

CITY OF HERMANTOWN AGENDA

**Pre-Agenda Meeting Monday, October 20, 2025 at 4:30 p.m.
Council Chambers, City Hall - Hermantown Governmental Services Building**

**City Council Meeting Monday, October 20, 2025 at 6:30 pm
Council Chambers, City Hall - Hermantown Governmental Services Building**

1. CALL TO ORDER

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL

4. ANNOUNCEMENTS

Council Members may make announcements as needed.

5. PUBLIC HEARING

Only when necessary. The rule adopted three minutes per person if necessary. Any action required after the public hearing will be taken immediately following the closing of the public hearing.

6. COMMUNICATIONS

A. Correspondence 25-456 through 25-538 placed on file

7. PRESENTATIONS

8. PUBLIC DISCUSSION

This is the time for individuals to address the Council about any item not on the agenda. The time limit is three minutes per person.

9. MOTIONS

10. CONSENT AGENDA

All items on the Consent Agenda are items which are considered routine by the City Council and will be approved by one motion via voice vote. There will be no discussion of these items unless a Council Member or citizen requests, in which event the item will be removed from the Consent Agenda and considered at the end of the Consent Agenda.

A. **Minutes** - Approval or correction of October 6, 2025 City Council Continuation Minutes

B. **Accounts Payable** - Approve general city warrants from October 1, 2025 through October 15, 2025 in the amount of \$2,212,130.21

11. ORDINANCES

- A. **2025-17 An Ordinance Amending Title 2 Of The Hermantown City Code By Amending The Official Zoning Map**

(second reading)
(motion, roll call)

- B. **2025-18 An Ordinance Amending Hermantown Code Of Ordinances Section 270 - Fee Schedule**

(first reading)

12. **RESOLUTIONS**

Roll call will be taken only on items required by law and items requiring 4/5's votes, all others can be done by voice vote.

- A. **2025-155 Resolution Authorizing The City Of Hermantown To Provide Municipal Consent To The Minnesota Department Of Transportation For The State Project 6908-68 On Trunk Highway 2 Improvements**

(motion, roll call)

- B. **2025-156 Resolution Approving Memorandum Of Understanding (MOU) And Authorizing And Directing Mayor And City Clerk To Execute And Deliver MOU With Law Enforcement Labor Services Local 47 ("LELS")**

(motion, roll call)

- C. **2025-157 Resolution Authorizing Mayor And City Clerk To Execute A Ten-Year Multi-Jurisdictional Agreement Between The City Of Hermantown And The City Of Duluth To Create A Regional Tactical Response Team**

(motion, roll call)

- D. **2025-158 Resolution Approving DEED Contamination Clean-Up And Investigation Grant Application**

(motion, roll call)

- E. **2025-159 Resolution Approving A Consent Related To The Development Contract Between The Hermantown Economic Development Authority, The City Of Hermantown And KTJ 360, LLC For The Pillars Of Hermantown Senior Living Project**

(motion, roll call)

- F. **2025-160 Resolution Approving Consent To Assignment Of Development Agreement Among KTJ 360, LLC, Pillars Of Hermantown, LLC, And City Of Hermantown, And Authorizing The Mayor And City Clerk To Execute And**

Deliver The Agreement On Behalf Of The City Of Hermantown

(motion, roll call)

13. CLOSED SESSION

14. RECESS

2025 CORRESPONDENCE

<u>DATE</u>	<u>LOG #</u>	<u>FROM</u>	<u>TO</u>	<u>REGARDING</u>	<u>FILED</u>
10/1/2025	25-456	Sydney Peterson, sydneylapeterson@gmail.com	Eric Johnson, Comm. Dev. Dir.	No to Hermantown Data Center	9/30/2025
10/1/2025	25-457	Alo Osberg, allison.osberg@gmail.com	Eric Johnson, Comm. Dev. Dir.	Hermantown Data Center	9/30/2025
10/1/2025	25-458	Garrett Hoffman, garrett.drew.hoffman@gmail.com	Eric Johnson, Comm. Dev. Dir.	Proposed Data Center	9/30/2025
10/1/2025	25-459	Shelly Wiita, shelly.lynnw89@gmail.com	Eric Johnson, Comm. Dev. Dir. and Wayne Boucher, Mayor	Proposed Data Center	9/30/2025
10/1/2025	25-460	Tanner Liubakka, tannerliubakka@gmail.com	Eric Johnson, Comm. Dev. Dir., Wayne Boucher, Mayor, Councilor Geissler, Councilor Peterson, Councilor Hjelle & Councilor LeBlanc	Data Center Concerns	9/30/2025
10/1/2025	25-461	Z Behlen, percentdegrees@gmail.com	Eric Johnson, Comm. Dev. Dir.	No Data Center	9/30/2025
10/1/2025	25-462	Maximilian Homstad, max.homstad@gmail.com	Eric Johnson, Comm. Dev. Dir.	No Data Center in Hermantown	9/30/2025
10/1/2025	25-463	Kelsey Vierow, kvierow@gmail.com	Eric Johnson, Comm. Dev. Dir.	Public Comment: Opposition to Proposed Data Center Zoning Change in Hermantown	9/30/2025
10/1/2025	25-464	Nan Onkka, nan.onkka@gmail.com	Eric Johnson, Comm. Dev. Dir.	Public Comment on the Proposed Hermantown Data Center	9/30/2025
10/1/2025	25-465	Jeff Cook-Lundgren, jjlundgren2@gmail.com	Eric Johnson, Comm. Dev. Dir.	Opposition to Hermantown Data Center	9/30/2025
10/1/2025	25-466	Cassidy Welhouse, crwelhouse@gmail.com	Eric Johnson, Comm. Dev. Dir.	No AI Data Center	9/30/2025
10/1/2025	25-467	Julia Lau, juliaalau@gmail.com	Eric Johnson, Comm. Dev. Dir.	Reject the Proposed Data Center	9/30/2025
10/1/2025	25-468	Mae Gackstetter, maegackstetter@gmail.com	Eric Johnson, Comm. Dev. Dir.	Hermantown Data Center	9/30/2025

2025 CORRESPONDENCE

<u>DATE</u>	<u>LOG #</u>	<u>FROM</u>	<u>TO</u>	<u>REGARDING</u>	<u>FILED</u>
10/1/2025	25-469	Eric Torvinen, eric.torvinen@gmail.com	Eric Johnson, Comm. Dev. Dir.	New Data Center Environmental Concerns	9/30/2025
10/1/2025	25-470	Rachel Lipson, rrlipson@gmail.com	Eric Johnson, Comm. Dev. Dir.	No on Data Center Rezoning!	9/30/2025
10/1/2025	25-471	Jaz Farkas, jazfarkas@gmail.com	Eric Johnson, Comm. Dev. Dir.	Data Centers	9/30/2025
10/1/2025	25-472	Bridgette Hingeveld, bhingeveld99@gmail.com	Eric Johnson, Comm. Dev. Dir.	Hermantown Data Center	9/30/2025
10/1/2025	25-473	A Dilley, addilley@yahoo.com	Eric Johnson, Comm. Dev. Dir.	Public Comment on Data Center	9/30/2025
10/1/2025	25-474	Courtne Carver, clcarver23@gmail.com	Eric Johnson, Comm. Dev. Dir.	Opposition to the Proposed Hermantown Data Center	9/30/2025
10/1/2025	25-475	Susanna Baker, suzyokyrbrk@gmail.com	Wayne Boucher, Mayor, Councilor Geissler, Councilor Peterson, Councilor Hjelle, Councilor LeBlanc, & Eric Johnson, Comm. Dev. Dir.	No Data Center in Hermantown, MN	9/30/2025
10/1/2025	25-476	Stephanie Staudohar, sstaudohar@outlook.com	Eric Johnson, Comm. Dev. Dir.	Data Center	9/30/2025
10/1/2025	25-477	Alex Thompson, alexthompson467@gmail.com	Eric Johnson, Comm. Dev. Dir.	No to Hermantown Data Center	9/30/2025
10/1/2025	25-478	Angel Dobrow, adobrow@hotmail.com	Eric Johnson, Comm. Dev. Dir., Wayne Boucher, Mayor, Councilor Geissler, Councilor Peterson, Councilor Hjelly & Councilor LeBlanc	Please, No Data Center in Hermantown	9/30/2025
10/1/2025	25-479	Scout Holding Eagle-Bushaw, scout.holding.eagle@gmail.com	Eric Johnson, Comm. Dev. Dir.	Public Comment Opposing Data Center Construction	9/30/2025
10/1/2025	25-480	Josie Lucero, josie.lucero.2012@gmail.com	Eric Johnson, Comm. Dev. Dir.	Proposed Hermantown Data Center	9/30/2025

2025 CORRESPONDENCE

<u>DATE</u>	<u>LOG #</u>	<u>FROM</u>	<u>TO</u>	<u>REGARDING</u>	<u>FILED</u>
10/1/2025	25-481	Al Panchyshyn, a.panch1017@gmail.com	Eric Johnson, Comm. Dev. Dir.	Data Center	9/30/2025
10/1/2025	25-482	Werner J. Baker, wrnrbrkr@gmail.com	Eric Johnson, Comm. Dev. Dir.	On the Hermantown Proposed Data Center	9/30/2025
10/1/2025	25-483	Amy Kozak, amykozak14@gmail.com	Eric Johnson, Comm. Dev. Dir.	Data Center	9/30/2025
10/1/2025	25-484	Kieran Lapcinski, kieranlapcinski@gmail.com	Eric Johnson, Comm. Dev. Dir.	Proposed Data Center	9/30/2025
10/1/2025	25-485	Lauren Martin, laurenrosemartin93@gmail.com	Eric Johnson, Comm. Dev. Dir.	Protect Lake Superior: 403 Acre Data Center	9/30/2025
10/1/2025	25-486	Brian Vroman, vromanbrian@gmail.com	Eric Johnson, Comm. Dev. Dir.	Oppose Data Center	9/30/2025
10/1/2025	25-487	Katie Taffe, kit10@georgetown.edu	Chad Ronchetti, Econ. Dev. Dir.	Citizen Concern Over Proposed Hermantown Industrial Development	9/30/2025
10/1/2025	25-488	Mehgan Blair, mmb346@gmail.com	Eric Johnson, Comm. Dev. Dir., and City Council	Final Alternative Urban Areawide Review	9/30/2025
10/1/2025	25-489	Giada Poggio, pel86963@gmail.com	Eric Johnson, Comm. Dev. Dir.	Opposition to Proposed Hermantown Data Center	9/30/2025
10/1/2025	25-490	Lars Johnson, lars.e.johnson@gmail.com	Eric Johnson, Comm. Dev. Dir.	Proposed Data Center: No!	10/1/2025
10/1/2025	25-491	Katie Taffe, kit10@georgetown.edu	Eric Johnson, Comm. Dev. Dir.	Citizen Concern Over Proposed Hermantown Industrial Development	9/30/2025
10/1/2025	25-492	Andrea Crouse, deepwaters.andrea@gmail.com	Eric Johnson, Comm. Dev. Dir., & City Council	Public Comment on Proposed Data Center	9/30/2025
10/1/2025	25-493	Liam Wright-Meier, liamwrightmeier@gmail.com	Eric Johnson, Comm. Dev. Dir.	Data Center	9/30/2025
10/1/2025	25-494	Jess Waldbillig, jesswaldbillig@gmail.com	Eric Johnson, Comm. Dev. Dir.	Data Center	9/30/2025
10/1/2025	25-495	Lydia Liubakka, lydialiubakka@gmail.com	Eric Johnson, Comm. Dev. Dir.	Data Center Public Comment	9/30/2025
10/1/2025	25-496	Jay Ostazeski, jmostazeski@gmail.com	Eric Johnson, Comm. Dev. Dir.	No Data Center in Hermantown	9/30/2025

2025 CORRESPONDENCE

<u>DATE</u>	<u>LOG #</u>	<u>FROM</u>	<u>TO</u>	<u>REGARDING</u>	<u>FILED</u>
10/2/2025	25-497	Tim Comfort, tim.comfort22@gmail.com	Eric Johnson, Comm. Dev. Dir.	AI Data Center	10/1/2025
10/2/2025	25-498	Alissa Torvinen, alissa.torvinen@gmail.com	Eric Johnson, Comm. Dev. Dir.	Data Center Proposal	10/1/2025
10/2/2025	25-499	Julie Bernhardt, bernhardt.julie@gmail.com	Eric Johnson, Comm. Dev. Dir.	Objection to Proposed Data Center in Hermantown	9/30/2025
10/2/2025	25-500	Ross Thorn, thornbrothersmusic@gmail.co m	Eric Johnson, Comm. Dev. Dir.	About the Data Center	10/1/2025
10/2/2025	25-501	Joanne Bates, tomjobates@gmail.com	Eric Johnson, Comm. Dev. Dir.	Communication Center	10/1/2025
10/3/2025	25-502	Austin Torvinen, austin.t.torvinen@gmail.com	Eric Johnson, Comm. Dev. Dir.	No Data Center	10/2/2025
10/3/2025	25-503	George Stone, gstone1941lovlml@gmail.com	Eric Johnson, Comm. Dev. Dir.	Vote No on Data Center	10/2/2025
10/3/2025	25-504	Michael Hubbard, PO Box 3312, Duluth, MN 55803	Hermantown Police Dept.	Preservation of Information	10/2/2025
10/8/2025	25-505	Jonathan Thornton	City Council	Assessment on Hermantown Rd.	9/29/2025
10/8/2025	25-506	Elijah Hoffman	City Council	Proposed Data Center	10/6/2025
10/8/2025	25-507	Khan Winter, khan@windchillmedia.com	Eric Johnson, Comm. Dev. Dir.	Data Center Project Comments	10/7/2025
10/8/2025	25-508	Matthew Zupetz, matthewzupetz@gmail.com	Joe Wicklund, Asst. City Admin. & Eric Johnson, Comm. Dev. Dir.	Concern Regarding Proposed Data Center Project in Hermantown	10/7/2025
10/8/2025	25-509	Makayla Zupetz, makaylazupetz@gmail.com	Joe Wicklund, Asst. City Admin. & Eric Johnson, Comm. Dev. Dir.	Concerns Regarding Proposed Data Center Project Near Hermantown	10/7/2025
10/9/2025	25-510	MN Pollution Control Agency	Wayne Johnson, 5105 Morris Thomas Rd.	Petroleum Tank Release Site File Closure	10/3/2025
10/13/2025	25-511	Luke Godburn, luke.godburn@coregridpower. com	Eric Johnson, Comm. Dev. Dir.	Upcoming Data Center Development in Hermantown AUAR Zone	10/9/2025

2025 CORRESPONDENCE

<u>DATE</u>	<u>LOG #</u>	<u>FROM</u>	<u>TO</u>	<u>REGARDING</u>	<u>FILED</u>
10/13/2025	25-512	Mangan Golden, mangomhp2@gmail.com	Eric Johnson, Comm. Dev. Dir.	Proposed Data Center	10/9/2025
10/13/2025	25-513	Mike Perell, 5338 Roosevelt Dr.	Trish Crego, Util. & Infa. Dir.	Sewer Backup Incidents and Request for Action	10/8/2025
10/13/2025	25-514	Joe Wicklund, Asst. City Admin. & Comm. Dir.	Matthew Zupetz, matthewzupetz@gmail.com	Concern Regarding Proposed Data Center Project in Hermantown	10/9/2025
10/13/2025	25-515	Joe Wicklund, Asst. City Admin. & Comm. Dir.	Makayla Zupetz, makaylazupetz@gmail.com	Concerns Regarding Proposed Data Center Project Near Hermantown	10/9/2025
10/14/2025	25-516	Ron Swanson, verygoodbuildingdevelopmentco@gmail.com	Eric Johnson, Comm. Dev. Dir.	Against the Hermantown Data Center	10/13/2025
10/14/2025	25-517	Kiersten Nash, eckar011@gmail.com	Wayne Boucher, Mayor	Hermantown Data Center Proposal Concerns	10/13/2025
10/14/2025	25-518	Kelsey Mack, mackkelsey5@gmail.com	Wayne Boucher, Mayor	Concern Over Hermantown Data Center Proposal	10/13/2025
10/14/2025	25-519	Megan Elling, hello@meaganelling.com	Wayne Boucher, Mayor	Very Concerned About Data Center	10/13/2025
10/14/2025	25-520	Samantha Neumann, samantha5124@hotmail.com	Wayne Bouhcer, Mayor	Concern Over Hermantown Data Center Proposal	10/13/2025
10/14/2025	25-521	Bexter Oikari, rebeccaoikari@gmail.com	Wayne Boucher, Mayor	Concern Over Hermantown Data Center Proposal	10/13/2025
10/14/2025	25-522	Nick Rhinehart, nirhinehart@gmail.com	Wayne Boucher, Mayor & City Council	Urgent Concerns Regarding Proposed Hermantown Data Center and Upcoming Rezoning	10/13/2025
10/14/2025	25-523	Jaime Wentzel, jaimewentzel@gmail.com	Wayne Boucher, Mayor & City Council	As a Hermantown Resident, I'm Urging you to Take Action	10/13/2025
10/14/2025	25-524	Sarah Lofald, sarahlofald@gmail.com	Wayne Boucher, Mayor & City Council	A Concerned Citizens Request to Delay the Vone on 2025-17 Zoning Ordinance	10/13/2025

2025 CORRESPONDENCE

<u>DATE</u>	<u>LOG #</u>	<u>FROM</u>	<u>TO</u>	<u>REGARDING</u>	<u>FILED</u>
10/14/2025	25-525	Emily Helgeson, ehelgeson@live.com	Wayne Boucher, Mayor	Vote NO to Rezone for the Hermantown Data Center	10/13/2025
10/14/2025	25-526	Sally Tesdahl, sally.tesdahl@me.com	Wayne Boucher, Mayor, City Council & City Administrator	Rezoning Vote	10/13/2025
10/14/2025	25-527	Alethea Montgomery, aletheamontgomery73@gmail. com	Wayne Boucher, Mayor	Hermantown Rezoning	10/13/2025
10/14/2025	25-528	Kristi Olson, thatsoundlady@gmail.com	Eric Johnson, Comm. Dev. Dir. & Councilor Peterson	Urgent Request for Special Session to Rescind and Reconsider Prior Vote on Harmony Group Rezoning (Morris Thomas & Midway Road Parcels)	10/14/2025
10/15/2025	25-529	Gretchen Kehoe, ggreenwell8@gmail.com	Eric Johnson, Comm. Dev. Dir.	Concerned Citizen Requesting Reconsideration of Wetland Rezoning & Data Center	10/14/2025
10/15/2025	25-530	Gretchen Kehoe, ggreenwell8@gmail.com	Eric Johnson, Comm. Dev. Dir.	Reconsider the Hermantown Re-zone and Data Center	10/14/2025
10/15/1025	25-531	Eric Enberg, eenberg63@yahoo.com	Eric Johnson, Comm. Dev. Dir., Wayne Boucher, Mayor & City Council	HUGE Opportunity with the Proposed Data Center that Isn't Being Discussed	10/14/2025
10/15/2025	25-532	Linnea Lebens, linnea.lebens@gmail.com	Eric Johnson, Comm. Dev. Dir.	Urgent Request for Special Session to Rescind and Reconsider Prior Vote on Harmony Group Rezoning	10/14/2025
10/15/2025	25-533	Christine Clark, St. Louis County Public Works	John Mulder, City Administrator	Cooperative Agreement for 2026 Crack Seal	10/7/2025
10/15/2025	25-534	Lauren Martinson, laurenmartinson21@gmail.co m	Eric Johnson, Comm. Dev. Dir.	Urgent - Please Demand a Full Review of Proposed Data Center Project	10/14/2025

2025 CORRESPONDENCE

<u>DATE</u>	<u>LOG #</u>	<u>FROM</u>	<u>TO</u>	<u>REGARDING</u>	<u>FILED</u>
10/15/2025	25-535	Kiera Simmons, ksimmo95@wgu.edu	Wayne Boucher, Mayor & City Council	Oppose Rezoning for Proposed Data Center in Hermantown	10/14/2025
10/15/2024	25-536	Becky Gamache, beckysheda@hotmail.com	Wayne Boucher, Mayor & City Council	Data Center Questions	10/14/2025
10/15/2025	25-537	Brian Bergeron, bergeronbk@gmail.com	Wayne Boucher, Mayor & City Council	No to Rezoning for the Proposed Data Center	10/14/2025
10/15/2025	25-538	Lauren Martinson, laurenmartinson21@gmail.com	Wayne Boucher, Mayor	Urgent - Please Demand a Full Review of Proposed Data Center Project	10/14/2025

CITY OF HERMANTOWN

City Council Meeting

Monday, October 6, 2025

6:30 PM Central

MEETING CONDUCTED IN PERSON

Mayor Wayne Boucher: Absent

Councilor John Geissler: Present

Councilor Andy Hjelle: Present

Councilor Brian LeBlanc: Present

Councilor Joseph Peterson: Present

CITY STAFF: John Mulder, City Administrator; Alissa McClure, City Clerk; Eric Johnson; Community Development Director; Joe Wicklund, Assistant City Administrator; Chad Ronchetti, Economic Development Director; Jim Crace, Director of Public Safety; Zach Graves, Fire Chief; Trish Crego, Utility & Infrastructure Director; David Bolf, City Engineer; Gunnar Johnson, City Attorney

VISITORS: 99

1. **CALL TO ORDER**
2. **PLEDGE OF ALLEGIANCE**
3. **ROLL CALL**
4. **ANNOUNCEMENTS**
5. **PUBLIC HEARING**
6. **COMMUNICATIONS**
 - A. Correspondence 25-143 through 25-455 placed on file
7. **PRESENTATIONS**
 - A. **2026 Preliminary Debt Service Budgets**
Kevin Orme, Director of Finance & Administration
(Pre-Agenda Only)
 - B. **Paid Family Medical Leave**
David Huntley, Terch & Associates
(Pre-Agenda Only)
8. **PUBLIC DISCUSSION**

9. **MOTIONS**

10. **CONSENT AGENDA**

- A. **Minutes** - Approval or correction of September 15, 2025 City Council Continuation Minutes
- B. **Accounts Payable** - Approve general city warrants from September 16, 2025 through September 30, 2025 in the amount of \$879,380.28

Motion to the approve the Consent Agenda. This motion, made by Councilor Hjelle and seconded by Councilor LeBlanc, Carried.

Councilor John Geissler: Yea

Councilor Andy Hjelle: Yea

Councilor Brian LeBlanc: Yea

Councilor Joseph Peterson: Yea

Mayor Wayne Boucher: Nay

Yea: 4, Nay: 0, Absent: 1

11. **ORDINANCES**

- A. **2025-17 An Ordinance Amending Title 2 Of The Hermantown City Code By Amending The Official Zoning Map**

(first reading)

Joann Bates, 5369 Morris Thomas Road: Expressed opposition to the rezoning; questioned the developer's identity, confidentiality agreements, and potential water usage; requested a more thorough environmental review.

Mickey Pearson, 3231 E 4th Street (APEX): Expressed support for the project, noting that water and power concerns are being addressed and that data centers represent critical modern infrastructure.

Sarah Winter, 3658 Birch Road: Expressed opposition; cited lack of public information, concerns about corporate influence, and potential legal and community impacts.

Lynn Bradford, 3525 Solway Road: Expressed concern as an adjacent property owner regarding potential noise, lighting, and employment impacts on local tradespeople.

Todd Pelkey, 3609 Midway Road: Spoke in support of rezoning, stating the area is suited for business and industrial growth.

Barb Harris, 4017 Stebner Road: Expressed opposition, citing lack of transparency, water use concerns, and the potential for unforeseen project changes.

Tom Bates, 5369 Morris Thomas Road: Expressed opposition; questioned the use of an AUAR rather than an Environmental Impact Statement and raised concerns about water usage data.

Kim Parmeter, 5590 Stark Road (Hermantown Chamber of Commerce): Spoke in support; stated the project would create long-term employment, strengthen the regional economy, and expand infrastructure.

Rebecca Grandorf, 4198 Solway Road: Expressed opposition; said the proposal conflicts with the comprehensive plan and negatively affects rural character and nearby farms.

Pete Taylor, 4198 Solway Road: Expressed opposition; stated the AUAR does not meet state legal requirements and raised concerns about noise impacts.

Clarissa Ek, 3505 Solway Road: Expressed opposition; raised concerns about property and environmental impacts and requested a buffer and water system review.

Anna Estep, 5861 St. Louis River Road: Expressed opposition due to potential noise, decreased property values, and disruption to neighborhood character.

Dennis Lofald, 5464 Hermantown Road: Expressed opposition; raised concerns about noise, company identity, and limited resident benefits.

Sara Lofald, 5502 Hermantown Road: Expressed opposition, citing lack of transparency and environmental concerns; urged protection of the rural landscape.

Chance Lasher, 807 N 57th Avenue W: Expressed opposition; questioned project data and motives, citing concerns about utility rates and corporate influence.

Tom Huneke, 3797 Keene Creek Lane: Expressed opposition; questioned financial risk and urged additional community engagement before approval.

Lori Johnston, 5154 Lavaque Junction: Expressed opposition; cited transparency issues, traffic, construction impacts, and environmental concerns.

Rachel Johnson, 5702 Oneida Street (APEX): Spoke in support, emphasizing economic development and the importance of technological infrastructure for the region.

Dan Olson, Superior, WI: Spoke in support on behalf of union workers, noting the availability of a local workforce and the potential for labor agreements.

Clayton Childs, 4318 Tioga Street: Spoke in support on behalf of Local 11 building trades.

Nate Rickard, 4878 Trails End Drive: Spoke in support; said the project could strengthen the tax base and local schools; supported union labor participation.

Tim Resberg, 3646 Midway Road: Expressed opposition; cited environmental, water, air, and noise concerns, and potential effects on wetlands and nearby farms.

Jeanne Wartman, 5180 Lavaque Junction: Expressed opposition; raised noise and wildlife concerns and requested additional information.

Elijah Hoffman, 552 W Winona: Expressed opposition; emphasized protecting natural resources, wildlife, and outdoor recreation.

Ty Sundberg, Two Harbors: Spoke in support; stated that technological growth is necessary and encouraged balanced dialogue.

Owen Lyons, 5143 W Arrowhead Road: Expressed opposition; cited environmental, tax, and light pollution concerns and suggested alternative locations.

Abhi Devireddy, 4958 Greystone Street: Spoke in support; said data centers promote jobs, infrastructure, and economic growth.

Amelia Soriano, 333 N 1st Avenue W: Expressed opposition; urged preservation of natural resources and environmental protection.

Miranda, 5744 Jamebard Road: Expressed opposition; said non-residents benefit most and urged consideration of community voices.

Dr. Noah Johnson, 4938 Greystone Street: Provided neutral comments; encouraged careful evaluation of the project and balanced decision-making.

12. **RESOLUTIONS**

A. **2025-147 Resolution Adopting The Final Hermantown Industrial Alternative Urban Areawide Review (AUAR) Document And Mitigation Plan**

(motion, roll call)

Dan Olson, Superior, WI: Expressed support; said the resolution could be amended and encouraged approval.

Jonathan Thornton, Hermantown Road: Expressed concern about the AUAR process and requested the resolution be tabled for further review.

Tom Huneke, 3797 Keene Creek Lane: Requested clarification on what the resolution authorizes.

Rebecca Grandorf, 4198 Solway Road: Expressed opposition; raised concerns that the AUAR can be amended without further public input and requested environmental testing.

Lori Johnston, 5154 Lavaque Junction: Expressed opposition; cited projected increases in utility costs and carbon emissions.

Tim Resberg, 3646 Midway Road: Requested additional information from the DNR and about water usage at the site.

Adam Harris, 4212 Lavaque: Expressed opposition; criticized the lack of transparency and requested the process be slowed.

Sara Lofald, 5502 Hermantown Road: Expressed opposition; said residents need more time and information to provide meaningful feedback.

Nate Rickard, 4878 Trails End Drive: Encouraged the Council to use its authority responsibly and seek more information.

Dennis Lofald, 5464 Hermantown Road: Expressed opposition; said the location is unsuitable and recommended an Environmental Review.

Jeanne Wartman, 5180 Lavaque Junction: Expressed opposition; questioned why the issue is not subject to a public vote and requested further discussion.

Motion to approve 2025-147 Resolution Adopting The Final Hermantown Industrial Alternative Urban Areawide Review (AUAR) Document And Mitigation Plan. This motion, made by Councilor Hjelle and seconded by Councilor Peterson, Carried.

Councilor John Geissler: Yea

Councilor Andy Hjelle: Yea

Councilor Brian LeBlanc: Yea

Councilor Joseph Peterson: Yea
Mayor Wayne Boucher: Absent
Yea: 4, Nay: 0, Absent: 1

B. 2025-148 Resolution Approving The Employee Handbook For The City Of Hermantown

(motion, roll call)

Motion to approve 2025-148 Resolution Approving The Employee Handbook For The City Of Hermantown. This motion, made by Councilor LeBlanc and seconded by Councilor Hjelle, Carried.

Councilor John Geissler: Yea
Councilor Andy Hjelle: Yea
Councilor Brian LeBlanc: Yea
Councilor Joseph Peterson: Yea
Mayor Wayne Boucher: Absent
Yea: 4, Nay: 0, Absent: 1

C. 2025-149 Resolution Approving Change Order Number 35 (KA Change Order #11) For The NorthStar Ford Arena In The Amount Of \$25,475.35

(motion, roll call)

Motion to approve 2025-149 Resolution Approving Change Order Number 35 (KA Change Order #11) For The NorthStar Ford Arena In The Amount Of \$25,475.35. This motion, made by Councilor Peterson and seconded by Councilor Hjelle, Carried.

Councilor John Geissler: Yea
Councilor Andy Hjelle: Yea
Councilor Brian LeBlanc: Yea
Councilor Joseph Peterson: Yea
Mayor Wayne Boucher: Absent
Yea: 4, Nay: 0, Absent: 1

D. 2025-150 Resolution Approving Pay Request Number 16 For The NorthStar Ford Arena To Kraus-Anderson Construction Company In The Amount Of \$1,540,475.58

(motion, roll call)

Motion to approve 2025-150 Resolution Approving Pay Request Number 16 For The NorthStar Ford Arena To Kraus-Anderson Construction Company In The Amount Of \$1,540,475.58. This motion, made by Councilor Peterson and seconded by Councilor LeBlanc, Carried.

Councilor John Geissler: Yea
Councilor Andy Hjelle: Yea
Councilor Brian LeBlanc: Yea
Councilor Joseph Peterson: Yea
Mayor Wayne Boucher: Absent

Yea: 4, Nay: 0, Absent: 1

E. **2025-151 Resolution Approving A Special Use Permit For Grading And Filling Within A Natural Shoreland Overlay Area**

(motion, roll call)

Motion to approve 2025-151 Resolution Approving A Special Use Permit For Grading And Filling Within A Natural Shoreland Overlay Area. This motion, made by Councilor LeBlanc and seconded by Councilor Hjelle, Carried.

Councilor John Geissler: Yea
Councilor Andy Hjelle: Yea
Councilor Brian LeBlanc: Yea
Councilor Joseph Peterson: Yea
Mayor Wayne Boucher: Absent

Yea: 4, Nay: 0, Absent: 1

F. **2025-152 Resolution Approving A Special Use Permit For The Construction Of A Two-Family Home (Twinhome) In A R-3 Residential Zoning District**

(motion, roll call)

Motion to approve 2025-152 Resolution Approving A Special Use Permit For The Construction Of A Two-Family Home (Twinhome) In A R-3 Residential Zoning District. This motion, made by Councilor Hjelle and seconded by Councilor LeBlanc, Carried.

