

**MOUNTAIN IRON CITY COUNCIL MEETING
COMMUNITY CENTER
MOUNTAIN IRON ROOM
MONDAY, JUNE 20, 2011 - 6:30 P.M.
A G E N D A**

- I. Roll Call
- II. Consent Agenda
 - A. Minutes of the June 6, 2011, Special Meeting (#1-2)
 - B. Minutes of the June 6, 2011, Regular Meeting (#3-13)
 - C. Receipts
 - D. Bills and Payroll
 - E. Communications (#52)
- III. Public Forum
- IV. Committee and Staff Reports
 - A. Mayor's Report
 - B. City Administrator's Report
 - 1. Liability Coverage Waiver Form (#14)
 - C. Director of Public Work's Report
 - D. Sheriff's Department Report
 - 1. Monthly Statistics (#15)
 - E. City Auditor
 - 1. 2010 Audit Report *
 - F. City Attorney's Report
 - 1. Liquor Ordinance Violation (#16-18)
 - G. City Engineer's Report
 - 1. Pay Request Number 3 Waste Water Treatment Plant (#19-21)
 - 2. Change Order Number 2 Gravel Access Road (#22-23)
 - 3. Pay Request Number 3 Gavel Access Road (#22, 24-25)
 - H. Utility Advisory Board
 - 1. Whole Sale Service Agreement (#26-44)
 - I. Liaison Reports
- V. Unfinished Business
- VI. New Business
 - A. Resolution Number 13-11 Declaring Costs (#45-46)
 - B. Resolution Number 14-11 Declaring Costs (#47-48)
 - C. Authorization to Serve Liquor (#49-50)
 - D. Reschedule Next Meeting (#51)
- VII. Communications (#52)
- VIII. Announcements
- IX. Adjourn

Page Number in Packet

* Enclosed in Packet

MINUTES
MOUNTAIN IRON CITY COUNCIL
SPECIAL MEETING
JUNE 6, 2011

The meeting was called to order at 5:01 p.m. with the following members present: Ed Roskoski, Joe Prebeg, Susan Tuomela, and Mayor Gary Skalko. Absent member included: Tony Zupancich. Also present were: Craig J. Wainio, City Administrator; Don Kleinschmidt, Director of Public Work; Jill M. Anderson, Municipal Services Secretary; and Rod Flannigan, City Engineer.

The Mayor outlined the meeting for the audience. He said that the Council would be conducting a public hearing for street improvements to Daffodil Avenue and Bluebell Avenue. He said that street improvements to Daffodil Avenue were last completed in 1988 and Bluebell Avenue was 1987.

At 5:02 p.m., it was moved by Tuomela and seconded by Prebeg to recess the regular meeting and open the public hearing to allow public input on the proposed street improvements to Daffodil Avenue and Bluebell Avenue. The motion carried with Zupancich absent.

The City Engineer explained the scope of the projects for Daffodil Avenue and Bluebell Avenue to the public. He said that there were three different proposals that the Council would be considering. Proposal number one has the least life expectancy, 8-10 years, and would cost the least. Proposal number two would have an approximate 15-20 year life expectancy. Proposal number three, which is a complete reconstruction, would have an approximate 20-25 year life expectancy, and would cost the most. He also said that none of the proposals included curb and gutter or any storm sewer system improvements.

Robert Newberg, 5472 Daffodil Avenue, presented a petition to the Mayor of residents that were opposed to the reconstruction of Daffodil Avenue.

Vicki Cochran, 5492 Daffodil Avenue, spoke and said that she cannot afford to have the street improvement project completed. She also said she was concerned that an improved road would create some traffic problems with speeding on the road. She also questioned why the City would not be doing any curb, gutters, or drainage improvements. She said that she would not want to have this project done and then five to ten years later have the Council assess again for drainage improvements completed.

The Mayor advised Ms. Cochran that the street improvement projects would not have to be paid for immediately; he said that they would be assessed on to the real estate taxes over a period of 10 years.

Councilor Prebeg spoke and advised the public that the streets were deteriorating and if the residents want to wait much longer, the street would require a complete reconstruct at a much larger expense. He said that the Council would listen to the residents and the City Engineer and do what is best for all of the residents. He said that if there are safety issues, residents should call the Sheriff's Department and reporting the problems.

Bob Newberg, 5472 Daffodil Avenue, stated that before the blacktop, there were gravel streets and they worked fine. He said that the water and sewer lines are under the street and the City had excavated the streets several times to repair the water and sewer lines.

John Allen, 5494 Bluebell Avenue, questioned what the time tables for the projects were. The City Engineer advised him that the project would not be completed until mid-August due to hearing requirements and the bidding process. Mr. Allen also said that there was also a problem with parking in the area when there is an event going on in the park. Mr. Allen also said that he thought his part of the road was in adequate condition, but the other end would need work.

Patty Dale, 5471 Bluebell Avenue, said that the south end of Bluebell Avenue had some ditches and swells, those problems should be eliminated. Ms. Dale said that the streets were upgraded; there would still be drainage problems. The City Engineer advised her that the City would have to lower the street to eliminate the drainage issues and the project would cost approximately three times as much. Ms. Dale said that she would prefer the Council proceeding with option number one or two.

Matthew Kishel, 5483 Bluebell Avenue, asked the Council if the City could remove the culverts that were no longer functioning properly. Mr. Kishel said that he preferred the Council to proceed with option number one.

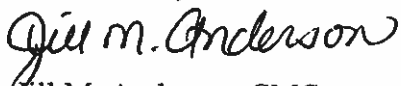
Jim Medure, 5465 Bluebell Avenue, thanked the City for repairing the ditches in his area, but if the proposed road improvements were completed, that would change the drainage in his yard and he would be against the project. The City Engineer said that he would review the area again and see if there was some sort of solution to the problems in his driveway.

Richard Young, 5474 Daffodil Avenue, advised the City that they should look at the culvert at 5484 Daffodil Avenue.

At 6:15 p.m., it was moved by Roskoski and seconded by Tuomela to adjourn the public hearing and reconvene the meeting. The motion carried with Zupancich absent.

At 6:16 p.m., it was moved by Skalko and seconded by Prebeg that the meeting be adjourned. The motion carried with Zupancich absent.

Submitted by:



Jill M. Anderson, CMC
Municipal Services Secretary

MINUTES
MOUNTAIN IRON CITY COUNCIL
JUNE 6, 2011

Mayor Skalko called the City Council meeting to order at 6:32 p.m. with the following members present: Joe Prebeg, Jr., Susan Tuomela, Ed Roskoski, and Mayor Gary Skalko. Absent member included: Tony Zupancich. Also present were: Craig J. Wainio, City Administrator; Jill M. Anderson, Municipal Services Secretary; Don Kleinschmidt, Director of Public Works; Rod Flannigan, City Engineer; and John Backman, Sergeant.

It was moved by Skalko and seconded by Prebeg that the consent agenda be approved as follows:

1. Approve the minutes of the May 16, 2011, regular meeting with the following correction:
Page 1, last paragraph, correct spelling of name, "Marshall Klaus" should be "Marshall Flaws".
2. That the communications be accepted and placed on file and those requiring further action by the City Council be acted upon during their proper sequence on the agenda.
3. To acknowledge the receipts for the period May 16-31, 2011, totaling \$179,398.62, (a list is attached and made a part of these minutes).
4. To authorize the payments of the bills and payroll for the period May 16-31, 2011, totaling \$355,200.94, (a list is attached and made a part of these minutes).

The motion carried unanimously on a roll call vote with Zupancich absent.

During the public forum, Darwin Alar spoke and said that he was biking on the Mesabi Trail and he stopped in Locomotive Park. He said that when he was there he saw several other people enjoying the Park. He wanted to give the Council an "Orchid" for how beautiful the Park was and how informative the signage was with the history of Mountain Iron. He said that he was going to bring his whole family back to the park to enjoy it.

Also during the public forum, Jim O'Neil spoke and said that he and Renee Dominguez purchased a home at 5700 Mineral Avenue on February 10, 2011. He said when they got their first bill for the home, they were charged a sump pump fee and they did not know what it was for. After inquiring with the City, they completed the necessary work and had an inspection completed to comply with the City Ordinance. He requested that the Council waive the fee because they were not aware of the City's Ordinance.

It was moved by Prebeg and seconded by Tuomela to waive the sump pump fee charges for Jim O'Neil and Renee Dominguez of approximately \$65 contingent on having the sump pump put into compliance and completing the appropriate City inspection. The motion carried with Zupancich absent.

Also during the public forum, Jeff Eichorn, Eichorn's Mini Storage, asked if the City would be developing the lots west of his storage units near Rock Ridge Development and would have a need for fill in the area. It was the consensus of the Council that the City would not need any fill at this time.

The Mayor advised the Council that there was a Labor/Management meeting scheduled for Thursday, June 16, 2011 at 2:00 p.m. with the Mayor and Councilor Roskoski scheduled to attend the meeting.

It was moved by Prebeg and seconded by Tuomela to set a Housing and Redevelopment Authority meeting for 6:00 p.m. for Monday, June 20, 2011. The motion carried with Councilor Zupancich absent.

It was moved by Tuomela and seconded by Roskoski to approve the annual Community Business Partnership Program Accounting Report. The motion carried with Zupancich absent.

The City Administrator commented on the following items:

- Grant. He said that he received confirmation that the City would be awarded a grant for \$250,000 to pave the road into the Energy Park.
- South Forest Grove Addition. He informed the Council that another lot was purchased, making a total of five lots sold.

It was moved by Prebeg and seconded by Tuomela to authorize the hiring of the seasonal summer employees for the Public Works, Library, and the Parks and Recreation Department as follows:

Public Works/Public Utilities Seasonal Workers

Melanie Buria	Ryan Buria	Anna Jordan	Cody Jones
Baily Knuti	Guy Squillace	Dustyn Leff	Mark Witzman

2011 Recreation Dept. Workers

Steven Niska	Daniel Miller	Austin Petersen	Jordan Bissonnette
Jeff Tiedeman	Jeremy Jesch	Anna Jordan	Russell Carlson
Joe Bissonnette	Michael Erickson	Brian Wilson	Jason Gellerstedt
Steve Golobich			

2011 Library Workers

Karly Kostich	Nancy Pickett
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2010 West II Rivers Campground Caretaker

William Haapala

The motion carried with Zupancich absent.

The Director of Public Works commented on the following items:

- Locomotive Park. He said that the City received a \$48,000 grant from the Historical Society and they completed a site visit to complete the grant requirements.
- Hydrants. Councilor Roskoski questioned whether the fire hydrant in South Merritt Industrial Park had been put back into service. The Director of Public Works said that it has never been taken out of service.

During the Sheriff's Department report, Councilor Roskoski asked about the fireworks display that was completed on Friday, June 3, 2011 by the Holiday Inn and Perkins. The Sergeant stated that this was a professional fireworks display that was conducted by someone that was licensed by the federal government. The City Fire Chief signed off on the permit for the display.

It was moved by Tuomela and seconded by Prebeg to accept the recommendation of the Buildings and Grounds Committee and remove the hedge in the Library yard and evaluate the condition of the fence for repair or removal. It was moved by Roskoski to amend the motion to include: the Mountain Iron Public Library is a Carnegie Library, paid for by Andrew Carnegie, who was then, the richest person in the world; it is one of many still in use and that all avenues be taken to ensure that the building and grounds retain the original concept and design as much as possible, that contact be made with the Carnegie Foundation and the Minnesota Historical Society for possible sources of funding for grounds rehabilitation. In the interim, the hedge would be trimmed down to the top of the fence height and all present fencing would remain in place. All signage, whether City or other entities signage, would also remain in place. The amendment to the motion failed for lack of a second. The motion carried with Roskoski voting no and Zupancich absent.

During the Liaison Reports, Councilor Roskoski reviewed the local Visitor Guide promoting the City of Mountain Iron.

It was moved by Prebeg and seconded by Tuomela to adopt Resolution Number 09-11, ordering improvement and preparation of plans proceeding with proposal number two with a deduct alternative bid to proposal number one, (a copy is attached and made a part of these minutes). The motion carried with Roskoski voting no and Zupancich absent.

