by Dale and supported by Cerkvnik to authorize the Deputy Clerk to advertise for interest volunteers to serve on the 1990 Complete Count Committee for the Census. The motion carried.

It was the consensus of the Council to request the Deputy Clerk to contact the Attorney to request him to inform the City Council of what the responsibility of the City is with regard to a resolution designating a responsible authority for the Minnesota Government Data Practices Act.

It was the consensus of the Council to table the Planning and Zoning's recommendation to approve the Northern Metals Conditional Use Permit with the four stipulations indicated until the City Attorney is present.

It was moved by Cerkvnik and supported by Roskoski to accept the recommendation of the Planning and Zoning Commission and approve the Variance for Gerald L. and Mary Lynn Golobich from the setback regulations of the Zoning Ordinance in order to construct a garage on their property described as Lot 9, Block 5, Westgate First Addition to Mountain Iron. The motion carried.

It was moved by Dale and supported Cerkvnik to accept the recommendation of the Planning and Zoning Commission and adopt the new Schedule of Fees for building permits, (a copy of which is hereto attached and made a part of these minutes). The motion carried.

The Mayor informed the Council that he had contacted the Cable Company regarding the installation of boxes on the homes in Mountain Iron. He stated that the Cable Company is installing the improved equipment for future paid television use.

Minutes - City Council
August 21, 1989
Page 3

It was moved by Roskoski and supported by Cerkvenik to authorize an additional \$1,000 to Arrowhead Paint and Repair to sandblast the locomotive to white metal instead of bare metal. The motion carried on a roll call vote.

It was moved by Roskoski and supported by Cerkvenik to authorize a contribution of \$50.00 from the Water Utility Fund to the Minnesota Rural Water Association's "Operation Impact. The motion carried on a roll call vote.

It was the consensus of the Council to direct the Recreation Director and the Administrator to meet and discuss proposals for the second year of the Community Entrance Enhancement grant program.

It was moved by Roskoski and supported by Cerkvenik to direct the City Attorney to prepare 33 foot easements, 16 1/2 per land owner, for Giorgi's Road. The motion carried.

It was moved by Dale and supported by Cerkvenik to authorize two employees to go to the Underground Cable workshop in Minneapolis on September 12, 1989, at City expense. The motion carried on a roll call vote.

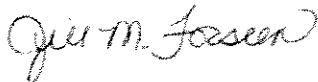
The Superintendent informed the Council that there was still many problems with the insurance company with regard to the payment of bills.

It was the consensus of the Council to direct the Deputy Clerk to write a letter to Jim Bagwell of Employee Benefit Plans of Minneapolis and request that he meet with the Council to discuss the problems. And further, have the Deputy Clerk prepare a letter to Commissioner Hatch explaining the problems that the City has been having with the insurance company and have the Mayor sign it.

Councilor Roskoski asked if the Council had any suggestions of what slogan should be placed on the entrance monuments. Councilor Roskoski requested that the Council think about some slogans and bring ideas to the next meeting.

At 8:07 P.M., it was moved by Cerkvenik and supported by Dale that the meeting be adjourned. The motion carried.

Respectfully submitted:



Jill M. Forseen
Deputy Clerk

COMMUNICATIONS

1. IRRRB announcing a Board meeting September 11, 1989, 6:00 P.M., Eveleth Administration Building.
2. Arrowhead Regional Development Commission announcing assessment of community interest in Shared Administrator Program and transmitting questionnaire to determine level of interest in outreach program.
3. North Star Risk Services, Inc. transmitting property/casualty claim's report for LMCIT program.
4. F.I.R.E. Center announcing Emergency Management Seminar, St. Cloud Civic Center, September 23, 1989, 8:00 A.M. - 5:30 P.M. at cost of \$45.00.
5. Star Cablevision announcing expiration of franchise on May 1, 1992, and requesting that informal negotiations be initiated in the near future.
6. IRRRB announcing continuation for a second year of Community Entrance Enhancement grant program.
7. Minnesota Rural Water Associates requesting one-time voluntary contribution to "Operation Impact", i.e. effort to give water systems greater voice in new drinking water standards and laws regarding lead, radon, disinfection, etc.
8. Arrowhead Regional Development Commission transmitting 1990 Budget and announcing a Public Hearing on the Budget at 9:00 A.M., September 6, 1989, in Board Room of Arrowhead Center, Canal Park Drive, Duluth.
9. Northern Lakes Girl Scouts thanking the City for their support for the use of the tanglewood site.
10. DEED announcing the 9th Annual Star City Conference, September 27-28, 1989.
11. MMUA announcing Fall Conference, October 18-20, 1989, at a cost of \$145.00.

LIST OF ACKNOWLEDGEMENTS FOR THE PERIOD AUGUST 1-15, 1989:

Utility Receipts	\$ 44,532.22
Building Permits	35.00
Campground - Fees	966.50
Campground - Ice	59.00
Campground - Pop	304.00
Special Assessments	1,225.51
Reimb. - Misc.	86.31
Reimb. - Insurance	88.07
Misc. - Softball Fees	50.00
Rent - Senior Center	105.00
Rent - Nichols Hall	10.00
Meter Deposits	405.00
Sale of Copies	6.50
TOTAL	<u>\$47,873.11</u>

LIST OF BILLS AND PAYROLL FOR THE PERIOD AUGUST 1-15, 1989:

6223	Commissioner of Revenue	2,307.47
6224	Mt. Iron First State Bank	1,584.76
6225	Public Employees Retire. Assoc.	1,003.15
6226	American Grande Welding	141.73
6227	AT&T Information Systems	44.90
6228	Arrowhead Chemical	302.02
6229	AT&T Communications	178.59
6230	Boyer Lumber	187.52
6231	Better Homes and Gardens	20.19
6232	Border States Electric	1,190.49
6233	Case Power and Equipment	3,262.45
6234	Cerkveniks Supermarket	79.75
6235	Clerk of Conciliation Court	59.00
6236	Credit Bureau	4.00
6237	Doubleday and Company, Inc.	29.60
6238	Duluth News Tribune	118.04
6239	Edwards Oil Company	8.80
6240	Earl F. Anderson & Associates	785.25
6241	East Range Clinic	46.90
6242	East Range Gravel	5,854.47
6243	Eveleth Technical Institute	1,162.50
6244	Food-n-Fuel	164.08
6245	First Trust Saint Paul	24,187.50
6246	Gopher Sign Company	364.71
6247	General Electric	451.00
6248	Gopher State One-Call, Inc.	45.00
6249	Hibbing Office Supply	448.93
6250	Higgins Industrial Supply	73.67
6251	Interstate Diesel	169.90
6252	Johnson-Mertz Appliance	35.95
6253	JPR Communications	30.00
6254	Jerry's Electric	300.00
6255	Lawson Products	557.64
6256	League of Minnesota Cities	2,291.00
6257	L & M Supply	1,051.14
6258	League of Minnesota Cities Ins. Trust	68.00
6259	Minnesota Power	28,831.61

(Bills and Payroll cont.)

6260	Mt. Iron Water and Light	9,596.69
6261	Master Card	100.00
6262	Dept. of Natural Resources	25.00
6263	MacQueen Equipment	472.43
6264	Hill Wood Products	53.64
6265	Mark Krall	8.40
6266	Dawn Kennedy	6.17
6267	Anthony Harkonen	49.90
6268	Janet Schmidt	74.54
6269	Jerry Hall	54.40
6270	Patrick Scott	90.08
6271	Mesabi Bituminous	70.80
6272	Sylvia Niemi	331.36
6273	Tim Rossi	194.20
6274	Minnesota Rural Water Assn.	50.00
6275	McMaster-Carr	227.27
6276	Eveleth Recreation Dept.	60.00
6277	Aurora Recreation Dept.	30.00
6278	James C. Pape	25.00
6279	USX Corporation	100.00
6280	Janette Shaleen	5.00
6281	Motorola, Inc.	2,700.00
6282	LeRoy Soyring	5.00
6283	Northern Engine	5.29
6284	Northland Animal Hospital	152.00
6285	Northeast Technical Service	20.25
6286	Northern Minnesota Utilities	178.70
6287	Northern Taconite Supply	1,360.00
6288	O.K. Auto	50.65
6289	Plaza Hardware	24.01
6290	Peruse Books	85.52
6291	Range Paper	192.15
6292	Rigging and Wear, Inc.	563.80
6293	Range Landscape	6,814.00
6294	Sherwin-Williams	490.73
6295	Safety Kleen Corp.	63.25
6296	Albert St. George	500.00
6297	Transport Clearing	71.52
6298	Taconite Tire Service	75.75
6299	Tall Pines Inc Company	102.20
6300	Trenti Law Firm/Sam Aluni	498.25
6301	Trenchers Plus, Inc.	5,720.00
6302	USX Corporation	85.00
6303	U.S. West Communications	653.78
6304	Unocal 76	3,023.25
6305	Vidmar Iron Works	1,010.00
6306	City of Virginia	43.75
6307	Voyageur Sport & Equipment	659.90
6308	Verns Greenhouse	32.13
6309	James J. Vaessen Company	55.00
6310	Van Bergen and Markson, Inc.	62.10
	Pay Period Ending 8/11/89	<u>27,043.60</u>

TOTAL

\$141,408.17



City of Mountain Iron

"TACONITE CAPITOL OF THE WORLD"

