

**AGENDA**  
**CITY COUNCIL MEETING**  
**November 24, 2015**  
**4:30 P.M.**

A. 4:30 Call to Order

B. Roll Call

C. Open Forum

*The public is invited to speak at this time. Open Forum is limited to one half-hour. No person may speak more than five (5) minutes or more than once. Each subject will have a limit of ten (10) minutes. Council members may ask questions of the speaker. With the agreement of the Council, such matters taken up during the open forum may be scheduled on the current agenda or a future agenda.*

D. 4:35 Approve Consent Agenda

1. Approve Agenda
2. Approve Meeting Minutes
3. Approve Payment of Bills
4. Resolution 2015-22 Fire Benefit Level Change
5. Resolution 2015-23 Approving BDPI Grant Contract with DEED for Hospital Project.
6. Winter Maintenance and Equipment Bids

E. Attached correspondence:

1. Other Meeting Minutes
2. Upcoming Meeting Schedule

F. 4:40 Adjourn

*CITY OF GRAND MARAIS  
MINUTES  
November 13, 2015*

Mayor Arrowsmith-DeCoux called the meeting to order at 4:33 p.m.

Members present: Jay Arrowsmith-DeCoux, Dave Mills, Tim Kennedy and Tracy Benson

Members absent: Anton Moody

Staff present: Mike Roth and Kim Dunsmoor

Mayor Arrowsmith-DeCoux invited the public to speak during a period of open forum. Open Forum is limited to one half-hour. No person may speak more than 5 minutes or more than once. No one spoke.

**Motion by Mills, seconded by Kennedy to approve the Agenda; October 28, 2015, Minutes; and Payment of Bills. Approved unanimously.**

**Motion by Kennedy, seconded by Mills to approve the Fireworks Display scheduled for November 27, 2015 at 5:30 p.m. during the Christmas Parade and Tree Lighting Ceremony. Approved unanimously.**

Council discussed the 2016 budget. Since the preliminary budget discussion, some administrative benefits were decreased due to health insurance elections, the library budget was decreased to 8.2%, and the projected Recreation Park Revenues have been increased. Most of the gain in 2015 was during the shoulder seasons of May, June and September. We had great weather and received additional marketing due to the Coolest Small Town in America marketing. The result of the changes is a 6.87% preliminary levy projection. The city does have funds in place: however, we have significant projects planned for the future including the public works facility, park improvements, crack seal/chip seal and street reconstruction. We have kept the levy low in past years due to the economy and holding back on projects.

**Motion by Kennedy, seconded by Benson to use 6.87% as the new levy number and continue to look at decreasing the levy. Approved unanimously.**

**Motion by Mills, seconded by Kennedy to commit up to \$20,000 for the reconstruction of two tennis courts as needs present themselves.**

**Ayes, Kennedy, Mills**

**Nay: Benson, Arrowsmith-DeCoux**

**Motion failed.**

Council discussed the tennis court project and would like more communication from the county about what they expect from the city and questioned whether we should be contributing from general fund dollars in the same amount as the county. There are many groups with needs that have been neglected like the softball fields and there are many non-profits.

**Motion by Arrowsmith-DeCoux, seconded by Mills to fund the tennis courts up to \$17,000 in 2016. Ayes: Arrowsmith-DeCoux, Mills, Kennedy      Nay: Benson**

Council reviewed the benefit levels in the statewide volunteer firefighter retirement plan for Grand Marais administered by Public Employees Retirement Association of Minnesota. All estimates showed an anticipated no municipal contribution. Council requested that a resolution raising the retirement benefit to \$1,500 be considered at the next council meeting.

**Motion by Kennedy, seconded by Mills to remove Pat Hennessy from the Security State Bank Official Signatories. Approved unanimously.**

Mayor Arrowsmith-DeCoux's Report:

- 1) The Library Board met:
  - a) Reviewing financial policies
  - b) Planning November Movie Nights
  - c) Writer's conference was well attended with 130 participants.
  - d) Continuing education to learn about being a board member.
  - e) The statistics for library usage has been underestimated. Previously staff counted people in the library on a certain day of the month. Now there is a pedestrian counter that indicates 1/3 more traffic than the staff counts.
  - f) Received the 5 Star Library Designation
  - g) Started working with Grand Portage for a Tribal Library.
  - h) Discussing Queering the Library - updating language.
  - i) Considering buying a 3D printer

Councilor Mills' Report:

- 1) The YMCA found that expanding the childcare facility will not work. Hillary Freeman was appointed to board chair.
- 2) The Park Board restructured the rates according to prime sites, levels, tiers, and length of stay.
- 3) We will see the North Woods Food Project Green Dollar Survey eventually.

Councilor Kennedy's Report:

- 1) The Planning Commission acknowledged the council's direction and asked the City Attorney to look at definitions including a generic definition for lodging including motel, hotel and B&B types of lodging.
- 2) The County called their Vacation Rental Task Force which is mostly county department heads: assessor, attorney, auditor, planning & zoning, and a commissioner. Their focus has been that they allow them: however, are we taxing them fairly, licensing, commercially classified vs. residential, sales and lodging tax. Cascade Rentals has about 150 units in the vacation rental pool.
- 3) Safe Routes to School is focusing their efforts on the Active Living/Moving Matters work on the City Comprehensive Plan, Bicycles for International Students, and Healthy Food.

There being no further business, the meeting adjourned at 6:30 p.m.

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Mayor, Jay Arrowsmith - DeCoux

ATTEST:

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City Administrator, Michael J. Roth



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**Payments**

**Current Period: November 2015**

Batch Name 11252015AP User Dollar Amt \$70,485.19  
 Payments Computer Dollar Amt \$70,485.19

\$0.00 **In Balance**

Refer 66226 COOK COUNTY LAW ENFORCEME  
 Cash Payment E 101-42100-317 Contracted Services \$11,666.67  
 Invoice 231 11/17/2015  
 Transaction Date 11/17/2015 MAIN CHECKING G 10100 **Total** \$11,666.67

Refer 66227 BUCK S HARDWARE HANK  
 Cash Payment E 101-42200-220 Repair/Maint Supply (GE) \$28.78  
 Invoice 9088 10/31/2015  
 Cash Payment E 101-42200-220 Repair/Maint Supply (GE) \$7.35  
 Invoice 3125 10/31/2015  
 Cash Payment E 609-49750-210 Operating Supplies (GE) \$23.59  
 Invoice 1630 10/31/2015  
 Cash Payment E 101-41940-220 Repair/Maint Supply (GE) \$73.85  
 Invoice 3125 10/31/2015  
 Cash Payment E 613-45125-211 Operating Supplies \$34.04  
 Invoice 9988 10/31/2015  
 Cash Payment E 101-45100-220 Repair/Maint Supply (GE) \$243.65  
 Invoice 1712 10/31/2015  
 Cash Payment E 101-45100-212 Motor Fuels \$15.36  
 Invoice 1712 10/31/2015  
 Cash Payment E 211-45500-200 Office Supplies (GENER) \$0.13  
 Invoice 1140 10/31/2015  
 Transaction Date 11/17/2015 MAIN CHECKING G 10100 **Total** \$426.75

Refer 66228 EMERGENCY APPARATUS MAIN,  
 Cash Payment E 101-42200-220 Repair/Maint Supply (GE) \$794.80  
 Invoice 82383 10/27/2015  
 Cash Payment E 101-42200-220 Repair/Maint Supply (GE) \$733.24  
 Invoice 82384 10/27/2015  
 Cash Payment E 101-42200-220 Repair/Maint Supply (GE) \$1,466.62  
 Invoice 82385 10/27/2015  
 Transaction Date 11/17/2015 MAIN CHECKING G 10100 **Total** \$2,994.66

Refer 66229 TOSHIBA BUSINESS SOLUTIONS  
 Cash Payment E 101-41400-200 Office Supplies (GENER) \$27.91  
 Invoice 12322356 11/5/2015  
 Transaction Date 11/17/2015 MAIN CHECKING G 10100 **Total** \$27.91

Refer 66230 TRUE BRANDS  
 Cash Payment E 609-49750-259 Other For Resale \$108.12  
 Invoice I54579 11/4/2015  
 Cash Payment E 609-49750-333 Freight and Express \$21.62  
 Invoice I54579 11/4/2015  
 Transaction Date 11/17/2015 MAIN CHECKING G 10100 **Total** \$129.74

Refer 66231 ROHLFING INC.  
 Cash Payment E 609-49750-252 Beer For Resale \$2,059.70  
 Invoice 418950 11/11/2015



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Payments

City of Grand Marais

Current Period: November 2015

Cash Payment	E 609-49750-252 Beer For Resale				\$2,270.00
Invoice	419189	11/18/2015			
Transaction Date	11/17/2015	MAIN CHECKING G	10100	<b>Total</b>	\$4,329.70
Refer	66232	WIRTZ BEVERAGE MINNESOTA			
Cash Payment	E 609-49750-251 Liquor For Resale				\$9,276.02
Invoice	1080395987	11/10/2015			
Cash Payment	E 609-49750-333 Freight and Express				\$158.43
Invoice	1080395987	11/10/2015			
Transaction Date	11/17/2015	MAIN CHECKING G	10100	<b>Total</b>	\$9,434.45
Refer	66233	COCA-COLA REFRESHMENTS			
Cash Payment	E 609-49750-260 Soft Drinks/Mix For Resa				\$110.60
Invoice	0618046612	11/11/2015			
Transaction Date	11/17/2015	MAIN CHECKING G	10100	<b>Total</b>	\$110.60
Refer	66234	SUPERIOR BEVERAGES LLP			
Cash Payment	E 609-49750-251 Liquor For Resale				\$2,843.70
Invoice	484906	11/11/2015			
Cash Payment	E 609-49750-252 Beer For Resale				\$2,667.35
Invoice	485353	11/18/2015			
Transaction Date	11/17/2015	MAIN CHECKING G	10100	<b>Total</b>	\$5,511.05
Refer	66235	VOYAGEUR BREWING COMPANY			
Cash Payment	E 609-49750-252 Beer For Resale				\$300.00
Invoice	11112015	11/11/2015			
Cash Payment	E 609-49750-252 Beer For Resale				\$300.00
Invoice	11182015	11/18/2015			
Transaction Date	11/17/2015	MAIN CHECKING G	10100	<b>Total</b>	\$600.00
Refer	66236	NATIONAL PEN			
Cash Payment	E 609-49750-210 Operating Supplies (GE				\$177.90
Invoice	108169951	9/25/2015			
Transaction Date	11/17/2015	MAIN CHECKING G	10100	<b>Total</b>	\$177.90
Refer	66237	MED COMPASS			
Cash Payment	E 101-42200-310 Service Agreements				\$1,655.00
Invoice	27701	8/5/2015			
Transaction Date	11/17/2015	MAIN CHECKING G	10100	<b>Total</b>	\$1,655.00
Refer	66239	TURFWERKS			
Cash Payment	E 613-45125-221 Equipment Parts/Building				\$150.33
Invoice	EI91753	10/28/2015			
Cash Payment	E 613-45125-221 Equipment Parts/Building				\$108.93
Invoice	EI91760	10/28/2015			
Transaction Date	11/17/2015	MAIN CHECKING G	10100	<b>Total</b>	\$259.26
Refer	66240	MN DNR ECO WATERS			
Cash Payment	E 613-45125-439 Licenses	GUNFLINT HILLS GOLF COURSE			\$381.76
Invoice	GUNFLINT HILL	10/31/2015			
Transaction Date	11/17/2015	MAIN CHECKING G	10100	<b>Total</b>	\$381.76
Refer	66241	DEX MEDIA EAST LLC			
Cash Payment	E 613-45125-321 Telephone				\$28.07
Invoice	110220315	11/1/2015			