Councilor John Geissler: Yea

Councilor Andy Hjelle: Yea
Councilor Brian LeBlanc: Yea
Councilor Joseph Peterson: Yea
Mayor Wayne Boucher: Absent
Yea: 4, Nay: 0, Absent: 1

G. **2025-153 Resolution Approving The Allocation Of \$100,000 To The Housing Trust Fund**

(motion, roll call)

Motion to approve 2025-153 Resolution Approving The Allocation Of \$100,000 To The Housing Trust Fund. This motion, made by Councilor Peterson and seconded by Councilor Hjelle, Carried.

Councilor John Geissler: Yea
Councilor Andy Hjelle: Yea
Councilor Brian LeBlanc: Yea
Councilor Joseph Peterson: Yea
Mayor Wayne Boucher: Absent
Yea: 4, Nay: 0, Absent: 1

H. **2025-154 Resolution Approving Change Order Number 1 For Keene Creek Trail Segment 4 Construction To Veit & Company In The Amount Of \$19,328.00**

(motion, roll call)

Motion to approve 2025-154 Resolution Approving Change Order Number 1 For Keene Creek Trail Segment 4 Construction To Veit & Company In The Amount Of \$19,328.00. This motion, made by Councilor Hjelle and seconded by Councilor Peterson, Carried.

Councilor John Geissler: Yea
Councilor Andy Hjelle: Yea
Councilor Brian LeBlanc: Yea
Councilor Joseph Peterson: Yea
Mayor Wayne Boucher: Absent

Yea: 4, Nay: 0, Absent: 1

13. **CLOSED SESSION**

- A. Motion to close the meeting of the Hermantown City Council pursuant to Minnesota Statutes § Section 13D.03 to consider confidential information related to labor negotiations strategy. Following this closed session, the Hermantown City Council will re-convene in an open session.

(motion, roll call)

Motion to recess at 9:16 p.m. Motion to close the meeting of the Hermantown City Council pursuant to Minnesota Statutes § Section 13D.03 to consider confidential information related to labor negotiations strategy. This motion, made by Councilor LeBlanc and seconded by Councilor Hjelle, Carried.

Councilor John Geissler:	Yea
Councilor Andy Hjelle:	Yea
Councilor Brian LeBlanc:	Yea
Councilor Joseph Peterson:	Yea
Mayor Wayne Boucher:	Absent

Yea: 4, Nay: 0, Absent: 1

Motion to reconvene into open sessions at 9:46 p.m. This motion, made by Councilor LeBlanc and seconded by Councilor Peterson, Carried.

Councilor John Geissler:	Yea
Councilor Andy Hjelle:	Yea
Councilor Brian LeBlanc:	Yea
Councilor Joseph Peterson:	Yea
Mayor Wayne Boucher:	Absent

Yea: 4, Nay: 0, Absent: 1

14. **RECESS**

Motion to recess at 9:46 p.m. This motion, made by Councilor Hjelle and seconded by Councilor Peterson, Carried.

Councilor John Geissler:	Yea
Councilor Andy Hjelle:	Yea

Councilor Brian LeBlanc: Yea

Councilor Joseph Peterson: Yea

Mayor Wayne Boucher: Absent

Yea: 4, Nay: 0, Absent: 1

ATTEST:

Mayor

City Clerk

CITY OF HERMANTOWN

CHECKS #72514-72554, 72556
10/01/2025 - 10/15/2025

PAYROLL CHECKS

Electronic Checks - #-63626-63672	\$113,531.73
-----------------------------------	--------------

LIABILITY CHECKS

Electronic Checks - #-63620-63625	\$86,047.01
-----------------------------------	-------------

Electronic Checks - #-63673-63674	\$96,596.14
-----------------------------------	-------------

Checks - #72514	\$1,358.81
-----------------	------------

PAYROLL EXPENSE TOTAL	\$297,533.69
------------------------------	---------------------

ACCOUNTS PAYABLE

Checks - #72515-72554	\$148,921.15
-----------------------	--------------

Checks - #72556	\$599.97
-----------------	----------

Electronic Payments #-97748-97793	\$1,765,075.40
-----------------------------------	----------------

ACCOUNTS PAYABLE TOTAL	\$1,914,596.52
-------------------------------	-----------------------

TOTAL	\$2,212,130.21
--------------	-----------------------

10/13/2025

Page 1

Fun d	Account	Department	Vendor Name	Description	Amount	Check #
101	134000	Retiree Insurance/Telephone Reimb.	NORTHEAST SERVICE COOPERATIVE	Health Ins Oct - Clinton Jone	84.39	-97793
101	421100	Police Administration	NORTHEAST SERVICE COOPERATIVE	Health Ins Oct - Kristi Han	816.12	-97793
101	421100	Police Administration	NORTHEAST SERVICE COOPERATIVE	Health Ins Oct - Clinton Jo	759.51	-97793
101	134000	Retiree Insurance/Telephone Reimb.	NORTHEAST SERVICE COOPERATIVE	Health Ins Oct - Kristi Hanse	90.68	-97793
602	494500	Sewer Maintenance	WEX HEALTH INC	4th QTR VEBA 2025	1,687.50	-97792
601	494400	Water Administration and General	WEX HEALTH INC	4th QTR VEBA 2025	1,581.50	-97792
101	421100	Police Administration	WEX HEALTH INC	4th QTR VEBA 2025	18,975.00	-97792
603	441100	Storm Water	WEX HEALTH INC	4th QTR VEBA 2025	2,201.75	-97792
101	419901	City Hall & Police Building Maintenance	WEX HEALTH INC	4th QTR VEBA 2025	812.50	-97792
101	422901	Firehall #1 Maple Grove Road	WEX HEALTH INC	4th QTR VEBA 2025	250.00	-97792
101	452200	Community Building	WEX HEALTH INC	4th QTR VEBA 2025	125.00	-97792
101	431100	Street Department	WEX HEALTH INC	4th QTR VEBA 2025	3,787.50	-97792
101	452100	Parks	WEX HEALTH INC	4th QTR VEBA 2025	250.00	-97792
101	424100	Building Inspection	WEX HEALTH INC	4th QTR VEBA 2025	1,437.50	-97792
101	414100	Elections	WEX HEALTH INC	4th QTR VEBA 2025	12.75	-97792
101	422100	Fire Administration	WEX HEALTH INC	4th QTR VEBA 2025	2,500.00	-97792
101	419100	Community Development	WEX HEALTH INC	4th QTR VEBA 2025	2,485.00	-97792
101	415300	Administration & Finance	WEX HEALTH INC	4th QTR VEBA 2025	4,563.25	-97792
260	456101	Cable	WEX HEALTH INC	4th QTR VEBA 2025	37.50	-97792
101	431901	City Garage	WEX HEALTH INC	4th QTR VEBA 2025	250.00	-97792
602	494900	Sewer Administration and General	WEX HEALTH INC	4th QTR VEBA 2025	1,118.00	-97792
601	494300	Water Distribution	WEX HEALTH INC	4th QTR VEBA 2025	2,875.00	-97792
101	490100	Cemetery	WEX HEALTH INC	4th QTR VEBA 2025	25.00	-97792
230	465100	HEDA	WEX HEALTH INC	4th QTR VEBA 2025	500.25	-97792
101	217450	Employee Flexplan	WEX HEALTH INC	Claim Reimbursement	373.84	-97791
101	217450	Employee Flexplan	WEX HEALTH INC	Claim Reimbursement	-52.93	-97791
275	452200	Community Building	MEDIACOM	EWC - Internet	354.90	-97790
275	452200	Community Building	MEDIACOM	EWC - Line for Elevator	187.17	-97790
101	419901	City Hall & Police Building Maintenance	MEDIACOM	Internet CH	163.92	-97790
602	494900	Sewer Administration and General	MEDIACOM	Phone PW	13.04	-97790
101	422901	Firehall #1 Maple Grove Road	MEDIACOM	Phone FD	100.84	-97790
101	419901	City Hall & Police Building Maintenance	MEDIACOM	Phone CH	403.34	-97790
601	494400	Water Administration and General	MEDIACOM	Phone PW	8.70	-97790
260	456101	Cable	MEDIACOM	Internet for Cameras - Fichtne	99.99	-97790
275	452200	Community Building	MEDIACOM	EWC - Telephone	513.16	-97790
101	431100	Street Department	MEDIACOM	Phone PW	21.74	-97790
275	452200	Community Building	MEDIACOM	EWC - Cable TV	179.13	-97790
101	431100	Street Department	MEDIACOM	Internet PW	119.77	-97790

10/13/2025

Page 2

Fun d	Account	Department	Vendor Name	Description	Amount	Check #
275	452200	Community Building	MEDIACOM	EWC - Dedicated Internet	490.00	-97790
602	494900	Sewer Administration and General	MEDIACOM	Internet PW	71.85	-97790
101	422901	Firehall #1 Maple Grove Road	MEDIACOM	Internet FD	40.98	-97790
601	494400	Water Administration and General	MEDIACOM	Internet PW	47.91	-97790
101	415300	Administration & Finance	GREATAMERICA FINANCIAL SERVICES	Copier Lease/Konica C300 & C33	119.58	-97789
101	415300	Administration & Finance	GREATAMERICA FINANCIAL SERVICES	Copier Lease/Konica C458 Sep 2	117.87	-97789
601	494400	Water Administration and General	MN ENERGY RESOURCES CORP	Natural Gas Lightning Dr	58.71	-97788
101	431901	City Garage	MN ENERGY RESOURCES CORP	Natural Gas Old CH	9.66	-97788
101	452200	Community Building	MN ENERGY RESOURCES CORP	Natural Gas Old CH	86.92	-97788
101	422901	Firehall #1 Maple Grove Road	MN ENERGY RESOURCES CORP	Natural Gas - CH/PD	428.55	-97788
101	419901	City Hall & Police Building Maintenance	MN ENERGY RESOURCES CORP	Natural Gas - CH/PD	350.64	-97788
602	494900	Sewer Administration and General	MN ENERGY RESOURCES CORP	Natural Gas Lightning Dr	36.70	-97788
101	431901	City Garage	MN ENERGY RESOURCES CORP	Natural Gas Lightning Dr	51.37	-97788
101	419901	City Hall & Police Building Maintenance	MN ENERGY RESOURCES CORP	Natural Gas CH/PD	314.62	-97788
101	431100	Street Department	AT&T MOBILITY	Cell Phones/Tablets-PW/CH	157.78	-97787
101	422100	Fire Administration	AT&T MOBILITY	Cell Phones FD	368.43	-97787
602	494900	Sewer Administration and General	AT&T MOBILITY	Cell Phones/Tablets-PW/CH	193.18	-97787
101	421100	Police Administration	AT&T MOBILITY	Cell Phones PD	1,535.89	-97787
101	415300	Administration & Finance	AT&T MOBILITY	Cell Phones/Tablets-PW/CH	198.98	-97787
601	494400	Water Administration and General	AT&T MOBILITY	Cell Phones/Tablets-PW/CH	368.67	-97787
101	419901	City Hall & Police Building Maintenance	AT&T MOBILITY	Cell Phones/Tablets-PW/CH	48.11	-97787
101	422902	Firehall #2 Morris Thomas Road	MN ENERGY RESOURCES CORP	Natural Gas FH2	39.17	-97786
101	431100	Street Department	WEX HEALTH INC	Monthly Participant /Cobra Fee	15.90	-97785
101	422100	Fire Administration	WEX HEALTH INC	Monthly Participant /Cobra Fee	9.54	-97785
101	419901	City Hall & Police Building Maintenance	WEX HEALTH INC	Monthly Participant /Cobra Fee	9.54	-97785
101	419100	Community Development	WEX HEALTH INC	Monthly Participant /Cobra Fee	9.54	-97785
101	421100	Police Administration	WEX HEALTH INC	Monthly Participant /Cobra Fee	90.79	-97785
602	494900	Sewer Administration and General	WEX HEALTH INC	Monthly Participant /Cobra Fee	15.90	-97785
101	415300	Administration & Finance	WEX HEALTH INC	Monthly Participant /Cobra Fee	36.14	-97785
601	494400	Water Administration and General	WEX HEALTH INC	Monthly Participant /Cobra Fee	15.90	-97785
415	465200	Community Development	DSGW ARCHITECTS, INC.	Hermantown Arena	14,917.11	-97784
275	452200	Community Building	ESC SYSTEMS SOUND AND LIFE SAFETY	EWC Monitoring - 12 months	600.00	-97783
475	431150	Street Improvements	GEI CONSULTANTS, INC.	Hermantown Section 14	9,500.00	-97782
101	415300	Administration & Finance	INTEGRATED OFFICE SOLUTIONS	Copy Overage Konica C458	341.09	-97781
415	465200	Community Development	KRAUS-ANDERSON CONSTRUCTION COMPANY, INC	Hermantown Hockey Arena	954,857.68	-97780
415	465200	Community Development	KRAUS-ANDERSON CONSTRUCTION COMPANY, INC	Hermantown Hockey Arena	585,617.90	-97780

10/13/2025

Page 3

Fun d	Account	Department	Vendor Name	Description	Amount	Check #
101	421100	Police Administration	ACP CREATIVIT, LLC	Desk Phone	150.25	-97779
101	422901	Firehall #1 Maple Grove Road	ACP CREATIVIT, LLC	Oct 2025 Maintenance	70.35	-97779
101	431100	Street Department	ACP CREATIVIT, LLC	Oct 2025 Maintenance	16.75	-97779
101	419901	City Hall & Police Building Maintenance	ACP CREATIVIT, LLC	Oct 2025 Maintenance	237.85	-97779
101	452200	Community Building	ACP CREATIVIT, LLC	Oct 2025 Maintenance	10.05	-97779
101	422901	Firehall #1 Maple Grove Road	DOORCO, INC.	FH 1 Door Repair	3,475.00	-97778
101	422901	Firehall #1 Maple Grove Road	DOORCO, INC.	Lift Master Receiver/Remote Co	647.71	-97778
101	421100	Police Administration	DRYER & PETERSON, P.C.	Prosecution Services Sep 2025	6,754.57	-97777
101	421100	Police Administration	EMERGENCY AUTOMOTIVE TECHNOLOGIES INC	Diagnose Battery Not Charging	334.50	-97776
601	494300	Water Distribution	ACME TOOLS	Flex Hose - Hydrant Pumps	89.76	-97775
601	494300	Water Distribution	ACME TOOLS	Tubing Cutter	295.39	-97774
101	431901	City Garage	BFIRST INDUSTRIAL	Nuts/Bolts	17.60	-97773
101	431100	Street Department	BFIRST INDUSTRIAL	Cutt-Off Wheel	98.67	-97772
230	214500	Escrow Deposits Payable	BRAUN INTERTEC CORPORATION	Environmental Review RGU Assis	4,693.50	-97771
602	494500	Sewer Maintenance	BRAUN INTERTEC CORPORATION	Sanitary Sewer System Inspecti	1,002.50	-97771
475	431100	Street Department	BRAUN INTERTEC CORPORATION	Section 14 Lightning Drive	10,277.83	-97770
101	452100	Parks	DULUTH LAWN CARE INC	Fert/Weed Control	5,261.25	-97769
601	494400	Water Administration and General	GOPHER STATE ONE-CALL INC	Sep 25 Locates	118.26	-97768
602	494900	Sewer Administration and General	GOPHER STATE ONE-CALL INC	Sep 25 Locates	78.84	-97768
602	494500	Sewer Maintenance	GREAT LAKES PIPE SERVICE INC	Lift Station Cleaning	4,225.00	-97767
101	431901	City Garage	HARTEL'S/DBJ DISPOSAL CO LLC	Yard Trash Disposal Sep 2025 -	200.03	-97766
101	419901	City Hall & Police Building Maintenance	HARTEL'S/DBJ DISPOSAL CO LLC	Garbage Recycling Sep 2025-129	675.42	-97766
101	431100	Street Department	INTER CITY OIL CO INC	Fuel	1,696.58	-97765
101	431901	City Garage	MENARD INC	Batteries	85.81	-97764
101	452200	Community Building	MENARD INC	Replacement Lights Old City Ha	139.98	-97764
101	421100	Police Administration	MENARD INC	Range Supplies	67.91	-97764
101	431901	City Garage	MENARD INC	Drain Cleaner & Sealant	64.53	-97764
101	419901	City Hall & Police Building Maintenance	MENARD INC	Landscaping Improvement Projec	112.56	-97764
601	494300	Water Distribution	MENARD INC	Inline Wire Nuts	8.49	-97763
101	422100	Fire Administration	MINNEAPOLIS OXYGEN COMPANY	Oxygen Cylinder Rental	226.79	-97762
602	494500	Sewer Maintenance	MN PUMP WORKS	EOne Outdoor Station	8,675.00	-97761
101	424100	Building Inspection	M-R SIGN CO INC	911 Signs	79.76	-97760
101	419901	City Hall & Police Building Maintenance	NORTHERN DOOR & HARDWARE INC	Door Stop Replacements PD	66.75	-97759
232	465100	HEDA	NORTHLAND CONSULTING ENGINEERS L.L.P.	Keene Creek Subdivision - AKA	1,140.00	-97758
101	431130	City Engineer	NORTHLAND CONSULTING ENGINEERS L.L.P.	Preagenda/City Council/Four Sq	1,710.00	-97758
230	465100	HEDA	NORTHLAND CONSULTING ENGINEERS L.L.P.	Hawklane Business Park	1,520.00	-97758
603	441100	Storm Water	NORTHLAND CONSULTING ENGINEERS L.L.P.	Zierden Precon	190.00	-97758
230	214500	Escrow Deposits Payable	NORTHLAND CONSULTING ENGINEERS L.L.P.	Project Loon	7,000.00	-97758

10/13/2025

Page 4

Fun d	Account	Department	Vendor Name	Description	Amount	Check #
101	431130	City Engineer	NORTHLAND CONSULTING ENGINEERS L.L.P.	Tac Meeting	380.00	-97758
101	214500	Escrow Deposits Payable	NORTHLAND CONSULTING ENGINEERS L.L.P.	Peyton Property Development	760.00	-97758
412	419100	Community Development	NORTHLAND CONSULTING ENGINEERS L.L.P.	Hermantown Trail Project	4,642.50	-97758
101	419100	Community Development	NORTHLAND CONSULTING ENGINEERS L.L.P.	Arbors Meeting	190.00	-97758
240	433500	Water Improvements	NORTHLAND CONSULTING ENGINEERS L.L.P.	Second Waterline Connection	95.00	-97758
475	431150	Street Improvements	NORTHLAND CONSULTING ENGINEERS L.L.P.	Lightning Drive - SID # 452	1,375.00	-97758
101	416100	City Attorney	OVEROM LAW, PLLC	Department of Labor and Indust	278.00	-97757
101	416100	City Attorney	OVEROM LAW, PLLC	City Clerk Matters	280.00	-97757
101	419100	Community Development	OVEROM LAW, PLLC	Community Development Matters	70.00	-97757
416	452100	Parks	OVEROM LAW, PLLC	Fichtner Field Park Improvemen	272.00	-97757
412	419100	Community Development	OVEROM LAW, PLLC	Rec Facility: Trail Con - Emin	652.00	-97757
101	416100	City Attorney	OVEROM LAW, PLLC	Data Practices Procedures	462.00	-97757
601	214500	Escrow Deposits Payable	OVEROM LAW, PLLC	AT&T Hawk Circle Equipment Upg	42.00	-97757
101	416100	City Attorney	OVEROM LAW, PLLC	Kleive Workers Compensation Cl	82.00	-97757
101	419100	Community Development	OVEROM LAW, PLLC	Lake Superior Consulting Abate	110.00	-97757
230	214500	Escrow Deposits Payable	OVEROM LAW, PLLC	HEDA: Project Loon Development	3,055.00	-97757
475	431150	Street Improvements	OVEROM LAW, PLLC	Hermantown and Old Midway Rd I	1,106.00	-97757
415	465200	Community Development	OVEROM LAW, PLLC	Arena Construction - Rec Facil	295.00	-97757
475	431150	Street Improvements	OVEROM LAW, PLLC	Hermantown and Old Midway Rd I	56.00	-97757
601	494400	Water Administration and General	OVEROM LAW, PLLC	Water Services Agreement with	742.00	-97757
101	424100	Building Inspection	OVEROM LAW, PLLC	Sarah Lane Nuisance Property	497.00	-97757
101	416100	City Attorney	OVEROM LAW, PLLC	HVAC Upgrade for City Hall	126.00	-97757
101	419100	Community Development	OVEROM LAW, PLLC	Titan Premier Title Matter	784.00	-97757
101	416100	City Attorney	OVEROM LAW, PLLC	Rental Fire & Life Safety Ordi	217.00	-97757
101	416100	City Attorney	OVEROM LAW, PLLC	Minnesota Power Franchise Agre	84.00	-97757
415	465200	Community Development	OVEROM LAW, PLLC	KA Contract Administration - N	51.00	-97757
412	419100	Community Development	OVEROM LAW, PLLC	Recreation Facility: Keen Cree	142.00	-97757
101	424100	Building Inspection	OVEROM LAW, PLLC	Maple Fields Mobile Home Park	616.00	-97757
240	433500	Water Improvements	OVEROM LAW, PLLC	Second Water Connection with D	112.00	-97757
101	419100	Community Development	OVEROM LAW, PLLC	Peyton Acres Development Matte	323.00	-97757
260	456101	Cable	OVEROM LAW, PLLC	2023 Mediacom Franchise Renewa	448.00	-97757
101	421100	Police Administration	OVEROM LAW, PLLC	Tactical Response Team	196.00	-97757
230	465100	HEDA	OVEROM LAW, PLLC	Hawkline Access Easement	252.00	-97757
101	419100	Community Development	OVEROM LAW, PLLC	Correction of Airport Restrict	180.00	-97757
101	419100	Community Development	OVEROM LAW, PLLC	2025 Oppidan Townhouse Dev	85.00	-97757
101	424100	Building Inspection	OVEROM LAW, PLLC	2025 Building Official Matters	84.00	-97757
101	416100	City Attorney	OVEROM LAW, PLLC	General Matters/Retainer	2,200.00	-97757
101	421100	Police Administration	VC3, INC.	SIEM/SOAR - Sept	2,672.16	-97756

10/13/2025

Page 5

Fun d	Account	Department	Vendor Name	Description	Amount	Check #
602	494500	Sewer Maintenance	WLSSD	Sept Wastewater Charges 083125	50,621.00	-97755
232	465100	HEDA	TWIN PORTS TESTING INC	Hazardous Materials Testing -	1,155.04	-97754
101	431901	City Garage	TREVIPAY	Pallet Racking - Shop	2,599.99	-97753
101	490000	Miscellaneous Functions	TERCH & ASSOCIATES CONSULTING, LLC	Sep 25 HR Services	1,137.50	-97752
101	421100	Police Administration	SYMBOLARTS	PD Patches	732.35	-97751
101	421100	Police Administration	SYMBOLARTS	PD Patches	1,365.00	-97751
603	441100	Storm Water	REDROCK PRECAST	Culverts	470.00	-97750
101	422100	Fire Administration	PRO PRINT INC	Medical Reports	155.71	-97749
101	415300	Administration & Finance	WEX HEALTH INC	4th QTR VEBA B 2025	399.50	-97748
230	465100	HEDA	WEX HEALTH INC	4th QTR VEBA B 2025	12.75	-97748
101	414100	Elections	WEX HEALTH INC	4th QTR VEBA B 2025	12.75	-97748
601	220100	Refund Payable	3W PROPERTIES INC	Overpayment Refund Acct 3554-0	63.49	72515
415	465200	Community Development	ARCHITECTURAL TESTING, INC.	Building Enclosure - NorthStar	7,475.00	72516
101	422100	Fire Administration	ARROWHEAD EMS ASSOCIATION, INC.	Membership Dues Renewal	75.00	72517
101	422100	Fire Administration	ASPEN MILLS	Uniform Pants - Graves	179.85	72518
101	422100	Fire Administration	ASPEN MILLS	Uniforms - FD	138.90	72518
101	422100	Fire Administration	ASPEN MILLS	Uniforms - FD	1,932.45	72518
101	422100	Fire Administration	BOUND TREE MEDICAL, LLC	Medical Supplies	438.28	72519
101	431100	Street Department	BW DISTRIBUTING	Solvents & Cleaners	762.93	72520
101	422903	Firehall #3 Midway Road	CENTURYLINK	Internet FH3 09/22/25-10/21/25	40.59	72521
101	431100	Street Department	CINTAS CORPORATION	Uniforms	38.47	72522
101	431100	Street Department	CINTAS CORPORATION	Uniforms	19.48	72522
101	431901	City Garage	CINTAS CORPORATION	Mats/Supplies	58.54	72522
101	431901	City Garage	CINTAS CORPORATION	Mats/Supplies	38.86	72522
101	431100	Street Department	CINTAS CORPORATION	Uniforms	7.92	72522
101	431100	Street Department	CINTAS CORPORATION	Uniforms	7.92	72522
101	419901	City Hall & Police Building Maintenance	CINTAS CORPORATION	Mats at CH	8.88	72522
101	419901	City Hall & Police Building Maintenance	CINTAS CORPORATION	Mats at CH	30.72	72522
101	419901	City Hall & Police Building Maintenance	COLLINS ROOFING AND SHEET METAL	PW Roof	94,053.62	72523
101	490000	Miscellaneous Functions	COSTIN GROUP MN	City Lobbyist	1,500.00	72524
230	465100	HEDA	DAMON FARBER ASSOCIATES, INC.	24-227 Uptown Hermantown	12,052.18	72525
101	422100	Fire Administration	ESSENTIA HEALTH	Tests - On Call Firefighters	1,808.00	72526
101	421100	Police Administration	ESSENTIA HEALTH	Test - PD Lutzka & Kostiuk	1,112.00	72526
601	220100	Refund Payable	ESTATE OF GEORGE JOHNSON	Refund Overpayment - Acct 0931	48.36	72527
101	431100	Street Department	FERRELLGAS	Propane - Forklift	51.06	72528
101	422100	Fire Administration	FIRE SAFETY USA	Pump Testing - Engine 3	1,903.50	72529
101	422100	Fire Administration	FIRE SAFETY USA	Pump Testing - Engine 2	1,759.55	72529
101	422100	Fire Administration	FIRE SAFETY USA	Pump Testing - Engine 1	1,661.15	72529

10/13/2025

Page 6

Fun d	Account	Department	Vendor Name	Description	Amount	Check #
101	422100	Fire Administration	FIRE SAFETY USA	Pump Testing - Tender 1	1,653.25	72529
101	422100	Fire Administration	FIRE SAFETY USA	Pump Testing - Ladder 1	1,581.25	72529
601	220100	Refund Payable	HAKES, CHARLES	Overpayment Refunds - 0688 & 6	168.64	72530
101	419100	Community Development	HERMANTOWN STAR LLC	Public Hearing Planning & Zoni	70.12	72531
101	421100	Police Administration	HOLIDAY COMPANIES	Car Washes - Sep 2025	10.00	72532
101	419901	City Hall & Police Building Maintenance	IMPERIALDADE	Kleenex/Bowl Mop	363.86	72533
601	220100	Refund Payable	JUBALA, JOHN	Overpayment Refund Acct 0291-0	38.31	72534
101	421100	Police Administration	KOLAR	Disable Auto Start/Stop - 24 G	199.95	72535
101	431100	Street Department	LINDE GAS & EQUIPMENT INC.	Cylinder Rent/Safe Env fee 8/2	64.73	72536
601	494300	Water Distribution	MAYO CONCRETE SAWING SERVICES, INC.	Saw Cutting @ Getchell Rd	878.50	72537
101	422100	Fire Administration	MAYO CLINIC	EMT Class - Rosen & Martinez	4,190.00	72538
275	452200	Community Building	MN DEPT OF LABOR & INDUSTRY	Boiler - EWC	50.00	72539
101	419901	City Hall & Police Building Maintenance	MN TELECOMMUNICATIONS	Oct 2025 Internet	360.00	72540
101	422901	Firehall #1 Maple Grove Road	MN TELECOMMUNICATIONS	Oct 2025 Internet	90.00	72540
101	431901	City Garage	OXYGEN SERVICE COMPANY	Acetylene Gas Bottle Rent	19.80	72541
101	421100	Police Administration	PETTY CASH	DVS Tabs/Gift Bags/Plates	126.00	72542
101	421100	Police Administration	PETTY CASH	DVS Tabs/Gift Bags/Plates	7.62	72542
601	494300	Water Distribution	POMP'S TIRE SERVICE INC	Tires - H8	2,000.00	72543
101	431100	Street Department	POMP'S TIRE SERVICE INC	Tires - H8	177.64	72543
101	422100	Fire Administration	RELF OPTICAL	Corrective Lenses for Mask Ins	170.00	72544
416	452100	Parks	RUSTY PATCH NATIVES	Replacement Plants	750.00	72545
101	431100	Street Department	SATHERS, LLC	Class 5- Crushed Material	238.00	72546
101	421100	Police Administration	SHEL/DON GROUP INC	Victim Cards	234.98	72547
240	433500	Water Improvements	ST LOUIS COUNTY AUDITOR	Warranty/Quick Claim Deed Tax	100.65	72548
101	419100	Community Development	ST LOUIS COUNTY RECORDERS OFFICE	Final Soumis PUD	46.00	72549
101	419100	Community Development	ST LOUIS COUNTY RECORDERS OFFICE	Soumis - PUD Preliminary	46.00	72549
412	419100	Community Development	ST LOUIS COUNTY RECORDERS OFFICE	Chapin Easement - Trails	92.00	72549
101	419100	Community Development	ST LOUIS COUNTY RECORDERS OFFICE	KTJ Hermantown Cottages PUD	46.00	72549
101	419100	Community Development	ST LOUIS COUNTY RECORDERS OFFICE	BMAX Stener Rd Dev Agreement	92.00	72549
101	419100	Community Development	ST LOUIS COUNTY RECORDERS OFFICE	Soumis Reside LLC Dev Agreemen	92.00	72549
101	419100	Community Development	ST LOUIS COUNTY RECORDERS OFFICE	Peyton Acres PH 3 Dev Agreemen	92.00	72549
101	421100	Police Administration	TROY'S SERVICE CENTER	Oil & Filter - SQD 11	92.92	72550
101	419901	City Hall & Police Building Maintenance	UHL COMPANY INC	Service Boiler - CH	1,286.50	72551
101	431100	Street Department	UNITED RENTALS (NORTH AMERICA) INC	Plate Tamper Rental	114.00	72552
602	494900	Sewer Administration and General	VALLI INFORMATION SYSTEMS, INC	Sep 2025 Bill Print	587.24	72553
601	494400	Water Administration and General	VALLI INFORMATION SYSTEMS, INC	Sep 2025 Bill Print	587.24	72553
603	441100	Storm Water	VALLI INFORMATION SYSTEMS, INC	Sep 2025 Bill Print	587.25	72553
601	214500	Escrow Deposits Payable	VMC LLC	Task 1 Hawks Circle ATT HER-24	4,350.00	72554

Fun d	Account	Department	Vendor Name	Description	Amount	Check #
101	422100	Fire Administration	AT&T MOBILITY	Ipads Rescue Vechicles	599.97	72556
Totals: 227 records printed					1,914,596.52	



CITY COUNCIL MEETING DATE: October 20, 2025

TO: Mayor & City Council

FROM: Eric Johnson, Community Development Director

SUBJECT: Amendment to City Zoning Map

☐ **RESOLUTION:** ☒ **ORDINANCE:** 2025-17 ☐ **OTHER:**

REQUESTED ACTION

Conduct a second reading for the rezoning of 17 parcels totaling 220.27-acres located in the SW quadrant of Morris Thomas Road and Midway Road and including parcels 395-0010-09135, 395-0010-09130, 395-0010-09131, 395-0010-09080, 395-0010-09095, 395-0010-09150, 395-0010-09090, 395-0010-09155, 395-0010-09161, 395-0010-09160, 395-0010-09300, 395-0010-09302, 395-0010-09140, 395-0010-09310, 395-0010-09320, 395-0010-09330, 395-0010-09340 from S-1, Suburban BLM, Business and Light Manufacturing.

