

**MOUNTAIN IRON CITY COUNCIL MEETING  
COMMUNITY CENTER  
MOUNTAIN IRON ROOM  
TUESDAY, JULY 5, 2005 - 6:30 P.M.  
A G E N D A**

- I. Roll Call
  - II. Consent Agenda
    - A. Minutes of the June 20, 2005 Regular Meeting (#1-10)
    - B. Bills and Payroll
    - C. Receipts
    - D. Communications (#77-79)
  - III. Public Forum
  - IV. Committee and Staff Reports
    - A. Mayor's Report
      - 1. UAB Resignation (#11-12)
    - B. City Administrator's Report
    - C. Director of Public Works Report
      - 1. Community Center Wall Crack (#13)
      - 2. UAB – Ann's Acres Wells (#14-15)
    - D. Director of Parks and Recreations Report
    - E. City Engineers Report
      - 1. INI Report
    - F. Economic Development Authority
      - 1. Mountain Timber Development Agreement (#16-47)
    - G. Liaison Reports
  - V. Unfinished Business
    - A. Resolution Number 16-05 Bonding Request (#48-52)
    - B. Ann's Acres Street Lighting (#53)
    - C. Crack Sealing (#54)
    - D. Mowing (#55)
  - VI. New Business
    - A. Resolution Number 17-05 Accepting Work (#56-58)
    - B. Street Overlay-Payment Request No. 5 (#59-61)
    - C. Personnel Committee (#62)
    - D. Street Lighting Policy (#63-67)
    - E. Property Purchase from USS (#68-73)
    - F. Request to St. Louis County for Property (#74-75)
    - G. Noise Pollution Concern (#76)
    - H. Communications (#77-79)
  - VII. Open Discussion
  - VIII. Announcements
  - IX. Adjourn
- # Denotes page number in packet

MINUTES  
MOUNTAIN IRON CITY COUNCIL  
JUNE 20, 2005

Mayor Skalko called the City Council meeting to order at 6:30 p.m. with the following members present: Joe Prebeg, Jr., Dale Irish, Ed Roskoski, and Mayor Gary Skalko. Absent: Allen Nelson. Also present were: Craig J. Wainio, City Administrator; Jill M. Forseen, Municipal Services Secretary; Don Kleinschmidt, Director of Public Works; and Larry Nanti, Director of Parks and Recreation.

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

1. Add the following items to the agenda:
  - IV. A. 2. Wolf Park Playground
  - IV. D. 2. Parkville School
  
2. Approve the minutes of the June 3, 2005, City Council meeting with the following corrections:

Page 5, paragraph 3, sentence 2, ~~"The City Administrator said that~~ *It was the consensus of the Council that the City Council and City Staff would review the situation and make a recommendations."*

Page 5, last motion, correct spelling of name to Grahbowski.
  
3. That the communications be accepted, placed on file, and those requiring further action by the City Council be acted upon during their proper sequence on the agenda.
  
4. To acknowledge the receipts for the period June 1-15, 2005, totaling \$144,207.05, (a list is attached and made a part of these minutes).
  
5. To authorize the payments of the bills and payroll for the period June 1-15, 2005, totaling \$260,430.75, (a list is attached and made a part of these minutes).

The motion carried unanimously on a roll call vote.

During the public forum, Richelle Irish, representing the Mountain Iron-Buhl Close-up Group, formally thanked the City Council for their donation to Close-up for helping to send 12 Mountain Iron-Buhl School students to Washington D.C. She also brought a picture display for the Council to review.

Also during the public forum, Wilbert Johnson, spoke asking if his neighbor, Dave Nordlund at 5619 Nichols Avenue, had applied for a variance and/or building permit for a structure he is putting in his front yard. The Mayor advised Mr. Johnson that Mr. Nordlund had been ticketed and had seven days to respond. Mr. Johnson also questioned whether Mr. Nordlund could cut branches off of a tree that is in his yard. The City Attorney said that Mr. Nordlund could cut the tree branches if they were hanging onto his property. The Council advised the Blight Officer to follow up on the situation.

Also during the public forum, Barb Fivecoate, representing the Economic Development Authority, spoke regarding the Mountain Timber Development Agreement. She said that herself, Tony Zupancich, and Craig Wainio have worked with the representatives of the Mountain Timber Properties on the development agreement since December, 2004. Ms. Fivecoate said that Mountain Timber Properties is a positive project for Mountain Iron.

It was moved by Skalko and supported by Irish to accept the resignation of Larry P. Johnson from the Economic Development Authority (EDA), send him a letter thanking him for his years of service, and authorizing the City Administrator to advertise for the open EDA position until Friday, July 8, 2005. The motion carried.

It was moved by Skalko and supported by Irish to authorize City Staff to install fencing and/or a gate to block the access to the Wolf Park, leaving a small area for parking, and refer the Wolf Park situation to the Park and Recreation Board for a recommendation. The motion carried.

The Mayor commented on the parking problems on Unity Drive by the Mesabi Family YMCA for activities going on at their facility. City Staff will look into the matter further with regard to signage and a request to have the YMCA add the no parking regulation on Unity Drive to their registration forms.

It was moved by Prebeg and supported by Skalko to authorize City Staff to seek quotes on approximately 2,000 cubic yards of Class 5 gravel. The motion carried.

Councilor Roskoski questioned the Director of Public Works regarding what type of utilities the City supplies to the Hoover shops area. The Director of Public Works said that the Hoover shops have sewer, water, and electricity. The Director of Public Works stated that he could not remember if the Marincel property had any sewer and water service.

It was moved by Skalko and supported by Irish to direct City Staff to seek quotes for painting of the locomotive and authorize Councilor Roskoski to work with the Recreation Director to have the painting job completed so that it is historically correct. The motion carried.

It was moved by Roskoski and supported by Prebeg to direct the Blight Officer to work with the City Attorney, by declaring an emergency situation and following the procedure set forth, and remedy the problem with the window glass at the Parkville School building. The motion carried.

Councilor Irish expressed concerns regarding the ditch by the Parkville Baseball Field. The Recreation Director said that the ditch is Saint Louis County property and the City had not received permission to install a culvert. Councilor Irish said that there is not enough benches for the spectators and players. Councilor Irish also said that home plate also needs fill. Councilor Irish said that he would like to see a letter written to Saint Louis County for the installation of the culvert. It was the consensus of the Council to allow the Director of Public Works to work with St. Louis County and if there is no action in the next two weeks that a letter be written to Saint Louis County.

The City Engineer was not present due to a family emergency and the Inflow and Infiltration Report would be available for the next regular meeting.

Councilor Irish questioned the Director of Public Works regarding the quality of the Class 6 gravel, which was purchased from Mesabi Bituminous, for use on Heather Avenue. He said that it may not be any better in quality than the mill feed that is currently on Heather Avenue.

Councilor Roskoski questioned the City Attorney regarding the required vote of four-fifths of the Council to initiate a project requiring assessments. The City Attorney confirmed that a four-fifths majority is required when there is not a petition received from the property owners.

Mayor Skalko introduced Gary Cerkvenik, representing Mountain Timber Properties, and gave an overview of the proposed project. Gary Cerkvenik reviewed the proposed project with the City Council and answered their questions.

At 8:23 p.m., Mayor Skalko called for a recess.

At 8:35 p.m., the Mayor reconvened the meeting.

It was moved by Prebeg and supported by Skalko to table the Development Agreement with Mountain Timber Properties until the next regular City Council meeting to allow the City Council to proceed with fact finding on the development and have any Councilors that have questions to submit their questions to the City Administrator or Gary Cerkvenik. And further, to request to have Barb Fivecoate and Tony Zupancich, representing the Economic Development Authority, to attend the next regular City Council meeting to assist with answering any additional questions. The motion carried.

It was moved by Roskoski and supported by Irish to have a public meeting with the residents of Downtown Mountain Iron and South Grove and they be notified by letter through the mail to review the Mountain Timber Properties proposed project before the next regular City Council meeting. And further, that this proposed project be forwarded to the Planning and Zoning Commission and the Utility Advisory Board for their review, input, and questions that they may have. The **motion failed** on the following roll call vote: Irish; yes; Roskoski, yes; Prebeg, no; and Skalko, no.

Councilor Roskoski questioned whether the Director of Public Works had received quotations for the Ann's Acres street lighting project. The Director of Public Works stated that the quotes would be available for the next regular City Council meeting. Councilor Roskoski requested that the City Administrator put the Ann's Acres Street Lighting Project on the next regular meeting agenda.

Councilor Roskoski asked if the City Administrator had received any assessment policies from other communities. The City Administrator said that he had received several policies. Councilor Roskoski said that the Street and Alley Committee should meet and review the policies.

It was moved by Prebeg and supported by Irish to table Resolution Number 13-05, receiving report and calling for a hearing on improvements, until the next regular City Council meeting. The motion carried.

It was moved by Skalko and supported by Irish to adopt Resolution Number 14-05, accepting bids for the library improvement, (a copy is attached and made a part of these minutes). The motion carried unanimously on a roll call vote.

It was moved by Prebeg and supported by Irish to adopt Resolution Number 15-05, charitable gambling, (a copy is attached and made a part of these minutes). The motion carried.

It was moved by Skalko and supported by Prebeg to adopt Resolution Number 16-05, preliminary capital bonding request of the State of Minnesota 2006 legislative session. After further discussion, Mayor Skalko amended his motion to have the land location in the resolution indicated as any land north of Highway 169. Councilor Prebeg supported the amendment. The **motion failed** with Councilors Roskoski and Irish voting no.

It was moved by Skalko and supported by Prebeg to authorize Stephen Skogman to update the City of Mountain Iron's Emergency Management Plan. The motion carried.

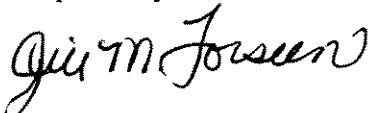
It was moved by Skalko and supported by Roskoski to add two areas, where the Quad City's sign is located on Highway 169 and the entrance rock sign on County Road 102 and Highway 53, to the City's grass cutting policy. The motion carried.

It was moved by Prebeg and supported by Skalko to reschedule the next regular City Council meeting until Tuesday, July 5, 2005 beginning at 6:30 p.m. because of the holiday. The motion carried.

During the open discussion, Councilor Roskoski said that the Locomotive Park project was progressing well with the Trail Head development and the City improvements.

At 9:34 p.m., it was moved by Prebeg and supported by Skalko that the meeting be adjourned. The motion carried.