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**Payments**

Current Period: November 2015

Cash Payment	E 101-45100-340 Advertising				\$42.00
Invoice	110220314	11/1/2015			
Transaction Date	11/17/2015	MAIN CHECKING G	10100	<b>Total</b>	\$70.07
Refer	66242	J & M DISPLAYS, INC.			
Cash Payment	G 101-13100 Due From Other Funds				\$2,000.00
Invoice	10297	11/6/2015			
Transaction Date	11/17/2015	MAIN CHECKING G	10100	<b>Total</b>	\$2,000.00
Refer	66243	VIKING PLUMBING & HEATING			
Cash Payment	E 101-45100-220 Repair/Maint Supply (GE)				\$5.29
Invoice	22547	10/7/2015			
Transaction Date	11/17/2015	MAIN CHECKING G	10100	<b>Total</b>	\$5.29
Refer	66244	DENNY S LAWN AND GARDEN			
Cash Payment	E 101-45100-220 Repair/Maint Supply (GE)				\$71.41
Invoice	213063	10/2/2015			
Transaction Date	11/17/2015	MAIN CHECKING G	10100	<b>Total</b>	\$71.41
Refer	66245	HAND DONE T SHIRTS INC.			
Cash Payment	E 101-45100-250 Merchandise Resale (GE)				\$576.00
Invoice	GRANDMAR	11/11/2015			
Transaction Date	11/17/2015	MAIN CHECKING G	10100	<b>Total</b>	\$576.00
Refer	66246	MISSION MANAGEMENT INFO SYS			
Cash Payment	E 101-45100-210 Operating Supplies (GE)				\$15.00
Invoice	54394	11/16/2015			
Transaction Date	11/17/2015	MAIN CHECKING G	10100	<b>Total</b>	\$15.00
Refer	66247	BOREAL ACCESS			
Cash Payment	E 101-45100-210 Operating Supplies (GE)				\$174.90
Invoice	151116-0189	11/16/2015			
Transaction Date	11/17/2015	MAIN CHECKING G	10100	<b>Total</b>	\$174.90
Refer	66248	NORTH SHORE WASTE			
Cash Payment	E 101-45100-384 Refuse/Garbage Disposa				\$1,273.84
Invoice	50218	10/31/2015			
Cash Payment	E 101-43100-384 Refuse/Garbage Disposa				\$78.39
Invoice	50321	11/17/2015			
Transaction Date	11/17/2015	MAIN CHECKING G	10100	<b>Total</b>	\$1,352.23
Refer	66249	ISAK HANSEN INC.			
Cash Payment	E 101-45100-220 Repair/Maint Supply (GE)				\$4.83
Invoice	1534	10/31/2015			
Transaction Date	11/17/2015	MAIN CHECKING G	10100	<b>Total</b>	\$4.83
Refer	66250	COOK COUNTY NEWS HERALD			
Cash Payment	E 101-45100-250 Merchandise Resale (GE)				\$17.55
Invoice	OCTOBER 2015	10/31/2015			
Cash Payment	E 211-45500-340 Advertising	LIBRARY FRIENDS ACCT.			\$8.00
Invoice	OCTOBER 2015	10/31/2015			
Transaction Date	11/17/2015	MAIN CHECKING G	10100	<b>Total</b>	\$25.55
Refer	66251	G&G SEPTIC			



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## Payments

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Current Period: November 2015

Cash Payment	E 101-45100-418 Portable Toilet Rentals				\$304.72
Invoice 10847	11/1/2015				
Cash Payment	E 101-45189-418 Portable Toilet Rentals				\$1,472.82
Invoice 10847	11/1/2015				
Cash Payment	E 101-45184-418 Portable Toilet Rentals				\$126.97
Invoice 10847	11/1/2015				
Transaction Date	11/17/2015	MAIN CHECKING G	10100	<b>Total</b>	\$1,904.51
Refer	66252	COOK COUNTY HOME CENTER			
Cash Payment	E 101-45100-220 Repair/Maint Supply (GE				\$517.87
Invoice 1712	10/31/2015				
Transaction Date	11/17/2015	MAIN CHECKING G	10100	<b>Total</b>	\$517.87
Refer	66260	NORTH HOUSE FOLK SCHOOL			
Cash Payment	E 609-49750-340 Advertising				\$1,000.00
Invoice BUSINESS PAR	11/18/2015				
Transaction Date	11/18/2015	MAIN CHECKING G	10100	<b>Total</b>	\$1,000.00
Refer	66261	TWIN PORTS PAPER & SUPPLY IN			
Cash Payment	E 609-49750-210 Operating Supplies (GE				\$42.30
Invoice 278069	11/11/2015				
Transaction Date	11/18/2015	MAIN CHECKING G	10100	<b>Total</b>	\$42.30
Refer	66262	NSSRC			
Cash Payment	E 609-49750-340 Advertising				\$150.00
Invoice 2016 MEMBERS	11/18/2015				
Transaction Date	11/18/2015	MAIN CHECKING G	10100	<b>Total</b>	\$150.00
Refer	66263	PHILLIPS WINE & SPIRITS			
Cash Payment	E 609-49750-251 Liquor For Resale				\$839.70
Invoice 2881415	11/11/2015				
Cash Payment	E 609-49750-333 Freight and Express				\$22.59
Invoice 2881415	11/11/2015				
Cash Payment	E 609-49750-251 Liquor For Resale				\$2,438.97
Invoice 2885225	11/18/2015				
Cash Payment	E 609-49750-333 Freight and Express				\$72.99
Invoice 2885225	11/18/2015				
Transaction Date	11/18/2015	MAIN CHECKING G	10100	<b>Total</b>	\$3,374.25
Refer	66264	JOHNSON BROTHER LIQUOR			
Cash Payment	E 609-49750-251 Liquor For Resale				\$207.40
Invoice 5302016	11/11/2015				
Cash Payment	E 609-49750-333 Freight and Express				\$10.04
Invoice 5302016	11/11/2015				
Cash Payment	E 609-49750-251 Liquor For Resale				\$1,094.14
Invoice 5302017	11/11/2015				
Cash Payment	E 609-49750-333 Freight and Express				\$27.61
Invoice 5302017	11/11/2015				
Cash Payment	E 609-49750-251 Liquor For Resale				\$5,099.07
Invoice 5307584	11/18/2015				
Cash Payment	E 609-49750-333 Freight and Express				\$138.47
Invoice 5307584	11/18/2015				



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City of Grand Marais

Current Period: November 2015

Cash Payment	E 609-49750-251 Liquor For Resale				\$1,391.70
Invoice	5307585	11/18/2015			
Cash Payment	E 609-49750-333 Freight and Express				\$60.24
Invoice	5307585	11/18/2015			
Transaction Date	11/18/2015	MAIN CHECKING G	10100	<b>Total</b>	<b>\$8,028.67</b>
Refer	66265	<i>BERNICKS</i>			
Cash Payment	E 609-49750-260 Soft Drinks/Mix For Resa				\$42.00
Invoice	482401	11/12/2015			
Cash Payment	E 609-49750-252 Beer For Resale				\$1,762.40
Invoice	482402	11/12/2015			
Cash Payment	E 609-49750-260 Soft Drinks/Mix For Resa				\$33.50
Invoice	483425	11/19/2015			
Cash Payment	E 609-49750-252 Beer For Resale				\$3,375.41
Invoice	483426	11/19/2015			
Transaction Date	11/18/2015	MAIN CHECKING G	10100	<b>Total</b>	<b>\$5,213.31</b>
Refer	66266	<i>SOUTHERN WINE &amp; SPIRITS OF M</i>			
Cash Payment	E 609-49750-251 Liquor For Resale				\$2,952.31
Invoice	1347257	11/12/2015			
Cash Payment	E 609-49750-333 Freight and Express				\$82.00
Invoice	1347257	11/12/2015			
Transaction Date	11/18/2015	MAIN CHECKING G	10100	<b>Total</b>	<b>\$3,034.31</b>
Refer	66267	<i>VINOCOPIA</i>			
Cash Payment	E 609-49750-251 Liquor For Resale				\$637.25
Invoice	0137695-IN	11/12/2015			
Cash Payment	E 609-49750-333 Freight and Express				\$28.00
Invoice	0137695-IN	11/12/2015			
Transaction Date	11/18/2015	MAIN CHECKING G	10100	<b>Total</b>	<b>\$665.25</b>
Refer	66268	<i>MCI MEGA PREFERRED</i>			
Cash Payment	E 101-41400-321 Telephone				\$37.65
Invoice	08678993875	11/13/2015			
Cash Payment	E 211-45500-321 Telephone				\$11.88
Invoice	08678993875	11/13/2015			
Cash Payment	E 609-49750-321 Telephone				\$8.21
Invoice	08678993875	11/13/2015			
Cash Payment	E 101-43100-321 Telephone				\$0.46
Invoice	08678993875	11/13/2015			
Transaction Date	11/19/2015	MAIN CHECKING G	10100	<b>Total</b>	<b>\$58.20</b>
Refer	66269	<i>EDWIN E. THORESON, INC.</i>			
Cash Payment	E 101-43100-224 Street Maint Materials				\$400.00
Invoice	23234	11/10/2015			
Transaction Date	11/19/2015	MAIN CHECKING G	10100	<b>Total</b>	<b>\$400.00</b>
Refer	66270	<i>VINOCOPIA</i>			
Cash Payment	E 609-49750-251 Liquor For Resale				\$288.00
Invoice	0138084-IN	11/17/2015			
Cash Payment	E 609-49750-333 Freight and Express				\$10.50
Invoice	0138084-IN	11/17/2015			



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City of Grand Marais

Current Period: November 2015

Cash Payment	E 609-49750-251 Liquor For Resale				\$288.00
Invoice	0138085-IN	11/17/2015			
Cash Payment	E 609-49750-333 Freight and Express				\$10.50
Invoice	0138084-IN	11/17/2015			
Transaction Date	11/19/2015	MAIN CHECKING G	10100	<b>Total</b>	\$597.00
Refer	66271 AMERIPRIDE LINEN AND APPARE				
Cash Payment	E 211-45500-221 Equipment Parts/Builing				\$47.09
Invoice	3500798886	9/7/2015			
Transaction Date	11/20/2015	MAIN CHECKING G	10100	<b>Total</b>	\$47.09
Refer	66272 DEMCO,INC				
Cash Payment	E 211-45500-200 Office Supplies (GENER				\$226.16
Invoice	5729604	11/2/2015			
Transaction Date	11/20/2015	MAIN CHECKING G	10100	<b>Total</b>	\$226.16
Refer	66273 METRO SALES INC.				
Cash Payment	E 211-45500-310 Service Agreements				\$317.98
Invoice	394367	11/12/2015			
Transaction Date	11/20/2015	MAIN CHECKING G	10100	<b>Total</b>	\$317.98
Refer	66274 ARROWHEAD LIBRARY SYSTEM				
Cash Payment	E 211-45500-430 Miscellaneous (GENERA				\$39.00
Invoice	00013706	10/31/2015			
Transaction Date	11/20/2015	MAIN CHECKING G	10100	<b>Total</b>	\$39.00
Refer	66275 HARSIN, STEVE				
Cash Payment	E 211-45500-430 Miscellaneous (GENERA				\$59.30
Invoice	GRAND PORTA	11/10/2015			
Transaction Date	11/20/2015	MAIN CHECKING G	10100	<b>Total</b>	\$59.30
Refer	66276 BAKER & TAYLOR				
Cash Payment	E 211-45500-435 Books, Periodicals				\$524.92
Invoice	2031317090	11/4/2015			
Cash Payment	E 211-45500-430 Miscellaneous (GENERA				-\$18.17
Invoice	0002736088	11/3/2015			
Transaction Date	11/20/2015	MAIN CHECKING G	10100	<b>Total</b>	\$506.75
Refer	66277 SUNDEW TECHNICAL SERVICES				
Cash Payment	E 609-49750-310 Service Agreements				\$15.00
Invoice	GM LIQUOR	10/7/2015			
Transaction Date	11/20/2015	MAIN CHECKING G	10100	<b>Total</b>	\$15.00
Refer	66278 PAUSTIS WINE COMPANY				
Cash Payment	E 609-49750-251 Liquor For Resale				\$1,227.02
Invoice	8523246-IN	11/11/2015			
Cash Payment	E 609-49750-333 Freight and Express				\$100.00
Invoice	8523246-IN	11/11/2015			
Transaction Date	11/20/2015	MAIN CHECKING G	10100	<b>Total</b>	\$1,327.02
Refer	66279 ARTISAN BEER COMPANY				
Cash Payment	E 609-49750-252 Beer For Resale				\$53.40
Invoice	3067287	11/18/2015			
Transaction Date	11/20/2015	MAIN CHECKING G	10100	<b>Total</b>	\$53.40



