

**MOUNTAIN IRON CITY COUNCIL MEETING  
COMMUNITY CENTER  
MOUNTAIN IRON ROOM  
MONDAY, JUNE 20, 2005 - 6:30 P.M.  
A G E N D A**

- I. Roll Call
- II. Consent Agenda
  - A. Minutes of the June 6, 2005 Regular Meeting (#1-11)
  - B. Bills and Payroll
  - C. Receipts
  - D. Communications (#75-82)
- III. Public Forum
  - A. Close-up Presentation
- IV. Committee and Staff Reports
  - A. Mayor's Report
    - 1. EDA Resignation (#12)
  - B. City Administrator's Report
  - C. Director of Public Works Report
    - 1. Class 5 Quotes (#14)
  - D. Director of Parks and Recreations Report
    - 1. Quotes to Paint Locomotive (#15)
  - E. City Engineers Report
    - 1. INI Report
  - F. City Attorneys Report
  - G. Economic Development Authority
    - 1. Mountain Timber Development Agreement (#16-46)
  - H. Liaison Reports
- V. Unfinished Business
  - A. Ann's Acres Street Lighting (#47)
  - B. Assessment Policy for Frontage Roads and Sidewalks (#48-58)
- VI. New Business
  - A. Resolution Number 13-05 Accepting Report and Calling a Hearing (#59-61)
  - B. Resolution Number 14-05 Accepting Bids (#62-63)
  - C. Resolution Number 15-05 Site Permit – American Legion (#64-65)
  - D. Resolution Number 16-05 Bonding Request (#66-69)
  - E. Emergency Management Plan (#70)
  - F. Grass Cutting Policy (#71)
  - G. Microphone Lights (#72)
  - H. Public Meeting (#73)
  - I. Reschedule Next Meeting (#74)
  - J. Communications (#75-82)
- VII. Open Discussion
- VIII. Announcements
- IX. Adjourn

# Denotes page number in packet

MINUTES  
MOUNTAIN IRON CITY COUNCIL  
JUNE 6, 2005

Mayor Skalko called the City Council meeting to order at 6:30 p.m. with the following members present: Joe Prebeg, Jr., Allen Nelson, Dale Irish, 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; Larry Nanti, Director of Parks and Recreation; Karen Luoma, Librarian; and Rod Flannigan, City Engineer (entering at 6:45 p.m.).

It was moved by Prebeg and supported by Nelson that the consent agenda be approved as follows:

1. Add the following items to the agenda:
  - VII. A. Thank you
  - IV. D. 4. West Two Rivers Campground Partitions Quote
2. Approve the minutes of the May 16, 2005, 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 May 16-31, 2005, totaling \$281,147.73, (a list is attached and made a part of these minutes).
5. To authorize the payments of the bills and payroll for the period May 16-31, 2005, totaling \$262,460.46, (a list is attached and made a part of these minutes).

The motion carried unanimously on a roll call vote.

During the public forum, Karen Luoma announced that the Library Board would be hosting an Open House in honor of Darlene Anderson on Thursday, June 20, 2005 from 1:00 p.m. to 6:00 p.m.

It was moved by Prebeg and supported by Irish to accept the recommendation of the Library Board and hire Jenessa Knuti to work as the Library Temporary Summer Worker beginning June 13, 2005 at a rate of \$6.00 per hour for a period of six weeks. The motion carried unanimously on a roll call vote.

It was moved by Prebeg and supported by Skalko to waive the building rental fee for the benefit for the Rachel Nyberg Benefit to be held on June 22, 2005 at the Mountain Iron Community Center. The motion carried.

During the Mayor's report, the Mayor commented on the editorial in the June 5, 2005 Mesabi Daily News regarding the Excelsior Energy Project. He said that the newspaper article was very disappointing in how it depicted Mountain Iron with regard to this project. He explained that the City Council was given a Development Agreement with Excelsior Energy on February 4, 2005 and expected the City Council to vote on the agreement on February 7, 2005. The Mayor said that if the City would have accepted the Development Agreement as it was written, the City could not have afforded it. The Mayor also said that the location was initially to be by Manganika (3-Mile) Lake and then the project was moved to the Parkville area and the remaining residents in Parkville would have to move. The Mayor said that Excelsior Energy also had never contact U. S. Steel Corporation regarding the project being located in their blast zone. Councilor Irish agreed with the Mayor. Councilor Prebeg reiterated the issues regarding the Excelsior Energy Project as they relate to U. S. Steel Corporation.

The Mayor updated the Council regarding the new site for the Recycling Center. He said that the site should be operational by July 1, 2005. The Recycling Center would be operational with a magnetic key entry and would be in a lighted area. The Director of Public Works said the Recycling Center Plan is in place, but the work needs to be completed on the electrical substation in that area prior to the Recycling Center opening. The Director of Public Works said that when the City has a street overlay project completed in the area then the overlay would be completed for the Recycling Center with the street being paved from County Road 102 to the recycling area.

George Erickson, Representing Quad Cities Tennis for All, outlined a project for the Quad Cities area to construct an insulated steel building to accommodate four tennis courts in the Virginia area at a cost of approximately \$400,000. He said that there has been \$144,000 pledged for the project to date. He advised the Council that the facility would be run similar to the Mesabi Family YMCA as a non-profit organization.

The City Administrator reviewed the 2006 capital budget requests for the next legislative session for projects that are publicly owned and provide a public purpose. The City Administrator also updated the Council regarding the Costin Creek. He said that Minntac is no longer pumping water into the creek and the city water lines leakage is no longer flowing into the creek, so the water levels are down.

Councilor Roskoski asked City Staff if the Valspar paint had arrived. The City Administrator said that the paint was delivered.

Councilor Roskoski asked if City Staff had checked with the Architect regarding the crack in the Community Center building. The City Administrator said that Architectural Resources were looking into the matter.

It was moved by Skalko and supported by Irish to authorize the City Engineer to prepare plans and specifications for the 16<sup>th</sup> Avenue Project. The motion carried.

It was moved by Roskoski and supported by Irish to authorize the City Engineer to prepare plans and specifications for the drainage options on the south end of Mountain Iron Drive. The motion carried.

Councilor Roskoski asked how many applications were received for the part-time summer staff positions. The Director of Public Works said that the summer employees were hired using the criteria as established by the City Council.

It was moved by Roskoski and supported by Irish to have Benchmark Engineering prepare specifications for the installation of three metal streetlights, of the style that are located on County Road 7, for installation on Aspen Lane. And further, Staff will seek quotes for labor and materials for installation and the quotes will be ready for the June 20, 2005, City Council meeting. The motion carried with Councilors Prebeg and Nelson voting no.

It was moved by Roskoski and supported by Irish to have City Staff calculate what it would cost the City if the City Crew installed the lights in the Ann's Acres area. The motion carried with Councilors Prebeg and Nelson voting no.

It was moved by Prebeg and supported by Skalko to accept the recommendation of the Utility Advisory and direct the City Engineer to prepare plans and specifications, in the most cost effective way, for the demolition of the Ann's Acres water building, the removal of the water storage tank, and the abandonment of the two wells. The motion carried.

It was moved by Prebeg and supported by Irish to adopt Resolution Number 12-05, ordering preparation of report on improvements, (a copy is attached and made a part of these minutes). The motion carried.

It was moved by Prebeg and supported by Nelson to authorize the Recreation Director to advertise in the Mesabi Daily News and the Manney Shopper for the 4<sup>th</sup> of July activities at an approximate cost of \$500. The motion carried unanimously on a roll call vote.

It was moved by Prebeg and supported by Skalko to authorize the Recreation Director to advertise on the Mesabi Trail website as an enhanced listing for \$100. The motion carried on a roll call vote.

It was moved by Skalko and supported by Irish to award the quote for the new bathroom partitions at the West Two Rivers Campground to the Floor to Ceiling Store in the amount of \$6,300.00 for five stalls including installation. The motion carried unanimously on a roll call vote.

It was moved by Skalko and supported by Roskoski to direct City Staff to have metal signs placed on the locomotive and shovels that say, "look, enjoy, but please don't climb on" with City Staff asking the insurance company's advise regarding the signage. After further discussion Mayor Skalko amended his motion to include implementing items b and d of the League of Minnesota Cities Insurance trust letter dated May 24, 2005. Councilor Roskoski supported the amendment. The amended motion carried.

It was moved by Skalko and supported by Prebeg to award the quote for the Heather Avenue Class 6 overlay project to Mesabi Bituminous for the amount of \$5,750.00. The motion carried unanimously on a roll call vote.

During the Liaison reports, Councilor Roskoski advised the Council that the Library Board met and made a recommendation for the part-time summer worker, worked on the advertisement for the Assistant Librarian position, and discussed how much authority the Board has to hire employees.

It was moved by Skalko and supported by Prebeg to recommend that the word “preferred” be added to the requirements for the position description for the Assistant Librarian.

At 8:32 p.m., Councilor Roskoski left the meeting.

At 8:34 p.m., Councilor Roskoski returned to the meeting.

The motion carried with Councilors Roskoski and Irish voting no.

At 8:40 p.m., Councilors Prebeg and Nelson left the meeting.

At 8:42 p.m., Councilors Prebeg and Nelson returned to the meeting.

It was moved by Roskoski and supported by Skalko to direct the City Administrator to contact U. S. Steel Corporation, as soon as possible, to see if the roundhouse building in Downtown Mountain Iron would be for sale and what the price would be. The motion carried.

It was moved by Roskoski and supported by Skalko to direct the Recreation Director to work with Representatives of the Parks and Recreation Board and the Downtown Committee, if necessary, to seek quotes for electrical work, a heating system, insulation and the completion of the interior for the Downtown Skating Building. The motion carried.

Councilor Roskoski stated that the City Administrator and the Director of Public Works had a meeting with the Virginia Street and Alley Committee and ask them to report on the drainage area by Plaza 53 and 16<sup>th</sup> Avenue. The Director of Public Works said that there was nothing additional to report.

At 8:52 p.m., Mayor Skalko left the meeting.

At 8:54 p.m., Mayor Skalko returned to the meeting.

It was moved by Roskoski and supported by Irish to direct City Staff to obtain some street and sidewalk assessment policies from Virginia, Buhl, Gilbert, Hermantown and any other communities that they feel would be necessary for the Street and Alley Committee can review the policies. The motion carried.

Councilor Roskoski said that he was contacted by a resident and they were requesting that the lift station facilities be painted with earth-tone colors. The Council requested that the Director of Public Works make a recommendation to the City Council.

It was moved by Roskoski and supported by Skalko to direct City Staff to contact Minntac, as soon as possible, and request that the historic site marker, on the north side of the Mountain Iron Mine, which is now grey, to be repainted white. The motion carried.

Councilor Roskoski discussed the entrance monument at the intersection of Highway 53 and Old Highway 169. The City Administrator said that City Staff would review the situation and make a recommendation.

It was moved by Roskoski and supported by Irish to direct City Staff to obtain the sump pump ordinances from the Cities of Virginia, Buhl, Eveleth and Gilbert for the June 20, 2005 City Council meeting. The **motion failed** with Councilor Nelson, Councilor Prebeg, and Mayor Skalko voting no.

Councilor Roskoski outlined a development policy to the City Council. No further action was taken.

Councilor Roskoski had questions regarding a new development proposed for the Brunt Dump area.

The Council reviewed the list of communications.

It was moved by Prebeg and supported by Skalko to direct City Staff to contact the Zoning Administrator and request him to put immediately put a halt to the illegal construction at the Nordlund property at 5619 Nichols Avenue and the Paul property at 5620 Oriole Avenue. And further, if there is no results from the Zoning Administrator that the Sheriff's Department become involved. The motion carried.

During the open discussion, Councilor Irish asked if the Wastewater Treatment Plant sound barrier had been installed. The Director of Public Works said that it has not been completed yet, but the materials for the project have been purchased and the City Crew will be completing the work soon.

It was moved by Roskoski and supported by Skalko to acknowledge and thank the following East Range Secondary Technical Center Students of the Construction 1 and 2 classes for school year 2004-2005 that erected the Downtown Skating building:

Lead Crew Members:	Brian Pelletier	Class of 2005
	Nicholas Gigliotti	Class of 2006
	Lee Bruun	Class of 2006
	Jacob Grahowski	Class of 2006

Second Crew Members:	Joshua Anderson	Class of 2005
	Ryan Towner	Class of 2005
	Andrew Johnson	Class of 2005
	Blair Marden	Class of 2006

and the Instructor Ed Roskoski. The motion carried.

During the open discussion, Councilor Prebeg asked where the tire stand from U. S. Steel for Locomotive Park was currently located. The City Administrator said that he would check into the matter.

At 9:38 p.m., it was moved by Nelson 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](http://www.mtniron.com)

#### COMMUNICATIONS

1. Minnesota Clerks and Finance Officers Association, a letter encouraging participation in training through the Association.
2. MediaCom, a letter advising the City of channel changes and additions.
3. Minnesota Department of Transportation, a letter advising the City that the grant application for funding through the Local Improvement Program was not funded.

## Summary By Category And Distribution

Category	Distribution	Amount
CHARGE FOR SERVICES	REFUSE REMOVAL-CHG FOR SERVICE	890.00
MISCELLANEOUS	BASEBALL/SOFTBALL FEES	990.00
CAMPGROUND RECEIPTS	FEES	3,427.91
METER DEPOSITS	ELECTRIC	2,350.00
UTILITY	UTILITY	84,018.57
BUILDING RENTALS	BUILDING RENTAL DEPOSITS	700.00
BUILDING RENTALS	NICHOLS HALL	35.00
MISCELLANEOUS	ASSESSMENT SEARCHES	60.00
CD INTEREST	CD INTEREST 101	650.54
CD INTEREST	CD INTEREST 301	1,153.23
CD INTEREST	CD INTEREST 378	581.83
CD INTEREST	CD INTEREST 602	177.42
CD INTEREST	CD INTEREST 603	413.98
CD INTEREST	SMITH BARNEY CASH CD/FUND 101	67,000.00
COPIES	COPIES	3.50
PERMITS	BUILDING	57.75
BUILDING RENTALS	SENIOR CENTER	50.00
LICENSES	ANIMAL	25.00
TAXES	TRANSFERS FROM MI HRA	85,437.50
MISCELLANEOUS	REIMBURSEMENTS	1,834.50
MISCELLANEOUS	CHECK RETURN FEE	20.00
MISCELLANEOUS	BAD DEBT PYMT-GARBAGE	232.05
BUILDING RENTALS	COMMUNITY CENTER	75.00
MISCELLANEOUS	SALE OF P & Z BOOKS	10.00
SPECIAL ASSESSMENTS	SPECIAL ASSESS.-BOND MONEY	875.65
METER DEPOSITS	WATER	15.00
MISCELLANEOUS	SEPTIC APPLICATIONS	275.00
MISCELLANEOUS	BLUE CROSS/BLUE SHIELD PAYABLE	29,808.30
Summary Totals:		<u>281,147.73</u>