Respectfully submitted:



Jill M. Forseen, CMC/MMCA  
Municipal Services Secretary

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

## COMMUNICATIONS

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

## Summary By Category And Distribution

Category	Distribution	Amount
CHARGE FOR SERVICES	REFUSE REMOVAL-CHG FOR SERVICE	700.00
UTILITY	UTILITY	124,567.99
BUILDING RENTALS	COMMUNITY CENTER	800.00
MISCELLANEOUS	BASEBALL/SOFTBALL FEES	325.00
MISCELLANEOUS	REIMBURSEMENTS	336.74
METER DEPOSITS	ELECTRIC	1,250.00
BUILDING RENTALS	NICHOLS HALL	80.00
BUILDING RENTALS	BUILDING RENTAL DEPOSITS	1,000.00
BUILDING RENTALS	SENIOR CENTER	50.00
FINES	ADMINISTRATIVE OFFENSE	50.00
PERMITS	BUILDING	52.08
CD INTEREST	CD INTEREST 101	512.34
CD INTEREST	CD INTEREST 301	479.16
CD INTEREST	CD INTEREST 378	233.43
CD INTEREST	CD INTEREST 602	73.71
CD INTEREST	CD INTEREST 603	172.05
FINES	CRIMINAL	1,541.89
CAMPGROUND RECEIPTS	FEES	2,715.00
LICENSES	ANIMAL	10.00
MISCELLANEOUS	SEPTIC APPLICATIONS	275.00
MISCELLANEOUS	ASSESSMENT SEARCHES	60.00
CD INTEREST	CD INTEREST 103	1,371.66
SALE OF PROPERTY	SALE OF PROPERTY	5,000.00
CHARGE FOR SERVICES	WATER-CHARGE FOR SERVICES	-
PERMITS	VENDOR	50.00
MISCELLANEOUS	ELECTRICAL INSPEC FORMS	1.00
INTERGOVERNMENTAL REVENUE	FEDERAL GRANT-FIRE DEPT-EQUIP.	2,500.00
Summary Totals:		<u>144,207.05</u>

Check Issue Date(s): 06/11/2005 - 06/27/2005

Per	Date	Check No	Vendor No	Payee	Check GL Acct	Amount
06/05	06/16/2005	31751	130011	MOUNTAIN IRON POSTMASTER	002-20200	285.13
06/05	06/21/2005	31752	10013	A T & T INFORMATION SYSTEMS	002-20200	116.28
06/05	06/21/2005	31753	6043	AARON MELLGREN	002-20200	270.11
06/05	06/21/2005	31754	10017	ABDO PUBLISHING COMPANY	002-20200	320.00
06/05	06/21/2005	31755	501	ACCESS COMPUTERS	002-20200	479.25
06/05	06/21/2005	31756	140036	ACORDIA-A WELLS FARGO INS CO	002-20200	1,243.00
06/05	06/21/2005	31757	130017	AMERICAN BANK	002-20200	1,633.80
06/05	06/21/2005	31758	6049	ANGIE FOSS	002-20200	178.21
06/05	06/21/2005	31759	6035	ANTHONY YELEY	002-20200	100.00
06/05	06/21/2005	31760	6046	ASHLEY TOPPING	002-20200	224.68
06/05	06/21/2005	31761	20001	BAKER FIRE EQUIPMENT	002-20200	816.65
06/05	06/21/2005	31762	6050	BERNICE O. ROSETH	002-20200	84.24
06/05	06/21/2005	31763	6051	BEVERLY LINDER-LAPPI	002-20200	79.88
06/05	06/21/2005	31764	20014	BORDER STATES ELECTRIC SUPPLY	002-20200	574.30
06/05	06/21/2005	31765	20007	BP	002-20200	2,458.13
06/05	06/21/2005	31766	6027	CAROL KOSTICH	002-20200	100.00
06/05	06/21/2005	31767	30053	CONSOLIDATED TRADING COMPANY	002-20200	1,177.72
06/05	06/21/2005	31768	6038	DEBBIE SPIERING	002-20200	50.00
06/05	06/21/2005	31769	6029	DIANE KEHUS	002-20200	50.00
06/05	06/21/2005	31770	40005	DM&IR - CN - ACCOUNTS PAYABLE	002-20200	109.24
06/05	06/21/2005	31771	40030	DULUTH CLINIC	002-20200	228.50
06/05	06/21/2005	31772	6040	DULUTH CLINIC-VIRGINIA	002-20200	66.80
06/05	06/21/2005	31773	6036	EAST RANGE DAC	002-20200	100.00
06/05	06/21/2005	31774	500012	ERA LABORATORIES INC	002-20200	347.40
06/05	06/21/2005	31775	60008	FAIRVIEW CLINIC-MOUNTAIN IRON	002-20200	695.90
06/05	06/21/2005	31776	60029	FERGUSON ENTERPRISES INC	002-20200	2,667.07
06/05	06/21/2005	31777	60012	FLOOR TO CEILING STORE	002-20200	597.49
06/05	06/21/2005	31778	6026	FRANK JUDNICK	002-20200	100.00
06/05	06/21/2005	31779	80015	HALLETT DOCK COMPANY	002-20200	771.15
06/05	06/21/2005	31780	80004	HEISEL BROS PLUMBING	002-20200	104.90
06/05	06/21/2005	31781	500013	HOLLY HOLMES	002-20200	15.00
06/05	06/21/2005	31782	80010	HOMETOWN ELECTRIC	002-20200	65.19
06/05	06/21/2005	31783	90002	INGRAM BOOK COMPANY	002-20200	254.84
06/05	06/21/2005	31784	6039	JAN FREDERICKSON	002-20200	50.00
06/05	06/21/2005	31785	6031	JANE CHANDLER	002-20200	50.00
06/05	06/21/2005	31786	6030	JANELLE BUTLER	002-20200	50.00
06/05	06/21/2005	31787	6042	JENNIFER BUCKLEY	002-20200	172.16
06/05	06/21/2005	31788	6028	JODIE PHANEUF AND JERRI LYNN	002-20200	100.00
06/05	06/21/2005	31789	120006	L & M SUPPLY	002-20200	1,023.57
06/05	06/21/2005	31790	120026	LES HARKONEN BAND	002-20200	300.00
06/05	06/21/2005	31791	120031	LIBRARY ONE DIRECT	002-20200	103.75
06/05	06/21/2005	31792	120004	LITERARY GUILD	002-20200	41.98
06/05	06/21/2005	31793	130030	MACQUEEN EQUIPMENT	002-20200	3,393.04
06/05	06/21/2005	31794	130052	MERRITT DAYS COMMITTEE	002-20200	2,000.00
06/05	06/21/2005	31795	130004	MESABI DAILY NEWS	002-20200	1,179.43
06/05	06/21/2005	31796	130096	MICROMARKETING ASSOCIATES	002-20200	98.95
06/05	06/21/2005	31797	130040	MIDWEST SPORTSWEAR	002-20200	1,986.10
06/05	06/21/2005	31798	6034	MIKE ROWE	002-20200	50.00
06/05	06/21/2005	31799	130044	MINNESOTA DEPT OF HEALTH	002-20200	150.00
06/05	06/21/2005	31800	130013	MOUNTAIN IRON FIREMEN'S RELIEF	002-20200	2,700.00
06/05	06/21/2005	31801	130015	MOUNTAIN IRON PUBLIC UTILITIES	002-20200	12,301.44
06/05	06/21/2005	31802	140007	NICKLASSON ATHLETIC COMPANY	002-20200	1,076.05
06/05	06/21/2005	31803	140052	NORTHEAST SERVICE COOPERATIVE	002-20200	36,678.66
06/05	06/21/2005	31804	150014	ONE CALL CONCEPTS INC	002-20200	55.35
06/05	06/21/2005	31805	160034	PARADE FLOAT	002-20200	25.00
06/05	06/21/2005	31806	160035	PARADE FLOAT	002-20200	15.00
06/05	06/21/2005	31807	160033	PARADE FLOATS	002-20200	35.00



Check Issue Date(s): 06/11/2005 - 06/27/2005

Per	Date	Check No	Vendor No	Payee	Check GL Acct	Amount
06/05	06/21/2005	31808	6041	PARIS JOHNSON	002-20200	423.41
06/05	06/21/2005	31809	160038	PITNEY BOWES	002-20200	272.47
06/05	06/21/2005	31810	160032	PORTABLE JOHN	002-20200	119.81
06/05	06/21/2005	31811	160044	PROGRESSIVE BUSINESS PUBLICA.	002-20200	299.00
06/05	06/21/2005	31812	170005	QUALITY FLOW SYSTEMS INC	002-20200	6,390.00
06/05	06/21/2005	31813	170007	QUILL CORPORATION	002-20200	486.14
06/05	06/21/2005	31814	170001	QWEST	002-20200	470.10
06/05	06/21/2005	31815	180017	RELIABLE OFFICE SUPPLIES	002-20200	150.14
06/05	06/21/2005	31816	180045	RESERVE ACCOUNT	002-20200	500.00
06/05	06/21/2005	31817	6037	ROLAND PAAVALA	002-20200	100.00
06/05	06/21/2005	31818	6047	RORY DUNPHY	002-20200	246.27
06/05	06/21/2005	31819	190024	ST LOUIS CO SHERIFF LITMAN	002-20200	34,166.66
06/05	06/21/2005	31820	6025	ST LOUIS COUNTY	002-20200	100.00
06/05	06/21/2005	31821	6044	ST LOUIS COUNTY	002-20200	86.15
06/05	06/21/2005	31822	6032	STELLA MOBERG	002-20200	100.00
06/05	06/21/2005	31823	6053	SUE BEKKALA	002-20200	25.00
06/05	06/21/2005	31824	6033	SUSAN HENDRICKSON	002-20200	100.00
06/05	06/21/2005	31825	200020	THE TRENTI LAW FIRM	002-20200	3,553.87
06/05	06/21/2005	31826	6052	TODD NIEMI	002-20200	15.00
06/05	06/21/2005	31827	210010	ULLAND BROTHERS INC	002-20200	910.00
06/05	06/21/2005	31828	210001	UNITED ELECTRIC COMPANY	002-20200	1,732.89
06/05	06/21/2005	31829	210012	USF HOLLAND	002-20200	61.30
06/05	06/21/2005	31830	220004	VIRGINIA DEPARTMENT OF PUBLIC	002-20200	19,786.70
06/05	06/21/2005	31831	220020	VISA	002-20200	8,470.82
06/05	06/21/2005	31832	220016	VISTA EYES	002-20200	221.17
06/05	06/21/2005	31833	6045	WANDA DRESNER	002-20200	164.77
06/05	06/21/2005	31834	230004	WENCK ASSOCIATES INC	002-20200	3,432.80
06/05	06/21/2005	31835	230010	WILBUR & VIOLET BALL	002-20200	1,050.00
06/05	06/21/2005	31836	230028	WISCONSIN ENERGY CONSERVATION	002-20200	90.04
06/05	06/21/2005	31837	6048	ZACHARY GROTH	002-20200	291.85
06/05	06/27/2005	31838	190002	ST LOUIS COUNTY AUDITOR	002-20200	16.50
06/05	06/27/2005	31839	190039	ST LOUIS COUNTY RECORDERS OFFC	002-20200	24.50