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**Payments**

**City of Grand Marais**

Current Period: November 2015

Refer	66280	WINE MERCHANTS	-		
Cash Payment	E 609-49750-251	Liquor For Resale			\$869.50
Invoice	7056337	11/18/2015			
Cash Payment	E 609-49750-333	Freight and Express			\$22.59
Invoice	7056337	11/18/2015			
Transaction Date	11/20/2015	MAIN CHECKING G	10100	<b>Total</b>	\$892.09

Refer	66281	JAVA MOOSE	-		
Cash Payment	E 101-41400-200	Office Supplies (GENER			\$15.00
Invoice	601911	11/19/2015			
Transaction Date	11/20/2015	MAIN CHECKING G	10100	<b>Total</b>	\$15.00

**Fund Summary**

	10100	MAIN CHECKING GMSB	
101 GENERAL FUND			\$23,847.93
211 LIBRARY			\$1,216.29
609 MUNICIPAL LIQUOR FUND			\$44,717.84
613 GOLF COURSE			\$703.13
			<u>\$70,485.19</u>

Pre-Written Checks	\$0.00
Checks to be Generated by the Computer	\$70,485.19
<b>Total</b>	<b>\$70,485.19</b>

CITY OF GRAND MARAIS, MINNESOTA  
CITY COUNCIL RESOLUTION 2015-22

A RESOLUTION OPTING TO INCREASE THE BENEFIT LEVEL FOR FIREFIGHTERS  
WHO ARE VESTED IN THE VOLUNTARY STATEWIDE VOLUNTEER FIREFIGHTER  
(SVF) RETIREMENT PLAN

WHEREAS, the City of Grand Marais previously authorized the fire department to join the Voluntary Statewide Volunteer Firefighter Retirement Plan administered by the Public Employees Retirement Association (PERA); and

WHEREAS, the City requested and obtained a cost analysis of increasing the benefit level of firefighter who are vested in the Voluntary SVF Retirement Plan from PERA not more than 120 days ago; and

WHEREAS, the City understands that MN Statutes allow an increase in benefit levels if the plan is fully funded, but does not have provisions for a decrease in benefit levels; and

WHEREAS, the City highly values the contributions of City Fire department members to the safety and well being of our community and wishes to safeguard their pension investments in a prudent manner.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Grand Marais hereby resolves the following:

1. The City hereby approves an increase in benefit level for firefighters who have completed at least 5 years of good time service credit as a member of the Volunteer SVF Retirement Plan administered by PERA at the \$1,500 benefit level per year of service, effective January 1, 2016; and,
2. The City Administrator and Mayor are hereby authorized to execute all documents necessary to effectuate the intent of this resolution.

Adopted by the City Council of the City of Grand Marais this 24<sup>th</sup> day of November, 2015.

(SEAL)

\_\_\_\_\_  
Mayor Jay Arrowsmith-Decoux

ATTEST:

\_\_\_\_\_  
Michael J. Roth  
City Administrator

# CONSENT AGENDA

City of Grand Marais

## MEMO

TO: Mayor Arrowsmith Decoux  
City Council  
FROM: Michael J Roth, City Administrator  
DATE: November 20, 2015  
SUBJECT: Resolution 2015-23 Approving DEED BDPI Grant Agreement for  
Hospital Project

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Resolution 2015-23 (still being developed, will be distributed prior to the meeting) is necessary to approve the grant agreement with the MN department of Employment and Economic Development (DEED) grant agreement. The grant, for \$250,000 funds a portion of the hospital project. The Council previously approved application for the grant. The hospital prepared the application, and is providing the local match.

The contract, attached, calls for a declaration that the City either owns, has a lease, or an easement on the improved property for the life of the funded improvements, which we currently do not. The Hospital will provide an easement acceptable to the State or will obtain a waiver from the State for this requirement prior to the City executing the contract.

Please approve resolution 2015-23.

**Minnesota Department of Employment and  
Economic Development  
2015 Greater Minnesota Business Development  
Public Infrastructure Grant Program**

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**GENERAL FUND**

**GRANT AGREEMENT  
CONSTRUCTION GRANT  
for the  
Grand Marais BDPI  
Project**

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**Grant #BDPI-15-0009-O-FY16**

SC 100638

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**GENERAL FUND**  
**GRANT AGREEMENT**  
**CONSTRUCTION GRANT**  
**for the**  
**Grand Marais BDPI**  
**PROJECT**

**Grant #BDPI-15-0009-O-FY16**

**THIS AGREEMENT** shall be effective as of July 27, 2015, and is between the City of Grand Marais, a statutory city (the “Grant Recipient”), and the Department of Employment and Economic Development (DEED) (the “State Entity”).

**RECITALS**

A. Under the provisions contained in 2014 MN Session Laws, Chapter 312, Section 2, Subd. 2, the State of Minnesota has allocated \$250,000, which is to be given to the Grant Recipient as a grant to assist it in the Infrastructure for Hospital Expansion Project; and

B. The monies allocated to fund the grant to the Grant Recipient are appropriated money from the State of Minnesota’s general fund; and

C. The Grant Recipient and the State Entity desire to set forth herein the provisions relating to the granting of such monies and the disbursement thereof to the Grant Recipient.

**IN CONSIDERATION** of the grant described and other provisions in this Agreement, the parties to this Agreement agree as follows.

**Article I**  
**DEFINITIONS**

Section 1.01 **Defined Terms.** As used in this Agreement, the following terms shall have the meanings set out respectively after each such term (the meanings to be equally applicable to both the singular and plural forms of the terms defined), unless the context specifically indicates otherwise:

“Advance(s)” – means an advance made or to be made by the State Entity to the Grant Recipient and disbursed in accordance with the provisions contained in Article IV hereof.

“Agreement” - means this General Funds Grant Agreement Construction Grant for the Grand Marais BDPI Project.

“Architect”, if any - means NOT APPLICABLE, which will administer the Construction Contract Documents on behalf of the Grant Recipient.

“Commissioner of Management and Budget” - means the State of Minnesota acting through its Commissioner of Management and Budget, and any designated representatives thereof.

“Completion Date” – means December 31, 2016 the date of projected completion of the Project as specified in the Construction Contract Documents.

“Contractor” - means any person engaged to work on or to furnish materials and supplies for the Project including, if applicable, a general contractor.

“Construction Contract Documents” - means the document or documents, in form and substance acceptable to the State Entity, including but not limited to any construction plans and specifications and any exhibits, amendments, change orders or supplements thereto, which collectively form the contract between the Grant Recipient and the Contractor or Contractors concerning the Project and which provide for the completion of the Project on or before the Completion Date for either a fixed price or a guaranteed maximum price.

“Declaration” - means a declaration, or declarations, in the form as **Attachment I** and all amendments thereto, indicating that the Grant Recipient’s interest in the Real Property and, if applicable, the Facility is subject to the provisions of this Agreement.

“Draw Requisition” - means a draw requisition that the Grant Recipient, or its designee, will submit to the State Entity when an Advance is requested, and which is referred to in Section 4.02.

“Event of Default” - means those events delineated in Section 2.05.

“Facility”, if applicable, - means Infrastructure for Hospital Expansion Project, which is located, or will be constructed and located, on the Real Property.

*“Fair Market Value” – means either (i) the price that would be paid by a willing and qualified buyer to a willing and qualified seller as determined by an appraisal which assumes that all mortgage liens or encumbrances on the property being sold, which negatively affect the value of such property, will be released, or (ii) the price bid by a purchaser under a public bid procedure after reasonable public notice, with the proviso that all mortgage liens or encumbrances on the property being sold, which negatively affect the value of such property, will be released at the time of acquisition by the purchaser.*

“Grant” - means a grant of monies from the State Entity to the Grant Recipient in an amount of \$250,000.

“Grant Recipient” - means the City of Grand Marais.

“Inspecting Engineer”, if any - means the State Entity’s construction inspector, or its designated consulting engineer.

“Project” - means the acquisition of an interest in the Real Property and, if applicable, the Facility, along with the performance of those activities indicated in Section 2.03.

“Real Property” - means the real property located in the County of Cook, State of Minnesota, legally described in **Attachment II**.

“State Entity” - means the Department of Employment and Economic Development.

“Use Contract” - means a lease, management contract or other similar contract between Grant Recipient and any other entity, and which involves or relates to the Real Property and, if applicable, the Facility.

“Usee” - means any entity with which the Grant Recipient contracts under a Use Contract.

“Useful Life of the Real Property and, if applicable, the Facility” – means the term set forth in Section 2.04.T. of this Agreement.

## **Article II GRANT**

**Section 2.01 Grant of Monies.** The State Entity shall issue the Grant to the Grant Recipient and disburse the proceeds in accordance with the provisions of this Agreement. The Grant is not intended to be a loan.

**Section 2.02 Use of Grant Proceeds.** The Grant Recipient shall use the Grant solely to reimburse itself for expenditures it has already made, or will make, in the performance of the following activities:

(Check all appropriate boxes.)

- Acquisition of fee simple title to the Real Property;
- Acquisition of a leasehold interest in the Real Property;
- Acquisition of an easement on the Real Property;
- Improvement of the Real Property,
- Acquisition of the Facility,
- Improvement of the Facility,
- Renovation or rehabilitation of the Facility,
- Construction of the Facility.

**Section 2.03 Operation of the Real Property and Facility.** The Grant Recipient shall operate the Real Property and, if applicable, the Facility, or cause it to be operated, as Infrastructure for Hospital Expansion Project, or for such other use as the Minnesota legislature may from time to time designate, and may enter into Use Contracts with Usees to so operate the Real Property and, if applicable, the Facility; provided that such Use Contracts must fully comply with all of the provisions contained in Section 3.01. The Grant Recipient shall also annually determine that the Real Property

and, if applicable, the Facility are being so used, and shall annually supply a statement, sworn to before a notary public, to such effect to the State Entity.

**Section 2.04 Grant Recipient Representations and Warranties.** The Grant Recipient further covenants with, and represents and warrants to the State Entity as follows:

A. It has legal authority to enter into, execute, and deliver this Agreement, the Declaration, and all documents referred to herein, and it has taken all actions necessary to its execution and delivery of such documents.

B. This Agreement, the Declaration, and all other documents referred to herein are the legal, valid and binding obligations of the Grant Recipient enforceable against the Grant Recipient in accordance with their respective terms.

C. It will comply with all of the terms, conditions, provisions, covenants, requirements, and warranties in this Agreement, the Declaration, and all other documents referred to herein.

D. It has made no material false statement or misstatement of fact in connection with its receipt of the Grant, and all of the information it previously submitted to the State Entity or which it will submit to the State Entity in the future relating to the Grant or the disbursement of any of the Grant is and will be true and correct.

E. It is not in violation of any provisions of its charter or of the laws of the State of Minnesota, and there are no actions, suits, or proceedings pending, or to its knowledge threatened, before any judicial body or governmental authority against or affecting it relating to the Real Property and, if applicable, the Facility, and it is not in default with respect to any order, writ, injunction, decree, or demand of any court or any governmental authority which would impair its ability to enter into this Agreement, the Declaration, or any document referred to herein, or to perform any of the acts required of it in such documents.

F. Neither the execution and delivery of this Agreement, the Declaration, or any document referred to herein, nor compliance with any of the terms, conditions, requirements, or provisions contained in any of such documents is prevented by, is a breach of, or will result in a breach of, any term, condition, or provision of any agreement or document to which it is now a party or by which it is bound.

G. The contemplated use of the Real Property and, if applicable, the Facility will not violate any applicable zoning or use statute, ordinance, building code, rule or regulation, or any covenant or agreement of record relating thereto.

H. The Project was, or will be, completed in full compliance with all applicable laws, statutes, rules, ordinances, and regulations issued by any federal, state, or local political subdivisions having jurisdiction over the Project.

I. All applicable licenses, permits and bonds required for the performance and completion of the Project have been, or will be, obtained.

J. All applicable licenses, permits and bonds required for the operation of the Real Property and, if applicable, the Facility in the manner specified in Section 2.03 have been, or will be, obtained.

K. It will operate, maintain, and manage the Real Property and, if applicable, the Facility in compliance with all applicable laws, statutes, rules, ordinances, and regulations issued by any federal, state, or local political subdivisions having jurisdiction over the Real Property and, if applicable, the Facility.

