

**MOUNTAIN IRON CITY COUNCIL MEETING
COMMUNITY CENTER
MOUNTAIN IRON ROOM
MONDAY, AUGUST 21, 2006 - 6:30 P.M.
A G E N D A**

- I. Roll Call
 - II. Consent Agenda
 - A. Communications
 - B. Receipts
 - C. Bills and Payroll
 - III. Public Forum
 - IV. Committee and Staff Reports
 - A. Mayor's Report
 - 1. Library Board Appointment (#1)
 - 2. Vincent Goerd House (#2)
 - B. City Administrator's Report
 - C. Director of Public Works Report
 - 1. Utility Connection Review (#3)
 - 2. Largest Trash Containers (#4)
 - 3. Bucket Truck (#5)
 - D. Sheriff's Department Report (#6)
 - E. City Engineer's Report
 - F. City Attorney's Report
 - 1. Administrative Hearing (#7)
 - 2. Truck Hauling Policy (#8)
 - G. Liaison Reports
 - V. Unfinished Business
 - A. 2006 Paving Project (#9)
 - VI. New Business
 - A. Resolution 21-06 All Hazard Plan (#10-13)
 - B. Resolution 22-06 MVST Amendment (#14-15)
 - C. Resolution 23-06 Setting Preliminary Bond Levy (#16-17)
 - D. Resolution 24-06 Setting Preliminary Levy (#18-21)
 - E. Position Posting (#22)
 - F. Accepting Property (#23-50)
 - G. Dump Cleanup Award (#51)
 - H. Reschedule Next Meeting (#52)
 - I. Communications
 - J. Open Discussion
 - VII. Announcements
 - VIII. Adjourn
- # Denotes page number in packet

COUNCIL LETTER 082106-IVA1

MAYOR SKALKO

LIBRARY BOARD APPOINTMENT

DATE: August 16, 2006
FROM: Mayor Gary Skalko
Craig J. Wainio
City Administrator

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

Appoint Jill Kinney to finish the term of Debbie Lewis which will expire on December 31, 2007.

COUNCIL LETTER 082106-IVA2

MAYOR SKALKO

VINCENT GOERDT HOUSE

DATE: August 16, 2006

FROM: Mayor Gary Skalko

Craig J. Wainio
City Administrator

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

Have Jerry Kujala and Tom Cvar investigate this property at 5741 Mesabi Avenue to see if it is a safety hazard and should be condemned.

COUNCIL LETTER 082106-IVC1
COUNCILOR ROSKOSKI
UTILITY CONNECTION REVIEW

DATE: August 16, 2006
FROM: Councilor Roskoski
Craig J. Wainio
City Administrator

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

The policy mailed to us that was adopted on July 6th, 1993. Most Residential situations are spelled out, Commercial is missing. It reads like...we can do the work but customers will pay. Some areas of the policy are not clear. Concerns about connections-disconnects-inspections-back filling-street patches should be forwarded to the UAB for review and any additional cleanup of necessary policy language.

COUNCIL LETTER 082106-IVC2

COUNCILOR ROSKOSKI

LARGE TRASH CONTAINERS

DATE: August 16, 2006

FROM: Councilor Roskoski

Craig J. Wainio
City Administrator

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

Could the policy covering the part time use of our largest trash containers be included in the August 21st council meeting packets.

Staff Note: No such special policy exists. It is handled through our normal rate structure. (DVK)

COUNCIL LETTER 082106-IVC3

PUBLIC WORKS

CALL FOR BIDS

DATE: August 16, 2006

FROM: Don Kleinschmidt
Director of Public Works

Craig J. Wainio
City Administrator

Staff is requesting City Council authorization to call for bids on an aerial bucket truck for use in the Electric Department. This truck was budgeted for in the 2006 Electrical Enterprise Fund.



Saint Louis County

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

Ross Litman
Sheriff

TO: Mt. Iron Mayor and City Council
FROM: Sgt. Wade Rasch
RE: Monthly Activity for July
DATE: August 16, 2006

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

Deputies also performed 89 traffic stops while issuing 24 citations for traffic or criminal offenses and 64 traffic warnings.

Calls For Service:

- 31- On views- Officer initiated contacts checking on persons, vehicles, properties
 - 23- Public Assists (Veh. Unlocks, Loud Music, Animal Complaints, etc.)
 - 14- Disturbances (Verbal arguments/Domestic/Threats)
 - 9- Suspicious Person/Vehicles or Unwanted Person(s)
 - 9- Assists to Virginia Police Department
 - 9- Assists to Virginia Sheriff's
 - 7- Welfare Checks Upon Persons or Suicide Threats
 - 7- Custodial Arrests
 - 4-Theft
 - 4- Burglary
 - 4- Medical Assists
 - 3- Damage to Property
 - 3- Alarm Calls
 - 2- Motor Vehicle Crashes (No injury)
- 19- Other Miscellaneous Calls (Ex. Harassing Phone Calls, Civil Disputes, ATLS, Assist State Patrol)

Reply to:

Administrative Offices

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

County Jail

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

Emergency Management

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

Sheriff's Office

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

Sheriff's Office

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

COUNCIL LETTER 082106-IVF1

COUNCILOR ROSKOSKI

ADMINISTRATIVE HEARING

DATE: August 16, 2006

FROM: Councilor Roskoski

Craig J. Wainio
City Administrator

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

A month has gone by – where are we with the hearing on whether or not P & H is conducting salvage operations, which would require a conditional use permit, in conjunction with other activities in Merritt Industrial Park?

Staff Note: A hearing date is being coordinated for early September on the issue of whether or not P&H Minpro is required to obtain a conditional use permit. For clarification, the scope of the hearing will be limited to whether or not P&H Minepro is required to obtain a conditional use permit for their alleged salvage operations. (CJW)

COUNCIL LETTER 082106-IVF2

COUNCILOR ROSKOSKI

TRUCK HAULING POLICY

DATE: August 16, 2006

FROM: Councilor Roskoski

Craig J. Wainio
City Administrator

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

A policy with simple to understand but enforceable language was to be drawn up for the Street and Alley Committee and City Council review and possible implementation.

COUNCIL LETTER 082106-VA

COUNCILOR ROSKOSKI

2006 PAVING PROJECTS

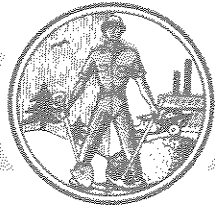
DATE: August 16, 2006
FROM: Councilor Roskoski
Craig J. Wainio
City Administrator

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

Fellow Councilors....In our exuberance to get something done, we authorized going out for bids on more projects that we have money budgeted for:

Unity Paving	\$170,000.00
City Garage Lot Paving	\$ 52,000.00
Unity Dr Curb & Sidewalk	\$159,000.00
Mud Lake Corner Storm Sewer & Power Pole Relocation	\$8,000.00 (Estimate)
Engineering	<u>\$35,000.00</u>
	\$424,000.00
Left in Street Fund	<u>-\$300,000.00</u>
Were Short	\$124,000.00

We should have further discussion on what to complete and what to cut.



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RESOLUTION NUMBER 21-06

RESOLUTION ADOPTING AN ALL HAZARD MITIGATION PLAN

WHEREAS, the County of St. Louis (the County) participated in a hazard mitigation planning process as established under the Hazard Mitigation Act of 2000; and

WHEREAS, the Act establishes a framework for the development of a county hazard mitigation plan; and

WHEREAS, the county as part of the planning process established an extensive public participation process and local coordination among county and neighboring local units of government, businesses and other organizations; and

WHEREAS, the plan includes a risk assessment including past hazards, hazards that threaten the county, maps of hazards, an estimate of structures at risk, estimate of potential dollar losses for each hazard, a general description of land uses and development trends; and

WHEREAS, the plan includes a mitigation strategy including goals and objectives and an action plan identifying specific mitigation projects and costs; and

WHEREAS, the plan includes a maintenance or implementation process including plan updates, integration of plan into other planning documents and how the county will maintain public participation and coordination; and

WHEREAS, the draft plan was shared with state and federal agencies for review and comment; and

WHEREAS, the county has Officially adopted by ordinance the county all hazard mitigation plan in accordance with Minnesota Statutes 375.51 and 394.26 on April 26, 2005; and

BE IT RESOLVED BY THE MOUNTAIN IRON CITY COUNCIL, that the City of Mountain Iron formally adopts the St. Louis County All Hazard Mitigation plan as the plan for the city.

DULY ADOPTED BY THE CITY COUNCIL THIS 21st DAY OF AUGUST, 2006.

ATTEST:

Mayor Gary Skalko

City Administrator



Saint Louis County

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

Ross Litman
Sheriff

MEMORANDUM

To: Municipal Emergency Managers in St. Louis County
Township Supervisors
From: Paul Lee, *Paul Lee* Coordinator, EMERGENCY MANAGEMENT DIVISION
Sub: Adoption of St. Louis County Hazard Mitigation Plan
Date: August 3, 2006

Please review the enclosed letter from the Arrowhead Regional Development Commission.

The latest information from Mr. Jeffrey Shaw, Hazard Mitigation Planner for the Minnesota Division of Homeland Security and Emergency Management is as follows:

“Based on FEMA policy to date, a jurisdiction within the county that has not adopted the County plan can not apply for a hazard mitigation project, nor, can FEMA funded work be completed in a jurisdiction that has not adopted the plan even if the County is the subgrantee.”

It is not necessary for the plan to be posted for public review after an approval has been given.