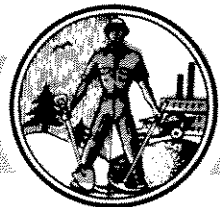
Totals:

163,857.70

Payroll-PP Ending 6/17/05 87,489.35

Electronic Trans.-Sales Tax 6/20/05 9,083.70

TOTAL EXPENDITURES \$260,430.75



# 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 14-05

### ACCEPTING BID

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

<u>Contractor</u>	<u>Base Bid</u>	<u>Alternate 1</u>	<u>Brick Replacement</u>
Lenci Enterprises	\$286,600	\$26,200	\$30
HG Harvey Constructors	\$289,700	\$26,000	\$33
Oxford Construction	\$444,000	\$14,000	\$37

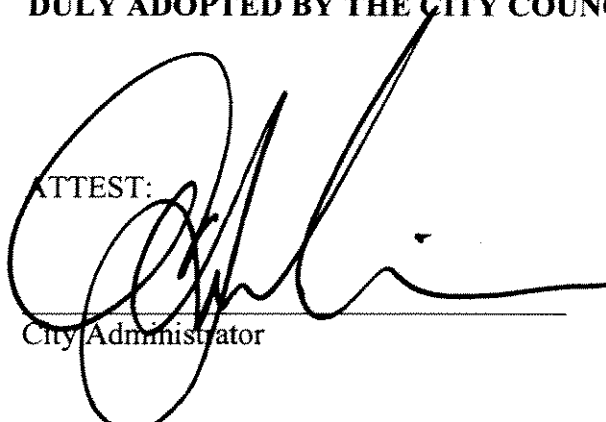
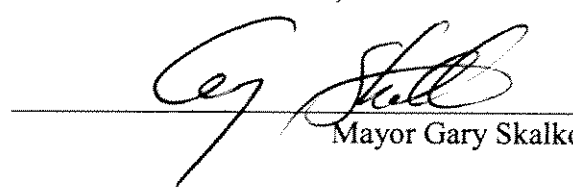
**AND WHEREAS**, it appears that Lenci Enterprises of Virginia, Minnesota is the lowest responsible bidder.

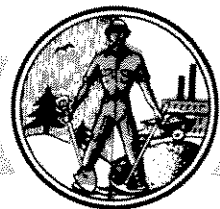
### **NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF MOUNTAIN IRON, MINNESOTA:**

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

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

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 15-05

### CHARITABLE GAMBLING

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


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

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

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

ATTEST:

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

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

**COUNCIL LETTER 070505-IVA1**

**MAYOR SKALKO**

**UAB POSITION**

**DATE:** June 29, 2005

**FROM:** Mayor Skalko

Craig J. Wainio  
City Administrator

---

Accept the resignation of Mrs. Jeanne Schechinger from the Utility Advisory Board and advertise for a replacement.

Box 154  
5481 GARDEN DRIVE N  
MOUNTAIN IRON, MN 55768  
MAY 24, 2005

PLEASE ACCEPT THIS AS MY RESIGNATION FROM  
THE UTILITY ADVISORY BOARD.

I WILL BE MOVING OUT OF MOUNTAIN IRON.

I HAVE ENJOYED BEING ON THE BOARD, + THANK YOU  
FOR THE OPPORTUNITY TO SERVE THE COMMUNITY.

THANK YOU.

*Jeanne Schuchinger*

**COUNCIL LETTER 070505-IVC1**  
**DIRECTOR OF PUBLIC WORKS**  
**COMMUNITY CENTER**

**DATE:** June 29, 2005  
**FROM:** Donald V. Kleinschmidt  
Director of Public Works  
  
Craig J. Wainio  
City Administrator

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Mark Wiirtanen, from Architectural Resources Inc., has inspected the crack in the brick on the front of the Community Center. His inspection did not indicate that a special condition exists that would be a cause for concern. The crack was a result of some settling in that isolated area. In his opinion he believes the movement in this area is done and recommends that the crack be caulked. If the City of Mountain Iron Council would like a structural inspection he would be happy to provide this.

**COUNCIL LETTER 070505-IVC2**

**UTILITY ADVISORY BOARD**

**ANN'S ACRES WELLS**

**DATE:** June 29, 2005

**FROM:** Utility Advisory Board

Donald V. Kleinschmidt  
Director of Public Works

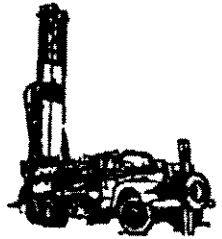
Craig J. Wainio  
City Administrator

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Staff is requesting City Council approval of the Quote from Petersen Well Drilling in the amount of \$ 4,900.00 for the abandonment of the two wells contained inside the Ann's Acres water company building. This has to done prior to the demolition of the building which will be addressed at a later date.



Residential • Industrial  
Commercial • Municipal  
Hydro Fracking



FROM: FAX # (218) 749-6368

**FAX TRANSMISSION**

TO FAX NO. 748-7573 DATE 6-27-05

COMPANY City of Mt Iron ATTN Don

RE: Ann's Acres Wells

**If you have received this message in error, Please call (218) 741-4070 or 1-800-662-5700 Immediately.**

MESSAGE Don -

To pull the two subm pumps from wells 1 + 2 — and seal the 2 wells with pressure grouted neat cement — and file notifications + reports to The Mn Dept of Health would be about \$4900—

There are hi voltage lines over the pump house that will need to be moved or killed —

Thanks

FROM Norville

TOTAL PAGES SENT (Including Cover Sheet) 1

**Our Shipping Address is:**  
8554 Spring Park Rd., Mt. Iron, MN 55768  
Ofc. Phone: (218) 741-4070 Minnesota Toll Free 800/662-5700



**COUNCIL LETTER 070505-IVF1**

**EDA**

**DEVELOPMENT AGREEMENT**

**DATE:** June 29, 2005  
**FROM:** Economic Development Authority  
Craig J. Wainio  
City Administrator

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

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

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

This agreement is being forwarded to the City Council due to the fact that the City, not the EDA, owns the property covered under this agreement.

Councilor Roskoski requested approximate before and after property tax numbers for the proposed development sites identified in Exhibit B

	<u>Before</u>	<u>After</u>
Parcel 1	\$1400	\$3500
Parcel 2(a)	\$0	\$500
Parcel 2(b)	\$0	\$1500

June 9<sup>24</sup>, 2005 #

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## DEVELOPMENT AGREEMENT

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

### RECITALS

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

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

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

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

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

**ARTICLE I**  
**DEFINITIONS**

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

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

“Agreement” means this Development Agreement.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“State” means the State of Minnesota.

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

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

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

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

Exhibit A: Form of Certificate of Completion and Release of Forfeiture

Exhibit B: Legal Description

Exhibit C: Form of Business Subsidy Agreement

## **ARTICLE II**

### **REPRESENTATIONS AND WARRANTIES**

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

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

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

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

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

(a) The Developer is a duly organized and existing limited liability company under the laws of the State of Minnesota and is not in violation of any provision of law or regulation of the State and has full power and authority to enter into this Agreement and to perform its obligations hereunder.

(b) The Developer will construct, operate and maintain the Minimum Improvements upon the Development Property for at least five years in accordance with the terms of this Agreement, the Business Subsidy Agreement, the Redevelopment Plan and all local, State, and federal laws and regulations (including, but not limited to, environmental, zoning, building code and public health laws and regulations).

(c) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented or limited by, or in conflict with or will result in a breach of, the terms, conditions or provisions of any evidences of indebtedness, agreement or instrument or whatever nature to which the Developer is now a party or by which it is bound, or will constitute a default under any of the foregoing.

(d) The Developer will cooperate with the Authority with respect to any litigation commenced by a third party (not a party to this Agreement) with respect to the Project.

(e) The Developer reasonably believes that the financing commitments which the Developer has obtained to finance construction of the Minimum Improvements together with committed equity will be sufficient to enable the Developer to successfully complete the Minimum Improvements in conformance with the Construction Plans and in accordance with the schedule contemplated in this Agreement. The information provided by Developer to the aforementioned lenders is identical to the project and financial information provided to the Authority.

(f) The construction of the Minimum Improvements would not be undertaken by the Developer, and in the opinion of the Developer would not be economically feasible within the reasonably foreseeable future, without the assistance and benefit to the Developer provided for in this Agreement.

(g) The Developer agrees that there shall be no discrimination in the use of the Development Property because of race, sex, age, sexual orientation or religious, political or other similar affiliations.

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

(i) The Developer agrees to cooperate with the Authority in any required wetlands mitigation activities on the Development Property. The Developer represents that all wetlands,

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

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

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

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

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

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

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

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

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

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

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

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

Section 3.2 Title Examination.

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

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

(c) *Marketable Title.* The City and the Authority agree to provide marketable title to the Development Property. The City and the Authority agree to assist the Developer in curing any defects in the title to the Development Property, all costs of which shall be paid by the City and/or the Authority up to a maximum of \$~~\_\_\_\_\_~~\$5,000. If the Developer determines in its sole discretion that it is unable or unwilling to acquire the Development Property due to the state of the title of the Development Property, then Developer may upon 10 days notice to the City and the Authority, terminate this Agreement; and if so terminated, the City and/or the Authority shall immediately refund any earnest money paid by Developer, less the administrative fee of \$~~\_\_\_\_\_~~\$2,500 payable to the Authority. If the Developer undertakes to cure any title defects, and said cure cannot be completed prior to the closing date, the City agrees to extend the Closing date for the period of time reasonably necessary to completely cure the title defects. #

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

Section 3.3 Conveyance of Development Property.