L. It has, or will acquire, the following interest in the Real Property and, if applicable, the Facility, and, in addition, will possess all easements necessary for the operation, maintenance and management of the Real Property and, if applicable, the Facility in the manner specified in Section 2.03:

(Check the appropriate box for the Real Property and, if applicable, for the Facility.)

Ownership Interest in the Real Property.

- Fee simple ownership of the Real Property.
- A Real Property/Facility Lease for the Real Property, in form and substance acceptable to the State Entity, for a term of at least 125% of the Useful Life of the Real Property and, if applicable, Facility, which cannot be prematurely cancelled or terminated without the prior written consent of the State Entity. (If the term of the Real Property/Facility Lease is for a term authorized by a Minnesota statute, rule or session law, then insert the citation: \_\_\_\_\_.)
- An easement for the Real Property, in form and substance acceptable to the State Entity, for a term of at least 125% of the Useful Life of the Real Property and, if applicable, Facility, which cannot be prematurely cancelled or terminated without the prior written consent of the State Entity. (If the term of the easement is for a term authorized by a Minnesota statute, rule or session law, then insert the citation: \_\_\_\_\_.)

Ownership Interest in, if applicable, the Facility.

- Fee simple ownership of the Facility.
- A Real Property/Facility Lease for the Facility, in form and substance acceptable to the State Entity, for a term of at least 125% of the Useful Life of the Real Property and, if applicable, Facility, which cannot be prematurely cancelled or terminated without the prior written consent of the State Entity. (If the term of the Real Property/Facility Lease is for a term authorized by a Minnesota statute, rule or session law, then insert the citation: \_\_\_\_\_.)

Not applicable because there is no Facility.

and such interests are or will be subject only to those easements, covenants, conditions and restrictions that will not materially interfere with the completion of the Project and the intended operation and use of the Real Property and, if applicable, the Facility, or those easements, covenants, conditions and restrictions which are specifically consented to, in writing, by the State Entity.

M. It will fully enforce the terms and conditions contained in any Use Contract.

N. It has complied with the matching funds requirement, if any, contained in Section 5.23.

O. It will supply, or cause to be supplied, whatever funds are needed above and beyond the amount of the Grant to complete and fully pay for the Project.

P. The Project will be completed substantially in accordance with the Construction Contract Documents by the Completion Date, and will be situated entirely on the Real Property.

Q. It will require the Contractor or Contractors to comply with all rules, regulations, ordinances, and laws bearing on its conduct of work on the Project.

R. It will not allow any lien or encumbrance that is prior and superior to the Declaration to be created on or imposed upon the Real Property, whether such lien or encumbrance is voluntary or involuntary and including but not limited to a mechanic's lien or a mortgage lien, without the prior written consent of the State Entity.

S. It will furnish to the State Entity as soon as possible and in any event within 7 calendar days after the Grant Recipient has obtained knowledge of the occurrence of each Event of Default, or each event which with the giving of notice or lapse of time or both would constitute an Event of Default, a statement setting forth details of each Event of Default, or event which with the giving of notice or upon the lapse of time or both would constitute an Event of Default, and the action which the Grant Recipient proposes to take with respect thereto.

T. It shall furnish such satisfactory evidence regarding the representations and warranties described herein as may be required and requested in writing by either the State Entity or the Commissioner of Management and Budget.

**Section 2.05 Event(s) of Default.** The following events shall, unless waived in writing by the State Entity, constitute an Event of Default under this Agreement upon the State Entity giving the Grant Recipient 30 days written notice of such event, and the Grant Recipient's failure to cure such event during such 30 day time period for those Events of Default that can be cured within 30 days or within whatever time period is needed to cure those Events of Default that cannot be cured within 30 days as long as the Grant Recipient is using its best efforts to cure and is making reasonable progress in curing such Events of Default, however, in no event shall the time period to cure any Event of Default exceed 6 months. Notwithstanding the foregoing, any of the following events that cannot be cured shall, unless waived in writing by the State Entity, constitute an Event of Default under this Agreement immediately upon the State Entity giving the Grant Recipient written notice of such event.

A. If any representation, covenant, or warranty made by the Grant Recipient herein, in any Draw Requisition, or in any other document furnished pursuant to this Agreement, or in order to induce the State Entity to make any Advance, shall prove to have been untrue or incorrect in any material respect or materially misleading as of the time such representation, covenant, or warranty was made.

B. If the Grant Recipient fails to fully comply with any provision, term, condition, covenant, or warranty contained in this Agreement, the Declaration, or any other document referred to herein.

**Section 2.06 Remedies.** Upon the occurrence of an Event of Default and at any time thereafter until such Event of Default is cured to the satisfaction of the State Entity, the State Entity or the Commissioner of Management and Budget may enforce any or all of the following remedies.

A. The State Entity may refrain from disbursing the Grant; provided, however, the State Entity may make Advances after the occurrence of an Event of Default without thereby waiving its rights and remedies hereunder.

B. The Commissioner of Management and Budget, as a third party beneficiary of this Agreement, may demand that the portion of the Grant already disbursed to the Grant Recipient be returned to it, and upon such demand the Grant Recipient shall return such portion to the Commissioner of Management and Budget.

C. Either the State Entity or the Commissioner of Management and Budget, as a third party beneficiary of this Agreement, may enforce any additional remedies they may have in law or equity.

The rights and remedies herein specified are cumulative and not exclusive of any rights or remedies that the State Entity or the Commissioner of Management and Budget would otherwise possess.

If the Grant Recipient does not repay any portion of the amount specified in Section 2.06.B within 30 days of demand by either the State Entity or the Commissioner of Management and Budget, then such amount may, unless precluded by law, be taken from or off-set against any aids or other monies that the Grant Recipient is entitled to receive from the State of Minnesota.

**Section 2.07 Notification of Event of Default.** The Grant Recipient shall furnish to both the State Entity and the Commissioner of Management and Budget, as soon as possible and in any event within 7 calendar days after it has obtained knowledge of the occurrence of each Event of Default or each event which with the giving of notice or lapse of time or both would constitute an Event of Default, a statement setting forth details of each Event of Default or event which with the giving of notice or upon the lapse of time or both would constitute an Event of Default and the action which the Grant Recipient proposes to take with respect thereto.

**Section 2.08 Term of Grant Agreement.** This Agreement shall, unless earlier terminated in accordance with any of the provisions contained herein, remain in full force and effect for the time period starting on the effective date hereof and ending on the date that corresponds to the date established by adding a time period equal to 125% of Useful Life of the Real Property and, if applicable, Facility to the date on which the Real Property and, if applicable, Facility is first used for

the purpose set forth in Section 2.03 after such effective date. If there are no uncured Events of Default as of such date this Agreement shall terminate and no longer be of any force or effect, and the State Entity shall execute whatever documents are needed to release the Real Property and, if applicable, Facility from the effect of this Agreement and the Declaration.

**Section 2.09 Modification and/or Early Termination of Grant.** If the Project is not started on or before December 31, 2016, or such later date to which the Grant Recipient and the State Entity may agree in writing, then, the State Entity's obligation to fund the Grant shall terminate, and, in such event, (i) if none of the Grant has been disbursed by such date then the State Entity's obligation to fund any portion of the Grant shall terminate and this Agreement shall also terminate and no longer be of any force or effect, and (ii) if some but not all of the Grant has been disbursed by such date then the State shall have no further obligation to provide any additional funding for the Grant and this Agreement shall remain in full force and effect but shall be modified and amended to reflect the amount of the Grant that was actually disbursed as of such date.

In addition, if all of the Grant has not been disbursed on or before the date that is 5 years from the effective date of this Agreement, then the State Entity's obligation to continue to fund the Grant shall terminate, and, in such event, (y) if none of the Grant has been disbursed by such date then the State Entity's obligation to fund any portion of the Grant shall terminate and this Agreement shall also terminate and no longer be of any force or effect, and (z) if some but not all of the Grant has been disbursed by such date then the State Entity shall have no further obligation to provide any additional funding under the Grant and this Agreement shall remain in full force and effect but shall be modified and amended to reflect the amount of the Grant that was actually disbursed as of such date.

This Agreement shall also terminate and no longer be of any force or effect upon (a) the termination of the Grant Recipient's leasehold or easement interest in the Real Property in accordance with the terms of such lease or easement, or (b) the sale of the Grant Recipient's interest in the Real Property and, if applicable, the Facility in accordance with the provisions contained in Section 3.02 and transmittal of all or a portion of the proceeds of such sale to the Commissioner of Management and Budget in compliance with the provisions contained in Section 3.03. Upon such termination the State Entity shall execute and deliver to the Grant Recipient such documents as are required to release the Real Property and, if applicable, the Facility, from the effect of the Declaration.

In the event that the legislation that authorized the Grant is amended to increase or reduce the amount of the Grant or in any other way, then this Agreement shall be deemed to have been automatically modified in accordance with such amendment and the amount of the Grant shall also be automatically modified in accordance with such amendment.

**Section 2.10 Effect of Event of Default.** If an Event of Default occurs and the Grant Recipient is required to and does return the amount specified in Section 2.06.B to the Commissioner of Management and Budget, then the following shall occur.

A. This Agreement shall survive and remain in full force and effect.

B. The amount returned by the Grant Recipient shall be credited against any amount that shall be due to the Commissioner of Management and Budget under Section 3.03 and against any amount that becomes due and payable because of any other Event of Default.

Section 2.11 **Excess Funds.** If the full amount of the Grant and any matching funds referred to in Section 5.23 are not needed to complete the Project, then, unless language in the legislation that authorized the Grant indicates otherwise, the Grant shall be reduced by the amount not needed.

### **Article III USE AND SALE**

Section 3.01 **Use Contracts.** Each and every Use Contract that the Grant Recipient enters into must comply with the following requirements:

A. The purpose for which the Use Contract was entered into must be a governmental purpose.

B. It must contain a provision setting forth the statutory authority under which the Grant Recipient is entering into the Use Contract, and must comply with the substantive and procedural provisions of such statute.

C. It must contain a provision stating that the Use Contract is being entered into in order to carry out the purpose for which the Grant was allocated, and must recite the purpose.

D. It must be for a term, including any renewals that are solely at the option of the Usee, that is, if applicable, substantially less than the useful life of the structures and improvements that make up the Facility, but may allow for renewals beyond the original term upon a determination by the Grant Recipient that the use continues to carry out the specific purpose for which the Grant was allocated. A term that is equal to or shorter than 50% of the useful life of the structures and improvements that make up the Facility will meet the requirement that it be for a time period that is substantially shorter than the useful life of such structures and improvements.

E. It must allow for termination by the Grant Recipient in the event of a default thereunder by the Usee, or in the event that the specific purpose for which the Grant was allocated is terminated or changed.

F. It must require the Usee to pay all costs of operation and maintenance of the Real Property and, if applicable, the Facility, unless the Grant Recipient is authorized by law to pay such costs and agrees to pay such costs.

G. If the amount of the Grant exceeds \$200,000.00, then it must contain a provision requiring the Usee to list any vacant or new positions it may have with state workforce centers as required by Minn. Stat. § 116L.66, Subd. 1, as it may be amended, modified or replaced from time to time, for the term of the Use Contract.

Section 3.02 **Sale.** The Grant Recipient shall not sell any part of its ownership interest in the Real Property or, if applicable, the Facility unless all of the following provisions have been complied with fully.

A. The sale is made as authorized by law.

B. The sale is for Fair Market Value.

C. Written notice of such proposed sale has been supplied to both the State Entity and the Commissioner of Management and Budget at least 30 days prior thereto.

The acquisition of the Grant Recipient's interest in the Real Property and, if applicable, the Facility at a foreclosure sale, by acceptance of a deed-in-lieu of foreclosure, or enforcement of a security interest in personal property used in the operation of thereof, by a lender that has provided monies for the acquisition of the Grant Recipient's interest in or betterment of the Real Property and, if applicable, the Facility shall not be considered a sale for the purposes of this Agreement if after such acquisition the lender operates such portion of the Real Property and, if applicable, the Facility in a manner which is not inconsistent with the program specified in Section 2.03 and the lender uses its best efforts to sell such acquired interest to a third party for Fair Market Value. The lender's ultimate sale or disposition of the acquired interest in the Real Property and, if applicable, the Facility shall be deemed to be a sale for the purposes of this Agreement, and the proceeds thereof shall be disbursed in accordance with the provisions contained in Section 3.03.