It was moved by Tuomela and seconded by Roskoski to adopt Resolution Number 10-11, accepting work for the 2009 street improvements made on Old Highway 169 and Mill Avenue, (a copy is attached and made a part of these minutes). The motion carried with Zupancich absent.

It was moved by Roskoski and seconded by Tuomela to adopt Resolution Number 11-11, approving plans and specifications and ordering advertisement for bids on the Mountain Iron Fire Hall remodeling project, (a copy is attached and made a part of these minutes). The motion carried with Zupancich absent.

It was moved by Prebeg and seconded by Tuomela to adopt Resolution Number 12-11, authorizing the submittal of a safe routes to school infrastructure application to the Minnesota Department of Transportation, (a copy is attached and made a part of these minutes). The motion carried with Roskoski voting no and Zupancich absent.

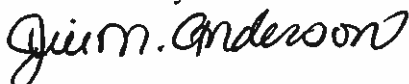
It was moved by Prebeg and seconded by Skalko to authorize QCSP, Inc., dba: Queen City Sports Palace, to use their on-sale liquor license on June 25, 2011 for the Naser/Wilhelm wedding reception at the Mountain Iron Community Center. The motion carried with Zupancich absent.

It was moved by Prebeg and seconded by Tuomela to authorize change order number two for the contract with Lenci Enterprise, Inc. for the City Garage Addition Project decreasing the project by \$232.00, for a total contract price of \$331,887.00. The motion carried with Zupancich absent.

It was moved by Roskoski and seconded by Prebeg to authorize a contribution of \$100 to the Mountain Iron-Buhl Girls Softball Association with the funds being expended from the Charitable Gambling Fund. The motion carried on a roll call vote with Zupancich absent.

At 7:27 p.m., it was moved by Skalko and seconded by Tuomela that the meeting be adjourned. The motion carried with Zupancich absent.

Submitted by:



Jill M. Anderson, CMC
Municipal Services Secretary

www.mtniron.com

COMMUNICATIONS

1. Iron Range Veterans Memorial, a thank you for the contribution.
2. Mountain Iron-Buhl Softball Program, a request for a donation.

Summary By Category And Distribution

Category	Distribution	Amount
UTILITY	UTILITY	164,232.95
METER DEPOSITS	ELECTRIC	1,500.00
CHARGE FOR SERVICES	REFUSE REMOVAL-CHG FOR SERVICE	1,260.00
PERMITS	BUILDING	727.00
MISCELLANEOUS		-
CAMPGROUND RECEIPTS	FEES	3,435.00
MISCELLANEOUS	ASSESSMENT SEARCHES	10.00
MISCELLANEOUS	REIMBURSEMENTS	478.00
MISCELLANEOUS	BASEBALL/SOFTBALL FEES	410.00
CHARGE FOR SERVICES	WATER-CHARGE FOR SERVICES	37.38
BUILDING RENTALS	BUILDING RENTAL DEPOSITS	1,200.00
BUILDING RENTALS	COMMUNITY CENTER	1,020.00
CD INTEREST	CD INTEREST 101	359.14
CD INTEREST	CD INTEREST 378	2,371.15
CD INTEREST	CD INTEREST 603	781.01
LICENSES	ANIMAL	35.00
FINES	CRIMINAL	850.11
MISCELLANEOUS	BLUE CROSS/BLUE SHIELD PAYABLE	87.50
BUILDING RENTALS	NICHOLS HALL	50.00
BUILDING RENTALS	SENIOR CENTER	20.00
CD INTEREST	CD INTEREST 602	534.38
Summary Totals:		<u>179,398.62</u>

Check Issue Date(s): 05/21/2011 - 06/10/2011

Report Criteria:

Check Check No = 140980-141062

Per	Date	Check No	Vendor No	Payee	Check GL Acct	Amount
06/11	06/07/2011	140980	10065	ALLIED INSURANCE	101-20200	2,322.00
06/11	06/07/2011	140981	10055	ALTEC INDUSTRIES INC	604-20200	518.83
06/11	06/07/2011	140982	10047	AMERICAN TEST CENTER	604-20200	1,365.00
06/11	06/07/2011	140983	10061	APPLIANCE RECYCLING CENTERS OF	604-20200	153.50
06/11	06/07/2011	140984	10009	ARCHITECTURAL RESOURCES	301-20200	1,400.00
06/11	06/07/2011	140985	5007	ASSURANT EMPLOYEE BENEFITS	101-20200	637.53
06/11	06/07/2011	140986	20009	BARBER GRAPHICS	101-20200	737.85
06/11	06/07/2011	140987	20022	BENCHMARK ENGINEERING INC	301-20200	80.00
06/11	06/07/2011	140988	20010	BISS LOCK INC	101-20200	18.70
06/11	06/07/2011	140989	20014	BORDER STATES ELECTRIC SUPPLY	604-20200	1,339.62
06/11	06/07/2011	140990	30017	CARQUEST (MOUNTAIN IRON)	101-20200	403.50
06/11	06/07/2011	140991	220003	CITY OF VIRGINIA	101-20200	352.95
06/11	06/07/2011	140992	130068	CLUB MESABI INC	101-20200	100.00
06/11	06/07/2011	140993	30026	COMO LUBE & SUPPLIES INC	101-20200	128.25
06/11	06/07/2011	140994	30072	CW TECHNOLOGY	301-20200	1,375.50
06/11	06/07/2011	140995	60050	EARL F ANDERSEN	101-20200	474.25
06/11	06/07/2011	140996	500012	ERA LABORATORIES INC	602-20200	422.80
06/11	06/07/2011	140997	60008	FAIRVIEW CLINIC-MOUNTAIN IRON	101-20200	77.00
06/11	06/07/2011	140998	60026	FASTENAL COMPANY	601-20200	64.42
06/11	06/07/2011	140999	60002	FENA ADVERTISING	101-20200	3,547.53
06/11	06/07/2011	141000	60029	FERGUSON ENTERPRISES INC	101-20200	153.23
06/11	06/07/2011	141001	60042	FLUID-TECH	101-20200	115.81
06/11	06/07/2011	141002	70035	G & K SERVICES	101-20200	53.79
06/11	06/07/2011	141003	6001	GARY WASELESKI	601-20200	166.55
06/11	06/07/2011	141004	6004	GERALD RONKAINEN	101-20200	200.00
06/11	06/07/2011	141005	70016	GOPHER STATE ONE CALL INC	604-20200	62.55
06/11	06/07/2011	141006	70028	GREATER MINNESOTA AGENCY INC	101-20200	204.00
06/11	06/07/2011	141007	70029	GUARDIAN PEST CONTROL INC	101-20200	77.91
06/11	06/07/2011	141008	80022	HAWKINS INC	601-20200	826.51
06/11	06/07/2011	141009	140013	HD WATERWORKS SUPPLY	601-20200	5,826.05
06/11	06/07/2011	141010	80017	HENRY'S WATERWORKS INC	601-20200	211.39
06/11	06/07/2011	141011	80038	HIGGINS INDUSTRIAL SUPPLY CO	101-20200	3,300.17
06/11	06/07/2011	141012	80001	HILLYARD/HUTCHINSON	101-20200	1,819.94
06/11	06/07/2011	141013	80037	HOMETOWN FOCUS	101-20200	1,601.25
06/11	06/07/2011	141014	6006	HOWARD LEIKAS	101-20200	500.00
06/11	06/07/2011	141015	80026	HUSKY SPRING	603-20200	19.30
06/11	06/07/2011	141016	4042	JAN KNUTI	101-20200	200.00
06/11	06/07/2011	141017	6003	JEAN JUDNICK	101-20200	100.00
06/11	06/07/2011	141018	60018	JILL M ANDERSON	101-20200	23.46
06/11	06/07/2011	141019	6007	KEITH OR SHIRLEY WESTIN	101-20200	200.00
06/11	06/07/2011	141020	120032	LAKE COUNTRY POWER	101-20200	211.34
06/11	06/07/2011	141021	6005	LAURIE HARVEY	101-20200	200.00
06/11	06/07/2011	141022	120002	LAWSON PRODUCTS INC	101-20200	846.53
06/11	06/07/2011	141023	120005	LEAGUE OF MN CITIES INS TRUST	101-20200	885.00
06/11	06/07/2011	141024	120023	LOCATORS & SUPPLIES INC	604-20200	153.47
06/11	06/07/2011	141025	120014	LUNDGREN MOTORS	301-20200	22,077.64
06/11	06/07/2011	141026	130045	MCFOA TREASURER	101-20200	35.00
06/11	06/07/2011	141027	130004	MESABI DAILY NEWS	101-20200	51.75
06/11	06/07/2011	141028	130006	MESABI HUMANE SOCIETY	101-20200	1,580.00
06/11	06/07/2011	141029	130026	MESABI SIGN COMPANY	101-20200	795.63
06/11	06/07/2011	141030	6036	MIB ALL NIGHT GRAD PARTY	101-20200	200.00
06/11	06/07/2011	141031	130061	MIB SOFTBALL ASSOCIATION	230-20200	100.00
06/11	06/07/2011	141032	130040	MIDWEST SPORTSWEAR	101-20200	388.64
06/11	06/07/2011	141033	130044	MINNESOTA DEPT OF HEALTH	601-20200	1,489.00

M = Manual Check, V = Void Check

Check Issue Date(s): 05/21/2011 - 06/10/2011

Per	Date	Check No	Vendor No	Payee	Check GL Acct	Amount
06/11	06/07/2011	141034	140026	MINNESOTA ENERGY RESOURCES	101-20200	199.70
06/11	06/07/2011	141035	130024	MINNESOTA POLLUTION CONTROL AG	301-20200	125.00
06/11	06/07/2011	141036	130009	MINNESOTA POWER (ALLETE INC)	101-20200	73,936.88
06/11	06/07/2011	141037	130128	MTI DISTRIBUTING	101-20200	3,316.59
06/11	06/07/2011	141038	140014	NELSON WILLIAMS LININGS INC	603-20200	2,778.75
06/11	06/07/2011	141039	140052	NORTHEAST SERVICE COOPERATIVE	101-20200	47,229.08
06/11	06/07/2011	141040	140004	NORTHERN ENGINE & SUPPLY INC	101-20200	327.32
06/11	06/07/2011	141041	140054	NORTHLAND CHEMICAL CORP	101-20200	66.03
06/11	06/07/2011	141042	40032	OFFICE OF ENTERPRISE TECHNOLOG	101-20200	486.17
06/11	06/07/2011	141043	160003	PERPICH TV & MUSIC INC	604-20200	53.41
06/11	06/07/2011	141044	160058	PIONEER	101-20200	505.00
06/11	06/07/2011	141045	160032	PORTABLE JOHN	101-20200	284.50
06/11	06/07/2011	141046	170007	QUILL CORPORATION	101-20200	298.16
06/11	06/07/2011	141047	190045	SERVICE SOLUTIONS	101-20200	22.34
06/11	06/07/2011	141048	6002	SHELDON ANDERSON	101-20200	200.00
06/11	06/07/2011	141049	190004	SKUBIC BROS INC	604-20200	426.21
06/11	06/07/2011	141050	190030	STRATEGIC INSIGHTS INC	301-20200	533.84
06/11	06/07/2011	141051	200003	TACONITE TIRE SERVICE	101-20200	546.72
06/11	06/07/2011	141052	200026	TERRA FERMA DEVELOPMENT	101-20200	748.13
06/11	06/07/2011	141053	200020	THE TRENTI LAW FIRM	101-20200	4,435.74
06/11	06/07/2011	141054	210001	UNITED ELECTRIC COMPANY	604-20200	1,553.78
06/11	06/07/2011	141055	220025	VERIZON WIRELESS	101-20200	19.79
06/11	06/07/2011	141056	220014	VIKING INDUSTRIAL NORTH	101-20200	305.34
06/11	06/07/2011	141057	220004	VIRGINIA DEPARTMENT OF PUBLIC	604-20200	43,599.55
06/11	06/07/2011	141058	220026	VIRGINIA HOME CENTER	101-20200	19.55
06/11	06/07/2011	141059	230005	WESCO DISTRIBUTION INC	604-20200	1,201.71
06/11	06/07/2011	141060	230028	WISCONSIN ENERGY CONSERVATION	604-20200	650.00
06/11	06/07/2011	141061	240001	XEROX CORPORATION	101-20200	700.10
06/11	06/07/2011	141062	260005	ZEP MANUFACTURING COMPANY	101-20200	232.30

Totals:

244,996.83

Payroll-PP Ending 5/27/2011	96,992.60
Sales Tax-Electronic Trans. 5/20/11	13,211.51
TOTAL EXPENDITURES	<u>\$355,200.94</u>



CITY OF MOUNTAIN IRON

"TACONITE CAPITAL OF THE WORLD"

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

RESOLUTION NUMBER 09-11

ORDERING IMPROVEMENT AND PREPARATION OF PLANS

WHEREAS, a Resolution of the City Council adopted the 2nd day of May, 2011, fixed a date for a Council hearing on Improvement Number 11-05, the proposed improvement of Bluebell Avenue and Daffodil Avenue between the centerline of Unity Drive and the centerline of Jasmine Street by reconstruction or overlayment, and

WHEREAS, ten days' mailed notice and two weeks' published notice of the hearing was given, and the hearing was held thereon on the 6th day of June, 2011, at which all persons desiring to be heard were given an opportunity to be heard thereon,

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

1. Such improvement is necessary, cost-effective, and feasible as detailed in the feasibility report.
2. Such improvement is hereby ordered as proposed in the Council Resolution adopted 2nd day of May, 2011.
3. Such improvement has no relationship to the comprehensive municipal plan.
4. Benchmark Engineering is hereby designated as the engineer for this improvement. The engineer shall prepare plans and specifications for the making of such improvement.