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

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



Parcel <del>2</del> (b) (DB Western Site)	11	\$1,000	\$11,000	#
TOTAL	86.4		\$62,950	

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

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

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

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

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

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

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

(b) Performance Bond. If the Developer cannot produce the evidence described in Subsection (a) of this section and still wishes to proceed to Closing, Developer must provide the Authority with a performance bond in the amount of at least One Hundred Thousand and No 100ths Dollars (\$100,000), complying with the requirements of the Act, payable to the Authority in the event the Minimum Improvements are not substantially completed by the Completion Date. #

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

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

(a) provide Developer with access to the "jig rock site(s)" immediately to the south of the DB western site (identified on **Exhibit B** as Parcel 2);

(b) obtain, transfer, and convey to the Developer at no charge the right to take and use the jig rock or similar fill material located on or adjacent to the Development Property in quantities sufficient to meet the Developer's needs as identified in the definition of Minimum Improvements;

(c) clean up the former municipal dump identified as Parcel 1 on **Exhibit B**;

(d) provide access to County Road 102 to serve the property identified as Parcel 2 on **Exhibit B**;

(e) perform a Phase I Environmental Analysis on the property identified as Parcel 2(a) on **Exhibit B** and a Phase II Environmental Analysis if it is mutually agreed among the parties; #

(f) prior to the Closing Date, perform a Phase I Environmental Analysis on the property identified as Parcel 2(b) on **Exhibit B** and a Phase II Environmental Analysis if necessary to meet the due diligence requirements of applicable law, and, at the sole expense of the City and the Authority, perform any and all remedial action necessary pursuant to said Environmental Analyses if mutually agreed among the parties provided, further that if the City and Authority do not agree to perform said remedial actions, then the Developer shall not be required to purchase Parcel 2(b), and the Purchase Price hereunder shall be reduced accordingly or the City and Authority shall refund all amounts paid by Developer for Parcel 2(b), if any; #

(g) provide benefits to Developer for activities qualified under the JOBZ Act on the condition that the Developer meets the requirements of the City's JOBZ Business Subsidy Policy; and

(h) permit the Developer to erect and maintain a signs, at Developer's sole expense, identifying the location of and direction to the Developer's facilities and offices at the former

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

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

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

#### **ARTICLE IV**

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

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

#### Section 4.2 Construction Plans.

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

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

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

(vi) no Event of Default has occurred.

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

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

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

Section 4.4 Certificate of Completion.

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

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

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

#### Section 4.5 Insurance.

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

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

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

(iii) Workers' compensation insurance with statutory coverage.

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

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

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

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

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

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

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

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

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

## ARTICLE V

### PROHIBITIONS AGAINST ASSIGNMENT AND TRANSFER; INDEMNIFICATION

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

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

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

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

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

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

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

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

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

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

Section 5.4 Release and Indemnification Covenants.

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

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

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

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



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

Section 5.5 Hazardous Substances: Indemnification by Developer.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 7.2 Remedies on Default.

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

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

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

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

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

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

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

## ARTICLE VIII TERMINATION OF AGREEMENT

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

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

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

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

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

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

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

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

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

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

(a) In the case of the Developer to:

Mountain Timber Properties, LLC

\_\_\_\_\_

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

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

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

(b) In the case of the Authority to:

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

Attention: Executive Director

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

(c) In the case of the City to:

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

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

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

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

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

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

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

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

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

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

MT. IRON ECONOMIC DEVELOPMENT  
AUTHORITY

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

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

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

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

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

CITY OF MOUNTAIN IRON

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

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

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

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

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



MOUNTAIN TIMBER PROPERTIES, LLC

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

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

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

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

This instrument was drafted by:

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

**EXHIBIT A**

**FORM OF  
CERTIFICATE OF COMPLETION**

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

Part of the Northeast Quarter of the Southeast Quarter, Section 9 lying easterly of DM&IR Railroad Right-of-way; also part of the Northwest Quarter of Southwest Quarter, Section 10 lying easterly of DM&IR Railroad Right-of-way; also part of the Northeast Quarter of the Southwest Quarter, Section 10 lying westerly of County Road 102 Right-of-way and north of north line of existing Railroad (Wacootah Spur) Right-of-way; also part of the Southwest Quarter of the Southwest Quarter, Section 10 lying easterly of DM&IR Railroad Right-of-way and northerly of north line of existing Railroad (Wacootah Spur) Right-of-way; also part of the Southwest Quarter of the Northwest Quarter, Section 10 lying west of County Road 102 Right-of-way and south of Slate Street; all in Township 58 North, Range 18 West of the Fourth Principal Meridian. #  
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That part of the Southwest Quarter of the Northeast Quarter of Section 10, Township 58 North, Range 18 West of the Fourth Principal Meridian, City of Mtn. Iron, St. Louis County, Minnesota, lying southeast of the St. Louis and Lake County Regional Railroad Authority right of way, containing 11 acres more or less. #  
#  
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#

That part of the Southeast Quarter of the Northeast Quarter of Section 10, Township 58 North, Range 18 West of the Fourth Principal Meridian, in the City of Mtn. Iron, St. Louis County, Minnesota, lying south of the St. Louis and Lake County Regional Railroad Authority right of way, containing 37 acres more or less. #  
#  
#  
#

(the "Property"); and

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

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

NOW, THEREFORE, this is to certify that all building construction and other physical improvements specified to be done and made by the Developer on the Property have been completed and the above covenants and conditions in that certain Quit Claim Deed dated \_\_\_\_\_, 200\_\_, and

registered in the office of the St. Louis County Registrar of Titles on \_\_\_\_\_, 200\_\_, as Document No. \_\_\_\_\_ (the "Deed") and the Development Agreement have been performed by the Developer and that the provisions for completion of construction of the Minimum Improvements contained therein, are hereby released absolutely and forever insofar as they apply to the Property, and the Registrar of Titles in and for the County of St. Louis and State of Minnesota is hereby authorized to accept for recording and to record the filing of this instrument, to be a conclusive determination of the satisfactory termination of the covenants and conditions of the Development Agreement relating to completion of construction of the Minimum Improvements.

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

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

MT. IRON ECONOMIC DEVELOPMENT  
AUTHORITY

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

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

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

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

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

This instrument drafted by:

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

**EXHIBIT B**

**LEGAL DESCRIPTION**

- Parcel 1: Part of the Northeast Quarter of the Southeast Quarter, Section 9 lying easterly of DM&IR Railroad Right-of-way; also part of the Northwest Quarter of Southwest Quarter, Section 10 lying easterly of DM&IR Railroad Right-of-way; also part of the Northeast Quarter of the Southwest Quarter, Section 10 lying westerly of County Road 102 Right-of-way and north of north line of existing Railroad (Wacootah Spur) Right-of-way; also part of the Southwest Quarter of the Southwest Quarter, Section 10 lying easterly of DM&IR Railroad Right-of-way and northerly of north line of existing Railroad (Wacootah Spur) Right-of-way; also part of the Southwest Quarter of the Northwest Quarter, Section 10 lying west of County Road 102 Right-of-way and south of Slate Street; all in Township 58 North, Range 18 West of the Fourth Principal Meridian. #  
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- Parcel 2: (a) That part of the Southwest Quarter of the Northeast Quarter of Section 10, Township 58 North, Range 18 West of the Fourth Principal Meridian, City of Mtn. Iron, St. Louis County, Minnesota, lying southeast of the St. Louis and Lake County Regional Railroad Authority right of way, containing 11 acres more or less. #  
#  
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#
- (b) That part of the Southeast Quarter of the Northeast Quarter of Section 10, Township 58 North, Range 18 West of the Fourth Principal Meridian, in the City of Mtn. Iron, St. Louis County, Minnesota, lying south of the St. Louis and Lake County Regional Railroad Authority right of way, containing 37 acres more or less. #  
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**EXHIBIT C**  
**FORM OF BUSINESS SUBSIDY AGREEMENT**

**BUSINESS SUBSIDY AGREEMENT**

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

1. Description of the Business Subsidy.

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

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

(c) *Amount of the Business Subsidy.*

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

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

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

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

4. Goals for the Business Subsidy.

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

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

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

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

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

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

7. Reporting Requirements.

(a) The Recipient agrees to:

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

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

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

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

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

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

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

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

Grantor:

MT. IRON ECONOMIC DEVELOPMENT AUTHORITY

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

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

Recipient:

MOUNTAIN TIMBER PROPERTIES, LLC

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

**COUNCIL LETTER 070505-VA**

**ADMINISTRATION**

**RESOLUTION 16-05**

**DATE:** June 15, 2005

**FROM:** Mayor Skalko

Craig J. Wainio  
City Administrator

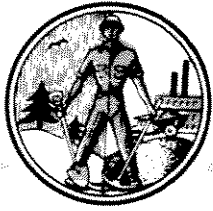
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Mayor Skalko requested this item be placed on the agenda for possible reconsideration.

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

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





# CITY OF MOUNTAIN IRON

"TACONITE CAPITAL OF THE WORLD"

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8586 ENTERPRISE DRIVE SOUTH • MOUNTAIN IRON, MN • 55768-8260

## RESOLUTION NUMBER 16-05

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

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

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

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

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

**DULY ADOPTED BY THE CITY COUNCIL THIS 5<sup>th</sup> DAY OF JULY, 2005.**

ATTEST:

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

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

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

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

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

# **Sustainable and Renewable Energy Industrial Development Park**

The City of Mt. Iron has launched a plan to create a new Sustainable and Renewable Energy Industrial Development Park to attract new business designed to meet the growing need for renewable energy in Minnesota.

Currently, investor owned utilities, municipal utilities, and cooperatives in Minnesota must have 10% of their energy production derived from renewable energy facilities by 2015. A further increase in this portfolio standard is likely in the 2006 legislative session, increasing the renewable mandate to 20% by 2020. Therefore, manufactures of blades, turbines, wind towers, solar panels, and other renewable technologies will be seeking a home in this new and developing marketplace. Mt. Iron wants to insure that one Minnesota community is well placed to provide services and take advantage of this growth.

This plan will be the first step to provide the right incentives to attract international and national firms to locate in Minnesota. Mt. Iron will work to insure that the State's JobZ program is a part of the development package.

The Park is designed to meet a statewide need for renewable energy production endorsed by the Legislature and will have a statewide impact by attracting high quality jobs in an emerging technical field.

**COUNCIL LETTER 070505-VB**

**CITY COUNCIL**

**ANN'S ACRES LIGHTING**

**DATE:** June 15, 2005

**FROM:** City Council

Craig J. Wainio  
City Administrator

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This item is being placed on the agenda as directed at the last City Council meeting.

Staff Note: The Contractors have not provided any quotes to date.

**COUNCIL LETTER 070505-VC**

**COUNCILOR ROSKOSKI**

**CRACK SEALING**

**DATE:** June 28, 2005

**FROM:** Councilor Roskoski

Craig J. Wainio  
City Administrator

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

Inadvertently, some newly paved City streets (specifically North Court) were not crack sealed during the current round of sealing. We should make sure the sealing contractor completes areas they missed whenever they are back in our area.

Staff Note: Staff has already contacted the contractor and they indicated that next time they are in the area these items will be completed.

**COUNCIL LETTER 070505-VD**

**COUNCILOR ROSKOSKI**

**MORE MOWING**

DATE: June 28, 2005  
FROM: Councilor Roskoski  
Craig J. Wainio  
City Administrator

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

The City owned property around and near the old Ann's Acres Water Company building has not been mowed yet this year. It always was mowed by the City in the past years.

Staff Note: This area is being mowed by the City and it has been mowed this year. City Staff is trying to follow the mowing policy in these matters. This situation will continue to occur until the wet weather subsides.