Check Issue Date(s): 05/22/2005 - 06/10/2005

Per	Date	Check No	Vendor No	Payee	Check GL Acct	Amount
06/05	06/07/2005	31650	501	ACCESS COMPUTERS	002-20200	825.38
06/05	06/07/2005	31651	6014	AFSCME COUNCIL 65	002-20200	100.00
06/05	06/07/2005	31652	10008	AIRGAS NORTH CENTRAL	002-20200	130.03
06/05	06/07/2005	31653	6011	AMBER MAYEN	002-20200	300.00
06/05	06/07/2005	31654	6001	APCO	002-20200	1,470.00
06/05	06/07/2005	31655	140026	AQUILA	002-20200	2,136.09
06/05	06/07/2005	31656	10001	ARROWHEAD ECONOMIC OPPORTUNI	002-20200	225.00
06/05	06/07/2005	31657	6015	ARROWHEAD LIBRARY SYSTEM	002-20200	100.00
06/05	06/07/2005	31658	10021	ARROWHEAD LIBRARY SYSTEM	002-20200	250.00
06/05	06/07/2005	31659	6008	ASHLEY RITACCO	002-20200	50.56
06/05	06/07/2005	31660	6003	BADGER TOWERS	002-20200	150.00
06/05	06/07/2005	31661	6016	BECKA AHRENS	002-20200	50.00
06/05	06/07/2005	31662	20019	BELSON OUTDOORS INC	002-20200	1,810.00
06/05	06/07/2005	31663	20022	BENCHMARK ENGINEERING INC	002-20200	5,012.50
06/05	06/07/2005	31664	20004	BURGHER OFFICE EQUIPMENT	002-20200	37.28
06/05	06/07/2005	31665	6005	CARL RAGSDALE	002-20200	85.46
06/05	06/07/2005	31666	30017	CARQUEST (MOUNTAIN IRON)	002-20200	181.59
06/05	06/07/2005	31667	30061	CELLULARONE	002-20200	515.30
06/05	06/07/2005	31668	220003	CITY OF VIRGINIA	002-20200	165.02
06/05	06/07/2005	31669	30005	CLERK OF CONCILIATION COURT	002-20200	30.00
06/05	06/07/2005	31670	30026	COMO LUBE & SUPPLIES INC	002-20200	94.40
06/05	06/07/2005	31671	40034	DAMBERG SCOTT GERZINA WAGNER	002-20200	2,061.52
06/05	06/07/2005	31672	6010	DEBBIE EYMAN	002-20200	152.04
06/05	06/07/2005	31673	40032	DEPARTMENT OF ADMINISTRATION	002-20200	362.94
06/05	06/07/2005	31674	40009	DEPARTMENT OF COMMERCE	002-20200	29.86
06/05	06/07/2005	31675	6022	DIANE TOREL	002-20200	100.00
06/05	06/07/2005	31676	6020	DON NISKA	002-20200	100.00
06/05	06/07/2005	31677	6013	DONNA SOKOLOSKI	002-20200	50.00
06/05	06/07/2005	31678	6012	DOROTHY PUGEL	002-20200	105.56
06/05	06/07/2005	31679	40030	DULUTH CLINIC	002-20200	40.00
06/05	06/07/2005	31680	40027	DULUTH/SUPERIOR COMMUNICATIONS	002-20200	150.00
06/05	06/07/2005	31681	500012	ERA LABORATORIES INC	002-20200	363.50
06/05	06/07/2005	31682	60026	FASTENAL COMPANY	002-20200	416.23
06/05	06/07/2005	31683	5007	FORTIS BENEFITS	002-20200	510.40
06/05	06/07/2005	31684	70010	GARETH STEVENS INC	002-20200	135.18
06/05	06/07/2005	31685	6004	GAYNELLE ALLEN	002-20200	71.83
06/05	06/07/2005	31686	70004	GRANDE ACE HARDWARE	002-20200	30.85
06/05	06/07/2005	31687	70028	GREATER MINNESOTA AGENCY INC	002-20200	186.00
06/05	06/07/2005	31688	70029	GUARDIAN PEST CONTROL INC	002-20200	59.64
06/05	06/07/2005	31689	80022	HAWKINS INC	002-20200	482.84
06/05	06/07/2005	31690	80002	HILLYARD	002-20200	453.51
06/05	06/07/2005	31691	90007	INDUSTRIAL LUBRICANT COMPANY	002-20200	231.46
06/05	06/07/2005	31692	7014	INTELAGARD INC	002-20200	3,134.42
06/05	06/07/2005	31693	6009	JEANETTE CURRY	002-20200	3.66
06/05	06/07/2005	31694	100002	JOHNSON CONTROLS INC	002-20200	989.00
06/05	06/07/2005	31695	100012	JUNIOR LIBRARY GUILD	002-20200	693.00
06/05	06/07/2005	31696	6007	KARI MACKEY	002-20200	291.39
06/05	06/07/2005	31697	120013	L & L RENTALS INC	002-20200	571.28
06/05	06/07/2005	31698	120032	LAKE COUNTRY POWER	002-20200	130.00
06/05	06/07/2005	31699	120002	LAWSON PRODUCTS INC	002-20200	1,280.85
06/05	06/07/2005	31700	120039	LEEF SERVICES	002-20200	62.57
06/05	06/07/2005	31701	120008	LEHMAN FABRICATING INC	002-20200	181.06
06/05	06/07/2005	31702	6021	LINDA NISKANEN	002-20200	100.00
06/05	06/07/2005	31703	120004	LITERARY GUILD	002-20200	113.49
06/05	06/07/2005	31704	130045	MCFOA TREASURER	002-20200	35.00
06/05	06/07/2005	31705	130072	MCGREGOR HOUSE MOVERS	002-20200	700.00
06/05	06/07/2005	31706	130068	MESABI TRAIL ADVERTISING	002-20200	100.00

Check Issue Date(s): 05/22/2005 - 06/10/2005

Per	Date	Check No	Vendor No	Payee	Check GL Acct	Amount
06/05	06/07/2005	31707	6019	MIB COMMUNITY EDUCATION	002-20200	100.00
06/05	06/07/2005	31708	130116	MINNESOTA CITY/CO MGMT ASSOC.	002-20200	80.00
06/05	06/07/2005	31709	130044	MINNESOTA DEPT OF HEALTH	002-20200	1,216.00
06/05	06/07/2005	31710	130009	MINNESOTA POWER	002-20200	37,324.20
06/05	06/07/2005	31711	6023	MISTY ELLIOT	002-20200	125.00
06/05	06/07/2005	31712	130079	MN ASSOCIATION OF SMALL CITIES	002-20200	1,231.10
06/05	06/07/2005	31713	130015	MOUNTAIN IRON PUBLIC UTILITIES	002-20200	14,418.12
06/05	06/07/2005	31714	140004	NORTHERN ENGINE & SUPPLY INC	002-20200	31.33
06/05	06/07/2005	31715	160031	PEPSI COLA COMPANY	002-20200	131.00
06/05	06/07/2005	31716	6017	PETER CERKVENIK	002-20200	50.00
06/05	06/07/2005	31717	160007	PETERSEN DRILLING	002-20200	11,685.65
06/05	06/07/2005	31718	6024	PHYLLIS YELENICH	002-20200	100.00
06/05	06/07/2005	31719	160005	PLAZA HARDWARE	002-20200	14.04
06/05	06/07/2005	31720	160023	POHAKI LUMBER	002-20200	29.15
06/05	06/07/2005	31721	170001	QWEST	002-20200	99.49
06/05	06/07/2005	31722	180008	RADKO IRON & SUPPLY INC	002-20200	42.59
06/05	06/07/2005	31723	180003	RANGE OFFICE SUPPLY	002-20200	74.74
06/05	06/07/2005	31724	180001	RANGE PAPER	002-20200	108.82
06/05	06/07/2005	31725	180012	RESCO	002-20200	800.57
06/05	06/07/2005	31726	6006	SAINT LOUIS COUNTY	002-20200	441.97
06/05	06/07/2005	31727	190003	SARANEN AUTO	002-20200	34.35
06/05	06/07/2005	31728	190010	SEPPI BROTHERS	002-20200	2,648.78
06/05	06/07/2005	31729	190045	SERVICE SOLUTIONS	002-20200	352.52
06/05	06/07/2005	31730	190014	SHERWIN WILLIAMS	002-20200	2,503.24
06/05	06/07/2005	31731	190043	SPIRIT LAKE 4-H CLUB	002-20200	33.00
06/05	06/07/2005	31732	190039	ST LOUIS COUNTY RECORDERS OFFC	002-20200	24.50
06/05	06/07/2005	31733	190030	STRATEGIC INSIGHTS INC	002-20200	439.31
06/05	06/07/2005	31734	200003	TACONITE TIRE SERVICE	002-20200	702.94
06/05	06/07/2005	31735	190053	THE STATIONERY HOUSE	002-20200	151.76
06/05	06/07/2005	31736	200036	TRITEC OF MINNESOTA INC	002-20200	428.37
06/05	06/07/2005	31737	200027	TRUE VALUE HOME CENTER	002-20200	459.26
06/05	06/07/2005	31738	210002	UNITED TRUCK BODY COMPANY INC	002-20200	553.07
06/05	06/07/2005	31739	220025	VERIZON WIRELESS, BELLEVUE	002-20200	17.03
06/05	06/07/2005	31740	220014	VIKING INDUSTRIAL NORTH	002-20200	147.44
06/05	06/07/2005	31741	6018	WACOOTAH WHEELERS ATV/OHM CLI	002-20200	50.00
06/05	06/07/2005	31742	230004	WENCK ASSOCIATES INC	002-20200	10,785.25
06/05	06/07/2005	31743	230005	WESCO DISTRIBUTION INC	002-20200	467.39
06/05	06/07/2005	31744	230016	WIDDES TRAILER SALES	002-20200	2,500.00
06/05	06/07/2005	31745	230010	WILBUR & VIOLET BALL	002-20200	1,050.00
06/05	06/07/2005	31746	230028	WISCONSIN ENERGY CONSERVATION	002-20200	118.86
06/05	06/07/2005	31747	240001	XEROX CORPORATION	002-20200	773.60
06/05	06/07/2005	31748	250001	YOUNG ADULT RESOURCES	002-20200	82.42
06/05	06/07/2005	31749	260005	ZEP MANUFACTURING COMPANY	002-20200	222.17
06/05	06/07/2005	31750	260002	ZIEBART	002-20200	210.87

Totals:

121,057.59

Payroll-PP Ending 5/20/05	82,839.07
Payroll-PP Ending 6/3/05	49,940.43
Sales Tax-Electronic Trans.5/20/05	8,623.37
<b>TOTAL EXPENDITURES</b>	<b><u>\$262,460.46</u></b>



# 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 12-05

### ORDERING PREPARATION OF REPORT ON IMPROVEMENT

WHEREAS, it is proposed to improve those Streets identified in Exhibit A by reconstruction and/or overlay and to assess the benefited property for all or a portion of the cost of the improvement, pursuant to Minnesota Statutes, Chapter 429.

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

That the proposed improvement be referred to Benchmark Engineering for study and that they are instructed to report to the City Council with all convenient speed advising the City Council in a preliminary way as to whether the proposed improvement is necessary, cost-effective, and feasible and as to whether it should best be made as proposed or in connection with some other improvement, and the estimated cost of the improvement as recommended.

**DULY ADOPTED BY THE CITY COUNCIL THIS 6<sup>th</sup> DAY OF JUNE, 2005.**

ATTEST:

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

  
\_\_\_\_\_  
Mayor Gary Skalko

**EXHIBIT A**

All of 16<sup>th</sup> Avenue  
Unity Drive from Mud Lake Road to Emerald Avenue  
Unity Drive from Mountain Iron Drive to County Road 7  
Enterprise Drive North from County Road 7 to Nichols Avenue

**COUNCIL LETTER 062005-IVA1**

**MAYOR SKALKO**

**EDA POSITION**

**DATE:** June 15, 2005

**FROM:** Mayor Skalko

Craig J. Wainio  
City Administrator

---

Accept the resignation of Mr. Larry P. Johnson from the Economic Development Authority and advertise for a replacement.

**Craig J. Wainio**

---

**From:** Mary Frances Skala [MSkala@fryberger.com]  
**Sent:** Tuesday, June 14, 2005 8:09 PM  
**To:** Craig J. Wainio  
**Subject:** Library Financing

The law on city capital improvement bonds was amended to include libraries. The city could issue g.o. bonds without an election to finance the library improvements if the improvements are included in a capital improvement plan approved after a public hearing by a 4/5th vote of the council. mf

Mary Frances Skala, esq.  
Fryberger, Buchanan, Smith & Frederick, P.A.  
302 West Superior Street, Suite 700  
Duluth, Minnesota 55802  
General: 218-722-0861  
Direct: 218-725-6807  
Fax: 218-625-9207  
email: [mfskala@fryberger.com](mailto:mfskala@fryberger.com)

**COUNCIL LETTER 062005-IVC1**

**PUBLIC WORKS**

**CLASS 5 QUOTES**

**DATE:** June 15, 2005

**FROM:** Don Kleinschmidt  
Director of Public Works

Craig J. Wainio  
City Administrator

---

Staff is requesting City Council authorization to seek quotes on approximately 2,000 yd<sup>3</sup> of Class 5 gravel.

Our stock pile of gravel has been depleted. This could be funded from the 2005 capital outlay budget.

**COUNCIL LETTER 062005-IVD1**

**MAYOR SKALKO**

**SEEK QUOTES**

**DATE:** June 15, 2005

**FROM:** Mayor Skalko

Larry Nanti  
Director of Parks & Recreation

Craig J. Wainio  
City Administrator

---

Staff is requesting approval to seek quotes to paint the train, to include labor for painting and labor and supplies for surface preparation.



**COUNCIL LETTER 062005-IVG1**

**EDA**

**DEVELOPMENT AGREEMENT**

**DATE:** June 15, 2005  
**FROM:** Economic Development Authority  
Craig J. Wainio  
City Administrator

---

At a special meeting held on June 10, 2005, the Mountain Iron EDA discussed and review the proposed development agreement with Mountain Timber. The EDA then made the following motion forwarding the proposed agreement to the City Council:

“A motion was made by Jason Goehring and supported by Barb Fivecoat that the development agreement be accepted “as is” and be passed on to the City Council. The motion passed unanimously.”

Enclosed, please find the agreement for your consideration. You are encourages to contact Mr. Gary Cerkvenik at 741-0139 or 749-0520 with any questions.

This agreement is being forwarded to the City Council due to the fact that the City, not the EDA, owns the property covered under this agreement. Maps of the property will be available at the meeting.

Councilor Roskoski also requested that this item be placed on the agenda with the following background information:

All councilors must have ample time to review/present all their concerns.

*June 9, 2005*

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**DEVELOPMENT AGREEMENT**

This DEVELOPMENT AGREEMENT (this "Agreement") dated as of \_\_\_\_\_, 2005, is made by and among the MT. IRON ECONOMIC DEVELOPMENT AUTHORITY, a public body, corporate and politic, and political subdivision, duly organized and existing under the laws of the State of Minnesota (the "Authority"), the CITY OF MOUNTAIN IRON, a municipal corporation and political subdivision duly organized and existing under the laws of the State of Minnesota (the "City"), MOUNTAIN TIMBER PROPERTIES, LLC, a limited liability company duly organized and existing under the laws of the State of Minnesota (the "Developer"). In consideration of the mutual obligations of the parties hereto, each of them hereby covenants and agrees with the other as follows:

**RECITALS**

A. The Authority has undertaken a program to promote housing and economic development and job opportunities and to promote the development of land which is underutilized within the City, and in this connection has created Project Area No. 1 (hereinafter referred to as the "Project Area") pursuant to Minnesota Statutes, Sections 469.001 through 469.047 and 469.124 through 469.134 ( the "Act").

B. Pursuant to the Act, the Authority is authorized to undertake certain activities to prepare and provide real property for development by private enterprise.

C. In order to achieve the objectives of the Redevelopment Plan/Development Program (the "Plan") for the Project Area, the Authority is prepared to acquire and convey property in order to bring about development in accordance with the Plan and this Agreement.

D. The Authority and the City believe that the development of the Project Area pursuant to this Agreement, and fulfillment generally of this Agreement, are in the vital and best interests of the Authority and the health, safety, morals and welfare of the residents of the City and in accord with the public purposes and provisions of the Act.

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

## **ARTICLE I**

### **DEFINITIONS**

Section 1.1 Definitions. As used in this Agreement, the following terms have the following respective meanings.

“Act” means Minnesota Statutes, Sections 469.001 through 469.047 and 469.124 through 469.134, as amended or supplemented from time to time.

“Agreement” means this Development Agreement.

“Authority” means the Mt. Iron Economic Development Authority, a public body, corporate and politic, and political subdivision of the State, or its successors or assigns.

“Authority Representative” means the Executive Director of the Authority or his or her designee.

“Building Inspector” means the Building Inspector of the City.

“Business Subsidy Agreement” means that certain agreement of even date herewith, by and between the Authority and/or the City and the Developer, in substantially the form set forth in attached Exhibit C.

“Certificate of Completion” means the Certificate, in the sample form attached as Exhibit A hereto, to be provided by the Authority to the Developer pursuant to this Agreement as set forth in Section 4.4 of this Agreement.