APPROVED BY THE CITY COUNCIL 8-21-89

SCHEDULE OF FEES FOR BUILDING PERMITS

	<u>FEE</u>
1. New single family structures and new duplexes manufactured homes and additions in excess of 300 sq. ft.	\$35.00
2. Additions to single family dwellings or duplexes in excess of 150 sq. ft., but less than 300 sq. ft.	\$20.00
3. Additions to single family dwellings or duplexes less than 150 sq. ft., and <u>remodeling</u> of existing single family dwellings and duplexes in excess of \$1,500.00.	\$ 5.00
4. New garages or accessory structures up to a maximum of 1,000 sq. ft., and additions to garages or accessory structures in excess of 300 sq. ft.	\$20.00
5. Additions to garages, decks, and/or accessory structures up to 300 sq. ft., and remodeling of garages and accessory structures in excess of \$1,500.00.	\$ 5.00
6. In addition to any building permit fee as set forth above, there shall be a plan review fee charged in excess of the building permit fee as follows:	

<u>VALUATION</u>	<u>PLAN CHECK FEE</u>
A. \$3,000 or less	No Charge
B. \$3,001 to \$5,000	\$ 21.00
C. \$5,001 to \$10,000	\$ 34.00
D. \$10,001 to \$15,000	\$ 47.00
E. \$15,001 to \$20,000	\$ 60.00
F. \$20,000 to \$25,000	\$ 72.00
G. \$25,001 to \$30,000	\$ 83.00
H. \$30,001 to \$35,000	\$ 93.00
I. \$35,001 to \$40,000	\$102.00
J. \$40,001 to \$45,000	\$112.00
K. \$45,001 to \$50,000	\$122.00
L. \$50,001 to \$55,000	\$129.00
M. \$55,001 to \$60,000	\$135.00
N. \$60,001 to \$65,000	\$142.00
O. \$65,001 to \$70,000	\$148.00

PHONE A.C. 218/735-8267 • BOX 505 • MT. IRON, MINNESOTA 55768

Schedule of Fees for Building Permits
 Page 2

P.	\$70,000 to \$75,000	\$155.00
Q.	\$75,001 to \$80,000	\$161.00
R.	\$80,001 to \$85,000	\$168.00
S.	\$85,001 to \$90,000	\$174.00
T.	\$90,001 to \$95,000	\$181.00
U.	\$95,001 to \$100,000	\$187.00
V.	\$100,001 to \$500,000	\$187.00 for the first \$100,000 plus \$1.00 for each additional \$1,000 or fraction thereof
W.	\$500,001 and up	\$577.00 for the first \$500,000.00 plus 65¢ for each additional \$1,000.00 or fraction thereof

7. .0005 State Sur Charge times the valuation is added to the above fees.

SIGN PERMIT (PER FACE)

.10/sq. ft.	Minimum	\$ 5.00
	Maximum	\$ 30.00

COUNCIL LETTER 011707-VB

COUNCILOR ROSKOSKI

**HEAD LIBRARIAN
EMPLOYMENT AGREEMENT**

DATE: January 10, 2007
FROM: Councilor Roskoski
Craig J. Wainio
City Administrator

Councilor Roskoski requested this item be place on the agenda with the background information:

It appears that the past City Council did not vote on the rate of pay for the new Head Librarian. This should be done.

Staff Note: At the time of hiring by the Library Board the wage was established at \$20.50 per hour. (CJW)

the road was originally dug down approximately eight feet to good soil and back filled with good soil. Councilor Roskoski asked if the City Engineer had researched how the road was originally reconstructed. The City Engineer said that the road was sub cut, but he could not verify to what depth. The City Engineer said that drain tiles would be added under the street.

Councilor Roskoski asked City Staff regarding the logging in the tailing pond area (the "Desert" site). The Mayor said that he would call Paul Cerkvenik regarding the logging in the area.

It was moved by Nelson and supported by Skalko to accept the recommendation of the Planning and Zoning Commission and approve the variance from the setback requirements on the north and west sides of their property to construct a commercial building closer to the lot line than allowed by the ordinance. The property is legally described as follows:

Easterly 100 feet of the Westerly 125 feet of all that part of the Northerly 315.83 feet of the Southeast Quarter of the Northeast Quarter, Section 13, Township 58 North, Range 18 West of the Fourth Principal Meridian lying Easterly of the right-of-way of the Duluth, Winnipeg, and Pacific Railroad Company and Westerly of the right-of-way of State Highway No. 53, according to the United States Government Survey thereof.

And;

A parcel of land in FIRST ADDITION TO WEST VIRGINIA, which is a parcel of land lying in the Southeast Quarter of the Northeast Quarter, Section 13, Township 58 North, Range 18 West of the Fourth Principal Meridian, according to the U. S. Government Survey thereof, in the County of St. Louis, State of Minnesota, more particularly described as follows: the southerly 200 feet of the north 315.85 feet lying east of the west 125 feet and west of the right-of-way of State Highway No. 53.

The motion carried.

It was moved by Prebeg and supported by Skalko to accept the recommendation of the Library Board and hire Sally Peterangelo for the Library Director Position beginning April 3, 2006. The motion carried with Councilor Irish and Councilor Roskoski voting no.

It was moved by Nelson and supported by Skalko to accept the recommendation of the Personnel Committee and hire Tim Satrang for the full-time position of Water and Wastewater Treatment Plant Operator. The motion carried with Councilor Roskoski voting no.

The Council discussed the Library Project with regard to the elevator cupola. No further action was taken on the matter.



5742 Mountain Avenue
P.O. Box 477
Mountain Iron, MN 55768
218-735-8625 • Fax 218-735-8252

March 23, 2006

Mountain Iron City Council
8586 Enterprise Drive South
Mountain Iron, MN 55768

Dear City Council Members:

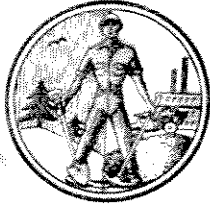
By unanimous decisions of the Mountain Iron Public Library Board and the Mountain Iron Personnel Committee we recommend the hiring of Sally Peterangelo for the Library Director Position at the Mountain Iron Public Library, starting April 3, 2006.

Thank You,

Sincerely,

A handwritten signature in cursive script that reads 'Lisa Casillo'.

Lisa Casillo
President of the Mountain Iron Public Library Board



CITY OF MOUNTAIN IRON

"TACONITE CAPITAL OF THE WORLD"

PHONE: 218-748-7570 • FAX: 218-748-7573 • www.mtniron.com
8586 ENTERPRISE DRIVE SOUTH • MOUNTAIN IRON, MN • 55768-8260

RESOLUTION NUMBER 03-07

APPROVING A BUSINESS SUBSIDY AGREEMENT BY AND BETWEEN THE CITY OF MOUNTAIN IRON, MINNESOTA, AND MOUNTAIN TIMBER WOOD PRODUCTS, LLC

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

Section 1. Recitals.

1.01 Mountain Timber Wood Products, LLC, a Minnesota limited liability company (the "Company"), has proposed the development of an approximately 25,000 square foot manufacturing facility (the "Project") on a parcel of land within the City, legally described as on Exhibit A (the "Development Property").

1.02 The Development Property is located within a job opportunity building zone pursuant to Minnesota Statutes, Sections 469.310 through 469.320, as amended (the "JOBZ Act").

1.03 In order to develop the Project, the Company has requested assistance from the City as found in the JOBZ Act. The assistance constitutes a business subsidy (the "Subsidy") under Minnesota Statutes, Sections 116J.993 to 116J.995, as amended (the "Business Subsidy Act").

1.04 The City has contacted the office of the Commissioner of Employment and Economic Development regarding the compilation and summary report of the Minnesota Department of Employment and Economic Development required by Section 116J.994, subdivision 9 of the Business Subsidy Act and has determined that the Company is eligible to receive the Subsidy.

1.05 The terms and conditions under which the City will provide the Subsidy to the Company are set forth in the Job Opportunity Building Zone Business Subsidy Agreement proposed to be entered into between the City and the Company, the form of which is on file in the office of the City Administrator (the "Business Subsidy Agreement"). The Council has reviewed and considered the factors and information set forth in the Business Subsidy Agreement.

1.06 A properly noticed public hearing on the consideration of the Subsidy by the Council was held on January 17, 2007.

Section 2. Approval of the Business Subsidy Agreement.

2.01 The form of the Business Subsidy Agreement, as presented to the Council, is approved pursuant to Section 116J.994, Subdivision 3(d) of the Business Subsidy Act.

2.02 The Subsidy to the Company, in accordance with the Business Subsidy Agreement, is approved.

DULY ADOPTED BY THE CITY COUNCIL THIS 17TH DAY OF JANUARY, 2007.

Mayor Gary Skalko

ATTEST:

City Administrator

EXHIBIT A

Legal Description of Development Property

West $\frac{1}{2}$ of the Southwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of Section 10, Township 58
North, Range 18 West of the Fourth Principal Meridian, City of Mountain Iron,
County of St. Louis, State of Minnesota.