DULY ADOPTED BY THE CITY COUNCIL THIS 6th DAY OF JUNE, 2011.

ATTEST:



City Administrator



Mayor Gary Skalko



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 10-11

ACCEPTING WORK

WHEREAS, pursuant to a written contract signed with the City on June 16, 2009, Mesabi Bituminous of Gilbert, Minnesota has satisfactorily completed Improvement Number MI09-07 and MI09-14, the improvement Old Highway 169 approximately from one mile west of the Costin Plat to the western city limits by overlayment and the improvement of Mill Avenue between the centerline of Agate Street and the centerline of Mountain Avenue by overlayment in accordance with such contract,

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MOUNTAIN IRON, MINNESOTA, that the work completed under said contract is hereby accepted and approved, and,

BE IT FURTHER RESOLVED, that the City Administrator and Mayor are hereby directed to issue a proper order for the final payment on such contract, in exchange for the contractor's receipt evidencing payment in full.

DULY ADOPTED BY THE CITY COUNCIL THIS 6th DAY OF JUNE, 2011.

ATTEST:

City Administrator

Mayor Gary Skalko



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 11-11

APPROVING PLANS AND SPECIFICATIONS AND ORDERING ADVERTISEMENT FOR BIDS

WHEREAS, pursuant to a motion passed by the Council, Architectural Resources has prepared plans and specifications for the improvement of the Mountain Iron Fire Hall remodeling and has presented such plans and specifications to the Council for approval;

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

1. Such plans and specifications, a copy of which is attached hereto and made a part hereof, are hereby approved.
2. The City Administrator shall prepare and cause to be inserted in the official paper an advertisement for bids upon the making of such improvement under such approved plans and specifications. The advertisement shall be published for 2 days, shall specify the work to be done, shall state that bids will be received by the Administrator until 10:00 a.m. on June 29, 2011, at which time they will be publicly opened in the Mountain Iron Room of the Community Center by the City Administrator, will then be tabulated, and will be considered by the City Council at 6:30 p.m. on July 5, 2011, in the Mountain Iron Room of the Community Center. Any bidder whose responsibility is questioned during consideration of the bid will be given an opportunity to address the City Council on the issue of responsibility. No bids will be considered unless sealed and filed with the City Administrator.

DULY ADOPTED BY THE CITY COUNCIL THIS 6th DAY OF JUNE, 2011.

ATTEST:

City Administrator

Mayor Gary Skalko



CITY OF MOUNTAIN IRON

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RESOLUTION NUMBER 12-11

AUTHORIZING THE SUBMITTAL OF A SAFE ROUTES TO SCHOOL INFRASTRUCTURE APPLICATION TO THE MINNESOTA DEPARTMENT OF TRANSPORTATION

WHEREAS; the Minnesota Department of Transportation annually solicits applications for Safe Routes to School funding; and

WHEREAS; the City of Mountain Iron collaborated with the Mountain Iron-Buhl School District to complete the 2010 Mountain Iron Bicycle and Pedestrian Plan which included a local non-motorized trails plan and Safe Routes to School plan; and

WHEREAS, the City of Mountain Iron is committed to a community-effort to improve walking and bicycling conditions; and

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF MOUNTAIN IRON, MINNESOTA, that the City of Mountain Iron approves the submittal of a Safe Routes to School Infrastructure Grant for Fiscal Year 2011 to help implement the Mountain Iron Bicycle and Pedestrian Plan;

DULY ADOPTED BY THE CITY COUNCIL THIS 6th DAY OF JUNE, 2011.

ATTEST:


City Administrator


Mayor Gary Skalko

SECTION I: LIABILITY COVERAGE WAIVER FORM

Cities obtaining liability coverage from the League of Minnesota Cities Insurance Trust must decide whether or not to waive the statutory tort liability limits to the extent of the coverage purchased. The decision to waive or not to waive the statutory limits has the following effects:

- o *If the city does not waive the statutory tort limits*, an individual claimant would be able to recover no more than \$500,000. on any claim to which the statutory tort limits apply. The total which all claimants would be able to recover for a single occurrence to which the statutory tort limits apply would be limited to \$1,500,000. These statutory tort limits would apply regardless of whether or not the city purchases the optional excess liability coverage.
- o *If the city waives the statutory tort limits and does not purchase excess liability coverage*, a single claimant could potentially recover up to \$1,500,000. on a single occurrence. The total which all claimants would be able to recover for a single occurrence to which the statutory tort limits apply would also be limited to \$1,500,000., regardless of the number of claimants.
- o *If the city waives the statutory tort limits and purchases excess liability coverage*, a single claimant could potentially recover an amount up to the limit of the coverage purchased. The total which all claimants would be able to recover for a single occurrence to which the statutory tort limits apply would also be limited to the amount of coverage purchased, regardless of the number of claimants.

Claims to which the statutory municipal tort limits do not apply are not affected by this decision.

This decision must be made by the city council. **Cities purchasing coverage must complete and return this form to LMCIT before the effective date of the coverage.** For further information, contact LMCIT. You may also wish to discuss these issues with your city attorney.

City of Mt Iron accepts liability coverage limits of \$ 1,500,000 from the League of Minnesota Cities Insurance Trust (LMCIT).

Check one:

- The city **DOES NOT WAIVE** the monetary limits on municipal tort liability established by Minnesota Statutes 466.04.
- The city **WAIVES** the monetary limits on tort liability established by Minnesota Statutes 466.04, to the extent of the limits of the liability coverage obtained from LMCIT.

Date of city council meeting _____

Signature _____ Position _____

Return this completed form to LMCIT, 145 University Ave. W., St. Paul, MN. 55103-2044



Saint Louis County

8586 Enterprise Dr. S., Mountain Iron, MN 55768
(218) 748-7574

Sheriff Ross Litman

To: Mountain Iron Mayor and City Council
From: Sgt. John Backman *(signature)*
Re: May 2011 Statistics
Date: June 14, 2011

The Mountain Iron Office of the St. Louis County Sheriff reports the below activity for the month of May 2011:

- 21 Disturbances (arguments, threats, unwanted persons, 911 hangup)
- 12 Public assists (roadside assistance/checks, patrol requests, vehicle unlocks)
- 10 Suspicious persons/vehicles/circumstances
- 7 Motor vehicle crashes
- 6 Welfare checks, suicide threats, neglect/abandoned persons, runaway/lost/missing
- 4 Fire & medical
- 6 Drug related calls
- 4 Alarms
- 3 Assaults
- 2 Damage to Property
- 9 Thefts
- 2 Burglary (or attempted)
- 10 Miscellaneous calls (civil/custody/property disputes, animal & traffic complaints, warrant/paper service)
- 30 Traffic Stops
- 4 Traffic Citations
- 0 DUI
- 15 Assists: 7 Sheriffs, 5 Virginia PD, 1 Other PD's, 2 MSP, 3 inside Mt. Iron
- 1 Parking citation

This activity resulted in 3 custodial arrests.

Craig J. Wainio

From: Sharon Fredrickson [sfredrickson@trentilaw.com]
Sent: Monday, June 13, 2011 11:12 AM
To: John Backman
Cc: Craig J. Wainio
Subject: City of Mountain Iron vs. Sawmill Saloon - ICR No. 11-067210 - Our File No. 55,338-9

John:

I have reviewed the Sawmill Saloon file and Mt. Iron City Ordinance Sections 114.98 and 114.99. In addition to the criminal citation the ordinance requires the city council to address the matter civilly as specified in 114.99.

SAM A. ALUNI

City Attorney, City of Mountain Iron

Sent By:

Sharon K. Fredrickson, *Legal Assistant*

Email: sfredrickson@trentilaw.com

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225 N. 1st Street

1000 Lincoln Bldg.

Post Office Box 958

Virginia, MN 55792

Phone: (218) 749-1962 • 1-800-422-0912

Fax: (218) 749-4308

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Mountain Iron – Business Regulations

(A) Pursuant to Minnesota Statutes 340A.404, the Mountain Iron City Council is hereby authorized to permit holders of both on-sale wine and on-sale 3.2 percent malt liquor licenses, whose gross receipts are at least 60% attributable to the sale of food, to sell intoxicating malt liquor (strong beer) at on-sale without obtaining an additional license, with no additional fee to be charged. (Ord. 02-11, passed 2-2-2011)

(B) Intoxicating malt liquor (strong beer) is any beer, ale, or other beverage made from malt by fermentation and containing more than one-half of one percent alcohol by volume or more than 3.2 percent alcohol by weight. (Ord. 02-11, passed 2-2-2011)

(C) Sale of on-sale wine and on-sale strong beer are permitted on Sundays, pursuant to State Law. (Ord. 02-11, passed 2-2-2011)

(D) Holders of both on-sale wine and on-sale 3.2 percent malt liquor licenses, who have been granted permission to sell intoxicating malt liquor (strong beer) shall carry liability insurance as is required pursuant to Minnesota Statutes 340A, and the City of Mountain Iron City Code Chapter 114. (Ord. 02-11, passed 2-2-2011)

§ 114.98 VIOLATIONS.

Every person who violates this section is subject to all penalties provided for such violation. Except where a different, specific or more particular penalty is provided or allowed with respect to any offense, any person guilty of a violation of this chapter shall be convicted of such offense and be punished as set forth in § 10.99 for each offense of which he or she is convicted or both. Whenever a different, specific or more particular penalty is provided, allowed or required with respect to a conviction of any certain offense, then such penalty shall be imposed in place of the general penalty as is provided herein. Each separate violation of this chapter is a separate offense and the continued violation by a person of any one same offense with knowledge thereof is a separate offense for each day of such continued violation. Every person who gives or furnishes to the city a false or untrue statement to be relied upon in granting of a permit or license shall be subject to the penalties provided for in this section. (Prior Code, § 11.26)

§ 114.99 PENALTY.

(A) Any person violating the provisions of this chapter or M.S. Chapter 340A as it may be amended from time to time or any rules promulgated under that chapter as they may be amended from time to time is guilty of a misdemeanor and upon conviction shall be punished as provided by law.