“City” means the City of Mountain Iron, a municipal corporation and political subdivision of the State, or its successors or assigns.

“Closing” means the delivery to the Developer by the City and/or the Authority of an executed quit claim deed for the Development Property, and performance by the parties of such obligations in connection with, related to, or ancillary to the delivery of said quitclaim deed.

“Completion Date” means one year from the date of this Agreement or the date on which construction of the Minimum Improvements will be substantially completed; provided that if the Development Property requires remedial environmental action, then the Completion Date shall be no earlier than one year from date upon which said remedial action is completed.

“Construction Plans” means the plans, specifications, drawings and related documents for all construction work to be performed by the Developer on the Development Property, including the all on-site improvements and landscaping to be performed, installed or constructed upon the Development Property and a transportation plan. The plans submitted by the Developer to the Building Inspector, if approved by the Building Inspector and acceptable to the Authority Representative, will serve as the Construction Plans.

“County” means St. Louis County, a municipal corporation and political subdivision of the State, or its successors or assigns.

“Developer” means Mountain Timber Properties, LLC, a Minnesota limited liability company, or its permitted successors or assigns under this Agreement.

“Development Property” means the real property described in **Exhibit B** of this Agreement.

“Electronic Notice” means notice transmitted through a facsimile machine or the Internet, if operative as between any two parties, for which a transmission confirmation has been received by the sender and which is confirmed in writing within 24 hours.

“Event of Default” has the meaning given in Section 7.1 of this Agreement.

“Hazardous Substance” means hazardous waste, toxic substances, polychlorinated biphenyls, asbestos or related materials. The term includes petroleum, including crude oil or any fraction thereof, natural gas, natural gas liquids, liquified natural gas, synthetic gas usable for fuel or mixtures thereof, and includes substances released from underground storage tanks. The term includes any element, compound, mixture, solution or substance regulated by federal, State or local law, rule or regulation because of its toxicity, corrosiveness, reactivity or ignitability or carcinogenic effect.

“Indemnified Parties” has the meaning given in Section 5.6 hereof.

“JOBZ” means a Job Opportunity Building Zone (JOBZ) under the JOBZ Act.

“JOBZ Act” means Minnesota Statutes, Sections 469.310 through 469.320

“Minimum Improvements” means the following improvements to be constructed and used by the Developer upon the Development Property pursuant to this Agreement as such improvements are described and detailed in the Construction Plans, including but not limited to facilities related and ancillary to Developer’s trucking business operations to be located on the former Vidmar shop site, including parking, loading and reloading facilities, and a firewood processing unit and specifically including: (1) an access road for the property described as Parcel 1 on **Exhibit B**; (2) clearing the property described as Parcel 1 on **Exhibit B** of all trees and shrubs; (3) filling and providing a jig rock lift to needed areas of the property described as Parcel 1 on **Exhibit B**; and (4) preparing the site for a wood yard and lay down area that conform with the requirements of the Redevelopment Plan and the City’s zoning ordinance.

“Mortgage” means any mortgage made by the Developer which is secured in whole or in part by the Development Property, any improvements thereon or any portion thereof.

“Net Proceeds” means the net proceeds of any insurance award to the Developer with respect to damage of the Minimum Improvements.

“Project” means the Development Property and the Minimum Improvements.

“Project Area” means the area designated as Project Area No. 1 in the Redevelopment Plan.

“Redevelopment Plan” means the Redevelopment Plan/Development Program for Project Area No. 1 adopted by the Authority for the Project Area, as amended or modified.

“Remedial Work” has the meaning given in Section 5.5(b) of this Agreement.

“State” means the State of Minnesota.

“Termination Date” means the date on which the Authority issues the Certificate of Completion.

“Transfer” has the meaning given in Section 5.2(a) of this Agreement.

“Unavoidable Delays” means delays, outside the control of the party claiming its occurrence, which are the direct result of strikes, other labor troubles, unusually severe or prolonged bad weather, acts of nature, fire or other casualty to the Minimum Improvements, litigation commenced by third parties which, by injunction or other similar judicial action, directly results in delays, or acts of any federal, State, or local government unit (other than the City or the Authority) which directly result in delays.

Section 1.2 Exhibits. The Exhibits to this Agreement are the following:

- Exhibit A: Form of Certificate of Completion and Release of Forfeiture
- Exhibit B: Legal Description
- Exhibit C: Form of Business Subsidy Agreement

## **ARTICLE II**

### **REPRESENTATIONS AND WARRANTIES**

Section 2.1 Representations, Warranties and Covenants by the Authority. The Authority represents, warrants and covenants that:

(a) The Authority has all the powers of an economic development authority under the laws of the State, including the Act, and has the power to enter into this Agreement and carry out its obligations hereunder.

(b) No part of this Agreement shall be construed as a representation or warranty of the Authority as to the condition (including soil condition) of the Development Property or as to its suitability for the Developer’s purposes and needs.

(c) The activities of the Authority are undertaken for the purpose of fostering development of certain real property which for a variety of reasons is presently underutilized and for the purpose of increasing the tax base and providing employment opportunities in the City.

Section 2.2 Representations, Warranties and Covenants by the Developer. The Developer represents, warrants and covenants that:

- (a) The Developer is a duly organized and existing limited liability company under the laws of the State of Minnesota and is not in violation of any provision of law or regulation of the State and has full power and authority to enter into this Agreement and to perform its obligations hereunder.
- (b) The Developer will construct, operate and maintain the Minimum Improvements upon the Development Property for at least five years in accordance with the terms of this Agreement, the Business Subsidy Agreement, the Redevelopment Plan and all local, State, and federal laws and regulations (including, but not limited to, environmental, zoning, building code and public health laws and regulations).
- (c) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented or limited by, or in conflict with or will result in a breach of, the terms, conditions or provisions of any evidences of indebtedness, agreement or instrument or whatever nature to which the Developer is now a party or by which it is bound, or will constitute a default under any of the foregoing.
- (d) The Developer will cooperate with the Authority with respect to any litigation commenced by a third party (not a party to this Agreement) with respect to the Project.
- (e) The Developer reasonably believes that the financing commitments which the Developer has obtained to finance construction of the Minimum Improvements together with committed equity will be sufficient to enable the Developer to successfully complete the Minimum Improvements in conformance with the Construction Plans and in accordance with the schedule contemplated in this Agreement. The information provided by Developer to the aforementioned lenders is identical to the project and financial information provided to the Authority.
- (f) The construction of the Minimum Improvements would not be undertaken by the Developer, and in the opinion of the Developer would not be economically feasible within the reasonably foreseeable future, without the assistance and benefit to the Developer provided for in this Agreement.
- (g) The Developer agrees that there shall be no discrimination in the use of the Development Property because of race, sex, age, sexual orientation or religious, political or other similar affiliations.
- (h) The Developer will obtain, in a timely manner, all required permits, licenses and approvals, and will meet, in a timely manner all requirements of all applicable local, State and federal laws and regulations which must be obtained or met before the Minimum Improvements may be lawfully constructed.
- (i) The Developer agrees to cooperate with the Authority in any required wetlands mitigation activities on the Development Property. The Developer represents that all wetlands,

if any, contained within the Development Property will be preserved in accordance with law, including performance of any required mitigation activities. Said mitigation activities, if in compliance with applicable law do not need to take place on the Development Property.

(j) Developer is not in default in the payment or performance of any note, indenture, mortgage, security agreement, or other contract, except as disclosed in writing to the Authority.

(k) Developer represents that there are no unsatisfied judgments which will have an adverse effect on Developer's ability to complete the Project, except as disclosed in writing to the Authority.

(l) Prior to the termination Date, the Developer shall promptly advise the Authority in writing of all litigation or claims affecting any part of the Minimum Improvements and all written complaints and charges made by governmental authorities materially affecting the Minimum Improvements or materially affecting Developer or its business which may delay or require changes in construction of the Minimum Improvements.

(m) The Developer agrees to enter into the Business Subsidy Agreement.

(n) The Developer will submit to the City and obtain the City's approval of a transportation plan which keeps large trucks out of the City's residential areas to the maximum extent practicable.

Section 2.3 Representations, Warranties and Covenants by the City. The City represents, warrants and covenants that:

(a) The City has all the powers of a statutory city under the laws of the State and has the power to enter into this Agreement and carry out its obligations hereunder.

(b) Except as expressly provided otherwise herein, no part of this Agreement shall be construed as a representation or warranty of the City as to the condition (including soil condition) of the Development Property or as to its suitability for the Developer's purposes and needs.

(c) The activities of the City are undertaken for the purpose of fostering development of certain real property which for a variety of reasons is presently underutilized and for the purpose of increasing the tax base and providing employment opportunities in the City.

**ARTICLE III**  
**UNDERTAKINGS OF DEVELOPER; AUTHORITY AND CITY;**  
**LAND TRANSACTIONS**

Section 3.1 The Development Property. The City or the Authority owns the Development Property and are willing to convey it to the Developer upon the terms and conditions set forth in this Agreement. Closing must take place on or prior to August 15, 2005.

Section 3.2 Title Examination.

(a) *Title Documents.* The Authority or the City shall deliver to the Developer an updated abstract (for abstract property) or registered property abstract (for registered property), as applicable for the Development Property.

(b) *Title Examination.* Developer shall be allowed 10 days after receipt of the title documents to complete title examination and make any written title objections, otherwise Developer waives its right to make any objections with respect to the marketability of the title to the Development Property.

(c) *Marketable Title.* The City and the Authority agree to provide marketable title to the Development Property. The City and the Authority agree to assist the Developer in curing any defects in the title to the Development Property, all costs of which shall be paid by the City and/or the Authority up to a maximum of \$\_\_\_\_\_. If the Developer determines in its sole discretion that it is unable or unwilling to acquire the Development Property due to the state of the title of the Development Property, then Developer may upon 10 days notice to the City and the Authority, terminate this Agreement; and if so terminated, the City and/or the Authority shall immediately refund any earnest money paid by Developer, less the administrative fee of \$\_\_\_\_\_ payable to the Authority. If the Developer undertakes to cure any title defects, and said cure cannot be completed prior to the closing date, the City agrees to extend the Closing date for the period of time reasonably necessary to completely cure the title defects.

(d) *Condition of Land.* Other than as provided herein, the Developer acknowledges and understands that the Development Property is being sold "as is." Neither the City nor the Authority makes any warranty or representation that such land is suitable or fit for the purposes of the Project and the Developer acknowledges that it has relied solely upon its own inspection and observation of the Development Property in agreeing to develop the Development Property and purchase the Development Property.

Section 3.3 Conveyance of Development Property.

(a) *Purchase.* Upon satisfactory review by Developer of the title to the Development Property, as described in Section 3.2, and subject to the following provisions of this Section 3.3 and Section 3.4, the City and/or the Authority shall convey to the Developer by quit claim deed all interests of the City and Authority in the Development Property, with the exception of the right of reverter described below, for a sum equal to the aggregate of the following, payable at Closing:

<u>Property Characteristics</u>	<u>Number of Acres Available</u>	<u>Price Per Acre</u>	<u>Total</u>
Buildable - no filling required	33.9	\$1,000	\$33,900
Filled with Tailings	32.5	\$500	\$16,250
Wetlands	9	\$200	\$1,800



Parcel __ (DB Western Site)	11	\$1,000	\$11,000
TOTAL	86.4		\$62,950

(b) *Right of Reverter.* Pursuant to Minnesota Statutes, Section 469.029, subdivision 5, and 469.105 conveyance of the Development Property shall be subject to the following:

(i) a right of reverter hereby granted to and retained by the Authority which right of reverter shall be exercised by the Authority only in the event that the Minimum Improvements are not constructed in accordance with the terms of this Agreement; and

(ii) a restriction in the deed conveying the Development Property to the Developer to the effect that prior to the issuance of the Certificate of Completion by the Authority, the Developer and its heirs, representatives, successors and assigns will not convey, lease or let the Development Property or any part thereof, or erect or use any building or structure erected thereon except in conformance with the Redevelopment Plan and approved modifications thereof.

The right of reverter referenced in clause (i) of this subsection and the restriction in the deed referenced in clause (ii) of this subsection will be extinguished upon execution of and filing the Certificate of Completion with respect to the Minimum Improvements.

(c) *Closing Costs.* Developer additionally agrees to pay the following costs incurred by the City and the Authority in conjunction with performance of their obligations under this Agreement: recording fees; deed preparation; and closing costs. City agrees to pay all of the costs incurred in performance of its obligation to convey marketable title to the property pursuant to Section 3.3(b). The City and/or the Authority shall pay or cause to be paid ad valorem property taxes and special assessments levied or assessed on such land payable in the year prior to the date of Closing. Ad valorem property taxes and special assessments payable in the year of the Closing, if any have been assessed as of the date of this Agreement, shall be prorated between the City and/or the Authority and the Developer to the date of Closing. All amounts to be paid by Developer hereunder shall be due and payable at Closing.

Section 3.4 Conditions Precedent. The City's and/or the Authority's obligation to convey the Development Property shall be contingent on the Developer being in material compliance with all the terms and provisions of this Agreement on the date of Closing and the Developer providing the Authority with the following:

(a) Financial Commitments. Adequate evidence of Developer's financial commitments to complete construction of the Minimum Improvements, consisting of evidence of one or more commitments for financing which, together with committed equity are sufficient for the construction of the Minimum Improvements (such commitments may be submitted as short term financing, long term mortgage financing, a bridge loan with a long term take out financing commitment, or any combination of the foregoing).

(b) Performance Bond. If the Developer cannot produce the evidence described in Subsection (a) of this section and still wishes to proceed to Closing, Developer must provide the Authority with a performance bond in the amount of at least \_\_\_\_\_ No 100ths Dollars (\$ \_\_\_\_\_), complying with the requirements of the Act, payable to the Authority in the event the Minimum Improvements are not substantially completed by the Completion Date.

Section 3.5 Closing. Unless otherwise mutually agreed by the City and/or the Authority and the Developer, the Closing shall take place at the principal office of the City and/or the Authority. The quit claim deed shall be in recordable form and shall be promptly recorded by the Developer or the City and/or the Authority on behalf of the Developer.

Section 3.6 City's and Authority's Obligations; Costs. The City and Authority agree to:

- (a) provide Developer with access to the "jig rock site(s)" immediately to the south of the DB western site (identified on **Exhibit B** as Parcel 2);
- (b) obtain, transfer, and convey to the Developer at no charge the right to take and use the jig rock or similar fill material located on or adjacent to the Development Property in quantities sufficient to meet the Developer's needs as identified in the definition of Minimum Improvements;
- (c) clean up the former municipal dump identified as Parcel 1 on **Exhibit B**;
- (d) provide access to County Road 102 to serve the property identified as Parcel 2 on **Exhibit B**;
- (e) perform a Phase I Environmental Analysis on the property identified as Parcel 2 on **Exhibit B** and a Phase II Environmental Analysis if it is mutually agreed among the parties;
- (f) prior to the Closing Date, perform a Phase I Environmental Analysis on the property identified as Parcel 2 on **Exhibit B** and a Phase II Environmental Analysis if necessary to meet the due diligence requirements of applicable law, and, at the sole expense of the City and the Authority, perform any and all remedial action necessary pursuant to said Environmental Analyses if mutually agreed among the parties provided, further that if the City and Authority do not agree to perform said remedial actions, then the Developer shall not be required to purchase Parcel 2, and the Purchase Price hereunder shall be reduced accordingly or the City and Authority shall refund all amounts paid by Developer for Parcel 2, if any;
- (g) provide benefits to Developer for activities qualified under the JOBZ Act on the condition that the Developer meets the requirements of the City's JOBZ Business Subsidy Policy; and
- (h) permit the Developer to erect and maintain a signs, at Developer's sole expense, identifying the location of and direction to the Developer's facilities and offices at the former Vidmar shop site at the following locations: (1) on the South side of County Road 102 near Slate

Street, (2) at the junction of County Road 102 and the access road to Parcel 2, and (3) along County Road 102 at the southerly access to Parcel 1 near the present General Electric facility, all for so long as Developer owns the Development Property or the Vidmar shop site; and

(i) if required by law, hold a public hearing on the conveyance of the Development Property and the assistance to be provided under the Business Subsidy Agreement.