**COUNCIL LETTER 070505-VIA**

**ADMINISTRATION**

**RESOLUTION 17-05**

**DATE:** July 5, 2005

**FROM:** Rod Flannigan  
City Engineer

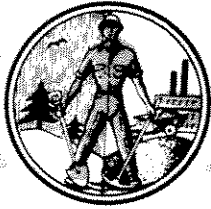
Craig J. Wainio  
City Administrator

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Resolution Number 17-04 Accepting Work is to closeout the 2004 overlay project. This project was originally approved in May of 2004 with Hardrives, Inc. performing the work. The project has been satisfactory completed according to the contract.

It is recommended that the City Council adopt Resolution Number 17-05 Accepting Work.





# CITY OF MOUNTAIN IRON

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8586 ENTERPRISE DRIVE SOUTH • MOUNTAIN IRON, MN • 55768-8260

## RESOLUTION NUMBER 17-05

### ACCEPTING WORK

**WHEREAS**, pursuant to an agreement with the City on May 4, 2004, Hardrives, Inc. of Rogers, Minnesota has satisfactorily completed improvement of those streets identified in Exhibit A by reconstruction and/or in accordance with such agreement.

**NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF MOUNTAIN IRON, MINNESOTA**, that the work completed under said agreement 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 agreement, taking the contractor's receipt in full.

**DULY ADOPTED BY THE CITY COUNCIL THIS 5<sup>th</sup> DAY OF JULY, 2003.**

ATTEST:

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

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

**EXHIBIT A**

Locomotive Street from Mountain Avenue to Marble Avenue  
Park Drive from South of Garden Drive to Mud Lake Road  
Arbor Lane from Mineral Avenue to Greenwood Lane  
Parkville Street from Nichols Avenue to Old Highway 169  
Spring Park Road from Nichols Avenue to end of current bituminous portion  
Oriole Avenue from Spring Park Road to Cardinal Street  
Cardinal Street from Oriole Avenue to Nichols Avenue  
Eagle Avenue from Parkville Street to end of current bituminous portion  
Grant Street from Mineral Avenue to end of current bituminous portion  
Only the Cul-de-sac of North Court  
All of Marion Lane

RECOMMENDATION OF PAYMENT

No. 5 - FINAL

Engineer's Project No. MI03-25

Project: 2004 Street Overlay Project

CONTRACTOR: Hardrives Inc., 14475 Quiram Drive, Rogers, MN 55374

For Period Ending June 6, 2005


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 24, 2005

By 

STATEMENT OF WORK

Original Contract Price	\$ <u>192,556.72</u>	Work & Materials to Date	\$ <u>193,445.73</u>
Net Change Orders	\$ <u>0.00</u>	Amount Retained	\$ <u>00.00</u>
Current Contract Price	\$ <u>192,556.72</u>	Subtotal	\$ <u>193,445.73</u>
		Previous Payments	\$ <u>183,774.44</u>
		<b>Amount Due this Payment</b>	<b>\$ <u>9,671.29</u></b>



FINAL PAY REQUEST NO. 5  
 2004 STREET OVERLAY PROJECT  
 CITY OF MOUNTAIN IRON, MINNESOTA  
 PROJECT NO: MI03-25

SPEC. NO.	ITEM	UNITS	PROJECT QUANTITY	ITEM COST	FINAL QUANTITY	TOTAL AMOUNT
2104.501	REMOVE PIPE CULVERT	LIN. FT.	27.0	\$20.00	60.0	\$1,200.00
2104.501	REMOVE CURB & GUTTER	LIN. FT.	154.0	\$4.00	163.0	\$652.00
2104.503	REMOVE CONCRETE DRIVEWAY PAVEMENT	SQ. YD.	105.0	\$10.00	82.1	\$821.00
2104.505	REMOVE BITUMINOUS PAVEMENT	SQ. YD.	33.0	\$4.00	45.3	\$181.20
2104.513	SAWING BITUMINOUS PAVEMENT	LIN. FT.	148.0	\$3.50	187.0	\$654.50
2105.501	COMMON EXCAVATION	CU. YD.	25.0	\$10.00	29.7	\$297.00
2105.525	TOPSOIL BORROW (CV)	CU. YD.	31.0	\$27.00	37.0	\$999.00
2105.604	GEOTEXTILE FABRIC SPECIAL (PAVING)	SQ. YD.	10677.0	\$1.44	10,677.0	\$15,374.88
2211.503	AGGREGATE BASE (CV), CLASS 5	CU. YD.	93.0	\$15.40	35.0	\$539.00
2221.503	AGGREGATE SHOULDERING (CV), CLASS 1	CU. YD.	253.0	\$15.40	306.0	\$4,712.40
2331.604	BITUMINOUS PAVEMENT RECLAMATION (6")	SQ. YD.	2150.0	\$1.65	2,545.6	\$4,200.24
2350.501	TYPE LV 4 WEARING COURSE MIXTURE (B)	TON	4183.0	\$30.00	4,300.4	\$129,012.00
2350.502	TYPE LV 3 NON WEAR COURSE MIXTURE (B)	TON	364.0	\$32.00	259.0	\$8,288.00
2357.502	BIT. MATERIAL FOR TACK COAT	GAL.	2002.0	\$1.17	2,333.0	\$2,729.61
2501.511	8" CMP PIPE CULVERT	LIN. FT.	55.0	\$55.00	60.0	\$3,300.00
2503.541	8" CMP PIPE APRON	EACH	2.0	\$190.00	2.0	\$380.00
2504.602	ADJUST VALVE BOX - WATER	EACH	1.0	\$125.00	0.0	\$0.00
2506.522	ADJUST FRAME AND RING CASTING	EACH	25.0	\$190.00	25.0	\$4,750.00
2531.501	CONCRETE CURB & GUTTER - DES. B618	LIN. FT.	154.0	\$20.00	163.0	\$3,260.00
2531.507	7" CONCRETE DRIVEWAY PAVEMENT	SQ. YD.	112.0	\$43.00	82.1	\$3,530.30
2563.601	TRAFFIC CONTROL	LUMP SUM	1.0	\$1,500.00	1.0	\$1,500.00
2564.603	4" DOUBLE SOLID LINE YELLOW - EPOXY	LIN. FT.	4268.0	\$0.95	4,268.0	\$4,054.60
2564.603	4" SOLID LINE WHITE - EPOXY	LIN. FT.	3184.0	\$0.50	3,136.0	\$1,568.00
2575.505	SODDING TYPE LAWN	SQ. YD.	390.0	\$4.00	360.5	\$1,442.00

COMPLETED TO DATE: \$193,445.73

  
 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 24, 2005

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

Re: 2004 City Street Overlay Project  
Pay Request No. 5 - FINAL  
Project No. MI03-25

Dear Mr. Wainio:

Enclosed please find FINAL Pay Request No. 5 for the 2004 City Street Overlay project in the amount of \$9,671.29.

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

Sincerely,  
**Benchmark Engineering, Inc.**

Eric E. Fallstrom, P.E.

EEF: js

Enclosures

cc: Hardrives, Inc.

**COUNCIL LETTER 070505-VIB**

**MAYOR SKALKO**

**PERSONNEL COMMITTEE**

**DATE:** June 29, 2005

**FROM:** Mayor Skalko

Craig J. Wainio  
City Administrator

---

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

Add two union people to the Committee.

**COUNCIL LETTER 070505-VIC**

**MAYOR SKALKO**

**STREET LIGHT POLICY**

**DATE:** June 29, 2005

**FROM:** Mayor Skalko

Craig J. Wainio  
City Administrator

---

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

Amend the Street Light Policy to state that wooden poles in locations that are for public safety will not be assessed, any type of pole more expensive than a wooden pole configuration will be assessed to the benefiting property owners.

# STREET LIGHTING POLICY

Policy Number 2002-04

Adopted October 7, 2002  
Amended March 18, 2005

## A. GENERAL

This policy applies to street lighting erected within the public right-of-way for the purpose of providing street traffic safety.

Traffic Safety shall mean both vehicles and pedestrian safety.

Requested and/or proposed light locations shall be physically inspected by the Public Works Director to determine the feasibility of placement and the need.

Streetlights are provided primarily for street traffic safety. Streetlights do provide an indirect benefit to security, however, they should not be installed solely for security purposes unless a traffic safety benefit can be justified.

The lighting system should conscientiously respond to the energy issues of the times - both in terms of the amount of energy to be consumed and the potential cost of the energy. The Public Works Director shall periodically recommend to the Council the relocation or removal of existing lights in the event they are too close per this policy or are deemed hazardous or unnecessary for traffic safety purposes.

The Public Works Director shall be responsible for maintaining a map of the City showing existing street light locations for all platted streets within the City. The map shall indicate whether each fixture and pole is City owned, Minnesota Power (MP) owned, Lake County Power owned (LCP) or Virginia Public Utilities owned.

## B. STREET LIGHT REQUESTS

Streetlights will be considered upon receipt of a petition from property owners on the affected street or by recommendation of the Public Works Director. Consideration will be given only when such petition, and thereafter reviewed by the City, demonstrates a specific need, due to traffic safety.

A petition requesting a light shall be by 60% of the abutting property owners in frontage within 150 feet in any street direction of the proposed location, on either side of the street. The petition shall be processed under State Statutes, Section 429 for special assessment projects.



Street light petitions shall be received by August 1 of every year in order for the streetlight to be installed during the following year. The Public Works Director shall prepare an annual lighting project that shall include City owned and/or utility owned streetlights requested and/or recommended during the proceeding year.

**C. COST**

The City shall pay the operating, maintenance and replacement cost of all street lighting located within the, right-of-way.

For personal street light requests, all costs associated with installing such streetlights shall be financed 100% through special assessments to the individual and or individuals making the request.

For all other street light installations no special assessments shall be given property owners.

Streetlights shall be included as part of reconstruction and overlay projects unless 90% of the property owners sign a petition opposing the installation. Existing streetlights that do not meet the design criteria shall be removed and replaced.

**D. LOCATIONS CONSIDERED**

Street lights may be installed at every street intersection, open for traffic in the City, except in cases where the Director of Public Works determines adjacent street lighting is adequate.

Mid-block streetlights may be installed at the discretion of the Director of Public Works and City Engineer where the distance between intersection streetlights is greater than 400 feet.

Other streetlights may be considered if a specific safety hazard exists, such as a hill or curve, at the discretion of the Director of Public Works and City Engineer.

Streetlights shall not be placed within ten (10) feet of fire hydrants or five (5) feet of driveways.

**E. TYPES OF LIGHTING INSTALLED**

The basic design criteria for the various development intensities and roadway classifications shall be as follows:

***RESIDENTIAL AREAS*** Development which includes areas with single-family homes, townhouses and apartments with densities equal to or less than four (4) units per acre. May include other types of developments characterized by few pedestrians and low parking demand or turnover at night.

**INTERMEDIATE AREAS** Development generally within the zone of influence of a business or industrial development, characterized by moderately heavy nighttime pedestrian traffic and a lower parking turnover rate than found in commercial areas. This area includes densely developed apartment areas.