**Section 3.03 Proceeds of a Sale.** Upon the sale of the Grant Recipient's interest in the Real Property and, if applicable, the Facility the net proceeds thereof shall be disbursed in the following manner and order.

A. The first distribution shall be to the Commissioner of Management and Budget in an amount equal to the amount of the Grant actually disbursed, and if the amount of such net proceeds shall be less than the amount of the Grant actually disbursed then all of such net proceeds shall be distributed to the Commissioner of Management and Budget.

B. The remaining portion, after the distribution specified in Section 3.03.A, shall be distributed to pay in full any outstanding public or private debt incurred to acquire the Grant Recipient's interest in or for the betterment of the Real Property and, if applicable, the Facility in the order of priority of such debt.

C. Any remaining portion, after the distributions specified in Sections 3.03A and B, shall be divided and distributed in proportion to the shares contributed to the acquisition of the Grant Recipient's interest in or for the betterment of the Real Property and, if applicable, the Facilities by public and private entities, including the State Entity but not including any private entity that has been paid in full, that supplied funds in either real monies or like-kind contributions for such acquisition and betterment, and the State Entity's distribution shall be made to the Commissioner of Management and Budget. Such public and private entities may agree amongst themselves as to any redistribution of such distributed funds.

The Grant Recipient shall not be required to pay or reimburse the State Entity for any funds above and beyond the full net proceeds of such sale, even if such net proceeds are less than the amount of the Grant actually disbursed.

#### **Article IV DISBURSEMENT OF GRANT PROCEEDS**

**Section 4.01 Advances will not be provided under this agreement.**

**Section 4.02 Draw Requisitions.** Whenever the Public Entity desires a reimbursement of eligible costs of the Grant, which shall be no more often than twice each calendar month, the Public Entity shall submit to the State Entity a Draw Requisition duly executed on behalf of the Public Entity or its designee. Each Draw Requisition shall be submitted on the date required based on the payment calendar provided by the state. Each Draw Requisition with respect to construction items shall be limited to amounts equal to: (i) the total value of the classes of the work by percentage of completion as approved by the Public Entity and the State Entity, plus (ii) the value of materials and equipment not incorporated in the Project but delivered and suitably stored on or off the Real Property in a manner acceptable to the State Entity, less (iii) any applicable retainage.

Notwithstanding anything herein to the contrary, no advances for materials stored on or off the Real Property will be made by the State Entity.

At the time of submission of each Draw Requisition, other than the final Draw Requisition, the Public Entity shall submit to the State Entity such supporting evidence as may be requested by the State Entity to substantiate all payments which are to be made out of the relevant Draw Requisition or to substantiate all payments then made with respect to the Project.

At the time of submission of the final Draw Requisition which shall not be submitted before completion of the Project, including all landscape requirements and off-site utilities and streets needed for access to the Real Property and, if applicable, Facility and correction of material defects in workmanship or materials (other than the completion of punch list items) as provided in the Construction Contract Documents, the Public Entity shall submit to the State Entity: (i) such supporting evidence as may be requested by the State Entity to substantiate all payments which are to be made out of the final Draw Requisition or to substantiate all payments then made with respect to the Project, and (ii) satisfactory evidence that all work requiring inspection by municipal or other governmental authorities having jurisdiction has been duly inspected and approved by such authorities, and that all requisite certificates of occupancy and other approvals have been issued.

If on the date funds are desired the Public Entity has complied with all requirements of this Agreement and the State Entity approves the relevant Draw Requisition and receives a current construction report from the Inspecting Engineer recommending payment, then the State Entity shall disburse the amount requested to the Public Entity.

**Section 4.03 Additional Funds from Borrower.** If the State Entity shall at any time in good faith determine that the sum of the undisbursed amount of the Grant plus the amount of all other funds committed to the completion of the Project is less than the amount required to pay all costs and expenses of any kind which reasonably may be anticipated in connection with the completion of the Project, then the State Entity may send written notice thereof to the Grant Recipient specifying the amount which must be supplied in order to provide sufficient funds to complete the Project. The Grant Recipient agrees that it will, within 10 calendar days of receipt of any such notice, supply or have some other entity supply the amount of funds specified in the State Entity's notice.

**Section 4.04 Conditions Precedent to Any Advance.** The obligation of the State Entity to make any Advance hereunder (including the initial Advance) shall be subject to the following conditions precedent:

A. The State Entity shall have received a Draw Requisition for such Advance specifying the amount of funds being requested, which such amount when added to all prior requests for an Advance shall not exceed the maximum amount of the Grant set forth in Section 1.01.

B. The State Entity shall have either received a duly executed Declaration that has been duly recorded in the appropriate governmental office, with all of the recording information displayed thereon, or evidence that such Declaration will promptly be recorded and delivered to the State Entity.

C. The State Entity shall have received evidence, in form and substance acceptable to the State Entity, that (i) the Grant Recipient has legal authority to and has taken all actions necessary to enter into this Agreement and the Declaration, and (ii) this Agreement and the Declaration are binding on and enforceable against the Grant Recipient.

D. The State Entity shall have received evidence, in form and substance acceptable to the State Entity, that that the Grant Recipient has sufficient funds to fully and completely pay for the entire Project and all other expenses that may occur in conjunction therewith.

E. The State Entity shall have received evidence, in form and substance acceptable to the State Entity, that the Grant Recipient is in compliance with the matching funds requirements, if any, contained in Section 5.23.

F. The State Entity shall have received evidence, in form and substance acceptable to the State Entity, showing that the Grant Recipient currently possesses or will use the Grant to acquire the ownership interest delineated in Section 2.04.L.

G. The State Entity shall have received evidence, in form and substance acceptable to the State Entity, that the Real Property and, if applicable, the Facility and the contemplated use thereof are permitted by and will comply with all applicable use or other restrictions and requirements imposed by applicable zoning ordinances or regulations, and have been duly approved by the applicable municipal or governmental authorities having jurisdiction.

H. The State Entity shall have received evidence, in form and substance acceptable to the State Entity, that that all applicable and required building permits, other permits, bonds and licenses necessary for the completion of the Project have been paid for, issued, and obtained, other than those permits, bonds and licenses which may not lawfully be obtained until a future date or those permits, bonds and licenses which in the ordinary course of business would normally not be obtained until a later date.

I. The State Entity shall have received evidence, in form and substance acceptable to the State Entity, that that all applicable and required permits, bonds and licenses necessary for the operation of the Real Property and, if applicable, the Facility in the manner specified in Section 2.03 have been paid for, issued, and obtained, other than those permits, bonds and licenses which may not lawfully be obtained until a future date or those permits, bonds and licenses which in the ordinary course of business would normally not be obtained until a later date.

J. The State Entity shall have received evidence, in form and substance acceptable to the State Entity, that the Project will be completed in a manner that will allow the Real Property and, if applicable, the Facility to be operated in the manner specified in Section 2.03.

K. The State Entity shall have received evidence, in form and substance acceptable to the State Entity, that that the Grant Recipient has the ability and a plan to fund the program which will be operated on the Real Property and, if applicable, in the Facility.

L. The State Entity shall have received evidence, in form and substance acceptable to the State Entity, that the Construction Contract Documents are in place and are fully and completely enforceable.

M. The State Entity shall have received evidence, in form and substance acceptable to the State Entity, that the Contractor will complete the Project substantially in conformance with the Construction Contract Documents and pay all amounts lawfully owing to all laborers and materialmen who worked on the Project or supplied materials therefor, other than amounts being contested in good faith. Such evidence may be in the form of payment and performance bonds in amounts equal to or greater than the amount of the fixed price or guaranteed maximum price contained in the Construction Contract Documents which name the State Entity and the Grant Recipient dual obligees thereunder, or such other evidence as may be acceptable to the Grant Recipient and the State Entity.

N. The State Entity shall have received evidence, in form and substance acceptable to the State Entity, that that the policies of insurance required under Section 5.01 are in full force and effect.

O. The State Entity shall have received evidence, in form and substance acceptable to the State Entity, of compliance with the provisions and requirements specified in Section 5.10 and all additional applicable provisions and requirements contained in Minn. Stat. § 16B.335 that exists as of the date of this Agreement and as such may subsequently be amended, modified or replaced from time to time. Such evidence shall include, but not be limited to, evidence that: (i) the predesign package referred to in Section 5.10.B has been reviewed by and received a favorable recommendation from the Commissioner of Administration for the State of Minnesota, (ii) the program plan and cost estimates referred to in Section 5.10.C have received a recommendation by the Chairs of the Minnesota State Senate Finance Committee and Minnesota House of Representatives Ways and Means Committee, and (iii) the Chair and Ranking Minority Member of the Minnesota House of Representatives Capital Investment Committee and the Chair and Ranking Minority Member of the Minnesota Senate Capital Investment Committee have been notified pursuant to Section 5.10.G.

P. No determination shall have been made by the State Entity that the amount of funds committed to the completion of the Project is less than the amount required to pay all costs and expenses of any kind which reasonably may be anticipated in connection with the completion of the Project, or if such a determination has been made and notice thereof sent to the Grant Recipient then the Grant Recipient has supplied or has caused some other entity to supply the necessary funds in accordance with Section 4.03, or to provide evidence acceptable to the State Entity that sufficient funds are available.

Q. No Event of Default under this Agreement or event which would constitute an Event of Default but for the requirement that notice be given or that a period of grace or time elapse shall have occurred and be continuing.

R. The Grant Recipient has supplied to the State Entity all other items that the State Entity may reasonably require.

**Section 4.05 Construction Inspections.** The Grant Recipient and the Architect, if any, shall be responsible for making their own inspections and observations of the Project, and shall determine to their own satisfaction that the work done or materials supplied by the Contractors to whom payment is to be made out of each Advance has been properly done or supplied in accordance with the applicable contracts with such Contractors. If any work done or materials supplied by a Contractor are not satisfactory to the Grant Recipient and the Architect, if any, or if a Contractor is not in material compliance with the Construction Contract Documents in any respect, then the Grant Recipient shall immediately notify the State Entity, in writing. The State Entity and the Inspecting Engineer may conduct such inspections of the Project as either may deem necessary for the protection of the State Entity's interest, and that any inspections which may be made of the Project by the State Entity or the Inspecting Engineer are made and all certificates issued by the Inspecting Engineer will be issued solely for the benefit and protection of the State Entity, and the Grant Recipient will not rely thereon.

## **Article V MISCELLANEOUS**

**Section 5.01 Insurance.** The Grant Recipient shall maintain or cause to be maintained builders risk insurance and fire and extended coverage insurance on the Facility, if such exists, in an amount equal to the full insurable value thereof, and shall name the State Entity as loss payee thereunder. If damages which are covered by such required insurance occurs to the Facility, if such exists, then the Grant Recipient shall, at its sole option and discretion, either: (i) use or cause the insurance proceeds to be used to fully or partially repair such damage and to provide or cause to be provided whatever additional funds that may be needed to fully or partially repair such damage, or (ii) sell its interest in the Real Property and the damaged Facility, if such exists, in accordance with the provisions contained in Section 3.02. If the Grant Recipient elects to only partially repair such damage, then the portion of the insurance proceeds which are not used for such repair shall be applied in accordance with the provisions contained in Section 3.03 as if the Grant Recipient's interest in the Real Property and Facility, if such exists, had been sold, and such amounts shall be credited against the amounts due and owing under Section 3.03 upon the ultimate sale of the Grant Recipient's interest in the Real Property and Facility, if such exists. If the Grant Recipient elects to sell its interest in the Real Property and the damaged Facility, if such exists, then such sale must occur within a reasonable time period from the date the damage occurred and the cumulative sum of the insurance proceeds plus the proceeds of such sale must be applied in accordance with the provisions contained in Section 3.03, with the insurance proceeds being so applied within a reasonable time period from the date they are received by the Grant Recipient.

As loss payee under the insurance required herein the State Entity agrees to and will assign or pay over to the Grant Recipient all insurance proceeds it receives so that the Grant Recipient can comply with the requirements that this Section 5.01 imposes upon the Grant Recipient as to the use of such insurance proceeds.