Except as expressly provided to the contrary, the City and/or the Authority shall pay all of the costs associated with the performance of the obligations of the City and the Authority under this Agreement, including but not limited to the foregoing items and any and all attorneys fees incurred by the City and Authority. If the environmental analyses required by Section 3.6(d) cannot be completed prior to the Closing Date, the Closing Date shall be extended for the period of time reasonably necessary to permit the performance of the obligations of the City and Authority thereunder.

#### **ARTICLE IV** **CONSTRUCTION OF MINIMUM IMPROVEMENTS; INSURANCE**

Section 4.1 Construction of Minimum Improvements. The Developer agrees that it will construct the Minimum Improvements on the Development Property in conformance with the approved Construction Plans and at all times will operate and maintain, preserve and keep the Minimum Improvements or cause such improvements to be maintained, preserved and kept with the appurtenances and every part and parcel thereof in good repair and condition. The Developer agrees that the scope and scale of the Minimum Improvements to be constructed shall not be significantly less than the scope and scale of the Minimum Improvements as detailed and outlined in the Construction Plans. The City and/or the Authority shall have no obligation whatsoever to operate or maintain the Minimum Improvements.

#### Section 4.2 Construction Plans.

(a) Before commencement of construction of the Minimum Improvements, the Developer shall submit to the Authority the Construction Plans. The Construction Plans shall provide for the construction of the Minimum Improvements and related site improvements and shall be in conformity with the Redevelopment Plan, this Agreement and all applicable State and local laws and regulations. The Authority Representative will approve the Construction Plans in writing if:

- (i) the Construction Plans conform to the terms and conditions of this Agreement;
- (ii) the Construction Plans conform to the goals and objectives of the Redevelopment Plan;
- (iii) the Construction Plans conform to all applicable federal, State and local laws, ordinances, rules, and regulations;
- (iv) the Construction Plans are adequate to provide for construction of the Minimum Improvements and related site improvements;

(v) the Construction Plans do not provide for expenditures in excess of the funds available to the Developer from all sources for construction of the Minimum Improvements and related site improvements; and

(vi) no Event of Default has occurred.

(b) Approval may be based upon a review by the Building Inspector of the Construction Plans. No approval by the Authority Representative shall relieve the Developer of the obligation to comply with the terms of this Agreement or of the Redevelopment Plan, applicable federal, State and local laws, ordinances, rules and regulations, or to construct the Minimum Improvements in accordance therewith. No approval by the Authority Representative shall constitute a waiver of an Event of Default. If approval of the Construction Plans is requested by the Developer in writing at the time of submission, such Construction Plans shall be deemed approved unless rejected in writing by the Authority Representative in whole or in part. Such rejection shall set forth in detail the reasons therefor, and shall be made within ten days after the date of the receipt thereof by the Authority. If the Authority Representative rejects the Construction Plans in whole or in part, the Developer shall submit new or corrected Construction Plans within ten days after written notification to the Developer of the rejection. The provisions of this section relating to approval, rejection and resubmission of corrected Construction Plans shall continue to apply until the Construction Plans have been approved by the Authority. The Authority Representative's approval shall not be unreasonably withheld. Said approval shall constitute a conclusive determination that the Construction Plans (and the Minimum Improvements constructed in accordance with said plans) comply to the Authority's satisfaction with the provisions of this Agreement relating thereto.

(c) If the Developer desires to make any material change in the Construction Plans after their approval by the Authority, the Developer shall submit the proposed change to the Authority for its approval. If the Construction Plans as modified by the proposed change conform to the requirements of this section with respect to such previously approved Construction Plans, the Authority shall approve the proposed change and notify the Developer in writing of its approval. Such change in the Construction Plans shall, in any event, be deemed approved by the Authority unless rejected in whole or in part by written notice by the Authority to the Developer setting forth in detail the reasons therefor. Such rejection shall be made within ten days after receipt of the notice of such change. The Authority's approval of any change in the Construction Plans shall not be unreasonably withheld.

Section 4.3 Commencement and Completion of Construction. Subject to Unavoidable Delays, the Developer shall substantially complete the Minimum Improvements by the Completion Date, or by such other date to which the parties shall mutually agree in writing.

Section 4.4 Certificate of Completion.

(a) Upon completion of construction of the Minimum Improvements in accordance with the provisions of this Agreement, and upon written request made by the Developer, the Authority will furnish the Developer with a Certificate of Completion, in substantially the form set forth in Exhibit A attached hereto. Compliance by the Developer with all the terms of this Agreement shall be a condition precedent to the issuance of the Certificate of Completion. Such Certificate of Completion shall be a conclusive determination of satisfaction and termination of the agreements and covenants in this Agreement with

respect to the obligations of the Developer to construct the Minimum Improvements. Such Certificate of Completion shall be filed with the County Recorder/Registrar of Titles. The Developer shall pay any filing costs.

(b) If the Authority determines that it cannot issue the Certificate of Completion, it shall, within ten days after written request by the Developer, provide the Developer with a written statement indicating in adequate detail in what respect the Developer has failed to complete the Minimum Improvements in accordance with the provisions of this Agreement or is otherwise in default under the terms of this Agreement, and what measures or acts it will be necessary for the Developer to take or perform in order to obtain the Certificate of Completion.

#### Section 4.5 Insurance.

(a) Prior to the Termination Date, the Developer will ensure that its contractors and subcontractors will provide and maintain insurance at all times during the process of constructing the Minimum Improvements and from time to time during that period at the request of the Authority, furnish the Authority with proof of payment of premiums on policies covering the following:

(i) Builder's risk insurance, written on the so-called "Builder's Risk -- Completed Value Basis," in an amount equal to 100% of the insurable value of the Minimum Improvements at the date of completion, and with coverage available in nonreporting form on the so-called "all risk" form of policy; the interest of the Authority shall be protected in accordance with a clause in form and content satisfactory to the Authority; and

(ii) Comprehensive general liability insurance (including operations, contingent liability, operations of subcontractors, completed operations and contractual liability insurance) with limits against bodily injury and property damage of not less than \$1,000,000 for each occurrence (to accomplish the above-required limits an umbrella excess liability policy may be used). The Authority shall be listed as an additional insured on the policy; and

(iii) Workers' compensation insurance with statutory coverage.

(b) Upon completion of construction of the Minimum Improvements and prior to the Termination Date, the Developer shall maintain, or cause to be maintained, at its cost and expense, and from time to time at the request of the Authority shall furnish proof of the payment of premiums on insurance with respect to the Minimum Improvements as follows:

(i) Insurance against loss and/or damage to the Minimum Improvements under a policy or policies covering such risks as are ordinarily insured against by similar businesses;

(ii) Comprehensive general public liability insurance including personal injury liability (with employee exclusion deleted) against liability for injuries to persons and/or property, in the minimum amount for each occurrence and for each year of \$1,000,000;

(iii) Such other insurance including workers' compensation insurance respecting all employees of the Developer (if any) in such amount as is customarily carried by like organizations engaged in like activities of comparable size and liability exposure; provided that the Developer may be self-insured with respect to all or any part of its liability for workers' compensation.

(c) All insurance required in this section shall be taken out and maintained in responsible insurance companies selected by the Developer which are authorized under the laws of the State to assume the risks covered thereby. Upon request, the Developer will deposit with the Authority copies of policies evidencing all such insurance, or a certificate or certificates or binders of the respective insurers stating that such insurance is in force and effect. Unless otherwise provided in this section, each policy shall contain a provision that the insurer shall not cancel or modify it without giving written notice to the Developer and the Authority at least ten days before the cancellation or modification becomes effective. In lieu of separate policies, the Developer may maintain a single policy, blanket or umbrella policy, or a combination thereof, having the coverage required herein, in which event the Developer shall deposit with the Authority a certificate or certificates of the respective insurers as to the amount of coverage in force upon the Minimum Improvements.

(d) No policy of insurance shall be so written that the proceeds thereof will produce less than the minimum coverage required hereby, by reason of co-insurance provisions or otherwise, without the prior consent thereto in writing by the Authority. All policies evidencing insurance required by this subparagraph with respect to the Minimum Improvements shall be carried in the names of the Developer, the Authority and the holder of any Mortgage, as their respective interests may appear.

(e) The Developer and the Authority agree that all of the insurance provisions set forth in this section shall terminate on the Termination Date.

Section 4.6 Reconstruction. Prior to the issuance of the Certificate of Completion by the Authority, the Developer agrees to notify the Authority immediately in the case of damage exceeding \$100,000 in amount to or destruction of the Minimum Improvements or any portion thereof resulting in fire or other casualty. In such event, the Developer will forthwith repair, reconstruct and restore the Minimum Improvements to substantially the same or an improved condition or value as they existed prior to the event causing such damage, and to the extent necessary to accomplish such repair, reconstruction, and restoration, the Developer will apply the Net Proceeds received by the Developer to the payment or reimbursement of the cost thereof. The Developer shall complete the repair, reconstruction and restoration of the Minimum Improvements whether or not the Net Proceeds received by Developer for such purposes are sufficient to pay for the same. Any Net Proceeds remaining after completion of such repairs, reconstruction and restoration shall be the property of the Developer.

Section 4.7 Subordination. Notwithstanding anything to the contrary contained in this Article, the rights of the Authority with respect to the receipt and application of any proceeds of insurance shall in all respects be subject and subordinate to the rights of any lender under a Mortgage.

## **ARTICLE V**

### **PROHIBITIONS AGAINST ASSIGNMENT AND TRANSFER; INDEMNIFICATION**

Section 5.1 Representation as to Development. The Developer represents and agrees that its undertakings with respect to the Development Property pursuant to the Agreement are and will be used for the purpose of development of the Development Property and not for speculation in land holding.

Section 5.2 Prohibitions Against Transfer of Development Property and Assignment of Agreement. The Developer represents and agrees that prior to the Termination Date:

(a) Except only by way of security for the purposes of obtaining financing necessary to enable the Developer or any successor in interest to the Development Property, or any part thereof, to perform its obligations with respect to making the Minimum Improvements under this Agreement, and any other purpose authorized by the Agreement, the Developer (except as so authorized) has not made or created and will not make or create or suffer to be made or created any total or partial sale, assignment, conveyance, or any trust or power, or transfer in any other mode or form of or with respect to the Agreement or the Development Property or any part thereof or any interest therein, or any contract or agreement to do any of the same (collectively, a "Transfer"), to any person or entity, whether or not related in any way to the Developer, without the prior written approval of the Authority; provided that if the Developer remains liable and bound by this Development Agreement the Authority's approval is not required. Any such Transfer shall be subject to the provisions of this Agreement. Notwithstanding the foregoing, the Developer is authorized to lease all or a portion of the Project if such lease conforms to the provisions of the Redevelopment Plan.

(b) In the event the Developer upon Transfer seeks to be released from and seeks to assign its rights and obligations under this Agreement as to the portions of the Development Property that are transferred or assigned, the Authority shall be entitled to require, except as otherwise provided in the Agreement, as conditions to any such approval or release that:

(i) Any proposed transferee shall have the qualifications, in the reasonable judgment of the Authority, necessary and adequate to fulfill the obligations undertaken in this Agreement by the Developer. The criteria to be considered by the Authority in determining the qualifications for any proposed transferee shall be such transferee's ability to complete construction of the Minimum Improvements and to operate and/or manage the Project.

(ii) Any proposed transferee, by instrument in writing satisfactory to the Authority in form recordable among the land records, shall, for itself and its successors and assigns, expressly assume all of the obligations of the Developer under this Agreement as to the portion of the Development Property subject to the Transfer and agree to be subject to all the conditions and restrictions to which the Developer is subject as to such portion; unless the Developer agrees to continue to fulfill those obligations, in which case the provisions of Section 5.2(b) shall not apply.

(iii) There shall be submitted to the Authority for review and prior written approval all instruments and other legal documents involved in effecting the Transfer of any interest in this Agreement or the Development Property.

(iv) In the absence of a specific written agreement by the Authority to the contrary, no such Transfer or approval by the Authority thereof shall be deemed to relieve the Developer or any other party bound in any way by this Agreement or otherwise with respect to the construction of the Minimum Improvements or from any of its obligations with respect thereto.

(c) In the event the foregoing conditions are satisfied, then the Developer shall be released from its obligations under this Agreement as to the portion of the Development Property subject to the Transfer.

Section 5.3 Approvals. Any approval of Transfer of this Agreement or the Development Property required to be given by the Authority under this Article may be denied only in the event that the Authority reasonably determines that the ability of the Developer to perform its obligations under this Agreement, or the likelihood of the Minimum Improvements being successfully constructed and operated pursuant to the terms of this Agreement, will be materially impaired by the action for which approval is sought.

#### Section 5.4 Release and Indemnification Covenants.

(a) The Developer releases from and covenants and agrees that the Authority and the City and their governing body members, officers, agents, including their independent contractors, consultants and legal counsel, servants and employees (hereinafter, for purposes of this section, collectively the "Indemnified Parties") shall not be liable for and agrees to indemnify and hold harmless the Indemnified Parties against any loss or damage to property or any injury to or death of any person resulting from any defect in the Project.

(b) Except for any willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties, the Developer agrees to protect and defend the Indemnified Parties now and forever and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, and operation of the Project, provided that this indemnification shall not apply to the warranties made or obligations undertaken by the City and the Authority in this Agreement.

(c) The City and the Authority and the Indemnified Parties shall not be liable for any damage or injury to the persons or property of the Developer or officers, agents, servants, or employees or any other person who may be about the Development Property or Minimum Improvements due to any act of negligence of any person; provided, that nothing contained herein shall be interpreted to alter the liability of the City and the Authority or Indemnified Parties for any damage or injury to the persons or property of the Developer or officers, agents, servants, or employees or any other person who may be about the Development Property or Minimum Improvements caused by any act of negligence of the City and the Authority or the Indemnified Parties.

(d) All covenants, stipulations, promises, agreements and obligations of the City and the Authority contained herein shall be deemed to be the covenants, stipulations, promises, agreements and



obligations of the City and the Authority and not of any governing body member, officer, agent, servant or employee of the Authority or of the City.

Section 5.5 Hazardous Substances: Indemnification by Developer.

(a) The Developer agrees to indemnify and hold the City and the Authority harmless from and against any notice, claim, loss, demand, complaint or action from any governmental agency or office or from any third party for the payment of damages, costs or expenses relating to any Hazardous Substance deposited or released on the Development Property as a result of Developer's activities on the Development Property, including, but not limited to disposal or remedial action pursuant to federal, State or local law, and legal, engineering, testing and other fees.

(b) The City and Authority agree to indemnify and hold Developer harmless from and against any notice, claim, loss, demand, complaint or action from any governmental agency or office or from any third party for the payment of damages, costs or expenses relating to any Hazardous Substance deposited or released on the Development Property prior to Closing, including, but not limited to disposal or remedial action pursuant to federal, State or local law, and legal, engineering, testing and other fees.

(c) If any investigation, site monitoring, containment, clean-up, removal, restoration, or other remedial work (the "Remedial Work") of any kind is necessary under any applicable local, State or federal laws or regulations, or is required by any governmental entity or other third person because of or in connection with the presence or suspected presence of Hazardous Substance on or under the Development Property, the City or the Authority shall assume responsibility for all such Remedial Work resulting from activities on the Development Property occurring prior to Closing and all costs and expenses of such Remedial Work shall be paid by the City or the Authority. Without limiting the foregoing, nothing contained in this paragraph shall be construed or interpreted in such a way to adversely affect the ability of the City or the Authority to seek reimbursement of the cost of any Remedial Work undertaken by the City or the Authority from the federal government, State or other third party.

**ARTICLE VI**  
**MORTGAGE FINANCING**

Section 6.1 Limitation Upon Encumbrance of Development Property. Prior to certification of the completion of the Minimum Improvements by the Authority, neither the Developer nor any successor in interest under this Agreement, or otherwise with respect to the Project, shall engage in any financing or any other transaction creating any Mortgage or other encumbrance or lien upon the Development Property or any improvements thereon, whether by express agreement or operation of law, or suffer any encumbrance or lien to be made on or attach to the Development Property or any improvements thereon, except for the purposes of obtaining funds only to the extent necessary for making the Minimum Improvements (including, but not limited to, labor and materials, equipment, professional fees, real estate taxes, construction interest, organizational and other indirect costs of development, costs of constructing the Minimum Improvements and an allowance for contingencies.