JOB OPPORTUNITY BUILDING ZONE BUSINESS SUBSIDY AGREEMENT

I. PARTIES

This agreement is made as of January 17, 2007, the Approval Date, by and between the City of Mountain Iron, Minnesota, a local unit of government with offices at 8586 Enterprise Drive South, Mountain Iron, MN 55768 (Telephone Number: 218-748-7570); (hereinafter “subzone administrator”) and Mountain Timber Wood Products Inc., a non-retail, non-commercial trade or business organized and operating under the laws of the State of Minnesota (hereinafter “qualified business”), with its principal offices at 8937 Slate Street, Mountain Iron, MN 55768 (Telephone Number: 218-735-8600). This agreement shall become effective upon the date on which the last person signs the agreement. In order to satisfy the provisions of the Job Opportunity Building Zone statute (M.S. §§ 469.310 - 469.320) and the Business Subsidy Statute (M.S. §§ 116J.993 - 116J.995), the subzone administrator and a representative of the qualified business acknowledge and agree as follows:

II. RECITALS

- A. Whereas, Mountain Timber Wood Products Inc is the lessee of the Property located at «SiteAdd1», Slate Street in the city of Mountain Iron, Saint Louis County, Minnesota, with property tax identification number «SitePIN»; consisting of «#ofAcres» acres; and
- B. Whereas, the Property is located within a designated Job Opportunity Building Zone, as described in the Northeast Minnesota JOBZ Application; and is currently comprised of Vacant land;
- C. Whereas, Mountain Timber Wood Products Inc has been approved by the subzone administrator to be a non-retail, non-commercial new trade or business start-up located within a Zone.
- D. Whereas, the qualified business plans to begin business operations in the subzone on «OperationStartDate».
- E. Whereas the local unit of government has considered the factors located in M.S. § 469.310, subd. 11(c).
- F. Whereas the Job Zone Term shall be effective from the Approval Date until December 31, 2015.
- G. Whereas, the qualified business agrees to satisfy the provisions of the business subsidy reporting requirements under the business subsidy statute at (M.S. § 116J.993 -116J.995); and as required by M.S. § 469.320 Subd. 1., identified in Section IV. of this agreement.
- H. Whereas, the business subsidy is needed to create high-quality jobs and promote economic development within the City of Mountain Iron, Minnesota.

III. DEFINITIONS

- A. “Agreement” means this Job Opportunity Building Zone Business Subsidy Agreement by and between “subzone administrator” and the “qualified business”.
- B. “Approval Date” means the date upon which the final execution of this agreement and, if necessary, a relocation agreement takes place; and after which a qualified business has been approved by the subzone administrator.

- C. "Business Subsidy" means tax exemptions or tax credits available to a qualified business located in a job zone, and or a state or local government agency grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business, and as defined by the Business Subsidy statute.
- D. "Business Subsidy Report" means the annual report required to comply with M.S. § 116J.994 Subd. 7. (b).
- E. "DEED" means Minnesota Department of Employment and Economic Development.
- F. "Job Zone Term" shall mean the stated period of time stated in Section II. F. of this agreement.
- G. "JOBZ" means Job Opportunity Building Zone as defined in M.S. § 469.310.
- H. "Local Government Unit" means a statutory or home rule charter city, county, town, iron range resources and rehabilitation agency, regional development commission, or federally designated economic development district.
- I. "Operation Start Date" shall mean the date on which the qualifying business is staffed and running its business operations in the Subzone.
- J. "Person" includes an individual, corporation, partnership, Limited Liability Company, association, or any other entity.
- K. "Property" means the parcel or parcels located within a subzone on which a qualified business will be operating, that excludes any building footprint of a business operating in a subzone prior to January 1, 2004; and as identified in Section II.A. of this agreement.
- L. "Qualified Business" means a person that carries on a trade or business at a place of business located within a Job Opportunity Building Zone as referenced in M.S. § 469.310 Subd. 11; and complies with the reporting requirements specified by M.S. § 469.320, Subd. 1; and shall comply with the criteria in this agreement; and shall also mean "Recipient," which means any business entity that receives a business subsidy as defined by M.S. § 116J.993, and that has signed a Business Subsidy Agreement with a designated subzone administrator. A qualified business shall not include a retail, low-wage service, agricultural production business, or provide less than the minimum wages provided in section IV.D.(2) of this agreement.
- M. "Subzone" means the parcel or parcel of land designated by the Commissioner of Employment and Economic Development within a Job Opportunity Building Zone and further within the boundaries of City of Mountain Iron to receive certain tax credits and exemptions specified under M.S. § 469.310-469.320.
- N. "Subzone Administrator" means the representative designated by the Local Governmental Unit to administer the subzone and shall also mean "Grantor" as defined by the business subsidy statute, M.S. § 116J.993 Subd. 4.
- O. "Zone" means a Job Opportunity Building Zone or an Agricultural Processing Facility Zone designated by the commissioner of Employment and Economic Development under M.S. § 469.314.

IV. BUSINESS SUBSIDY REQUIREMENTS

Whereas, compliance with provisions of the Minnesota business subsidy statutes (M.S. §116J.993 -116J.995) require the following, the parties agree that:

- A. The Job Opportunity Building Zone business subsidy shall include all tax exemptions, job credits or other business subsidies provided from the Approval Date until the last date of the Job Zone Term, including but not limited to:
- (1) Exemption from individual income taxes as provided under M.S. § 469.316; and
 - (2) Exemption from corporate franchise taxes as provided under M.S. § 469.317; and
 - (3) Exemption from the state sales and use tax and any local sales and use taxes on qualifying purchases as provided in M.S. § 297A.68, subdivision 37; and
 - (4) Exemption from the state sales tax on motor vehicles and any local sales tax on motor vehicles as provided under M.S. § 297B.03; and
 - (5) Exemption from the property tax as provided in M.S. § 272.02, subdivision 64; and
 - (6) Exemption from the wind energy production tax under M.S. § 272.029, subdivision 7; and
 - (7) The jobs credit allowed under M.S. § 469.318.
- B. The public purpose(s) for the Job Opportunity Building Zone business subsidy agreed to by the Parties shall include, but not be limited to:
- (1) The enhancement of economic diversity;
 - (2) The creation of high quality job growth; and
 - (3) Stabilizing the community
- C. The measurable, specific, and tangible goals for the job zone subsidy shall include:
- (1) The qualified business shall create 20 new FTE jobs by «NewJobCreationDate» and retained by the qualified business during the Job Zone Term within the subzone boundary.
 - (2) The qualified business must pay each employee compensation, including benefits not mandated by law, that on an annualized basis is equal to at least 110 percent of the federal poverty level for family of four.
- D. A properly noticed public hearing shall be held by the subzone administrator as provided by M.S. § 116J.994. The purpose of the hearing is to define the criteria that the qualified business must meet in order to be eligible to receive a Job Opportunities Building Zone business subsidy. The hearing may also specify the public purpose(s) that shall be achieved and the measurable, specific, and tangible goals committed to by the qualified business. A business subsidy may not be granted until the subzone administrator has adopted criteria as required by M.S. § 116J.994 Subd. 2. A copy of the criteria shall be submitted to the Department of Employment and Economic Development along with the first annual report. As provided by M.S. § 116J.994, Subd. 5., a public notice shall be published in print and if possible, on the internet, at least 10 days prior to the hearing,

identifying the location, date time and place of the hearing; and providing information about the business subsidy proposed, including a summary of the terms of the subsidy.

- E. The qualified business shall repay all JOBZ-related tax benefits obtained if it does not meet the goals identified in this agreement, and as defined in M.S. § 469.319. Repayment of JOBZ-related tax benefits is subject to M.S. § 116J.994, Subd. 6.
- F. Where M.S. § 469.319 subd. 6 is inconsistent with any other provisions of sections 116J.993-116J.995, M.S. § 469.319 prevails.
- G. The qualified business is not receiving additional financial assistance from other grantors for its project.
- H. The qualified business covenants to continue to operate within the Subzone for the duration of the job zone term.
- I. The qualified business has no parent corporation.
- J. The qualified business agrees to furnish to the subzone administrator, on or before March 1 in each year, an annual business subsidy report required in M.S. § 116J.994, Subd. 7, on a form developed and made available by DEED.
- K. The qualified business agrees not to compete with or displace local businesses currently operating within the subzone community.
- L. The Local Government Unit will provide the qualified business with all of the local tax benefits and property tax benefits permitted under M.S. § 469.315.
- M. A qualified business receiving tax exemptions provided under M.S. 297A.68, subdivision 37(b) and (c) and (d) agrees to comply with prevailing wages requirements under M.S. 116J.871.
- N. The qualified business is encouraged to list new job opportunities in the Minnesota Job Bank by contacting the MN Job Bank Help Desk at 651-296-8400, or go directly to the MN Job Bank at www.mnworks.org.

This agreement shall be binding upon any successors or assignees of the parties.

IN WITNESS WHEREOF, the subzone administrator and the qualified business have acknowledged their assent to this agreement and agree to be bound by its terms through the signatures entered below:

QUALIFIED BUSINESS: I have read and I agree to all of the above provisions of this agreement; By and through the Representative of Mountain Timber Wood Products Inc.:

By _____

Title _____

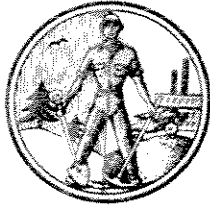
Date _____

SUBZONE ADMINISTRATOR: I have read and I agree to all of the above provisions of this agreement; By and through the Representative of the City of Mountain Iron, Minnesota:

By _____

Title _____

Date _____



CITY OF MOUNTAIN IRON

"TACONITE CAPITAL OF THE WORLD"

PHONE: 218-748-7570 • FAX: 218-748-7573 • www.mtniron.com
8586 ENTERPRISE DRIVE SOUTH • MOUNTAIN IRON, MN • 55768-8260

RESOLUTION NUMBER 04-07

AUTHORIZING THE ABATEMENT OF TAXES PURSUANT TO MINNESOTA STATUTES, SECTION 469.1812 THROUGH 469.1815

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

Section 1. Recitals of Fact. The City Council makes the following recitals of fact:

1.01 Pursuant to Minnesota Statutes, Section 469.1812 through 469.1815, as amended (the "Act"), the governing body of a political subdivision may grant a current or prospective abatement, by contract or otherwise, of the taxes imposed by the political subdivision on a parcel of property, which may include personal property or machinery, or defer payments of the taxes and abate the interest and penalty that otherwise would apply, subject to certain conditions as set forth in the Act.