(B) The Council shall impose a civil penalty of up to \$2,000 for each violation of M.S. Chapter 340A, as it may be amended from time to time, and of this chapter. Conviction of a violation in a court of law is not required in order for the Council to impose the civil penalty. A hearing under the Administrative Procedures Act, M.S. §§ 14.57 to 14.70, as it may be amended from time to time, is not required before the penalty is imposed, but the Council shall

Mountain Iron – Business Regulations

hold a hearing on the proposed violation and the proposed penalty and hear any person who wishes to speak. Non-payment of the penalty is grounds for suspension or revocation of the license. The following is the minimum schedule of presumptive civil penalties which must be imposed in addition to any suspension unless the license is revoked:

- (1) For the first violation within any three-year period, \$500.
- (2) For the second violation within any three-year period, \$1,000.
- (3) For the third and subsequent violations within any three-year period, \$2,000.

(C) The term “violation” as used in this section includes any and all violations of the provisions of this chapter, or of M.S. Chapter 340A, as it may be amended from time to time or any rules promulgated under that chapter as they may be amended from time to time. The number of violations shall be determined on the basis of the history of violations for the preceding three-year period. Revocation shall occur within 60 days following a violation for which revocation is imposed.



BENCHMARK ENGINEERING, INC.

CIVIL AND ENVIRONMENTAL ENGINEERING • PLANNING
MINING • LAND SURVEYING • LAND DATA BASE MAPPING

8878 Main Street • P.O. Box 261
Mt. Iron, MN 55768-0261
tel: 218-735-8914 • fax: 218-735-8923
email: info@bm-eng.com

June 15, 2011

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

Re: City of Mountain Iron, MN
WWTF Aeration System Improvements
Project No. MI10-06

Dear Mr. Wainio:

Enclosed please find Pay Request No. 3 for the City of Mountain Iron Wastewater Treatment Facility Aeration System Improvements project in the amount of **\$37,811.96** for approval at your next scheduled City Council meeting. This payment is for work completed through May 31st, 2011. Please refer to the enclosed pay request breakdown for a summary of items completed.

Please sign the applications for payment. Keep one copy for your records and return the rest to our office.

If you have any questions or need additional information please do not hesitate to contact me.

Sincerely,
Benchmark Engineering, Inc.


Alan J. Johnson, P.E.

Enclosures

pc: Mr. Mark Magney, Magney Construction, Inc.

Application for Payment No. 3

To: The City of Mountain Iron

From: Magney Construction, Inc., 1401 Park Road, Chanhassen, MN 55317

Contract: _____

Project: Wastewater Treatment Facility - Aeration System Improvements

Owners Contract No. _____ Engineer's Project No. 002540-10001-0
Date of this Invoice: 6/1/2011
Invoice Work Period: 5/1/11 - 5/31/11

1) Original Contract Price:		<u>\$290,400.00</u>
2) Net Change by Change Order/Written Amendments (-/+)		<u>\$0.00</u>
3) Current Contract Price (1+2):		<u>\$290,400.00</u>
4) Total Completed and stored to date:		<u>\$237,005.00</u>
5) Retainage (per Agreement):		
<u>5.00% of completed work</u>	<u>\$11,850.23</u>	
<u>5.00% of stored material:</u>	<u>\$0.00</u>	
Total retainage:	<u>\$11,850.23</u>	
6) Total Completed and stored to date less retainage (4-5)		<u>\$225,154.77</u>
7) Less Previous Application for Payments:		<u>\$187,342.81</u>
8) DUE THIS APPLICATION		<u>\$37,811.96</u>

Accompanying Documentation:

CONTRACTOR'S Certification:

The undersigned CONTRACTOR certifies that (1) all previous progress payments received from OWNER on account of work done under the Contract referred to above have been applied on account to discharge CONTRACTOR'S legitimate obligations incurred in connection with Work covered by prior Applications for Payment numbered 1 through 1 inclusive; (2) title of all work, materials and equipment incorporated in said Work otherwise listed in or covered by this Application for Payment will pass to OWNER at time of payment free and clear of all Liens, security interest or encumbrance (except such as are recovered by a Bond acceptable to OWNER indemnifying OWNER against any such Lien, security interest or encumbrance); and (3) all Work covered by this Application for Payment is in accordance by the Contract Documents and not defective.

Dated: 6/1/2011

By: Magney Construction, Inc. (Contractor)
[Signature]

State of MN County of Hennepin
Subscribed and sworn to before me this 2nd day of June 2011

Notary Public
My Commission Expires: _____

Rina M. Dillard
Jan. 31, 2014



Payment of the above AMOUNT DUE THIS APPLICATION is recommended.

Owner: _____ Engineer: Alan J. Johnson
By: _____ Date: 6/15/11
Date: _____

Magney Construction, Inc.
 Schedule of Values: Wastewater Treatment Facility - Aeration System Improvements
 Application No. 3

Date of Application: 6/1/2011
 Work Complete Through: 5/31/2011

Spec.	Description	Scheduled Value	Previous Application	This Application	Stored Material	Completed & Stored To Date	Pct. Compl.	Balance to Finish
01 10 00	Mobilization	\$12,133	\$12,133	\$0	\$0	\$12,133	100%	\$0
01 10 10	General Conditions	\$27,242	\$18,209	\$4,517	\$0	\$22,726	83%	\$4,516
02 41 19	Demolition	\$17,497	\$4,800	\$10,950	\$0	\$15,750	90%	\$1,747
03 30 10	Concrete	\$2,716	\$0	\$0	\$0	\$0	0%	\$2,716
05 50 00	Metals	\$5,633	\$4,600	\$0	\$0	\$4,600	82%	\$1,033
07 21 00	Insulation	\$7,020	\$0	\$0	\$0	\$0	0%	\$7,020
26 24 19	Electrical - Motor Controls	\$40,630	\$31,968	\$0	\$0	\$31,968	79%	\$8,662
40 05 10	Process Pipe and Valves	\$54,275	\$29,334	\$18,560	\$0	\$47,894	88%	\$6,381
40 95 13	Supervisory Control System	\$57,304	\$55,173	\$1,631	\$0	\$56,804	99%	\$500
44 10 11	Positive Displacement Blowers	\$38,049	\$34,863	\$2,166	\$0	\$37,049	97%	\$1,000
44 45 17	Fine & Coarse Bubble Diffusers	\$12,000	\$6,104	\$0	\$0	\$6,104	51%	\$5,896
40 95 13	Dissolved Oxygen Probe - Alternate No. 2							
	Unit Prices							
	Grit, Sand, & Debris Removal from Tanks	\$8,250	\$0	\$1,513	\$0	\$1,513	18%	\$6,738
	Additional Fittings for Flanged DIP	\$3,000	\$0	\$464	\$0	\$464	15%	\$2,536
	Restoration of Horizontal Concrete Surfaces	\$1,125	\$0	\$0	\$0	\$0	0%	\$1,125
	Restoration of Vertical Concrete Surfaces	\$1,125	\$0	\$0	\$0	\$0	0%	\$1,125
	Restoration of Overhead Horizontal Concrete Surfaces	\$900	\$0	\$0	\$0	\$0	0%	\$900
	Concrete Crack Repair	\$1,500	\$0	\$0	\$0	\$0	0%	\$1,500
	Totals	\$290,400	\$197,204	\$39,801	\$0	\$237,005	82%	\$53,396



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email: info@bm-eng.com

June 15, 2011

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

Re: City of Mountain Iron, MN
Gravel Access Road Improvements
Project No. MI10-07

Dear Mr. Wainio;

Enclosed please find Change Order No. 2 and Pay Request No. 3 for the Gravel Access Road Improvements project in the amount of **\$47,442.28**, for approval at your next scheduled City Council meeting. This amount includes withholding retainage on work completed to date.

Change Order No. 2 increases the Contract amount by **\$11,951.25**. This amount is necessary to compensate the Contractor for unsuitable soils encountered in the road base and for widening of the lay-down area used by loggers. First approve the change order then the pay request.

Please refer to the enclosed pay request breakdown for a summary of items completed. Please sign and return Change Order No. 2 to our office.

If you have any questions or need additional information please do not hesitate to contact me.

Sincerely,
Benchmark Engineering, Inc.

Alan J. Johnson, P.E.

Enclosure

Pc: Mr. Matt Jamnick, Mesabi Bituminous Inc.

CHANGE ORDER

Order No. 2

Date: June 15, 2011

NAME OF PROJECT/PROJECT NO: Gravel Access Road Improvements / MI10-07

OWNER: City of Mountain Iron

CONTRACTOR: Mesabi Bituminous, Inc.
P.O. Box 728, Gilbert, MN 55741

ENGINEER: Benchmark Engineering, Inc.

Reason for Change Order:

This change order is for the expansion of the laydown area used by loggers and also for additional materials removed from the road base that were unsuitable for road base.

The following changes are hereby made to the CONTRACT DOCUMENTS:

The contract amount is increased by **\$11,951.25**

Change to CONTRACT PRICE:

Original CONTRACT PRICE	\$ <u>112,304.50</u>
Current CONTRACT PRICE adjusted by previous CHANGE ORDERS	\$ <u>117,664.50</u>
The CONTRACT PRICE due to this CHANGE ORDER will be <u>increased</u> by:	\$ <u>11,951.25</u>
The new CONTRACT PRICE including this CHANGE ORDER will be:	\$ <u>129,615.75</u>

Recommended by:



Engineer (Authorized Signature)

6/15/11

Date:

Approved by:

Owner (Authorized Signature)

Date:

Accepted by:

Contractor (Authorized Signature)

Date:

RECOMMENDATION OF PAYMENT

No. 3

Owner's Project No.: _____

Engineer's Project No.: MI10-07

Project: GRAVEL ACCESS ROAD IMPROVEMENTS

CONTRACTOR: Mesabi Bituminous, Inc., P.O. Box 728, Gilbert, MN 55741

For Period Ending: June 15, 2011

To: City of Mountain Iron
Owner

Attached hereto is the CONTRACTOR's Application for Payment for Work accomplished under the Contract through the date indicated above. The application meets the requirements of the Contract Documents for the payment or work completed as of the date of this Application.

In accordance with the Contract the undersigned recommends payment to the CONTRACTOR of the amount due as shown below.

BENCHMARK ENGINEERING, INC.

Dated: June 15, 2011

By 

STATEMENT OF WORK

Original Contract Price	\$ <u>112,304.50</u>	Work & Materials to Date	\$ <u>129,615.75</u>
Net Change Orders	\$ <u>17,311.25</u>	Amount Retained	\$ <u>6,480.79</u>
Current Contract Price	\$ <u>129,615.75</u>	Subtotal	\$ <u>123,134.95</u>
		Previous Payments	\$ <u>75,692.67</u>
		Amount Due this Payment	\$ <u>47,442.28</u>



June 15, 2011

PAY REQUEST #3
 GRAVEL ROADWAY IMPROVEMENTS - DOWNTOWN MT. IRON ADJACENT TO RAILROAD SIDING
 PROJECT NO.: MI10-07

PROJECT COSTS

SPEC. NO.	ITEM DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	TOTAL QUANTITY	TOTAL AMOUNT
2021.601	RR INSURANCE	LUMP SUM	1.0	\$8,250.00	1.0	\$8,250.00
2104.501	REMOVE CONC. CURB & GUTTER	LIN. FT.	24.0	\$10.00	40.0	\$400.00
2104.503	REMOVE CONCRETE SIDEWALK	SQ. FT.	103.0	\$1.50	220.0	\$330.00
2104.521	SALVAGE FENCE	LIN. FT.	20.0	\$20.00	43.0	\$860.00
2104.601	SUBGRADE PREPARATION	LUMP SUM	1.0	\$1,500.00	1.0	\$1,500.00
2105.501	COMMON EXCAVATION (PV)	CU. YD.	1,600.0	\$8.50	2,411.0	\$20,493.50
2105.603	CONSTRUCT DRAINAGE DITCH	LIN. FT.	1,000.0	\$8.00	440.0	\$3,520.00
2105.604	GEOTEXTILE FABRIC TYPE V	SQ. YD.	4,800.0	\$1.25	6,489.0	\$8,111.25
2211.502	AGGREGATE BASE (LV) CLASS V	CU. YD.	5,075.0	\$11.00	6,899.0	\$75,889.00
2506.522	ADJUST FRAME & RING CASTING	EACH	3.0	\$200.00	5.0	\$1,000.00
2531.501	CONCRETE CURB AND GUTTER, DES. B618	LIN. FT.	24.0	\$30.00	40.0	\$1,200.00
2531.507	7" CONCRETE DRIVEWAY PAVEMENT (REINFORCED)	SQ. YD.	12.0	\$80.00	24.4	\$1,952.00
2563.601	TRAFFIC CONTROL	LUMP SUM	1.0	\$750.00	1.0	\$750.00
2563.61	FLAG PERSON	HOUR	120.0	\$100.00	0.0	\$0.00
2573.502	SILT FENCE PREASSEMBLED	LIN. FT.	210.0	\$4.50	0.0	\$0.00
2573.512	TEMPORARY DITCH CHECK TYPE 2	LIN. FT.	80.0	\$4.50	0.0	\$0.00
2573.602	TEMPORARY ROCK CONSTRUCTION ENTRANCE	EACH	2.0	\$500.00	0.0	\$0.00
2575.555	TURF ESTABLISHMENT	LUMP SUM	1.0	\$1,000.00	0.0	\$0.00
	CO #1 - FENCING	LUMP SUM	1.0	\$5,360.00	1.0	\$5,360.00

COMPLETED TO DATE: \$129,615.75
 MATERIALS ON HAND: \$22,837.50
 LESS MATERIALS USED: (\$22,837.50)
 SUBTOTAL: \$129,615.75
 LESS RETAINAGE: (\$6,480.79)
 SUBTOTAL PAY REQUEST #3: \$123,134.95
 LESS PREVIOUS PAYMENTS: \$75,692.67

TOTAL PAY REQUEST #3: **\$47,442.28**

Benchmark Engineering, Inc.