DESCRIPTION OF REQUEST:

Harmony Group, LLC (Applicant) is requesting that 17 parcels of land totaling 220.27 acres be rezoned from S-1, Suburban to BLM, Business and Light Manufacturing. These parcels are within a quadrant of the City which has been identified in the City's Comprehensive Plan Update for Business and Light Manufacturing.

SITE DATA

Address:	395-0010-09135, 395-0010-09130, 395-0010-09131, 395-0010-09080, 395-0010-09095, 395-0010-09150, 395-0010-09090, 395-0010-09155, 395-0010-09161, 395-0010-09160, 395-0010-09300, 395-0010-09302, 395-0010-09140, 395-0010-09310, 395-0010-09320, 395-0010-09330, 395-0010-09340
Comprehensive Plan:	Business and Light Manufacturing
Zoning:	S-1, Suburban
Lot Size:	220.27 acres total
Wetlands:	Yes, wetland delineation has been completed
Shoreland Overlay:	N/A
Airport Zoning:	No

BACKGROUND

The City of Hermantown updated its Comprehensive Plan in April 2025. As part of that work, the City expanded the BLM, Business and Light Manufacturing zoning district in the SW area of the City. The Comprehensive Plan Update, envisions this quadrant of the City with its access to County Road 13, MN State Highway 2 and rail be guided towards Business and Light Manufacturing.

In April 2025, the City rezoned 14 parcels either owned by Allete or Rendfield Land Company from S-1, Suburban to BLM, Business and Light Manufacturing. These 14 parcels primary use is utility based business and the rezoning aligns these parcels with the Comprehensive Plan Update. Although public utility services are a permitted use in the S-1, Suburban zoning district (existing Allete substation), the use does not align with the previous S-1, Suburban zoning. In order to align with the Comprehensive Plan Update, the City rezoned the 14 parcels to BLM, Business and Light Manufacturing which more accurately describes the nature of the parcels.

Harmony Group, LLC (Applicant) is requesting that 17 parcels of land totaling 220.27 acres be rezoned from S-1, Suburban to BLM, Business and Light Manufacturing. These parcels directly abut the previously rezoned 14 parcels as well as an existing 6 parcels located in the SW intersection of Morris Thomas Road and Midway Road, all of which are zoned BLM.

A public hearing for this item was held at the September 16, 2025 Planning and Zoning Commission meeting. There were multiple members of the public who spoke to the item with questions ranging from what uses are permitted in the BLM district to what is the overall plans for this quadrant of the City. The Planning and Zoning Commission recommended the item to the City Council for their review and approval.

Infrastructure

The subject parcels are within the urban service area, which was expanded as part of the Comprehensive Plan Update. The WLSSD has modified their plans to reflect this.

Wetlands

A preliminary wetland delineation and desktop review was conducted on these parcels in 2024, with the existence of wetlands found on multiple parcels. Additional wetland delineation work will be conducted on the parcels in 2025 and have been reviewed by the Hermantown Technical Evaluation Panel.

Zoning

Harmony Group, LLC is requesting the rezoning of the parcels from S-1, Suburban to BLM, Business and Light Manufacturing.

Dimensional standards would change as follows:

Dimensional Standards	S-1	BLM
Height	35 feet	80 feet
Setbacks		
<i>Front</i>	50 feet	20 feet
<i>Side (abutting residential)</i>	15 feet	50 feet
<i>Side</i>	15 feet	20 feet
<i>Rear</i>	50 feet	20 feet, 50 feet abutting residential
Minimum lot area	5 acres	None
Minimum lot width	300 feet	100 feet
Maximum lot coverage	30%	35% or 65% with approved landscape plan

Comprehensive Plan

The Comprehensive Plan Update, which was adopted in April 2025, envisions this quadrant of the City with its access to County Road 13, MN State Highway 2 and rail be guided towards Business and Light Manufacturing.

SUMMARY & JUSTIFICATION:

The proposed rezoning meets the criteria of the Comprehensive Plan Update as well as the overall goals and policies of the Zoning Ordinance.

1. The Comprehensive Plan Update, envisions this quadrant of the City with its access to County Road 13, MN State Highway 2 and rail be guided towards Business and Light Manufacturing.
2. The City's availability of BLM zoned property is limited to infill lots on small acreage parcels. The rezoning of a large acreage area provides opportunities for business growth and expansion.
3. Guides the parcels for business and light manufacturing as they are large enough to accommodate large building footprints and employers.
4. Focuses the development opportunities for new business and light manufacturing in designated areas with strategic highway access to create desirable environments for attracting new businesses and increasing local job opportunities while limiting the impacts on denser residential areas.

SOURCE OF FUNDS (if applicable)

N/A

ATTACHMENTS

Ordinance
Location Map
Existing Zoning Map
Proposed Zoning Map

Ordinance No. 2025-17

The City Council of the City of Hermantown does ordain:

**AN ORDINANCE AMENDING TITLE 2 OF THE HERMANTOWN CITY CODE
BY AMENDING THE OFFICIAL ZONING MAP (PARCELS 395-0010-09135, 395-0010-09130, 395-0010-09131, 395-0010-09080, 395-0010-09095, 395-0010-09150, 395-0010-09090, 395-0010-09155, 395-0010-09161, 395-0010-09160, 395-0010-09300, 395-0010-09302, 395-0010-09140, 395-0010-09310, 395-0010-09320, 395-0010-09330, 395-0010-09340)**

Section 1. Amendment to Official Zoning Map. The Official Zoning Map of the City of Hermantown is hereby amended so that the entire parcels legally described in Section 2 are zoned S-1, Suburban.

Section 2. Purpose and Intent. The purpose of this amendment is to rezone the properties so that the Property Identification Numbers 395-0010-09135, 395-0010-09130, 395-0010-09131, 395-0010-09080, 395-0010-09095, 395-0010-09150, 395-0010-09090, 395-0010-09155, 395-0010-09161, 395-0010-09160, 395-0010-09300, 395-0010-09302, 395-0010-09140, 395-0010-09310, 395-0010-09320, 395-0010-09330, 395-0010-09340 are zoned BLM, Business and Light Manufacturing.

Section 3. Effective Date. This amendment to Title 2 of the Hermantown Code that amends the Official Zoning Map shall be effective after adoption immediately upon (1) the publication of this Amendment to Title 2 of the Hermantown City Code once in the legal newspaper of the City of Hermantown and (2) the filing of this Amendment to Title 2 with the County Recorder of St. Louis County.

Wayne Boucher, Mayor

Attest:

Alissa McClure, City Clerk

Adopted: _____

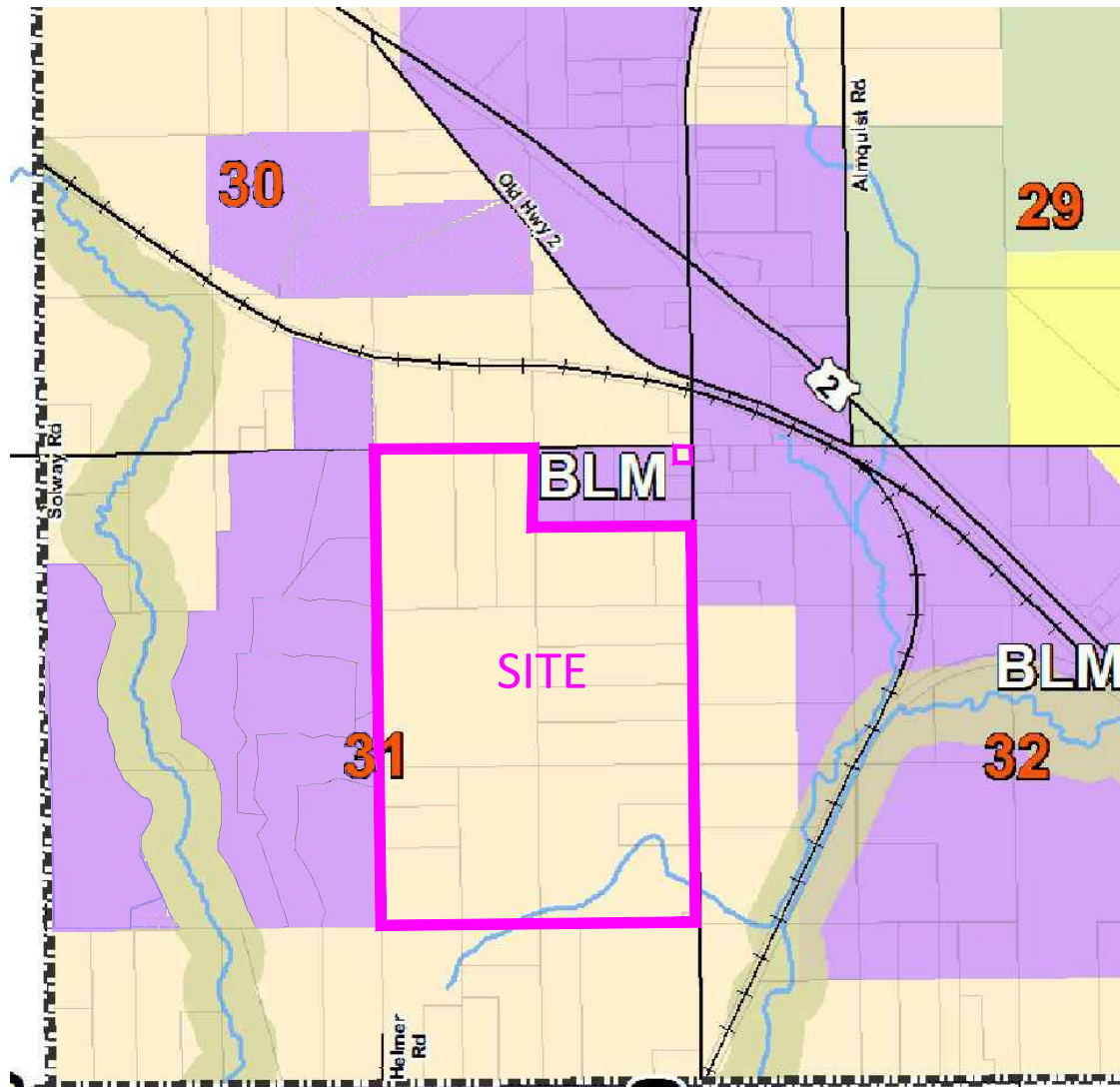
Published: _____

Effective Date: _____

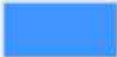
Location Map



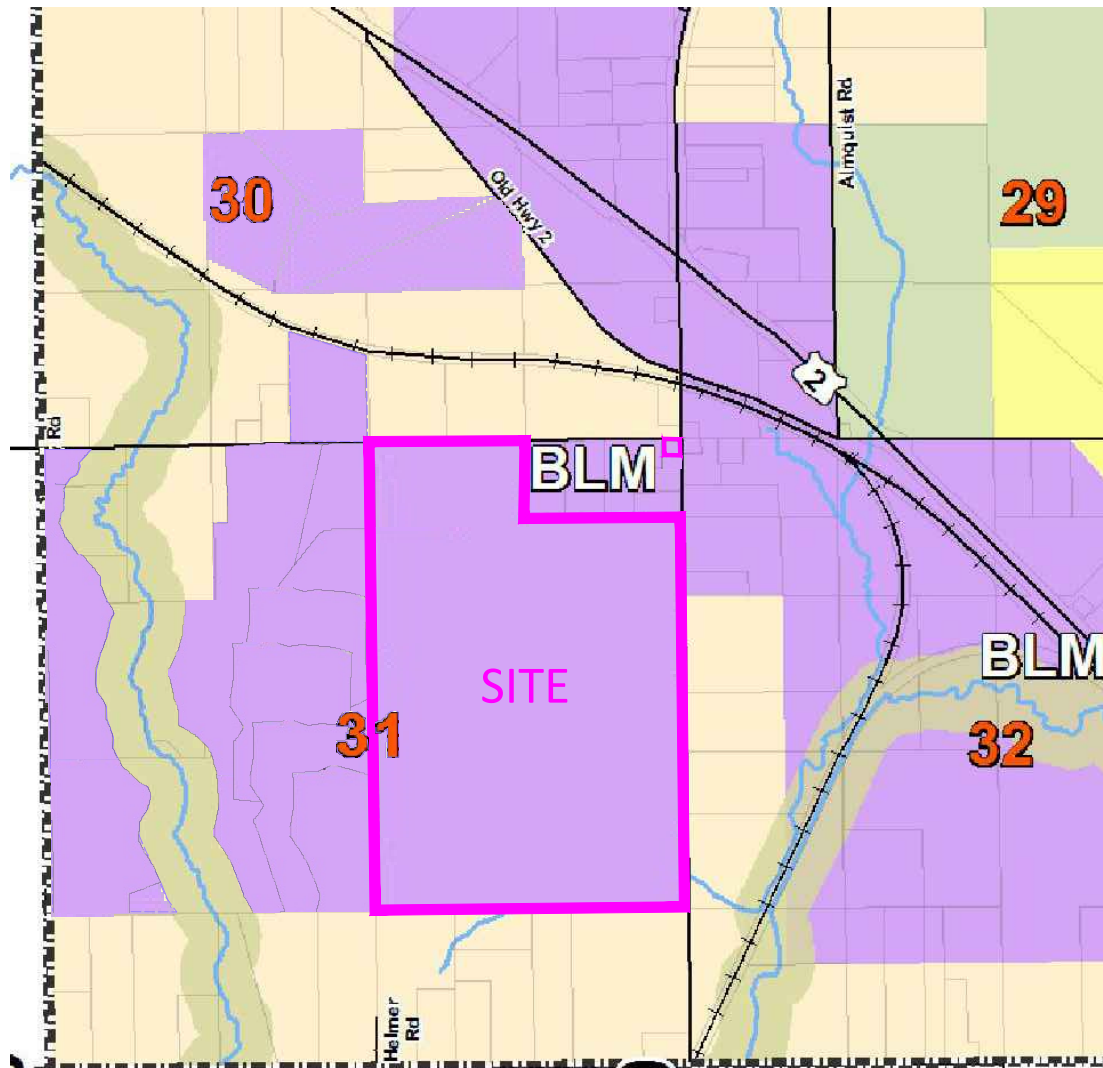
EXISTING ZONING



Hermantown Zoning Districts

	HM-Hermantown Marketplace
	BLM-Business/Light Manufacturing
	C-General Commercial
	C1-Office/Light Industrial
	C1A-Sexually Oriented Uses
	M2-Heavy Industrial
	O-Conservation/Open Space
	P-Public Facilities
	PUD-Planned Unit Development
	R1-Residential
	R3-Residential
	R3a-Multiple Family Dwellings
	S1-Rural/Suburban

PROPOSED ZONING



Hermantown Zoning Districts

	HM-Hermantown Marketplace
	BLM-Business/Light Manufacturing
	C-General Commercial
	C1-Office/Light Industrial
	C1A-Sexually Oriented Uses
	M2-Heavy Industrial
	O-Conservation/Open Space
	P-Public Facilities
	PUD-Planned Unit Development
	R1-Residential
	R3-Residential
	R3a-Multiple Family Dwellings
	S1-Rural/Suburban



CITY COUNCIL MEETING DATE: October 20, 2025

TO: Mayor & City Council

FROM: Alissa McClure, City Clerk

SUBJECT: Ordinance Amending the Fee Schedule

☐ **RESOLUTION:** ☒ **ORDINANCE:** 2025-18 ☐ **OTHER:**

REQUESTED ACTION

Conduct a first reading for the Ordinance amending the Fee Schedule for 2026.

BACKGROUND

Each year, the department heads are asked to review the fees associated with their department. The document following the Ordinance shows in red all of the proposed changes to the Fee Schedule beginning January 1, 2026.

A public hearing will be held on November 3rd with the 2nd reading scheduled for the same date.

SOURCE OF FUNDS (if applicable)

N/A

ATTACHMENTS

Ordinance
Fee Schedule Draft

Ordinance No. 2025-18

The City Council of the City of Hermantown does ordain:

**AN ORDINANCE AMENDING HERMANTOWN CODE OF ORDINANCES
SECTION 270 - FEE SCHEDULE**

Section 1. Amendment of Section 270 - Fee Schedule. Section 270 is hereby amended as follows:

See attached Exhibit A.

The terms and provisions of Section 270 remain in full force and effect except as modified as shown on Exhibit A.

Section 2. Nexus. Pursuant to Minnesota Statutes § 462.353, Subd.4 (2008), as it may be amended from time to time, the City has determined that there is a nexus between the fees and the City's costs and purposes based upon the City's actual costs in providing the services described above. The City's actual costs include employee time for investigative services as well as administrative costs and expenses.

Section 3. Added to Code. The terms and provisions of this ordinance shall be added in the appropriate place in Title 2 of the Hermantown City Code after adoption and becoming effective.

Section 4. Effective Date. The provisions of this Ordinance shall be effective after adoption immediately upon publication once in the official newspaper of the City of Hermantown.

Dated: _____

Mayor

ATTEST:

City Clerk

Adopted: _____

Published: _____

Effective Date: _____

Section 270 - Fee Schedule

2025

2026

DESCRIPTION

Antenna Lease (New or Amendment)	\$1,000.00	\$1,000.00
Assessment Searches		
First Parcel	\$40.00	\$40.00
Additional	\$20.00	\$20.00
AUDIO/VISUAL		
—Audio CD of Meetings	\$15.00	
—Photo CD's	\$15.00	
—Video Tapes/DVD's	\$15.00	
BUILDING DEPARTMENT		
911 Signs		
Installed Signpost	\$75.00	\$75.00
Sign and Bracket Only	\$35.00	\$35.00
Appeals		
Building Code Appeals	\$250.00	\$250.00
Hazardous & Unsafe Structures - Fire Code	\$250.00	\$250.00
Commercial		
Permit Fees are Based On Value (See Schedule B)		
Plan Checking Fee (% of Building Permit Fee)	65%	65%
Demolition		
Single Family Res.	\$0.00	\$0.00
Other	\$100.00	\$100.00
Floodproofing Permit Fee	\$25.00	\$25.00
Inspect Fire sprinkler systems	\$50.00	\$50.00
Inspections after normal business hours	\$65/hr.	\$65/hr.
Repeat Inspection Fee (>2 visits for failure or >2 no-shows for same inspection)	\$65.00	\$65.00
Investigation Fee		
First Infraction - Double Permit		
Residential		
Re-roofing Permit	\$60.00	\$60.00
Re-siding Permit	\$60.00	\$60.00
Window Replacement	\$60.00	\$60.00
Door Replacement	\$60.00	\$60.00
Plumbing Permit - initial	\$60.00	\$60.00
Plus per fixture	\$5.00	\$5.00
Mechanical Permit - initial	\$60.00	\$60.00

Plus per fixture	\$15.00	\$15.00
Replacement	\$60.00	\$60.00
Detached Garage/Accessory Building (less than 1200 sq. ft.)	\$175.00	\$175.00
Mobile/Manufactured -Home Setting Fee	\$600.00	\$600.00
Park Dedication Fee - per bedroom	\$150.00	\$150.00
Deck Replacement (Re deck and rails – no new structure)	\$60.00	\$60.00
Master Plan Checking Fee	65% initial/ 25% thereafter	65% initial/ 25% thereafter
Plan Checking Fee (% of Building Permit Fee)	\$0.65	\$0.65
All Other Permit Fees are Based On Value (Schedule A)		
Special Permit Fees	\$25.00	\$25.00
State Surcharge		
Single fixed fee permit for fees under \$2,010	\$1.00	\$1.00
License and Lead Certification Check	\$5.00	\$5.00

CEMETERY/BURIAL:

Burial		
Non-winter weekday	\$650.00	\$650.00
Non-winter weekend	\$850.00	\$850.00
Winter weekday (Nov 1 - Mar 31)	\$850.00	\$850.00
Winter weekend (Nov 1 - Mar 31)	\$1,300.00	\$1,300.00
Burial of Urn		
New Plot	\$385.00	\$385.00
Shared Plot	\$250.00	\$250.00
Winter - New Plot (Nov 1 - Mar 31)	\$600.00	\$600.00
Winter - Shared Plot (Nov 1 - Mar 31)	\$500.00	\$500.00
Weekend	\$1,100.00	\$1,100.00

CITY CLERK

BUSINESS LICENSE FEES:

Adult Businesses

Application Fee		
New Principal License	\$3,750.00	\$3,750.00
Renewal of Principal License	\$775.00	\$775.00
New Accessory License	\$775.00	\$775.00
Renewal of Accessory License	\$175.00	\$175.00
License Fee		
Principal License	\$1,525.00	\$1,525.00
Accessory License	\$350.00	\$350.00

LIQUOR LICENSE FEES:

3.2% Malt Liquor

On Sale	\$600.00	\$600.00
Late Renewal Fee - Penalty		\$120.00
Off Sale	\$85.00	\$100.00
Late Renewal Fee - Penalty		\$25.00
Temporary - per day	\$65.00	\$75.00
Transfer - On Sale	\$120.00	\$150.00
Transfer - Off Sale	\$65.00	\$75.00
Intoxicating Liquor		
On Sale	\$3,700.00	\$3,700.00
Late Renewal Fee - Penalty		\$750.00
Off Sale	\$175.00	\$250.00
Late Renewal Fee - Penalty		\$50.00
Temporary - per day	\$275.00	\$275.00
Transfer/On Sale	\$175.00	\$175.00
Transfer/Off Sale	\$150.00	\$150.00
Investigation Fee (Police)	\$225.00	\$250.00
Wine		
Only Wine	\$875.00	\$900.00
Late Renewal Fee - Penalty		\$180.00
With Hard Beer	\$1,250.00	\$1,300.00
Late Renewal Fee - Penalty		\$260.00
Temporary - per day	\$125.00	\$150.00
Transfer	\$125.00	\$125.00
Sunday License	\$200.00	\$200.00
Charities Temporary Service Area	\$120.00	\$120.00
Club License		
Under 200 members	\$325.00	\$300.00
201-500 members	\$535.00	\$500.00
501-1000 members	\$700.00	\$650.00
1001-2000 members	\$850.00	\$800.00
2001-4000 members	\$1,075.00	\$1,000.00
4001-6000 members	\$2,150.00	\$2,000.00
Over 6000 members	\$3,250.00	\$3,000.00
Dance Permit	\$550.00	\$550.00
Summerfest Temporary Service Area	\$275.00	\$275.00
Temporary Service Area Expansion	\$275.00	\$275.00
Deposit for Temporary Service Area Expansion	\$275.00	\$300.00
CANNABIS RETAIL ESTABLISHMENT:		
Cannabis Registration Fee (Initial)		
Cannabis Microbusiness	\$0.00	\$0.00

Cannabis Mezzobusiness	\$500.00	\$500.00
Cannabis Retailer	\$500.00	\$500.00
Cannabis Registration Fee (Renewal)		
Cannabis Microbusiness	\$1,000.00	\$1,000.00
Cannabis Mezzobusiness	\$1,000.00	\$1,000.00
Cannabis Retailer	\$1,000.00	\$1,000.00
Cannabis Retail Registration Violation Fee	\$2,000.00	\$2,000.00
Temporary Cannabis Events Registration Fee	\$400.00	\$400.00

OTHER LICENSE FEES:

Pawn Shop	\$4,000.00	\$4,000.00
Transaction Fee (\$25,000 Bond Required)	\$6.00	\$6.00
Investigation Fee	\$660.00	\$660.00
Massage Establishment	\$185.00	\$200.00
Investigation Fee	\$35.00	\$35.00
Late Renewal Fee - Penalty		\$50.00
Massage Therapist	\$60.00	\$65.00
Investigation Fee	\$35.00	\$35.00
Late Renewal Fee - Penalty		\$25.00
Tobacco License	\$350.00	\$365.00
Investigation Fee	\$35.00	\$35.00
Late Renewal Fee - Penalty		\$80.00
Candidate Filing Fee for City Council	\$10.00	\$10.00

COPIES, DOCUMENTS, FAXES, MAPS:

Data Practice Request		
Inspection Only		\$0.00
0-40 pages (electronic or paper)	\$0.00	\$0.00
41-100 pages (electronic or paper)	\$0.25	0.25 per page
Pages 101 and more		Actual Cost + \$500 deposit
11 x 17 - 1st Page	\$2.00	\$2.00
- Add'l	\$1.00	\$1.00
Other Requests		
8 1/2 x 11 - 1st Page	\$1.00	\$1.00
- Add'l	\$0.00	\$0.00
8 1/2 x 14 - 1st Page	\$1.00	\$1.00
- Add'l	\$0.00	\$0.00
11 x 17 - 1st Page	\$2.00	\$2.00
- Add'l	\$1.00	\$1.00
Larger than 11 x 17	\$10.00	\$10.00

Photo - per page	\$4.00	\$4.00
Faxes		
Local - 1st Page	\$2.00	\$2.00
- Add'l	\$0.00	\$0.00
Long Dist.- 1st Page	\$3.00	\$3.00
- Add'l	\$0.00	\$0.00
Maps		
Address	\$1.00	\$1.00
11 x 17	\$10.00	\$10.00
20 x 30	\$10.00	\$10.00
24 x 36	\$45.00	\$45.00
<u>OTHER FEES:</u>		
Foot and Bicycle Races	\$30.00	\$50.00
Gambling Investigation Fee	\$150.00	\$150.00
Non-Sufficient Funds (NSF) Charge	\$35.00	\$30.00
Recording Fee	\$75.00	\$75.00
<u>PARKS DEPARTMENT</u>		
Hermantown Community Park (Passive Park)		
Resident	\$25.00	\$25.00
Non-Resident	\$75.00	\$75.00
<u>PLANNING & ZONING DEPARTMENT</u>		
Administrative Appeal	\$200.00	\$200.00
Alternative Energy Systems Permit	\$30.00	\$30.00
Tax Increment Financing (TIF)		\$2,000.00
Minimum Escrow		\$5,000.00
Tax Abatement Financing (TAF)		\$500.00
Environmental Assessment Worksheet - Discretionary		No Fee
Environmental Assessment Worksheet - Mandatory		\$2,400.00
Environmental Impact Statement		\$6,500.00
Alternative Urban Areawide Review		10% of AUAR Cost
Christmas Tree Permit	\$100.00	\$100.00
(\$25 refund after Season)		
Com'l Industrial Development Permit		
With Development Agreement*	\$700.00	\$700.00
Without Development Agreement	\$450.00	\$450.00
Zoning Certificate in lieu of CIDP	\$375.00	\$400.00
* Plus, Professional Fees		

Dog Exception Permit	\$200.00	\$200.00
Driveway Access		
Permit (Plus \$250 Deposit)	\$125.00	\$125.00
Erosion & Sediment Control		
Multi-Family/Com'l/Industrial	\$275.00	\$300.00
Single Family Residential	\$150.00	\$150.00
Utility - Per lineal foot disturbed	\$0.13	\$0.13
Minimum	\$250.00	\$250.00
Park Fee		
Single Family, Two Family, Three Family Residential Parcel	\$1,100.00	\$1,100.00
Multi-family, 2+bedroom units	\$800.00	\$800.00
Multi-family, 1 bedroom and studio	\$400.00	\$400.00
Commercial and Industrial	\$1,100 per acre	\$1,100 per acre
Planned Unit Development	Proportional to Mix of Development	Proportional to Mix of Development
Fence Permit		
If Building Permit Not Needed	\$40.00	\$40.00
Fireworks Permit		
Established Retail	\$100.00	\$100.00
Temporary Structure	\$350.00	\$350.00
Land Alternation Permits (Fill)		
Flat Fee Multi-Family/Com'l/Industrial	\$150.00	\$275.00
Single Family Residential		\$150.00
Refundable Deposit	\$500.00	\$500.00
Mobile Home Park Approval Fee *	\$450.00	\$450.00
*Plus Professional Fees		
Non-Conforming Use Permit & Fee Application		
Single Family	\$150.00	\$150.00
Commercial	\$400.00	\$400.00
Ordinance		
Amendment	\$375.00	\$400.00
Interpretation	\$185.00	\$200.00
Parcel Split Review Fee		
Fee per Split Reviewed	\$350.00	\$350.00
Planned Unit Development Approval*		
PUD Fee	\$700.00	\$700.00
*Plus, Professional Fee		
PUD Amendment	\$350.00	\$350.00
Recording Fee	\$100.00	\$100.00
Rezoning Application Fee	\$400.00	\$400.00
Sign Permits		

Temporary (Class G)	\$20.00	\$20.00
Com'l (Class C-Other up to 25 ft.)	\$75.00	\$75.00
Com'l (Class C-Other over 25 ft.)	\$110.00	\$110.00
Com'l (Class C-Free Standing)	\$110.00	\$110.00
Billboards (Class D)	\$500.00	\$500.00
Special Use Permit *		
New	\$450.00	\$450.00
Renewal	\$350.00	\$350.00
Amendment	\$350.00	\$350.00
*Plus, professional fees		
Stormwater*		
New application	\$450.00	\$450.00
Recording fee	\$75.00	\$75.00
*Plus, professional fees		
Concept Plan Review***		
*** Includes professional fees		
Subdivision Plan Approval		
- Preliminary	\$400.00	\$400.00
- Final	\$350.00	\$350.00
- Combined process	\$700.00	\$700.00
Vacation Fee (easement)	\$235.00	\$235.00
Variance Application Fee	\$350.00	\$350.00
Wetland Permits *		
Deminimus Exemption	\$250.00	\$275.00
Delineation	\$200.00	\$225.00
No Loss Determination	\$250.00	\$275.00
Replacement Plans		
-Individual/Single Family	\$350.00	\$350.00
-Subdivisions/Com'l/Multi Family	\$750.00	\$750.00
*Plus Professional Fees		
Wetland Impact Fee		
Per sq. ft. x Mitigation Ratio	\$0.15	\$0.15
Zoning Verification Letter	\$30.00	\$30.00
Zoning Certificate Fee	\$40.00	\$40.00
Hermantown Marketplace Zoning Certificate	\$250.00	\$250.00
Zoning Maps (GIS Maps) Plotted		
11 x 17	\$10.00	\$10.00
24 x 36	\$45.00	\$45.00
Color map	\$30.00	\$30.00

POLICE DEPARTMENT

Animal Licenses (Dog & Cat)	\$15.00	\$15.00
Lifetime Permit	\$50.00	\$50.00
Lifetime Animal Transfer Fee	\$5.00	\$5.00
Duplicate Tag Fee	\$5.00	\$5.00
Animal Licenses at City Impound Facility	\$17.00	\$17.00
Dangerous Animal	\$500.00	\$500.00
Archery (Bow Hunting)		
Resident Permit	\$10.00	\$20.00
Non-Resident Permit	\$35.00	\$40.00
Fingerprinting	\$30.00	\$40.00
Police Services		
Officer for School Events Beyond Contract (per unit per hour)	\$75.00	\$80.00
Officer for Special Events (Per unit per hour)	\$90.00	\$100.00
Training Center Rental - Resident		
During Working Hours (8:00 am - 4:30 pm)	No Charge - One Rental Per Month	
Training Center Rental - Non Resident		
During Working Hours (8:00 am - 4:30 pm)	\$190.00	\$200.00
After Hours (After 4:30)	\$245.00	\$250.00
Add: Saturday Rental	\$120.00	\$125.00
Vehicle Storage/Impound (per day)	\$30.00	\$30.00