1.02 The City has been approached by L&M Supply, Inc., (the "Developer") regarding entering into an agreement (the "Abatement Agreement"), with respect to an abatement of taxes imposed by the City on a parcel of property (the "Abatement"), on which the Developer will relocate a parking lot from the east side of its current facility and which is adjacent to a parcel in which the Developer intends to construct an approximately 25,000 square-foot expansion to its existing facility (the "Project"). A description of the parcel in which the Abatement will occur and the Project is set forth on **Exhibit A** to this Resolution.

1.03 The Project is not within a tax increment financing district.

1.04 The City Council has on this day held a duly noticed public hearing on the Abatement, at which all those wishing to speak were heard.

Section 2. Findings.

2.01 The City Council expects the benefits to the City of the proposed Abatement Agreement and the Project to at least equal the costs to the City of the proposed Abatement Agreement and the Project because the Project will increase business activities within the City and will create additional employment opportunities.

2.02 The City Council finds that the Abatement is in the public interest because it will increase or preserve the tax base in the City and provide employment opportunities in the City.

2.03 The City Council and the Developer will enter into a Business Subsidy Agreement pursuant to Minnesota Statutes, Sections 116J.993 to 116J.995, of even date herewith (the "Business Subsidy Agreement").

Section 3. Approval and Terms of Abatement. The Abatement is hereby approved, subject to the following terms and conditions:

3.01 The term of the Abatement is 10 years, commencing in 2007 and ending in 2017 (the "Abatement Period").

3.02 The total amount of the Abatement must not exceed \$100,000 in the aggregate for the Abatement Period (the "Abatement Amount"). The Developer must certify in the Acknowledgement and Agreement, hereby attached and incorporated into this Resolution as **Exhibit B**, that the Abatement Amount is a maximum figure and the actual Abatement may be less than the Abatement Amount, depending on the amount of taxes paid by the Developer during a given year within the Abatement Period. Even if an Abatement is less than \$10,000 in a given year, in no year within the Abatement Period may an Abatement exceed \$10,000.

Section 4. Developer's Obligations; Conditions Precedent.

4.01 The Developer must provide evidence to the City that the Developer has completed the Project by December 31, 2007.

4.02 The City must issue a certificate of occupancy for the Project.

4.03 In each year of the Abatement Period, Developer must timely pay all real estate taxes and special assessments levied against the Project. For purposes of this Resolution "timely paid" shall mean that no penalties or interest shall have attached to the applicable tax payment.

4.04 A violation of any of the obligations in this Section requires the Developer to repay the aggregate amount of the Abatement received plus accrued interest pursuant to the Business Subsidy Agreement.

Section 5. Payment of Abatement. Upon compliance with Section 4 of this Resolution, the amount of the Abatement will be paid to the Developer semiannually on or about February 1 and August 1 of each year beginning February 1, 2008 and ending on the earlier of (i) February 1, 2018 or (ii) the date on which the City has paid the Developer the Abatement in the aggregate amount of \$100,000.

Section 6. Nature and Extent of Public Benefits. The nature and extent of the public benefits which the City Council expects to result from the Abatement Agreement are as follows: A 25,000 square-foot expansion of Developer's current site of business, the provision of off-

street parking to alleviate congestion on adjacent streets, and the addition of a minimum of 20 new jobs.

Section 7. Review and Modification. The City Council reserves the right to review and modify the Abatement every second year after the date of this Resolution.

Section 8. Administration.

8.01 The City will add to its levy amount for the current year under Minnesota Statutes, Section 275.065 and 275.07 the total estimated amount of the current year Abatement.

8.02 The tax amounts shown on the notice of proposed property taxes prepared and given under Minnesota Statutes, Section 275.065, subdivision 3, and on the property tax statement prepared and give under Minnesota Statutes, Section 276.04, subdivision 2, are the total amounts before the reduction of any portion of the Abatement.

8.03 The total property taxes shall be levied on the Project and shall be due and payable to St. Louis County at the times provided under Minnesota Statutes, Section 279.01.

8.04 The City Council certifies that it has not abated property taxes in excess of the greater of 10% of its current levy or \$200,000 during calendar year 2007.

DULY ADOPTED BY THE CITY COUNCIL THIS 17th DAY OF JANUARY, 2007.

Mayor Gary Skalko

ATTEST:

City Administrator

EXHIBIT A

Parcel No. 175-0049-00120 (parking lot)

Parcel No. 175-0071-01075 (approximate 25,000 square-foot expansion)

EXHIBIT B
ACKNOWLEDGMENT AND AGREEMENT

The undersigned President of L&M Supply, Inc. (the "Developer") acknowledges that he has read the foregoing Resolution, has a thorough understanding of the terms and conditions of said Resolution and agrees to be bound thereby.

The Developer further acknowledges, certifies and warrants that the total Abatement Amount of \$100,000, as described in Resolution No. _____, adopted by the City Council of the City of Mountain Iron, Minnesota, on January 16, 2007, is a maximum figure and the actual Abatement may be less than the Abatement Amount, depending on the amount of taxes paid by the Developer during a given year with in the Abatement Period. Even if an Abatement is less than \$10,000 in a given year, in no year within the Abatement Period may an Abatement exceed \$10,000. Resolution No. _____ is hereby attached and its terms are incorporated into this Acknowledgement and Agreement.

The undersigned further acknowledges, certifies and warrants that the Developer has relied on its own estimate or verification of the fair market value of the Project, the estimate of taxes to be paid or payable and the estimated amount of the Abatement, and has not relied on any estimates provided by the City of Mountain Iron, Minnesota.

L&M SUPPLY, INC.

By _____
Its _____

BUSINESS SUBSIDY AGREEMENT

by and between the

CITY OF MOUNTAIN IRON, MINNESOTA

and

L & M SUPPLY, INC.

dated as of

January 17, 2007



28100 US HWY 19 North Suite #203 Clearwater, FL 33761 Phone: 727-449-0891 Fax: 727-449-0893

Forensic Hardware / Software Quote

Bill To: St. Louis County Sheriffs Office 100 N Fifth Ave West Rm 103 Duluth, Minnesota 55802 (218)726-2341

Ship To: St. Louis County Sheriffs Office 100 N Fifth Ave West Rm 103 Duluth, Minnesota 55802 Attn: Rick Feiro feiror@co.st-louis.mn.us

Table with columns: Date, PO Number, Sales Rep., Ship Via, Terms, Tax ID. Contains line items for Paraben Device Seizure Toolkit Bundle and a summary section with Subtotals, Tax, Shipping, and Total values.

Credit Card Type: Visa; Payment Info: MC; Expiration Date: ; Customer Name: ; Billing Address:

ARTICLE IV - GOAL FOR SUBSIDIES

Section 4.1 Job Creation. The Goal of the Subsidy to the Company is to create a minimum of 20 entry-level jobs within two years of the Benefit Date. According to the City's Business Subsidy Criteria, if a Project results in the creation of any jobs, the wage for each part-time and full-time job created must be, within two years of the Benefit Date, at least equal to the prevailing wage for like or similar jobs within the area or such greater amount as the City may require for a specific Project. The Company certifies that it will comply with the prevailing wage and expects the minimum compensation for the jobs created, including benefits, to be between \$7.00 and \$12.00 per hour, depending on experience.

Section 4.2 Minimum Improvements. Another Goal of the Subsidy to the Company is to assist in site preparation for the construction of the Minimum Improvements. A portion of the Minimum Improvements will provide off-street parking to alleviate congestion on adjacent streets. The Company expects to complete construction of the Minimum Improvements by December 31, 2007.

ARTICLE V - FINANCIAL OBLIGATION OF RECIPIENT IF GOALS ARE NOT MET

Section 5.1 Repayment of Subsidy. The Company shall repay, with interest, all of the Subsidy received by it from the City in the event any of the following events occurs by December 31, 2008: (i) the Company does not meet the Goal defined in Article IV; (ii) the Company fails to occupy the Minimum Improvements on the Development Property; or (iii) the Company violates the Tax Abatement Agreement.

Section 5.2 Interest Rate. In the event the Company is required by law to pay interest on any repayment of the Subsidy, the interest rate for repayment of the Subsidy shall be the implicit price deflator defined under Minnesota Statutes, Section 275.70, Subdivision 2.

ARTICLE VI - REPORTING OBLIGATIONS OF RECIPIENT

The Company agrees to provide information to the City regarding the actual results of the Subsidy as compared to the Goal of the Subsidy for two years after the Benefit Date or until the Goal is met, whichever is later. If the Goal is not met, the Company must continue to provide information on the Subsidy until the Subsidy is repaid pursuant to Article V. The information must be filed on forms developed by the Commissioner in cooperation with the City. Copies of the completed forms must be sent to the City by March 1 of each year commencing on March 1, 2008. The information to be provided shall satisfy the requirements of Section 116J.994 of the Business Subsidy Act, as amended.

ARTICLE VII - LIST OF FINANCIAL ASSISTANCE

The Company is not receiving any additional financial assistance from the City for the Project.

IN WITNESS WHEREOF, the City and the Company have caused this Agreement to be duly executed as of the date first above written.