Section 6.2 Mortgagee's Option to Cure Defaults. After any breach or default under this Agreement, the mortgagee shall (insofar as the rights of the City and/or the Authority are concerned) have

the right, at its option, to cure or remedy such breach or default and to add the cost thereof to the Mortgage debt and the lien of its Mortgage; provided, however, that if the breach or default is with respect to construction of the Minimum Improvements, nothing contained in this section or any other Section of this Agreement shall be deemed to permit or authorize such mortgagee, either before or after foreclosure or action in lieu thereof, to undertake or continue the construction or completion of the Minimum Improvements (beyond the extent necessary to conserve or protect the Minimum Improvements or construction thereof already made) without first having expressly assumed the obligations, by written agreement satisfactory to the Authority, to complete the Minimum Improvements on the Development Property, in the manner provided in this Agreement and in conformance with the Construction Plans. Any such mortgagee who shall properly complete the Minimum Improvements relating to the Development Property shall be entitled, upon written request made to the Authority, to a certification by the Authority to such effect in the manner provided in Section 4.5 of this Agreement.

Section 6.3 Authority's Option to Cure Default on Mortgage.

(a) Any Mortgage, any leasehold interest therein, or any improvements thereon shall provide that, in the event that the Developer is in default under any Mortgage authorized pursuant to this Article, the mortgagee, at any time such mortgagee shall serve any notice or demand upon the Developer with respect to such default, shall simultaneously notify the Authority in writing of:

- (i) the fact of the default;
- (ii) the elements of the default; and
- (iii) the actions required to cure the default.

(b) If the default is an "event of default" under such Mortgage, which shall entitle such holder to foreclose upon any interest in the Development Property, the Minimum Improvements or any portion thereof, and any applicable grace periods have expired, the Authority shall have, and each Mortgage shall provide, the following rights with respect to cure of such event of default:

(c) If within 15 days after receipt of said notice, or 30 days if the event of default is a default of a monetary obligation under the mortgage, the Authority commences the actions necessary to cure the default (and cures the default within 30 days after receipt of said notice), then the mortgagee shall pursue none of its remedies under the mortgage based upon said default of the Developer.

Section 6.4 Subordination and Modification for the Benefit of Mortgagees. In order to facilitate the obtaining of financing for the construction of the Minimum Improvements, the Authority agrees that it shall agree to any reasonable modification of this Article with respect to the rights of the Authority under any Mortgage to accommodate the interest of the holder of the first Mortgage; provided, however that the Authority determines, in its reasonable judgment, that any such modification(s) will adequately protect the legitimate interest and security of the Authority with respect to the Project and this Agreement. The Authority also agrees to consider such modification(s) of this Article with respect to other holders, and to agree to such modifications if the Authority, in its sole discretion, deems such modification(s) necessary and reasonable. The Authority further agrees to subordinate and hereby does subordinate its

rights and interest in the Development Property to the rights and interest of a first Mortgage holder therein.

## **ARTICLE VII** **EVENTS OF DEFAULT**

Section 7.1 Events of Default Defined. The following are Events of Default under this Agreement:

- (a) Failure by the Developer to acquire the Development Property from the City or the Authority, as the case may be.
- (b) Failure by the Developer to timely pay all ad valorem real property tax assessments and any special assessments with respect to the Development Property. For purposes of this section "timely" shall mean payment in full of real property tax assessments on the Development Property against which no penalties or interest have accrued.
- (c) Failure by the Developer to substantially observe or perform any material covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement.
- (d) Failure by the Developer to commence or complete construction of the Minimum Improvements pursuant to the terms, conditions and limitations of this Agreement.
- (e) A petition in bankruptcy is filed naming the Developer as debtor, and such petition is not dismissed within 90 days of the date of filing thereof.
- (f) The holder of any Mortgage exercises any remedy provided by the Mortgage documents or exercises any remedy provided by law or equity in the event of a default in any of the terms or conditions of any Mortgage.

Section 7.2 Remedies on Default.

- (a) Whenever any Event of Default occurs and remains uncured, the Authority may take any one or more of the following actions after giving 30-days' written notice to the Developer by the Authority, but only if the Event of Default has not been cured within said 30 days:
  - (i) The Authority may suspend its performance under this Agreement until it receives assurances from the Developer, deemed adequate by the Authority, that the Developer will cure its default and continue its performance under this Agreement.
  - (ii) The Authority may cancel and rescind this Agreement.
  - (iii) The Authority may withhold the Certificate of Completion.

(iv) Prior to the issuance of the Certificate of Completion, the Authority may exercise the right of reverter described in Section 3.3(b) of this Agreement.

(v) The Authority may take whatever action, including legal or administrative action, which may appear necessary or desirable to the Authority to collect any payments due under this Agreement, or to enforce performance and observance of any obligation, agreement, or covenant of the Developer under this Agreement.

(b) Notwithstanding the provisions of Section 7.1 and paragraph (a) of this section, if the Developer pays all past due ad valorem real property tax assessments on the Development Property and all interest and penalties accrued thereon within 12 months of the original due date thereof, then the provisions of this Agreement may be reinstated if the Developer is otherwise in compliance with the terms of this Agreement.

Section 7.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive of any other available remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 7.4 No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by any other party hereto, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 7.5 Agreement to Pay Attorneys' Fees and Expenses. Whenever any Event of Default occurs and the City and/or the Authority shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement or performance or observance of any obligation or agreement on the part of the Developer herein contained, the Developer agrees that it shall, on demand therefor, pay to the City and/or the Authority the reasonable fees of such attorneys and such other expenses so incurred by the City and/or the Authority.

## **ARTICLE VIII**

### **TERMINATION OF AGREEMENT**

Section 8.1 Mutual Agreement of Parties. This Agreement may be terminated upon mutual agreement of the parties hereto, in writing.

Section 8.2 Termination on Default. This Agreement may be terminated by the Authority pursuant to Section 7.2(a)(ii) of this Agreement.

Section 8.3 Termination on Termination Date. This Agreement will be terminated on the Termination Date.

Section 8.4 Termination By Developer. This Agreement may be terminated by the Developer pursuant to and in accordance with Section 3.2.

Section 8.5 Termination on August 15, 2005. This Agreement will terminate and be of no further force or effect on August 15, 2005 if the Developer has not acquired the former Vidmar shop site by such date. The parties may agree to extend such date, any extension to be considered to be an amendment hereto and governed by the requirements of Section 9.7.

**ARTICLE IX**  
**ADDITIONAL PROVISIONS**

Section 9.1 Restrictions on Use. The Developer agrees for itself, its successors and assigns and every successor in interest to the Development Property, or any part thereof, that the Developer and such successor and assigns shall devote the Development Property to, and only to, and in accordance with, the uses specified in and allowed by the Redevelopment Plan and the City Ordinance Code.

Section 9.2 Provisions Not Merged With Deed. None of the provisions of this Agreement shall be merged by reason of any deed transferring any interest in the Development Property and any such deed shall not be deemed to affect or impair the provisions and covenants of this Agreement.

Section 9.3 Titles of Articles and Sections. Any titles of the several parts, Articles and Sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of the provisions hereof.

Section 9.4 Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under this Agreement by either party to the other shall be sufficiently given or delivered if sent by Electronic Notice or registered or certified mail, postage prepaid, return receipt requested, or delivered personally; and

(a) In the case of the Developer to:

Mountain Timber Properties, LLC

\_\_\_\_\_  
Telephone: \_\_\_\_\_

FAX: (952) \_\_\_\_\_

Email: \_\_\_\_\_

(b) In the case of the Authority to:

Mt. Iron Economic Development Authority  
8586 Enterprise Drive S.  
Mountain Iron, MN 55768-8260

Attention: Executive Director

Telephone: (218) 748-7970  
FAX: (218) 748-7573  
Email: [cityadm@mtniron.com](mailto:cityadm@mtniron.com)

(c) In the case of the City to:

City of Mountain Iron  
8586 Enterprise Drive S.  
Mountain Iron, MN 55768-8260  
Telephone: (218) 748-7570  
FAX: (218) 748-7573  
Email: [cityadm@mtniron.com](mailto:cityadm@mtniron.com)

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

Section 9.5 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 9.6 Law Governing. This Agreement will be governed by and construed in accordance with the laws of the State.

Section 9.7 Amendments. This Agreement may be amended in writing upon mutual agreement of the City, the Authority and the Developer.

Section 9.8 Recording. The Developer or the Authority on behalf of the Developer shall record this Agreement and any amendments thereto with the County Recorder/Registrar of Titles. The Developer shall pay all costs for recording.

Section 9.9 Survival. All of the terms, representations, warranties and covenants in this Agreement shall survive and remain in force for the benefit of the parties after the delivery to the Developer of the Certificate of Completion and Release of Forfeiture as provided herein, except for those covenants and restrictions specifically released by the Certificate of Completion.

Section 9.10 Conflict of Interest; City and Authority Representatives Not Individually Liable. The City, the Authority and the Developer to the best of their respective knowledge represent and agree that no member, official or employee of the City or the Authority shall have any illegal personal interest, direct or indirect, in this Agreement, nor shall any such member, official or employee participate in any decision relating to the Agreement which affects his/her personal interest or the interest of any corporation, partnership or association which he/she is directly or indirectly interested, no member, official or employee of the City or the Authority shall be personally liable to the Developer or any successor in interest in the event of any default or breach by the Authority, or county or City, or for any amount which would become due to the Developer or successor or on any obligations under the terms of the Agreement.

Section 9.11 Equal Employment Opportunity. The Developer for itself and its successors and assigns, agrees that during the construction of the Minimum Improvements provided for in the Agreement, it will comply with all applicable federal, state and local equal employment and nondiscrimination laws and regulations.

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

MT. IRON ECONOMIC DEVELOPMENT  
AUTHORITY

By \_\_\_\_\_  
Its President

By \_\_\_\_\_  
Its Secretary

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2005, by \_\_\_\_\_ and \_\_\_\_\_, the President and Secretary, respectively, of the Mt. Iron Economic Development Authority, a public body, corporate and politic, and a political subdivision of the State of Minnesota, on behalf of said Authority.

\_\_\_\_\_  
Notary Public

CITY OF MOUNTAIN IRON

By \_\_\_\_\_  
Its Mayor

By \_\_\_\_\_  
Its City Administrator

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

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2005, by Gary Skalko and Craig Wainio, the Mayor and City Administrator, respectively, of the City of Mountain Iron, a public body, corporate and politic, and a political subdivision of the State of Minnesota, on behalf of said Authority.

\_\_\_\_\_  
Notary Public



MOUNTAIN TIMBER PROPERTIES, LLC

By \_\_\_\_\_  
Its \_\_\_\_\_

STATE OF MINNESOTA            )  
  ) ss.  
COUNTY OF \_\_\_\_\_        )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2005,  
by \_\_\_\_\_, the \_\_\_\_\_ of Mountain Timber Properties, LLC, behalf of the  
company.

\_\_\_\_\_  
Notary Public

This instrument was drafted by:

Fryberger, Buchanan, Smith & Frederick, P.A.  
700 Lonsdale Building  
302 West Superior Street  
Duluth, Minnesota 55802  
MFS/laj/8962-59

**EXHIBIT A**

**FORM OF  
CERTIFICATE OF COMPLETION**

WHEREAS, the MT. IRON ECONOMIC DEVELOPMENT AUTHORITY, a public body, corporate and politic, and political subdivision of the State of Minnesota (the "Authority"), has entered into a Development Agreement dated as of \_\_\_\_\_, 2005, with MOUNTAIN TIMBER PROPERTIES, LLC, a limited liability company duly organized and existing under the laws of the State of Minnesota (the "Developer"), recorded in the office of the County Recorder/Registrar of Titles in and for the County of St. Louis and State of Minnesota, as Document No. \_\_\_\_\_ (the "Development Agreement"), regarding the following-described land in the County of St. Louis and State of Minnesota, to-wit:

(the "Property"); and

WHEREAS, said Development Agreement incorporated and contained certain covenants and restrictions with regard to completion of construction of the Minimum Improvements, as defined therein; and

WHEREAS, the Developer has to the present date performed said covenants and conditions insofar as it is able in a manner deemed sufficient by the Authority to permit the execution and recording of this certification.

NOW, THEREFORE, this is to certify that all building construction and other physical improvements specified to be done and made by the Developer on the Property have been completed and the above covenants and conditions in that certain Quit Claim Deed dated \_\_\_\_\_, 200\_\_, and registered in the office of the St. Louis County Registrar of Titles on \_\_\_\_\_, 200\_\_, as Document No. \_\_\_\_\_ (the "Deed") and the Development Agreement have been performed by the Developer and that the provisions for completion of construction of the Minimum Improvements contained therein, are hereby released absolutely and forever insofar as they apply to the Property, and the Registrar of Titles in and for the County of St. Louis and State of Minnesota is hereby authorized to accept for recording and to record the filing of this instrument, to be a conclusive determination of the

satisfactory termination of the covenants and conditions of the Development Agreement relating to completion of construction of the Minimum Improvements.

The purpose of this Certificate is to release, discharge and make of no further force and effect the right of reverter described in the Deed and the conditions in the Development Agreement with respect to the completion of construction of the Minimum Improvements on the Property.

Dated: \_\_\_\_\_

MT. IRON ECONOMIC DEVELOPMENT  
AUTHORITY

By \_\_\_\_\_  
Its President

By \_\_\_\_\_  
Its Secretary

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

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2005, by \_\_\_\_\_ and \_\_\_\_\_, the President and Secretary, respectively, of the Mt. Iron Economic Development Authority, a public body, corporate and politic, and a political subdivision of the State of Minnesota, on behalf of said Authority.

\_\_\_\_\_  
Notary Public

This instrument drafted by:

Fryberger, Buchanan, Smith & Frederick, P.A.  
302 West Superior Street, Suite 700  
Duluth, Minnesota 55802

**EXHIBIT B**  
**LEGAL DESCRIPTION**

Parcel 1:

Parcel 2:

**EXHIBIT C**  
**FORM OF BUSINESS SUBSIDY AGREEMENT**

**BUSINESS SUBSIDY AGREEMENT**

This BUSINESS SUBSIDY AGREEMENT dated as of \_\_\_\_\_, 2005, is made by and between the MT. IRON ECONOMIC DEVELOPMENT AUTHORITY, a public body, corporate and politic, and political subdivision of the State of Minnesota (the "Grantor") and MOUNTAIN TIMBER PROPERTIES, LLC, a limited liability company duly organized and existing under the laws of the State of Minnesota (the "Recipient"). In order to satisfy the provisions of Minnesota Statutes, §§116J.993 through 166J.995 (the "Act"), the Grantor and the Recipient acknowledge and agree as follows:

1. Description of the Business Subsidy.

(a) *The Project.* The Recipient will be undertaking the following project within the area of the Grantor: construction by the Developer of an approximately 2,400 square foot steel building out of which it will operate its trucking business and related and ancillary facilities, including parking, loading and loading facilities, and a firewood processing unit (the "Project").

(b) *Type of Business Subsidy.* The Business Subsidy consists of the following assistance to the Recipient for the Project: infrastructure grant and tax relief under the JOBZ Act.

(c) *Amount of the Business Subsidy.*

(i) The value of the infrastructure (water, sewer, roads) grant to be provided to the Recipient is \$ \_\_\_\_\_.

(ii) The value of the JOBZ benefits is \$ \_\_\_\_\_.

2. Public Purpose for the Business Subsidy. The public purpose of the Business Subsidy is to encourage the construction of necessary public improvements and to redevelop blighted and underutilized areas in the jurisdiction of the Grantor.

3. Why the Business Subsidy is Needed. The Business Subsidy is needed because the Project is not economically feasible for the Recipient to undertake without the Business Subsidy.

4. Goals for the Business Subsidy.

(a) The Recipient agrees that it will meet the following goals (the "Goals"):

(i) No later than December 31, 2006, the Recipient will complete construction of the project.