If the Grant Recipient elects to maintain general comprehensive liability insurance regarding the Real Property and Facility, if such exists, then the Grant Recipient shall have the State Entity named as an additional named insured therein.

At the written request of either the State Entity or the Commissioner of Management and Budget, the Grant Recipient shall promptly furnish thereto all written notices and all paid premium receipts received by the Grant Recipient regarding the required insurance, or certificates of insurance evidencing the existence of such required insurance.

**Section 5.02 Condemnation.** If all or any portion of the Real Property and, if applicable, the Facility is condemned to an extent that the Grant Recipient can no longer comply with the provisions contained in Section 2.03, then the Grant Recipient shall, at its sole option and discretion, either: (i) use or cause the condemnation proceeds to be used to acquire an interest in additional real property needed for the Grant Recipient to continue to comply with the provisions contained in Section 2.03 and, if applicable, to fully or partially restore the Facility and to provide or cause to be provided whatever additional funds that may be needed for such purposes, or (ii) sell the remaining portion of its interest in the Real Property and, if applicable, the Facility in accordance with the provisions contained in Section 3.02. Any condemnation proceeds which are not used to acquire an interest in additional real property or to restore, if applicable, the Facility shall be applied in accordance with the provisions contained in Section 3.03 as if the Grant Recipient's interest in the Real Property and, if applicable, the Facility had been sold, and such amounts shall be credited against the amounts due and owing under Section 3.03 upon the ultimate sale of the Grant Recipient's interest in the Real Property and, if applicable, the Facility. If the Grant Recipient elects to sell its interest in the portion of the Real Property and, if applicable, the Facility that remains after the condemnation, then such sale must occur within a reasonable time period from the date the condemnation occurred and the cumulative sum of the condemnation proceeds plus the proceeds of such sale must be applied in accordance with the provisions contained in Section 3.03, with the condemnation proceeds being so applied within a reasonable time period from the date they are received by the Grant Recipient.

As recipient of any of condemnation awards or proceeds referred to herein, the State Entity agrees to and will disclaim, assign or pay over to the Grant Recipient all of such condemnation awards or proceeds it receives so that the Grant Recipient can comply with the requirements which this Section 5.02 imposes upon the Grant Recipient as to the use of such condemnation awards or proceeds.

**Section 5.03. Use, Maintenance, Repair and Alterations.** The Grant Recipient shall not, without the written consent of the State Entity, permit or suffer the use of any of the Real Property and, if applicable, the Facility, for any purpose other than the use for which the same is intended as of the effective date of this Agreement. In addition, the Grant Recipient: (i) shall keep the Real Property and, if applicable, the Facility, in good condition and repair, subject to reasonable and ordinary wear and tear, (ii) shall not, written consent of the State Entity, remove, demolish or substantially alter (except such alterations as may be required by laws, ordinances or regulations) any of the Facility, if applicable, (iii) shall not do any act or thing which would unduly impair or depreciate the value of the Real Property and, if applicable, the Facility, (iv) shall not abandon the Real Property and, if applicable, the Facility, (v) shall complete promptly and in good and workmanlike manner any building or other improvement which may be constructed on the Real Property and promptly restore in like manner any portion of the Facility, if applicable, which may be damaged or destroyed thereon and pay when due all claims for labor performed and materials furnished therefor, (vi) shall comply with all laws, ordinances, regulations, requirements, covenants, conditions and restrictions now or hereafter affecting the Real Property and, if applicable, the Facility, or any part thereof, or requiring

any alterations or improvements thereto, (vii) shall not commit or permit any waste or deterioration of the Real Property and, if applicable, the Facility, (viii) shall keep and maintain abutting grounds, sidewalks, roads, parking and landscape areas in good and neat order and repair, (ix) shall comply with the provisions of any lease if the Grant Recipient's interest in the Real Property and, if applicable, the Facility, is a leasehold interest, (x) shall comply with the provisions of any condominium documents if the Real Property and, if applicable, the Facility, is part of a condominium regime, (xi) shall not remove any fixtures or personal property from the Real Property and, if applicable, the Facility, that was paid for with the proceeds of the Grant unless the same are immediately replaced with like property of at least equal value and utility, and (xii) shall not commit, suffer or permit any act to be done in or upon the Real Property and, if applicable, the Facility, in violation of any law, ordinance or regulation.

**Section 5.04 Records Keeping and Reporting.** The Grant Recipient shall maintain or cause to be maintained books, records, documents and other evidence pertaining to the costs or expenses associated with the completion of the Project and operation of the Real Property and, if applicable, the Facility, and compliance with the requirements contained in this Agreement, and upon request shall allow or cause the entity which is maintaining such items to allow the State Entity, auditors for the State Entity, the Legislative Auditor for the State of Minnesota, or the State Auditor for the State of Minnesota, to inspect, audit, copy, or abstract, all of its books, records, papers, or other documents relevant to the Grant. The Grant Recipient shall use or cause the entity which is maintaining such books and records to use generally accepted accounting principles in the maintenance of such books and records, and shall retain or cause to be retained all of such books, records, documents and other evidence for a period of 6 years from the date that the Project is fully completed and placed into operation.

**Section 5.05 Inspection of Facility After Completion.** Upon reasonable request by the State Entity the Grant Recipient shall allow, and will require any entity to whom it leases, subleases, or enters into a Use Contract for any portion of the Real Property and, if applicable, the Facility to allow, the State Entity to inspect the Real Property and, if applicable, the Facility.

**Section 5.06 Data Practices.** The Grant Recipient agrees with respect to any data that it possesses regarding the Grant, the Project, or the Real Property and, if applicable, the Facility, to comply with all of the provisions and restrictions contained in the Minnesota Government Data Practices Act contained in Chapter 13 of the Minnesota Statutes that exists as of the date of this Agreement and as such may subsequently be amended, modified or replaced from time to time.

**Section 5.07 Non-Discrimination.** The Grant Recipient agrees to not engage in discriminatory employment practices in the completion of the Project, or operation or management of the Real Property and, if applicable, the Facility, and it shall, with respect to such activities, fully comply with all of the provisions contained in Minn. Stat. Chapters 363A and 181 that exists as of the date of this Agreement and as such may subsequently be amended, modified or replaced from time to time.

**Section 5.08 Workers' Compensation.** The Grant Recipient agrees to comply with all of the provisions relating to worker's compensation contained in Minn. Stat. §§ 176.181, Subd. 2 and 176.182 that exists as of the date of this Agreement and as such may subsequently be amended, modified or replaced from time to time, with respect to the completion of the Project, and the operation or management of the Real Property and, if applicable, the Facility.

**Section 5.09 Antitrust Claims.** The Grant Recipient hereby assigns to the State Entity and the Commissioner of Management and Budget all claims it may have for over charges as to goods or services provided in its completion of the Project, and operation or management of the Real Property and, if applicable, the Facility that arise under the antitrust laws of the State of Minnesota or of the United States of America.

**Section 5.10 Review of Plans and Cost Estimates.** The Grant Recipient agrees to comply with all applicable provisions and requirements contained in Minn. Stat. § 16B.335 that exists as of the date of this Agreement and as such may subsequently be amended, modified or replaced from time to time, for the Project, and in accordance therewith the Grant Recipient and the State Entity agree to comply with the following provisions and requirements if such provisions and requirements are applicable.

A. The Grant Recipient shall provide all information that the State Entity may request in order for the State Entity to determine that the Project will comply with the provisions and requirements contained in Minn. Stat. § 16B.335, as it may be amended, modified or replaced from time to time.

B. Prior to its proceeding with design activities for the Project the Grant Recipient shall prepare a predesign package and submit it to the Commissioner of Administration for the State of Minnesota for review and comment. The predesign package must be sufficient to define the purpose, scope, cost, and projected schedule for the Project, and must demonstrate that the Project has been analyzed according to appropriate space and needs standards. Any substantial changes to such predesign package must be submitted to the Commissioner of Administration for the State of Minnesota for review and comment.

C. If the Project includes the construction of a new building, substantial addition to an existing building, a substantial change to the interior configuration of an existing building, or the acquisition of an interest in land, then the Grant Recipient shall not prepare final plans and specifications until it has prepared a program plan and cost estimates for all elements necessary to complete the Project and presented them to the Chairs of the Minnesota State Senate Finance Committee and Minnesota House of Representatives Ways and Means Committee and the chairs have made their recommendations, and it has notified the Chair and Ranking Minority Member of the Minnesota House of Representatives Capital Investment Committee and the Chair and Ranking Minority Member of the Minnesota State Senate Capital Investment Committee. The program plan and cost estimates must note any significant changes in the work to be performed on the Project, or in its costs, which have arisen since the appropriation from the legislature for the Project was enacted or which differ from any previous predesign submittal.

D. The Grant Recipient must notify the Chairs and Ranking Minority Members of the Minnesota State Senate Finance and Capital Investment Committees, and the Minnesota House of Representatives Capital Investment and Ways and Means Committees of any significant changes to the program plan and cost estimates referred to in Section 5.10.C.

E. The program plan and cost estimates referred to in Section 5.10.C must ensure that the Project will comply with all applicable energy conservation standards contained in law, including Minn. Stat. §§ 216C.19 to 216C.20, as they may be amended, modified or replaced from time to time, and all rules adopted thereunder.

F. If any of the Grant is to be used for the construction or remodeling of the Facility, then both the predesign package referred to in Section 5.10.B and the program plan and cost estimates referred to in Section 5.10.C must include provisions for cost-effective information technology investments that will enable the occupant of the Facility to reduce its need for office space, provide more of its services electronically, and decentralize its operations.

G. If the Project does not involve the construction of a new building, substantial addition to an existing building, substantial change to the interior configuration of an existing building, or the acquisition of an interest in land, then prior to beginning work on the Project the Grant Recipient shall just notify the Chairs and Ranking Minority Members of the Minnesota State Senate Finance and Capital Investment Committees, and the Minnesota House of Representatives Capital Investment and Ways and Means Committees that the work to be performed is ready to begin.

H. The Project must be: (i) completed in accordance with the program plan and cost estimates referred to in Section 5.10.C, (ii) completed in accordance with the time schedule contained in the program plan referred to in Section 5.10.C, and (iii) completed within the budgets contained in the cost estimates referred to in Section 5.10.C.

Provided, however, the provisions and requirements contained in this Section 5.10 only apply to public lands or buildings or other public improvements of a capital nature, and shall not apply to the demolition or decommissioning of state assets, hazardous material projects, utility infrastructure projects, environmental testing, parking lots, parking structures, park and ride facilities, bus rapid transit stations, light rail lines, passenger rail projects, exterior lighting, fencing, highway rest areas, truck stations, storage facilities not consisting primarily of offices or heated work areas, roads, bridges, trails, pathways, campgrounds, athletic fields, dams, floodwater retention systems, water access sites, harbors, sewer separation projects, water and wastewater facilities, port development projects for which the Commissioner of Transportation for the State of Minnesota has entered into an assistance agreement under Minn. Stat. § 457A.04, as it may be amended, modified or replaced from time to time, ice centers, local government projects with a construction cost of less than \$1,500,000.00, or any other capital project with a construction cost of less than \$750,000.00.

**Section 5.11 Prevailing Wages.** The Grant Recipient agrees to comply with all of the applicable provisions contained in Chapter 177 of the Minnesota Statutes, and specifically those provisions contained in Minn. Stat. §§ 177.41 through 177.435, as they may be amended, modified or replaced from time to time with respect to the Project and the operation of the Real Property and, if applicable, Facility as intended by the Minnesota Legislature. By agreeing to this provision, the Grant Recipient is not acknowledging or agreeing that the cited provisions apply to the Project or to the operation of the Real Property and, if applicable, Facility.

**Section 5.12 Liability.** The Grant Recipient and the State Entity agree that they will, subject to any indemnifications provided herein, be responsible for their own acts and the results thereof to the extent authorized by law, and they shall not be responsible for the acts of the other party and the results thereof. The liability of both the State Entity and the Commissioner of Management and Budget is governed by the provisions contained in Minn. Stat. § 3.736, as it may be amended, modified or replaced from time to time. If the Grant Recipient is a “municipality” as such term is used in Chapter 466 of the Minnesota Statutes that exists as of the date of this Agreement and as such may subsequently be amended, modified or replaced from time to time, then the liability of the Grant

Recipient, including but not limited to the indemnification provided under Section 5.13, is governed by the provisions contained in such Chapter 466.