CITY OF MOUNTAIN IRON, MINNESOTA

By _____
Its Mayor

By _____
Its City Administrator

STATE OF MINNESOTA)
) ss.
COUNTY OF ST. LOUIS)

The foregoing instrument was acknowledged before me this 17th day of January, 2007, by Gary Skalko and Craig Wainio, the Mayor and City Administrator, respectively, of the City of Mountain Iron, Minnesota, a municipal corporation and political subdivision of the State of Minnesota, on behalf of said public body.

Notary Public

(Signature page to Business Subsidy Agreement dated January 17, 2007, by and between the City of Mountain Iron, Minnesota and L & M Supply, Inc.)

L & M SUPPLY, INC.

By _____
Its _____

STATE OF MINNESOTA)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2007, by _____, the _____ of L & M Supply, Inc., a Minnesota corporation, on behalf of the corporation.

Notary Public

This instrument was drafted by:

Fryberger, Buchanan, Smith & Frederick, P.A.
700 Lonsdale Building
302 West Superior Street
Duluth, Minnesota 55802
(218) 722-0861

**EXHIBIT A
TO BUSINESS SUBSIDY AGREEMENT**

DESCRIPTION OF DEVELOPMENT PROPERTY

Parcel No. 175-0071-01075 (approximate 25,000 square-foot expansion)

Parcel No. 175-0049-00120 (adjacent parking lot)

**EXHIBIT B
TO BUSINESS SUBSIDY AGREEMENT**

CERTIFICATE REGARDING BENEFIT DATE

I, _____ the _____ of L & M Supply, Inc., hereby certify that the "Benefit Date" under the Business Subsidy Agreement between the Mt. Iron Economic Development City and L & M Supply, Inc., dated as of _____, 2007 (the "Agreement"), is _____, _____ which is the earlier of completion of the Minimum Improvements, as defined in the Agreement, and the date a business occupies the Minimum Improvements.

Dated: _____

L & M SUPPLY, INC.

By _____
Its _____

COUNCIL LETTER 011707-VIC

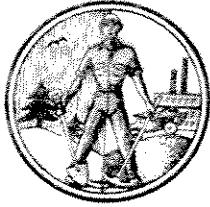
ADMINISTRATION

RESOLUTION NUMBER 05-07

DATE: January 10, 2007
FROM: Craig J. Wainio
City Administrator

Resolution Number 05-07 authorizes the development of plans and specifications for the improvement of Park Ridge Drive from Nichols Avenue to the Park Ridge Plat. The upgrading of this road is required through the development agreement with Iron Range Investment Group to develop the Park Ridge Plat. Estimated cost of the improvement is \$250,000. The City received a grant from the Iron Range Resources in the amount of \$150,000 to defray the costs of the improvement.

It is recommended that the City Council adopt Resolution Number 05-07 Ordering Improvement and Preparation of Plans.



CITY OF MOUNTAIN IRON

"TACONITE CAPITAL OF THE WORLD"

PHONE: 218-748-7570 • FAX: 218-748-7573 • www.mtniron.com
8586 ENTERPRISE DRIVE SOUTH • MOUNTAIN IRON, MN • 55768-8260

RESOLUTION NUMBER 05-07

ORDERING IMPROVEMENT AND PREPARATION OF PLANS

WHEREAS, a Resolution of the City Council adopted the 15th day of May, 2006, fixed a date for a Council Hearing on the proposed improvement of Park Ridge Drive from Nichols Avenue to the east edge of Park Ridge Plat by reconstruction, and;

WHEREAS, ten days' mailed notice and two weeks' published notice of the hearing was given, and the hearing was held thereon on the 5th day of June, 2006, at which all persons desiring to be heard were given an opportunity to be heard thereon.

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

1. Such improvement is necessary, cost-effective, and feasible as detailed in the feasibility report.
2. Such improvement is hereby ordered as proposed in the Council Resolution adopted the 1st day of May, 2006.
3. Benchmark Engineering is hereby designated as the engineer for this improvement. The engineer shall prepare plans and specifications for the making of such improvement.

DULY ADOPTED BY THE CITY COUNCIL THIS 17TH DAY OF JANUARY, 2007.

ATTEST:

Mayor Gary Skalko

City Administrator

COUNCIL LETTER 011707-VID

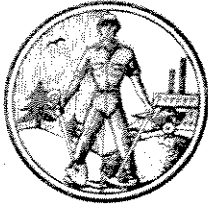
ADMINISTRATION

RESOLUTION NUMBER 06-07

DATE: January 10, 2007
FROM: Craig J. Wainio
City Administrator

Resolution Number 06-07 authorizes the development of plans and specifications for the improvement of 16th Avenue. This project is a joint effort between the City of Mountain Iron and the City of Virginia with Mountain Iron paying 45% and Virginia paying 55%. Total estimated cost of the improvement is \$410,000. The City received funding from the State in the amount of \$280,000 to cover Mountain Iron's portion of the costs of the improvement.

It is recommended that the City Council adopt Resolution Number 06-07 Ordering Improvement and Preparation of Plans.



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RESOLUTION NUMBER 06-07

ORDERING IMPROVEMENT AND PREPARATION OF PLANS

WHEREAS, a Resolution of the City Council adopted the 5th day of July, 2005, fixed a date for a Council Hearing on the proposed improvement of all of 16th Avenue by reconstruction, and;

WHEREAS, ten days' mailed notice and two weeks' published notice of the hearing was given, and the hearing was held thereon on the 18th day of July, 2005, at which all persons desiring to be heard were given an opportunity to be heard thereon.

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

1. Such improvement is necessary, cost-effective, and feasible as detailed in the feasibility report.
2. Such improvement is hereby ordered as proposed in the Council Resolution adopted the 6th day of June, 2005.
3. Benchmark Engineering is hereby designated as the engineer for this improvement. The engineer shall prepare plans and specifications for the making of such improvement.

DULY ADOPTED BY THE CITY COUNCIL THIS 17TH DAY OF JANUARY, 2007.

ATTEST:

Mayor Gary Skalko

City Administrator

COUNCIL LETTER 011707-VIE

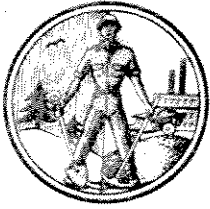
ADMINISTRATION

RESOLUTION NUMBER 07-07

DATE: January 10, 2007
FROM: Craig J. Wainio
City Administrator

Resolution Number 07-07 authorizes the development of plans and specifications for the infrastructure of Unity Second Addition. In order to move forward with the plat for this project, the City needs to start the process of developing plans and specifications. Enclosed in your packet please find the feasibility report for Unity Second Addition.

It is recommended that the City Council adopt Resolution Number 07-07 Ordering Improvement and Preparation of Plans.



CITY OF MOUNTAIN IRON

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RESOLUTION NUMBER 07-07

ORDERING IMPROVEMENT AND PREPARATION OF PLANS

WHEREAS, the City Council approves the general site layout of the proposed housing development located in the Northeast Quarter of the Northwest Quarter of Section 14, Township 58 North Range 18 West, as presented by the City Engineer, and;

WHEREAS, the City Council desires to construct the improvements, including streets, water, sewer, curb and gutter, needed for the development of the proposed housing development.

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

1. Such improvement is necessary, cost-effective, and feasible as presented in the feasibility report.
2. Benchmark is hereby designated as the Engineer for this improvement. The Engineer shall prepare plans and specifications for the making of such improvement.

DULY ADOPTED BY THE CITY COUNCIL THIS 17TH DAY OF JANUARY, 2007.

Mayor Gary Skalko

ATTEST:

City Administrator

**Unity 2nd Addition Roadway &
Residential Development
Feasibility Report
Project No. MI06-12**

**Mountain Iron, Minnesota
July 24, 2006**

Prepared by:



TABLE OF CONTENTS:

COVER PAGE

TABLE OF CONTENTS

BACKGROUND

EXISTING CONDITIONS

PROPOSED CONCEPTUAL PLAN

PROPOSED UTILITY INFRASTRUCTURE

PROPOSED UNITY DRIVE EXTENSION

OPINION OF COST SUMMARY

SUMMARY

ATTACHMENTS

- APPENDIX A: CONCEPTUAL LAYOUT MAP
- APPENDIX B: DETAILED COST ESTIMATE

BACKGROUND

On May 15, 2006, the Mountain Iron City Council requested a feasibility study and conceptual plan layout for the Unity Second Addition roadway and residential development.

The City of Mountain Iron completed the first phase of Unity Addition in 1999 and successfully added approximately 40 residential lots within the City. Currently, all lots have been sold with approximately 90% having homes constructed or under construction. In order to attract residents, the City has requested that Benchmark Engineering, Inc. evaluate the feasibility of providing additional lots within the city for residential development.

EXISTING CONDITIONS

The proposed 40-acre development parcel is located within Section 14, Township 58 N, Range 18 W, of the City of Mountain Iron, Minnesota. Currently the parcel of land is undeveloped land with a mix of open fields and wooded areas along the southerly and westerly portions.

The site is bordered on the east by the Mountain Iron Buhl High School baseball field and the Unity First Addition plat. The southerly and westerly portions of the site are adjacent to undeveloped private property. The site is bordered on the north by the Unity Drive right-of-way, which is currently undeveloped. An extension of Unity Drive adjacent to the proposed project is required should this project move forward.

PROPOSED CONCEPTUAL PLAN

The proposed conceptual plans were developed based upon input from the City Council, City Staff, and a review of the previous development. Various lot sizes and roadway configurations were considered in developing the conceptual plan options.

Based upon a site review with City Staff, the conceptual plan shown in Exhibit A was developed to best utilize the existing topography, while providing the lot sizes desired for residential development within the City. The conceptual plan has 33 residential lots ranging in size from 0.53 acres to 1.41 acres. The average lot size is 0.79 acres.