UTILITIES DEPARTMENT (WATER/SEWER)

Delinquent Utility Property Tax Certification Admin Fee	\$100.00	\$150.00
Assessment Construction Project Admin. Fee	4%	4%
Fats, Oil, Grease (FOG Program)		
Sewer Service Surcharge	\$100 Monthly	\$100 Monthly
Late Payment Fee (penalty on current balance due)	10%	10%
Return Check Fee	\$35.00	\$30.00
Unpolluted Water Surcharge (monthly)	\$100.00	\$100.00
Water Filling Station (per 1008 gallons)	\$15.00	\$15.68
<u>Water Rates: (per 1,000 gallons)</u>		
Residential Tier 1 (up to 2,500 gallons)	\$9.87	\$10.31
Residential Tier 2 (between 2,501-4,500 gallons)	\$11.35	\$11.86
Residential Tier 3 (over 4,501 gallons)	\$12.48	\$13.04
<u>Multi Family</u>		
Multi-Family Tier 1 (all usage)	\$11.35	\$11.86
Multi-Family Tier 2 (all usage)	\$11.35	\$11.86
Multi-Family Tier 3 (all usage)	\$11.35	\$11.86
<u>Commercial</u>		
Tier 1 (up to 20,000 gallons)	\$10.20	\$10.66

Tier 2 (between 20,001-50,000 gallons)	\$10.72	\$11.20
Tier 3 (over 50,001 gallons)	\$11.78	\$12.31
<u>Irrigation</u>		
Tier 1 (all usage)	\$12.48	\$13.04
Tier 1 (all usage)	\$12.48	\$13.04
Tier 3 (all usage)	\$12.48	\$13.04
State of MN Water testing fee - Annual Bill	\$9.72	\$15.22 Per State of MN
Temporary Meter Rental (Construction & Hydrant)	\$150 per season	\$150 per season
Water Infrastructure Fee	\$7.50/month	\$7.50/month
<u>Service charges - billed monthly</u>		
5/8" to 1" meter	\$10.88	\$11.37
1 1/4" meter	\$16.33	\$17.06
1 1/2" meter	\$16.33	\$17.06
2" meter	\$40.81	\$42.65
3" meter	\$47.60	\$49.74
4" meter	\$61.21	\$63.96
6" meter	\$88.41	\$92.39
<u>On/Off Fees</u>		
Snowbirds	\$25.00	\$25.00
Reconnection for delinquent accounts	\$75.00	\$75.00
<u>Water Hookups</u>		
Residential (Includes 3/4" or 1" Iperl Meter)	\$850.00	\$850.00
Irrigation Meter (Includes 3/4" or 1" Iperl Meter)	\$850.00	\$850.00
Commercial (Includes 3/4 or 1" meter, larger meter will have additional charges)	\$1,400 + tax	\$1,400 + tax
Water Availability Charge (unless Resolution stipulates otherwise)	\$2,500.00	\$2,500.00
<u>Sewer Rates: (per 1,000 gallons)</u>		
Residential (all usage)	\$11.09	\$11.31
Multi-Family (all usage)	\$11.09	\$11.31
Commercial (all usage)	\$11.09	\$11.31
Flat Rate Tier 2 – Residential	\$39.61	\$40.40
Flat Rate Tier 3 – Commercial	\$49.91	\$50.91
Service charge – monthly	\$3.54	\$3.61
Minimum-sewer-charges		
Service charge	\$3.54	
<u>Sewer Hookup</u>		
Residential (includes duplex)	\$850.00	\$850.00
Permit	\$85.00	\$85.00
Commercial	\$2,200.00	\$2,200.00
Permit	\$85.00	\$85.00
Stool Fee \$50 per toilet - max 50 toilets	\$50.00	\$50.00
Sewer Availability Charge (unless Resolution stipulates otherwise)	\$5,000.00	\$5,000.00

WLSSD CAF - Capacity Availability Fee For Single Family (contact WLSSD for fee determination of commercial buildings)	\$940.00	\$940.00
<u>Stormwater Rates:</u>		
Equivalent Rate Unit (ERU)	\$8.57/ERU	\$8.87/ERU
<u>Excavating</u>		
Excavating Contractor's License (per calendar year)	\$200.00	\$250.00
Utility Permit (not in ROW)	\$50.00	\$50.00
Excavating Permit for Private Person	\$50.00	\$50.00
Right-of-Way (ROW) Rates		
Access Permit-Temporary	\$150.00	\$150.00
Delay Penalty- Right of Way Minn. Rule 7819.1000 subp. 3	\$200/day	\$200/day
In Ditch/Boulevard Excavation Permit per opening	\$200.00	\$200.00
In Pavement Excavation Permit per opening (includes curb alterations)	\$400.00	\$400.00
Obstruction permit-Temporary (includes use of parking lane, signs, sidewalk, driving lane, alley)	\$100.00	\$100.00
Utility Repair per location Underground Utility 0-100 Feet	\$250+ \$1.50/ft	\$250+ \$1.50/ft
Utility Repair per location Underground Utility over 100 Feet	\$400+ \$1.00/ft	\$400+ \$1.00/ft

Resolution No. 2025-155

Resolution Authorizing The City Of Hermantown To Provide Municipal Consent To The Minnesota Department Of Transportation For The State Project 6908-68 On Trunk Highway 2 Improvements

WHEREAS, the Commissioner of Transportation has prepared a final layout for State Project 6908-68 on Trunk Highway 2, from R.P. 246+00.929 to 255+00.072 within the City of Hermantown for pavement improvements; and seeks the approval thereof, as described in Minnesota Statutes 161.162 to 161.167; and

WHEREAS, Trunk Highway 2 is a major arterial and regionally significant highway within the Duluth metropolitan area that connects and serves thousands of vehicles daily in Hermantown; and

WHEREAS, said final layout is on file in the District 1 Minnesota Department of Transportation office, Duluth, Minnesota, being marked as Layout No. 1, S.P. 6908-68, from R.P. 246+00.929 to 255+00.072; and.

THEREFORE, BE IT RESOLVED, that the CITY OF HERMANTOWN recognizes Trunk Highway 2 as a regionally significant highway for Hermantown.

NOW, THEREFORE, BE IT RESOLVED that the City Council waives the municipal consent approval action, described in Minnesota Statutes 161.162 to 161.167, of the final layout for SP 6908-68 for the improvement of said and Trunk Highway 2 within the corporate limits.

Councilor _____ introduced the foregoing resolution and moved its adoption.

The motion for the adoption of such resolution was seconded by Councilor _____ and, upon a vote being taken thereon, the following voted in favor thereof:

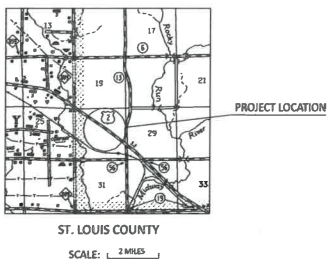
Councilors _____

and the following voted in opposition thereto:

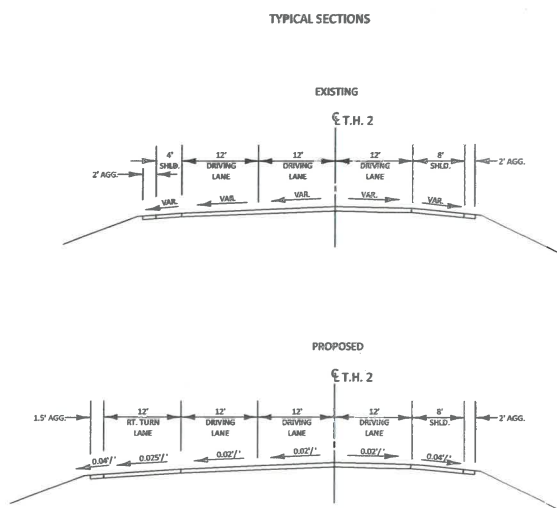
Councilors _____

WHEREUPON, such resolution was declared duly passed and adopted October 20, 2025.

Level 2 LAYOUT APPROVAL

[illegible]

LAYOUT HISTORY
REMOVE THE TWO ENTRANCES AND CONSTRUCT A NEW ENTRANCE WITH A RIGHT TURN LANE FOR THE FROST & HEAT INSULATORS PROPERTY.





CITY COUNCIL MEETING DATE: October 20, 2025

TO: Mayor & City Council

FROM: John Mulder, City Administrator

SUBJECT: Memorandum of Understanding - Recruitment Incentive LELS

☒ **RESOLUTION:** 2025-156 ☐ **ORDINANCE:** ☐ **OTHER:**

REQUESTED ACTION

Approve Memorandum of Understanding regarding recruitment incentives for licensed peace officers hired after June 1, 2025.

BACKGROUND

Following the discussion with the City Council in closed session, the attached memorandum of understanding was presented to the Law Enforcement Labor Services Union Local 41 for their consideration. As of noon, on Wednesday October 15th, I am waiting for their response.

SOURCE OF FUNDS (if applicable)

Funding: General Fund

ATTACHMENTS

Resolution
Memorandum of Understanding

Resolution No. 2025-156

Resolution Approving Memorandum Of Understanding (MOU) And Authorizing And Directing Mayor And City Clerk To Execute And Deliver MOU With Law Enforcement Labor Services Local 47 (“LELS”)

WHEREAS, the City of Hermantown faces challenges to recruit licensed peace officers;
and

WHEREAS, recruiting quality officers is so critical to public safety, the Hermantown City Council has approved these expenditures as serving a public purpose and providing a benefit to the community at large.

NOW THEREFORE BE IT RESOLVED, by the City Council of the City of Hermantown, Minnesota, as follows:

1. The City Council approves the Memorandum of Understanding for Recruitment Incentives dated June 1, 2025 as attached as Exhibit A and authorizes the Mayor and City Clerk to Execute and Deliver Memorandum of Understanding for Recruitment and Retention Incentives.

Councilor _____ introduced the foregoing resolution and moved its adoption.

The motion for the adoption of such resolution was seconded by Councilor _____ and upon a vote being taken thereon, the following voted in favor thereof:

Councilors _____

and the following voted in opposition thereto:

Councilors _____

WHEREUPON, such resolution was declared duly passed and adopted October 20, 2025.

EXHIBIT A

RECRUITMENT AND RETENTION INCENTIVES
Memorandum of Understanding
Between City of Hermantown
And
Police Management Employees
Law Enforcement Labor Service, Inc — Local #47

Background

The City of Hermantown Police Department (HPD) faces challenges to recruit licensed peace officers. While these challenges are not unique to HPD, in an effort to address these issues, the City of Hermantown ("City") has agreed to the following one-time incentive program.

The parties wish to expand recruitment of employees hired through the Lateral Entry Hiring Process by considering an employee's service in other law enforcement agencies towards starting pay and vacation accrual rates.

Effective Dates

All incentives described below are effective June 1, 2025 through December 31, 2026 and will apply only to those employees hired within the effective dates. This *Memorandum of Understanding (MOU)* will not be used as evidence of any past practice or precedent with respect to future benefits or retention incentive pay to Members. This MOU provides no guarantees that the City will agree to similar incentives after the expiration of this MOU.

Recruitment Incentive Payments

The City will issue an Incentive Payment in the amount of \$2,000 to all newly hired licensed peace officers who:

- Successfully complete the Field Training Officer (FTO) program, as set forth by the Hermantown Police Department, certifying them for solo patrol officer status. This payment will be made on the pay period following completion of the FTO program.

The City will issue a second Incentive Payment in the amount of \$2,000 to all newly hired licensed peace officers who:

- Successfully complete their probationary status, as set forth by the Hermantown Police Department. This payment will be made on the pay period following completion of the officer's probationary period.

If the employee resigns or is released from employment prior to any of the dates for payments, the employee shall not receive any Incentive Payments due after the employee's resignation or termination date.

Employees who are the subject of an internal affairs investigation are eligible for an Incentive Payment at the conclusion of the investigation provided they meet all the requirements in paragraphs 1 through 2.

Employees on a leave of absence, whether paid or unpaid, are eligible for an Incentive Payment upon return to work provided they meet all the requirements in paragraphs 1 through 2.

All incentive payment amounts must be re-paid in full to the City in the event a licensed peace officer's employment ends, voluntarily or involuntarily, within one (1) year of the date of payment.

Placement on Salary Grid

Effective July 1, 2022 for employees hired as a Lateral Entry Police Officer, Employer shall have the authority to include the Laterally hired Police Officer's prior service time as a sworn law enforcement officer, working full time for another agency, into their length of employment for the purposes of placement on the pay scale in Appendix C.

Vacation

Effective July 1, 2022 for employees hired as a Lateral Entry Police Officer, the Employer shall have the authority to include the Laterally hired Police Officer's prior service time as a sworn law enforcement officer, working full time for another agency, into their length of employment for the purposes of placement on the vacation accrual schedule pursuant to Article 23 section 1.

Employees hired within the effective dates will be given 80 hours of vacation upon completion of FTO

Sick leave

Employees hired within the effective dates will be given sick leave based on the following tiers and eligibility rules:

Tier Structure

- Tier 1: All new non lateral hires would be provided 40 hours of sick leave upon date of hire
- Tier 2: All new lateral hires would be provided 80 hours total (40 hours upon date of hire and 40 hours at FTO completion).
- Tier 3: All new lateral hires with at least 5 years sworn service AND a documented prior sick-leave bank of 120 hours would be provided a total of 120 hours of sick leave (80 at hire and 40 at 12 months).

Eligibility & Documentation

- For Tier 2/3, require verification of prior sick-leave bank and years of service (e.g., HR letter or final pay stub).

Caps, Separation & Payout Safeguards

- Per-hire cap: 120 hours.

- 1) Eligibility. Available to lateral police officer hires transferring from another law-enforcement employer. For Tier 2/3, the hire must provide verification of prior sick-leave bank and years of service.
- 2) Usage & Administration. Hours may be used for illness/safe-time purposes consistent with ESST and City policy. Any credited hours beyond 80 are City sick leave and follow ESST usage/notice rules.
- 4) Payout & Separation. Hours have no cash value, are not paid at year-end, and are not paid out upon separation unless otherwise eligible under the contract.
- 5) Amendments. The City may amend, suspend, or terminate this policy prospectively; nothing herein creates a contract for continued employment.

Employee Referral Bonus Policy (Police Hiring)

Purpose

Encourage employees to refer high-quality candidates for sworn police officer positions and reduce time-to-hire.

Eligibility

All City employees except HR staff, background investigators, command staff/appointing authorities, or anyone in the direct supervisory chain of the hire.

The applicant must list the referrer on the initial application to be eligible.

One referral bonus per hire; unlimited referrals permitted.

Bonus Amounts & Milestones

Referral bonus: \$ 500 total.

Payout schedule: 25% at swearing-in; 25% at FTO completion; 50% at 12 months.

Bonuses are subject to applicable taxes and withholdings.

Program Cap & Administration

HR maintains tracking; Finance processes payouts per milestones.

Fraud/misconduct voids eligibility. HR decisions are final.

Acknowledgment

Employees must sign acknowledgment of these terms before eligibility.

Dated this _____ of September,

City of Hermantown

**Law Enforcement Labor Services,
Inc – Local #47**

Wayne Boucher, Mayor

Tim Gannon, Business Agent

City of Hermantown

**Law Enforcement Labor Services,
Inc – Local #47**

Alissa Wentzlaff, City Clerk

Jeffrey Dwyer, Union Steward

CITY COUNCIL MEETING DATE: October 20, 2025

TO: Mayor & City Council

FROM: Jim Crace, Director of Public Safety

SUBJECT: Tactical Response Team

☒ **RESOLUTION:** 2025-157 ☐ **ORDINANCE:** ☐ **OTHER:**

REQUESTED ACTION

Approve an interagency agreement with the City of Duluth Police Department for participation in a regional Tactical Response Team (TRT).

BACKGROUND

The Hermantown Police Department is requesting City Council approval to participate in a joint Tactical Response Team in partnership with the Duluth Police Department. This partnership represents an important step forward in enhancing public safety and regional cooperation.

Participation in a joint team will provide the City of Hermantown with access to significantly increased tactical response capabilities during critical incidents and high-risk situations. Events such as armed barricades, active shooter incidents, or the service of high-risk warrants require specialized training, equipment, and coordination that exceed the capacity of most small to mid-sized agencies. By joining forces with the Duluth Police Department, Hermantown will gain immediate access to these advanced resources and expertise, ensuring a faster and more effective response when the safety of our community is at stake.

Interagency cooperation also strengthens relationships and communication between departments across our region. This collaboration fosters consistency in tactics, command structure, and operational procedures during multi-jurisdictional incidents, leading to smoother coordination and improved outcomes when seconds matter most.

In addition, participation in this joint team will provide valuable training and development opportunities for Hermantown officers. Two members of the Hermantown Police Department will receive enhanced tactical training through their assignment to the team. These officers will bring this knowledge and skill back to the department, where it can be shared with fellow officers through ongoing in-service training and scenario-based exercises. This “train-the-trainer” approach will elevate the overall readiness and professionalism of our entire agency.

In summary, joining the Duluth Police Department’s Tactical Response Team will:

- Strengthen interagency cooperation and regional partnerships.
- Increase the City’s ability to respond effectively to critical and high-risk incidents.
- Enhance officer training and preparedness through advanced instruction and knowledge sharing.

Working together to serve and build our community.

- Provide a cost-effective way to ensure Hermantown has access to specialized resources without the burden of maintaining a standalone tactical unit.

SOURCE OF FUNDS (if applicable)

General Fund

ATTACHMENTS

Resolution
Regional TRT Agreement

Resolution No. 2025-157

Resolution Authorizing Mayor And City Clerk To Execute A Ten-Year Multi-Jurisdictional Agreement Between The City Of Hermantown And The City Of Duluth To Create A Regional Tactical Response Team

WHEREAS, under Minnesota Statutes § 471.59, the City of Hermantown and the City of Duluth are authorized to enter into agreements to cooperatively exercise their powers; and

WHEREAS, the City of Hermantown desires to participate as an affiliate member of a multi-jurisdictional Duluth Police Department Regional Tactical Response Team (“Team”) to enable a collaborative response to high-risk and critical incidents; and

WHEREAS, the purpose of this agreement is to provide a coordinated, tactical response through enhanced use of personnel, equipment, funds, and training, thereby increasing officer and community safety in critical incident situations; and

WHEREAS, the parties agree to appoint liaisons, plan and dedicate resources for specialized training, co-respond to critical incidents, utilize current technology and equipment, and follow proper procedures to increase effectiveness and safety during joint operations; and

WHEREAS, it is in the best interest of both communities to enter into this ten-year agreement to formalize the partnership and outline shared responsibilities and operational standards;

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Hermantown, that the Mayor and City Clerk are hereby authorized to execute a ten-year multi-jurisdictional agreement, substantially in the form attached hereto as Exhibit A, between the City of Hermantown and the City of Duluth to create a Regional Tactical Response Team.

Councilor _____ introduced the foregoing resolution and moved its adoption.

The motion for the adoption of such resolution was seconded by Councilor _____ and, upon a vote being taken thereon, the following voted in favor thereof:

Councilors _____

and the following voted in opposition thereto:

Councilors _____

WHEREUPON, such resolution has been duly passed and adopted October 20, 2025.

EXHIBIT A

**DULUTH POLICE DEPARTMENT REGIONAL TACTICAL RESPONSE
TEAM MULTI-JURISDICTIONAL AGREEMENT
BETWEEN THE CITY OF HERMANTOWN AND THE CITY OF DULUTH**

THIS MULTI-JURISDICTIONAL AGREEMENT (“Agreement”) is by and between the **City of Hermantown**, a Minnesota statutory city, (“HPD”) and the **City of Duluth**, a Minnesota political subdivision and charter city acting through its Police Department (“DPD”) and collectively referred to as the “Parties”.

1. **Purpose.** Under Minnesota Statutes §471.59, HPD and DPD are empowered to engage in agreements that are necessary to exercise their powers. The Parties wish to create a multi-jurisdictional Duluth Police Department Regional Tactical Response Team (“Team”) that will enable the Parties to collaboratively respond to high-risk situations and critical incidents, thereby increasing officer and community safety. The Hermantown Police Department wants to participate as an affiliate member. Members of the Team will receive specialized training and operate under the terms of this Agreement.

2. **Justification.** The Parties recognize the need for a prompt, effective and coordinated response to critical incidents, including those involving violent criminal activity, to preserve and protect public safety and manage risk. These critical incidents, including armed confrontations, barricaded subjects, hostage-taking incidents and high-risk arrests and search warrants, require a response from police officers that have received specialized tactical training and equipment. A multi-jurisdictional team can better address the challenging and rapidly changing circumstances inherent in these critical incidents by combining personnel and equipment in conjunction with specialized and coordinated training among the team members. The Parties recognize this regional approach will provide a coordinated and more rapid response to these critical incidents utilizing best practices and resulting in improved services to the citizens as well as increased safety for the public and officers involved.

3. **Objectives.** The Team objective will be able to provide a coordinated, capable and tactical response through enhanced use of personnel, equipment, funds and training. The Team will respond as requested by the participating parties and provide a coordinated response in conjunction with the members of the local police department making the request.

4. **Standards.** The Parties agree to adhere to the standards identified below.

- 4.1 Assign a point of contact to act as liaison.
- 4.2. Assist with planning and dedicating resources, as appropriate, to specialized training for the Team members.
- 4.3. Co-respond to critical incidents upon request of a Party.
- 4.4. Utilize, as appropriate, the most current technologies and equipment.
- 4.5 Follow appropriate state or federal laws in obtaining and executing search and arrest warrants.
- 4.6. Follow proper legal procedures in securing evidence, including electronic devices.

4.7. Maintain records of enforcement activities in accordance with the law and applicable policies.

5. **Workers' Compensation.** Each Party shall be responsible for injuries or death of its own personnel. Each Party will maintain workers' compensation insurance or self-insurance coverage, covering its own personnel while they are providing assistance pursuant to this Agreement. Each Party waives the right to sue any other Party for any workers' compensation benefits paid to its own employees or volunteer or their dependents, even if the injuries were caused wholly or partially by the negligence of any other Party or its officers, employees, or volunteers.

6. **Damage to Equipment.** Each Party shall be responsible for damages to or loss of its own equipment. Each Party waives the right to sue any other Party for any damages to or loss of its equipment, even if the damage or losses were caused wholly or partially by the negligence of any other Party or its officers, employees, or volunteers.

7. **Liability.** The Parties agree that each Party will be responsible for its own acts and the results thereof to the extent authorized by law and shall not be responsible for the acts of any others and the results thereof. Each Party's liability shall be governed by the provisions of the Minnesota Tort Claims Act (Minn. Stat. Ch 466), and other applicable law.

8. **Governance.** The operations of the Team will be governed by the operational guidelines approved by the Chiefs of Police of the Parties. Ultimate command and control of any response will remain with the Duluth Chief of Police or designee.

9. **Assignment of Officers.** Each Party will select its own team members. All wage and disability payments, retirement, workers' compensation claims, medical expenses or other employment benefits for the Team members performed pursuant to this Agreement will be the responsibility of the employing Party.

10. **Duration.** This Agreement will be in force for a period of ten (10) years from the date of execution. Any Party may withdraw from this Agreement upon ninety (90) days written notice to the other Party or Parties to the Agreement.

11. **Government Data Practices.** The Parties agree to comply with the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13, and other applicable law, as it applies to all data created, collected, received, stored, used, maintained, or disseminated by the Parties to this Agreement.

12. **Execution.** Each Party hereto has read, agreed to and executed this Agreement on the date indicated.

[SIGNATURES APPEAR ON NEXT PAGE]

HPD:

City of Hermantown

By _____
Its Mayor

And by: _____
Its City Clerk

Dated: _____

DPD:

City of Duluth

By _____
Its Mayor (City Administrator per delegated authority)

And by _____
Its City Clerk

Date: _____

Countersigned:

By: _____
Its City Auditor

Approved as to form:

By _____
Its City Attorney

CITY COUNCIL MEETING DATE: October 20, 2025

TO: Mayor & City Council

FROM: Chad Ronchetti, Economic Development Director

SUBJECT: Application to the Minnesota Department of Employment and Economic Development for a Contamination Clean-up and Investigation Grant for Fox Ridge at the Pillars

☒ **RESOLUTION:** 2025-158 ☐ **ORDINANCE:** ☐ **OTHER:**

REQUESTED ACTION

Adopt the resolution approving the application to DEED for the Contamination Clean-up Grant.

BACKGROUND

Oppidan Investment Company DBA KTJ 360 is the property owner associated with the 10-acre property located at, which was developed with the 110 unit Pillars of Hermantown facility on it. On July 7th, 2025, 4110 Lavaque Rd (PID 395-0010-04120) City Council approved a Planned Unit Development for a second phase of the project which contains 10 townhome buildings (20 units total) located along the west and south portion of the property. The project has begun construction.

The site of the project contained contamination where remnants of a former concrete foundation were discovered and exceeded the MPCA limit for residential sites. Additionally, soil vapors were determined to be above residential limits.

While the project has already begun construction, and contamination clean-up remediation is underway, the cleanup represents a significant and unanticipated cost burden to the project. Rising construction and financing costs—combined with the need to complete earthwork before winter—necessitated proceeding prior to the DEED grant round. Although cleanup was essential for project continuation, the higher-than-expected contamination costs required reallocation of funds from other improvements. Grant funding would substantially offset these cleanup expenses, enabling additional investment in enhancing the quality of life and amenities for future senior residents.

Because only cities, counties, federally recognized Tribe, housing and redevelopment authorities (HRAs), economic development authorities (EDAs), and port authorities are eligible; the City of Hermantown will the applicant and fiscal agent for the grant, should it be awarded. Applications are due November 1st, 2025. The cost of the clean-up was \$194,120.08, and the grant – if awarded – will fund 75% of the clean-up cost. Oppidan has committed to paying the remaining 25%, which has already been expended.

SOURCE OF FUNDS (if applicable)

N/A

ATTACHMENTS

Resolution
Draft Fox Ridge at the Pillars DEED Application

Resolution No. 2025-158

**Resolution Approving DEED Contamination Clean-Up And Investigation Grant
Application**

WHEREAS, the City of Hermantown has approved the Contamination Cleanup grant application submitted to the Department of Employment and Economic Development (DEED) on November 1, 2025, by the City of Hermantown for the Fox Ridge at the Pillars. and

WHEREAS, the City of Hermantown act as the legal sponsor for project(s) contained in the Contamination Cleanup Grant Program to be submitted on November 1, 2025, and that the City Administrator is authorized to apply to the Department of Employment and Economic Development for funding of this project on behalf of the City of Hermantown; and

WHEREAS, that the City of Hermantown has the legal authority to apply for financial assistance, and the institutional, managerial and financial capability to ensure adequate project administration.

WHEREAS, that the sources and amounts of the local match identified in the application are committed to the project identified.

WHEREAS, the City of Hermantown has not violated any Federal, State or local laws pertaining to fraud, bribery, graft, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice.

WHEREAS, that upon approval of its application by the state, the City of Hermantown may enter into an agreement with the State of Minnesota for the above- referenced project(s) and that the City of Hermantown certifies that it will comply with all applicable laws and regulations as stated in all contract agreements.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Hermantown, Minnesota, as follows:

1. That the Mayor and City Clerk are hereby authorized to execute such agreements as are necessary to implement the project(s) on behalf of the applicant.

Councilor _____ introduced the foregoing resolution and moved its adoption.

The motion for the adoption of such resolution was seconded by Councilor _____ and, upon a vote being taken thereon the following voted in favor thereof:

Councilors _____

and the following voted in opposition thereto:

Councilors _____

WHEREUPON, such resolution was declared duly passed and adopted on October 20, 2025.

Contamination Cleanup Application Submittal Checklist

Logistics

- | | |
|--------------------------|---|
| ☐ | One complete paper copy (complete copies include all attachments) |
| ☐ | Two complete electronic copies (i.e. two flash drives, emailed applications will not be accepted) |
| ☐ | All the above submitted to DEED by 4:00 p.m. on May 1 or November 1 |

Application Form Content

- | | |
|--------------------------|--|
| ☐ | Applicant Information Cover Page |
| ☐ | I. Site Identification and History |
| ☐ | II. Contamination |
| ☐ | III. Cost Analysis: Investigation, Cleanup, and Project Budget (Completed Budget Spreadsheet Attachment and Construction Sources and Uses table) |
| ☐ | IV. Development Plan After Cleanup |
| ☐ | V. Cleanup and Project Schedule |
| ☐ | VI. Payment Information (Applicant's State SWIFT Vendor Number, Location Code, and Address) |
| ☐ | VII. Resolutions (Statutory Cities must authorize Mayor and Clerk) |
| ☐ | VIII. Applicant Disclosures and Certifications (Conflict of Interest and Pre-Award Risk Assessment) |

Application Attachments

- | | |
|--------------------------|--|
| ☐ | Project Summary |
| ☐ | Appraisal or Assessor's Valuation (all parcels must have a current value) |
| ☐ | Site maps and photographs illustrating ALL features requested in Question 4 |
| ☐ | Response Action Plan (RAP) and MPCA approval(s) |
| ☐ | Additional environmental reports such as site assessments or other relevant documents |
| ☐ | Completed Budget Spreadsheet Attachment |
| ☐ | Invoices for eligible costs incurred (if applicable) |
| ☐ | Council action/minutes or other documentation demonstrating local approvals/entitlements |
| ☐ | Construction financing commitments, terms sheets, or letters of interest |
| ☐ | HUD 'Invitation to Apply' letter (if applicable) |
| ☐ | Current property tax statements for each parcel |
| ☐ | Developer letter or commitment or development agreement |
| ☐ | End-user or business tenant letter(s) of commitment (if applicable) |
| ☐ | Resolution from applicant agency (Statutory Cities MUST authorize Mayor and Clerk)
MUST BE SUBMITTED AT TIME OF APPLICATION |
| ☐ | Resolution from municipality in which the site is located (if different from applicant agency) |
| ☐ | Conflict of Interest form completed and signed by the applicant |
| ☐ | Pre-Award Risk Assessment completed and signed by the applicant (attached org chart) |

MINNESOTA DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT

651-259-7451 or toll free at 1-800-657-3858

Address:

Brownfields and Redevelopment Unit
Great Northern Building
180 East Fifth Street, Suite 1200
St. Paul, MN 55101

INSTRUCTIONS

PURPOSE/BACKGROUND:

The Contamination Cleanup Grant program was established by the 1993 legislature and Minn. Stat. §§ 116J.551 - 116J.558 gives the Minnesota Department of Employment and Economic Development (DEED) authority to award grants to investigate and clean contaminated sites to allow for redevelopment. The purpose of the Contamination Cleanup Grant Program is to reduce the potential threat to public health and the environment, create new jobs, increase the tax base, and provide other public benefits by redeveloping polluted and unproductive sites.

APPLICATION DEADLINES:

The Contamination Cleanup Grant Program operates on a semi-annual grant cycle. Deadlines for submitting applications are **May 1** and **November 1 by 4:00 p.m.** each year. If these days fall on a weekend, the deadline will be the following business day. **Three complete sets of applications are required for each project: 1 paper copy and 2 electronic copies (on separate flash drives).** An applicant may apply for more than one project, but separate applications must be completed and submitted for each site.