**COMMERCIAL AREAS** Developments that include commercial and business areas where ordinarily there are large numbers of pedestrians and a heavy demand for parking space.

**MINOR ARTERIAL** Thoroughfare streets giving continual access through the City and connecting to thoroughfare systems of neighboring communities. These roadways should be uniformly lighted to identify them as through routes and to facilitate safe and efficient movement through Mountain Iron.

**COLLECTOR** Street primarily serving the residential areas, facilitate and consolidation of neighborhood traffic before distribution onto the Minor Arterial routes. These streets should be selectively illuminated in order to call attention to intersections and other hazardous areas.

**LOCAL** Streets that serve relatively small amounts of traffic with local origins and destinations should be lighted selectively at intersections and hazardous areas.

The technical specifications shall serve as the standard by which the streetlights shall comply.

<b>STREET CLASSIFICATION</b>	<b>LAMP INTENSITY</b>	<b>MOUNTING HEIGHT</b>
<b>RESIDENTIAL AREAS</b>		
Minor Arterial	*1.0 IES	40 Feet
Collector	250 Watt	30 Feet
Local	100 Watt	13 Feet
Cul-de-sac	100 Watt	13 Feet
<b>INTERMEDIATE AREAS</b>		
Minor Arterial	*1.4 IES	40 Feet
Collector	*0.9 IES	.30 Feet
Local	*0.6 IES	30 Feet
<b>COMMERCIAL AREAS</b>		
Minor Arterial	*2.0 IES	40 Feet
Collector	*1.2 IES	30 Feet
Local	*0.9 IES	30 Feet

\*Design for specific location based on required IES (Illuminating Engineering Society) level and uniformity.

**F. STREET LIGHT OWNERSHIP**

The City of Mountain Iron shall require the installation of streetlights consistent with the City's design and technical standards in all new developments. The poles and fixtures installed shall be City owned and conform to MP's "Equipment Standards for Customer Owned Street Lighting".

For all existing neighborhoods in which installation of a streetlight is desirable, consideration shall be given to utilizing existing utility poles. In the event MP, LCP or Virginia Public Utilities have utility poles existing within the boulevard and the appropriate electrical services exists on the utility poles. MP, LCP or Virginia Public Utility owned lights may be installed on the existing poles. In the event an existing power pole cannot be overhead, overhead electrical distribution cables should be replaced with an underground system, the utility pole mounted lights will be replaced by the City owned poles and luminaries.

**COUNCIL LETTER 070505-VID**

**ADMINISTRATION**

**PROPERTY PURCHASE**

**DATE:** June 29, 2005  
**FROM:** Craig J. Wainio  
City Administrator

---

Staff was contacted by USS Lands and Minerals to meet concerning the purchase of certain property currently leased by the City and the purchase of some divided interest in some properties where the City currently owns another portion of the divided interest. These discussions were prompted by an upcoming requirement that the City have \$5,000,000 worth of liability insurance for all parcels currently leased by the City from USS, and the desire of USS to “clean-up” certain divided interests in parcels with the City.

The properties include the purchase of the Locomotive Park, a portion on Marble Avenue and a portion of Locomotive Street. This proposal also includes the purchase of USS interests in some property by Mountain Manor and the City Garage.

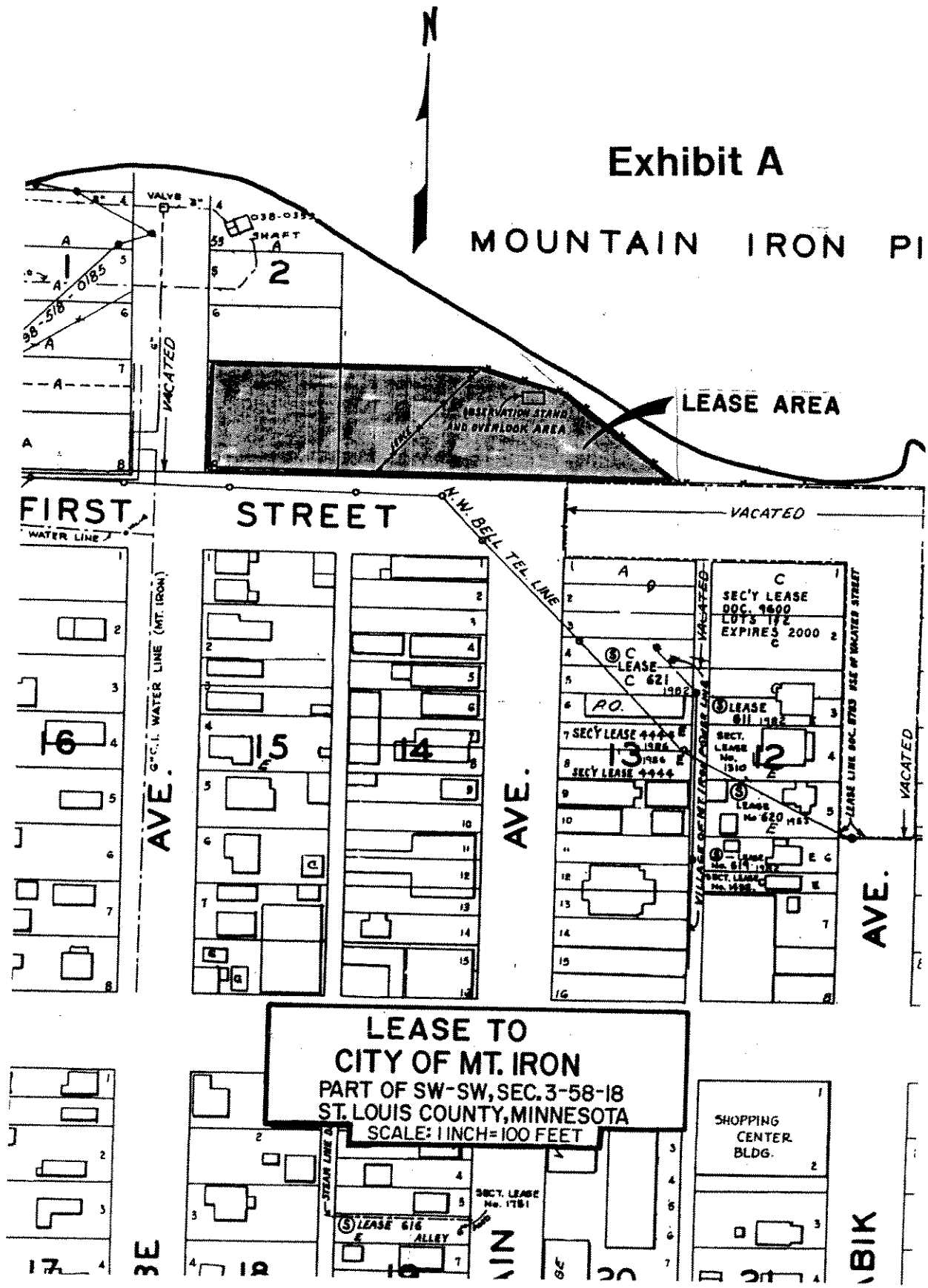
It is recommended that the City authorize the purchase of certain properties from USS.

## Sale And Purchase of Land with Mt. Iron

Description	Acres	Value
Pt SW 10-58-18	13.48	5,856
Pt NW 10-58-18	29.68	18,887
Pt NW 10-58-18	11.7	13,763
		38,506
<b>Asking Price</b>		<b>40,860</b>
 <b>Marble Ave. and Locomotive Street</b>		
Marble Ave. USS Assessment		1,413
Locomotive St. USS Assessment		2,888
		4,301
USS Already Paid \$514 In Assessments On Marble Ave.		
<b>USS Refund</b>		<b>514</b>
 <b>City of Mt. Iron Observation Stand, Truck Tire, Locomotive etc</b>		
Pt SW-SW 3-58-18	0.8	2,000
 <b>Purchase from Mt. Iron Pt of Great Northern Railway Right of Way in NW1/4, Sec. 12, 58-18</b>		
Vacated R/O/W So of Lot 1 Blk 1 Parkville		400
Vacated R/O/W No of Lot 8 Blk 4 Parkville		400
Total Purchase Amount		{800}
 <b>Total Due USS</b>		<b>42,574</b>