**Section 5.13 Indemnification by the Grant Recipient.** The Grant Recipient shall bear all loss, expense (including attorneys' fees), and damage in connection with the completion of the Project or operation of the Real Property and, if applicable, the Facility, and agrees to indemnify and hold harmless the State Entity, the Commissioner of Management and Budget, and the State of Minnesota, their agents, servants and employees from all claims, demands and judgments made or recovered against the State Entity, the Commissioner of Management and Budget, and the State of Minnesota, their agents, servants and employees, because of bodily injuries, including death at any time resulting therefrom, or because of damages to property of the State Entity, the State of Minnesota, or others (including loss of use) from any cause whatsoever, arising out of, incidental to, or in connection with the completion of the Project or operation of the Real Property and, if applicable, the Facility, whether or not due to any act of omission or commission, including negligence of the Grant Recipient or any Contractor or his or their employees, servants or agents, and whether or not due to any act of omission or commission (excluding, however, negligence or breach of statutory duty) of the State Entity, the Commissioner of Management and Budget, and the State of Minnesota, their employees, servants or agents.

The Grant Recipient further agrees to indemnify, save, and hold the State Entity, the Commissioner of Management and Budget, and the State of Minnesota, their agents and employees, harmless from all claims arising out of, resulting from, or in any manner attributable to any violation by the Grant Recipient, its officers, employees, or agents, or by any User, its officers, employees, or agents, of any provision of the Minnesota Government Data Practices Act, including legal fees and disbursements paid or incurred to enforce the provisions contained in Section 5.06.

The Grant Recipient's liability hereunder shall not be limited to the extent of insurance carried by or provided by the Grant Recipient, or subject to any exclusions from coverage in any insurance policy.

**Section 5.14 Relationship of the Parties.** Nothing contained in this Agreement is intended or should be construed in any manner as creating or establishing the relationship of co-partners or a joint venture between the Grant Recipient, the State Entity, or the Commissioner of Management and Budget, nor shall the Grant Recipient be considered or deemed to be an agent, representative, or employee of either the State Entity, the Commissioner of Management and Budget, or the State of Minnesota in the performance of this Agreement, the completion of the Project, or operation of the Real Property and, if applicable, the Facility.

The Grant Recipient represents that it has already or will secure or cause to be secured all personnel required for the performance of this Agreement and the completion of the Project and the operation and maintenance of the Real Property and, if applicable, the Facility. All personnel of the Grant Recipient or other persons while engaging in the performance of this Agreement, the completion of the Project, or the operation and maintenance of the Real Property and, if applicable, the Facility shall not have any contractual relationship with either the State Entity, the Commissioner of Management and Budget, or the State of Minnesota and shall not be considered employees of any of such entities. In addition, all claims that may arise on behalf of said personnel or other persons out of employment or alleged employment including, but not limited to, claims under the Workers' Compensation Act of the State of Minnesota, claims of discrimination against the Grant Recipient, its officers, agents, contractors, or employees shall in no way be the responsibility of either the State

Entity, the Commissioner of Management and Budget, or the State of Minnesota. Such personnel or other persons shall not require nor be entitled to any compensation, rights or benefits of any kind whatsoever from either the State Entity, the Commissioner of Management and Budget, or the State of Minnesota including, but not limited to, tenure rights, medical and hospital care, sick and vacation leave, disability benefits, severance pay and retirement benefits.

**Section 5.15 Notices.** In addition to any notice required under applicable law to be given in another manner, any notices required hereunder must be in writing, and shall be sufficient if personally served or sent by prepaid, registered, or certified mail (return receipt requested), to the business address of the party to whom it is directed. Such business address shall be that address specified below or such different address as may hereafter be specified, by either party by written notice to the other:

To the Grant Recipient at:

City of Grand Marais Grand Marais  
15 North Broadway,  
Grand Marais, MN 55604  
Attention: Michael J. Roth, or successor

To the State Entity at:

Department of Employment and Economic Development  
1<sup>st</sup> National Bank Building, 332 Minnesota Street, Suite E200  
St. Paul, MN 55101-1351  
Attention: Patrick H. Armon, or successor

To the Commissioner of Management and Budget at:

Minnesota Department of Management and Budget  
400 Centennial Office Bldg.  
658 Cedar St.  
St. Paul, MN 55155  
Attention: Commissioner of Management and Budget

**Section 5.16 Binding Effect and Assignment or Modification.** This Agreement and the Declaration shall be binding upon and inure to the benefit of the Grant Recipient and the State Entity, and their respective successors and assigns. Provided, however, that neither the Grant Recipient nor the State Entity may assign any of its rights or obligations under this Agreement or the Declaration without the prior written consent of the other party. No change or modification of the terms or provisions of this Agreement or the Declaration shall be binding on either the Grant Recipient or the State Entity unless such change or modification is in writing and signed by an authorized official of the party against which such change or modification is to be imposed.

**Section 5.17 Waiver.** Neither the failure by the Grant Recipient, the State Entity, or the Commissioner of Management and Budget, as a third party beneficiary of this Agreement, in any one or more instances, to insist upon the complete and total observance or performance of any term or provision hereof, nor the failure of the Grant Recipient, the State Entity, or the Commissioner of Management and Budget, as a third party beneficiary of this Agreement, to exercise any right, privilege, or remedy conferred hereunder or afforded by law shall be construed as waiving any breach of such term, provision, or the right to exercise such right, privilege, or remedy thereafter. In addition, no delay on the part of either the Grant Recipient, the State Entity, or the Commissioner of

Management and Budget, as a third party beneficiary of this Agreement, in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy preclude other or further exercise thereof or the exercise of any other right or remedy.

**Section 5.18 Entire Agreement.** This Agreement, the Declaration, and the documents, if any, referred to and incorporated herein by reference embody the entire agreement between the Grant Recipient and the State Entity, and there are no other agreements, either oral or written, between the Grant Recipient and the State Entity on the subject matter hereof.

**Section 5.19 Choice of Law and Venue.** All matters relating to the validity, construction, performance, or enforcement of this Agreement or the Declaration shall be determined in accordance with the laws of the State of Minnesota. All legal actions initiated with respect to or arising from any provision contained in this Agreement shall be initiated, filed and venued in the State of Minnesota District Court located in the City of St. Paul, County of Ramsey, State of Minnesota.

**Section 5.20 Severability.** If any provision of this Agreement is finally judged by any court to be invalid, then the remaining provisions shall remain in full force and effect and they shall be interpreted, performed, and enforced as if the invalid provision did not appear herein.

**Section 5.21 Time of Essence.** Time is of the essence with respect to all of the matters contained in this Agreement.

**Section 5.22 Counterparts.** This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but such counterparts shall together constitute one and the same instrument.

**Section 5.23 Matching Funds.** The Grant Recipient must obtain and supply the following matching funds, if any, for the completion of the Project:

\$250,000.

Any matching funds which are intended to meet the above requirements must either be in the form of (i) cash monies, (ii) legally binding commitments for money, or (iii) equivalent funds or contributions, including equity, which have been or will be used to complete or pay for the Project. The Grant Recipient shall supply to the Commissioner of Management and Budget whatever documentation the Commissioner of Management and Budget may request to substantiate the availability and source of any matching funds, and the source and terms relating to all matching funds must be consented to, in writing, by the Commissioner of Management and Budget.

**Section 5.24 Source and Use of Funds.** The Grant Recipient represents to the State Entity and the Commissioner of Management and Budget that **Attachment III** is intended to be and is a source and use of funds statement showing the total cost of the Project and all of the funds that are available for the completion of the Project, and that the information contained in such **Attachment III** correctly and accurately delineates the following information.

A. The total cost of the Project detailing all of the major elements that make up such total cost and how much of such total cost is attributed to each such major element.

B. The source of all funds needed to complete the Project broken down among the following categories:

- (i) State funds including the Grant, identifying the source and amount of such funds.
- (ii) Matching funds, identifying the source and amount of such funds.
- (iii) Other funds supplied by the Grant Recipient, identifying the source and amount of such funds.
- (iv) Loans, identifying each such loan, the entity providing the loan, the amount of each such loan, the terms and conditions of each such loan, and all collateral pledged for repayment of each such loan.
- (v) Other funds, identifying the source and amount of such funds.

C. Such other financial information that is needed to correctly reflect the total funds available for the completion of the Project, the source of such funds and the expected use of such funds.

If any of the funds included under the source of funds have conditions precedent to the release of such funds, then the Grant Recipient must provide to the State Entity and the Commissioner of Management and Budget a detailed description of such conditions and what is being done to satisfy such conditions.

The Grant Recipient shall also supply whatever other information and documentation that the State Entity or the Commissioner of Management and Budget may request to support or explain any of the information contained in **Attachment III**.

The value of the Grant Recipient's ownership interest in the Real Property and, if applicable, Facility should only be shown in **Attachment III** if such ownership interest is being acquired and paid for with funds shown in such **Attachment III**, and for all other circumstances such value should be shown in the definition for Ownership Value in Section 1.01 and not included in such **Attachment III**.

The funds shown in **Attachment III** and to be supplied for the Project may, subject to any limitations contained in the legislation that authorized the Grant, be provided by either the Grant Recipient or a Usee under a Use Contract.

**Section 5.25 Project Completion Schedule.** The Grant Recipient represents to the State Entity and the Commissioner of Management and Budget that **Attachment IV** correctly and accurately delineates the projected schedule for the completion of the Project.

**Section 5.26 Third-Party Beneficiary.** The public program to be operated in conjunction with the Real Property and, if applicable, the Facility will benefit the State of Minnesota and the provisions and requirements contained herein are for the benefit of both the State Entity and the State of Minnesota. Therefore, the State of Minnesota, by and through its Commissioner of Management and Budget, is and shall be a third-party beneficiary of this Agreement.

**Section 5.27 Applicability to Real Property and Facility.** This Agreement applies to the Grant Recipient's interest in the Real Property and if a Facility exists to the Facility. The term "if applicable" appearing before the term "Facility" is meant to indicate that this Agreement will apply to

a Facility if one exists, and if no Facility exists then this Agreement will only apply to the Grant Recipient's interest in the Real Property.

**Section 5.28 E-Verification.** The Grant Recipient agrees and acknowledges that it is aware of Minn. Stat. § 16C.075 regarding e-verification of employment of all newly hired employees to confirm that such employees are legally entitled to work in the United States, and that it will, if and when applicable, fully comply with such statute and impose a similar requirement in any Use Contract to which it is a party.

**Section 5.29 Jobs Reporting Requirements.** Pursuant to Minn. Stat. § 16A.633, Subd. 4, the Grant Recipient shall collect, maintain and, upon completion of the Project, provide the information indicated in **Attachment V** of this Agreement, to the Commissioner of Management and Budget. The information must include, but is not limited to, the following: the number and types of jobs created by the Project, whether the jobs are new or retained, where the jobs are located and the pay ranges of the jobs.

**Section 5.30 Additional Requirements.** The Grant Recipient and the State Entity agree to comply with the following additional requirements.

**American-Made Steel.** Minnesota Laws 2014, Chapter 295, Section 21 (the "Act"), requires public entities receiving an appropriation of public money for a project in that Act to ensure those facilities are built with American-made steel, to the extent practicable. The Grant Recipient shall comply with this requirement, and shall furnish any documentation pursuant thereto reasonably requested by the State Entity.

**Business Recruiting.** The grant recipient agrees to not recruit or target a business currently located in another Minnesota community to relocate significant operations in the expanded business park. Furthermore, before any business that is within 30 miles of the expanded business park decides to relocate significant operations to the expanded business park, evidence that the current, host community for that business agreed that the current community could not accommodate the businesses' needs shall be secured and provided to the State. This provision shall apply for 24 months after the expanded business park is completed.

(THE REMAINING PORTION OF THIS PAGE WAS INTENTIONALLY LEFT BLANK)

**IN TESTIMONY HEREOF**, the Grant Recipient and the State Entity have executed this General Fund Grant Agreement – Construction Grant for the Grand Marais BDPI Project on the day and date indicated immediately below their respective signatures.