(ii) Within two years from the Benefit Date it will create and retain at least \_\_\_ full-time equivalent job in connection with the Project; and the hourly wage of the new job will average at least \$ \_\_\_\_\_ per hour.

(b) As used herein "Benefit Date" means the earliest date of either: when the Project is finished; or when the Recipient occupies the property.

5. Continued Operations. The Recipient agrees to continue its operations in the jurisdiction of the Grantor for at least five years after the Benefit Date.

6. Financial Obligation of the Recipient if Goals Not Met. The Recipient agrees that if the Goals are not met in their entirety, the Recipient will repay all of the Business Subsidy to the Grantor plus interest set at the implicit price deflator for government consumption expenditures and gross investment for state and local governments prepared by the Bureau of Economic Analysis of the United States Department of Commerce for the 12-month period ending March 31 of the previous year, accruing from and after the Benefit Date, compounded semiannually ("Interest").

7. Reporting Requirements.

(a) The Recipient agrees to:

(i) report its progress on achieving the Goals to the Grantor until the Goals are met, or the Business Subsidy is repaid, whichever occurs earlier;

(ii) include in the report the information required in §116J.994, Subdivision 7 of the Act on forms developed by the Minnesota Department of Trade and Economic Development; and

(iii) send completed reports to the Commissioner of the Department of Trade and Economic Development and to the Grantor no later than March 1 of each year commencing March 1, 2004, and within 30 days after the deadline for meeting the Goals.

(b) If the Grantor does not receive the reports, it will mail the Recipient a warning within one week of the required filing date. If within 14 days of the post marked date of the warning the reports are not made, the Recipient agrees to pay to the Grantor a penalty of \$100 for each subsequent day until the report is filed up to a maximum of \$1,000.

10. Parent Corporation. The Recipient is a limited liability company, the member of which is \_\_\_\_\_.

11. Other Grantors. The following is a list of all other financial assistance to be provided by all grantors for the Project: \_\_\_\_\_

12. Term of Agreement. This Agreement will be in full force and effect until the earlier of the Recipient meeting all of its obligations hereunder or the provisions of the Act no longer applying to the Grantor, the Recipient or the Project, in which case this Agreement will be terminated.

The Grantor and Recipient have executed this Agreement as of the date written above.

Grantor:

MT. IRON ECONOMIC DEVELOPMENT AUTHORITY

By \_\_\_\_\_  
Its President

By \_\_\_\_\_  
Its Secretary

Recipient:

MOUNTAIN TIMBER PROPERTIES, LLC

By \_\_\_\_\_  
Its \_\_\_\_\_

**COUNCIL LETTER 062005-VA**

**COUNCILOR ROSKOSKI**

**ANN'S ACRES LIGHTING**

**DATE:** June 15, 2005  
**FROM:** Councilor Roskoski  
Craig J. Wainio  
City Administrator

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Councilor Roskoski requested that this item be placed on the agenda with the following background information:

Quotes from private contractors and the cost for the City to do the work should be ready for review and possible action.



**COUNCIL LETTER 062005-VB**

**COUNCILOR ROSKOSKI**

**ASSESSMENT POLICIES FOR  
FRONTAGE ROADS & SIDEWALKS**

**DATE:** June 15, 2005  
**FROM:** Councilor Roskoski  
Craig J. Wainio  
City Administrator

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Councilor Roskoski requested that this item be placed on the agenda with the following background information:

Our attorney has reviewed pertinent statutes and information from the League of Minnesota Cities (included in our packets) that should help the Council determine various assessment rates. The assessment information should first to the Street & Alley Committee for review and then recommendation to the Council for possible action.

Staff Note: The attached memo contains no recommendations on assessment rates only assessment procedures which City Staff has been using correctly since 1998.

# THE TRENTI LAW FIRM

## ATTORNEYS

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Sharon K. Fredrickson


## MEMORANDUM

**TO:** Mountain Iron City Council  
**FROM:** Sam A. Aluni, City Attorney  
**RE:** Special Assessment Procedures  
Our File No. 55,337-3  
**DATE:** June 13, 2005

\*\*\*\*\*

At the request of Councilor Roskoski I have been asked to advise the council regarding special assessment procedures. I am enclosing copies of Pages 600 through 605 from the League of Minnesota Cities Handbook and also Pages 611 through 613. City staff will assure compliance with the special assessment procedures as required by statute. The more problematic area is, of course, the adoption and implementation of a consistent set of policies resulting in the determination of the city's share of costs and the property owner's share of costs on any given improvement project. Pay particularly close attention to Pages 611 through 613 of the handbook as a general guide to the factors the council may legitimately use in determining the apportionment as to any given improvement. We have not reviewed the existing city policies with respect to assessment for street improvements, but the existing policies should be a good starting point for any discussion with respect to any proposed project. We trust this memo and the attachments will be of assistance to the council.

Very truly yours,



SAM A. ALUNI

SAA:skf  
Attachments

\*Civil Trial Specialist Certified by the National Board Trial Advocacy

++Real Property Law Specialist Certified by Minnesota State Bar Association

\*Civil Trial Specialist Certified by the Minnesota State Bar Association

## Other programs

In addition to financing public improvement projects and current services, cities may use special assessments to:

Minn. Stat. §§ 444.16-.21.

Minn. Stat. § 471.572.

- Construct, acquire, reconstruct, extend, maintain, and improve storm sewers in a storm sewer district; and,
- Creation of an infrastructure replacement reserve fund, which can be used for the replacement of streets, bridges, curbs, gutters, sidewalks, trees, and storm sewers.

## II. Synopsis of procedures

The following discussion is not a complete guide to the proper fulfillment of special assessment procedures, but it acquaints city officials with the tasks they must complete and makes suggestions on the effective use of special assessment financing. The council should consult an attorney who is familiar with the individual project, to make sure the city follows all legal procedures. If the proper procedures are not followed, a court may set the assessment aside and order a reassessment.

*Gadey v. City of Minneapolis*, 517 N.W.2d 344 (Minn. App. 1994), pet. for rev. denied (Minn. Aug. 24, 1994).

### Determining economic feasibility

The law does not require cities to complete the following tasks, however these tasks may help the council to evaluate a proposed public improvement project involving special assessments. The purpose of these steps is to determine whether the program is practical, desirable, and workable given the condition of city finances and the taxpaying capability of the property owners.

To make such an economic study, the council should first prepare a report containing the following information:

- The boundaries of the area that will benefit from the project;
- The total market valuation of all lands in the benefited area, plus the market value of each individual parcel or lot;
- The kinds of land use in the area and the percentage of land unused for urban purposes;
- The estimated cost of the improvement and the amount the city will finance from the general fund;
- The total amount payable from special assessments and the estimated levy against each parcel of land;

- The ratio of special assessments to market valuations for the area as a whole and for each individual parcel, as well as the ratio of all outstanding and unpaid prior assessments, plus the proposed one to the market value for all land in the area and for each individual parcel;
- The estimated increase in market value for each parcel of property if the improvement occurs; and,
- The total amount of bonds the city intends to issue and their proposed maturity.

The report will indicate whether the proposed assessment would be too heavy a financial burden on the property owners involved, and whether the assessments are not in excess of the amount of increased market value as a result of the improvement. The report will indicate the financial burden the city will need to assume, in terms of the demand upon money in the general fund and the impact on the city's borrowing capacity.

### **Steps in special assessment proceedings**

Minn. Stat. ch. 429.

In general, the local improvement code proposes the following steps:

#### **Initiation of proceedings**

Minn. Stat. § 429.031.

Either the council or a petition from affected property owners may initiate proceedings. If a petition, it must have the signatures of the owners of at least 35 percent in frontage of the property bordering the proposed improvements. If the council acts on its own initiative, an extraordinary majority is not necessary to initiate the proceedings.

#### **Preparation of a report**

Minn. Stat. § 429.031, subd. 1(b).

The law requires the city engineer or another competent person prepare a feasibility report on the proposal. The report must cover such factors as whether the project is necessary, the availability of necessary money in the general fund to pay the city's share of the cost, an estimate of that cost, whether the improvement is cost effective, and any other information necessary for council consideration.

## Public hearing

Minn. Stat. § 429.031, subd 3.

The council may omit this step if 100 percent of the affected land owners sign the petition requesting the improvement. The city must publish notice of the hearing twice in the official newspaper, with the notices appearing at least one week apart. At least three days must elapse between the last publication date and the date of the hearing.

Minn. Stat. § 429.031. *Broadbent v. City of East Bethel*, 444 N.W.2d 602 (Minn. App. 1989).

The city must mail a notice to each property owner in the proposed assessment area at least 10 days prior to the hearing that states the time and place of the hearing, the general nature of the improvement, and the estimated cost. At the hearing, the council should give interested people a chance to voice their concerns, whether or not they are in the proposed assessment area. Failure to give notice of this improvement hearing will invalidate subsequent assessment proceedings. If the project is rejected, it may not be reconsidered unless another hearing is held following the required notice.

## Ordering the improvement and preparation of plans

Minn. Stat. § 429.031, subd 1 (f).

If the council began proceedings because of a petition, the council needs a simple majority to pass a resolution for the improvement. If the council initiated the proceedings, it will need a four-fifths majority of the council to pass the resolution. After this, the city engineer should prepare necessary plans and specifications. The council should then decide how to do the work and, if necessary, issue a call for bids.

Minn. Stat. § 429.031.

## Time limits for local improvements

Minn. Stat. §§ 429.041, subd. 1' 435.191.

When a city council decides to make a public improvement, it must let the contract for all or part of the work or order all or part of the work to be done by day labor, within one year of adopting the resolution ordering improvement. However, the council could specifically state a different timeframe in the resolution ordering the improvement.

## Performance of work under contract or by day labor

Minn. Stat. § 429.041, subd 1.

Minn. Stat. § 429.041, subd. 1.

The council may order the work to be done by day labor if the estimated cost does not exceed \$25,000, if there are no bidders on the project, or if the only bids the council receives exceed the estimated cost of the project. Day labor means the city carries out a public improvement with its own employees, or with people the city hires specifically for that purpose. There is no contract under this system. The city assumes full responsibility for the work. Even

using day labor, however, the city must get bids for purchases of more than \$25,000. There are special advertising requirements if the contract exceeds \$100,000.

### **Preparation of proposed assessment rolls**

Minn. Stat. § 429.061, subd. 1.

Preparation of proposed assessment rolls is the clerk's responsibility. The council may require the clerk to conduct valuation studies, before and after market improvement, regarding the proposed assessment property to determine the amount of special benefits.

### **Public hearing on the proposed assessment**

The purpose of the second hearing is to give property owners an opportunity to express their concerns on the actual special assessment levy.

The city must publish, one or more times, notice of the hearing and include the total cost of the improvement in the city newspaper or, if no city newspaper exists, in a county seat newspaper. The city must also mail notice of the hearing, including the amount of the special assessment against the individual parcels, possible prepayment provisions, and the interest rate on the assessments to each property owner at least two weeks prior to the hearing date. The published notice must include the hearing time, date, place, overall project description, area to be assessed, amount of total assessment description of appeals procedures, and any deferment options.

Minn. Stat. § 429.061, subd. 1.

In light of the court decisions, discussed earlier in this chapter, the council must present and consider evidence including expert testimony of the market value increases to the benefited properties as a result of the improvements. The hearing notice should contain a statement that those who wish to dispute their assessment may notify the council, and the council can then arrange for a hearing before an impartial hearing officer. No appeal may be taken as to the amount of an assessment unless a written objection signed by the property owner is filed with the city clerk prior to the assessment hearing or presented to the presiding officer at the hearing. Persons wishing to dispute their assessment must be informed of these rights and obligations.

The property owner could then testify and introduce expert testimony concerning the improvement in market value of the property. The city must do likewise. The city should keep a detailed record of this evidence.

### **Approval and certification of assessment rolls**

Minn. Stat. § 429.061, subd. 2.

After the public hearing, the council must approve the assessment rolls in their final form so the clerk can certify them to the county auditor. The council should examine assessment rolls to determine whether an appeal is

likely to result from a particular assessment, and whether the assessment is realistic in view of the city's real estate market.

### **Issuance of obligations to finance the improvement**

Most cities use one of three types of bonds to finance special assessments: improvement bonds, improvement warrants, and temporary improvement bonds. For a full discussion of these steps, see the LMC *Local Improvement Guide* publication.

If the council wishes to expedite matters or to provide better estimates of cost at the first hearing, it may prepare, in addition to the required preliminary report, complete plans and specifications, advertise for bids, and open and tabulate them before the hearing.

The council may combine into one proceeding, an improvement on two or more streets or different improvements on the same or different streets. For example, the council may combine sidewalk, water, sewer and curb, and gutter projects anywhere in the city in one proceeding. After completing the assessment roll, the council must divide the improvement cost between the city as a whole and the benefit district. After this the council can apportion the district's share of the cost in proportion to the estimated special benefits the individual properties will receive.

Minn. Stat. § 429.021, subd. 2.

### **Levying and collecting assessments**

Assessment rolls are lists for each assessment project containing a description of each parcel of property, the name of the property owner, and the amount of the assessment. The clerk should prepare a separate assessment roll for each improvement project prior to the hearing on the assessment. After the hearing, the council must officially adopt the roll, by resolution, and then the clerk must certify it to the county auditor.

Minn. Stat. § 429.061, subd. 3.

The clerk may use one of two methods in certifying assessments to the auditor. In the first method, which the clerk should use unless the council directs otherwise, the clerk certifies a duplicate copy of the assessment roll and sends it to the county auditor. The auditor is then responsible for spreading the assessment against the properties in the year in which each installment is due. This is the preferred method for two reasons. First, it eliminates the clerk having to do an annual computation and, thus, avoids errors in later years. Second, once all the assessments have been certified, the city may retain the ability to collect the assessments if the land goes tax forfeit or the owner declares bankruptcy.

If the council prefers, it may direct the clerk to file all the special assessment rolls in the clerk's office, and to certify annually to the county auditor only the total amount of principal and interest due on special assessments from

Minn. Stat. § 429.061, subd. 3.

Minn. Stat. § 429.061, subd. 3.

each parcel of property for the following year. The clerk must certify all assessments to the county auditor on or before Nov. 30 if the auditor is to spread the first installment on the books for collection in the following year.

## Payment of assessments

Minn. Stat. § 429.061, subd. 3.

Once the clerk has prepared these special assessment rolls and the council has approved them, property owners have the option of either paying the total amount of their assessment immediately or paying it in annual installments under the terms set by the council.

Minn. Stat. § 429.061, subd. 3.

If the property owner pays the entire amount of the assessment within 30 days after the council adopts the assessment rolls, the city cannot charge any interest. If the property owner pays the entire amount at any time after 30 days, but before any certification to the county auditor, he or she needs to pay only the amount of interest accrued as of the date of payment. At any time after the certification, the property owner may still pay the entire remaining unpaid amount to the county treasurer. In this case, however, prior to Nov. 15 of any year the property owner must pay all interest that would have accrued to Dec. 31 of the year in which the person makes the payment.

Minn. Stat. § 429.061, subd. 2;  
Minn. Stat. § 475.55, subd. 3.

If the property owner elects not to pay the entire amount of the assessment at once, he or she may pay it in annual installments spread over the number of years the council has allowed. Because postponement of payment necessitates city borrowing to pay for the improvement, the city must add an interest charge to each year's assessment payment. Interest accrues from the time the council first levies the assessment until Dec. 31 of the year the property owner makes the last payment. The council may set the interest rate in any amount it determines, unless a charter provision limits the amount. The council should set the rate somewhat higher than the interest the city is paying on the special assessment bonds, but not so high for the city to derive substantial revenue.

Minn. Stat. § 429.061, subd. 3.

The council may authorize, by ordinance, partial prepayment of assessments prior to certification to the county auditor.

The council must also decide the number of years over which the property owners may pay the assessment. The statutes permit payment over a period of not more than 40 years, if the useful life of the asset is 40 years or more, otherwise 30 years. The assessment should never be payable over a period longer than the estimated life of the improvement itself. The shorter the period of payment, the lower the interest cost.