# Exhibit A

## MOUNTAIN IRON PI



# MOUNTAIN IRON PIT

R.R. 312-999-799-0062

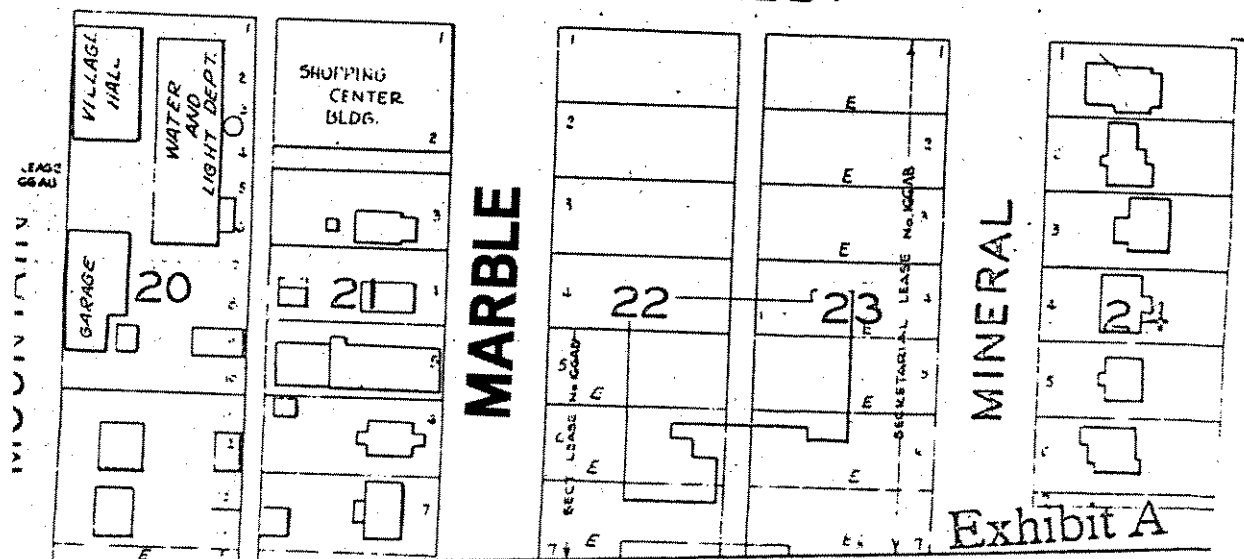
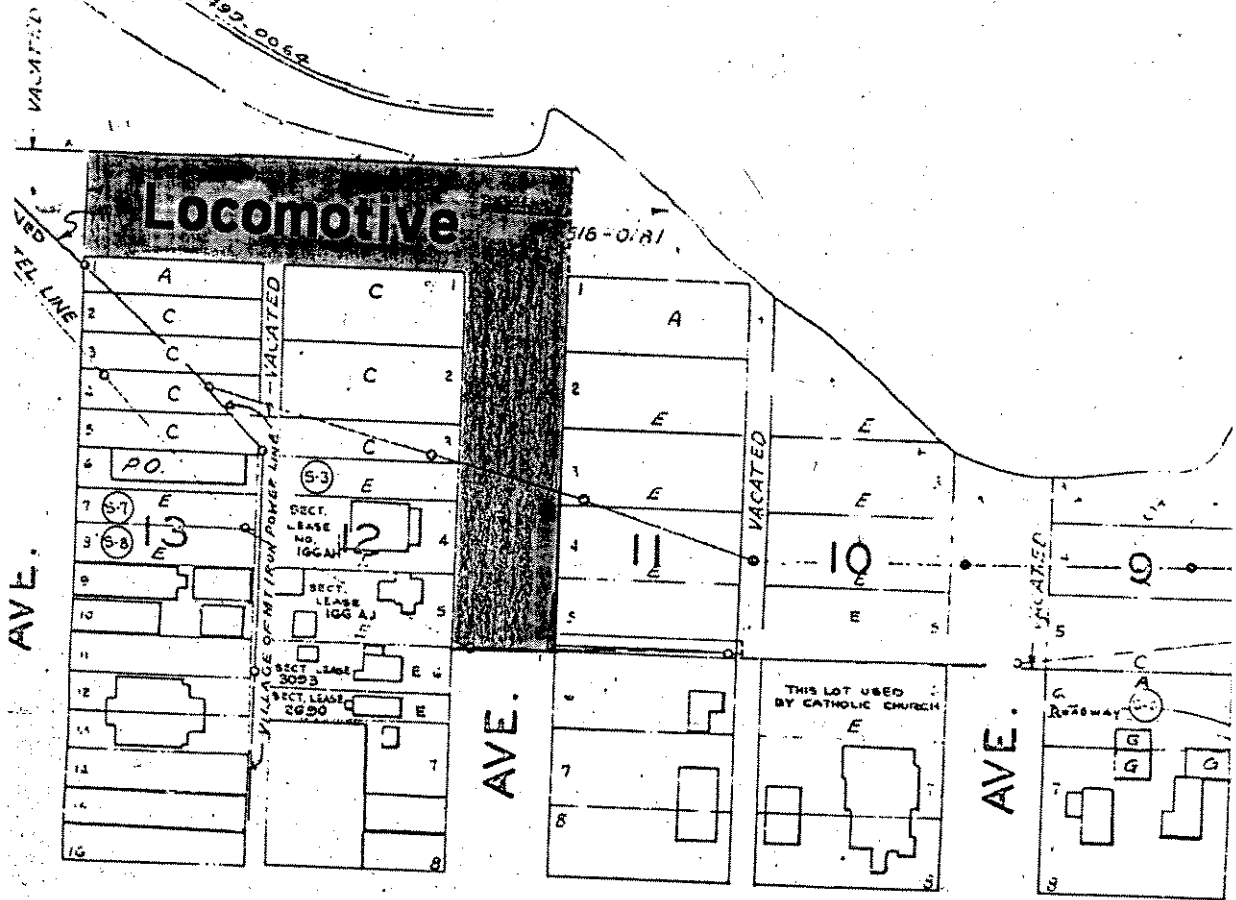


Exhibit A

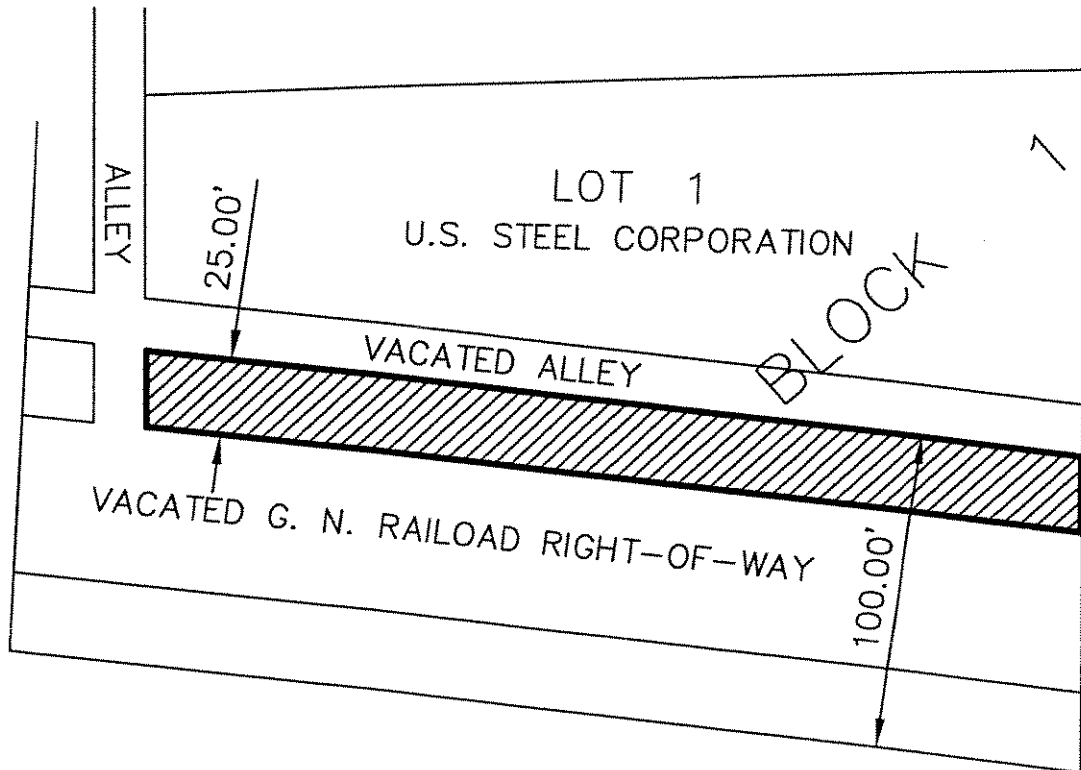
PLAT OF TOWN OF GRANT (SW-SW 3-58-18)

# LEGAL DESCRIPTION

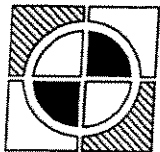
CITY OF MT. IRON TO U.S. STEEL CORPORATION

That part of the vacated Great Northern Railway right-of-way located in the Northwest Quarter of Section 12, Township 58 North, Range 18 West of the Fourth Principal Meridian, described as follows:

The North 25.00 feet of said right-of-way, bordered on the west by the southerly extension of the west line of Lot 1, Block 1 and bordered on the east by the southerly extension of the east line of Lot 1, Block 1, plat of PARKVILLE according to the recorded plat thereof on file at the St. Louis County Recorder's Office.



( SCALE IN FEET )  
1" = 60'



**Benchmark**  
ENGINEERING, INC.

8878 Main Street Post Office Box 261  
Mountain Iron, Minnesota 55768  
Phone 218/735-8914

I hereby certify that this plan, specification or report was prepared by me or under my supervision and that I am a duly registered LAND SURVEYOR under the laws of the State of MINNESOTA.

*Rodney Hennigan*

Date: 7-6-04 Reg. No. 19792

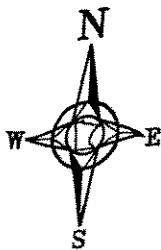
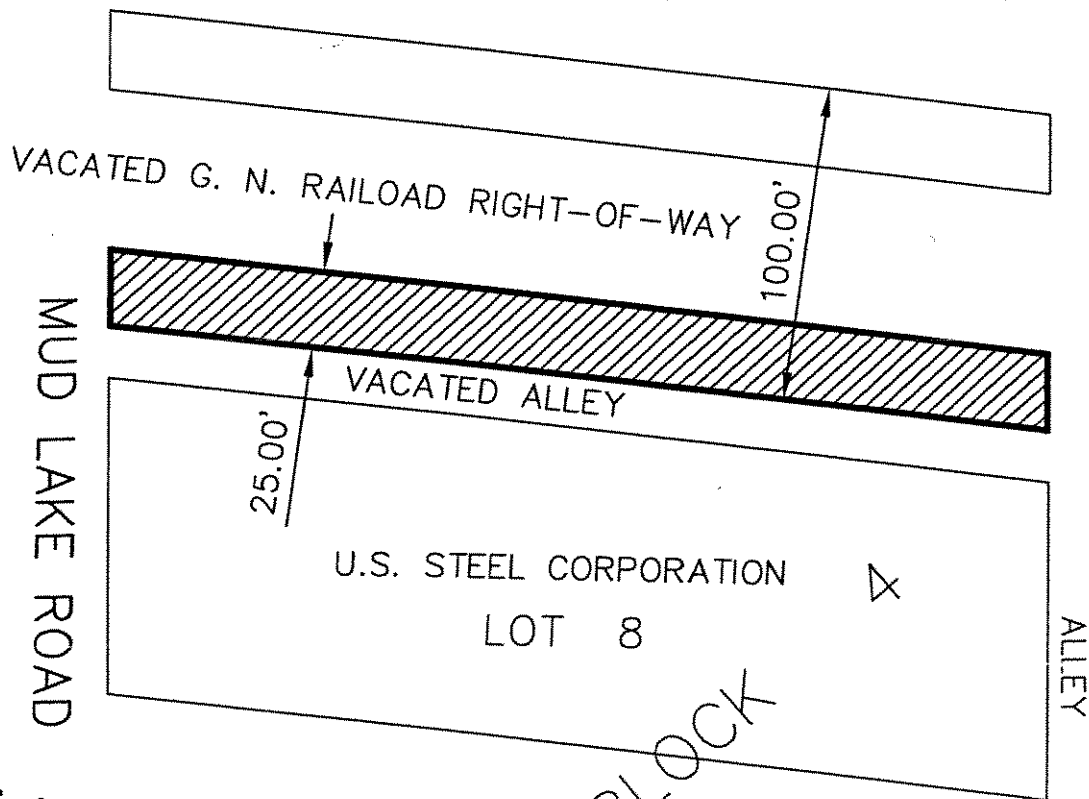


# LEGAL DESCRIPTION

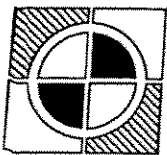
CITY OF MT. IRON TO U.S. STEEL CORPORATION

That part of the vacated Great Northern Railway right-of-way located in the Northwest Quarter of Section 12, Township 58 North, Range 18 West of the Fourth Principal Meridian, described as follows:

The South 25.00 feet of said right-of-way, bordered on the west by the northerly extension of the west line of Lot 8, Block 4 and bordered on the east by the northerly extension of the east line of Lot 8, Block 4, plat of PARKVILLE according to the recorded plat thereof on file at the St. Louis County Recorder's Office.