When your jurisdiction approves a resolution, send a copy to both St. Louis County Emergency Management and the ARDC.

Paul Lee, Coordinator
St. Louis County Emergency Management
5735 Old Miller Trunk Highway
Duluth, MN 55811

Josh Bergstad
ARDC
221 W 1st St
Duluth, MN 55802

If you have any questions, contact me at 625-3960 or via e-mail leep@co.st-louis.mn.us

Enc.

Cc: Sheriff Litman, St. Louis County

Josh Bergstad, ARDC

Jeff Shaw, MN Division of HSEM

Reply to:

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1810 12th Ave E
Hibbing, MN 55746
Phone: (218) 262-0132
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**ARROWHEAD REGIONAL
DEVELOPMENT COMMISSION**

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July 12, 2006

Paul Lee
Emergency Management Coordinator
St. Louis County Sheriff's Department
5735 Old Miller Trunk Highway
Duluth, MN 55811

Dear Mr. Lee,

As you know, the Arrowhead Regional Development Commission and St. Louis County Sheriff's Department coordinated the St. Louis County All Hazard Mitigation Plan, which was approved by FEMA/HSEM on March 01, 2005 and adopted by the St. Louis County board on May 26, 2005

I have spoken with Jeff Shaw at the Minnesota Department of Public Safety and he indicates that your office is working with the cities and townships in the County to adopt the County Plan. According to my records the following cities and townships need to adopt the St. Louis County Plan by resolution in order to be eligible for FEMA/HSEM hazard mitigation funding:

Cities

Aurora	Biwabik	Brookston
Cook	Duluth	Ely
Eveleth	Floodwood	Hermantown
Hibbing	Hoyt Lakes	Iron Junction
Mountain Iron	Orr	Proctor
Tower	Virginia	Winton

Townships

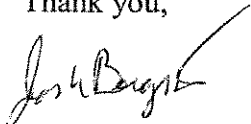
Alborn	Canosia	Fayal
Gnesen	Grand Lake	Greenwood
Lakewood	Midway	Rice

Each city will need to publish a legal notice announcing a public hearing regarding the plan and make copies of the plan available for public review at locations such as City Hall or the local library at least ten days prior to the hearing. An electronic version of the plan can be found on ARDC's website under the St. Louis County projects page.

I have also attached a sample resolution that the each city can use in their adoption process. Once the cities have passed resolutions adopting the County Plan please have them send copies to both your office and ARDC. I will forward notice of adoption onto FEMA/HSEM when I receive the resolutions.

Please let me know if I can provide additional documentation, assistance, or answer any questions regarding the adoption process for the cities in St. Louis County. You can contact me at (218) 529-7516 or via email at jbergstad@ardc.org.

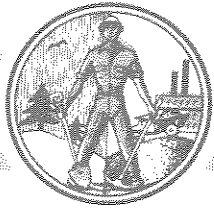
Thank you,



Josh Bergstad
ARDC

enc.

cc: Jeff Shaw, Mn Dept. of Public Safety



CITY OF MOUNTAIN IRON

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RESOLUTION NUMBER 22-06

OPPOSING THE MOTOR VEHICLE SALES TAX CONSTITUTIONAL AMENDMENT

WHEREAS, a well planned and well funded Minnesota transportation system is essential to the flow of goods and people throughout the state; and

WHEREAS, the state of Minnesota's highway and transit needs continue to be under funded each year while construction costs continue to increase; and

WHEREAS, the Minnesota transportation system should be funded by a comprehensive plan that benefits the entire State-not a piecemeal approach; and

WHEREAS, the Motor Vehicle Sales Tax (MVST) constitutional amendment is not a solution to Minnesota's transportation funding problems and will generate less than 18% of the state's \$1.7 billion in estimated yearly transportation needs; and

WHEREAS, the proposed constitutional amendment does not guarantee any funding for highways-only transit funding is guaranteed; and

WHEREAS, legislators already have the authority to use the sales tax on cars for transit or highways without a constitutional amendment and are more likely to pass a first-rate, comprehensive transportation funding plan if the MVST amendment is not adopted-legislators and the Governor should do their job; and

WHEREAS, the MVST constitutional amendment will leave a \$300 million hole in the general fund which could result in a cutback in spending on education, health care and property tax relief and/or an increase in taxes; and

WHEREAS, state government has not proposed any revenue sources to fill the \$300 million hole MVST would leave in the general fund; and

WHEREAS, the proposed constitutional amendment will mislead the voters into thinking 60% of the revenues are constitutionally guaranteed for highways-the voters should not be misled by the ballot language or the constitutional amendment;

NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MOUNTAIN IRON, MINNESOTA, that the City of Mountain Iron Opposes the Motor Vehicle Sales Tax constitutional amendment and urges the next legislature and Governor to do its job and pass a comprehensive transportation funding package.

DULY ADOPTED BY THE CITY COUNCIL THIS 21st DAY OF AUGUST, 2006.

ATTEST:

Mayor Gary Skalko

City Administrator



CGMC Position on Proposed Motor Vehicle Sales Tax (MVST) Constitutional Amendment

The Constitutional Amendment proposed in the 2005 session, to be voted on in the 2006 general election, provides:

“Sec. 13. The revenue apportioned in section 12 must be allocated for the following transportation purposes: **not more than** 60 percent must be deposited in the highway user tax distribution fund, and **not less than** 40 percent must be deposited in a fund dedicated solely to public transit assistance as defined by law.”

The CGMC believes the MVST Amendment should be rejected by the voters:

- 1. The state needs a comprehensive plan to fund transportation—much like the plan vetoed by the Governor in 2005—not just this piece-meal approach.** The amendment generates less than 18 percent of the state’s \$1.7 billion in estimated yearly transportation needs. Minnesota should make a full commitment to transportation.
- 2. Legislators and the Governor should do their job.** Legislators already have the authority to use the sales tax on cars for transit or highways without a constitutional amendment. The Legislature and Governor are more likely to pass a first-rate, comprehensive transportation funding plan to address this critical need if the MVST amendment is NOT adopted.
- 3. The proposed constitutional amendment does not guarantee any funding for highways—only transit funding is guaranteed.**
- 4. Transportation improvements funded by MVST are NOT FREE. Over \$300 million per year will be taken from the state’s general fund.** Past attempts to dedicate the MVST revenue to transportation have failed because of other pressing needs that MVST revenue helps fund. A reduction in general fund revenue could result in a cutback in spending on education, health care, and property tax relief. It also could lead to possible tax increases.
- 5. The proposed constitutional amendment will mislead the voters into thinking 60% of the revenues are constitutionally guaranteed for highways.** Voters should not be tricked or misled.
- 6. If the proposed constitutional amendment passes, the Legislature should limit transit funding to 40% of MVST revenue and its current level of state general fund dollars.** By law, the state MVST revenues should be allocated 60% for the Highway User Tax Distribution Fund, 35% for metro transit, and 5% for greater Minnesota transit. Any additional increases in transit funding should come from local sales taxes. A half-cent metro sales tax would provide a significant increase and stable source of funding for the metro transit system.

COUNCIL LETTER 082106-VICD

ADMINISTRATION

2007 BUDGET

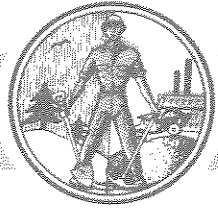
DATE: August 16, 2006

FROM: Craig J. Wainio
City Administrator

Enclosed in you packet you will find a preliminary draft of the 2007 Budget. At this meeting the City Council needs to set the proposed levy for 2007. The budget and adjoining Resolution outline a preliminary levy increase of \$67,069 or 7%. This preliminary levy increase is the maximum increase the City is allowed to have without the requirement of holding a truth in taxation hearing. Once the preliminary levy is set, the Council may lower the final levy amount, however it is very difficult to go over that amount.

Resolution Number 23-06 adopts the market rate levy for payment of the voter approved community center bonds. The amount reflected is to cover bond payments for 2007. It is recommended that the City Council adopt Resolution Number 23-06 as presented.

Resolution Number 24-06 adopts the preliminary levy amount that must be certified to the County by September 15th. This Resolution is presented with a proposed levy increase of 7% over last year. It is recommended that the City Council adopt the Resolution with the appropriate levy amount.



CITY OF MOUNTAIN IRON

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RESOLUTION NUMBER 23-06

APPROVING PROPOSED 2007 MARKET RATE BASED REFERENDUM LEVY FOR THE GENERAL OBLIGATION COMMUNITY CENTER BONDS AND INTEREST

WHEREAS, in February 1998 the voters in the City of Mountain Iron approved a market rate based referendum levy for bonds and interest to construct the Mountain Iron Community Center.

NOW, THEREFOR BE IT RESOLVED, by the City Council of the City of Mountain Iron, County of Saint Louis, Minnesota, that the following market rate based levy shall be made in 2006 payable in 2007 for all property in the City of Mountain Iron:

General Obligation Community Center Bond levy shall be \$85,507.00

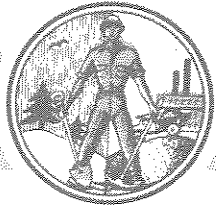
The City Administrator is hereby instructed to transmit a certified copy of this resolution to the County Auditor of Saint Louis County, Minnesota.

DULY ADOPTED BY THE CITY COUNCIL THIS 21ST DAY OF AUGUST 2006.