COUNCIL LETTER 0062011-IVH1

UTILITY ADVISORY BOARD

MINNESOTA POWER
WHOLESALE SERVICE AGREEMENT

DATE: June 16, 2011

FROM: Utility Advisory Board

Don Kleinschmidt
Director of Public Works

The Utility Advisory Board is recommending City Council adoption of the market based Electric Service Agreement with Minnesota Power.

Market Based Electric Service Agreement

Electric Rate Schedule
Filing Party: ALLETE, Inc.

Other Party: City of Mountain Iron, Minnesota

Table of Contents

1. **Electric Service Agreement**
2. **Minnesota Power Regulations for Wholesale Electric Service**
3. **Power Supply Formula Rate**

**RESTATED ELECTRIC SERVICE AGREEMENT
BETWEEN MINNESOTA POWER
AND
THE CITY OF MOUNTAIN IRON**

RESALE SERVICE - FULL REQUIREMENTS

Minnesota Power ("MP", "Minnesota Power", or "the Company") and the City of Mountain Iron, Minnesota, ("Customer") hereby enter into an Electric Service Agreement (the "Agreement"), which provides that MP will supply electric power and associated energy sufficient for Customer to meet its electric system requirements for resale to its retail customers in its service territory effective July 1, 2011.

In consideration of the commitments herein and for other good and valuable considerations, MP and Customer, agree as follows:

1. DEFINITIONS

1.1 Coincident Peak Demand is Customer's hourly demand at the time of MP's maximum system peak demand (kW or kilowatt) measured during the month.

1.2 Company's Basic Capacity Costs per kW (kilowatt) is Company's estimated annual Revenue Requirements associated with Company-owned power production facilities and with Company firm power purchases divided by the aggregate coincidental kilowatts of all customer loads serviced by such generating capacity and purchased capacity, adjusted for estimated transmission losses and load coincidence factor.

1.3 Company's Basic Energy Costs per kWh (kilowatt hour) is Company's estimated annual Revenue Requirements for fuel and associated operation and maintenance expenses at Company-owned power production facilities, and for energy associated with firm power purchases and economy purchases divided by the aggregate associated kilowatt-hours, adjusted for estimated transmission losses.

1.4 Economic Power is power or energy purchased over a period of twelve months or less where the total cost of the purchase is less than the MP's total avoided variable cost.

1.5 End-Use Load Obligation is an obligation imposed by law, regulation, or contract to serve the load of persons or other entities that purchase or produce electric energy for their own consumption and not for resale.

1.6 Excess Reactive Demand is the amount by which the maximum 15-minute integrated reactive demand (KVAR or kilovolt-amperes reactive) measured during the current month exceeds 50% of the maximum 15-minute integrated demand (kW or kilowatt) measured during the current month.

1.7 Generation Capacity Demand is Customer's maximum 15-minute integrated demand (kW or kilowatt) measured during the month.

1.8 High-Efficiency Energy is electricity generated by a distributed generation facility of no more than ten megawatts of interconnected capacity that is certified by the Commissioner of the Minnesota Department of Commerce under Minnesota Statute section 216B.169, subdivision 3 as a high-efficiency, low-emissions facility.

1.9 MISO is the Midwest Independent Transmission System Operator or its successor organization.

1.10 Net Generating Capability is determined by performing an annual Real Power Test in accordance with MISO Model E testing requirements between September 1st and August 31st for the planning year that commences on June 1st of the year following that test.

1.11 Non-coincidental Peak Demand is Customer's highest fifteen minute demand (kW or kilowatt) measured during the month and used for determining monthly billed demand.

1.12 Party is either Customer or MP.

1.13 Power Supply Formula Rate is the embedded-cost-based rate designed to recover Minnesota Power's cost of providing full requirements electric service to Customer.

1.14 Renewable Energy is electricity generated through use of any of the following resources: (1) wind, (2) solar, (3) geothermal, (4) hydro, (5) trees or other vegetation, or (6) landfill gas; or has the meaning as may be amended from time to time in Minnesota Statute section 216B.2422, subdivision 1, paragraph (c) or other laws amendatory thereof.

1.15 Service Regulations is MP's Regulations for Wholesale Electric Service (attached to this Agreement as Attachment A) that govern MP's electric service to Customer.

1.16 Service Year is a twelve-month period beginning on July 1st and ending on June 30th and shall be designated by the year the period begins.

1.17 Total Avoided Variable Cost is all identified and documented variable costs that would have been incurred by MP had a particular purchase not been made. Such costs include, but are not limited to, those associated with fuel, start-up, shut-down or any purchases that would have been made in lieu of the purchase made.

1.18 Total Cost of the Purchase is all charges incurred in buying economic power and having such power delivered to MP's system. The total cost includes, but is not limited to, capacity or reservation charges, energy charges, adders and any transmission or wheeling charges associated with the purchase.

2. TERM OF AGREEMENT

The term of the Agreement begins July 1, 2011 and ends at midnight on June 30, 2019 and will continue thereafter unless either MP or Customer terminates the agreement upon three years written notice to the other party; provided however, such termination notice may not be delivered prior to June 30, 2016.

3. ELECTRIC SERVICE AND RATES

3.1 Customer Charge

The Customer Charge shall be \$1,175 per month per Point of Delivery.

3.2 Generation Capacity Charge

The Generation Capacity Charge is currently \$15.45 per kW per month thereafter; the Generation Capacity Charge for each Service Year shall be as calculated pursuant to the Power Supply Formula Rate, as defined in Attachment B.

3.3 Base Energy Charge

The Base Energy Charge is currently \$0.02136/kWh. Thereafter the Base Energy Charge shall continue to be comprised of two components, the Fuel and Purchased Power Base and the Non-fuel Energy Charge. The Base Energy Charge for each Contract Year shall be as calculated pursuant to the Power Supply Formula Rate, as defined in Attachment B.

3.4 Monthly Energy Adjustment

The Monthly Energy Adjustment shall be calculated pursuant to the Power Supply Formula Rate. The Monthly Energy Adjustment shall be calculated as the difference between Minnesota Power's actual monthly fuel and purchased power cost and the Fuel and Purchased Power Base, as defined in Attachment B.

3.5 Excess Reactive Demand Charge

\$0.15 per KVAR (kilovolt-amperes reactive) per month of Excess Reactive Demand.

3.6 Transmission Service and Ancillary Fees

In accordance with applicable filed and approved MISO tariffs, MP will be responsible, on Customer's behalf, for designating resources and securing transmission network service for energy delivery to customer. Customer will be responsible for any and all charges associated with such transmission services. Under MISO Network Service, the initial monthly transmission demand charge rate for the energy provided hereunder will be the appropriate control area's zonal tariff rate (Schedule 7-8-9) for Network Integration Transmission Service plus the MISO Scheduling, System Control and Dispatch Service fee (Schedule 1) plus the MISO Cost Recovery Adder (MISO Administration fee Schedule 10), plus MISO network upgrade charges from Transmission Expansion Planning fee (Schedule 26), plus any charges not published to date, as such rates and fees may be revised periodically due to changes in MISO, or its successor organization's tariffs and fees (the "Transmission Service Rate"). Customer monthly Peak Demands with the appropriate control area's Peak Demand will be used in the application of these rates.

In addition, any applicable ancillary services will be provided in accordance with any applicable tariff ("Ancillary Services Fees"). The Ancillary Service Fees currently include: Reactive Supply and Voltage Control from Generation Sources Service (Schedule 2) and may include any charges not published to date, as such rates and fees may be revised periodically due to changes in MISO, or its successor organization's tariffs and fees. Customer's monthly Coincident Peak Demands with the appropriate control area's Peak Demand will be used in the application of these rates.

MP will bill Customer the actual monthly cost for the MISO Transmission Service Rate and Ancillary Services Fees no later than one month after MP receives the MISO Transmission Service invoice for each month. Upon termination of this Agreement any remaining unbilled accounts will be settled in full within one month. Customer reserves the right to audit relevant MISO invoices upon which such charges to Customer are based.

3.7 Service Voltage Adjustment

Where all electric service is delivered and metered at (or compensated to) the Service Voltage indicated below, the amount computed at the above rate, before other adjustments, will be adjusted as follows:

Less than 115 kV	Increase the amount computed above in the Generation Capacity Charge by \$1.55 per kW of Generation Capacity Demand.
Less than 13.8 kV	Increase the amount computed above in Customer Charge, Generation Capacity Charge, Energy Charge/Base Energy Charge, Reactive Demand Charge and Transmission and Ancillary Fees, including the Service Voltage Adjustment for Less than 115 kV, by 1%.

3.8 Annual True-up Adjustment

For Service Year 2011 and each Service Year thereafter, prior to June 30 of the year following each Service Year, the total difference in monthly billing amounts between the estimated and actual Generation Capacity Charge and Non-fuel Energy Charge component of the Base Energy Charge for the Service Year will be accumulated into a total dollar "true up" amount (positive or negative) for the year. Minnesota Power will bill or credit this amount to Customer in equal monthly installments for the term set forth in each Option below beginning with service on July 1 of each year. Prior to June 30 of each year, the party making the payment will make a selection of a True-up Adjustment as defined in Attachment B according to one of the options listed below (A, B, C). If no option is selected, Option A will be applied.

Option A. Six Month Adjustment

Minnesota Power to apply annual True-up Adjustment using six equal monthly installments during the subsequent six months beginning in July of the year following the relevant Service Year (i.e. July of the year following the Service Year). Any such refund by Minnesota Power or payment by Customer using this method will include interest calculated at the prime rate over the six month payment period July-December. If there is a default of a monthly True-up Adjustment payment, the following monthly billing will require full payment of the

remaining True-up Adjustment balance, including interest. Further delinquency will follow Minnesota Power's Regulations for Wholesale Service, Section VIII-Billing, No. 34-Delinquent Bills, attached to this Agreement. Upon termination of the agreement any remaining True-up Adjustment amount will be settled in full between Minnesota Power and Customer.

Option B. Twelve Month Adjustment

Minnesota Power to apply annual True-up Adjustment using twelve equal monthly installments during the subsequent twelve months beginning in July of the year following the relevant Service Year (i.e. July of the year following the Service Year through June). Any such refund by Minnesota Power or payment by Customer using this method will include interest calculated at the prime rate over the twelve month payment period July-June. If there is a default of a monthly True-up Adjustment payment, the following monthly billing will require full payment of the remaining True-up Adjustment balance, including interest. Further delinquency will follow Minnesota Power's Regulations for Wholesale Service, Section VIII-Billing, No. 34-Delinquent Bills, attached to this Agreement. Upon termination of the agreement any remaining True-up Adjustment amount will be settled in full between Minnesota Power and Customer.