NOTE: Emailed applications will not be accepted. Please fill out the entire application. All applications must be complete upon submission to qualify for a grant. This includes the fully signed, required resolutions. Applications should be in a binder or bound with attachments clearly marked and tabbed.

GRANT ELIGIBLE COSTS:

The Contamination Cleanup Grant can pay up to 75% of the cost of cleaning contamination defined under the Minnesota Superfund law (Minn. Stat. § 115B.02), as well as petroleum contamination. Types of petroleum costs that may be eligible under this program are cleanup of rail yards, scrap yards, bulk oil storage facilities, and under and above-ground storage tanks that are not eligible for reimbursement under the Minnesota Petrofund (see Minn. Stat. § 115C.01). See the required cleanup budget section of these instructions for examples of eligible and ineligible costs.

GRANT FUNDING AVAILABILITY:

The total legislative appropriation for this grant program is approximately \$15 million for the biennium. Since the program runs on a semi-annual grant cycle, the funds will be divided among the four cycles run during the biennium. Up to \$500,000 of this funding can be awarded per fiscal year for DEED's Investigation and RAP (Response Action Plan) Development Grants.

The legislature has designated that at least 35% of available funds be spent on remediating sites located outside of the 7-county metropolitan area unless sufficient applications are not received. This allows the grant program to assist with cleanup efforts statewide.

If this application is awarded, there is a mechanism for development authorities or municipalities to recover costs from a responsible party. See [Minn. Stat. § 116J.557](#) for further details.

ELIGIBLE GRANT APPLICANTS:

Eligible applicants for this program are statutory or home rule charter cities, economic development authorities, housing and redevelopment authorities, counties, or port authorities. While these are the eligible applicants, the site can be either privately or publicly owned.

GRANT ELIGIBLE QUALIFYING SITES:

A site must meet each of the following criteria to qualify for a Contamination Cleanup Grant:

- 1) A grant may not be given to a municipality in the Twin Cities Metropolitan Area unless it is participating in the Metropolitan Council Local Housing Incentives Program. For information on participating in the Local Housing Incentives Program, visit [Become A Participating City - Metropolitan Council](#) or contact Emily Seddon at 651-602-1023.
- 2) A site may not be scheduled for funding under the Federal Superfund Program (United States Code, title 42, section 9601 et seq.) or the Minnesota Environmental Response and Liability Act (Minn. Stat. §§ 115B.01 to 115B.24) under the current or next fiscal year.
- 3) A site must contain contaminants, pollutants or hazardous substances as referenced in Minn. Stat. § 115B.02 or petroleum that is not eligible for reimbursement from the Minnesota Petrofund. A site must also have a Minnesota Pollution Control Agency (MPCA) approved RAP. Asbestos abatement in buildings does not qualify under this grant program unless it is part of demolition necessary for RAP implementation.
- 4) Finally, to qualify for this grant program, it is expected that the site will be improved with buildings or other improvements within a reasonable period of time, and that these buildings or improvements will provide **a substantial increase in the property tax base** or will be used for an important publicly owned or tax-exempt facility. The final development of polluted sites may include, for example, commercial, industrial, office or housing development.

REQUIRED APPRAISALS OR ASSESSMENTS FOR GRANTS:

- 1) Attach an appraisal completed by a qualified independent appraiser licensed under chapter 82B using accepted appraisal methodology which shows the current market value (pre-cleanup) of the property, separately considering the effect of the contaminants on the market value. This value should include both the value of the land and, if applicable, any buildings on the Site. Along with the appraisal, please include the projected value after cleanup and development.
- 2) Or submit the assessed value of the property for the latest year, as determined by the local assessor, shown on the most recent valuation notice used under Minn. Stat. § 273.121. If a property is publicly owned, its value should still be assessed. Along with the assessed value, please include the projected value after cleanup and development.

REQUIRED CLEANUP BUDGET:

A detailed cleanup budget and a Sources and Uses table for redeveloping the site must be submitted. While the redevelopment of the site is considered in the application and must be outlined in Section V. Cleanup and Project Schedule, grant funds can only be used toward site remediation. The cleanup budget spreadsheet attached to this application should include only eligible remediation costs, which are the statutorily defined as “cleanup costs” and “project costs.”

Budget estimates should be as accurate as possible. If additional work not anticipated in the current application is necessary, this is the responsibility of the applicant. A second application for cost overruns may be submitted, but cleanup work must stop and there is no guarantee of a supplemental grant award. On the same note, the budget should not be inflated but rather should be based on careful investigation and planning.

Cleanup Costs: Includes the costs of developing and implementing a response action plan but does not include implementation costs incurred before the award of a grant unless the application for the grant was submitted within 180 days after the response action plan was approved by the commissioner of the pollution control agency.

Project Costs: Includes the cleanup costs for the site (see above definition), and the cost of related site acquisition, demolition of existing improvements, and installation of public improvements, if necessary, for the applicant to implement the response action plan.

Examples of eligible and ineligible costs include:

- Eligible Costs, if necessary, to implement the Response Action Plan (RAP)
 - Investigation – match only, and if not already funded under a DEED Investigation and RAP Development Grant or another grant source
 - Cleanup - Contaminated soil, ground water or vapor mitigation
 - Public Acquisition - match only
 - Environmental Consulting Fees
 - Demolition – see question 9 in the application
- Ineligible Costs
 - Project/Grant Administration
 - Costs of appraisals or other application costs
 - Development Costs
 - Asbestos Abatement in Buildings – unless included in building demolition required by RAP
 - Contingencies
 - Demolition necessary only for redevelopment purposes
 - Costs related to soils containing debris or geotechnically unstable soils

GRANT LOCAL MATCH REQUIREMENT:

It is required that the municipality or other local source pay for 25 percent of the project costs as a local match to obtain a cleanup grant. Of this local match, the municipality must pay an amount equal to 12 percent of the cleanup costs from the municipality’s general fund, a property tax levy or other unrestricted money available to the municipality. This 12 percent cannot include funds from other grant sources or Tax Increment Financing.

The rest of the local match may be paid with tax increments, regional, state, or federal money available for the redevelopment of brownfields or any other money available to the municipality.

GRANT AWARD CRITERIA:

Environmental contamination affects many communities throughout Minnesota; therefore, this program is competitive. The law allows DEED to make grants for sites that meet all the statutory requirements and for sites that provide the highest return in public benefits for the public costs incurred. DEED has cleanup grant rounds every six months. It is expected that projects are ready to begin grant activities as soon as grants funds are available. If there are one or more grant rounds before grant activities are scheduled to begin, DEED strongly recommends applying in a future grant round that is closer to commencement of the project. **Be advised that if awarded, the application will be incorporated into the grant contract. The schedule provided in the application should be as accurate and realistic as possible. Significant changes to this schedule may result in grant termination.**

To evaluate the applications for public benefits with respect to the costs incurred, the law specifies priorities which DEED must consider. The legislative priorities listed below have been assigned maximum point values to systematically award grants in each cycle. Please note, an application must receive a minimum of 50 points to be eligible for funding.

- 1) The potential increase in the property tax base of the local taxing jurisdictions relative to the fiscal needs of the jurisdictions, which will result from developments that will occur because of completion of the approved response actions. *Maximum = 15 points*
- 2) The social value to the community that will result from cleaning up and redeveloping the site. Social value includes the project's time frame, the number of new jobs, the importance of the proposed public facilities and the removal of blight at the site, the readiness of the project, the development potential and the financial health of the project. *Maximum = 65 points*
- 3) MPCA review of the reduction or elimination of potential threat to human health and the environment due to cleaning the site. *Maximum = 25 points*
- 4) The likelihood that the site will be cleaned without use of government money in the reasonably foreseeable future by considering but not limited to the current market value of the site versus the cleanup cost. *Maximum = 25 points.*
- 5) The amount of cleanup costs for the site. *Maximum = 10 points*
- 6) The amount and level of the commitment of municipal or other local resources to pay for the cleanup costs. *Maximum = 5 points*

Please note that the DEED Review is a closed process. Reviewers may request clarification, but unanswered questions will not receive a score. Additional materials and required attachments will not be accepted after the application deadline without prior request or approval.



Brownfields and Redevelopment Unit

Contamination Cleanup Grant Application

Applicant (Public Entity) *	City of Hermantown	
Head of Applicant Agency (e.g., Mayor) <i>Name and Title</i>	Mayor Wayne Boucher	
Address	5105 Maple Grove Rd	
City	Hermantown	Zip Code: 55811
Email of Agency Head	mayorboucher@hermantownmn.com	
If the applicant is a city, what form of government?	☐ Home Rule	☐ Statutory City
Project Contact for the Public Entity	Chad Ronchetti	
Phone	218-729-3600	
Email	cronchetti@hermantownmn.com	
Address	5105 Maple Grove Rd	
City	Hermantown	Zip Code: 55811
Project Manager for this project from the Public Entity, in the event of an award*	Chad Ronchetti	
Phone	218-729-3600	
Email	cronchetti@hermantownmn.com	
Application Author	Chad Ronchetti	
Phone	218-729-3600	
Email	cronchetti@hermantownmn.com	

*If awarded, please note that the applicant is responsible for administering the grant and ensuring all grant terms and conditions are met.

PROJECT SUMMARY - Please attach a summary of the project.

I. SITE IDENTIFICATION AND HISTORY

SITE INFORMATION

1. Name of Site/Project: Fox Ridge at The Pillars of Hermantown

Site Address: 4110 Lavaque Rd, Hermantown, MN 55811

City: Click or tap here to enter text.

Zip Code: Click or tap here to enter text.

Acreage of Site: Click or tap here to enter text.

Property Identification Number(s): Click or tap here to enter text.

Minnesota Legislative District in which the site is located # _____ A # _____ B

Note: The Minnesota Legislature has a tool to look up legislative district numbers. You must have a precise address and know the zip code of the site. Go to: [Legislative Website](#)

2. A. Current property owner(s): Pillars of Hermantown LLC

When was the property purchased? 08/2022

For what amount? \$975,000

From whom was the property purchased? JP HOLDING CO LLC

-
- B. Who will develop the site? Oppidan Investment Company

Will the developer/affiliate own the property at any time? ☒ Yes ☐ No

When was/will the property be purchased? 08/2022

For what amount? \$975,000

-
-
- C. Who will own the site after development? Pillars of Hermantown LLC

When was/will the property be purchased? 08/2022

For what amount? \$ 975,000

-
-
-
- D. What is the relationship (if any) between the current owner, the developer, and/or the future owner(s)?

Pillars of Hermantown LLC is owned and managed by KTJ 360, the same ownership group behind the proposed development addition. The new addition is planned for a vacant, unused parcel of land that is currently polluted.

SITE VALUATION: ASSESSMENT OR APPRAISAL

3. DEED requires an appraisal or current assessed value as shown below. A current market value must be provided even for tax exempt properties without an assessed value.

Attach an appraisal completed by a qualified independent appraiser licensed under chapter 82B using accepted appraisal methodology which shows the current market value (pre-cleanup) of the property, separately considering the effect of the contaminants on the market value. This value should include both the value of the land and, if applicable, any buildings on the Site. Along with the appraisal, please include the projected value after cleanup and development.

Current Appraised Value	
Projected Value	

Or attach documentation showing the assessed value of the property for the latest year, as determined by the local assessor, shown on the most recent valuation notice used under Minn. Stat. § 273.121. Along with the assessed value, please include the projected value after cleanup and development.

Current Assessed Value	\$17,273,600
Projected Value	

MAPS AND SITE FEATURES

4. Attach accurate and legible site and location maps, showing locations of prominent and relevant site features such as buildings, retaining walls, etc. Maps must include site boundaries, a north arrow and bar scale, and show the following:
- ☐ Current condition of the site including labeled structures.
 - ☐ Location(s) and depth of contamination.
 - ☐ Color-coded excavation depths.
 - ☐ Specifically, where and for what activities DEED money will apply.
 - ☐ Proposed development of the site including labeled structures.

Attaching Site photographs is recommended.

HISTORY

5. Provide the timeline and history of the site. This includes, but is not limited to, when the site was first developed, former uses and occupants of the site, known and/or suspected causes of contamination, etc. Also describe the current condition of the site and include a description of existing structures and current occupants of the site.

According to the Phase I Environmental Site Assessment (ESA) conducted in May 2025 for the Fox Ridge project, the Site has historically been undeveloped, consisting of wooded and grass-covered land since at

least 1895. By 1939, a farmstead with associated outbuildings had been established on the southern portion of the Site, while the remaining areas were used for agricultural purposes. By the early 2000s, the farmstead and outbuildings were razed, leaving the Site vacant and vegetated.

Beginning in 2022, the Pillars of Hermantown senior living facility was developed on the northern portion of the property. This development includes a 38,000-square-foot assisted living facility and a 35,000-square-foot parking lot. The construction of the Pillars of Hermantown facility was completed in 2024 and is currently occupied. The southern portion of the Site, where the Fox Ridge Townhomes are proposed, remained wooded, with remnants of concrete foundations in the southeastern area, associated with the former farmstead.

The following is a brief chronology of the historical investigation and cleanup activities on the Site:

- 2019 – A Phase I ESA was completed for the proposed Pillars of Hermantown development. This assessment identified the presence of debris and a suspected dumping area on the Site.
- 2020 – A Phase II ESA and subsequent heating-season soil vapor evaluation were conducted. Low levels of volatile organic compounds (VOCs), including benzene, were detected at concentrations exceeding screening values but below levels requiring mitigation. However, based on updated 2021 MPCA Intrusion Screening Values (ISVs) and additional sampling, benzene concentrations at several locations exceeded the revised 33X ISVs, indicating a vapor intrusion risk and necessitating the need for an active vapor mitigation system.
- 2022 – The Pillars of Hermantown facility was constructed in accordance with a Response Action Plan/Construction Contingency Plan (RAP/CCP) approved by the MPCA. Remediation activities included removal of a low-lying dumping area and associated soils impacted by varying concentrations of the eight Resource Conservation and Recovery Act (RCRA) metals, as well as the installation of an active vapor mitigation system beneath the building footprint.
- May 2025 – A Phase I ESA for the proposed Fox Ridge Townhomes identified the historical dumping area, remaining foundations, and surficial debris within the proposed development area. It also recognized the vapor intrusion risk associated with the adjacent Pillars of Hermantown facility as a Recognized Environmental Condition (REC).
- July 2025 – A Limited Phase II ESA was conducted to further evaluate the RECs identified in the 2025 Phase I ESA. The scope of this investigation did not include soil vapor sampling, as mass grading was planned to achieve the desired site elevations. A soil vapor investigation will be conducted once grading is complete. The Limited Phase II ESA identified lead-impacted soils. Vapor intrusion results are pending completion of the follow-up investigation.

CURRENT AND FUTURE SITE USE

6. Zoning/Land Use:

A. Current: ☐ Industrial ☐ Commercial ☒ Residential ☐ Mixed-use

☐ Other (Specify) [Click or tap here to enter text.](#)

- B. After Cleanup: ☐ Industrial ☐ Commercial ☒ Residential ☐ Mixed-use
☐ Other (Specify) Click or tap here to enter text.

7. Current buildings on site: (The main Pillars building is currently on the same the site, but is not an “active” part of this redevelopment effort)

	Number of buildings	How many are occupied?	If vacant, for how long?
Industrial			
Commercial			
Residential	1	1	

8. Year building(s) was/were constructed: 2024

9. Is demolition required for RAP implementation? ☐ Yes ☒ No

If yes, demolition must be addressed in the RAP and data showing soil contamination below buildings is required.

II. CONTAMINATION

10. Is the site enrolled in an MPCA Program? ☒ Yes ☐ No

Program	Site I.D.	Project Manager	Contact Information
NA	BF0001635	Jacob Smokovitz	jacob.smokovitz@state.mn.us
PBP	BF0001635	Stacey VanPatten	stacey.vanpatten@state.mn.us
Other	NA	NA	NA

11. Current environmental consultant:

Consultant Company: [Braun Intertec](#)

Consultant Name: [Samantha Schmidt](#)

Consultant Contact Information: [701.318.0657](#), saschmidt@braunintertec.com

Please attach the Response Action Plan (RAP) including any amendments or addendums and MPCA approvals of the reports.

12. What contaminants have been identified at the site?

Elevated concentrations of lead were detected in the fill soils located in the southern portion of the Site, specifically within the area where remnants of former concrete foundations were identified. These concentrations exceed the MPCA established residential/commercial Soil Reference Values (SRVs).

As part of the Pillars of Hermantown development on the northern portion of the property, benzene was detected within the soil vapor samples at concentrations exceeding its respective 33X ISV. Additionally, ethylbenzene, and total xylenes were detected within the soil vapor samples at concentrations exceeding their respective ISVs.

13. What is the likely source of contamination?

The source of the contamination is likely associated with the historical farmstead on the property and the associated historical dumping associated with the farmstead.

14. Has the site been identified as a state or federal Superfund site? ☐ Yes ☒ No

15. Summary of Contamination Information:

- A. Describe the occurrence of the contamination across the site and how it is addressed in the RAP. Describe the sampling protocol and how the extent and magnitude of documented releases was determined. Also describe excavation areas including depths, volumes, concentrations, and rationale.

The 2025 Phase II ESA conducted for the planned Fox Ridge project, identified one main area of contaminated and debris-containing soil located on the southwest portion of the property within the area of the former farmstead foundations.

Lead was detected in one soil sample at a concentration exceeding the residential SRV and the SLV. This sample was also analyzed for lead using the Toxicity Characteristic Leaching Procedure (TCLP) which resulted in concentration below the U.S. EPA Regulatory Level. Lead and debris impacted soil will be excavated to an approximate depth of 4 feet; approximately 605 cubic yards (847 tons) of soil will be disposed.

- B. Complete the following table for soil contamination (be sure to include areas of contamination that have been identified at the site but will not be treated or removed as part of the approved RAP):

General contaminant type (i.e., DRO, VOCs, metals, etc.)	Total volume of identified contaminated soil (cyds)	Total volume of identified contaminated soil to be remediated (cyds)	Remedy	RAP Cleanup Goal (i.e., residential SRVs, industrial SRVs, etc.)
Lead and Debris	605	605	Disposal	Residential SRVs

- C. Complete the following table for groundwater contamination. If no or limited groundwater investigation has been conducted, indicate this. Also indicate if a groundwater investigation was conducted but no contamination was detected.

General contaminant type (i.e., DRO, VOCs, metals, etc.)	Affected aquifer (i.e., water table, deeper aquifers)	Approximate dimensions of contaminant plume on-site (Specify if the plume extends off-site)	Remedy
Groundwater investigation was conducted but no contamination was detected.	NA	NA	NA

- D. List all compounds comprising the identified release in soil and the corresponding average and maximum concentration for each compound. Also include petroleum in the table. If distinct areas of contamination are present at the site, please describe separately.

It is acceptable to provide an overview with estimated average and maximum concentrations if the amount of analytical data is overwhelming. For PAHs, provide individual compound concentrations or Benzo(a)pyrene equivalent concentrations for the carcinogenic PAH compounds.

Compound	Tier I SRV (residential)	Average Concentration	Maximum Concentration
p-Isopropyltoluene	NA	0.122	0.122
Methyl ethyl ketone (MEK, 2-Butanone)	8,000	0.737	0.737
Toluene	820	1.09	1.09
Fluoranthene	210	0.0614	0.105
Naphthalene	81	0.0164	0.0164
Pyrene	220	0.04495	0.0754
BaP Equivalent Concentration	2	0.0311035	0.061017
Arsenic, Total	9	1.86	3.1
Barium, Total	206	77.92	124
Cadmium, Total	1.6	0.49	0.74
Chromium, Total	23,000	25.32	32.9
Lead, Total	200	208.78	1,200
Mercury, Total	2.7	0.028	0.038

- E. Do the same as in D. for groundwater.

Compound	HRL	Average Concentration	Maximum Concentration
NA	NA	NA	NA

- F. If groundwater at the site is contaminated, note the geologic makeup of the affected aquifer (sand/gravel, till, lacustrine clay, etc.), and the estimated average linear velocity (be sure to indicate how this number was determined).

NA

- G. Do the same as in E. for soil vapor.

Compound	ISV circle one: residential/commercial	33X ISV	Maximum Concentration
Soil vapor data pending.			

- H. Describe possible exposure scenarios posed by identified contamination at the site (i.e., ingestion or human contact with contaminated soil, consumption of contaminated groundwater, ecological impacts, etc.), and nearby receptors that could be affected by contaminants migrating from site (high value wetland/creeks/rivers, etc.).

Based on the results of the investigations to date and the proposed development plans, the potential future contaminant exposure pathways and receptors include:

- Direct contact with contaminated soil via the combined dermal, ingestion, and inhalation pathway. Soil will be excavated from the Site during development activities. The response actions are designed to minimize potential direct exposure to contaminated soil by establishing appropriate separation distances between potentially contaminated soil remaining in-place and potential receptors after redevelopment.

III. COST ANALYSIS: INVESTIGATION, CLEANUP AND PROJECT COST BUDGET

16. Total cleanup costs as defined on Page iv: \$183,180.08
17. DEED request amount: \$137,385.06
(Up to 75% of the total cleanup cost is eligible)
18. Follow [this link](#) and choose the Forms tab to download the fillable Contamination Cleanup Budget Spreadsheet. This budget spreadsheet is a **REQUIRED** component of the application.

19. What is the breakdown of sources for the costs presented in the budget?

Source*	Restricted / Unrestricted	Amount	Status (committed, pending decision etc.)	Date
Total		\$		

*12% of the cleanup costs must be paid with unrestricted funds, as defined on page iv. Please indicate which source(s) will contribute to the unrestricted match.

20. If requesting project costs (e.g., demolition), explain how these costs are necessary to remediate the contamination.

Click or tap here to enter text.

21. If any of the activities listed in the budget are partially or fully completed, how were those activities financed? If work has occurred, attach the invoices for which reimbursement will be requested.

The following scope items have been completed and were paid for by the developer: Phase I ESA, Phase II ESA, Response Action Plan (RAP) preparation and implementation, excavation of contaminated soils, transportation of contaminated soils, disposal of contaminated soils, clean soil back-fill, soil monitoring, testing and oversight, MPCA Voluntary Program Oversight, vapor mitigation design and engineering and part of the vapor system installation (~20%) complete. Invoices for completed work are attached.

FINANCIAL INFORMATION

22. Is there a possibility the site will be cleaned up without a DEED Cleanup grant? ☒ Yes ☐ No

Explain your answer to the question above. While remediation of the contaminated site is underway and will be completed in compliance with all regulatory programs, the cleanup represents a significant and unanticipated cost burden to the project. Rising construction and financing costs – combined with the time constraint of complete earthwork before winter – that necessitated proceeding prior to the DEED grant round. Although contamination clean up was essential for project continuation, the higher-than-expected contamination costs required reallocation of funds from other project improvements. Grant funding would meaningfully offset these cleanup expenses, allowing additional

investment in features that would further enhance the quality of life and long-term sustainability of the project for future residents.

23. Is anyone with a past affiliation to the site contributing to the cleanup? ☐ Yes ☒ No

If yes, explain: Click or tap here to enter text.

If no, why not? Explain any efforts made to address financial contribution to the cleanup:

The Phase 1 ESA completed in May 2025, indicates that the site has been historically undeveloped, consisting of primarily wooded and grass-covered land since at least 1895. By 1939, a small farmstead with associated outbuildings was established on the southern portion of the property, with the remaining areas used for agriculture. These structures were demolished in the early 2000s, leaving the site vacant and vegetated. Because the property was sold as-is to The Pillars of Hermantown LLC for redevelopment, there are no prior owners or entities with a continuing affiliation or responsibility for site clean up.

IV. DEVELOPMENT PLAN AFTER CLEANUP

24. Provide a detailed description of the development plan for the site. Include information such as the number and size of buildings, any known future tenants, etc.:

This development will bring 20 single-level, two-bedroom cottages intentionally designed for active adults looking for the next chapter in their housing journey. Each cottage is approximately 2,000 square feet and includes a 2-car attached garage. These cottages will provide a unique living option, not currently available in the local MSA, a single-family living experience that is programmatically connected to a full-care continuum community that provides the comfort, that when additional help and services are required, they are available.

While this project required significant grading, including detailed contamination remediation, we worked intentionally with the City of Hermantown to optimize the preservation of the streetscapes and on-site landscaping. Where preservation was not possible, we worked with our landscape engineer to develop a landscaping plan that focuses on the introduction of native plantings with the species selection inspired by the existing vegetation.

25. Describe how redevelopment of this site will spur future development of adjacent sites by identifying nearby properties with redevelopment potential.

While this project will utilize the remaining developable portion of this site, this site as an extension of what the initial Pillars of Hermantown development will continue to show what is possible within Hermantown and the robust demand for housing. Redevelop of this site would be a catalyst to spur other redevelopment opportunities and drive additional private investment in nearby properties.

26. Have all the required local approvals/entitlements necessary for this project to proceed been obtained (planning commission, zoning, etc.)? ☒ Yes ☐ No

If yes, attach council action/minutes or other documentation to confirm.

If not, what approvals remain and what is the timeline for obtaining these approvals? Include this information in the Cleanup and Project Schedule in Section V.

Click or tap here to enter text.

27. What are the development's construction costs? Note the below tables should have the same total.

Total	\$11,723,804
Public	\$137,385.06
Private	\$11,586,418.94

Construction sources and uses of funds for the development

Construction Activity	Cost	Source of Funds (List individually)	Date Funds Committed
Building Construction	\$		
	\$		
	\$		
Total	\$		

Construction Activity: May include building construction or other non-cleanup costs.

Commitment Date: If the construction financing is pending, list the expected closing date.

28. Is all the construction financing in place for the development of the site? ☐ Yes ☒ No

If yes, attach any funding commitments. *

If not, what is the process and timeline to secure the funds and when is closing anticipated?

Attached as a part of this submittal is the term sheet from our lender.

*Attach any letters of interest, term sheet(s) from lenders or other funding sources. In addition, include this information in the Project Schedule in Section V.

29. Is a HUD application being submitted? ☐ Yes ☒ No

If yes, have you received an "Invitation to Apply" from HUD?

- ☐ Yes. Please attach letter.
- ☐ No. Where are you in the HUD financing process? [Click or tap here to enter text.](#)

PROPERTY TAX INFORMATION

30. Current property taxes (as determined by the County or City Assessor) for the site:
\$[Click or tap here to enter text.](#)

Attach a current property tax statement for each parcel.

31. Projected property taxes after development is completed: \$[Click or tap here to enter text.](#)

How was this figure determined? [Click or tap here to enter text.](#)

JOB CREATION

32. Project the number of new full-time equivalent (FTE) jobs created after cleanup and development of the site. These should include permanent jobs that did not exist in Minnesota prior to development and do not include temporary or construction jobs.

Total New Jobs: [Click or tap here to enter text.](#) FTEs

New Jobs Table

Position Title	Total # of Full-Time Jobs (FTE)	Total # of Part-Time Jobs	Part-time Hours Per Week	Expected Hiring/Start Date

JOB RETENTION

33. Project the number of retained FTE jobs after cleanup and development of the site. These should include permanent jobs that existed either on-site or elsewhere in Minnesota prior to development.

Total Retained Jobs: [Click or tap here to enter text.](#) FTEs

Retained Jobs Table

Position Title	Total # of Full-Time Jobs (FTE)	Total # of Part-Time Jobs	Part-time Hours Per Week	Former Location of Retained Jobs

HOUSING DATA

34. If the site will be redeveloped for residential use, provide the following data:

RENTAL:

Total number of units	
Monthly rental cost per unit	\$
Number of affordable units*	
Level of affordability	
Construction cost per unit	\$

OWNER OCCUPIED:

Total number of units	
Purchase price per unit	\$
Number of affordable units/homes*	
Level of affordability	
Construction cost per unit	\$

*for purposes of this program, DEED considers affordable housing to be at or below 60% area median income (AMI)

DEVELOPER/END-USER/TENANT COMMITMENT

35. If there is a developer, complete the following and **attach a letter of commitment.**

Developer	
Contact Person	
Title	
Phone Number / Email	

36. If there is an end-user or third party, such as a business tenant, complete the following and **attach a letter(s) of commitment.**

Third Party/Company Name	
Contact Person	
Title	

Phone Number / Email	
----------------------	--

V. CLEANUP AND PROJECT SCHEDULE

37. Provide a detailed schedule outlining the individual tasks for both cleanup and development of the site. Indicate in the following table the expected month and year of individual tasks for the project. At a minimum, timelines should include local approvals, financing commitments, response actions/cleanup activities, demolition, construction start and end date, and any other project activities.

IMPORTANT NOTE: DEED has cleanup grant rounds every six months. It is expected that projects are ready to begin grant activities as soon as grants funds are available. If there are one or more grant rounds before grant activities are scheduled to begin, DEED strongly recommends applying in a future grant round that is closer to commencement of the project.

If awarded, this schedule will be incorporated into the grant contract. Be as accurate and realistic as possible. Significant changes to this schedule may result in grant termination.

Scheduled Tasks

Task	20__												20__												20__											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec

Cleanup Start date: Click or tap to enter a date.

Cleanup Completion date: Click or tap to enter a date.

Construction Completion date: Click or tap to enter a date.

Benefits achievement date: Click or tap to enter a date.

38. Please list any factors which would change or delay this schedule. Click or tap here to enter text.

VI. PAYMENT INFORMATION

39. Most grant payments take place through electronic funds transfer (EFT). To ensure payment, a SWIFT Vendor Number assigned by Minnesota Management and Budget is required.

Financial Contact Person	
Phone	
Email	
Applicant's SWIFT Vendor Number and Location Code	
Address Associated with SWIFT Vendor Number and Location Code	

State Vendor info may be found at: [Supplier Portal](#)

VII. RESOLUTIONS

40. Resolutions must be adopted prior to the application deadline and submitted with the application. The two required elements are:

1. A resolution from the governing body of the city where the project site is located, which approves the application.
2. A resolution from the applicant committing the local match and authorizing contract signatures.
Note: Pursuant to Minn. Stat. § 412.201, **Statutory Cities must authorize the Mayor and Clerk to execute all contracts.**

Blank resolution templates are included on the following pages. The applicant may choose to reformat or combine them, but the adopted resolution must include all the following statements. **Resolutions that do not contain all statements will not be accepted.**

RESOLUTION # 1 - Municipality Approving the Application

BE IT RESOLVED that the _____ (Municipality of project location) has approved the Contamination Cleanup grant application submitted to the Department of Employment and Economic Development (DEED) on _____ (Date), by _____ (Applicant) for the _____ (Site name) site.

I certify that the above resolution was adopted by the city council on _____ (Date)

Signed: _____ (Authorized Official)

Title: _____

Date: _____

Witnessed by: _____

Title: _____ Date: _____

*add this Section FOR METRO COMMUNITIES only:

BE IT FURTHER RESOLVED that the city of _____ is located within the seven county metropolitan area defined in section 473.121, subdivision 2, and is participating in the local housing incentives program under section 473.254.

RESOLUTION # 2 - Committing Local Match and Authorizing Contract Signature

BE IT RESOLVED that _____ (Applicant) act as the legal sponsor for project(s) contained in the Contamination Cleanup Grant Program to be submitted on _____ (Date) and that _____ (Title of Authorized Official) is hereby authorized to apply to the Department of Employment and Economic Development for funding of this project on behalf of _____ (Applicant)

BE IT FURTHER RESOLVED that _____ (Applicant) has the legal authority to apply for financial assistance, and the institutional, managerial, and financial capability to ensure adequate project administration.