Mayor Gary Skalko

ATTEST:

City Administrator



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RESOLUTION NUMBER 24-06

APPROVING PROPOSED 2006 TAX LEVY, COLLECTABLE 2007

BE IT RESOLVED, by the City Council of the City of Mountain Iron, County of Saint Louis, Minnesota, that the following sums of money be levied for the current year, collectable in 2006, upon the taxable property in the City of Mountain Iron for the following purposes:

TOTAL LEVY	\$ 1,009,933.00
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The City Administrator is hereby instructed to transmit a certified copy of this Resolution to the County Auditor of Saint Louis County, Minnesota.

DULY ADOPTED BY THE CITY COUNCIL THIS 21st DAY OF AUGUST, 2006.

Mayor Gary Skalko

ATTEST:

City Administrator

**2006 (PRELIMINARY) BUDGET SUMMARY
CITY OF MOUNTAIN IRON**

EXPENDITURES	2006 Budget	2007 Budget	Difference	Percent
Administration	\$ 476,500.00	\$ 482,400.00	\$ 5,900.00	1.2%
Public Safety	\$ 512,500.00	\$ 527,000.00	\$ 14,500.00	2.8%
Public Works	\$ 705,000.00	\$ 730,000.00	\$ 25,000.00	3.5%
Culture and Rec	\$ 366,000.00	\$ 375,000.00	\$ 9,000.00	2.5%
General Government	\$ 768,250.00	\$ 873,890.00	\$ 105,640.00	13.8%
TOTAL	\$ 2,828,250.00	\$ 2,988,290.00	\$ 160,040.00	5.7%

REVENUE	2006 Budget	2007 Budget	Difference	Percent
Taxes	\$ 117,504.00	\$ 120,507.00	\$ 3,003.00	2.6%
Intergovernmental Aid	\$ 1,536,882.00	\$ 1,638,350.00	\$ 101,468.00	6.6%
General Revenue	\$ 231,000.00	\$ 219,500.00	\$ (11,500.00)	-5.0%
TOTAL	\$ 1,885,386.00	\$ 1,978,357.00	\$ 92,971.00	4.9%

GENERAL LEVY \$ 942,864.00 \$ 1,009,933.00 \$ 67,069.00 7.1%

**2007 (PRELIMINARY) BUDGET SUMMARY
CITY OF MOUNTAIN IRON
REVENUE**

GENERAL REVENUE	2006 Budget	2007 Budget	Difference	Percent
Lic. & Permits	\$ 21,500.00	\$ 20,000.00	\$ (1,500.00)	-7.0%
Charges for Service	\$ 40,000.00	\$ 45,000.00	\$ 5,000.00	12.5%
Fines	\$ 9,500.00	\$ 9,500.00	\$ -	0.0%
Interest	\$ 35,000.00	\$ 30,000.00	\$ (5,000.00)	-14.3%
Refunds	\$ 100,000.00	\$ 100,000.00	\$ -	0.0%
General	\$ 25,000.00	\$ 15,000.00	\$ (10,000.00)	-40.0%
Subtotal	\$ 231,000.00	\$ 219,500.00	\$ (11,500.00)	-5.0%

INTERGOVERNMENTAL REVENUE

Local Government Aid	\$ 623,882.00	\$ 718,350.00	\$ 94,468.00	15.1%
Taconite Production Tax	\$ 500,000.00	\$ 500,000.00	\$ -	0.0%
Taconite Municipal Aid	\$ 300,000.00	\$ 300,000.00	\$ -	0.0%
Mining Effects Tax	\$ 100,000.00	\$ 100,000.00	\$ -	0.0%
Other	\$ 13,000.00	\$ 20,000.00	\$ 7,000.00	53.8%
Subtotal	\$ 1,536,882.00	\$ 1,638,350.00	\$ 101,468.00	6.6%

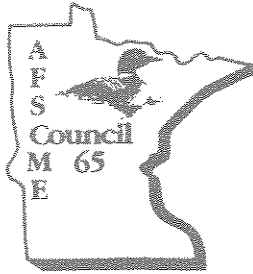
TAXES

Tax Levy	\$ 942,864.00	\$ 1,009,933.00	\$ 67,069.00	7.1%
Market Rate Levy	\$ 86,504.00	\$ 85,507.00	\$ (997.00)	-1.2%
Misc. Taxes	\$ 11,000.00	\$ 15,000.00	\$ 4,000.00	36.4%
Franchise	\$ 20,000.00	\$ 20,000.00	\$ -	0.0%
Subtotal	\$ 1,060,368.00	\$ 1,130,440.00	\$ 70,072.00	6.6%

Total	\$ 2,828,250.00	\$ 2,988,290.00	\$ 160,040.00	5.7%
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2007 (PRELIMINARY) BUDGET SUMMARY
CITY OF MOUNTAIN IRON
EXPENDITURES

DEPARTMENT	2006 Budget	2007 Budget	Difference	Percent
City Council	\$ 13,500.00	\$ 13,900.00	\$ 400.00	3.0%
Administration	\$ 407,000.00	\$ 420,000.00	\$ 13,000.00	3.2%
Election	\$ 9,000.00	-	\$ (9,000.00)	-100.0%
Assessing	\$ 26,000.00	\$ 27,000.00	\$ 1,000.00	3.8%
Planning & Zoning	\$ 21,000.00	\$ 21,500.00	\$ 500.00	2.4%
Sheriffs	\$ 427,000.00	\$ 440,000.00	\$ 13,000.00	3.0%
Fire Protection	\$ 67,000.00	\$ 68,000.00	\$ 1,000.00	1.5%
Emergency Management	\$ 6,000.00	\$ 6,000.00	-	0.0%
Animal Control	\$ 12,500.00	\$ 13,000.00	\$ 500.00	4.0%
Streets	\$ 550,000.00	\$ 570,000.00	\$ 20,000.00	3.6%
Buildings	\$ 155,000.00	\$ 160,000.00	\$ 5,000.00	3.2%
Campground	\$ 50,500.00	\$ 51,000.00	\$ 500.00	1.0%
Recreation	\$ 201,500.00	\$ 207,000.00	\$ 5,500.00	2.7%
Government	\$ 182,220.00	\$ 185,000.00	\$ 2,780.00	1.5%
Library	\$ 114,000.00	\$ 117,000.00	\$ 3,000.00	2.6%
Transfers	\$ 586,030.00	\$ 688,890.00	\$ 102,860.00	17.6%
Total	\$ 2,828,250.00	\$ 2,988,290.00	\$ 160,040.00	5.7%



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MINNESOTA COUNCIL NO. 65

118 CENTRAL AVENUE • NASHWAUK, MINNESOTA 55769
PHONE (218) 885-3242 • FAX (218) 885-3245 • TOLL FREE 1-888-474-3242



July 31, 2006

Mr. Gary Skalko
8586 Enterprise Drive South
Mt. Iron, MN 55768

Mt. Iron Library Commission
Mt. Iron, MN 55768

Dear Mayor Skalko and Library Commission:

As per the Memorandum of Understanding dated April 23, 2006, regarding the development of a temporary part time library assistant position, the parties to the Agreement have reached a settlement, and the position should now be permanently posted. The MOU allows for consideration of the employee as the permanent employee and for crediting her with time served towards her seniority.

For the record, the Union is not opposed to crediting the employee with time served towards her actual bargaining unit seniority. If there are any further questions, please feel free to contact me.

On behalf of AFSCME Local 453,

Steve Giorgi
AFSCME Business Agent

Cc: Craig Wainio/City Administer
Mike Downs/President AFSCME Local 453

COUNCIL LETTER 082106-VIF

ADMINISTRATION

ACCEPTING PROPERTY

DATE: August 16, 2006

FROM: Craig J. Wainio
City Administrator

As part of the development agreement with Mount Timber, the City must supply Mount Timber access to the acreage located in SW of the NE of section 10. In conversations with US Steel concerning an easement through their property to gain access to the Mount Timber acreage they indicated that they would be unwilling to grant an easement however they would sell the parcel to the City. As part of those discussions, the enclosed purchase agreement has been forwarded to the City from US Steel. In order to comply with the requirements of the development agreement, it is recommended that the City purchase to the property as outlined in the purchase agreement for \$18,000 from US Steel.



USS Real Estate
PO Box 417
Mt. Iron, MN 55768
218 749 7527
218 749 7572
Fax: 218 749 7536

August 11, 2006

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

RE: Agreement for the Sale and Purchase of Real Estate
Part of NE $\frac{1}{4}$ of SW $\frac{1}{4}$, Section 10, Township 58, Range 18 West
St. Louis County, Minnesota

Dear Mr. Wainio:

Enclosed please find an AGREEMENT FOR THE SALE AND PURCHASE OF REAL ESTATE for the purchase of United States Steel Corporation lands located within the City of Mountain Iron.

Please have the document signed by the City and return it to me along with the down payment of \$1,800.00.

This purchase will be binding only upon approval and execution of the AGREEMENT FOR THE SALE AND PURCHASE OF REAL ESTATE by United States Steel executive management. After approval and execution, a copy of the signed AGREEMENT will be returned to you.

If you have any questions please contact me at (218) 749-7572.

Sincerely:

A handwritten signature in cursive script that reads "Dennis F. Orehek".

Dennis F. Orehek
Land Manager

Enc:

AGREEMENT FOR THE SALE AND PURCHASE OF REAL ESTATE

THIS AGREEMENT FOR THE SALE AND PURCHASE OF REAL ESTATE (hereinafter "Agreement") is made and effective on this, the ____ day of _____, 2006, by and between:

United States Steel Corporation, a Delaware corporation, with an office and place of business located at 600 Grant Street, Pittsburgh, Pennsylvania 15219-2800 (hereinafter "USS or Seller"),

And

City of Mountain Iron, a municipal corporation, with an office and place of business located at 8586 Enterprise Drive South, Mountain Iron, Minnesota 55768 (hereinafter "Buyer").