Option C. Lump Sum Method

Customer and Company have the right to make a one-time lump sum payment of the amounts owed, excluding interest. If there is a default of the True-up Adjustment payment, the following monthly billing will require full payment of the remaining True-up Adjustment balance including interest. Further delinquency will follow Minnesota Power's Regulations for Wholesale Service, Section VIII-Billing, No. 34-Delinquent Bills, attached to this Agreement. Upon termination of the agreement any remaining True-up Adjustment amount will be settled in full between Minnesota Power and Customer.

3.9 Customer Audit Rights

In approximately May of 2012 and each year thereafter, Minnesota Power shall arrange a pre-meeting with the municipal customer's designated Audit Committee members, as needed, prior to meeting with all Customers subject to the Power Supply Formula Rates and provide to those Customers its Power Supply Formula Rate true-up for the prior Service Year. The purpose of the meetings will be to (i) review the formula calculations and the resulting actual rates for the current Service Year and (ii) review the formula calculations and resulting estimated rates, subject to true-up, that apply for the upcoming Service Year.

At the true-up meeting, Minnesota Power will:

- (i) provide sufficient information to enable Customers to verify the calculation of formula results from FERC Form No. 1 or other applicable accounting inputs and to compare that calculation to that of prior years;
- (ii) identify any respects in which the formula rate's application to the prior Service Year materially differed from its application in the preceding year (e.g., due to changes in accounting procedures, the purchase or sale of major assets, or other such significant changes), and describe how such altered application has affected the formula output; and

- (iii) identify the major reason(s) for the differences, if any, between (a) the actual rate and the estimated rate for the Service Year and (b) the actual rate and the preceding year's actual rate.

Customer shall have the right to audit the actual Service Year data to verify the formula inputs, calculations, and resulting rates, and to verify that all formula inputs have been adjusted as appropriate so that the formula output reflects the fully allocated average embedded cost. Minnesota Power will provide such information as the Customer may reasonably request in order to understand the actual rate calculations and true-up calculations. The Customer shall be entitled to request Minnesota Power to adjust the true-up rates in the event that there is an error in the data or application of the formula rate used by Minnesota Power in performing the true-up calculations.

Any audit with respect to billings for a Service Year shall be completed by April 30th of the calendar year following the Service Year.

If the Customer does not object to the true-up calculations in writing by June 30th of the second calendar year following the Service Year, Minnesota Power's costs and rates for the Service Year shall be deemed final, shall not be subject to further dispute or challenge by the Customer, and shall not be subject to refund or collection.

If the Customer and Minnesota Power fail to resolve the Customer's objection within 60 days of such objection, the Customer may file a complaint with FERC pursuant to Federal Power Act ("FPA") Sections 205 or 206. In any such filing, the Customer shall specify the portion(s) of the revenue collection subject to dispute. In any such proceeding, Minnesota Power shall bear the burden of proving that it has reasonably applied the terms of the Formula Rate; that the resultant rate is just, reasonable, and not unduly discriminatory; and that it followed the applicable procedures herein. If the Customer disputes the true-up rates, the Customer shall continue to pay its total bill on a monthly basis. If a refund is determined to be due to the Customer, it shall be paid to the Customer with interest calculated based upon the process set forth in Section 35.19a of the Commission's regulations, 18 CFR 35.19a.

The following example illustrates the timeline contemplated by the preceding provisions.

- Service Year: July 2011 through June 30, 2012
- Basis for estimated rates, prior to true-up:
 - Formula applied to projected calendar year 2011 data
- Basis for actual billing:
 - Formula applied to calendar 2011 FERC Form 1 data
- Filing of FERC Form 1 that will be used as basis for actual billing: April 2012
- True-up provided by Minnesota Power, subject to audit: On or before July 31, 2012
- End of Customer audit period: April 30th 2013
- Deadline for Customer objections to rate calculations: June 30, 2014

3.10 Changes to the Formula

If the formula must be changed to conform with changes in the format of FERC Form 1, the format of the Uniform System of Accounts, or other reasons of a similar nature that do not materially impact

the results, Minnesota Power shall, absent extraordinary circumstances, provide Customers with 30 days notice of Minnesota Power's intent to change such references or data sources in the formula and a full explanation of the changes. If such notice is given and no Customer presents a good faith, written objection in response within 30 days, the Customers will be deemed to have consented to the change and the effective date necessary, including a retroactive effective date, to implement the formula as originally intended.

4. RENEWABLE AND HIGH EFFICIENCY ENERGY RATE OPTION

Customer may voluntarily request to purchase from MP optional Renewable and/or High-Efficiency Energy for the purpose of meeting its requirement under Minnesota Statute section 216B.169 to offer its customers one or more options that allow a customer to determine that a certain amount of the electricity generated or purchased on behalf of the customer is renewable energy or energy generated by high-efficiency, low-emissions, distributed generation.

Under the Renewable and High-Efficiency Energy Rate Option, MP shall make available to Customer Renewable and/or High Efficiency Energy in increments of 100 kWh blocks monthly on an as-needed basis to supply the actual energy subscriptions sold to Customer's retail customers. MP shall also provide to Customer administrative services associated with the provision of Renewable and/or High-Efficiency Energy. Customer shall notify MP each month of the number of blocks of energy to be purchased for that month.

The standard rates above shall apply. In addition, Customer shall have the option at its sole discretion to purchase a portion of its electric service requirements as Renewable and/or High-Efficiency Energy and pay the following additional charges if Customer elects the Renewable and High-Efficiency Energy Rate Option in accordance with the following:

4.1 Renewable/High-Efficiency Service Charge (Annual)

\$500 per year billed in January of each calendar year

4.2 Renewable/High-Efficiency Energy Charge (Monthly)

\$2.50 per 100 kWh block for all kWh of Renewable/High-Efficiency Energy

5. ADDITIONAL GENERATION

Unless MP and Customer otherwise agree in a written amendment, Customer may not, during the term of this Agreement, construct, operate or utilize its own generating or cogenerating capacity and may not purchase electric power and energy from any other person or party. Except as follows:

Customer may choose to install up to a maximum of 2% of its previous year's 15 Minute Peak kW Demand but not greater than 2,000kW of Renewable Generation (i.e. to achieve the 2,000 kW maximum of self-generation the customer would need a 15 Minute Peak Demand of 100,000 kW) to offset some of the power used by the customer through its point of delivery. If outside participation in development of the renewable generation is being sought MP has the right but not the obligation, to participate should the project prove to be economically feasible in MP's sole discretion. The selected Renewable Generating unit's nameplate rating will be used in determining

the size and number of renewable generation unit(s) to be allowed for installation based on the 2% calculation. In the case of wind generation, the customer is required to prepare a one year minimum meteorological study at the proposed generation site as well as meet all MP interconnection requirements before any units are actually installed. MP approval is required if the selected renewable generator(s) nameplate capacity exceeds the 2% calculation.

Notwithstanding the forgoing provisions, Customer may, individually or collectively with other MP wholesale customers, propose to construct, operate, or utilize its own generating or cogenerating capacity in lieu of MP adding new generating capacity or purchasing capacity from any other person or party to meet its power and energy commitments to Customer and other wholesale customers. This generating capacity may consist of any new construction or acquisition without regard to fuel type (coal, gas, bio-mass, wind, etc.). Accordingly, Customer hereby grants MP the exclusive right of first refusal to (1) acquire or construct and operate on behalf of Customer such additional generating capacity that Customer proposes to construct, operate or utilize during the term of this Agreement, and (2) purchase the energy, capacity and applicable renewable attributes from such additional generating capacity that is surplus to Customer requirements.

6. RENEWABLE RESOURCE REQUIREMENTS

Any requirements applicable to Customer to generate, satisfy, or procure renewable energy objectives under law (e.g., Minn. Stat. § 216B.1691, as may be amended) shall be satisfied by Company. Provided, however, that under Minn.Stat. § 216B.1691, any eligible energy technology requirements applicable to Customer shall first be satisfied by any Customer-owned eligible energy technology and thereafter by Company through the Term of this Agreement.

7. LOAD GROWTH

If Customer total native electrical load served by MP increases by more than 5,000 kW in any year, MP reserves the right to adjust its Electric Service and Rate (from those set forth above) to incorporate the additional incremental cost of obtaining power supply to serve such an increase. For additional power requirements in excess of 5,000 kW in any twelve month period MP must be notified. The additional power requirements in excess of 5,000 kW in any twelve month period will be subject to a Surcharge for a period of five years from the date a binding Commitment Agreement to take the power is signed by the Customer. The Surcharge will be assessed to cover the additional cost of obtaining such power supply in excess of Company's Basic Capacity and Energy Costs. The Surcharge will not be less than zero. MP will advise the customer of approximate Company's Basic Capacity and Energy Cost 30 days prior to the beginning of each year.

As an alternative to MP providing the electric capacity and energy needed to meet Customer's load growth as described above, Customer may propose to construct, operate, or utilize its own generating or cogenerating capacity as described in the paragraph titled "Additional Generation."

8. ADJUSTMENTS

There shall be added to the monthly bill the applicable proportionate part of any taxes and assessments imposed by any governmental authority in excess of those in effect July 1, 2011, which

are assessed on the basis of meters or customers, or the price of or revenues from electric energy or service sold, or the volume of energy generated, transmitted or purchased for sale or sold.

9. SERVICE CONDITIONS

9.1 Type of Service. Customer will take service from MP at three phase, 60 hertz, at one standard transmission voltage of 23,000 volts. Customer will take all of its electric service requirements from MP for redistribution and resale. The delivery is where MP's wires connect to Customer's wires on Customer's dead end structure near Customer's Substation East of Mineral Avenue and North of Burlington Northern Railway tracks in the SW 1/4 of the NW ¼ of Section 10, T58N, R18W, St. Louis County.

9.2 Point(s) of Delivery and Metering. By mutual agreement of MP and Customer, service may be taken at additional points of delivery; however, a separate Customer Charge shall be billed for each point of delivery. The measurements obtained at each point of delivery will be combined for billing purposes so as to produce the same quantities as measurements obtained by a single-metering installation. Combining the metering in this manner will provide Customer the benefit of any diversity which exists between the points of delivery and produce the equivalent maximum 15-minute demands (kW and KVAR) as would have been produced through metering the entire load at one metering point.

9.3 Equipment Ownership. Customer shall own, operate and maintain all facilities necessary to reach MP's available transmission line of adequate capacity to handle Customer's electric service requirements. Such facilities include any transformers, regulators, protective devices and other equipment needed to deliver electricity at Customer's utilization or distribution voltage. MP will own and maintain the metering equipment and any high-voltage disconnect switches which MP deems necessary.

9.4 Demand Waiver after System Outage. For billing purposes, MP will waive Customer Generation Capacity Demands and Coincident Peak Demands for one hour after any complete Customer system outage. If such hour is coincident with the MP system peak, Customer's load during the first hour thereafter will be considered the Coincident Peak Demand for billing purposes.

10. REGULATION AND JURISDICTION

Electric service shall be available from MP at the rates and under the terms and conditions set forth in this Agreement. Customer agrees to cooperate without waiver of substantive rights all regulatory filings made by MP with the FERC to implement this Agreement.

The agreement and all the rates and charges herein are subject to approval, amendment and change by any regulatory body having jurisdiction thereof. Both MP and Customer reserve the right to seek amendments, changes, increases or decreases in the rates and charges set forth herein, in accordance with law, from any regulatory body having jurisdiction thereof.

Nothing contained herein shall be construed as affecting in any way the right of the party furnishing service under this Agreement to unilaterally make application to the Federal Energy Regulatory Commission for a change in rates, charges, classification, or service, or any rule, regulation or contract relating thereto under Section 205 of the Federal Power Act and pursuant to the Commission's Rules and Regulations promulgated thereunder, or any other regulation or authority granted MP allowing the Company to change rates.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed by the duly authorized signatories the _____ day of _____, 2011.