BE IT FURTHER RESOLVED that the sources and amounts of the local match identified in the application are committed to the project identified.

BE IT FURTHER RESOLVED that _____ (Applicant) has not violated any Federal, State or local laws pertaining to fraud, bribery, graft, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice.

BE IT FURTHER RESOLVED that upon approval of its application by the state, _____ (Applicant) may enter into an agreement with the State of Minnesota for the above-referenced project(s), and that _____ (Applicant) certifies that it will comply with all applicable laws and regulation as stated in all contract agreements.

NOW, THEREFORE BE IT FINALLY RESOLVED that the Mayor and the Clerk (for Statutory Cities), or Title of Authorized Official(s), are hereby authorized to execute such agreements as are necessary to implement the project on behalf of the applicant.

Note: Do not include the name, only the title of the official(s).

Pursuant to Minn. Stat. § 412.201, Statutory Cities must authorize both the Mayor and Clerk to execute all contracts, whereas Home Rule Charter Cities or other public entities may differ.

I CERTIFY THAT the above resolution was adopted by the _____ (City Council, County Board, etc.) of _____ (Applicant) on _____ (Date)

SIGNED: (Authorized Official)

WITNESSED:

_____ (Signature)

_____ (Title & Date)

_____ (Title & Date)

VIII. Applicant Disclosures and Certifications

Applicant Conflict of Interest Disclosure Form

This form gives applicants and grantees an opportunity to disclose any actual or potential conflicts of interest that may exist when receiving a grant. It is the applicant/grantee's obligation to be familiar with the Office of Grants Management (OGM) [Policy 08-01: Grants Conflict of Interest](#) (Current Policies tab) and to disclose any conflicts of interest accordingly.

All grant applicants must complete and sign a conflict-of-interest disclosure form.

☐ I or my grant organization do NOT have an ACTUAL or POTENTIAL conflict of interest.

If at any time after submission of this form, I or my grant organization discover any conflict of interest(s), I or my grant organization will disclose that conflict immediately to the appropriate agency or grant program personnel.

☐ I or my grant organization have an ACTUAL or POTENTIAL conflict of interest.

(Please describe): Click or tap here to enter text.

If at any time after submission of this form, I or my grant organization discover any additional conflict of interest(s), I or my grant organization will disclose that conflict immediately to the appropriate agency or grant program personnel.

Printed name: *Click or tap here to enter text.*

Signature: _____

Organization: *Click or tap here to enter text.*

Date: *Click or tap here to enter text.*

Applicant Pre-Award Risk Assessment

To comply with [Minn. Statute 16B.981](#), our agency must collect and analyze certain information before we can execute a grant contract agreement. Please answer the following questions and submit back to us with the required documentation.

The submission of inaccurate or misleading information may be grounds for disqualification from the grant contract agreement award and may subject an organization to suspension or debarment proceedings, as well as other remedies available to the State, by law.

Applicant Name:

Contact Name:

1. Describe your organization's experience administering grants?

Click or tap here to enter text.

2. What is your organization's history managing state or federal funds?

Click or tap here to enter text.

3. Has your organization been awarded funding from DEED in the past 5 years? ☐ Yes ☐ No
If yes, what DEED program(s) awarded the funding and what are the names of the projects?

Click or tap here to enter text.

4. Describe your organization's current staffing and budget capacity related to administering state grant funds.

Click or tap here to enter text.

5. [Minn. Stat. § 16B.981 Subd. 2\(6\)](#) requires that no current principals of a grantee have been convicted of a felony financial crime in the last 10 years. A principal is defined as a public official, board member, or staff (paid or volunteer) with the authority to access funds provided by this grant opportunity or to determine how those funds are used.

By signing here, I warrant that no current principal of my organization has been convicted of a felony financial crime in the last 10 years.

Attach an organizational chart or list of principals that you are certifying below.

The submission of inaccurate or misleading information may be grounds for disqualification from the grant contract agreement award and may subject me/my organization to suspension or debarment proceedings, as well as other remedies available to the State, by law.

I certify that this information is true, correct, and reliable.

Printed name: *Click or tap here to enter text.*

Signature: _____

Title and Organization: *Click or tap here to enter text.*

Date: *Click or tap here to enter text.*



CITY COUNCIL MEETING DATE: October 20, 2025

TO: Mayor & City Council

FROM: Chad Ronchetti, Economic Development Director

SUBJECT: Consent – The Pillars of Hermantown

☒ **RESOLUTION:** 2025-159 ☐ **ORDINANCE:** ☐ **OTHER:**

REQUESTED ACTION

Approve Consent for related documentation for the Pillars of Hermantown senior housing project

BACKGROUND

Previously, the City and HEDA entered into several documents including a development agreement and business subsidy agreement. The Council also approved several consents and assignments related to this project on July 27th, 2022.

The development documents and agreements may get recorded and/or used on their end for financing. These consents and assignments ensure that the documentation matches their organizational structure.

SOURCE OF FUNDS (if applicable)

N/A

ATTACHMENTS

Resolution
Consent Related To Development Contract

Resolution No. 2025-159

Resolution Approving A Consent Related To The Development Contract Between The Hermantown Economic Development Authority, The City Of Hermantown And KTJ 360, LLC For The Pillars Of Hermantown Senior Living Project

WHEREAS, the Pillars of Hermantown LLC (“Developer”) is the owner of certain real estate described on Exhibit A attached hereto (“Property”); and

WHEREAS, KTJ 360, LLC (“Original Developer”) has constructed a 105-unit senior living project (“Project”) on the Property; and

WHEREAS, Colliers Fund LLC (“Lender”) is providing funds pursuant to a Construction Loan Agreement (“Loan”) to Developer which is evidenced by a Promissory and a Mortgage (collectively “Loan Documents”) to finance the Project; and

WHEREAS, Original Developer, the City of Hermantown (“City”), the Hermantown Economic Development Authority (“HEDA”) entered in a Development Contract (“Development Contract”) dated July 8, 2022 and recorded on July 11, 2022 with the St. Louis County Recorder of St. Louis County, Minnesota as Document No. 01447162; and

WHEREAS, the Development Contract was amended on September 15, 2025; and

WHEREAS, the Development Contract requires that Original Developer provide security to City and HEDA to guarantee that the Project will be contracted pursuant to the terms of the Stormwater Certificate and the Development Contract; and

WHEREAS, Article Five of the Development Contract requires that Original Developer provide a consent to the City and HEDA of the related to any matters affecting the ownership of the Property, entity control of Original Developer and for the purpose of obtaining financing; and

WHEREAS, Original Developer has requested that City and HEDA consent to refinancing of the Property, the assignment of Development Contract to Developer, the grant of the Loan Documents, the collateral assignment of the Development Contract; and acknowledge that Lender may, but is not obligated to, complete some or all of the performance of conditions under the Development Contract; and

WHEREAS, a proposed Consent Related to Development Contract is attached hereto as Exhibit B; and

WHEREAS, the City Council has reviewed the Consent Related to Development Contract and hereby believe that it is in the best interests of the City of Hermantown that the Consent Related to Development Contract be approved.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Hermantown as follows:

1. The Consent Related to Development Contract substantially in the form of the one attached hereto as Exhibit B is hereby approved.

Councilor _____ introduced the foregoing resolution and moved its adoption.

The motion for the adoption of such resolutions was seconded by Councilor _____ and, upon a vote being taken thereon, the following voted in favor thereof:

Councilors _____

and the following voted in opposition thereto:

Councilors _____

WHEREUPON, such resolution was declared duly passed and adopted October 20, 2025.

EXHIBIT A
LEGAL DESCRIPTION

Real property in the City of Hermantown, County of St. Louis, State of Minnesota, described as follows:

Parcel 1:

The South Half of the West Half of the Southwest Quarter of the Southwest Quarter (S 1/2 of W 1/2 of SW 1/4 of SW 1/4), Section Fourteen (14), Township Fifty (50), Range Fifteen (15), St. Louis County, Minnesota.

(Abstract Property)

Parcel 2:

Non-exclusive access and utility easements as set forth in the Easement Agreement dated September 23, 2020, recorded October 09, 2020, as Document No. 01392559.

EXHIBIT B
CONSENT RELATED TO DEVELOPMENT CONTRACT

CONSENT RELATED TO DEVELOPMENT CONTRACT

THIS CONSENT RELATED TO DEVELOPMENT CONTRACT (this “Agreement”) is made and entered into effective as of _____, 2025, by and among PILLARS OF HERMANTOWN LLC, a Delaware limited liability company (“Borrower” or “Developer”), KTJ 360, LLC, a Minnesota limited liability company (“Original Developer”), COLLIERS FUNDING LLC, a Delaware limited liability company (the “Lender”), the CITY OF HERMANTOWN, a Minnesota municipal corporation (“City”), and the HERMANTOWN ECONOMIC DEVELOPMENT AUTHORITY, an economic development authority created under Chapter 469 of the Minnesota Statutes (“HEDA”).

PRELIMINARY STATEMENT OF FACT:

A. Borrower owns fee simple title to certain real property described in Exhibit A attached hereto (“Premises”). Borrower proposes to construct on the Premises certain improvements related to the amendment and restatement of the Loan, as hereinafter defined (collectively with the Premises, the “Project”).

B. Pursuant to an Amended and Restated Construction Loan Agreement dated of even date herewith between Borrower and Lender (as may be amended, amended and restated, or otherwise modified from time to time, the “Loan Agreement”), Lender is making a construction loan to Borrower in an amount not to exceed \$36,841,074.00 to finance the Project (“Loan”).

C. The Loan is evidenced by an Amended and Restated Promissory Note dated of even date herewith executed and delivered by Borrower to Lender in the maximum principal sum of Thirty-Six Million Eight Hundred Forty-One Thousand Seventy-Four and no/100 dollars (\$36,841,074.00) (as may be amended, amended and restated, or otherwise modified from time to time, the “Note”).

D. In order to secure the repayment of the Loan, Borrower is, among other things, executing and delivering to the Lender its Amended and Restated Mortgage and Security Agreement and Fixture Financing Statement of even date herewith mortgaging to Lender the Project and granting to Lender a security interest in the Project (as may be amended, amended and restated, or otherwise modified from time to time, the “Mortgage”) and an Amended and Restated Assignment of Rents and Leases (“Assignment of Rents”).

E. The Loan Agreement, the Note, the Mortgage and the other loan documents and security agreements executed and delivered by the Borrower in connection with the Loan are herein collectively referred to as the “Loan Documents.”

F. The Original Developer and the City entered into that certain Development Agreement dated May 5, 2020, as supplemented by that Development Contract dated July 8, 2022, as amended by a First Amendment to Development Agreement between the City, HEDA and Developer dated September 15, 2025 (collectively, the “Development Contract”), a true and correct copy of each are attached hereto as Exhibit B. The Original Developer has assigned its rights and obligations under the Development Contract to the Borrower.

G. Agreement does not relieve the assignor, KTJ 360, of any of its obligations under the Development Contract to the city or HEDA

H. Under the Development Contract, the Original Developer agreed to make certain improvements to the Premises including the Stormwater Improvements and Infrastructure Improvements (as defined in the Development Contract) and certain private development elements (as set forth in the Development Contract).

I. The Development Contract requires that Borrower provide security to the City in the form of (i) a deposit of 125% of the cost of construction of the Infrastructure Improvements, as defined in the Development Contract; (ii) 125% of the cost of construction of the Stormwater Improvements, as defined in the Development Contract; and (iii) a \$50,000.00 escrow with the city for the private development contracts, among other things ("Development Contract Deposit").

J. As security for the Loan, the Borrower, among other things, has collaterally assigned its right, title and interest in the Development Contract and the Development Contract Deposit to the Lender.

K. The Original Developer and the Borrower have requested that the City and HEDA: (a) consent to the assignment of the Development Contract to the Borrower; (b) consent to the granting of the Mortgage and Assignment of Rents to the Lender and the enforcement of the Lender's remedies thereunder; (c) consent to the collateral assignment of the Development Contract and the Development Contract Deposit to the Lender; and (e) acknowledge that the Lender may but is not obligated to complete some or all of the performance obligations under the Development Contract. The City is willing to do so subject to the terms and conditions stated herein.

NOW, THEREFORE, for value received, the Borrower, the Original Developer, the Lender, the City and HEDA agree as follows:

1.

CONSENTS OF CITY AND HEDA

1.1 The City and HEDA (a) consent to the refinance of the Premises by the Borrower, (b) consent to the assignment of the Development Contract to the Borrower, (c) consent to the granting of the Mortgage and Assignment of Rents to the Lender and the enforcement of the Lender's remedies thereunder, (d) consent to the collateral assignment of the Development Contract and the Development Contract Deposit to the Lender, and (e) acknowledge that the Lender may but is not obligated to complete some or all of the performance obligations under the Development Contract.

2.

LENDER RIGHT TO PERFORM
ORIGINAL DEVELOPER/BORROWER OBLIGATIONS

2.1 The City agrees and acknowledges that the Lender may but is not obligated to perform some or all of the obligations of the Original Developer as assigned to the Borrower. Nothing herein shall obligate the Lender to perform any such obligations and Lender's

performance of some of such obligations shall not be deemed to create an obligation to perform any additional obligation of the Original Developer or the Borrower as assigned to the Lender. The City agrees that, in the event that the Lender elects to enforce its rights with respect to the collateral assignment, the Lender, without the consent or participation of the Borrower, may provide proof and documentation required for the release of any portion of the "Security" as provided in Sections 3.2, 3.3, and 8.4 of the Development Contract and upon delivery of such proof, any such portion of the Security that is otherwise payable to the Borrower as assignee of the Original Developer shall be paid to the Lender. The City agrees that any notice that the City is required to provide to the Original Developer and/or the Borrower shall also be provided to the Lender at the same time that such notice is provided to the Original Developer and/or the Borrower.

3.

MISCELLANEOUS PROVISIONS

3.1 This Agreement embodies and constitutes the entire understanding among the parties with respect to the transactions provided herein. Neither this Agreement nor any provision hereof may be waived, amended or terminated except by an instrument signed by the party against whom the enforcement of such waiver, amendment or termination is sought, and then only to the extent set forth in such instrument.

3.2 Whenever in this Agreement one of the parties hereto is named or referred to, the heirs, legal representatives, successors and assigns of such parties shall be included and all covenants and agreements contained in this Agreement by or on behalf of the Borrower or by or on behalf of the Lender shall bind and inure to the benefit of their respective heirs, legal representatives, successors and assigns, whether so expressed or not.

3.3 Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

3.4 Any notices and other communications permitted or required by the provisions of this Agreement (except for telephonic notices expressly permitted) shall be in writing and shall be deemed to have been properly given or served by depositing the same with the United States Postal Service, or any official successor thereto, designated as Certified Mail, Return Receipt Requested, bearing adequate postage, or deposited with a reputable private courier or overnight delivery service, and addressed as hereinafter provided. Each such notice shall be effective three (3) days after being deposited or delivered as aforesaid. The time period within which a response to any such notice must be given, however, shall commence to run from the date of receipt of the notice by the addressee thereof. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given shall be deemed to be receipt of the notice sent. By giving to the other party hereto at least ten (10) days' notice thereof, either party hereto shall have the right from time to time to change its address and shall have the right to specify as its address any other address within the United States of America.

Each notice to Lender shall be addressed as follows:

Colliers Funding LLC
90 South Seventh Street, Suite 4300
Minneapolis, Minnesota 55402
Attention: Vice President - Loan Servicing

With a copy to:

Fox Rothschild LLP
City Center

33 South Sixth Street, Suite 3600
Minneapolis, Minnesota 55402
Attention: Tyler K. Olson

Each notice to Borrower or Original Developer shall be addressed as follows:

Pillars of Hermantown LLC
c/o Oppidan Senior Living
400 Water Street, Suite 200
Excelsior, Minnesota 55331
Attention: David Scott

Each notice to the City shall be addressed as follows:

City of Hermantown
5105 Maple Grove Road
Hermantown, Minnesota 55811
Attention: John Mulder, City Administrator

Each notice to HEDA shall be addressed as follows:

Hermantown Economic Development Authority
5105 Maple Grove Road
Hermantown, Minnesota 55811
Attention: John Mulder, City Administrator

3.5 Regardless of the place of execution of this instrument, the parties to this instrument have contracted for Minnesota law to govern this instrument and it is agreed that this instrument is made pursuant to and shall be construed and governed by the laws of the State of Minnesota without regard to the principles of conflicts of law.

3.6 Each party to this Agreement submits and consents to personal jurisdiction of the courts of the State of Minnesota and courts of the United States of America sitting in such state for the enforcement of this instrument and waives any and all personal rights under the laws of any state or the United States of America to object to jurisdiction in the State of Minnesota. Litigation

may be commenced in any state court of general jurisdiction for the State of Minnesota or the United States District Court located in that state.

3.7 This instrument may be executed in any number of counterparts with the same effect as if all parties hereto had signed the same document. All such counterparts shall be construed together and shall constitute one instrument, but in making proof hereof it shall only be necessary to produce one such counterpart. The signatures to this instrument may be executed on separate pages and when attached to this instrument shall constitute one complete document.

3.8 THE PARTIES TO THIS INSTRUMENT WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING TO WHICH ANY PARTIES TO THIS INSTRUMENT ARE INVOLVED DIRECTLY OR INDIRECTLY AND ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS INSTRUMENT OR THE RELATIONSHIP ESTABLISHED HEREUNDER, AND WHETHER ARISING OR ASSERTED BEFORE OR AFTER THE DATE OF THIS INSTRUMENT.

[Signature pages follow]

IN WITNESS WHEREOF, this Agreement was executed as of the date first above-written.

PILLARS OF HERMANTOWN LLC,
a Delaware limited liability company

By: KTJ 360, LLC,
a Minnesota limited liability company
Its: Manager

By: _____
David Scott
Its: Vice President

KTJ 360, LLC,
a Minnesota limited liability company

By: _____

David Scott

Its: Authorized Signatory

COLLIERS FUNDING LLC,
a Delaware limited liability company

By: _____
Name: Chris Morrissey
Its: Senior Vice President

CITY OF HERMANTOWN,
a Minnesota municipal corporation

By: _____
Name: _____
Its: Mayor

By: _____
Name: _____
Its: City Clerk

**HERMANTOWN ECONOMIC
DEVELOPMENT AUTHORITY,**
an economic development authority created under
Chapter 469 of the Minnesota Statutes

By: _____
Name: _____
Its: _____

EXHIBIT A

LEGAL DESCRIPTION

Real property in the City of Hermantown, County of St. Louis, State of Minnesota, described as follows:

Parcel 1:

The South Half of the West Half of the Southwest Quarter of the Southwest Quarter (S 1/2 of W 1/2 of SW 1/4 of SW 1/4), Section Fourteen (14), Township Fifty (50), Range Fifteen (15), St. Louis County, Minnesota.

(Abstract Property)

Parcel 2:

Non-exclusive access and utility easements as set forth in the Easement Agreement dated September 23, 2020, recorded October 09, 2020, as Document No. 01392559.

EXHIBIT B
DEVELOPMENT CONTRACT

(See attached)

15511\000005\1EA449702.DOC

Exhibit B

175332551.3
175332551

Summary Report	
Title	compareDocs Comparison Results
Date & Time	10/3/2025 1:01:35 PM
Comparison Time	1.49 seconds
compareDocs version	v5.1.600.2

Sources	
Original Document	[Active][#175332551] [v2] Consent Related to Development Contract (Pillars of Hermantown).doc
Modified Document	[Active][#175332551] [v3] Consent Related to Development Contract (Pillars of Hermantown).docx

Comparison Statistics	
Insertions	13
Deletions	1
Changes	3
Moves	0
Font Changes	0
Paragraph Style Changes	0
Character Style Changes	0
TOTAL CHANGES	17

Word Rendering Set Markup Options	
Name	Standard
<u>Insertions</u>	
Deletions	
<u>Moves</u> / Moves	
Font Changes	
Paragraph Style Changes	
Character Style Changes	
Inserted cells	
Deleted cells	
Merged cells	
Changed lines	Mark left border.

compareDocs Settings Used	Category	Option Selected
Open Comparison Report after saving	General	Always
Report Type	Word	TrackChanges
Character Level	Word	False
Include Comments	Word	False
Include Field Codes	Word	True
Flatten Field Codes	Word	True
Include Footnotes / Endnotes	Word	True
Include Headers / Footers	Word	True
Image compare mode	Word	Insert/Delete
Include List Numbers	Word	True
Include Quotation Marks	Word	False
Show Moves	Word	False
Include Tables	Word	True
Include Text Boxes	Word	True
Show Reviewing Pane	Word	True
Summary Report	Word	End
Detail Report	Word	Separate (View Only)
Document View	Word	Print

DEVELOPMENT CONTRACT**BY AND AMONG****KTJ 360, LLC****AND****CITY OF HERMANTOWN****AND****HERMANTOWN ECONOMIC DEVELOPMENT AUTHORITY**

Dated as of the 8th day of July, 2022

This document was drafted by:

Steven C. Overom
Overom Law, PLLC
802 Garfield Avenue, Suite 101
Duluth, Minnesota 55802
(218) 625-8460

DEVELOPMENT CONTRACT

THIS DEVELOPMENT CONTRACT ("Agreement"), made on or as of the 8th day of July, 2022, by and among the City of Hermantown ("City"), the **Hermantown Economic Development Authority ("HEDA")** and **KTJ 360, LLC**, a Minnesota limited liability company ("Developer"), is in response to the following situation:

A. Developer desires to construct a 105-unit senior citizen housing complex and related improvements which will provide housing for senior citizens ("Project").

B. City desires that a water extension ("Water Improvements") constructed as part of the Project be dedicated as part of the City's water system.

C. City desires that Developer construct the Water Improvements and Infrastructure Improvements and perform the Environmental Mitigation in connection with the construction of the Project.

D. City also desires that Developer provides City with an easement for a trail access on Developer's Property ("Trail Easement").

E. Developer is willing to construct the Water Improvements as provided in this Agreement and provide City with the Trail Easement.

F. HEDA is willing to reimburse Developer for a portion of the cost of the Water Improvements, Infrastructure Improvements and Environmental Mitigation Costs as provided for in this Agreement.

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

ARTICLE I DEFINITIONS

Unless the context requires otherwise, when used in this Agreement the terms and phrases listed in this Article shall have the following meanings:

1.1 "2020 Development Agreement" means the Development Agreement dated May 5, 2020 between Developer and the City that was recorded on June 8, 2020 with the St. Louis County Recorder as Document No. 01381803.

1.2 "Approval" or "Endorsed" shall, if City, mean the appropriate approval at the appropriate level of government which shall not be unreasonably withheld or, if by Developer, the approval by a representative of Developer, which shall not be unreasonably withheld.

1.3 “Approved City Plans and Specifications” means the plans and specifications for the Water Improvements that have been approved in writing by the City Engineer.

1.4 “Approved Drawings” means the drawings Developer submitted to City for the Project that were approved by the Planning Commission of the City in connection with the zoning approvals for the PUD for the Project.

1.5 “As-Built Plans” means the as-built plans (record drawings) on paper and electronically in auto-cad format for the work for which as-built plans are required.

1.6 “Assessment Agreement” means the agreement in the form of the one attached hereto as Exhibit 1.5.

1.7 “Available City Tax Abatement” means the tax abatement approved by the City that is payable to HEDA pursuant to the City Abatement Resolution. The Available City Tax Abatement includes all of the real estate taxes on the Land that are legally able to be abated by City pursuant to City Abatement Resolution.

1.8 “Business Subsidy Agreement” means that certain Business Subsidy Agreement between City, HEDA and Developer in the form of the one attached hereto as Exhibit 1.7.

1.9 “City” shall mean the City of Hermantown with its administrative offices being located at 5105 Maple Grove Road, Hermantown, Minnesota 55811.

1.10 “City Abatement Resolution” means the Resolution No. 2022-80 approved by the City Council on June 8, 2022 establishing and approving the abatement that is payable by HEDA to Developer under the HEDA PAYG Note.

1.11 “City Engineer” shall mean the person or firm from time to time designated by the City as its City Engineer. At this time, the City Engineer is David Bolf of Northland Consulting Engineers L.L.P.

1.12 “Community Development Director” shall mean the Community Development Director of the City of Hermantown, who at this time is Eric Johnson.

1.13 “Development Land” or “Land” means the real property described in Exhibit 1.12 attached hereto.

1.14 “Environmental Mitigation” means the work described on Exhibit 1.13 attached hereto.

1.15 “Environmental Mitigation Costs” means the items described in Exhibit 1.13 attached hereto. Exhibit 1.13 will be completed and attached to this Development Contract before the start of construction.

1.16 “HEDA PAYG Note” means the pay-as-you-go note to be provided by HEDA to Developer pursuant to and subject to the terms of this Agreement as more fully described in herein.

1.17 “Infrastructure Improvements” means the engineering and construction costs for the internal roads, parking areas, stormwater retention systems and internal utilities for the Project.

1.18 “Project Administrator” means the City Administrator of City of Hermantown.

1.19 “State” means the State of Minnesota.

1.20 “Stormwater Certificate” means the Stormwater Certificate to be issued to Developer by the Community Development Director.

1.21 “Stormwater System” means the entire stormwater control and disposal system for the Project.

1.22 “Term” means the duration of this Agreement as provided in Article XXIV of this Agreement.

1.23 “TAF Eligible Costs” means the engineering costs and construction costs for the Water Improvements, Infrastructure Improvements and Environmental Mitigation Costs.

1.24 “Trail Easement” means the easement for the City Trail described in Section 2.14.

1.25 “TAF Payments” means any payments made under the HEDA PAYG Note.

1.26 “Water Improvements” means the extensions to the City water system as shown on Exhibit 1.25 attached hereto.

1.27 “Zoning Approvals” means the planned unit development (“PUD”) that was approved by the City with respect to the Project.

1.28 “Water Improvements Easement” shall mean the easement required to be provided to City by Developer pursuant to Section 3.2 hereof.

ARTICLE II

REPRESENTATIONS AND WARRANTIES AND COVENANTS

Developer represents and warrants, covenants and agrees that:

2.1 If a building permit is applied for and issued to Developer for the Project, Developer will construct at Developer’s cost in accordance with the terms of this Agreement the Approved Drawings and Approved City Plans and Specifications and all applicable local, state and federal laws and regulations.

2.2 Developer has received no notice or communication from any local, state or federal official that the activities of Developer pursuant to this Agreement may be or will be in violation of any environmental law or regulation regarding the Land. Developer is aware of no facts, the existence of which would cause it to be in violation of any local, state or federal environmental law, regulation or review procedure regarding the Land.

2.3 Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of, the terms, conditions or provisions or any restriction or any evidences of indebtedness, agreement or instrument of whatever nature to which Developer is now a party or by which it is bound, or constitutes a default under any of the foregoing.

2.4 Developer is a limited liability company, duly organized and in good standing under the laws of the State of Minnesota, is not in violation of any provisions of its articles of incorporation or bylaws, is duly qualified as a domestic corporation and authorized to transact business within the State, has power to enter into this Agreement and has duly authorized the execution, delivery, and performance of this Agreement by any required proper action of its members.

2.5 City, through any authorized representatives, shall have the right at all reasonable times after reasonable notice to inspect, audit, examine and copy any pertinent books and records of Developer and compliance with the specific requirements of this Agreement, the Business Subsidy Agreement or applicable State law.

2.6 Developer will promptly pay or cause to be paid all real estate taxes and assessments at any time levied upon or against it or the Project.

2.7 Developer agrees to comply with the terms of the Stormwater Certificate issued by the City for the Project.

2.8 Developer agrees that the terms and provisions of any National Pollutant Discharge Elimination System Permit issued by the Minnesota Pollution Control Agency for the Project are hereby incorporated into this Agreement and deemed to be terms and provisions and conditions running in favor of the City.

2.9 As a condition of the issuance of the building permit for the Project, Developer shall provide the City and HEDA with security in the amount of Two Hundred Seventy-five Thousand and No/100 Dollars (\$275,000.00) ("Security") to guarantee that the Project will be constructed pursuant to the Stormwater Certificate and this Agreement. The Security shall be in form and substance reasonably acceptable to the HEDA Attorney, City and HEDA. The Security shall be maintained until released by the City and HEDA as provided upon satisfaction of the requirements of the Stormwater Certificate.

2.10 Prior to the issuance of a building permit for the Project, Developer will provide the Community Development Director and the Project Administrator or his/her designee with an

operation and maintenance plan for the Stormwater System that includes regular sweeping and cleaning of the parking lot, flushing of storm drains, etc. and perform the activities under such plan.

2.11 Developer and its successors and assigns must at its cost and expense, maintain and repair the Stormwater System so that it continues to perform its designed storm water functions. Developer and its successors and assigns shall keep records for up to six years, or as required under applicable law, of inspection, maintenance and monitoring of the Stormwater System and provide such records to the City within thirty (30) days after receipt of written notice. In the event that Developer or its successors and assigns fails to repair and/or maintain the Stormwater System in accordance with applicable codes, regulations, laws, and statutes, then in that event, the City may, following sixty (60) days prior written notice to all of the then owners of the Land, perform the required repairs or maintenance work on the Stormwater System and charge the reasonable costs of such work to the Land in accordance with the provisions of Minnesota Statutes Section 429.021, subd. 1(2) and the special assessment procedures of Chapter 429 of Minnesota Statutes. In the event of an uncured default for which the City elects to perform the required repairs and maintenance work on the Stormwater System, the City shall do so strictly in accordance with all laws, rules and regulations applicable to Developer, the Project, and the Land, including without limitation, all applicable stormwater regulations.

2.12 Developer shall retain the ownership of the entire Stormwater System and shall be responsible for the repair and maintenance of the entire Stormwater System. City shall not be responsible for the maintenance and repair of any part of the Stormwater System, including without limitation any ponds or outlet structures located on the Land. Developer hereby grants a permanent license to City for access to any portion of Stormwater System for the purposes of City performing testing and monitoring of the Stormwater System and performing maintenance and repairs permitted to be made by City under Section 2.11 hereof.

2.13 After completion of the Water Improvements, Developer shall provide the City, HEDA and City Engineer As-Built Plans for the Water Improvements, the Stormwater System and all utility service lines on the Land. City will not release the Security provided to it under Section 2.9 hereof until the As-Built Plans have been provided to City as required by this Section 2.13.

2.14 Developer shall execute and deliver an easement for a trail over the part of the Land as shown on Exhibit 2.14 attached hereto. ("Trail Easement") City will prepare the legal description for the Trail Easement.

2.15 Developer shall complete the construction of the Project by January 2, 2024. The construction of the Project shall be deemed completed upon the issuance of a Certificate of Occupancy for the Project pursuant to Section 13.2 hereof.

ARTICLE III **CONSTRUCTION PLANS**

3.1 Approved Drawings. Developer has submitted plans for the construction of the Project as part of an application to City's Planning and Zoning Commission for the Zoning Approvals. The plans for the Project, as approved by the City shall constitute the Approved Drawings for purposes of this Agreement and any requirements relating to City's approval. If Developer desires to make any material change in the Approved Drawings, Developer shall submit the proposed change to City officials through the regular process and approval by them will constitute City approval.

3.2 Construction of Water Improvements.

3.2.1 Developer shall prepare plans and specifications for the Water Improvements and shall submit them to the City for approval, which approval shall not be unreasonably withheld and shall be deemed granted if the City fails to respond in writing with specific revisions within ten (10) days after receipt of the plans and specifications. The plans and specifications shall include a survey drawing and legal description showing a twenty foot (20') easement for the Water Improvements ("Water Improvements Easement"). Developer will execute and deliver the Water Improvements Easement in recordable form to City. Developer shall construct the Water Improvements at Developers cost and expense.