WITNESS E T H: In consideration of the covenants, terms, and conditions herein contained and intending to be legally bound hereby, Seller and Buyer agree as follows:

1. **Premises.** Seller agrees to sell and Buyer agrees to buy all of Seller's right, title and interest in that certain surface and mineral land described as:

Part of the NE $\frac{1}{4}$ of SW $\frac{1}{4}$, lying easterly of County Road No. 102 right of way as presently located, EXCEPT the southerly 380 feet, in Section 10, Township 58, Range 18 West, St. Louis County, Minnesota. (hereinafter "Premises");

TOGETHER with all the appurtenances, easements, hereditaments, and access rights pertaining to the Premises and all other rights of Grantor in and to the Premises.

Seller reserves for itself, its successors and assigns, for the benefit of and appurtenant to the W $\frac{1}{2}$ of NE $\frac{1}{4}$, NE $\frac{1}{4}$ of NW $\frac{1}{4}$, and NW $\frac{1}{4}$ of SE $\frac{1}{4}$, Section 10, the W $\frac{1}{2}$ of SE $\frac{1}{4}$ and E $\frac{1}{2}$ of SW $\frac{1}{4}$ of Section 3, all in Township 58 North, Range 18 West, a 100 foot perpetual and non-exclusive permanent easement over and across that portion of the NE $\frac{1}{4}$ of SW $\frac{1}{4}$, Section 10, Township 58 North, Range 18 West that lies 100 feet southeast of the northwest right of way line of the former D.M. & I. R. Ry. Company right of way.

Seller reserves for itself, its successors and assigns, the right to use or assign to others similar easement rights. Said permanent easement shall be used for ingress and egress, for the construction, grading, maintenance and repair of roads, and for the installation, operation, use, repair, replacement and removal of utility pipes, conduits, sewer lines and electric and telephone lines and any other means of communication. Seller will not be obligated to contribute to the construction, maintenance or repair of the roadway, which is the subject of these easements; nor to any other improvements located therein or thereon.

SUBJECT to all easements and rights of ways whether of record or not, covenants, conditions, restrictions and limitations affecting the Premises.

Any excess or deficiency in the stated acreage shall not affect the remaining terms and conditions of this Agreement.

Declaration of Restriction to be recorded at the time of closing limiting land use to purposes other than residential, school or playground and preventing structures above or below ground from being constructed or placed upon Premises.

2. **Purchase Price.** Buyer agrees to pay for the Premises the sum of Eighteen Thousand and No/100 Dollars (\$18,000.00) (hereinafter "Purchase Price"), payable as follows: the amount of One Thousand Eight Hundred and No/100 Dollars (\$1,800.00) as a down payment (hereinafter "Deposit") at the execution of this Agreement, and the balance amount of Sixteen Thousand Two Hundred and No/100 Dollars (\$16,200.00) due at Closing , plus all Closing Costs outlined in Section 6 (hereinafter "Balance Due").

3. **Method of Payment.**
(A) All payments shall be paid either by certified or cashier's check made payable to "United States Steel Corporation,"

4. **Real Estate Taxes; Transfer Taxes; Recording Costs.** All real estate taxes, including any special assessments, paid or payable in the year of Closing will be prorated by Seller and Buyer according to the number of days each party owns the Premises during the property tax year, fiscal or calendar, as the case may be, of the levying jurisdictions. Buyer shall pay all real estate deed or transfer taxes, all title insurance premiums (if any), all recording charges, and all other costs incurred by Buyer at Closing. Seller, however,

shall record the deed for Buyer (as hereinafter defined) promptly following the Closing (hereinafter "Closing Costs").

5. Title Clearance.

(A) Buyer shall have thirty (30) days after the execution of this Agreement to obtain, at its own cost and expense, any survey, title commitments, title search, title opinion or title insurance policy which it deems necessary or which may be required, and Buyer shall notify Seller within twenty (20) days from receipt of the title commitment or the survey of any defect or condition (hereinafter "Objection") affecting marketability and insurability of the Premises by Buyer. Seller shall have thirty (30) days from the notice of such Objection to cure the same at its own cost and expense, and the above Closing date shall be adjusted accordingly. Mortgages, judgments, taxes, mechanic's liens, and similar monetary liens shall not be deemed to be Objections hereunder. However, Seller shall, at its expense, remove, or cause their removal prior to the Closing. Buyer's failure to so notify Seller of any Objection shall constitute an acceptance of Seller's title. Buyer shall have fifteen (15) days from receipt of a title endorsement or revised survey to notify Seller of Objections as provided above or its rights hereunder are waived.

(B) If Seller is unwilling or if, after reasonable effort, Seller is unable to cure any Objection as above provided, Seller shall so notify Buyer, and Buyer at its election may terminate this Agreement or take title subject to any Objection without any abatement in the purchase price. In the event of Buyer's termination, Seller shall return to the Buyer the above Deposit (without interest, cost, set-off or compensation), which return of said Deposit by Seller to Buyer will be accepted by Buyer and acknowledged as full satisfaction of any and all claims under or related to this Agreement.

6. Investigation/Due Diligence.

(A) Buyer shall have the right, starting from the execution date, to access the Premises for a period of thirty (30) days to inspect, investigate and conduct due diligence as to matters relating to the Premises, including but not limited to the environmental conditions, physical conditions, zoning, governmental approvals, road access, property taxes, and any other conditions that Buyer deems necessary. Buyer shall have the right, at its own risk, cost and expense, to enter, or cause its agents and representatives to enter upon the Premises, upon advance notice to Seller, for the purpose of making surveys, tests, borings, inspections, investigations, or conducting any architectural, engineering, structural, economic, environmental and any other study of the Premises as Buyer deems necessary. If the results of Buyer's investigation, study, test or report are not satisfactory to Buyer, Buyer in its sole and absolute discretion and/or judgment may terminate this Agreement within the thirty (30) day period upon written notice to Seller, and Buyer's Deposit will be returned to Buyer (without interest, cost, set-off or compensation). Buyer shall then deliver to Seller

(at no expense to Seller) all due diligence materials that were made available by Seller to Buyer or generated in the course of the due diligence activities.

(B) At any time prior to Closing, Buyer shall have the right, at its cost and expense, to conduct an environmental site assessment of the Premises. The Buyer's selection of an environmental consultant to perform an environmental assessment shall be subject to advance written approval of Seller. Buyer shall provide Seller with a copy of such draft investigation, study, test or report at no cost to Seller and grant Seller the opportunity to discuss the draft investigation, study, test, or report with Buyer's consultant prior to the report being finalized. Upon finalization, a copy of the report shall be provided to Seller. If the results of the Buyer's environmental investigation, study, test or report are not satisfactory to Buyer or Seller, either Buyer or Seller in their sole and absolute discretion and/or judgment may terminate this Agreement, and Buyer's Deposit will be returned (without interest, cost, set-off or compensation) whereupon Buyer shall deliver to Seller (at no expense to Seller) all due diligence materials which were made available by Seller to Buyer or generated in the course of the due diligence activities. Both Buyer and Seller shall be relieved of any further obligations under this Agreement, except for Buyer's confidentiality obligations and the indemnification set forth in subsections 6(E), 6(F) and 6(G); provided, however, each party shall pay their respective costs and expenses as provided in this Agreement.

(C) At the time of Closing Buyer shall execute an Indemnity And Hold Harmless Agreement in the form of Attachment "2", which Indemnity And Hold Harmless Agreement is supplemental to and not in lieu of, provisions found in this Agreement For the Sale and Purchase of Real Estate.

(D) In the event Buyer elects to proceed with the purchase of the Premises with such environmental concern "AS IS, WHERE IS, WITH ALL FAULTS", Buyer shall not be entitled to any environmental indemnification regardless of whether the investigation, study, test or report identified or failed to identify any pre-existing environmental concern or condition on the Premises and/or adjustment to the purchase price as a result thereof. If for any reason the purchase is not subsequently closed, then Buyer shall grant Seller ownership of the final report by Buyer's consultant, with Seller having the right to utilize the report as if Seller had commissioned the site assessment.

(E) Buyer agrees that it will keep confidential and not disclose to any third party except its attorneys, lenders, and consultants, any of the due diligence materials which are made available by Seller to Buyer or generated by Buyer in the course of its due diligence activities, if any.

(F) The confidentiality obligation herein does not apply to any information that (i) is public knowledge on the date hereof; (ii) is in Buyer's possession on the date hereof; (iii) becomes public after the date hereof other than due to disclosure by Buyer or its attorneys, lenders, or consultants; (iv) is obtained by Buyer from an independent third party who Buyer reasonably believes after due inquiry is free to deliver such material free of any confidentiality obligation; or (v) is the subject of any court order or other legally-mandated disclosure.