CITY OF MOUNTAIN IRON

By: _____

Title: _____

MINNESOTA POWER

By: _____

Title: _____

SECTION I—DEFINITIONS

The following expressions when used in these Service Regulations, in Rate Schedules and in Service Agreements, shall, unless otherwise indicated, have the meanings given below:

1. **Customer:** A municipality or other wholesale customer having Company's electric service at any specified location.
2. **Company:** Minnesota Power.
3. **Electric Service:** The supplying of electric power and energy, or its availability, irrespective of whether any electric power and energy is actually used. Supplying of service by Company consists of the maintaining by it, at the point of delivery, of approximately the agreed voltage and frequency by means of facilities adequate for carrying Customer's contracted load.
4. **Customer's Installation:** In general, all wiring and apparatus of any kind or nature on Customer's side of the point of delivery (except Company's meter installation), useful in connection with Customer's ability to take electric service.
5. **Point of Attachment:** Point of delivery defined by Contract or the point at which Company's conductors connect to Customer's service conductors or dead end insulators.
6. **Service Conductors:** The wires provided by the Customer extending from Customer's main line switch or center at which circuits originate, to the Point of Attachment.
7. **Month:** An interval of approximately thirty days between successive meter reading dates.
8. **Service Agreement:** The agreement or contract between Company and Customer pursuant to which service is supplied and taken.
9. **Notice:** Unless otherwise specified, a written notification delivered personally or mailed by one party to the other, the period of notice being computed from the date of such personal delivery or mailing.
10. **Meter:** The meter or meters, together with auxiliary devices, if any, constituting the complete installation needed to measure the power and energy supplied to any Customer's point of delivery.
11. **Customer Extension:** Any branch from, or continuation of, an existing line to the point of delivery to Customer, including increases in capacity of any of Company's existing facilities, or the changing of any line to meet the Customer's requirements, and including all transformers, service connection to Point of Attachment and meters.

SECTION II—SERVICE AGREEMENTS

12. **Company's Right to Cancel Service Agreement or to Suspend Service:** Company, in addition to all other legal remedies, may terminate the Service Agreement, or suspend delivery of service, for any default or breach of the Service Agreement by the Customer, but no such termination or suspension will be made by Company without five (5) days written notice to Customer, stating in what particular the Service Agreement has been violated, except in cases of unlawful or unauthorized use of service by Customer, or dangerous leakage or short circuit on Customer's side of the point of delivery, or in case of utilization by Customer of service in such manner as to cause danger to persons or property. Failure of Company at any time to either suspend delivery of service or to terminate the Service Agreement, or to resort to any other legal remedy, or its adoption of either one or the other of such alternatives, shall not affect Company's right to resort to any of such remedies for the same or any future default or breach by Customer.
13. **Successors and Assigns:** Service Agreements inure to the benefit of and are binding upon the respective heirs, legal representatives, successors and assigns of the parties thereto; but no assignment by Customer shall be binding upon Company until accepted in writing by the latter.

SECTION III—SUPPLYING AND TAKING OF SERVICE

14. **Continuity of Service:** Company will endeavor to provide continuous service but does not guarantee a constant supply of electric energy and shall not be liable to Customer for damages occasioned by interruption from any cause other than gross negligence of Company. The Company shall not be liable for any loss of profits or special or consequential damages resulting from the use of service or any interruption or disturbance of service.
In the event of power shortage any curtailment among Customers shall be made as nearly as practical pro rata without liability on the part of Company to any Customer affected.
15. **Suspension of Service for Repairs and Changes:** When necessary to make repairs to or changes in its lines or system, Company may, without incurring any liability therefor, suspend service for such periods as may be necessary, and in such manner as to minimize inconvenience to Customer.
16. **Customer's Responsibility:** Customer assumes all responsibility on Customer's side of the point of delivery for the service supplied or taken, as well as for the electrical installation and apparatus used in connection therewith, and shall save Company harmless from and against all claims for injury or damage to persons or property occasioned by or in any way resulting from such service or the use thereof on Customer's side of the point of delivery.
17. **Right-of-Way:** Customer shall, without compensation, make or procure satisfactory conveyance to Company of right-of-way for Company's lines necessary and incidental to the furnishing of service to Customer and for continuing or extending said lines over, under, across or through the property owned or controlled by Customer in a manner deemed appropriate by the Company.

18. **Access to Premises:** The duly authorized agents of Company shall have access at all reasonable hours to the premises of Customer for the purpose of inspecting wiring and apparatus, inspecting, maintaining and repairing lines over, under, across or through said premises, removing, replacing, or reconstructing Company's property, reading of meter and all other purposes incident to the supplying of service.

19. **Location of Point of Attachment:** Customer's Point of Attachment is to be located at a point readily accessible to Company's distribution mains. Customer shall install and maintain a Point of Attachment for Company's conductors. Said Point of Attachment shall be of sufficient mechanical strength to support the wind and ice loaded weight of the conductors and shall be located as determined by the Company.

SECTION IV—CUSTOMER'S INSTALLATION

20. **Inspection by Company:** Company retains the right, but does not assume the duty, to inspect Customer's installation at any time and will refuse to commence or to continue service whenever it does not consider such installation to be in good operating condition, but Company does not in any event assume any responsibility whatever in connection with such matters.

21. **Changes in Installations:** As Company's service conductors, transformers, meters, and other facilities used in supplying service to Customer have a definite limited capacity, Customer shall give notice to Company, and obtain Company's consent, before making any material changes or increases in Customer's installation. Company as promptly as possible after receipt of such notice will give its approval to the proposed change or increase, or will advise Customer upon what conditions service can be supplied for such change or increase. Failure to secure Company's approval shall make Customer liable for any damage to Company's facilities.

SECTION V—COMPANY'S INSTALLATION

22. **Installation and Maintenance:** Except as otherwise provided in these Service Regulations, in Service Agreements or Rate Schedules, Company will install and maintain its lines and equipment on its side of the point of delivery, but shall not be required to install or maintain any lines or equipment, except meters, on Customer's side of the point of delivery. Only Company's agents are authorized to connect Company's service drop to Customer's service entrance conductors and to connect Company's meters.

(a) **Electrical Permit:** The Company is prohibited from connecting its service conductors to Customer's conductors until permitted by the governmental authority having jurisdiction.

(b) **Standard Connection:** The ordinary method of connection between Company's distributing mains and Customer's service conductors will be by overhead wires. If Customer desires to have connection made in any other manner, special arrangements will be made between Customer and Company by which the connection will be made and maintained at Customer's expense.

(c) **Suitable Space:** The Customer shall provide at no cost to Company a suitable room or space for Company's transformers and equipment specifically used in providing service to Customer when such room or space is deemed necessary by Company.

23. **Protection by Customer:** Customer shall protect Company's wiring and apparatus on Customer's premises and shall permit no one except Company's agents or persons authorized by law to inspect or handle same. In the event of any loss or damage to such property of Company or other person caused by or arising out of carelessness, neglect or misuse by Customer or other unauthorized persons, the cost of making good such loss or repairing such damage shall be paid by Customer.

Company shall not be responsible to Customer or any other party because of any damage resulting from such installations which are not readily subject to inspection from the ground and the exterior of the premises, or from the meter location, unless Customer shall have notified Company of a condition which, in the reasonable opinion of the Customer, requires attention and the Company shall have had a reasonable time within which to inspect and, if necessary, repair the same.

24. **Customer Extensions:** The Company, at its own expense, makes extensions where the revenue therefrom is sufficient, in Company's opinion, to justify the necessary expenditure.

Where the Company cannot be assured that the term of service will be of sufficient duration, where unusual expenditures are necessary to supply service because of location, size or character of installation, or where area requirements of regulatory bodies may control, Customer shall make arrangements satisfactory to Company dependent upon the particular conditions of each situation.

25. **Relocation of Facilities:** Company will, at its discretion, alter, relocate or remove Company's facilities as may be requested in writing by Customer. Customer shall pay Company for all costs associated with such alteration, relocation or removal including any new facilities required to provide service after the alteration, relocation or removal.

Customers requesting the alteration, relocation, or removal shall pay the estimated cost for the change, less salvage, of the facilities required to effect such change prior to Company committing funds for the work. Where the actual cost is different from the estimated cost upon which the advance payment was based, as determined upon completion of the requested alteration, relocation or removal, Company will refund any excess payment made by Customer or render a bill for any additional amount due.

SECTION VI—METERING

26. **Installation:** Company shall furnish and install the necessary meter or meters, and Customer shall provide and maintain a location, free of expense and satisfactory to Company, all in accordance with Company's Metering Standards.

27. **Evidence of Consumption:** Unless proven to be inaccurate, the registration of Company's meter shall be accepted and received at all times and places as prima facie evidence of the amount of power and energy taken by Customer.

28. **Tests:** Company tests its meters and maintains their accuracy of registration in accordance with good practice. On request of Customer, Company will make a special test which will be done at the expense of the Company. If the Customer requests another test before the expiration of a twelve-month period, the Customer shall bear the cost of the test if the meter is found to be in error by less than 2%, fast or slow. The average registration

accuracy of a meter is taken as the mean of full load (100% of rated load) accuracy, and light load (5-10% of rated load) accuracy. At Company's discretion, tests may be made under average load conditions.

SECTION VII—PARALLEL GENERATION

29. **Design:** The Seller's electric generating equipment shall be designed (1) to operate in synchronization with Company's system and (2) to automatically disconnect the facility from Company's system in the event Company's system becomes de-energized. All synchronizing and protective devices to accomplish this mode of operation shall be provided and maintained by Customer.

30. **Disconnection:** The Seller shall provide and maintain a manual, lockable disconnect switch providing a visible open and capable of isolating the Customer's generator from the Company's electrical system. This disconnect switch shall be readily accessible to Company personnel at all times, shall include a provision for padlocking it in the open position, and shall meet all other reasonable requirements established by Company.

31. **Customer Responsibility:** The Seller shall pay for the cost of rebuilding and/or modifying Company facilities to provide adequate capacity for the parallel generation system and adequate protection for the Company's electrical system.

SECTION VIII—BILLING

32. **Billing Periods:** Bills ordinarily are rendered regularly at monthly intervals, but may be rendered more or less frequently at Company's option. Non-receipt of bills by Customer does not release or diminish the obligation of Customer with respect to payment thereof.

33. **Adjustment for Inaccurate Meter Registration:** In the event that any routine or special test of a Company meter discloses its average accuracy of registration to be in error by more than 2%, fast or slow, Company will refund the overcharge for a fast meter or charge for electricity consumed, but not included in the bills previously rendered for a slow meter. The refund or charge for both fast and slow meters will be based on corrected meter readings for a period equal to one-half the time elapsed since the last previous test but not to exceed six (6) months, unless it can be established that the error was due to some cause, the date of which can be fixed with reasonable certainty, in which case the refund or charge will be computed to that date, but in no event for a period longer than one (1) year.

34. **Delinquent Bills:** Bills become delinquent if not paid on or before the past due date as shown on bill and service may be discontinued upon five (5) days written notice to Customer after becoming delinquent.

35. **Unlawful Use of Service:** In any case of tampering with meter installation or interfering with the proper functioning thereof or any other unlawful use or diversion of service by any person, or evidence of any such tampering, interfering, unlawful use or service diversion, Customer is liable to immediate discontinuance of service, without notice, and to prosecution under applicable laws, and Company shall be entitled to collect from Customer at the appropriate rate for all power and energy not recorded on the meter by reason of such tampering, interfering, or other unlawful use or service diversion (the amount of which may be estimated by Company from the best available data), and also for all expenses incurred by the Company on account of such unauthorized act or acts.

36. **Charge for Restoring Service:** If service to Customer is discontinued by Company for valid cause, then before service is restored, Customer shall pay Company all permitted costs of discontinuing and restoring service. There will be no charge for reconnection when service has been discontinued in the event of a condition determined to be hazardous to Customer, to other Customers of Company, to Company's equipment, or to the public.