3.2.2 The Public Works Director or City Engineer may inspect the installation of the Water Improvements at any time the Public Works Director or City Engineer deems reasonably necessary. The Public Works Director or City Engineer will review all the Developer's material testing results. In addition, the Public Works Director or City Engineer will oversee the bacteria test, hydrostatic test and continuity test of the Water Improvements. Upon completion of the Water Improvements in accordance with the Approved City Plans and Specifications, the Public Works Director or City Engineer will direct the City in writing to take ownership of the Water Improvements. If the Water Improvements have not been constructed in conformance with the Approved City Plans and Specifications, the Public Works Director or City Engineer will provide formal written notice to the Developer of the need for repair or replacement before the City assumes ownership of the Water Improvements.

ARTICLE IV **TAXES**

City does not make any representation whatsoever with respect to the amount of real estate taxes payable by Developer from and after the date hereof or with respect to the classification of the Project for real estate tax purposes.

ARTICLE V

ASSIGNMENT AND TRANSFER

5.1. Representation as to Development. Developer represents and agrees that its undertakings pursuant to the Agreement, are, and will be, for the purpose of development of the Project on the Land and not for speculation in land holding. Developer further recognizes that, in view of (i) the importance of the development of the Project to the general welfare of the community; and (ii) the fact that any act or transaction involving or resulting in a change in the identity of the parties in control of Developer is of particular concern to the community and City (iii) that City is entering into the Agreement with Developer, and, in so doing, is willing to accept and rely on Developer for the faithful performance of all undertakings and covenants hereby by Developer to be performed, that the provisions of this Article V are being included in this Agreement.

5.2 Prohibition Against Transfer of Property and Assignment of Agreement. For the foregoing reasons, Developer represents and agrees that, prior to the completion of the construction of the Project:

5.2.1 Except for the granting of easements necessary for the Project and except as permitted by this Section 5.2.1 or 5.2.2, and except only by way of security for, and only for, the purpose of obtaining financing necessary to enable Developer, to perform the obligations with respect to constructing the Project or any other purpose authorized by the Agreement, Developer (except as so authorized) has not made or created, and that it will not make or create, or suffer to be made or created, any total or partial sale, assignment, conveyance or lease, or any trust or power, or transfer in any other mode or form of, or with respect to, the Agreement or the Land or any part thereof or any interest therein, or any contract or agreement to do any of the same without the prior written approval of City, which approval will not be unreasonably withheld. Notwithstanding anything to the contrary set forth in this Agreement, a transfer to (a) a related entity under control of Developer or an affiliate of Developer or (b) an entity that acquires all or substantially all of the assets of Developer, shall not be in violation hereof or require the consent of the City or compliance with Section 5.2.2, but such a transfer shall be noticed to City in advance of its occurrence.

5.2.2 City shall be entitled to require, except as otherwise provided in the Agreement, as conditions to any approval for a transfer that requires the City's consent, the following:

5.2.2.1 Any proposed transferee shall have the qualifications and financial capability, as reasonably determined by City, necessary and adequate to fulfill the obligations undertaken in the Agreement by Developer (or, in the event the transfer is of or relates to part of the Land, such obligations to the extent that they relate to such part).

5.2.2.2 Any proposed transferee, by instrument in writing reasonably satisfactory to City and in form recordable in the land records, shall, for itself and its successors and assigns, and expressly for the benefit of City expressly assume all of the obligations of Developer under the Agreement and agree to be subject to all the conditions and restrictions to which

Developer is subject (or, in the event the transfer is of or relates to part of the Land, such obligations, conditions and restrictions to the extent that they relate to such part).

ARTICLE VI **CITY COVENANTS AND OBLIGATIONS**

6.1 Within thirty (30) days after the completion of the construction of the Project, and Developer satisfies the requirements of Section 10.7 hereof, the City shall provide Developer with the HEDA PAYG Note. The principal amount of the HEDA PAYG Note shall be equal to the lesser of (i) Six Hundred Thousand and No/100 Dollars (\$600,000.00) or (ii) the TAF Eligible Costs.

6.2 Notwithstanding anything to the contrary contained herein, the duration limit for the Available City Tax Abatement will be seven (7) years for taxes payable in 2024 through 2030.

ARTICLE VII **NO CLAIMS**

Developer represents and warrants to City that neither Developer nor any agent, subcontractor or any other party affiliated with Developer has any existing claims or causes of action against City in connection with this Agreement or the construction of the Project.

ARTICLE VIII **FEES**

Developer shall, prior to the delivery of a building permit for the Project, pay the following fees to the City:

8.1 Park dedication fees in the amount of Fifty-seven Thousand Seven Hundred Fifty and No/100 Dollars (\$57,750.00).

8.2 WLSSD Capacity Availability Fee ("CAF") in the amount of Sixty-two Thousand Nine Hundred Eighty and No/100 Dollars (\$62,980.00), which amount City acknowledges has been paid. The CAF is determined by and payable to the Western Lake Superior Sanitary District but the check is delivered to City.

8.3 Building Permit – Eighty-six Thousand Two Hundred Thirty-five and 39/100 Dollars (\$86,235.39), which amount City acknowledges has been paid.

8.4 Water Extension – Forty-eight Thousand Five Hundred Forty-one and 58/100 Dollars (\$48,541.58) for crossing Maple Grove Road to the Site.

8.5 The Security required by Section 2.9 related to the Stormwater Improvements.

8.6 Water Connection Fee, Commercial Building – One Thousand Five Hundred Seventeen and 25/100 Dollars (\$1,517.25), plus a Fifty and No/100 Dollars (\$50.00) permit fee, which amount City acknowledges has been paid.

8.7 Sanitary Sewer Connection Fee, Commercial Building – Two Thousand Two Hundred and No/100 Dollars (\$2,200.00), plus Fifty and No/100 Dollars (\$50.00) per toilet/urinal, plus Fifty and No/100 Dollars (\$50.00) permit fee, which amount City acknowledges has been paid.

8.8 Water Connection Fee for additional meters (i.e. sprinkler system).

8.9 Storm Water Certificate Application Fees.

8.10 Sign Permit Fees.

8.11 Sanitary Sewer Trunkline Connection fee in the amount of 50% of the WLSSD CAF fee.

8.12 All fees, including HEDA Costs, incurred in connection with that certain Inducement Agreement entered into by Developer dated March 23, 2022.

ARTICLE IX **NO APPROVAL OR ISSUANCE OF OTHER PERMITS**

Except for the approvals provided herein, nothing herein shall be construed as a permit or approval by City or an agreement by City to issue or provide any permit or approval to Developer with respect to the construction of the Project. Without limiting the generality of the foregoing, Developer acknowledges and agrees that even if it satisfies all of the requirements imposed on it under this Agreement that the retail store that is part of the Project may not be opened unless and until all other required permits are obtained by Developer from all relevant governmental agencies.

ARTICLES X **TAX ABATEMENT PAYMENTS**

10.1 **Background.** Developer did not request any financial assistance from HEDA for the Project until Developer withdrew its building permit application and determined to not pursue the development of the Project. At that time, City and HEDA made inquiry if HEDA or City could assist the Developer to allow the Project to proceed.

10.2 **Public Interest.** City and HEDA believe that the construction of the Project will be in the public interest as it will result in increase the tax base of City and the Project will promote the development of a 105-unit senior citizen housing complex which will provide life cycle housing in the City which will also provide or incentivize other residential housing sales

and development, provide an increase in the real estate tax base, provide needed infrastructure improvements, construction of the Water Improvements and the grant of an easement for the City trail system.

10.3 Tax Abatement. HEDA has agreed to provide tax abatement to Developer to reimburse Developer for TAF Eligible Costs. HEDA has agreed to provide tax abatement financing assistance within the limits and subject to the provisions of this Agreement. The HEDA tax abatement financing assistance shall be considered partial assistance or partial reimbursement for the TAF Eligible Costs.

10.4 Sufficient Fund Financing. Developer represents that the tax abatement financial assistance provided by HEDA hereunder, together with the funds to be contributed to the Project by Developer and bank financing, will be sufficient to pay the cost of constructing and operating the Project.

10.5 No Representative of City or HEDA is Interested in this Agreement. Neither Developer, HEDA nor the City has any knowledge that a Council person, Council member or other member, official, or employee of City or HEDA is directly or indirectly financially interested in this Agreement or in any transactions concluded in connection with this Agreement or in any transactions concluded in connection with this Agreement. No member, official or employee of City or HEDA shall be personally liable to Developer, or any successor in interest, in the event of any default or breach by City or HEDA or for any amount which may become due to Developer or its successor, or on any obligations under the terms of this Agreement.

10.6 Developer to File Correct and Complete Information. Developer shall reasonably cooperate with the City and HEDA to cause any information, document, certificate, statement in writing, or report required under this Agreement and/or otherwise delivered to City or HEDA, or to third parties, under this Agreement, to be true, correct and complete in all material respects.

10.7 Condition to First Payment by HEDA. HEDA's obligation to Developer to execute and deliver the HEDA PAYG Note in the principal amount of Six Hundred Thousand and No/100 Dollars (\$600,000.00) to Developer shall be subject to the delivery to HEDA of the following:

10.7.1 A certificate of Developer's Engineer to the effect that the construction of the Water Improvements have been completed in material conformance with the Approved City Plans and Specifications;

10.7.2 The Water Improvements Easement in recordable form has been provided to the City; and

10.7.3 The City Engineer has directed City to take ownership of the Water Improvements pursuant to Section 3.2.2.

10.7.4 A certificate from Developer as to the actual costs, including, without limitation, construction costs, engineering costs, incurred by Developer to construct the Water

Improvements, Infrastructure Improvements and Environmental Mitigation Costs and a certificate from Developer's Engineer that such costs are directly related to performing the construction of the Water Improvements, Infrastructure Costs and Environmental Mitigation Costs ("TAF Eligible Costs").

10.7.5 Developer has entered into the Business Subsidy Agreement.

10.7.6 A temporary or final Certificate of Occupancy has been issued for Project.

10.7.7 City confirms that current real estate taxes on the Land have been paid.

10.7.8 The Trail Easement in recordable form has been provided to the City.

10.7.9 The operations and maintenance plan for the Stormwater Improvements have been provided pursuant to Section 2.10.

10.7.10 Developer has entered into the Assessment Agreement.

10.8 Requirements for Subsequent Payments by HEDA. HEDA's obligation to pay any subsequent installment of Payments under the HEDA PAYG Note is subject to the terms of the HEDA PAYG Note.

10.9 Restoration of Improvements. In the events the Project or any portion thereof is destroyed by fire or other casualty, Developer shall forthwith repair, reconstruct and restore to substantially the same condition as existed prior to the event causing damage or destruction. Developer shall apply the proceeds of any insurance received by Developer to the payment or reimbursement of the costs thereof. Developer shall, however, complete such repair, reconstruction and restoration of the Project whether or not the proceeds, if any, of any insurance received by Developer are sufficient to pay for such repair, restoration or reconstruction.

10.10 Representations and Obligations of City.

10.10.1 City Tax Abatement. City adopted the City Abatement Resolution to allow the Available City Tax Abatement to be paid to HEDA so HEDA may make payments on the HEDA PAYG Note.

10.10.2 HEDA PAYG Note. Upon receipt by the City of all documents listed in Section 10.7 of this Agreement, Developer shall be entitled to receive the payments under the HEDA PAYG Note, subject to the terms thereof. The HEDA PAYG Note shall be pay-as-you-go and the payments due for any given year shall be payable only to the extent of the Available City Tax Abatement for such year; said payments not paid when due on the HEDA PAYG Note will be deferred and paid to Developer to the extent of the Available City Tax Abatement for subsequent years. No payment shall be made after the taxes payable in 2030.

Subject to the terms of Section 10.7 and this Section 10.10.2, HEDA shall pay on or before August 1 and February 1 of each year beginning in the first year that abatement is

available, all of the then Available City Tax Abatement as the payments on the HEDA PAYG Note. The obligations of HEDA to make such payments shall be set forth in the HEDA PAYG Note in the form attached hereto as Exhibit 10.10.2. No interest shall accrue or be payable on the HEDA PAYG Note.

No asset or revenue of City or HEDA shall be available to make payments on the HEDA PAYG Note other than the Available City Tax Abatement. Developer hereby acknowledges, declares and covenants that payments on the HEDA PAYG Note are revenue obligations solely payable from Available City Tax Abatement, if any and are not a general obligation of the State or City or HEDA and neither the full faith and credit, assets, or taxing power of the State or City or HEDA is pledged for the payments on the HEDA PAYG Note. Developer acknowledges, understands and agrees that the Available City Tax Abatement may not be sufficient to allow the HEDA PAYG Note to be paid in full to Developer. Developer understands that any unpaid amount of the HEDA PAYG Note at the end of the Term will never be paid to Developer by HEDA.

Developer understands and acknowledges that neither City nor HEDA makes any representations or warranties regarding the amount of Available City Tax Abatement that will be generated by the Project or it will be sufficient to pay all or any of the amounts due to Developer under this Agreement. City and HEDA and their officers, agents and employees make no representation or warranty as to the amount or sufficiency of the Available City Tax Abatement.

10.11 Right to Collect Delinquent Taxes. Developer understands that the payments on the HEDA PAYG Note are derived from real estate taxes on the Land, which taxes must be promptly and timely paid. To that end, Developer agrees, for itself, its successors and assigns, in addition to the obligation pursuant to statute to pay real estate taxes, that it is also obligated by reason of this Agreement to pay before delinquency all real estate taxes assessed against the Land and the Project. Developer acknowledges that this obligation creates a contractual right on behalf of City and/or HEDA to sue Developer or its successors and assigns to collect delinquent real estate taxes and any penalty or interest thereon and to pay over the same as a tax payment to the County Auditor. In any such suit, City and/or HEDA shall also be entitled to recover its costs, expenses and reasonable attorney fees.

10.12 Review of Taxes. Developer agrees that prior to the end of the Term it will not cause a reduction in the real property taxes paid in respect of the Land, Project through willful destruction of the Project or any part thereof. Developer also agrees that it will not, prior to the end of the Term, seek exemption from property tax for the Land, Project or any portion thereof or transfer or permit the transfer of the Land, Project to any entity that is exempt from real property taxes and state law, or apply for a deferral of property tax on the Land pursuant to any law. Notwithstanding anything contained herein, Developer shall retain, subject to the provisions of the Assessment Agreement, the Constitutional and statutory right to contest property tax valuation with respect to the Land and Project, pursuant to Chapter 278 of the Minnesota Statutes or its succeeding replacement statutes. Developer must commit, however, in advance of commencing such proceedings, to keep all taxes current while the proceedings are pending. The provisions of this Section 10.12 are to be read as supplementary to and not in replacement of the provisions of the Assessment Agreement.

ARTICLE XI
LIMITATION OF PUBLIC UNDERTAKING

It is hereby understood and agreed that the public undertakings and the public expenditures are limited to those undertakings and expressly set forth in this Agreement.

ARTICLE XII
CONNECTION FEES

Developer shall make application to City for connections to the water system and sewer system on the standard forms for water and sewer connections and shall pay the then connection fees and permit fees to City, subject to the terms of this Agreement. The City hereby acknowledges that Developer has paid all such connection and permit fees.

ARTICLE XIII
**COMMENCEMENT OF CONSTRUCTION AND
CERTIFICATE OF OCCUPANCY CONDITIONS**

13.1 Commencement of Construction. Prior to the commencement of construction of the Project, the following conditions must be satisfied:

13.1.1 This Agreement must be executed and delivered to the City and HEDA by Developer.

13.1.2 The Security required by Section 2.9 has been provided to the City.

13.1.3 The provisions of Article VIII are satisfied.

13.1.4 All requirements for the issuance of a building permit under the City Building Code are satisfied.

13.1.5 No uncured event of default exists with respect to the terms of this Agreement which materially relates to the health and safety of the occupants or users of the Project.

13.1.6 Developer has entered into the Business Subsidy Agreement.

13.1.7 Developer has entered into the Assessment Agreement.

13.1.8 This Agreement and the Zoning Approval have been recorded with the appropriate land title recording office.

13.2 Prior to the issuance of a Temporary or Final Certificate of Occupancy for the Project, the following must be satisfied:

13.2.1 The conditions of the Zoning Approvals have been satisfied.

13.2.2 Developer is not on default under this Agreement past the expiration of all applicable cure periods.

13.2.3 Developer has satisfied all other obligations of Developer under this Agreement to be satisfied by Developer on or before such date.

13.2.4 The Water Improvements have been completed in accordance with this Agreement and As-Built Plans for the Water Improvements and other Improvements and have been provided to City as required herein.

13.2.5 The provisions of Section 2.10 (operation and maintenance plan) for the Stormwater System are satisfied.

13.2.6 The Trail Easement has been executed and delivered to City by Developer.

13.2.7 The Water Improvements Easement has been executed by Developer and delivered to City by Developer.

ARTICLE XIV **COMPLIANCE WITH ROAD REQUIREMENTS**

Developer agrees to comply at its sole cost and expense with all requirements imposed on the Project by any government entity for signage, dust control and/or cleaning of Stebner Road and Maple Grove Road prior to the City's acceptance of the Water Improvements.

ARTICLE XV **NOTICES**

All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed sent by U.S. Certified Mail to the following name and address:

Developer:	KTJ 360, LLC 400 Water Street Suite 200 Excelsior, MN 55331 Attn: David Scott Ph: (952) 294-1255 Email: dave@oppidan.com
-------------------	--

With an additional
copy to:

Kathleen Ritter
400 Water Street
Suite 200
Excelsior, MN 55331
Ph: (952) 294-0353
Email: kathleen@oppidan.com

City:

City of Hermantown
5105 Maple Grove Road
Hermantown, MN 55811
Attn: John Mulder, City Administrator
Ph: (218) 729-3600
Email: jmulder@hermantownmn.com

HEDA:

Hermantown Economic Development Authority
5105 Maple Grove Road
Hermantown, MN 55811
Attn: John Mulder, Executive Director
Ph: (218) 729-3600
Email: jmulder@hermantownmn.com

ARTICLE XVI **BINDING EFFECT**

This Agreement shall inure to the benefit of and shall be binding upon City, HEDA and Developer and their respective successors and assigns. It is intended and agreed that such agreements and covenants shall be covenants running with the Land and that they shall, in any event, and without regard to technical classification or designation, legal or otherwise, and except only as otherwise specifically provided in the Agreement itself, be, to the fullest extent permitted by law and equity, binding for the benefit of City and HEDA and enforceable by City and HEDA against Developer and successors and assigns. City and/or HEDA will record this Agreement with the appropriate land title recording office.

ARTICLE XVII **AMENDMENTS, CHANGES AND MODIFICATIONS**

Neither this Agreement nor any other document to which Developer is a party, or which is made for the benefit of City and HEDA, relating to the transactions contemplated hereunder may be effectively amended, changed, modified, altered or terminated, nor may any provision be waived hereunder, except upon the written approval of City and HEDA or except as otherwise expressly set forth herein.

ARTICLE XVIII
SEVERABILITY

In the event any provisions of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

ARTICLE XIX
LIMITATION ON CITY LIABILITY

No agreements or provisions contained in this Agreement nor any agreement, covenant or undertaking by City or HEDA contained in any document executed by City or HEDA in connection with this Agreement and the transactions contemplated herein or therein, shall give rise to any charge against its general credit or taxing powers.

ARTICLE XX
LAWS GOVERNING

This Agreement shall be interpreted in accordance with and governed by the laws of the State.

ARTICLE XXI
HEADINGS

The titles of articles and sections herein are for convenience only and are not a part of this Agreement.

ARTICLE XXII
DEFAULT

If Developer fails to perform its obligations hereunder and such failure continues after sixty (60) days written notice of such default is given to Developer by City or HEDA, then, in that event, City and/or HEDA may take any one or more of the following actions:

22.1 Suspend its performance under this Agreement until it receives adequate assurances from Developer that Developer will cure the default and continue its performance under this Agreement.

22.2 Take whatever action, at law or in equity, which may appear necessary or desirable to City and/or HEDA to collect any payments due it hereunder including reasonable attorney's fees incurred in connection with such actions or under this Agreement, or to enforce performance and observance of any obligation, agreement or covenant of Developer under this Agreement.

Notwithstanding the foregoing, if Developer's failure to perform its obligations hereunder reasonably requires more than sixty (60) days to cure, such failure shall not constitute a default provided that the curing of such failure is promptly commenced upon receipt by Developer of the notice of the failure, and with due diligence is thereafter continuously prosecuted to completion and is completed within a reasonable period of time, and provided that Developer keeps City informed of its progress in curing the failure.

ARTICLE XXIII **COUNTERPARTS**

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

ARTICLE XXIV **TERM**

This Agreement shall terminate on the earlier of (i) February 1, 2031; (ii) the latest date on which the Available City Tax Abatement may be received by City under the City Abatement Resolution; or (iii) the date that the Available City Tax Abatement may not be provided under the City Abatement Resolution under the laws of the Minnesota as currently enacted or as such laws are amended from time to time (future law changes may not grandfather the ability of HEDA to make Payments to Developer and may limit HEDA's ability to make Payments to Developer) and any remaining Payments will be deemed forgiven and waived and shall not be accrued or otherwise due in the future.

ARTICLE XXV **FORCE MAJEURE**

All obligations of Developer hereunder shall be extended by events of "Force Majeure." The term "Force Majeure" means any delays that are the direct result of strikes, other labor troubles, war, terrorist acts, natural disasters, adverse weather conditions, fire or other casualty, litigation commenced by third parties which, by injunction or other similar judicial action, directly results in delays, or acts of any federal, state or local governmental unit that results in delays and delays described in any force majeure provision that is contained in Developer's construction contract for any such work, the effect of such provision which is to extend the time allowed the contractor under such construction contract to complete the work, or any other event not within the reasonable control of Developer.

ARTICLE XXVI
PRIOR DEVELOPMENT AGREEMENT

The terms and provisions of this Development Contract are to be read as supplementary to the terms of the 2020 Development Agreement , provided that if there are any inconsistent provisions between the 2020 Development Agreement and this Development Contract, the terms and provisions of this Development Contract shall govern. Without limiting the foregoing, the provisions of Section 4.1.8, 4.1.10, 6.1.8, 6.1.9, 6.3, 6.4.4. and 6.4.5 and Article VII of the 2020 Development Agreement remain applicable; the blank in Section 13.1.9 of the 2020 Development Agreement is filled in with Ninety-six Thousand Nine Hundred Ninety-seven and No/100 Dollars (\$96,997.00) and the second blank is filled in with January 2, 2024; and the first blank in Section 13.1.11 of the 2020 Development Agreement is filled in with Two Hundred Seventy-five Thousand and No/100 Dollars (\$275,000.00) and the second blank is filled in with January 2, 2024.

[SIGNATURES APPEAR ON NEXT PAGE]

IN WITNESS WHEREOF, the City has caused this Agreement to be executed by its duly authorized representatives as of the date first above written.

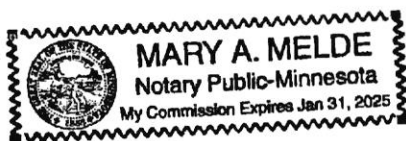
City of Hermantown

By Wayne Boucher
Its Mayor

And By Jackie Dolentz
Its City Clerk

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

The foregoing instrument was acknowledged before me this 24th day of June, 202, by Wayne Boucher and Jackie Dolentz, the Mayor and City Clerk, respectively, of the City of Hermantown on behalf of the City of Hermantown.



Mary A. Melde
Notary Public

[SIGNATURES CONTINUE ON NEXT PAGE]

IN WITNESS WHEREOF, the Hermantown Economic Development Authority has caused this Agreement to be duly executed in its name and behalf on or as of the date first above written.

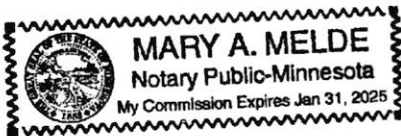
Hermantown Economic Development Authority

By *Wayne Boucher*
Its President

And By *Glenn Nelson*
Its Secretary

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

The foregoing instrument was acknowledged before me this 24th day of June, 2022, by Wayne Boucher and Glenn Nelson, the President and Secretary, respectively, of Hermantown Economic Development Authority on behalf of Hermantown Economic Development Authority.



Mary A. Melde
Notary Public

[SIGNATURES CONTINUE ON NEXT PAGE]

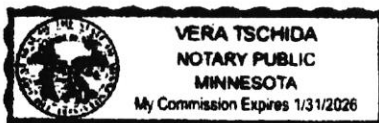
IN WITNESS WHEREOF, Developer has caused this Agreement to be executed by its duly authorized representatives as of the date first above written.

KTJ 360, LLC

By [Signature]
Its Vice President

STATE OF MINNESOTA)
) ss.
COUNTY OF Hennepin)

The foregoing instrument was acknowledged before me this 16 day of June, 2022, by David Scott, the Vice President, of KTJ 360, LLC on behalf of KTJ 360, LLC, a Minnesota limited liability company.



[Signature]
Notary Public

[END OF SIGNATURES]

EXHIBIT OUTLINE

<u>Exhibit 1.5</u>	Assessment Agreement
<u>Exhibit 1.7</u>	Business Subsidy Agreement
<u>Exhibit 1.12</u>	“Development Land” or “Land”
<u>Exhibit 1.13</u>	Environmental Mitigation Costs
<u>Exhibit 1.25</u>	Water Improvements
<u>Exhibit 2.14</u>	Trail Easement
<u>Exhibit 10.10.2</u>	HEDA PAYG Note

EXHIBIT OUTLINE

<u>Exhibit 1.5</u>	Assessment Agreement
<u>Exhibit 1.7</u>	Business Subsidy Agreement
<u>Exhibit 1.12</u>	“Development Land” or “Land”
<u>Exhibit 1.13</u>	Environmental Mitigation Costs
<u>Exhibit 1.25</u>	Water Improvements
<u>Exhibit 2.14</u>	Trail Easement
<u>Exhibit 10.10.2</u>	HEDA PAYG Note

EXHIBIT 1.5
Assessment Agreement

ASSESSMENT AGREEMENT

BY AND BETWEEN

KTJ 360, LLC

AND

CITY OF HERMANTOWN

Dated as of the _____ day of _____, 2022

This document was drafted by:

Steven C. Overom
Overom Law, PLLC
802 Garfield Avenue, Suite 101
Duluth, Minnesota 55802
(218) 625-8460

ASSESSMENT AGREEMENT

THIS ASSESSMENT AGREEMENT, dated as of the ____ day of _____, 2022 by and between the **City of Hermantown** ("City") and **KTJ 360, LLC**, a Minnesota limited liability company (the "Developer"), and certified by the County Assessor for St. Louis County, Minnesota (the "Assessor") is in response to the following situation:

A. City, Hermantown Economic Development Authority ("HEDA") and Developer have entered into a certain Development Contract, dated as of _____, 2022 (the "Development Contract"), regarding certain real property located in the City of Hermantown, St. Louis County, Minnesota (the "Property"), which property is legally described on the Exhibit A attached to and made a part of this Assessment Agreement. Defined terms not otherwise defined herein shall be defined as set forth in the Development Contract.

B. The Development Contract provides that Developer will construct a 105-unit senior citizen housing complex and improvements (the "Project") on the Property.

C. City and Developer desire to establish certain minimum market values for the Property upon completion of the Project pursuant to Minnesota Statutes, Section 469.177, Subdivision 8.

D. Developer, City, and the Assessor have reviewed the plans for the Project.

NOW, THEREFORE, the parties to this Assessment Agreement, in consideration of the promises, covenants and agreements herein, do hereby agree as follows:

1. Effective as of January 2 of the year following the year that the Project is completed and continuing on each January 2 through the term of this Assessment Agreement, the minimum market value which shall be assigned to and assessed for the Project for purposes of real estate property taxation shall be not less than \$14,800,000.00 (the "Minimum Market Value").

2. The term of this Assessment Agreement shall expire and the Minimum Market Value herein established shall be of no further force and effect shall terminate upon the earlier of (i) the termination of the Development Contract or (ii) the date that the HEDA PAYG Note is paid in full (the "Termination Date").

3. This Assessment Agreement is contingent upon the continuing payment to Developer of the amounts payable under the HEDA PAYG Note unless the non-payment to Developer was due to Developer not paying taxes when due.

4. This Assessment Agreement shall be promptly recorded by City, with the County Recorder and/or the Registrar of Titles (as applicable) of St. Louis County, Minnesota, and shall be filed against the Property. The parties shall execute and record a termination of this Assessment Agreement upon the Termination Date.

5. Neither any preamble nor any provision of this Assessment Agreement is intended to modify the terms of this Assessment Agreement.

6. This Assessment Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties, shall be governed by and interpreted pursuant to Minnesota law, and may be executed in counterparts, each of which shall constitute an original hereof and all of which shall constitute one and the same instrument.

7. Nothing herein shall be deemed to waive Developer's right to contest that portion of any actual value assignment made by the Assessor in excess of the Minimum Actual Value established herein. In no event, however, shall Developer seek to reduce the actual value assigned below the Minimum Market Value established herein during the term of this Assessment Agreement.

8. This Assessment Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties.

9. Each of the parties has authority to enter into this Assessment Agreement and to take all actions required of it, and has taken all actions necessary to authorize the execution and delivery of this Assessment Agreement.

10. In the event any provision of this Assessment Agreement shall be held invalid and unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

11. The parties hereto agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements, amendments and modifications hereto, and such further instruments as may reasonably be required for correcting any inadequate, or incorrect, or amended description of the Property or the Project or for carrying out the expressed intention of this Assessment Agreement, including, without limitation, any further instruments required to delete from the description of the Property such part or parts as may be included within a separate assessment agreement.

12. This Assessment Agreement may not be amended nor any of its terms modified except by a writing authorized and executed by all parties hereto.

13. This Assessment Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota.

[SIGNATURES APPEAR ON NEXT PAGE]

IN WITNESS WHEREOF, the City has caused this Agreement to be executed by its duly authorized representatives as of the date first above written.

City of Hermantown

By _____
Its _____

And By _____
Its _____

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

The foregoing instrument was acknowledged before me this ____ day of _____, 2022, by _____ and _____, the Mayor and City Clerk, respectively, of the City of Hermantown on behalf of the City of Hermantown.

Notary Public

[SIGNATURES CONTINUE ON NEXT PAGE]

IN WITNESS WHEREOF, Developer has caused this Agreement to be executed by its duly authorized representatives as of the date first above written.

KTJ 360, LLC

By _____
Its _____

STATE OF MINNESOTA)
) ss.
COUNTY OF _____)

This instrument was acknowledged before me on _____, 2022, by _____, the _____ of KTJ 360, LLC, a Minnesota limited liability company, on behalf of said company.

Notary Public

[END OF SIGNATURES]

CERTIFICATION BY COUNTY ASSESSOR

The undersigned, having reviewed certain plans for the Project to be constructed and the market value assigned to the land upon which the Project to be constructed, as described in this Assessment Agreement, hereby states as follows: The undersigned Assessor, being legally responsible for the assessment of the above-described property, hereby certifies that the \$14,800,000.00 market value hereinabove assigned to the Project is reasonable.

County Assessor for St. Louis County

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

This instrument was acknowledged before me on _____, 2022, by _____, the County Assessor of St. Louis County.

Notary Public

EXHIBIT A

Legal Description

South Half of the West Half of Southwest Quarter of Southwest Quarter (S 1/2 of W 1/2 of SW 1/4 of SW 1/4) Section 14, Township 50 North Range 15.

This is Abstract property.