(G) Buyer and its agents, employees, contractors, engineers, consultants and other representatives shall indemnify, defend, and hold harmless Seller from and against any and all property damage, personal injury, and/or death claims, suits, demands, liabilities, damages, expenses and costs, (including attorney fees, consultant fees and other legal costs), of whatever kind or nature whatsoever that may arise out of or result from any claim, suit, act, judgment, demand or which may be brought against Seller relating to, resulting from, or in any way associated with the conducting of any such environmental, geologic, economic or other activity upon the Premises in connection with Buyer's due diligence investigation of the Premises pursuant to this Agreement. Buyer further agrees that before it or any of its consultants visit the Premises, it will obtain and maintain in full force and effect, or will cause its consultants to do so, Commercial General Liability insurance under an occurrence policy form in an insurance company or companies satisfactory to Seller, and possessing an A.M. Best Company rating of A-, Class VII or better, for bodily injury, including death, and property damage in a minimum amount of Two Million per occurrence and Four Million in the aggregate Buyer further agrees that before it or any of its consultants/contractors visit the Premises, Buyer shall procure and maintain, and shall require any of its consultants/contractors to procure and maintain insurance policies in accordance with the terms and provisions outlined in Attachment "I" attached hereto and incorporated herein, including without limitation, adding United States Steel Corporation and its affiliates, including all units, divisions and subsidiaries as Additional Insureds; obtaining waiver of subrogation; agreeing to give USS sixty (60) days' prior written notice upon policy cancellation or change; and providing subcontractor coverage (if applicable). Buyer further agrees to immediately provide a copy of Attachment "I" to its insurance company and/or insurance agent.

(H) The provisions of this Section, its subparts, and Attachment "I" shall survive delivery of the deed and termination of this Agreement.

7. **Acceptance of Deed.**

(A) Seller shall convey a Special Warranty deed (hereinafter the "Deed"), in substantially the same form and substance as Exhibit "A" attached hereto, to Buyer; and by acceptance thereof, Buyer acknowledges that the Premises has been inspected by Buyer or its duly-authorized agent, and that the same is being purchased by Buyer in "AS IS" and "WHERE IS, WITH ALL FAULTS" including environmental conditions. Seller shall not be responsible for any condition relating to or affecting the physical condition of the Premises, except as may specifically be set forth herein.

(B) Upon Closing of this transaction between Seller and Buyer, ***Buyer shall be responsible for all environmental conditions affecting the Premises and hereby agrees to release and indemnify, defend, and hold harmless Seller for any such conditions.*** The Deed shall contain the following language:

By its acceptance of this Deed, Grantee on behalf of itself, its successors, and assigns, acknowledges that the physical and environmental condition of said property conveyed hereunder has been inspected by Grantee or its duly authorized agent and that said property is accepted by Grantee as a result of such inspection and not upon any agreement, representation, or warranty made by Grantor. Grantee accepts the physical and environmental condition of sold Premises "AS IS, WHERE IS, WITH ALL FAULTS" and hereby releases Grantor, its successors and assigns, from and against any and all liabilities of any nature known or unknown under CERCLA, RCRA, or the HMTA, or any other local, state, or federal laws, rules, regulations, or ordinances, and to indemnify, defend, and hold harmless Grantor from and against any cost, fine, penalty or other liability of any nature, known or unknown, arising from or in connection with the physical or environmental condition of the Premises. It is the express intention of the parties that this assumption, release, and indemnity run with the Premises and shall be binding upon all of Grantee successors and assigns. (For the purpose of this provision, "CERCLA" shall mean and refer to the Comprehensive Environmental Response Compensation and Liability Act of 1980, 42 U.S.C. § 9601, *et seq.*, as amended; "RCRA" shall mean and refer to the Resource Conservation and Recovery Act, 42 U.S.C. § 6901, *et seq.*, as amended; and "HMTA" shall mean and refer to the Hazardous Materials Transportation Act, 49 U.S.C. § 5102, *et seq.*, as amended.)

(C) The provisions of this Section and its subparts shall survive the delivery of the Deed to the Buyer and termination of this Agreement, if any.

8. **Closing.** The sale of the Premises shall close within ninety days of the execution of this Agreement by Seller (hereinafter the "Closing"). At the Closing and upon payment in full of the balance of the Purchase Price as stated above, Seller shall deliver the Deed to Buyer, which Deed shall convey title to the Premises, free and clear of all liens and encumbrances, but subject to the following:

- (A) any exceptions prevailing in title companies' policies;
- (B) any condition, which a survey might show;
- (C) any condition, which a physical inspection of the Premises would disclose;
- (D) all existing restrictions, easements, encroachments, rights-of-way, ordinances, laws, regulations, assessments, charges and taxes;
- (E) all utility easements whether recorded or not; and
- (F) any reservations or conditions as contained in the Deed.

Possession shall be given to Buyer at Closing.

9. **Default.**

(A) **Buyer's Default.** If Buyer fails to close the sale of the Premises as provided in this Agreement, the above Deposit shall be retained by Seller as liquidated damages, and Seller shall terminate this Agreement.

(B) **Seller's Default.** If Seller fails to close this sale, Buyer's sole remedies shall be specific performance or have Seller return the Deposit to Buyer (without interest, cost, set-off or compensation) and terminate this Agreement.

(C) Upon termination by either Seller or Buyer, this Agreement shall be null and void.

(D) Each party shall be responsible for its own attorneys' fees and costs of litigation under this Section.

10. **Condemnation.**

(A) Seller represents and warrants that it has no knowledge of any existing or threatened proceeding of any entity to condemn the Premises or to take any part thereof under the right of eminent domain, and if Seller acquires such knowledge, Seller shall promptly notify Buyer.

(B) In the event that an eminent domain proceeding against the Premises has been commenced before the Closing, Seller or Buyer shall have the right to terminate this Agreement, whereupon Seller shall return Buyer's Deposit (without interest, cost, set-off or compensation) and this Agreement shall be null and void. If either party does not exercise this right, and the Premises are conveyed pursuant to this Agreement, Seller at Closing shall assign to Buyer all of its rights in the condemnation proceeding including all rights to compensation and awards.

11. **Representations and Warranties of Seller.**

(A) Seller is a corporation duly organized and validly existing, and in good standing under the laws of the State of Delaware and has full corporate power, authority and capacity to own and operate its properties and assets and to carry on its business as heretofore conducted. Seller possesses full corporate power and authority to enter into and perform under this Agreement and has been duly authorized to execute this Agreement and complete the transaction described herein.

(B) Seller represents and warrants that there is no pending or, to Seller's knowledge, any threatened litigation, proceeding or investigation relating to the Premises, or Seller's title thereto, or Seller's right to sell the Premises, nor does Seller have reasonable grounds to know of any basis for such litigation, proceedings or investigations.

(C) Seller represents and warrants that the Premises are not in violation of any applicable federal, state or local statute, law or regulation, and Seller has received no notice from any governmental body claiming any violation of any law, ordinance, code or regulation, with which Seller has not complied. If there are any such notices, Seller shall promptly notify Buyer and provide Buyer with such copies.

The provisions of this Section and the subparts shall survive the delivery of the Deed to Buyer and termination of this Agreement, if any.

12. **Zoning.** Any change in zoning desired by the Buyer shall be accomplished by Buyer at its own cost and expense, except that Seller shall execute any applications, requests or petitions which Buyer may request prior to Closing, provided that such applications, requests or petitions in Seller's opinion do not adversely affect the value of the Premises.

13. **Real Estate Commissions.** There has been no real estate broker involved in this transaction and, therefore, there is no real estate commission or fee due and payable to any real estate agent, broker, or salesperson as a result of this transaction.

(A) ***Buyer shall indemnify, defend, and hold harmless Seller from and against*** any and all claims, liabilities, suits, damages, causes of action, judgments, verdicts, expenses or costs arising from any claim against Seller by any broker, agent salesperson or representative for any fees or commissions arising from the acts of Buyer related to this Agreement.

(B) ***Seller shall indemnify Buyer against and hold harmless from*** any and all claims, liabilities, suits, damages, causes of action, judgments, verdicts, expenses or costs arising from any claim against Buyer by any broker, agent salesperson or representative for any fees or commissions arising from the acts of Seller related to this Agreement.

The provisions of this Section and the subparts shall survive the delivery of the Deed to Buyer and termination of this Agreement, if any.

14. **Assignment.** This Agreement shall not be assigned or transferred in any way by the Buyer unless Seller expressly consents to such assignment or transfer in writing.

15. **Merger and Survival.** The acceptance of the Deed provided herein by the Buyer shall be deemed to be a full performance and discharge of every term, covenant, or obligation on Seller's part to be performed pursuant to this Agreement, and no representation, term, covenant, warranty, or agreement of the Seller shall survive the delivery of the Deed unless they are specifically stated herein to survive.

16. **Amendments.** This Agreement may be amended, renewed, extended or canceled only by written instrument executed on behalf of each of the parties hereto by an authorized representative of each party, and neither party shall at any time in any way assert or contend that any amendment, extension or cancellation of this Agreement (or of any part or parts, including this paragraph, hereof) has been made other than by a written instrument so executed.

17. **Time of the Essence.** Time is of the essence with respect to the performance of all the terms, conditions, and covenants of this Agreement.

18. **Entire Agreement.** This Agreement constitutes and contains the entire and only Agreement between the parties, and supersedes and cancels any and all pre-existing agreements and understandings between the parties or any of them relating to the subject matter hereof. Any and all prior and contemporaneous negotiations and preliminary drafts and prior versions of this Agreement, whether signed or unsigned, between the parties or any of them leading up to its execution shall not be used by either party to construe the terms or affect the validity of this Agreement. No representation, inducement, promise, understanding, condition, or warranty not set forth herein has been made or relied on by either party.

19. **Third Parties.** Seller and Buyer do not intend to nor do they create any rights in any third party or person not a signatory to this Agreement.