Wetland delineation was completed for the site and minimal disturbance of these wetland areas was a significant factor in the lotting and roadway layout for the development. It is anticipated that the total wetland disturbance for the site will be less than 10,000 SF, thus requiring only a nationwide permit from the US Army Corps of Engineers.

PROPOSED UTILITY INFRASTRUCTURE

The residential development will be served with municipal water and sanitary sewer. It is anticipated that the sanitary sewer will be a gravity collection system with a lift station and force main placed at the low area of the site near the proposed storm water/sedimentation pond. This lift station and force main will convey sanitary sewer flows northerly to the City sanitary sewer main located in Unity Drive.

The water distribution system will provide a looped system through the residential development with an 8" watermain. The watermain will connect to the Unity First Addition watermain located at the end of Diamond Lane and connect to the watermain in Unity Drive at the northwest corner of the site.

A storm sewer collection system will be provided, as the proposed roadways through the development will have curb & gutter. The storm sewer flows will be gathered at the low area near the center of the development parcel, where they will enter the proposed sedimentation/sedimentation pond. The sedimentation flow from the site will be conveyed through the wetland area offsite to the south to follow existing drainage patterns.

PROPOSED UNITY DRIVE EXTENSION

In order for the development to have adequate roadway access, an extension of Unity Drive will be required. Unity Drive will need to be extended westerly from the Emerald Avenue intersection approximately 1300 feet to the westerly limits of the proposed residential development.

The proposed development site will have two access connection points off the future Unity Drive, as well as one connection point to Diamond Lane located to the east of the subject site. The proposed lotting and roadway layout also provides a 66-foot right-of-way connection to the south in the event a future roadway is extended.

OPINION OF COST SUMMARY

The following table summarizes the engineer's opinion of cost for each conceptual plan. A complete cost estimate breakdown for this conceptual plan option is included within Appendix B of this report.

OPINION OF COST SUMMARY

	ITEM	ESTIMATED COST
	2nd ADDITION RESIDENTIAL DEVELOPMENT ROADWAY & UTILITIES	\$1,184,000
	UNITY DRIVE EXTENSION (EMERALD AVENUE TO 1300' WEST) (see detailed breakdown of costs in 2006 street improvement feasibility report)	\$427,000
	APPROXIMATE TOTAL COST	\$1,611,000

SUMMARY

In conclusion, the afore-mentioned information attempts to summarize the existing conditions and proposed conceptual lotting and utility layout for the Unity Second Addition roadway and residential development within the City of Mountain Iron.

It is our opinion that based upon the information provided; the proposed development is feasible and most likely necessary for the City of Mountain Iron to provide available building lots for new residents.

APPENDIX A: CONCEPTUAL LAYOUT MAP

APPENDIX B: DETAILED COST ESTIMATE



ENGINEER'S PRELIMINARY OPINION OF COST
 UNITY 2ND ADDITION RESIDENTIAL DEVELOPMENT
 PROJECT NO.: MI06-12
 CITY OF MOUNTAIN IRON, MINNESOTA

SPEC. NO.	ITEM DESCRIPTION	UNIT	QUANTITY	UNIT COST	ITEM COST
2101.502	CLEARING AND GRUBBING	LUMP SUM	1.0	\$10,000.00	\$10,000.00
2105.501	COMMON EXCAVATION (CV)	CU. YD.	15,000.0	\$3.00	\$45,000.00
2105.522	SELECT GRANULAR BORROW (CV)	CU. YD.	4,100.0	\$8.00	\$32,800.00
2105.535	SALVAGED TOPSOIL (CV)	CU. YD.	1,200.0	\$5.00	\$6,000.00
2105.604	GEOTEXTILE FABRIC TYPE V	SQ. YD.	11,500.0	\$1.50	\$17,250.00
2211.503	AGGREGATE BASE (CV) CL. 5	CU. YD.	2,800.0	\$14.00	\$39,200.00
2350.501	TYPE LV 4 WEARING COURSE MIXTURE B	TON	1,100.0	\$45.00	\$49,500.00
2350.502	TYPE LV 3 NON-WEARING COURSE MIXTURE B	TON	2,400.0	\$45.00	\$108,000.00
2357.502	BIT. MATERIAL FOR TACK COAT	GAL.	1,200.0	\$2.00	\$2,400.00
2501.515	15" RC PIPE APRON	EACH	3.0	\$500.00	\$1,500.00
2501.515	24" RC PIPE APRON	EACH	1.0	\$800.00	\$800.00
2502.541	4" PERF. P.E. PIPE DRAIN	LIN. FT.	7,000.0	\$6.00	\$42,000.00
2503.511	4" PVC PIPE SEWER	LIN. FT.	1,400.0	\$22.00	\$30,800.00
2503.511	8" PVC PIPE SEWER	LIN. FT.	2,300.0	\$28.00	\$64,400.00
2503.541	12" RC PIPE SEWER	LIN. FT.	200.0	\$35.00	\$7,000.00
2503.541	15" RC PIPE SEWER	LIN. FT.	200.0	\$40.00	\$8,000.00
2503.541	18" RC PIPE SEWER	LIN. FT.	620.0	\$42.00	\$26,040.00
2503.541	24" RC PIPE SEWER	LIN. FT.	80.0	\$50.00	\$4,000.00
2503.602	8" x 4" PVC WYE	EACH	33.0	\$150.00	\$4,950.00
2503.602	CONNECT TO EXISTING SANITARY SEWER	EACH	1.0	\$500.00	\$500.00
2503.603	4" FORCE MAIN	LIN. FT.	400.0	\$15.00	\$6,000.00
2504.602	8" GATE VALVE AND BOX	EACH	8.0	\$1,000.00	\$8,000.00
2504.602	HYDRANT	EACH	5.0	\$3,000.00	\$15,000.00
2504.602	CONNECT TO EXISTING WATERMAIN	EACH	3.0	\$1,000.00	\$3,000.00
2504.602	3/4" CORP. STOP	EACH	33.0	\$100.00	\$3,300.00
2504.602	3/4" CURB STOP & 1.5" BOX	EACH	33.0	\$150.00	\$4,950.00
2504.603	3/4" TYPE K COPPER PIPE	LIN. FT.	1,300.0	\$20.00	\$26,000.00
2504.603	8" D.I. WATERMAIN CL. 52	LIN. FT.	3,500.0	\$35.00	\$122,500.00
2504.608	WATERMAIN FITTINGS	POUND	1,100.0	\$4.00	\$4,400.00
2506.501	CONST. DRAINAGE STRUCTURE DES. F	LIN. FT.	8.0	\$300.00	\$2,400.00
2506.501	CONST. DRAINAGE STRUCTURE DES. G	LIN. FT.	50.0	\$275.00	\$13,750.00
2506.501	CONST. DRAINAGE STRUCTURE DES. 60-4020	LIN. FT.	12.0	\$400.00	\$4,800.00
2506.501	CONST. DRAINAGE STRUCTURE 4007	LIN. FT.	90.0	\$250.00	\$22,500.00
2506.516	CASTING ASSEMBLY	EACH	22.0	\$400.00	\$8,800.00
2506.601	CONSTRUCT LIFT STATION	LUMP SUM	1.0	\$65,000.00	\$65,000.00
2506.601	CONTROL STRUCTURE	LUMP SUM	1.0	\$5,000.00	\$5,000.00
2511.501	RANDOM RIPRAP CLASS III	CU. YD.	50.0	\$50.00	\$2,500.00
2531.501	CONCRETE CURB & GUTTER DES. D418 (MOD.)	LIN. FT.	7,000.0	\$10.00	\$70,000.00
2563.601	TRAFFIC CONTROL	LUMP SUM	1.0	\$5,000.00	\$5,000.00
2573.502	SILT FENCE, PREASSEMBLED	LIN. FT.	4,000.0	\$3.00	\$12,000.00
2573.501	INLET PROTECTION	EACH	11.0	\$200.00	\$2,200.00
2575.555	TURF ESTABLISHMENT	LUMP SUM	1.0	\$3,000.00	\$3,000.00

ESTIMATED CONSTRUCTION COST: \$910,240.00
 CONTINGENCY (10%): \$91,024.00
 ENGINEERING - DESIGN & CONSTRUCTION PHASE: \$173,000.00
 SUBDIVISION PLATTING: \$10,000.00

COUNCIL LETTER 011707-VIF

ADMINISTRATION

WETLANDS CREDIT PURCHASE

DATE: January 10, 2007
FROM: Craig J. Wainio
City Administrator

As part of the expansion of L&M, a wetlands permit was filed. The Corps of Engineers replied with the enclosed letter stating that the wetlands issue was never resolved stemming from the original construction of L&M in 1995. When the original development of L&M took place, the City committed to mitigating the wetlands that were lost at that time. As stated in the letter that was never completed. In order for L&M to move forward with their expansion, the City must live up to its original commitment and replace the wetlands.

Benchmark Engineering has located wetlands credits that would be available to the City through the Douglas County Public Works Department. These credits are available for \$.15 a square foot for a total purchase price of \$28,096.26 plus a 6.5% fee to the Board of Soil and Water Resources which totals \$1,826.26. Back in 1995, \$8,000 was escrowed to help cover the costs of the wetland mitigation.

It is recommended that the City Council authorize the purchase of approximately 4.3 acres of wetlands credits from Douglas County and authorize the payment of the BOSWR fee at a total cost of \$29,922.52 and further authorize the use of the \$8,000 in escrow to pay a portion of the costs for the purchase.



REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
ST. PAUL DISTRICT, CORPS OF ENGINEERS
190 FIFTH STREET EAST
ST. PAUL, MN 55101-1638

Operations
Regulatory (2006-3898-TWP)

December 22, 2006

Mr. Paul Tokarczak
Benchmark Engineering, Inc.
8878 Main Street
P.O. Box 261
Mt. Iron, Minnesota 55768-0261

Dear Mr. Tokarczak:

This letter regards L & M Supply's application for a Department of the Army (DOA) permit to discharge fill material in 4.0 acres of wetland adjacent to an unnamed tributary of Mushkenode Lake for expansion of their commercial building and parking lot (Corps file 2006-3898-TWP).

Before the Corps can complete our evaluation of this project several issues need to be addressed. First, our records indicate that the mitigation required by DOA permit 94-06136-TWP, dated October 12, 1994, issued to the City of Mt. Iron, which authorized the discharge of fill material for development of the L & M Supply site has not yet been completed. We are reluctant to complete our review of the current proposal until the mitigation requirements of the original permit have been satisfied.

Special Condition 1 of Corps permit 94-06136-TWP required that the City of Mt. Iron construct a wetland at least 4 acres in size to compensate for the loss of 2.87 acres of wetland. Our records indicate that the required mitigation has not been completed.

Prior to the Corps completion of review of the current proposal for the expansion of the L & M Supply site, the mitigation required by Corps permit 94-06136-TWP must be completed. If it is not practical for 4.0 acres of wetland to be created, as required by the permit, the Corps would allow for the purchase of 4.3 acres of wetland credits from an approved wetland mitigation bank located within the state to meet the mitigation requirement (replacement ratio 1.5:1).

The DNR also submitted several comments which need to be addressed. They questioned how this project might impact future flood events. They note that in recent summer floods (1993 and 1994?) this area north of TH 169 flooded, especially the NW quadrant of the intersection of TH 169 and TH 53. They recommend that the flood

storage capacity of these wetlands be determined and replaced in order to manage runoff, floods, and water quality.

The DNR state that the west and north sides of the current L & M site are uplands. They would like to see the option(s) of developing these areas explored before issuance of a permit as requested.

Responses should be addressed to Tim Peterson, St. Paul District, U.S. Army Corps of Engineers, Regulatory Branch, 1554 Highway 2, Suite 2, Two Harbors, MN 55616. If you have any questions, contact Tim Peterson in our Two Harbors office at (218) 834-6630. In any correspondence or inquiries, please refer to the Regulatory number shown above.

Sincerely,



For Robert J. Whiting
Chief, Regulatory Branch

Copy furnished:

Donald Ley
L & M Supply, Inc.
8497 Enterprise Drive North
Virginia, MN 55792

✓ Mr. Craig Wainia
City Administrator
City of Mt. Iron
City Hall
P.O. Box 505
Mt. Iron, MN 55768

COUNCIL LETTER 101606-VIG

LIBRARY

CONTINUATION OF EMPLOYMENT

DATE: January 10, 2007

FROM: Sally Peterangelo
Library Director

Craig J. Wainio
City Administrator

Mrs. Laura Nieters is approaching the end of his six month probationary period as Assistant Librarian. Staff has reviewed his performance and recommends to the City Council that Mrs. Laura Nieters employment with the City be continued beyond the probationary period which is set to expire on January 20th.

COUNCIL LETTER 011707-VIH

MAYOR SKALKO

LABOR/MANAGEMENT MEETING

DATE: January 10, 2007
FROM: Mayor Skalko
Craig J. Wainio
City Administrator

Mayor Skalko requested this item be place on the agenda with the background information:

Tentatively set-up for Wednesday, January 24, 2007 at 2:00 p.m.

COUNCIL LETTER 011707-VII

MAYOR SKALKO

PURCHASING AMOUNTS

DATE: January 10, 2007
FROM: Mayor Skalko
Craig J. Wainio
City Administrator

Mayor Skalko requested this item be place on the agenda with the background information:

Direct Staff to check with other area cities to find out what their minimum purchasing amounts are without requiring Council approval. (Currently, ours is set at \$2,500.)

COUNCIL LETTER 011707-VIJ

MAYOR SKALKO

VRMC FOUNDATION PAYMENT

DATE: January 10, 2007
FROM: Mayor Skalko
Craig J. Wainio
City Administrator

Mayor Skalko requested this item be place on the agenda with the background information:

To complete our initial pledge of \$15,000 to the VRMC (made 5 years ago); a \$2,000 payment is needed.

This has been budgeted for in our 2007 budget.

COUNCIL LETTER 011707-VIK

MAYOR SKALKO

FIRST RESPONDERS TRAINING & MILEAGE

DATE: January 10, 2007
FROM: Mayor Skalko
Craig J. Wainio
City Administrator

Mayor Skalko requested this item be place on the agenda with the background information:

To try and rejuvenate this program, \$12,000 has been budgeted for in 2007 to cover training and books for would-be candidates. This allotted money would also cover a \$10.00 call-out/mileage payment per individual.

COUNCIL LETTER 011707-VIL

MAYOR SKALKO

**ALL CITY BOARDS/COMMISSIONS
COMMITTEE OF THE WHOLE MEETING**

DATE: January 10, 2007

FROM: Mayor Skalko

Craig J. Wainio
City Administrator

Mayor Skalko requested this item be placed on the agenda with the background information:

Invite members of all our City boards/commissions to discuss various city issues and concerns. Tentative date: Wednesday, February 7th, 6:30 p.m.

January 10, 2007

To: Mayor and City Council

From: Steve Skogman

RE: Request for Community Center Use

A benefit for Gary Stanaway, who has cancer, is scheduled for February 22nd, 2007 at the Mountain Iron Community Center. We are formally requesting the Mountain Iron City Council waive the fees for the kitchen and the dining area. I will be attending the January 17th City Council meeting to address any questions that may arise.

Thank You in advance for your consideration.

COMMUNICATIONS
JANUARY 17, 2007

1. State of Minnesota, Office of the State Auditor, comments regarding the 2005 audit and related documents.
2. Notice of public hearing for a Conditional Use Permit for Ed Klimek at 5366 Mineral Avenue, Mountain Iron.
3. Notice of public hearing for a Variance for Five Star Living of Mountain Iron at 8583 Unity Drive, Mountain Iron.



PATRICIA ANDERSON
STATE AUDITOR

STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@state.mn.us (E-Mail)
1-800-627-3529 (Relay Service)

December 29, 2006

The Honorable Gary Skalko
Mayor
City of Mountain Iron
8586 Enterprise Drive South
Mountain Iron, Minnesota 55768

Dear Mayor Skalko:

Thank you for providing your City's audit. We have completed our review of your City's 2005 audit and related documents. We urge the City to work with its auditor and take appropriate action to comply with your auditor's comments and recommendations. I am providing articles from my Office to provide guidance with your auditor's comments regarding credit card purchases and adopting an investment policy that addresses custodial credit risk.

Your auditor also commented about authorizing expenditures including donations and provided your City with a copy of our statement of position on such matter. In our letter to your City for the 2004 audit review, we also sent your City a copy of the same statement of position. This issue is a recurring audit comment that should be resolved.

Fire Department

Based upon our review of your City's 2004 audit, my Office sent your City a letter regarding the deposit of FEMA grant funds, for the purchase of a tire truck, into a Fire Relief Account. We thank you for your City's response and informing this Office that an error was due to the way the grant application and award contract was worded. The grant was run through a Relief account to comply with FEMA requirements and was a one-time error.

Water Treatment and Wastewater Treatment Enterprise Funds


We also thank you for your City's response to losses in the Water Treatment Enterprise Fund in which your City informed this Office that the City's Utility Advisory Board is reviewing the rate structure and will be recommending rate increases. In past letters and responses from your City, we have also discussed losses in the Wastewater Treatment Enterprise Fund. Since these funds continue to show losses in 2005, my Office will continue to monitor these funds.



The Honorable Gary Skalko, Mayor
City of Mountain Iron
Page 2

We thank you and your staff for your continued cooperation and look forward to reviewing your 2006 audit. If you have any questions, please contact my Office.

Sincerely,



Patricia Anderson
State Auditor

CC: Mr. Craig Wainio, City Administrator
Walker Giroux & Hahne, Virginia, City Auditor

Enclosures: Credit Cards, Legal Restrictions on Public Investments, and Custodial
Credit Risk



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Statement of Position Custodial Credit Risk; Investment Policy Considerations

October 2006

GASB Statement No. 40 requires the notes to the financial statements to disclose a public entity's investment policy provision regarding custodial credit risk (or the fact investment policy does not address custodial credit risk). The extent to which a public entity's deposits or investments are subjected to custodial credit risk must also be disclosed.

This disclosure required by GASB Statement No. 40 carries forward the concept of custodial credit risk first identified in GASB Statement No. 3. Unlike other deposit or investment associated risks, custodial credit risk is the risk of loss associated with the counter-party's failure. For the purposes of analyzing this risk, counter-party is defined to include the entity that obtained an investment on a public entity's behalf. This risk differs in its application between bank deposits and investments. With regard to bank deposits, compliance with Minn. Stat. ch. 118A eliminates custodial credit risk. All of a public entity's deposits need to be protected by deposit insurance, bond or pledged collateral. In the event of failure of the depository, there is no custodial credit risks because a public entity can look to deposit insurance, the bond or the collateral to be made whole. Public entities should obtain the required documentation to show compliance with Minn. Stat. ch.118A. Minn. Stat. § 118A.03 subd. 4 requires a written assignment of collateral, and in order to be enforceable, the assignment must comply with the requirements of the Federal FIRREA Act. Audits of public entities therefore include examination for compliance with both state and federal law.