If Customer requests that service be discontinued and subsequently requests restoration of same service within twelve (12) months of discontinuance, the charge for restoring service will be the sum of minimum bills during the elapsed period but not less than all costs of discontinuing and restoring service.

37. **Selection of Schedule:** If, for any cause a Service Agreement is entered into in which is specified a Rate Schedule not applicable to the class of service taken, on discovery of the error all bills rendered during the preceding twelve (12) months will be recalculated in accordance with the properly applicable Rate Schedule and Company will refund to Customer any amount due, or will bill Customer for any amount owed, as the case may be.

38. **Proration of Bills:** Bills for energy used during a billing period that is longer or shorter than the normal billing period by more than five (5) days shall be prorated on a daily basis, but no billing will be made for three (3) or less days when no energy is used. However, in no event will the total length of service between initial and final service be taken as less than one (1) month.

No bill will be prorated for change in operating level within the billing period.

SECTION IX—MISCELLANEOUS REGULATIONS

39. **Conflicts:** In case of conflict between any provision of these Service Regulations, Customer's Service Agreement or a Rate Schedule, the provision of the Service Agreement takes precedence, followed by the provision of the Rate Schedule.

40. **Regulations and Jurisdiction:** Electric service shall be available from Company at the rates and under the terms and conditions set forth in the currently applicable Rate Schedule or other superseding Rate Schedules in effect from time to time. All the rates and regulations referred to herein are subject to amendment and change by Company. Any such amendments or changes are subject to approval by the Federal Energy Regulatory Commission or succeeding authority.

**Attachment B - ALLETE, Inc., d/b/a Minnesota Power
POWER SUPPLY FORMULA RATE**

I. Generation Capacity Charge

- a. The Estimated Generation Capacity Charge for the Service Year shall be determined in accordance with the formula in the supporting workpapers included herein as Appendices A-1 through A-18, using projected cost and load information for the calendar year in which the Service Year begins.
- b. The Actual Generation Capacity Charge for the Service Year shall be determined in May of the following year using cost and load information reported in the FERC Form 1 for the calendar year in which the Service Year begins. The calculation will use average rate base balances for the specified calendar year.
- c. The Generation Capacity Charge True-up Adjustment is any difference between the sum of the monthly billings for the Service Year based upon the Estimated Generation Capacity Charge and the Actual Generation Capacity Charge and shall be refunded to or collected from the Customer in equal six-month, twelve-month or lump-sum amounts in the monthly bills for July through June of the year following the Service Year. Any such refund by Company or payment by the Customer shall be increased by interest if a six- or twelve-month payment or refund plan is selected vs. a lump-sum payment or refund.

II. Base Energy Charge

- a. The Estimated Base Energy Charge for the Service Year shall be determined in accordance with the formula in the supporting workpapers included herein as Appendices A-1 through A-18, using projected cost and load information for the calendar year in which the Service Year begins. It shall be the sum of two components, the Fuel and Purchased Power Base and the Non-fuel Energy Charge.
- b. The Actual Base Energy Charge for the Service Year shall be determined in May of the following year using cost and load information reported in the FERC Form 1 for the calendar year in which the Service Year begins. Only the Non-fuel Energy Charge shall be subject to change in the annual true-up calculation. The Fuel and Purchased Power Base and resulting Monthly Energy Adjustments shall not change as a result of the annual true-up calculation.
- c. The Non-fuel Energy Charge True-up Adjustment is any difference between the sum of the monthly billings for the Service Year based upon the Estimated Non-fuel Energy Charge and the Actual Non-fuel Energy Charge and shall be refunded to or collected from the Customer in equal six-month, twelve-month or lump-sum amounts in the monthly bills for July through June of the year following the Service Year. Any such refund by Company or payment by the Customer shall be increased by interest if a six- or

twelve-month payment plan or refund is selected vs. a lump sum payment or refund.

III. Monthly Energy Adjustment

- a. The Monthly Energy Adjustment shall be calculated each month as the difference (positive or negative) between Company's monthly fuel and purchased power cost and the Fuel and Purchased Power Base.
- b. The Estimated Monthly Energy Adjustment is calculated each month for the upcoming calendar year (e.g., calculated in December 2010 for January 2011 - December 2011) based on projected monthly fuel and purchased power costs. In the month immediately following the service month (e.g., August 2011 for July 2011), when the actual costs of fuel and purchased power are known, the actual Monthly Energy Adjustment will be calculated, and a true-up to the actual costs is either billed or credited to Customer on that month's bill.

IV. Changes to Formula Methodology

- a. The Power Supply Formula Rate formulas will be revised to include recovery of costs associated with MP's required pension plan contributions at such time when the Minnesota Public Utilities Commission approves inclusion of such costs for retail customer rate recovery.

V. Cost of Capital

- a. The Cost of Capital used to determine the rate of return on investment will be calculated using a return on equity ("ROE") of 10.38 percent and over the term of this agreement will change to match the ROE established by the most recent final order of the Minnesota Public Utilities Commission in any MP rate proceeding. The capital structure will be initially fixed at 41 percent debt and 59 percent equity.

COUNCIL LETTER 062011-VIA

ADMINISTRATION

RESOLUTION 13-11

DATE: June 16, 2011

FROM: Craig J. Wainio
City Administrator

Resolution 13-11 Declaring Costs to be Assessed and Ordering Preparation of Proposed Assessment for the improvement of Old Highway 169. This Resolution identifies the cost of the project and orders the development of an assessment role. Once the assessment role is developed it will be presented to the City Council and a public hearing on the proposed assessments will need to be set.

It is recommended that the City Council adopt Resolution Number 13-11 Declaring Costs to be Assessed and Ordering Preparation of Proposed Assessment.



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 13-11

DECLARING COST TO BE ASSESSED, AND ORDERING PREPARATION OF PROPOSED ASSESSMENT

WHEREAS, costs have been determined for Improvement Number MI09-07, the improvement of Old Highway 169 approximately from one mile west of the Costin Plat to the western city limits by overlayment and the contract price for such improvement is \$256,674, and the expenses incurred in the making of such improvement amount to \$44,127 so that the total cost of the improvement will be \$300,801.

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

1. The portion of the cost of such improvement to be paid by the City is hereby declared to be \$270,720 and the portion of the cost to be assessed against benefited property owners is declared to be \$30,081.
2. Assessments shall be payable in equal annual installments extending over a period of 10 years, the first of the installments to be payable on or before the first Monday in January, 2012, and shall bear interest at the rate of 8 percent per annum from the date of the adoption of the assessment resolution.
3. The City Administrator, with the assistance of the city engineer, shall forthwith calculate the proper amount to be specially assessed for such improvement against every assessable lot, piece or parcel of land within the district affected, without regard to cash valuation, as provided by law, and he shall file a copy of such proposed assessment in his office for public inspection.
4. The City Administrator shall upon the completion of such proposed assessment, notify the City Council thereof.

DULY ADOPTED BY THE CITY COUNCIL THIS 20th DAY OF JUNE, 2011.

ATTEST:

Mayor Gary Skalko

City Administrator

COUNCIL LETTER 062011-VIB

ADMINISTRATION

RESOLUTION 14-11

DATE: June 16, 2011

FROM: Craig J. Wainio
City Administrator

Resolution 14-11 Declaring Costs to be Assessed and Ordering Preparation of Proposed Assessment for the improvement of Mill Avenue. This Resolution identifies the cost of the project and orders the development of an assessment role. Once the assessment role is developed it will be presented to the City Council and a public hearing on the proposed assessments will need to be set.

It is recommended that the City Council adopt Resolution Number 14-11 Declaring Costs to be Assessed and Ordering Preparation of Proposed Assessment.



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RESOLUTION NUMBER 14-11

DECLARING COST TO BE ASSESSED, AND ORDERING PREPARATION OF PROPOSED ASSESSMENT

WHEREAS, costs have been determined for Improvement Number MI09-14, the improvement of Mill Avenue between the centerline of Agate Street and the centerline of Mountain Avenue by overlayment and the contract price for such improvement is \$16,349, and the expenses incurred in the making of such improvement amount to \$4,823 so that the total cost of the improvement will be \$21,172.

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

1. The portion of the cost of such improvement to be paid by the City is hereby declared to be \$5,293 and the portion of the cost to be assessed against benefited property owners is declared to be \$15,879.
2. Assessments shall be payable in equal annual installments extending over a period of 10 years, the first of the installments to be payable on or before the first Monday in January, 2012, and shall bear interest at the rate of 8 percent per annum from the date of the adoption of the assessment resolution.
3. The City Administrator, with the assistance of the city engineer, shall forthwith calculate the proper amount to be specially assessed for such improvement against every assessable lot, piece or parcel of land within the district affected, without regard to cash valuation, as provided by law, and he shall file a copy of such proposed assessment in his office for public inspection.
4. The City Administrator shall upon the completion of such proposed assessment, notify the City Council thereof.

DULY ADOPTED BY THE CITY COUNCIL THIS 20th DAY OF JUNE, 2011.

ATTEST:

Mayor Gary Skalko

City Administrator

June 8, 2011

FROM: Ebnet Enterprises Inc.
DBA: Harold's Bar / Deluxe Catering
225 Grant Ave.
Eveleth, MN. 55734

744-4960
Fax 744-3909

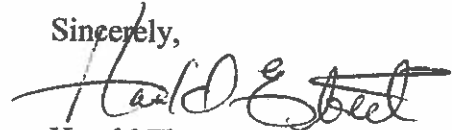
TO: City of Mountain Iron

ATTN: Mayor & City Council

We have been asked to cater a wedding reception on July 23rd, 2011 at the Mountain Iron Community Center. We have been asked to provide the food and the liquor for this event. We ask the City Council for your permission to serve liquor at your center for that night. Enclosed is a copy of our current liquor license and our food catering license is on file at your offices. We have catered at your center on a number of occasions and are familiar with and will abide by your rules.

Thank you for your consideration.

Sincerely,



Harold Ebnet
Ebnet Enterprises/
Deluxe Catering

\$ 1,000.00

No. 9

State of Minnesota,
COUNTY OF ST. LOUIS

MUNICIPALITY OF EVELETH

Liquor License - "On-Sale"

PURSUANT TO APPLICATION THEREFORE, payment of a fee of \$1,000.00, and upon investigation and satisfactory evidence of the qualification of licensee . . . herein named to receive the same and that the place of sale hereinafter described is a proper and legal place therefore,

LICENSE IS HEREBY GRANTED

TO

*Ebnet Enterprises Inc.
DBA: Harold's Bar*

for the term of one year from the 1st day of January, Year 2011 TO SELL INTOXICATING LIQUORS as defined by the AT RETAIL ONLY FOR CONSUMPTION "ON THE PREMISES" described as:

223-225 Grant Avenue
Eveleth, MN 55734

IN THE MUNICIPALITY OF EVELETH in said County and State, at which premises said licensee . . . control(s) and operate(s) an on-sale liquor retail business as defined by law; subject, however, to the laws of the United States, the laws of the State of Minnesota, the regulations and ordinances of said municipality, and the rules and regulations of the LIQUOR CONTROL COMMISSIONER, relating to the sale and distribution of intoxicating liquors, hereby made a part hereof, and subject to revocation according to law for violation thereof.

This license is non-transferable except by consent of the authority issuing the same.

WITNESS THE GOVERNING BODY OF THE MUNICIPALITY OF EVELETH and the seal thereof this 8th day of December, Year 2010.

Attest: *Jackie Monahan-Jungck*, Clerk
Jackie Monahan-Jungck

The City Council of the City of Eveleth
Bill Matos, Mayor
By: Bill Matos

This license is approved

DEC 21 2010

James Arif
James Arif, Interim Director
MN Alcohol & Gambling Enforcement

COUNCIL LETTER 062011-VID
ADMINISTRATION
RESCHEDULE NEXT MEETING

DATE: June 16, 2011
FROM: Craig J. Wainio
City Administrator

The Council needs to reschedule the next regular meeting due to the July 4th Holiday.

Thank You

from the MI-B
Class of 2011
for making our
All Night Grad Party
a Success!

Billy
Kub

Kelly Jones

Brian
Favish

Stephen
Fickson

Cody Jones