20. **Compliance.** Buyer shall at all times with respect to performance of this Agreement comply with all statutes, laws, ordinances, rules, regulations and orders of all governmental, judicial, administrative, or political persons or entities, and Buyer shall, at its own cost, obtain all permits, approvals, or variances required by its use of the Premises.

21. **Construction.** This Agreement shall be governed by and performed in accordance with the laws of the State of Minnesota.

22. **Notices.** All notices that may at any time be required to be given hereunder shall be deemed to have been properly given if personally hand delivered to the other party, or if sent by United States first class registered or certified mail, postage paid, or by facsimile transmission addressed, if sent to Seller as follows:

If to Seller:
Regional Manager North
USS Real Estate
Co. Highway 102, P.O. Box 417
Mt. Iron, Minnesota, 55768
Facsimile: (218) 749-7536

With a copy to:
United States Steel Corporation
600 Grant Street, Room 1500
Pittsburgh, Pennsylvania 15219-2800
Attention: General Attorney, Real Estate & Energy
Facsimile: (412) 433-2811

If to Buyer:
City of Mountain Iron
8586 Enterprise Drive South
Mountain Iron, Minnesota 55768-8260
Facsimile: (218) 748-7573

or to such other name and address as shall be furnished in writing by either party to the other. All notices shall be effective when received by the party to whom addressed.

23. **Captions.** The captions of paragraphs in this Agreement are used for convenience only and they in no way define, limit, or prescribe the scope or intent of this Agreement or any provisions hereof.

24. **Binding Effect.** This Agreement shall inure to the benefit of and be binding upon the successors and assigns of Seller and Buyer.

25. **Publicity.** This Agreement and all its contents are agreed to be confidential, and neither Seller nor Buyer shall release or disclose any material prior to the Closing. No press release nor other public disclosure shall be made by either party without submitting a copy to the other party for review and comment.

26. **Counterparts.** This Agreement may be signed in one or more counterparts, and by facsimile transmission, all of which shall be treated as one and the same original Agreement. Each party shall provide an executed copy to the other.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date(s) indicated herein.

United States Steel Corporation

Dated: _____

By: _____
Dennis G. Quirk
Title: General Manager-Minnesota
Ore Operations



City of Mountain Iron

Dated: _____

By: _____

Title: _____

RECEIPT OF DOWN PAYMENT ACKNOWLEDGED:

Signed

Dated

Complete for Deed Preparation:

Exact Legal Name(s): _____

Soc. Security No(s) or Federal ID.: _____

(circle) As Joint Tenants As Tenants in Common As Tenants by the Entirety

Corporation - State incorporated? _____

Partnership - Organized under what laws? _____

Address: _____

Telephone: _____

ATTACHMENT "I" INSURANCE

Buyer agrees that before it or any of its consultants/contractors visit the Premises, Buyer shall procure and maintain, and shall require any of its consultants/contractors to procure and maintain insurance policies in accordance with the terms and provisions outlined in Attachment "I" attached hereto and incorporated herein.

1. **Minimum Scope of Insurance** -- Coverage shall be at least as broad as the following:

A. **Commercial General Liability Insurance**: Shall be written on ISO occurrence form CG 00 01 (or a substitute form providing equivalent coverage) and shall cover liability arising from premises, operations, independent contractors, products-completed operations, personal injury and liability assumed under an insured contract (including the tort liability of another assumed in a business contract). If a 1973 edition ISO form must be used by the insurer, the broad form comprehensive general liability (BFCGL) endorsement shall be included. Additionally, the policy shall not contain a sunset provision, commutation clause or any other provision which would prohibit the reporting of a claim and the subsequent defense and indemnity that would normally be provided by the policy. The policy of insurance shall contain or be endorsed to include the following:

- (i) Premises/Operations;
- (ii) Products/Completed Operations;
- (iii) Contractual;
- (iv) Independent Contractors;
- (v) Broad form property damage;
- (vi) Personal and Advertising Injury;
- (vii) Separation of Insureds (severability of interest);
- (viii) The policy shall be endorsed using ISO form CG 20 10 11 85 (or a substitute form providing equivalent coverage) so as to include United States Steel Corporation (hereinafter "USS"), and its affiliates, including all units, divisions and subsidiaries as Additional Insureds on a Primary and Non-contributory basis. The coverage shall contain no special limitations on the scope of protection afforded to said Additional Insured.
- (ix) Waiver of subrogation shall be provided to the benefit of all Additional Insureds, as aforesaid.

- (x) No XCU (explosion, collapse, underground) exclusion.
- (xi) For any claims related herein, the Buyer's and/or it's Contractor's insurance shall be primary and non-contributory respecting the aforesaid Additional Insureds. Any insurance or self-insurance maintained by USS shall be in excess of the Buyer's and/or Contractor's insurance and shall not contribute with it.
- (xii) The policy shall not contain any provision, definition, or endorsement, which would serve to eliminate third-party action over claims.
- (xiii) Self-funded, or other non-risk transfer insurance mechanism are not acceptable to USS. If the Buyer has such a program, full disclosure must be made to USS prior to any consideration being given.

B. Automobile Liability Insurance: As specified by ISO form number CA 0001, Symbol I (any auto), with an MCS 90 endorsement and a CA 99 48 endorsement attached if hazardous materials or waste are to be transported. This policy shall be endorsed to include USS, its subsidiaries and/or affiliates as Additional Insureds, and to include waiver of subrogation to the benefit of all Additional Insureds, as aforesaid.

C. Workers' Compensation Insurance: As required by the State or Commonwealth in which work is being done, and in accordance with any applicable Federal laws, including Employer's Liability Insurance and/or Stop Gap Liability coverage as per below limits. Where not otherwise prohibited by law, this policy shall be endorsed to include waiver of subrogation to the benefit of USS, its subsidiaries, and/or affiliates.

D. Employer's Liability and/or Stop Gap Liability Coverage: Coverages per accident, disease-policy limit, and disease each employee.

Check if applicable

E. Errors and Omissions Professional Liability Insurance (If made applicable by USS): Coverage should be for a professional error, act or omission arising out of the Contractor's performance of work hereunder. The policy form may not exclude coverage for Bodily Injury, Property Damage, claims arising out of laboratory analysis, pollution or the operations of a treatment facility, to the extent these items are applicable under the scope of work hereunder. This policy shall be endorsed to include waiver of subrogation to the benefit of USS, its subsidiaries, and/or affiliates. If coverage is on a claims-made form, Contractor shall maintain continuous coverage or exercise an extended discovery period for a period of no less than five (5) years from the time that the work hereunder has been completed.

Check if applicable

F. Environmental Impairment Insurance (If made applicable by USS): Covering damage to the environment, both sudden and non-sudden, caused by the emission, disposal, release, seepage, or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquid or gases, waste materials or other irritants, contaminants or pollutants, into or upon land, the atmosphere or any water course or body of water; or the generation of odor, noises, vibrations, light, electricity, radiation, changes in temperature, or any other sensory phenomena. Such insurance shall contain or be endorsed to include:

- (i) Property damage, including loss of use, injury to or destruction of property;
- (ii) Cleanup costs, which shall include operations designed to **analyze**, **monitor**, remove, remedy, neutralize, or clean up any released or escaped substance, which has caused environmental impairment or could cause environmental impairment if not removed, neutralized or cleaned up.
- (iii) Personal injury, which shall include bodily injury, sickness, disease, mental anguish, shock or disability sustained by any person, including death resulting therefrom.
- (iv) USS, its subsidiaries and/or affiliates as Additional Insureds, on a primary and non-contributory basis.
- (v) Waiver of Subrogation in favor of USS, its subsidiaries and/or affiliates.

If the Environmental Impairment Insurance is on a claims-made form, Buyer and its Contractor(s) shall maintain continuous coverage or exercise on an extended discovery period for a period of no less than five (5) years from the time that the work hereunder has been completed.

2. **Minimum Limits of Insurance** -- Buyer and its Contractor(s) shall maintain limits *no less than*:

A. **Commercial General Liability**: Including Umbrella Liability Insurance, if necessary, limits shall be not less than \$2,000,000 each occurrence for bodily injury and property damage; \$2,000,000 each occurrence and aggregate for products and completed operations; \$4,000,000 general aggregate. The limits and coverage requirements may be revised at the option of USS, except if parties agree otherwise.

B. **Automobile Liability Insurance**: Including Umbrella Liability Insurance, if necessary, limits shall be not less than \$2,000,000 per accident for bodily injury and property damage, \$5,000,000 if hazardous materials or substances are to be transported.

C. **Workers' Compensation**: As required by the State or Commonwealth in which the work will be performed, and as required by any applicable Federal laws.

D. **Employer's Liability and/or Stop Gap Liability Coverage**: \$1,000,000 per accident, \$1,000,000 disease-policy limit, and \$1,000,000 disease each employee. (May include Umbrella coverage.)

E. **Errors and Omissions Professional Liability Insurance**: (If applicable) \$2,000,000 per loss; \$4,000,000 annual aggregate limit.

F. **Environmental Impairment Insurance**: (If applicable) \$5,000,000 combined single limit per loss. The limits and coverage requirements may be revised at the option of USS, except if parties agree otherwise.

3. **Deductibles and Self-Insured Retentions** -- All insurance coverage carried by Buyer and its Contractor(s) shall extend to and protect USS, its subsidiaries and/or affiliates to the full amount of such coverage, and all deductibles and/or self-insured retentions (if any), including those relating to defense costs, are the sole responsibility of Buyer and its Contractor(s).