With regard to custodial credit risk related to investments, there is no state law that requires public entities to eliminate this risk. For investment custodial credit risk, the GASB statements require an analysis as to how the investment is being held. If a broker purchases an investment and transfers it to a custodian to hold on a public entity's behalf, there will be no custodial credit risk. However, this is not the way most public entities in the state of Minnesota handle their investments. Most public entities allow the broker that purchased the security to hold it. Unless the broker has Securities Investor Protection Corporation (SIPC) Insurance, securities purchased and held by the broker will be subjected to custodial credit risk. To the extent the broker has SIPC coverage and excess SIPC coverage those securities held by the broker will have no custodial credit risk.

The investment policy adopted by a public entity should reflect the two separate approaches to custodial credit risk. The policy should have one section for bank deposits and a second section for investments. Public entity investment policies that state:

The _____ [City, county, school district etc.] will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in Section...of this Investment Policy; and obtaining necessary documentation (e.g. broker certification forms and documentation of perfected security interests in pledged collateral) from the financial institutions, brokers/dealers, intermediaries and advisors, as applicable, with which the _____ [City, county, school district etc.] will do business in accordance with sectionof this Investment Policy.

will need to redrafted and this provision should be divided into two sections, one for deposits and one for investments. Alternative language that addresses those aspects of custodial credit risk particular to bank deposits would be as follows:

The _____ [City, county, school district etc.] will minimize deposit Custodial Credit Risk, which is the risk of loss of failure of the depository bank, by obtaining collateral or bond for all uninsured amounts on deposit, and obtaining necessary documentation to show compliance with state law and a perfected security interest under federal law.

For investment custodial credit risk, there is a range of options available to public entities again, because there is no statutory requirement involved. The following is language that addresses the aspects of custodial credit risk applicable to public investments:

The _____ [City, county, school district etc.] will minimize investment Custodial Credit Risk by permitting brokers that obtained investments for the _____ [City, county, school district etc.] to hold them only to the extent there is SIPC and excess SIPC coverage available. Securities purchased that exceed available SIPC coverages shall be transferred to the _____'s [City, county, school district etc.] custodian.

Alternatively, a public entity could adopt a provision indicating that no more than 10% of its securities will be exposed to a custodial credit risk, or some different percentage based on the governing body's comfort level.

Of course, a broker certification form needs to be signed by any broker prior to obtaining investments on behalf of a public entity. This is a statutory requirement and is not related to the custodial credit risk.

There are different approaches for investment custodial credit risk. The State Auditor's Office recommends that public entities adopt policy provisions that protect, to the greatest extent possible, the public entity's investments. If you should have any questions please feel free to contact David Kenney at (651) 297-3671.



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Statement of Position Legal Restrictions on Public Investing or Other Debt Instruments

December 2004

Local government entities in Minnesota are only allowed to invest in certain securities. Although all investments represent some risk of loss, these securities are generally considered to be among the safest available. Generally, state laws permit investment in the following types of securities:

- Federal Securities
 - Treasury bills, notes and bonds, as well as bonds and notes issued by US Government Agencies such as the Small Business Administration or GNMA, or by U.S. Government instrumentalities such as FNMA, Federal Home Loan Bank, Federal Farm Credit Bank or FHLMC (Freddie Mac)
- State and Local Securities
 - Bonds and other debt instruments issued by cities, counties, states or other governmental units subject to rating requirements
- Commercial Paper
 - Rated short-term debt issued by large corporation
- Guaranteed Investment Contracts
- Certificates of Deposit
 - Issued by U.S. Banks fully insured by FDIC
- Bankers Acceptances
 - Issued by U.S. Banks
- Money Market Mutual Funds
 - Subject to certain ratings
- Government Investment Pools, including the 4M Fund, the Liquid Asset Fund and MAGIC Fund

There are additional statutory restrictions for each of these types of investments. As a result, government investors need to read the statutory requirements found in Minn. Stat. §§ 118A.04 and 118.05 for any investment under consideration. In order to fulfill your duty to taxpayers, the official document that provides information on the investment to potential investors must be reviewed for compliance with these statutory legal restrictions. For example, debt obligations usually have "Offering Statements" which describe in detail the nature of the obligation, the source of repayment and other information. A mutual fund's purpose and operation is described in a document called a "Prospectus," which sets forth the goals of the mutual fund, as well as the restrictions



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Statement of Position Credit Card Use and Policies

December 2004

Counties, cities and towns have authority to make purchases using credit cards.¹ Before implementing the use of credit cards, a comprehensive credit card policy should be adopted that implements statutory requirements, as well as good management practices and minimum internal control procedures.

The statutes authorizing credit card use by counties, cities and towns restrict the use of credit cards to purchases for the county, city or town. By statute, the credit cards should only be used by those employees and officers otherwise authorized to make purchases.

No personal use of the credit card is permitted. If the county board, city council or town board does not authorize the credit card purchase, the officer or employee who made the purchase becomes personally liable for the amount of purchase.

Purchases made with the credit card must be consistent with other state law. For example, under Minnesota law, claims presented for payment must be in writing and itemized.² Bills received from a credit card company lack sufficient detail to comply with these statutory requirements. As a result, entities using credit cards must have the invoices and receipts needed to support the items charged in the bill from the credit card company. Similarly, listing only the credit card company on a claims list would merely identify the method of payment. It would not identify the vendors providing the goods and services.

The credit card statutes were not intended to be another method for creating debt for the public entity. The statutes governing the issuance of debt by a public entity have a number of restrictions attached to the issuance of any obligation. Instead, the credit card statutes simply authorize another type of payment. Therefore, the County or Board must adopt a policy of paying off the credit card charges on a monthly basis. The authority to use credit cards does not authorize the creation of a new form of debt for the public entity.

We urge the adoption of a comprehensive credit card policy that provides the following safeguards:

¹ Minn. Stat. § 471.382 applies to cities and towns; Minn. Stat. § 375.171 applies to counties.

² Minn. Stat. § 471.38, subd. 1.

- Identify the employees and officers who are authorized to make purchases on behalf of the local government and are eligible to use the card;
- Identify the particular purchases that are to be made with the credit card;
- Set up a review process for all purchases made with the credit card;
- Prohibit the use of the credit card for personal purchases; and
- Require supporting documentation for all purchases made with the credit card.

In addition, public entities may want to restrict the total amount of charges that can be made on the credit card. This will help limit exposure to theft or other improper uses of the credit card.

The ability to use a credit card for small purchases in the ordinary course of business offers many advantages. However, the ability of the cardholder to make the public entity liable for an improper or illegal purchase is an inherent risk associated with credit cards. Compliance with the requirements of the statute, and the adoption of and adherence to a policy implementing further internal controls will greatly reduce the public entity's exposure to loss of public funds through theft or misuse of the credit card.



CITY OF MOUNTAIN IRON

"TACONITE CAPITAL OF THE WORLD"

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City of Mountain Iron
8586 Enterprise Drive South
Mountain Iron MN 55768

NOTICE OF PUBLIC HEARING

The Planning and Zoning Commission of the City of Mountain Iron will hold a public hearing on Monday, January 22, 2007 at 7:05 p.m. in the Mountain Iron Room of the Mountain Iron Community Center.

The purpose of the public hearing is to consider a request made by Ed Klimek, 5366 Mineral Avenue, Mountain Iron, for a Conditional Use Permit as required by the Zoning Ordinance to construct an accessory building that would be in excess of 900 square feet. The property is legally described as follows:

Section 15, Township 58 North, Range 18 West

Southerly 425 feet of Northerly 600 feet of the Westerly 290 feet of Northwest Quarter (NW ¼) of the Southeast Quarter (SE ¼) except the Northerly 280 feet except beginning at the Northwest Corner of forty thence south along west line 455 feet to point of beginning

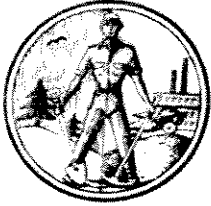
Acres: 0.79

Parcel Code 175-0070-01644

The public can present its opinions at the public hearing or by letter addressed to the Zoning Administrator, City of Mountain Iron, City Hall, 8586 Enterprise Drive South, Mountain Iron, Minnesota 55768-8260.

By Order of the Planning and Zoning Commission
Jerry D. Kujala
Zoning Administrator

www.mtniron.com



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Mountain Iron MN 55768

NOTICE OF PUBLIC HEARING

The Planning and Zoning Commission of the City of Mountain Iron will hold a public hearing on Monday, January 22, 2007 at 7:10 p.m. in the Mountain Iron Room of the Mountain Iron Community Center.

The purpose of the public hearing is to consider a request made by Five Star Living of Mountain Iron, 8583 Unity Drive, Mountain Iron for a variance from the sign requirements of the Zoning Ordinance. The property is legally described as follows:

Section 11, Township 58 North, Range 18 West

Southeast Quarter (SE $\frac{1}{4}$) of Southwest Quarter (SW $\frac{1}{4}$) ex South 350 feet of East 320 feet

Parcel Code: 175-0071-00906

The public can present its opinions at the public hearing or by letter addressed to the Zoning Administrator, City of Mountain Iron, City Hall, 8586 Enterprise Drive South, Mountain Iron, Minnesota 55768-8260.

By Order of the Planning and Zoning Commission
Jerry D. Kujala
Zoning Administrator

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