Before it can deliver the bonds or warrants to the purchaser, the council must levy a general tax for the payment of that portion of the cost not covered by the special assessment levies.

The council must make any tax levy for this purpose irrevocable for as long as the bonds or warrants are outstanding. While the council cannot repeal the levy until after all the principal and interest are paid, it may reduce the tax in any year if a surplus occurs in the sinking fund from which the city pays the improvement bonds.

### **Interest on improvement bonds**

Minn. Stat. § 429.091, subd. 3.

Bonds may carry any interest rate the council determines.

### **Interest on special assessments**

Special assessments may bear interest at any rate the council determines, unless the charter sets interest limits on the rates for assessments.

## **III. Special problems**

Problems commonly encountered in using special assessments include:

- Determining the city's share of the cost;
- Apportioning the remaining costs among the benefited properties;
- Levying assessments against properties exempt from taxation; and,
- Deferring payment of special assessments on senior citizen's homesteads.

### **Determining the city's share of the cost**

The city itself should always bear the cost of public improvements assessable against city-owned and other property exempt from special assessment levies. The city should pay a proportion of the cost equal to the proportionate share of the benefit the general public enjoys. The council must determine the extent to which the general public benefits from any particular improvement.

The council might consider several public benefit aspects of streets, sewers, water mains, and other improvements. Expected use of a street, for example, can be the basic test of the amount of public benefit. An improved street that the general public uses, not just nearby residents, is obviously of general benefit. The same is true of parks. The anticipated use of a park should

determine whether the city should charge the entire cost against the immediate neighborhood, or whether some portion should come out of general revenues. Similar rules apply to other kinds of public improvements.

Many cities have adopted the policy of paying for all intersections, crosswalks, curb returns, and similar parts of public improvement projects not immediately fronting on private property. Other communities distribute the same costs over the benefited district. Again, the council should decide what is proper in each particular case.

### **Cost apportionment**

There are two major problems in allocating the cost of public improvements. The first is the division of costs between the city and the property owners. The second is the division of costs among property owners, a problem posing several complicated questions.

For example, the council must decide which properties to assess in the program. Normally, cities include all properties abutting or bordering on the improvement, but the council may wish to levy assessments against adjacent, non-abutting properties if they benefit from the improvement. Furthermore, the council must estimate the benefit each parcel of property will receive before determining individual assessments. This phase of work includes decisions regarding the treatment of corner and odd-shaped lots. Finally, the council must decide which of several cost allocation procedures would most nearly equate costs and benefits.

### **Determining benefit districts**

Determining what area benefits from improvement projects, the area against which the city will levy assessments, is a major policy decision. Levying assessments against either too large or too small a benefit district results in inequities.

The benefit district should vary with the kind of improvement. For some improvements, such as a new water tank, the area benefited might be very large. In levying an assessment to finance the tank's construction, for example, the council can assess the entire area the tank services.

Water laterals, on the other hand, benefit a small area—only the property directly served. Their assessment should affect only property fronting on the improvement. When the city installs sewer and water trunks, the city may spread the additional cost of the larger mains against all properties ultimately connected by laterals to the trunks. If the installation of connecting laterals will occur later, the city may defer assessments for the proportionate cost of the main assignable to the laterals.

Each city council must use its best judgment in setting the limits of the district receiving special benefit. The council should select that procedure and those rules that will provide the greatest measure of equity for all property owners.

### **Alternate cost apportionment procedures**

Because of recent court decisions, unless all the property owners have signed a waiver of appeal of the special assessments, the city should conduct "before and after" market improvement valuation studies concerning the proposed assessment area in order to determine the amount of special benefits. The assessment cannot exceed the special benefits to the property measured by the difference in market value before and after the improvements.

### **Exempt property**

Minn. Stat. § 429.061, subd. 4; *Washburn Memorial Orphan Asylum v. State*, 73 Minn. 343, 76 N.W. 204 (1898); *State v. Trustees of Macalester College*, 87 Minn. 165, 91 N.W. 484 (1902). See *Diocese of St. Paul v. City of St. Paul*, 138 Minn. 67, 163 N.W. 978 (1917).

Although the levying of special assessments is in some ways an exercise of the taxing power, the tax exemptions the Constitution grants to religious, charitable, and educational institutions do not prevent special assessments against their property. Private cemeteries, churches, hospitals, schools, and similar institutions must pay special assessments. Railroads in Minnesota are not exempt from special assessments.

Minn. Stat. § 306.14. (See subd. 2 (subjecting profit-making cemeteries to special assessments).)

Only public cemeteries are exempt from special assessments, although there are some limited circumstances under which cemeteries may be subject to special assessments.

Minn. Stat. § 307.09.

Additionally, land dedicated as a private cemetery by a private person or a religious corporation is exempted to a certain extent.

Minn. Stat. § 435.19.

With the exception of land the United States government owns, cities may levy special assessments against the property of any other government units to the same extent as if the property were privately owned. For this purpose, "governmental unit" refers to all cities (except Minneapolis, St. Paul, and Duluth), towns, school districts, public corporations, and counties. If the unit doesn't pay the amount of an assessment against it, the city may recover the money in a civil action.

Minn. Stat. 435.19, subds. 2, 3.

In the case of state-owned property, or property owned by the three First Class cities, the city should determine the amount it would assess the land if it were privately owned. Before making this determination, the city must hold a public hearing on the proposed assessment. The hearing must take place at least two weeks after giving notice by registered or certified mail to the head of the department or agency having jurisdiction over the property. The council's determination is not binding, however, and if the state agency

**COUNCIL LETTER 062005-VIA**

**ADMINISTRATION**

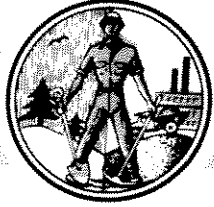
**RESOLUTION 13-05**

**DATE:** June 15, 2005  
**FROM:** Craig J. Wainio  
City Administrator

---

Resolution Number 13-05 Accepting Report and Calling a Hearing is a part of the assessment process for the proposed street improvements. This resolution calls for a hearing at the second meeting in July. The hearing will be published and adjoining property owners will be notified.

It is recommended that the City Council adopt Resolution Number 13-05 Accepting Report and Calling a Hearing as presented.



# 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 13-05

### RECEIVING REPORT AND CALLING HEARING ON IMPROVEMENT

WHEREAS, pursuant to Resolution Number 12-05 of the City Council adopted June 6, 2005, a report has been prepared by Benchmark Engineering with reference to the improvement of those Street identified in Exhibit A by reconstruction and/or overlay, and this report was received by the City Council on June 20, 2005, and

WHEREAS, the report provides information regarding whether the proposed project is necessary, cost effective, and feasible,

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

1. The City Council will consider the improvement of such streets in accordance with the report and the assessment of abutting property for all or a portion of the cost of the improvement pursuant to Minnesota Statutes, Chapter 429 at an estimated total cost of the improvement of \$700,000.
2. A public hearing shall be held on such proposed improvement on the 18<sup>th</sup> day of July, 2005, in the Mountain Iron Room of the Community Center at 6:30 p.m. and the City Administrator shall give mailed and published notice of such hearing and improvement as required by law.

**DULY ADOPTED BY THE CITY COUNCIL THIS 20<sup>TH</sup> DAY OF JUNE, 2005.**

ATTEST:

\_\_\_\_\_  
Mayor Gary Skalko

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

**EXHIBIT A**

All of 16<sup>th</sup> Avenue  
Unity Drive from Mud Lake Road to Emerald Avenue  
Unity Drive from Mountain Iron Drive to County Road 7  
Enterprise Drive North from County Road 7 to Nichols Avenue

**COUNCIL LETTER 062005-VIB**

**ADMINISTRATION**

**RESOLUTION 14-05**

**DATE:** June 15, 2005  
**FROM:** Craig J. Wainio  
City Administrator

---

Resolution Number 14-05 Accepting Bids is in relation to the ADA compliance and certain other construction aspect at the Mountain Iron Public Library. Bids were received and opened at 10:00AM on Thursday, June 16<sup>th</sup>. A completed Resolution and bid tabulation will be forwarded to the City Council as soon as it is available. This information will also be available at the City Council meeting.

**RESOLUTION NUMBER 14-05**

**ACCEPTING BID**

**WHEREAS**, pursuant to an advertisement for bids for the improvement of the Mountain Iron Public Library through the installation of an elevator and other accessibility features, bids were received, opened and tabulated according to law, and the following bids were received complying with the advertisement:

**AND WHEREAS**, it appears that of is the lowest responsible bidder,

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

1. The Mayor and City Administrator are hereby authorized and directed to enter into a contract with of, in the name of the City of Mountain Iron for the improvement of the Mountain Iron Public Library through the installation of an elevator and other accessibility features according to the plans and specifications therefore approved by the city council and on file in the office of the City Administrator.
2. The City Administrator is hereby authorized and directed to return forthwith to all bidders the deposits made with their bids, except that the deposits of the successful bidder and the next lowest bidder shall be retained until a contract has been signed.

**DULY ADOPTED BY THE CITY COUNCIL THIS 20<sup>th</sup> DAY OF JUNE, 2005.**

\_\_\_\_\_  
Mayor Gary Skalko

ATTEST:

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



**COUNCIL LETTER 062005-VIC**

**ADMINISTRATION**

**RESOLUTION 15-05**

**DATE:** June 15, 2005  
**FROM:** Craig J. Wainio  
City Administrator

---

Resolution Number 15-05 is approving a Class A Premise Permit for the American Legion Post 220. The City Council is required to approve all permits which are then sent to the State of Minnesota for final approval.

It is recommended that the City Council approve Resolution Number 15-05 Charitable Gambling.



# CITY OF MOUNTAIN IRON

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## RESOLUTION NUMBER 15-05

### CHARITABLE GAMBLING

**WHEREAS**, the American Legion Post 220 has been operating a Class A Charitable Gambling Operation Permit consisting of bingos, raffles, paddlewheels, tip boards and pull-tabs at the American Legion Post 220, and;

**WHEREAS**, the American Legion Post 220 is requesting that their Class A Charitable Gambling Permit be renewed.

**NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF MOUNTAIN IRON, MINNESOTA**, that it hereby renews said premise permit.

**DULY ADOPTED BY THE CITY COUNCIL THIS 20<sup>th</sup> DAY OF JUNE, 2005.**

ATTEST:

\_\_\_\_\_  
Mayor Gary Skalko

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

**COUNCIL LETTER 062005-VID**

**ADMINISTRATION**

**RESOLUTION 16-05**

**DATE:** June 15, 2005  
**FROM:** Craig J. Wainio  
City Administrator

---

Resolution Number 16-05 is applying for funding from the State bonding bill in 2006 for the development of a renewable and sustainable energy park to be development in Mountain Iron. This resolution supports the preliminary application for this funding.

It is recommended that Resolution Number 16-05 be adopted as presented.



# CITY OF MOUNTAIN IRON

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## RESOLUTION NUMBER 16-05

### PRELIMINARY CAPITAL BONDING REQUEST OF THE STATE OF MINNESOTA 2006 LEGISLATIVE SESSION

**WHEREAS**, the State of Minnesota invites proposals for capital budget requests from local governments and political subdivisions of the State for the Legislative Session 2006; and

**WHEREAS**, the renewable and sustainable business park will benefit not only Mountain Iron but the region and State of Minnesota by attracting private sector businesses that specialize in renewable energy systems; and

**WHEREAS**, the City of Mountain Iron requests that the State of Minnesota participate in the construction of a renewable and sustainable energy park for the benefit of the State of Minnesota and the Mountain Iron area.

**NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF MOUNTAIN IRON, MINNESOTA** that it supports a request of \$500,000 of funding from the 2006 State of Minnesota Legislative Session for the construction of a renewable and sustainable energy park.

**DULY ADOPTED BY THE CITY COUNCIL THIS 20<sup>th</sup> DAY OF JUNE, 2005.**

\_\_\_\_\_  
Mayor Gary Skalko

ATTEST:

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

**LOCAL GOVERNMENTS SHOULD PROVIDE A LETTER OR MEMORANDUM  
TO THE MINNESOTA DEPARTMENT OF FINANCE THAT ANSWERS  
ALL OF THE FOLLOWING QUESTIONS (FOR EACH REQUEST)**

- 1) Name of the local government or political subdivision that is submitting the request: City of Mountain Iron
- 2) Project title: Sustainable and Renewable Energy Park
- 3) Project priority number (if the applicant is submitting multiple requests)
- 4) Project location: North ½ of the Southeast ¼ of Section 10, Township 58 North, Range 18 West, City of Mountain Iron, St. Louis County.
- 5) Total project cost (all funding sources — all years — for all capital costs): \$1,000,000
- 6) Request for state funds in 2006: \$500,000
- 7) Additional state funds to be requested for subsequent project costs/phases in 2008: 0
- 8) Additional state funds to be requested for subsequent project costs/phases in 2010: 0
- 9) Non-state funds available or to be contributed to the project: \$250,000 IRRRB and \$250,000 City of Mountain Iron.
- 10) Project description and rationale (limit to one page maximum). This request is for \$500,000 in state finding to construct a new sustainable and renewable energy park for the development and promotion of businesses that specialize in sustainable and renewable energy to be located in the City of Mountain Iron. This project has statewide significance and due to the states increasing demand for energy and the further requirements that this energy come from renewable resources. Through the development of a park specializing in sustainable and renewable energy business, these businesses will have a location where they can grow and work together to develop the industry, not just statewide but worldwide. Sustainable and renewable energy is a continuing pursuit throughout the nation and with the development of this park this industry will be targeted and the growth potential and job creation will be substantial.  
  
The development of this park would include site preparation, the installation of utilities and the construction of required access roads.
- 11) Identify who will own the facility. Identify who will operate the facility. The City of Mountain Iron will own and operate the facility.
- 12) Identify total project costs for each of the following categories: land acquisition, predesign, design, construction, furniture/fixtures/equipment, and relocation costs. The entire \$1,000,000 will be used for the construction of the park.

- 13) For new construction projects: identify the new square footage requested. For remodeling, renovation or expansion projects: identify the total square footage of current facilities and new square footage requested.
- 14) Project schedule. Identify the date (month/year) when construction crews are expected to first arrive on site, and the date (month/year) when construction will be completed with a certificate of occupancy. Construction will start in August of 2006 and will be completed in August of 2007.
- 15) Identify, any new or additional state operating dollars that will be requested for this project (cite the amount and year, if applicable). 0
- 16) Attach a resolution of support from the governing body of the applicant (with the project priority number if submitting multiple requests).
- 17) Project contact person, title, address, phone, fax, and email (a project spokesperson who is knowledgeable on the project and can answer detailed questions). Craig J. Wainio, City Administrator, City of Mountain Iron, 8586 Enterprise Drive South, Mountain Iron, MN 55768, 218-748-7570, 218-742-9931 Fax, cwainio@ci.mountain-iron.mn.us.

**COUNCIL LETTER 062005-VIE**  
**ADMINISTRATION**  
**EMERGENCY MANAGEMENT**

**DATE:** June 15, 2005  
**FROM:** Craig J. Wainio  
City Administrator

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Authorize Mr. Steve Skogman to provide volunteer services to update and redevelop the City of Mountain Iron's Emergency Management Plan.

**COUNCIL LETTER 062005-VIF**

**MAYOR SKALKO**

**GRASS CUTTING POLICY**

**DATE:** June 15, 2005

**FROM:** Mayor Skalko

Craig J. Wainio  
City Administrator

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

Cut grass on a regular basis at Quad Cities Sign on Highway 169 and the Mountain Iron rock sign on County Road 102 and Highway 53.



**COUNCIL LETTER 062005-VIG**  
**COUNCILOR ROSKOSKI**  
**COUNCILOR MICROPHONE LIGHTS**

**DATE:** June 15, 2005  
**FROM:** Councilor Roskoski  
Craig J. Wainio  
City Administrator

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Councilor Roskoski requested that this item be placed on the agenda with the following background information:

Some of our microphone lights seem to go off by themselves. This is an annoyance when one is making a presentation. Any repairs or adjustments?