4. **Rating of Insurer** -- The Buyer and its Contractor(s) will only use insurance companies acceptable to USS and authorized to do business in the state or area in which the work hereunder is to be performed. Insurers must have a minimum rating of a A-, Class VII as evaluated by the most current A.M. Best rating guide. If the insurer has a rating less than an A-, Class VII, the Contractor must receive specific written approval from USS prior to proceeding.

5. **Other Insurance Provisions**

A. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days prior written notice by United States first class certified mail, return receipt requested, has been given to USS.

B. These insurance provisions are intended to be a separate and distinct obligation on the part of the Buyer. Therefore, these provisions shall be enforceable and Buyer and/or Contractor(s) shall be bound thereby regardless of whether or not indemnity provisions are determined to be enforceable in the jurisdiction in which the work covered hereunder is performed.

C. The above-described insurance coverage to be provided by Buyer and/or its Contractor(s) hereunder will extend coverage to all work or services performed hereunder.

D. The obligation of the Buyer and its Contractor(s) to provide the insurance herein above specified shall not limit in any way the liability or obligations assumed by the Buyer and its Contractor(s) hereunder.

E. In the event Buyer and its Contractor(s), or its insurance carrier defaults on any obligations hereunder, Buyer and its Contractor(s) agree that they will be liable for all reasonable expenses and attorneys' fees incurred by USS to enforce the provisions hereunder.

6. **Evidence of Coverage**

A. Buyer and its Contractor(s) shall furnish USS with copies of the endorsements affecting the coverage required by this specification. Additionally, ***prior to the commencement of any work or services on USS's Premises***, Buyer and its Contractor(s) and all subcontractors, if any, shall furnish to USS satisfactory Certificates of Insurance evidencing full compliance with the requirements herein. The Certificates of Insurance must show that the required insurance is in force, the amount of the carrier's liability thereunder, and must further provide that USS will be given sixty (60) days advance written notice of any cancellation of coverage or deletion of the certificate holder herein as an Additional Insured under the policies.

B. All Certificates of Insurance shall be in form and content acceptable to USS and shall be submitted to USS in a timely manner so as to confirm Buyer and its Contractor(s) full compliance with the stated insurance requirements hereunder.

C. Any failure on the part of USS to pursue or obtain the Certificates of Insurance required hereunder from Buyer and its Contractor(s) and/or the failure of USS to point out any non-compliance of such Certificates of Insurance shall not constitute a waiver of any of the insurance requirements hereunder, nor relieve Buyer or its Contractor(s) of any of its obligations or liabilities hereunder. Moreover, acceptance by USS of insurance submitted by the Buyer and its Contractors does not relieve or decrease in any manner the liability of the Buyer and its Contractor(s) for performance hereunder. The Buyer and its Contractor(s) are responsible for any losses, claims, and/or costs of any kind, which their insurance does not cover.

7. **Subcontractors** -- Contractor(s) shall be responsible to obtain separate certificates from each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

ATTACHMENT "II"

INDEMNITY AND HOLD HARMLESS AGREEMENT

Agreement made this _____, 2006, between United States Steel Corporation, a Delaware Corporation with an office and place of business located at USS Real Estate, County Highway 102, P.O. Box 417, Mountain Iron, Minnesota, here referred to as USS, and the City of Mountain Iron, a municipal corporation, with an office and place of business located at 8586 Enterprise Drive South, Mountain Iron, Minnesota 55768, here referred to as City.

1. Whereas, USS owns: that part of the Northeast Quarter of Southwest Quarter (NE 1/4 of SW 1/4), Section Ten (10), Township Fifty Eight (58) North of Range Eighteen (18), West of the Fourth Principal Meridian, lying and being East of the Easterly right of way of County Road 102, except the Southerly 380 feet thereof, the "Property", which is located in the City of Mountain Iron, and

2. Whereas, the City desires to purchase the Property for use as a storage and parking area, for City vehicles and equipment, and

3. Whereas, the Property, some time in its past has been operated by the City as a solid waste disposal site (city dump) available to the public for disposal of waste materials, and

4. Whereas, USS desires to be indemnified and held harmless from use of the Property in the event the Property is sold to the City, and

5. Whereas, USS desires that the use of the Property be restricted to eliminate certain activities in the future on the Property.

NOW THEREFORE, in consideration of the sale of the Property by USS to City, the parties agree as follows:

1. USS agrees to sell to City, and the City agrees to purchase from USS, the Property pursuant to the terms and conditions of an Agreement For The Sale And Purchase Of Real Estate, a copy of which is attached hereto and forms a part hereof marked as Exhibit "A", and subject to the terms and conditions of a Declaration of Restrictions which will be recorded in the office of the St. Louis County Recorder, St. Louis County, Minnesota, a copy of which is attached hereto and forms a part hereof marked as Exhibit "B".

2. That the City agrees to accept the Property "AS IS", "WHERE IS".

3. The City acknowledges that the price it is paying for the Property takes into consideration the obligations of the City pursuant to this Agreement.

4. USS shall have no liability to the City resulting from this sale. With the intention of binding itself and all others who may act on its behalf, the City expressly releases and discharges USS, its officers, employees, attorneys, agents, its successors and assigns from any and all claims, demands, actions, judgments or execution which City ever had, now has, or may have, resulting, known now, or subsequently known, or that any party claiming through or under the City may have or claim to have, for injury, damage, environmental claims or loss of opportunity claims and further agrees to indemnify, defend and hold USS, its officers, employees, attorneys, agents, its successors and assigns harmless from and indemnify against all claims, including those described herein, arising from this sale and subsequent ownership by the City, its successors and assigns of the Property. The City specifically agrees that it is accepting all liability for the abandoned solid waste disposal site located on the Property and will hold harmless and indemnify USS, its officers, employees, attorneys, agents, its successors and assigns from all claims made by any party resulting from waste material deposited on the Property. USS may select its own attorney for the defense of any claim, which is brought, and the cost of that defense shall be borne by the City.

5. If City does not defend against a claim which USS reasonably believes requires a

City of Mountain Iron

By: _____

It's

By: _____

It's

STATE OF MINNESOTA)

) SS

COUNTY OF ST. LOUIS)

The foregoing instrument was acknowledged before me this _____ day of _____, 2006, by _____ and _____ the _____ and _____ of The City of Mountain Iron, a Municipal Corporation under the laws of the State of Minnesota, on behalf of the City.

Notary Public

Exhibit "A"

SPECIAL WARRANTY DEED

STATE DEED TAX DUE HEREON \$ _____

Dated: _____, 2006 _____ :

FOR VALUABLE CONSIDERATION, United States Steel Corporation, a Delaware corporation, of 600 Grant Street, County of Allegheny, City of Pittsburgh, Commonwealth of Pennsylvania 15219-2800 (hereinafter "Grantor" or "Seller"), hereby conveys with **special warranty** to _____ [husband and wife as Joint Tenants / Tenants in Common / Tenants by the Entirety], of _____, County of _____, City of _____, State of _____ (hereinafter "Grantee"), **ONLY** that certain real property comprising approximately _____ (____) acres, more or less, situate, lying, and being in the County of _____, City of _____, and State of _____, as more particularly described as:

[insert legal property description]

(hereinafter "Property").

SUBJECT to any easements, rights of way Seller reserves for itself, its successors and assigns, for the benefit of and appurtenant to the E½ of Section 10, the W½ of SE¼ and E½ of SW¼ of Section 3, all in Township 58 North, Range 18 West, a 100 foot perpetual and non-exclusive permanent easement over and across that portion of the NE¼ of SW¼, Section 10, Township 58 North, Range 18 West that lies 100 feet southeast of the northwest right of way line of the former D.M. & I. R. Ry. Company right of way.

Seller reserves for itself, its successors and assigns, the right to use or assign to others similar easement rights. Said permanent easement shall be used for ingress and egress, for the construction, grading, maintenance and repair of roads, and for the installation, operation, use, repair, replacement and removal of utility pipes, conduits, sewer lines and electric and telephone lines and any other means of communication.

Seller will not be obligated to contribute to the construction, maintenance or repair of the roadway, which is the subject of these easements; nor to any other improvements located therein or thereon.

TOGETHER with all the improvements and appurtenances located therein.

By its acceptance of this Deed, Grantee on behalf of itself, its successors, and assigns, acknowledges that the physical and environmental condition of said property conveyed hereunder has been inspected by Grantee or its duly authorized agent and that said property is accepted by Grantee as a result of such inspection and not upon any agreement, representation, or warranty made by Grantor. Grantee accepts the physical and environmental condition of sold Premises "AS IS, WHERE IS, WITH ALL FAULTS" and hereby releases Grantor, its successors and assigns, from and against any and all liabilities of any nature known or unknown under CERCLA, RCRA, or the HMTA, or any other local, state, or federal laws, rules, regulations, or ordinances, and to indemnify, defend, and hold harmless Grantor from and against any cost, fine, penalty or other liability of any nature, known or unknown, arising from or in connection with the physical or environmental condition of the Premises. It is the express intention of the parties that this assumption, release, and indemnity run with the Premises and shall be binding upon all of Grantee successors and assigns. (For the purpose of this provision, "CERCLA" shall mean and refer to the Comprehensive Environmental Response Compensation and Liability Act of 1980, 42 U.S.C. § 9601, *et seq.*, as amended; "RCRA" shall mean and refer to the Resource Conservation and Recovery Act, 42 U.S.C. § 6901, *et seq.*, as amended; and "HMTA" shall mean and refer to the Hazardous Materials Transportation Act, 49 U.S.C. § 5102, *et seq.*, as amended.)