( SCALE IN FEET )  
1" = 60'



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*Rodney Klanniger*

73 Date: 7-6-04 Reg. No. 19792

**COUNCIL LETTER 070505-VIE**

**ST. LOUIS COUNTY**

**PROPERTY REQUEST**

**DATE:** June 29, 2005

**FROM:** Craig J. Wainio  
City Administrator

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As part of the arrangement with the Retriever Club, the City needs to request the purchase of certain properties from St. Louis County. The City is acting as a pass through where we acquire the property from St. Louis County and sell the property to the Retriever Club. In order to possibly lower the purchase price it is recommended that the City request this property with the intention of maintaining a 50 foot easement for future use.

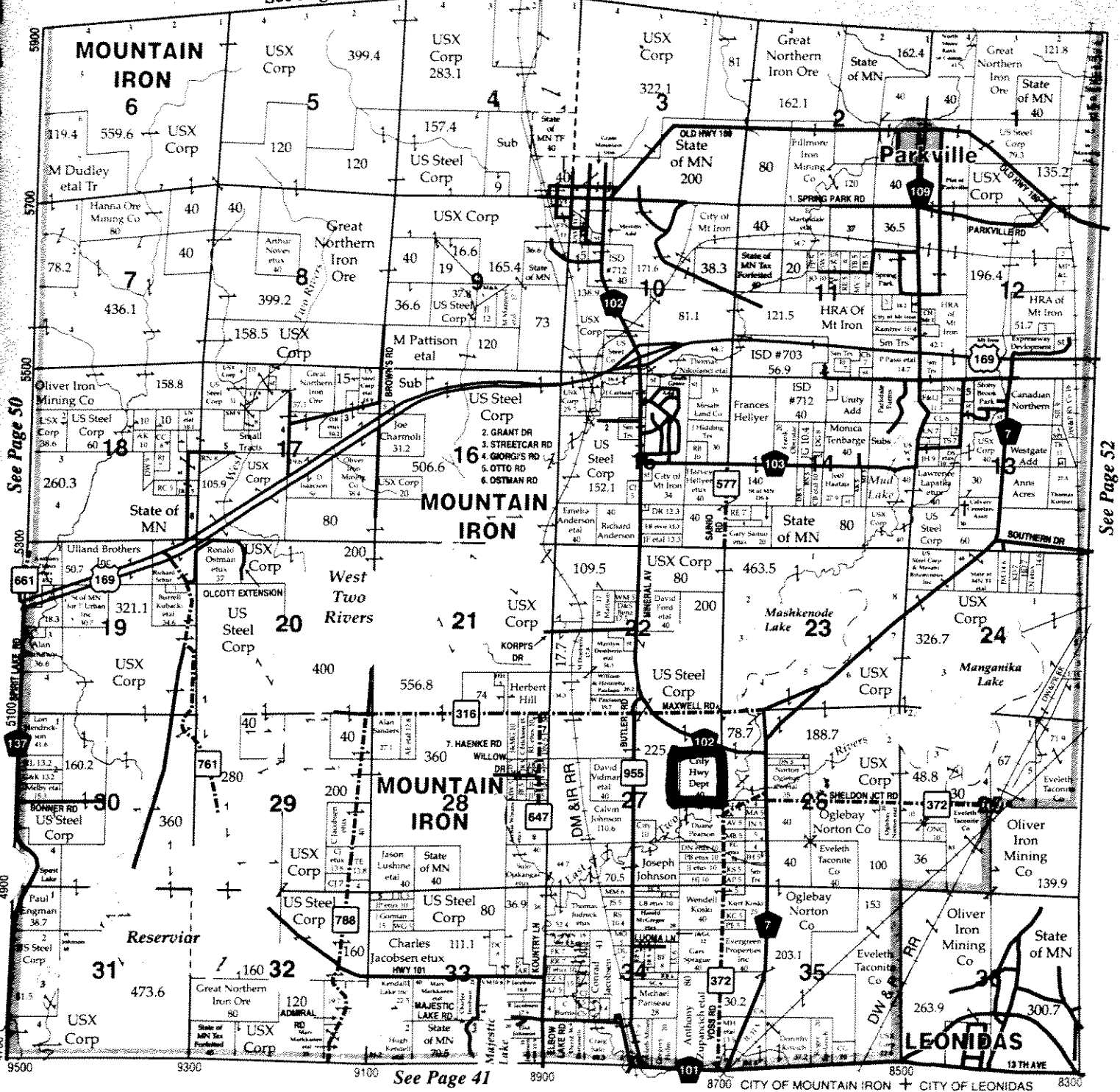
It is recommended that the City Council request to purchase the subject property from St. Louis County with the stipulation that the City will maintain a 50 foot easement across the property.

# 44. City of Mountain Iron (S), City of Leonidas (N)

T.58N. - R.18W.

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See Page 61



See Page 50

See Page 52

See Page 41

75

**Minnesota**

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**COUNCIL LETTER 070505-VIF**

**COUNCILOR ROSKOSKI**

**NOISE POLLUTION CONCERN**

**DATE:** June 28, 2005

**FROM:** Councilor Roskoski

Craig J. Wainio  
City Administrator

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

The P & H operation in Merritt Industrial Park is producing obnoxious-intrusive noises that come into the Ann's Acres and Westgate areas, specifically arc-air cutting sounds that are produced starting around 5:15-5:30 a.m. and continue throughout most of the day. The sound level is about the same as a neighbor mowing grass with an old mower. A solution would be to move that specific process from the west side of their shop to the north or east side areas.

Staff Note: Staff has contacted P&H and they indicated that they would make every effort to limit noise levels prior to 8:00AM.

COMMUNICATIONS  
JULY 5, 2005

1. League of Minnesota Cities, forwarding the June 24, 2005 Friday Fax.



# -FridayFax-

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

June 24, 2005

Page 2

regular legislative session to include these measures in their respective tax bills. With their prominent presence on the working group, there is no reason to doubt that the proposals could reemerge.

Since the end of the regular session and during the tax working group negotiations, Sen. Pogemiller had held strong to his desire to fully fund LGA, and he has connected the property tax freeze to fully funding LGA. Late last week, Rep. Krinkie indicated his strong desire to couple any Senate LGA increase with a property tax freeze. After this morning's vote, Sen. Pogemiller indicated to members of the working group these could both come up again for discussion.

With less than a week before a partial state government shut down, the Tax Working Group plans to meet again Saturday morning. Stay tuned.

*Questions? Contact either Jennifer O'Rourke at 651.281.1261 or [jorourke@lmnc.org](mailto:jorourke@lmnc.org) or Gary Carlson at 651.281.1255 or [gcarlson@lmnc.org](mailto:gcarlson@lmnc.org).*

## **U.S. Supreme Court reaffirms cities' authority to take property for economic development**

The U.S. Supreme Court issued a ruling on Thursday that reaffirms the longstanding power of local governments to take property for economic development.

In a 5-4 decision, the court upheld the ability of the City of New London, Connecticut to take property to make way for a riverfront development project that would increase tax revenues, create jobs and improve the local

economy. It found that the takings in this case were part of "a carefully considered development plan, which was not adopted 'to benefit a particular class of individuals.'"

In its decision, the court reasserted that, "promoting economic development is a traditional and long accepted governmental function." The justices also reaffirmed that local elected officials are in a better position than the judiciary to make decisions about what public needs justify the use of eminent domain.

While the court recognizes economic development as a legitimate public purpose when it comes to taking property through eminent domain, property rights groups are likely continue the push at the state-level to restrict local condemnation authority.

The last two sessions, the Minnesota Auto Dealers Association has advocated for sweeping changes to Minnesota's eminent domain statutes. Their legislation calls for two significant changes to state law. First, their bill would allow the court to award payment of property owners' attorney fees in takings for transportation purposes if the final award exceeds the acquiring authority's last offer by 20 percent. It also would require cities to prove by a preponderance of evidence that a taking for redevelopment or economic development is for a primarily public purpose.

If enacted, this legislation would generate expensive litigation, increase the cost of public projects, and limit cities' use of eminent domain to take property for critical economic development and redevelopment projects.

*Questions? Contact Laura Offerdahl at 651.281.1260 or [lofferdahl@lmnc.org](mailto:lofferdahl@lmnc.org).*

For more information on city legislative issues, contact any member of the League of Minnesota Cities Intergovernmental Relations team.  
651.281.1200 or 800.925.1122



# -FridayFax-

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

June 24, 2005

Page 1

## Core functions will continue

Yesterday in Ramsey County District Court, Chief Judge Gregg Johnson ordered Minnesota State agencies and officials, county and municipal entities, and school districts to perform core functions of government in the event of a partial state government shut down. A "special master" was also appointed to monitor compliance with the court order to continue core services.

In the 10-page ruling, the court did not specifically identify what is considered a core function, but did cite definitions of essential services from the 1995 federal government shut down as a guideline. The court did agree to a list of core services provided by state agencies that have yet to be funded, but concluded that core functions are not limited to those on the list, which was attached along with the ruling.

"State agencies and officials are mandated to employ the number of employees necessary to carry-out the core functions in a timely manner," wrote Judge Johnson.

The complete ruling noted that the state has contractual obligations with a variety of federal government programs and Constitutional obligations to provide adequate public education and provide for the "security, benefit and protection of the people" and that core functions funding these obligations must be funded.

Questions? Contact Brian Strub at 651.281.1256 or [bstrub@lmnc.org](mailto:bstrub@lmnc.org).

## Property tax freeze and turbocharged TNT—dead for now

On Friday morning, the Tax Working Group voted not to include the local property tax freeze and the taxpayer satisfaction survey in the compromise tax bill they are currently compiling. At least for the time being, the property tax freeze and the taxpayer satisfaction survey are dead.

The Tax Working Group spent Friday morning debating the details of the House taxpayer satisfaction survey proposal. The League of Minnesota Cities and other local government groups were on hand to testify against the proposal. However, Sen. William Belanger (R-Bloomington), who has consistently and strongly opposed the taxpayer satisfaction survey and the Senate's property tax freeze, made his motion before there was any opportunity for public testimony. Working group members were very familiar with local governments' concerns, as they had been lobbied by many and heard committee testimony at earlier points throughout the regular session.

While today's vote is a success in our efforts to keep the state out of the local budget setting process, the chance these measures will come up again as part of the final negotiations during the special session is highly likely. Sen. Larry Pogemiller (DFL-Minneapolis) had been the lead proponent of the property tax freeze, and Rep. Phil Krinkie (R-Shoreview) had led the charge on the taxpayer satisfaction survey. As the chairs of the tax committees in their respective bodies, they were able during the