**COUNCIL LETTER 062005-VIH**

**COUNCILOR ROSKOSKI**

**PUBLIC MEETING**

**DATE:** June 15, 2005

**FROM:** Councilor Roskoski

Craig J. Wainio  
City Administrator

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Councilor Roskoski requested that this item be placed on the agenda with the following background information:

Because of the potential scope of the Birchem/Mountain Logging project and the impact it may have on many people, the City Council should have a separate town meeting. Invite everyone from South Grove and Downtown via letter to review the project – listen about concerns- make any changes, then vote on the development agreement. This procedure has worked well for this Council on other matters.

**COUNCIL LETTER 062005-VII**

**ADMINISTRATION**

**RESCHEDULE NEXT MEETING**

**DATE:** June 15, 2005  
**FROM:** Craig J. Wainio  
City Administrator

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The next regular meeting of the City Council needs to be rescheduled due to the July 4<sup>th</sup> Holiday.

COMMUNICATIONS  
JUNE 20, 2005

1. Gary Skalko, submitting Mesabi Daily News article on the Excelsior Plant.
2. MediaCom, information regarding the expiration of the cable franchise agreement on January 15, 2008.
3. Range Association of Municipalities and Schools, announcing the Iron Range Economic Development Review and Update meeting scheduled for June 22<sup>nd</sup> in Eveleth.
4. League of Minnesota Cities, the June 10, 2005 Friday Fax.



**IN NATION  
HEALTH CARE EXPERT**

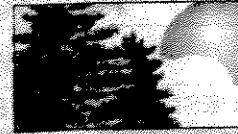
**Berglin underestimated  
at opponents' peril**

**PAGE A12**

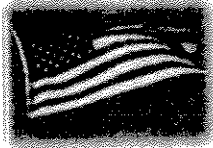
**SATURDAY**

**June 11, 2005**

**High:  
73  
Low:  
61**



**WEATHER**  
*Up North  
5 day forecast*  
**A2**



# MESABI DAILY

Virginia, Minnesota

NEWSPAPER OF THE IRON RANGE

[www.virginiamn.com](http://www.virginiamn.com)

## Excelsior plant to get \$10 million

**S**T. PAUL (AP) — A coal-gasification plant proposed for northern Minnesota has won approval for a \$10 million grant from the state.

The money, approved Thursday by the state Public Utilities Commission, is supposed to pay for engineering work for the plant.

But even with the cash, the plant is years away from opening. Excelsior Energy has no money to build the plant, no customer, and no contract to sell

power. >

A location for the plant has not been chosen, though Excelsior says it plans to build in northern Minnesota and hopes to begin generating power by 2010.

The plant could produce 510 megawatts to 580 megawatts of electricity, which is about half the capacity of Xcel's nuclear plant at Prairie Island.

It would burn gas that had been made of coal.

The grant money comes from a

renewable energy fund financed by Xcel Energy.

In approving the grant, the commission required Excelsior to provide details about how the money will be spent, and capped the distribution at \$2 million per year through 2009.

The company already has received a \$36 million federal grant.

The state has exempted the company from laws governing where and how power plants are built.

*Gary Skalko*



*Thomas Bordwell*  
*Senior Manager of Government Relations*

June 9, 2005

VIA CERTIFIED MAIL

Mr. Craig Wainio, City Administrator  
City of Mountain Iron  
8586 South Enterprise Drive  
Mountain Iron MN 55768-8260

Dear Mr. Wainio:

Our records indicate that Mediacom's cable franchise with the City of Mountain Iron is scheduled to expire on January 15, 2008. Mediacom wishes to continue to provide service to the City of Mountain Iron for an additional renewal term and is, by this letter, informing you of our intention to seek renewal of the franchise.

Title VI of the Communications Act of 1934, as amended ("Communications Act"), establishes formal cable franchise renewal procedures to be invoked 30-36 months prior to expiration. Accordingly, as provided for by Section 626 (a) of the Communications Act, we hereby request the City to commence a renewal proceeding set forth in Section 626 subsections (b) through (g). A copy of Section 626 of the Communications Act is attached for your use.

The Communications Act also allows for reaching a mutually beneficial agreement for franchise renewal through informal negotiation if both parties wish to undertake these discussions. Mediacom is ready at any time to discuss the terms of renewal with you on an informal basis. We believe such negotiations would be successful and cost-effective avoiding the more involved formal procedures. Of course, if we agree to a temporary delay of the formal procedures in order to explore informal negotiations, both parties will retain their rights to proceed with formal renewal proceedings at any time upon written notice to the other party.

Mediacom is proud to serve the City of Mountain Iron and looks forward to working with you on this renewal. If you have any questions, please call me at: 952-472-8695.

Sincerely,



Tom Bordwell

Attachment

CC:: Jon Koebrick  
Bruce Gluckman, Vice President, Legal and Regulatory Affairs

**COMMUNICATIONS ACT OF 1934, AS AMENDED, Title VI Cable Communications**

Sec. 626. Renewal

(a)(1) A franchising authority may, on its own initiative during the 6-month period which begins with the 36<sup>th</sup> month before the franchise expiration, commence a proceeding which affords the public in the franchise area appropriate notice and participation for the purpose of (A) identifying the future cable-related community needs and interests, and (B) reviewing the performance of the cable operator under the franchise during the then current franchise term. If the cable operator submits, during such 6-month period, a written renewal notice requesting the commencement of such a proceeding, the franchising authority shall commence such a proceeding not later than 6 months after the date such notice is submitted.

(2) The cable operator may not invoke the renewal procedures set forth in subsections (b) through (g) unless—

(A) such a proceeding is requested by the cable operator by timely submission of such notice; or

(B) such a proceeding is commenced by the franchising authority on its own initiative.

(b)(1) Upon completion of a proceeding under subsection (a), a cable operator seeking renewal of a franchise may, on its own initiative or at the request of a franchising authority, submit a proposal for renewal.

(2) Subject to Section 624, any such proposal shall contain such material as the franchising authority may require, including proposals for an upgrade of the cable system

(3) The franchising authority may establish a date by which such proposal shall be submitted.

(c)(1) Upon submittal by a cable operator of a proposal to the franchising authority for the renewal of a franchise, pursuant to subsection (b) the franchising authority shall provide prompt public notice of such proposal and, during the 4-month period which begins on the date of the submission of the cable operator's proposal pursuant to subsection (b), renew the franchise or, issue a preliminary assessment that the franchise should not be renewed and, at the request of the operator or on its own initiative, commence an administrative proceeding, after providing prompt public notice of such proceeding, in accordance with paragraph (2) to consider whether —

(A) the cable operator has substantially complied with the material terms of the existing franchise and with applicable law.

(B) the quality of the operator's service, including signal quality, response to consumer complaints, and billing practices, but without regard to the mix or quality of cable services or other services provided over the system, has been reasonable in light of community needs; the operator has the financial, legal, and technical ability to provide the services, facilities and

(C) equipment as set forth in the operator's proposal; and

(D) the operator's proposal is reasonable to meet the future cable-related community needs and

(E) interests, taking into account the cost of meeting such needs and interests.

(2) In any proceeding under paragraph (1), the cable operator shall be afforded adequate notice and the cable operator and the franchise authority, or its designee, shall be afforded fair opportunity for full participation, including the right to introduce evidence (including evidence related to issues raised in the proceeding under subsection (a)), to require the production of evidence, and to question witnesses. A transcript shall be made of any such proceeding.

## COMMUNICATIONS ACT OF 1934, AS AMENDED, Title VI Cable Communications

(3) At the completion of a proceeding under this subsection, the franchising authority shall issue a written decision granting or denying the proposal for renewal based upon the record of such proceeding, and transmit a copy of such decision to the cable operator. Such decision shall state the reasons therefore.

(d) Any denial of a proposal for renewal that has been submitted in compliance with subsection (b) shall be based on one or more adverse findings made with respect to the factors described in subparagraphs (A) through (D) of subsection (c)(1), pursuant to the record of the proceeding under subsection (c). A franchising authority may not base a denial of renewal on a failure to substantially comply with the material terms of the franchise under subsection (c)(1)(A) or on events considered under subsection (c)(1)(B) in any case in which a violation of the franchise or the events considered under subsection (c)(1)(B) occur after the effective date of this title unless the franchising authority has provided the operator with notice and the opportunity to cure, or in any case in which it is documented that the franchising authority has waived its right to object, or the cable operator gives written notice of a failure or inability to cure and the franchising authority fails to object within a reasonable time after receipt of such notice.

(e)(1) Any cable operator whose proposal for renewal has been denied by a final decision of a franchising authority made pursuant to this section, or has been adversely affected by a failure of the franchising authority to act in accordance with the procedural requirements of this section, may appeal such final decision or failure pursuant to the provisions of Section 635.

(2) The Court shall grant appropriate relief if the court finds that –

(A) any action of the franchising authority, other than harmless error, is not in compliance with the procedural requirements of this section; or

(F) in the event of a final decision of the franchising authority denying the renewal proposal, the operator has demonstrated that the adverse finding of the franchise authority with respect to each of the factors described in subparagraphs (A) through (D) of subsection (c)(1) on which the denial is based is not supported by a preponderance of the evidence, based on the record of the proceeding conducted under subsection (c).

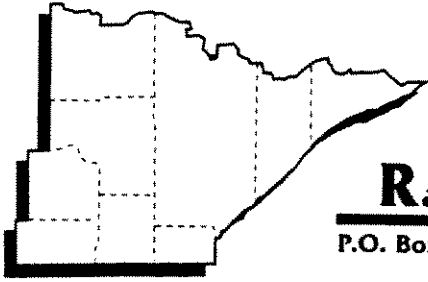
(f) Any decision of a franchising authority on a proposal for renewal shall not be considered final unless all administrative review by the State has occurred or the opportunity therefore has lapsed.

(g) For purposes of this section, the term “franchise expiration” means the date of the expiration of the term of the franchise, as provided under the franchise, as it was in effect on the date of the enactment of this title.

(h) Notwithstanding the provisions of subsections (a) through (g) of this section, a cable operator may submit a proposal for the renewal of a franchise pursuant to this subsection at any time, and a franchising authority may, after affording the public adequate notice and opportunity for comment, grant or deny such proposal at any time (including after proceedings pursuant to this section have commenced). The provisions of subsection (a) through (g) of this section shall not apply to a decision to grant or deny a proposal under this subsection. The denial of a renewal pursuant to this subsection shall not affect action on a renewal proposal that is submitted in accordance with subsections (a) through (g).

(i) Notwithstanding the provisions of subsection (a) through (h), any lawful action to revoke a cable operator’s franchise for cause shall not be negated by the subsequent initiation of renewal proceedings by the cable operator under this section.





One Range...One Voice

## Range Association of Municipalities and Schools

P.O. Box 705, Buhl, MN 55713

PHONE (218) 258-3216

FAX (218) 258-3217

TO: All RAMS Members and Associate Members  
FROM: Ron Dicklich *RD*  
RE: The Iron Range Economic Development Review & Update Meeting

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At the March meeting of the RAMS Executive Board, approval was given to present a Range-wide open house for the many economic development proposals currently being worked on in the Taconite Relief Area. RAMS will join the East Range Economic Response Committee, Itasca Development Corporation, and Short Elliott Hendrickson (SEH) in sponsoring this event.

The event will be held Wednesday, June 22<sup>nd</sup> from 5:00 – 8:00 PM at the Range Recreation Civic Center on highway #53 near the Hockey Hall of Fame in Eveleth.

Presenters will be Laurentian Energy Authority, Mesaba Energy Project, U.P.M. – Blandin Paper Thunderhawk Project (invited), Soudan DUSEL and NOVA Off-Axis Detector Underground Lab Project, NorthMet Project, and Minnesota Steel.

The format would include a 20-minute presentation by each project. An Open House would follow where each project would have a display area and would be available for questions. We urge you to pass this on to all your board/council members and interested employees.

This is an area-wide project in which we hope people will be able to find out about each project. Many times we hear about projects off and on. This, however, will be an opportunity to learn about each of the projects and to get an update as to which stage each project is at. We also hope to create area-wide support for each project.

Thank you.

~ Meeting Notice ~

**Iron Range Economic Development Forum**  
A Progress Report on Major Projects Planned Across the Iron Range

Sponsored by:  
East Range Community Readiness Committee  
Range Association of Municipalities and Schools  
Itasca Development Corporation

Wednesday, June 22, 2005  
5:00 pm – 8:00 pm

Location:  
Range Recreation Civic Center  
Eveleth, MN

*Agenda*

- I. Welcome and Introductions
  - Co-Chairs Marlene Pospeck (ERCRC), Ron Dicklich (RAMS), and Peter McDermott (IDC)
  
- II. Presentations:
  - Laurentian Energy Authority - Mr. Jim Kochevar (Hibbing PUC) and Mr. Terry Leoni (Virginia PUC)
  - The Mesaba Energy Project - Mr. Tom Micheletti and Mr. Bob Evans, Excelsior Energy, Inc.
  - UPM/Blandin Paper Thunderhawk Project – Invited
  - NorthMet Project – Mr. Jim Scott, PolyMet Mining Corp.
  - Minnesota Steel – Mr. Howard Hilshorst, Minnesota Steel Industries, LLC
  - Soudan DUSEL and NOvA Off-Axis Detector – Mr. Bill Miller, Soudan Underground Laboratory
  
- III. Next Meeting
  
- IV. Adjourn

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*Established by the City of Babbitt and the City of Hoyt Lakes*



# -FridayFax-

*A weekly legislative update from the League of Minnesota Cities*

June 10, 2005

Page 1

## Political posturing prevents progress

The third week of the Special Session resulted in little progress toward a global compromise to end the session. Much of this week's focus was on the Thursday release of an offer from the Senate that would attempt to bridge the remaining gap between the House, Senate and the Governor on a biennial state budget. That proposal included a 55-cent increase in the cigarette tax that would be used to fund health care programs and the Senate's increase in income taxes on the highest wage earners which would be used to fund increases in K-12 education and other priority state programs.

The Senate proposal was not greeted warmly by the Governor and the House, in part due to the income tax increase. According to the Twin Cities media, the Governor even threatened to pull the cigarette tax from his budget proposal, potentially leaving nearly a \$400 million hole in the budget. If anything, this week's negotiations seemed to only result in more stagnation in the Special Session process.

The Tax Working Group met briefly on Thursday but did not make any progress on resolving their differences. The Tax Working Group members are clearly waiting for direction from the Governor and House and Senate leadership before they continue negotiations. From the working group discussions, it is clear that the tax bill will be one of the last items resolved — after the Human Services budget and the K-2 budget bills are completed.

The Tax Working Group is scheduled to meet again on Monday and Senate Transportation Committee Chair Steve Murphy (DFL-Red Ring) has scheduled a hearing for Monday afternoon to discuss the potential shutdown of the departments of Transportation (MnDOT) and Public Safety (DPS), which leaves less than three weeks before the end of the state's fiscal year and a partial government shutdown.

*Questions? Contact Gary Carlson at 651.281.1255 or [gcarlson@lmmc.org](mailto:gcarlson@lmmc.org).*

## MN Dept. of Health (MDH) to hold Meth Lab Clean-up Conference July 18-19

MDH is holding a conference in St. Paul July 18-19 to release the next version of their cleanup guidance. MDH has been working jointly over the last year with the MPCA to update their cleanup guidance with the latest research on the cleaning up of meth labs.

The new guidance will contain: 1) a document for step-by-step recording of assessment, cleanup and results, 2) a better explanation of how and why certain materials are cleaned or discarded, 3) recommendations for training of cleanup staff, and 4) cleanup methods, as included in the current version.

Training will be held at the MDH Snelling Office Park facility, which holds about 150 persons. There is no cost to attend the conference.

### Who Should Attend:

Conference participants should be those who are likely to be meth lab cleanup managers or overseers - for example, those who will act as liaison among the county, property owner and cleanup contractor. Registration will be limited to two persons from each tribe or county; two persons from cities whose county does not intend to pass a cleanup ordinance; and two persons representing a cleanup contractor. For more information, or to register on line—go to

<http://www.health.state.mn.us/divs/eh/meth/july05/workshop/index.html>.

*Questions? Contact Jenn O'Rourke at 651.281.1261 or [jorourke@lmmc.org](mailto:jorourke@lmmc.org).*