[Grantor hereby certifies that it does not know of any wells on the Property]

IT WITNESS WHEREOF, Grantor, United States Steel Corporation, has caused this Special Warranty Deed to be executed in its corporate name by Garrett F. Hurley, President of USS Real Estate, a division of United States Steel Corporation, who is duly authorized to execute this instrument on behalf of said corporation as of the day, month and year first herein above written.

ATTEST:

UNITED STATES STEEL CORPORATION

By: _____
Title: President, USS Real Estate, a division of
United States Steel Corporation

COMMONWEALTH OF PENNSYLVANIA :
 : ss:
COUNTY OF ALLEGHENY :

ON THIS, the ____ day of _____, _____, before me, a notary public for said County and Commonwealth, personally appeared Garrett F. Hurley, who acknowledged himself to be President of USS Real Estate, a division of United States Steel Corporation, and, as such, he is authorized to execute the foregoing Special Warranty Deed for the purposes therein contained by signing the name of the corporation by himself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

_____(SEAL)
Notary Public

My Commission Expires:

This instrument was prepared by: United States Steel Corporation, Law Department; Room 1500, 600 Grant Street, Pittsburgh, Pennsylvania 15219-2800

SEND TAX STATEMENTS TO: _____

Exhibit "B"

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

DECLARATION OF RESTRICTIONS

KNOW ALL MEN BY THESE PRESENTS, that United States Steel Corporation, a Delaware Corporation with an office and place of business located at USS Real Estate, County Highway 102, P.O. Box 417, Mountain Iron, Minnesota 55768 ("Declarant"), being the owner of real property located in St. Louis County, Minnesota described as that part of the Northeast Quarter of Southwest Quarter (NE $\frac{1}{4}$ of SW $\frac{1}{4}$) Section Ten (10), Township Fifty Eight (58) North of Range Eighteen (18), West of the Fourth Principal Meridian, lying and being East of the Easterly right of way of County Road 102, except the Southerly 380 feet thereof, the "Land" , does hereby declare and provide as follows:

The Land shall not be used for residential, school or playground purposes. No structures either above or below ground shall be constructed or placed upon the Land, unless the solid waste disposal site (city dump) is removed and/or remediated according to MPCA requirements and any other Federal, State and Local environmental laws or regulations.

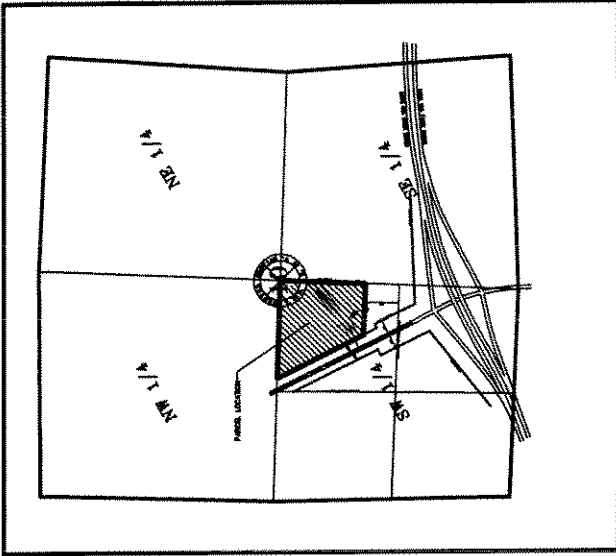
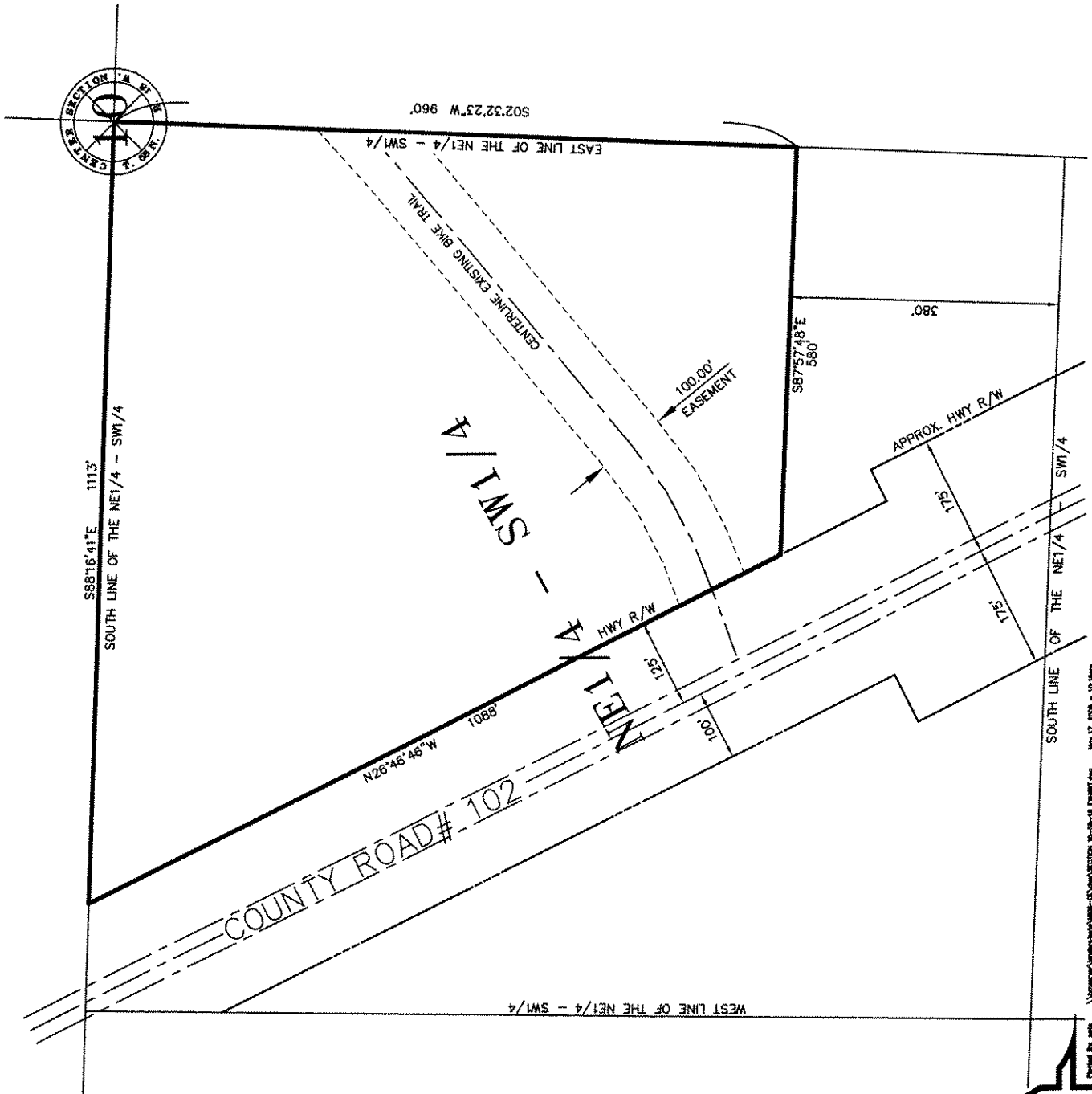
This covenant is to run with the Land and shall be binding on the Declarant and all persons claiming under the Declarant. All subsequent conveyances of the Land shall refer to this Declaration of Restrictions ("this Declaration") and shall include the foregoing restriction; provided, however, this Declaration shall be binding on all subsequent persons having an interest in the Land, whether or not the conveyance, if any, by which they claim an interest in the Land, refers to this Declaration.

Nothing contained in this Declaration will be deemed to constitute a gift, grant or dedication of any part of the Land to the general public or for any public purpose other than as specifically provided herein. This Declaration shall inure to the benefit of, and shall be specifically enforceable by United States Steel Corporation ("USS") its successors and assigns.

This Declaration shall be governed by and construed in accordance with Minnesota law. Breach of the covenant contained in this Declaration shall not defeat or render invalid the

PARCEL EXHIBIT

A PART OF THE NE 1/4 OF THE SW 1/4
OF SECTION 10, T.58N., R.18W.



- DENOTES FOUND MONUMENT
- DENOTES MONUMENT SET CAPPED RLS#19792
- △ DENOTES CALCULATED POSITION



I hereby certify that this document was prepared by me or under my supervision and that I am a duly licensed LAND SURVEYOR under the laws of the State of MINNESOTA.

Robney Flanagan
 Printed Name: ROONEY FLANAGAN
 Date: 5-17-06
 Lic. No. 34282

COUNCIL LETTER 082106-VIG

ADMINISTRATION

DUMP CLEANUP

DATE: August 16, 2006

FROM: Craig J. Wainio
City Administrator

As part of the development agreement with Mount Timber, the City is required to clean-up the former dump located on the property. A portion of the dump cleanup costs will be paid through a \$239,100 grant from the Department of Employment and Economic Development. The City received three bids and is recommending awarding the bid to KGM for a not to exceed price of \$506,172. The increased costs are due to the recapping of the former east mesabi landfill and higher fuel costs.

COUNCIL LETTER 082106-VIH
ADMINISTRATION
RESCHEDULE NEXT MEETING

DATE: August 16, 2006
FROM: Craig J. Wainio
City Administrator

The next regular meeting of the City Council needs to be rescheduled due to the Labor Day Holiday.