**GRANT RECIPIENT:**

City of Grand Marais,  
a statutory city

By: \_\_\_\_\_  
Michael J. Roth, or successor  
Its: City Administrator

And: \_\_\_\_\_

Its: \_\_\_\_\_

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

**STATE ENTITY:**

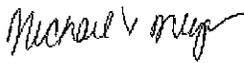
Department of Employment and Economic Development,

By: \_\_\_\_\_  
Kevin McKinnon  
Its: Deputy Commissioner

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

**STATE ENTITY:**

Department of Employment and Economic Development,

By:   
Michael J Meyer  
Its: Contract Coordinator

Dated: PO#3-222952 09/15/15

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**Attachment I to Grant Agreement  
DECLARATION**

The undersigned has the following interest in the real property legally described in **Exhibit A** attached hereto and all facilities situated thereon (the "Restricted Property"):

(Check the appropriate box.)

- a fee simple title,
- a lease, or
- an easement,

and as owner of such fee title, lease or easement, does hereby declare that such interest in the Restricted Property is subject to those provisions, requirements, restrictions, and encumbrances contained in the "General Fund Grant Agreement Construction Grant for the Grand Marais BDPI Project" dated July 28, 2015, between the City of Grand Marais and the Department of Employment and Economic Development. The Restricted Property shall remain subject to such provisions, requirements, restrictions, and encumbrances until it is released therefrom by a written release in recordable form signed by the Commissioner of the Department of Employment and Economic Development, and such written release is recorded in the real estate records relating to the Restricted Property.

(SIGNATURE BLOCK AND ACKNOWLEDGMENT)

This Declaration was drafted by:

(Name and address of individual  
who drafted the Declaration.)

Exhibit A to Declaration  
**LEGAL DESCRIPTION OF RESTRICTED PROPERTY**

**Attachment II to Grant Agreement  
LEGAL DESCRIPTION**

**Attachment III to Grant Agreement  
SOURCE AND USE OF FUNDS FOR THE PROJECT  
Grant #BDPI-15-0009-O-FY15**

Source of Funds		Use of Funds	
Identify Source of Funds	Amount	Identify Items	Amount
<b>State GO Funds</b>		<b>Ownership Acquisition and Other Items Paid for with Program Grant Funds</b>	
BDPI/Program Grant	\$250,000	Purchase of Ownership	\$ _____
<b>Other State Funds</b>		Interest	
_____	\$ _____	Other Items of a Capital Nature	
_____	\$ _____	Storm Water	\$250,000
Sub-Total	\$ _____		
<b>Matching Funds</b>		Sub Total	\$250,000
Hospital District	\$250,000		
_____	\$ _____	<b>Items Paid for with Non- Program Grant Funds</b>	
Sub Total	\$250,000	Rock Blasting and Demo	\$485,147
<b>Other Public Entity Funds</b>		Storm Water	\$50,878
Hospital District	\$219,155	Sanitary Sewer	\$33,130
IRRRB	\$100,000		
Sub-Total	\$319,155	Sub Total	\$569,155
<b>Loans</b>			
_____	\$ _____		
_____	\$ _____		
Sub-Total	\$ _____		
<b>Other Funds</b>			
_____	\$ _____		
_____	\$ _____		
Sub-Total	\$ _____		
<b>Prepaid Project Expenses</b>			
_____	\$ _____		
_____	\$ _____		
Sub-Total	\$ _____		
<b>TOTAL FUNDS</b>	<b>\$819, 155</b>	<b>TOTAL PROJECT COSTS</b>	<b>\$819,155</b>

**Attachment IV to Grant Agreement  
PROJECT COMPLETION SCHEDULE**

**Attachment V to Grant Agreement  
JOBS REPORTING**

(a) Pursuant to Minn. Stat. Sec. 16A.633, subd. 4, State Entity is required to report the number of jobs created or retained by the Project. To enable State Entity to comply with Minn. Stat. Sec. 16A.633, subd. 4, the Grant Recipient is required to report the number of jobs created or retained by the Project to State Entity as set forth below.

(b) The Grant Recipient shall require all of its contractors to report the information below to the Grant Recipient. The Grant Recipient shall then report to State Entity. Information can be recorded by State Entity in an Excel document that can be downloaded into the report by Minnesota Management and Budget. Each report must contain the following:

- (1) The name of the Project.
- (2) The State Entity's contract number, if applicable.
- (3) Reporting period. The appropriate biennium is to be selected.
- (4) The Agency Number. This will complete the next column with Agency Name.
- (5) Legal Citation for the Authorization.
- (6) Department ID responsible for the Project.
- (7) The Appropriation for the Project.
- (8) The Appropriation Amount.
- (9) Project Start Date.
- (10) Project Completion Date.
- (11) The County where the Project is located or, if it is located in more than one county, where it is primarily located.
- (12) Funding Source for Project. The selection will be Trunk Highway Bonds, General Obligation Bonds or General Fund.
- (13) Job Type. Jobs should be classified as either (i) engineering/professional, (ii) construction, or (iii) other. Manager and supervisor jobs shall be classified as category (i), (ii) or (iii) based on the nature of the work those individuals spent the majority of their time overseeing.
- (14) Hourly Wages. Jobs should be classified according to the hourly pay ranges below. Overhead or indirect costs or the value of pensions or other benefits should not be included in wages.
  - (i) less than \$10.00,
  - (ii) \$10.01 to \$15.00,
  - (iii) \$15.01 to \$20.00,
  - (iv) \$20.01 to \$25.00,
  - (v) \$25.01 to \$30.00,
  - (vi) \$30.01 to \$35.00,
  - (vii) \$35.01 to \$40.00, or
  - (viii) more than \$40.00.

(15) Jobs.

- a. Jobs should be classified as either (i) jobs created or (ii) jobs retained; they will not be counted as both. A “job created” is a new position created and filled, or an existing unfilled position that is filled, because of the Project. A “job retained” means a job at a specific wage level that existed prior to beginning the Project that would have been lost but for the Project. Only jobs in Minnesota should be counted.
- b. Jobs should be expressed in “full-time equivalents” (FTE). In calculating an FTE, the number of hours worked during the Reporting Period should be divided by 2,080 (the number of hours representing a full work schedule in a Reporting Period). Jobs should be reported regardless of when the Project or an individual’s employment began or ended. Jobs are to be calculated based on hours worked in the current Reporting Period only, so that reporting is not cumulative.
- c. Jobs should not be separated into full-time, part-time, temporary, seasonal, etc. Instead, all hours should be totaled and converted into FTEs as indicated above.

(c) Each contractor will report its workforce and the workforce of its subcontractors active during the Reporting Period. This includes employees actively engaged in the Project who work on the jobsite, in the Project office, in the home office or telecommute from home or other alternative office location. This includes, but is not limited to, any engineering personnel, inspectors, sampling and testing technicians, and lab technicians performing work directly in support of the Project. This does not include material suppliers such as steel, culverts, guardrail and tool suppliers. Only hours that relate to time spent on the Project should be reported.

(d) The Grant Recipient must incorporate these reporting requirements into its contracts with its contractors (in part so that contractors can add the requirements to their contracts with subcontractors and impose deadlines on reporting by subcontractors).

(e) To distinguish the jobs reported by contractors that were funded by the Grant, the Grant Recipient must multiply the job numbers reported by each contractor in each category above by the percentage of total Project costs funded by the Grant (e.g., if the Grant was 40% of total Project costs, the Grantee should multiply the jobs numbers given in each category by 40% to arrive at the number of jobs funded by the Grant) and it is those numbers that should be reported to State Entity.

# CONSENT AGENDA

City of Grand Marais

## MEMO

TO: Mayor Arrowsmith Decoux  
City Council  
FROM: Michael J Roth, City Administrator  
DATE: November 20, 2015  
SUBJECT: Winter Maintenance and Equipment Bids

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Annually the City asks for bids to provide a rental loader and prices for hauling snow when necessary. Attached are the bids received from Thoresons. Please approve the bids.

## **REQUEST FOR QUOTES**

### **SNOW REMOVAL**

**2015-2016  
WINTER SEASON**

**Scope of Work:** Nighttime loading and hauling of snow from downtown business district. Disposal site for snow will be next to the softball field in the rec area.

**Equipment Required:** 1.) One front end loader, bucket capacity, 3 cu. yds. minimum.  
Bucket shall be equipped with a straight cutting edge lip.

2.) Three (3) each – ten yard dump trucks.

All equipment is to be in legal and safe NIGHT TIME working condition.

**Work Procedure:** City crew will stock pile snow in downtown intersections to facilitate loading of trucks. City will try to give a minimum of eight (8) hours notice to contractor.

**PLEASE RETURN QUOTE TO CITY HALL NO LATER THAN NOON**

**NOVEMBER 2, 2015**

Refer any questions to Len Bloomquist at  
387-1848

QUOTE PRICES PER HOUR:

3 cu. yd. Front end loader, with operator \$ 135<sup>00</sup>

10 yd. Dump truck, with operator \$ 105<sup>00</sup>

Name of Bidder Edwin E. Thoreson Inc.

Address P.O. Box 579 Grand Marais, MN 55604

Signature Randi A Nelson

Title pres.

RENTAL QUOTES  
FOR 4-WHEEL DRIVE ARTICULATED LOADER  
2015-2016  
WINTER SEASON

(Compliance or exception in the column)

GENERAL SPECIFICATIONS: Unit bid shall be in good **WINTER** operating condition, available to the City on a 12 hr. notice.

yes

WEIGHT: The basic operation weight of the machine, including all attachments and tire ballast, shall be approximately 30,000 to 34,000 lb. Specify approximate weight.

34,000

TRANSMISSION: Specify transmission type and speed ranges: Forward and reverse.

Power Shift - 4 spds Forward  
- 4 spds Reverse  
1<sup>st</sup> Forward 4.2 mph  
4<sup>th</sup> Forward 22.4 mph

BRAKES: shall be in good working order.

1<sup>st</sup> Reverse 5.1 mph  
4<sup>th</sup> Reverse 24.7 mph

yes

ELECTRICAL SYSTEM: shall incorporate the following requirements:

Batteries: In good **WINTER** condition

yes

Head Lights: Minimum of 2 - Prefer 4.

4-Forward 2-Reverse

Stop and tail lights on each side.

yes

Instrument panel. (Illuminated)

yes

BUCKET: shall have the following preferred specifications:

Capacity: 3.0 cubic yards or larger

4 cubic yards

Edge: Straight edge lip

yes

ACCESSORIES: Shall be equipped with the following:

Engine hour meter

yes

Mirrors: One – inside cab  
Two – outside, right and left

yes

Slow moving vehicle sign

yes

CAB: Shall have the following preferred specifications:

General: OSHA approved, all weather, ROPS

yes

Heater:

yes

Defroster: Front and rear

yes

Wipers: Front and rear

yes

Horn:

yes

USAGE & MAINTENANCE: Machine will be used for WINTER snow removal operations. The City will be responsible to maintain machine on fuel filled basis. City will carry liability insurance only on operation of machine.

Recent winter usage indicated approximately 50 – 100 hours operation per snow season.

QUOTE OPENING:

City Hall -= November 2, 2015

If there are any questions, please contact Len Bloomquist at 387-1848.

QUOTE FORM

4 - WHEEL DRIVE ARTICULATED LOADER

1. MAKE AND MODEL OF EQUIPMENT BEING QUOTED:

MAKE: Caterpillar MODEL: 950 E

LOCATION OF MACHINE: Thoreson Shop

QUOTE AMOUNT PER OPERATING HOUR: \$ 63<sup>00</sup> PER HOUR

NAME OF BIDDER:

Edwin E. Thoreson Inc.

ADDRESS:

P.O. Box 579

Grand Marais MN 55604

SIGNED BY:

Randi T Nelson

TITLE:

pres.

## Upcoming Meeting Schedule

Updated November 20, 2015

### NOVEMBER

Date/Time	Meeting	Location
Tuesday, November 24, 4:30 p.m.	City Council Meeting	Council Chambers

### DECEMBER

Date/Time	Meeting	Location
Wednesday, December 9, 6:30 p.m.	City Council Meeting	Council Chambers
Wednesday, December 30, 6:30 p.m.	City Council Meeting	Council Chambers