EXHIBIT 1.25
Water Improvements

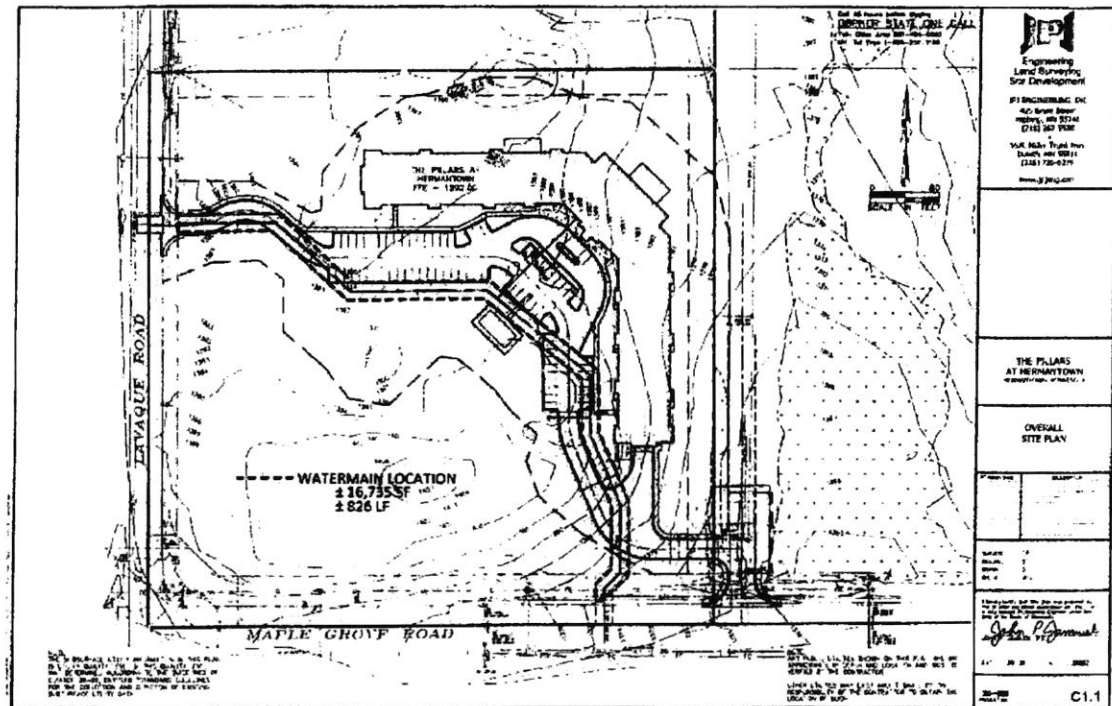


EXHIBIT 2.14 **Trail Easement**

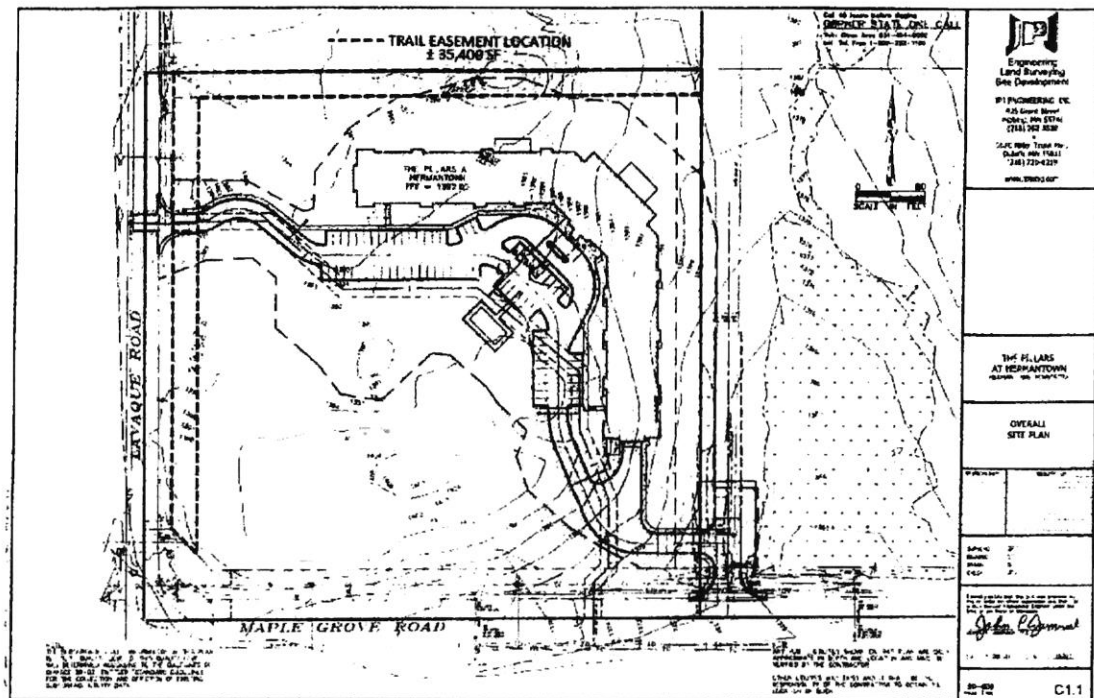


EXHIBIT 1.12
Development Land

South Half of the West Half of Southwest Quarter of Southwest Quarter (S 1/2 of W 1/2 of SW 1/4 of SW 1/4) Section 14, Township 50 North Range 15.

This is Abstract property.

EXHIBIT 1.13
Environmental Mitigation Costs

Environmental Costs (Not currently in GC scope)

Braun - Phase II Report + Testing: \$35,000

Braun - MPCA CCP/RAP Submittal + Vapor Mit. Design + Associated Testing and Closeout:
\$57,760

Projected Cost for Vapor Mitigation System Installed: \$150,000

Total: \$242,760

EXHIBIT 10.10.2
HEDA PAYG Note

UNITED STATE OF AMERICA
 STATE OF MINNESOTA
 ST. LOUIS COUNTY
 CITY OF HERMANTOWN

No. HEDA 2022-1

\$600,000.00

TAX ABATEMENT PAY-AS-YOU-GO REVENUE NOTE
 SERIES 2022
 (HEDA PAYG NOTE)

Interest RateDate of Original Issue

0.00%

_____, 2022

The **Hermantown Economic Development Authority** ("HEDA"), for value received, certifies that it is indebted and hereby promises to pay to **KTJ 360, LLC**, or registered assigns (the "Owner"), the principal sum of Six Hundred Thousand and No/100 Dollars (\$600,000.00) without interest.

1. Payments. Principal payments will be paid on August 1, 2024, and each February 1 and August 1 thereafter to and including February 1, 2031 ("Payment Dates"), in the amounts and solely from the sources set forth in Section 3 herein. Payments will be applied solely to principal because there is no interest payable on this HEDA PAYG Note. The Payments will be equal to all Available City Tax Abatement on any Payment Date. Payments are payable by mail to the address of the Owner or any other address as the Owner may designate upon thirty (30) days written notice to HEDA. Payments on this HEDA PAYG Note are payable in any coin or currency of the United States of America which, on the Payment Date, is legal tender for the payment of public and private debts.

2. Interest. There is no interest due or payable on this HEDA PAYG Note.

3. Available City Tax Abatement. Payments on this HEDA PAYG Note are payable on each Payment Date in the amount of and solely payable from the Available City Tax Abatement as defined in that certain Development Contract between Owner, HEDA and City dated _____, 2022 (the "Development Contract"). HEDA will have no obligation to make payments on this HEDA PAYG Note on any Payment Date from any source other than Available City Tax Abatement, and the failure of HEDA to pay the entire amount on this HEDA PAYG Note on any Payment Date will not constitute a default hereunder as long as HEDA makes payment hereon to the extent of the Available City Tax Abatement as set forth herein.

4. Optional Prepayment. The amount payable under this HEDA PAYG Note is prepayable in whole or in part at any time by HEDA without premium or penalty. No partial

prepayment will affect the amount or timing of any other regular payment otherwise required to be made under this HEDA PAYG Note.

5. Nature of Obligation. This HEDA PAYG Note is in the total principal amount of \$600,000.00 and is issued in reliance on the City Abatement Resolution No. 2022-80 and approved by the Hermantown City Council on June 8, 2022 pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Sections 469.1812 through 469.1815 inclusive. This HEDA PAYG Note is a limited obligation of HEDA which is payable solely from Available City Tax Abatement. This HEDA PAYG Note will not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the City or HEDA. Neither the State of Minnesota, nor any political subdivision thereof will be obligated to make payments on this HEDA PAYG Note except out of the Available City Tax Abatement, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to make payments on this HEDA PAYG Note or other costs incident hereto.

6. Estimated Available City Tax Abatement. Any estimates of the Available City Tax Abatement prepared by HEDA or City or its financial advisors in connection with the Development Contract are for the benefit of HEDA or City, and are not intended as representations on which the Owner may rely. HEDA MAKES NO REPRESENTATION OR WARRANTY THAT THE AVAILABLE CITY TAX ABATEMENT WILL BE SUFFICIENT TO PAY THE PRINCIPAL AMOUNT OF THIS HEDA PAYG NOTE. HEDA HAS NO OBLIGATION TO PAY ANY PRINCIPAL HEREON THAT IS NOT PAID FROM AVAILABLE CITY TAX ABATEMENT.

7. Registration and Transfer. This HEDA PAYG Note is issued only as a fully registered note without coupons. This HEDA PAYG Note is transferable upon the books of HEDA kept for that purpose at the principal office of the Finance Director of the City, by the Owner hereof in person or by the Owner's attorney duly authorized in writing, upon surrender of this PAYG Note together with a written instrument of transfer reasonably satisfactory to HEDA, duly executed by the Owner. Upon the transfer or exchange and the payment by the Owner of any tax, fee, or governmental charge required to be paid by HEDA, including Minnesota Statutes, Sections 469.1812 through 469.1815 inclusive, with respect to the transfer or exchange, there will be issued in the name of the transferee a new HEDA PAYG Note of the same aggregate principal amount, bearing no interest and maturing on the same dates. This HEDA PAYG Note will not be transferred to any person other than an affiliate, or other related entity, of the Owner unless HEDA has been provided with an investment letter or a certificate of the transferor, in a form reasonably satisfactory to HEDA, that the transfer is exempt from registration and prospectus delivery requirements of federal and applicable state securities laws.

8. Subject to Terms of Agreement. This HEDA PAYG Note is subject to the terms and provisions of the Development Contract. If there is any inconsistency between the terms and provisions of this HEDA PAYG Note and the terms and provisions of the Development Contract, the terms and provisions of the Development Contract shall govern. All capitalized terms when used herein shall have the meaning given them in the Development Contract, unless the context clearly requires otherwise.

9. Revenue Nature Payments. The Payments shall be pay-as-you-go and the Payments shall be payable only to the extent of the Available City Tax Abatement. Any Payments not paid

when due will be deemed deferred and paid when there is sufficient Available City Tax Abatement to make such Payments. No Payment shall be made after the earlier of (i) February 1, 2031; (ii) the latest date on which the Available City Tax Abatement may be received by City under the City Abatement Resolution; or (iii) the date that the Available City Tax Abatement may not be provided under the City Abatement Resolution under the laws of the Minnesota as currently enacted or as such laws are amended from time to time (future law changes may not grandfather the ability of HEDA to make Payments to Owner and may limit HEDA's ability to make Payments to Owner) and any remaining Payments will be deemed forgiven and waived and shall not be accrued or otherwise due in the future.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen, and to be performed in order to make this HEDA PAYG Note a valid and binding limited obligation of HEDA according to its terms, have been done, do exist, have happened, and have been performed in due form, time and manner as so required.

IN WITNESS WHEREOF, the Commissioners of the HEDA have caused this HEDA PAYG Note to be executed with the manual signatures of its President and Secretary, all as of the Date of Original Issue specified above.

HERMANTOWN ECONOMIC DEVELOPMENT AUTHORITY

By _____
Its President

And by _____
Its Secretary

Office of the County Recorder
St. Louis County, Minnesota
Recorded on 07/11/2022
At 12:59PM

Document No. 01447162

Wendy Levitt
County Recorder

By A Johnson Deputy
AFR 10148946

Auditor

Recording Fee: \$46.00
Well Certificate Fee: \$0.00

This page has been added by the St. Louis County Recorder/Registrar of Titles to add the recording information to the attached document.

Notes:

EXHIBIT B

BUSINESS SUBSIDY AGREEMENT
BY AND AMONG
HERMANTOWN ECONOMIC DEVELOPMENT AUTHORITY
AND
CITY OF HERMANTOWN
(COLLECTIVELY “GRANTOR”)
AND
KTJ 360, LLC
(“RECIPIENT”)

Approved: June 8th, 2022

This document was drafted by:

Steven C. Overom
Overom Law, PLLC
802 Garfield Avenue, Suite 101
Duluth, Minnesota 55802
(218) 625-8460

BUSINESS SUBSIDY AGREEMENT

THIS BUSINESS SUBSIDY AGREEMENT made effective this 8th day of June, 2022 by and among **Hermantown Economic Development Authority**, an economic development authority created under Chapter 469 of the Minnesota Statutes (“HEDA”) and the **City of Hermantown** (the “City”), a Minnesota statutory city (HEDA and City which are also hereinafter collectively referred to as the “Grantor”) with both having addresses at 5105 Maple Grove Road, Hermantown, Minnesota 55811 and **KTJ 360, LLC**, a Minnesota limited liability company, (“Recipient”) having its principal offices at 400 Water Street, Suite 200, Excelsior, MN 55331 is in response to the following situation:

A. HEDA, as Grantor, has the authority pursuant to Minnesota Statutes, sections 469.124 through 469.133, inclusive, as amended to carry out development projects that provide a public benefit to the City.

B. City, as Grantor, has the authority, pursuant to Minnesota Statutes §§412.211 and 412.221, Subd. 6, Subd. 7 and Subd. 11 and §412.321 to carry out projects that provide a public benefit to the City.

C. Grantor, when providing financial assistance to projects that provide a public benefit to the City and to the State, is subject to the requirements of Minnesota Statutes, Sections 116J.993 to 116J.995, inclusive, as amended, (“Business Subsidy Act”) and is defined therein as a Grantor.

D. Even though the assistance for housing that is provided to Recipient pursuant to this Business Subsidy Agreement is exempt from the Business Subsidy Act is Grantor desires to utilize the criteria in its Business Subsidy Policy (“Grantor’s Business Subsidy Policy”) to guide it in providing Business Subsidy to Recipient.

E. Grantor is required under Grantor’s Business Subsidy Policy to hold a hearing regarding the subsidy proposed to be provided by this Agreement and then enter into this subsidy agreement to set forth the terms and conditions of the Business Subsidy (the “Business Subsidy Agreement”).

F. The City Council of City (“City Council”) and the Commissioners of HEDA (“Commissioners”) held a joint public hearing on June 8, 2022 to consider this Agreement.

G. The City Council approved this Agreement on June 8, 2022 and the Commissioners approved this Agreement on June 8, 2022.

H. Recipient proposes to construct a 105-unit senior citizen housing complex (the “Project”) on property located in the City.

I. Recipient is required by Grantor’s Business Subsidy Policy to set forth in this Business Subsidy Agreement its goals that will result from receipt of the Business Subsidy.

J. Grantor finds the Project will promote the development of a 105-unit senior citizen housing complex which will provide life cycle housing in the City which will also provide or incentivize other residential housing sales and development, provide an increase in the real estate tax

base, provide needed infrastructure improvements and the grant of an easement for the City trail system.

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

THE AGREEMENT

Section 1. Definitions.

“Agreement” or “Subsidy Agreement” means this Business Subsidy Agreement.

“Benefit Date” means the date the Recipient receives the Business Subsidy. For improvements to property, the benefit date refers to the earliest date of either (i) when the improvements are finished for the entire project, or (ii) when a business occupies the property. For purchase or lease of equipment, the benefit date refers to when the Recipient puts the equipment into service.

“Business Subsidy” means the tax abatement financing assistance provided by Grantor to the Recipient.

“Business Subsidy Act” means Minnesota Statutes, sections 116J.993 to 116J.995, inclusive, as hereinafter amended.

“City”, referred to under the Business Subsidy Act means the City of Hermantown.

“Development Contract” means that certain Development Contract between Recipient and Grantor with respect to the development of the Project and the payment of Grantor of amounts advanced by Recipient to pay for the Infrastructure Improvements. Any terms defined in the Development Contract shall have the meanings set forth in the Development Contract unless the context clearly requires otherwise.

“Easement” means an easement on the Property for the City trail system.

“Grantor” means HEDA and the City.

“HEDA PAYG Note” means the HEDA PAYG Note means the Note by Grantor to Recipient to pay for costs incurred by the Recipient under the terms of the Development Contract.

“Infrastructure Improvements” means the improvements to the City water system and the installation of sidewalks, road and utilities serving the Project, environmental mitigation and stormwater control.

“Property” means the real estate legally described on Exhibit A attached hereto.

“Project” means a 105-unit senior citizen housing complex.

“Recipient” means KTJ 360, LLC, a Minnesota limited liability company.

“State” means the State of Minnesota.

Section 2. Subsidy Agreement Requirements.

2.1 Grantor and Recipient recognize and agree that the financial benefit of the HEDA PAYG Note is defined as a Business Subsidy under Grantor’s Business Subsidy Policy and is subject to the provisions thereof.

2.2 The Business Subsidy will be generated from tax abatement approved by the City with respect to the Project. Tax abatement for the Project will continue for up to seven (7) years for taxes payable in 2024 through 2030 or until the HEDA PAYG Note is satisfied, whichever is sooner. The Business Subsidy may not exceed Six Hundred Thousand and No/100 Dollars (600,000.00).

2.3 The public purposes of the Business Subsidy with respect to the Project is to promote the development of a 105-unit senior citizen complex which will provide housing for individuals and to provide an increase in the real estate tax basis. Grantor finds the Project will promote the development of a 105-unit senior citizen housing complex which will provide life cycle housing in the City which will also provide or incentivize other residential housing sales and development, provide an increase in the real estate tax base, and provide needed infrastructure improvements and the include the grant of an easement for the City trail system.

2.4 The goal of the Business Subsidy is to the cause the Project and Infrastructure Improvements to be constructed and the Easement granted.

2.5 If the goals described in Section 2.4 are not met, the Recipient must make the payment described in Section 3 hereof.

2.6 Recipient has demonstrated to the satisfaction of HEDA and City that it is adequately financed and the Project and Infrastructure Improvements will be completed in a timely fashion.

2.7 The Recipient agrees that it will continue operations at the Project in the City of Hermantown for at least five (5) years after the Benefit Date.

2.8 The Recipient has not previously received a Business Subsidy from Grantor and it has not failed to meet the terms of any business subsidy agreement as defined in the Business Subsidy Act and Recipient is eligible to receive a Business Subsidy under Grantor’s Business Subsidy Policy.

Section 3. Remedies.

If Recipient fails to meet the goals described in Section 2.4, then upon written notice delivered by Grantor to Recipient, Recipient must pay Grantor: (a) its “pro rata share” of the amount of any Business Subsidy; plus (b) interest on such principal amount of the Business Subsidy at the implicit price deflator rate for government consumption expenditures and gross investment for local and state governments prepared by the Bureau of Economic Analysis of the United States Department of Commerce for the 12-month period ending March 31 of the previous year, accrued from the Benefit Date to the date of payment. The term “pro rata share” means if the failure relates to maintenance of the business in accordance with Section 2.7, 60 less the number of months of

operation (where any month in which the business is in operation for at least 15 days constitutes a month of operation), commencing on the Benefit Date and ending on the date the business ceases operation as determined by the HEDA, divided by 60.

In addition to the remedies described in this Section and any other remedy available to the Grantor for failure to meet the goals stated in Section 2.4, Recipient agrees and understands that it may not receive a Business Subsidy from the Grantor or any other grantor for a period of five years from the date of the failure or until Recipient satisfies its repayment obligation under this Section, whichever occurs first.

Section 4. Reports.

Recipient must submit to HEDA and City a written report with respect to the Business Subsidy goals and results on the form attached hereto, by March 1 of each year, commencing March 1, 2024 and continuing until the later of (i) the date the goals stated Section 2.4 are met; or (ii) March 1, 2031; or (iii) if the goals are not met, the date the Business Subsidy is repaid in accordance with Section 3.

HEDA and City will provide information to Recipient regarding the required forms. If Recipient fails to timely file any report required under this Section, HEDA and City will mail the Recipient a warning within one week after the required filing date. If, after fourteen (14) days of the postmarked date of the warning, the Recipient fails to provide a report, the Recipient must pay to the Grantor a penalty of One Hundred and No/100 Dollars (\$100.00) per month for each month that the report is delinquent.

A failure by HEDA and/or City to provide such reports or warnings hereunder shall not affect HEDA's and City's rights under this Business Subsidy Agreement, the Agreement or any applicable law, rule or regulation.

Section 5. Attorney Fees.

If Grantor employs attorneys or incurs other expenses for the collection of payments due or for the enforcement or observance of any obligation or agreement on the part of Recipient under this Agreement or the Agreement, the Recipient agrees that it will, within 10 days of written demand by the HEDA or City, pay the reasonable fees of such attorneys and any other expenses so incurred by Grantor.

Section 6. Project Compliance Information. Recipient shall provide to Grantor any information reasonably requested or needed by Grantor to monitor Project implementation for compliance with Minnesota law and its guidelines.

Section 7. Nondiscrimination. The provisions of Minnesota Statutes, Section 181.59, which relate to civil rights and discrimination, shall be considered a part of this Agreement as though wholly set forth herein and the Recipient shall comply with each such provision throughout the term of this Agreement.

Section 8. Miscellaneous.

8.1 Choice of Law and Venue. This Agreement is made and shall be governed in all respects by the laws of the State. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of the State, venued in St. Louis County, Minnesota if in State Court and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

8.2 Severability. Wherever possible, each provision of this Agreement and each related document shall be interpreted so that it is valid under applicable law. If any provision of this Agreement or any related document is to any extent found invalid by a court or other governmental entity of competent jurisdiction, that provision shall be ineffective only to the extent of such invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement or any other related document.

8.3 Notice. All notices required hereunder shall be given by depositing in the U.S. mail, postage prepaid, certified mail, return receipt requested, to the following addresses (or such other addresses as either party may notify the other):

To HEDA: Hermantown Economic Development Authority
5105 Maple Grove Road
Hermantown, MN 55811
Attn: John Mulder, Executive Director

To City: City of Hermantown
5105 Maple Grove Road
Hermantown, MN 55811
Attn: John Mulder, City Administrator
Ph: (218) 729-3600
Email: jmulder@hermantownmn.com

To Recipient: KTJ 360, LLC
400 Water Street
Suite 200
Excelsior, MN 55331
Attn: Ryan Grover
Ph: (612) 810-9481
Email: ryan@oppidan.com

8.4 Entire Agreement. This Agreement, is made pursuant to and as part of the Agreement. The Agreement, this Agreement and all other documents and agreements executed pursuant to the Agreement constitute the complete and exclusive statement of all mutual understandings between the parties with respect to the Project, superseding all prior or contemporaneous proposals, communications, and understandings, whether oral or written, pertaining to the subject matter of this Agreement.

8.5 Headings. The headings appearing at the beginning of the several sections contained in this Agreement have been inserted for identification and reference purposes only and shall not be used in the construction and interpretation of this Agreement.

8.6 Conflict of Interests; Representatives Not Individually Liable. No officer, employee or contractor of Grantor may acquire any financial interest, direct or indirect, in this Agreement, or in any contract related to the Project. No officer, agent, or employee of the Grantor shall be personally liable to the Recipient or any successor in interest in the event of any default or breach by Grantor or for any amount that may become due to Recipient or on any obligation or term of this Agreement.

8.7 Effect on Other Agreements. Nothing in this Agreement shall be construed to modify any term of any other agreement to which Grantor and Recipient are parties.

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

8.9 Agreement. Grantor shall have no obligations to provide a Business Subsidy to Recipient unless and until the Agreement has been entered into by the parties.

8.10 No Waiver. No remedy conferred upon or reserved to Grantor is intended to be inclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Business Subsidy Agreement, the Agreement or now or hereafter existing at law or in equity or by statute. Further no decision by Grantor to exercise any remedy or give it hereunder, under the Agreement or by statute shall constitute a waiver of any rights afforded Grantor upon any subsequent or continuing default, action or non-action by Recipient.

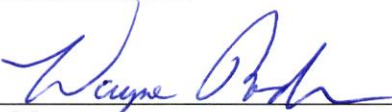
8.11 No Parent Corporation. There is no parent corporation of the Recipient.

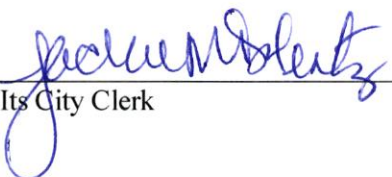
8.12 Job Goals. The creation of jobs was not determined to be a goal of the Business Subsidy so there are no job goals within this Agreement.

[SIGNATURES APPEAR ON NEXT PAGE]

IN WITNESS WHEREOF, the City has caused this Agreement to be executed by its duly authorized representatives as of the date first above written.

City of Hermantown

By _____
Its Mayor

And By _____
Its City Clerk

[SIGNATURES CONTINUE ON NEXT PAGE]

IN WITNESS WHEREOF, the Hermantown Economic Development Authority has caused this Agreement to be duly executed in its name and behalf on or as of the date first above written.

Hermantown Economic Development Authority

By 
Its President

And By 
Its Secretary

[SIGNATURES CONTINUE ON NEXT PAGE]

IN WITNESS WHEREOF, Recipient has caused this Agreement to be executed by its duly authorized representatives as of the date first above written.

KTJ 360, LLC

By 
Its Vice President

[END OF SIGNATURES]

City of Hermantown
 5105 Maple Grove Road
 Hermantown, MN 55811
 Phone: 218-729-3600
 Fax: 218-729-3620

City of Hermantown Business Assistance Recipient Report

Section 1: Recipient Information

1.1. Name of business or organization receiving subsidy or financial assistance: _____	1.2. Address where business subsidy or financial assistance will be used Street address: _____ City, State, Zip Code: _____
1.3. Does the recipient have a parent corporation? <i>(Mark one.)</i> ☐ Yes <i>(Indicate name and address of parent corporation below. If more than one, indicate ultimate owner.)</i> ☐ No Name of parent corporation: _____ Street address: _____ City, State, Zip Code: _____	
1.4. Industry of recipient's facility (Mark one.): ☐ Manufacturing ☐ Services ☐ Finance, Insurance, Real Estate ☐ Retail Trade ☐ Wholesale Trade ☐ Construction ☐ Other (please specify): _____	
1.5. Did the recipient relocate as a result of signing this agreement? (Mark one.) ☐ Yes (Indicate city and state of previous address and reason recipient did not complete this project at that address.) - City/State of previous address: - Reason project not completed at previous address: - Indicate total number of employees who ceased to be employed by recipient when the recipient relocated to become eligible for the business subsidy. # ☐ No (Go to Question 1.6.)	
1.6. What would recipient have done without business subsidy or financial assistance? (Mark one): ☐ Remain at previous location, but not expand ☐ Relocate to different Minnesota location ☐ Other: _____ ☐ Remain at previous location but expand at the location ☐ Relocated outside Minnesota	
1.6.1. Was the project a result of eminent domain? ☐ Yes ☐ No	

Section 2: Goals and Public Purpose Identified in the Agreement

2.1. Minn. Stat. §116J.994 requires that business subsidy and financial assistance agreements state a public purpose. Which of the following public purposes were stated in the agreement? <i>(Mark all that apply.)</i> ☐ Enhancing economic diversity ☐ Creating high-quality job growth ☐ Job retention ☐ Stabilizing the community ☐ Increasing tax base (cannot be only purpose) ☐ Other <i>(please specify):</i> _____
--

2.2. Indicate whether the agreement included the following types of goals, and whether the recipient had attained those goals at the time of this report. (Fill in the boxes and attainment date(s) for each goal.)			
	Goals established?	Target attainment dates (month & year)	All goals attained?
A) Specific wage and job goals to be attained within 2 years	☐ Yes ☐ No		☐ Yes ☐ No
B) Other job-creation and/or retention goals	☐ Yes ☐ No		☐ Yes ☐ No
C) Other wage goals	☐ Yes ☐ No		☐ Yes ☐ No
D) Goals other than wage and job goals	☐ Yes ☐ No		☐ Yes ☐ No
2.5. Has the recipient achieved all goals (see Question 2.1 and 2.2) and fulfilled all obligations stipulated in the agreement (Mark one.)			
☐ Yes ☐ No			

Section 3: Agreement Information

3.1. Total dollar value of business subsidy or financial assistance Please separate value by type in Questions 3.5 and 3.6.): _____		3.2. Date agreement signed (In addition to the agreement date, indicate any dates the agreement was amended.): _____	
3.3. Benefit date (Indicate the date the recipient receives the business subsidy. If the subsidy involves physical equipment, then the benefit date is the date the equipment is placed into service. If the business subsidy involves property improvements, the benefit date is when the improvements are finished or when the business occupies the property): _____			
3.4. Does the agreement provide a business subsidy or one of the four types of financial assistance (see Question 3.6) required to be reported? (Mark one.)			
☐ business subsidy		☐ financial assistance	
3.5. If the agreement provided a business subsidy, please indicate the type(s) and total dollar value for each type . ☐ not applicable, agreement provided financial assistance ☐ loan (only principal) \$ _____ ☐ grant (i.e., forgivable loan) \$ _____ ☐ tax abatement \$ _____ ☐ TIF or other tax reduction or deferral* \$ _____ ☐ guarantee or payment \$ _____ ☐ contribution of property or infrastructure \$ _____ ☐ preferential use of governmental facilities \$ _____ ☐ land contribution \$ _____ ☐ other (Specify subsidy type.): _____ \$ _____		3.6. If the assistance was one of the four types of financial assistance, please indicate the type(s). ☐ not applicable, agreement provided a business subsidy ☐ assistance for property by contaminants \$ _____ ☐ assistance for renovating building stock or bringing it up to code, and assistance provided for designated historic preservation districts, when 50 percent or less of total cost \$ _____ ☐ assistance for pollution control or abatement \$ _____ ☐ assistance for a TIF soils condition district \$ _____	

3.7. If the assistance included tax increment financing, please indicate the type of TIF district. <i>(Mark one.)</i> ☐ not applicable, assistance was not in the form of TIF ☐ redevelopment ☐ renewal and renovation ☐ soils condition ☐ economic development ☐ mined underground space ☐ hazardous substance subdistrict 3.7A. If assistance included JOBZ benefits, please indicate type of assistance. <i>(Mark all that apply and please also submit the JOBZ MBAF form.)</i> ☐ JOBZ ☐ JOBZ AgZone ☐ Biozone	3.8. Are any other grantors providing a business subsidy or financial assistance to the same project? <i>(Mark one.)</i> ☐ Yes <i>(Specify each grantor and the value of their assistance below; attach an additional sheet if necessary.)</i> Grantor: _____ Value (\$): _____ Grantor: _____ Value (\$): _____ ☐ No
--	--

Recipient Name:

Authorized Officer

EXHIBIT C

ASSESSMENT AGREEMENT

BY AND BETWEEN

KTJ 360, LLC

AND

CITY OF HERMANTOWN

Dated as of the 8th day of June, 2022

This document was drafted by:

Steven C. Overom
Overom Law, PLLC
802 Garfield Avenue, Suite 101
Duluth, Minnesota 55802
(218) 625-8460

ASSESSMENT AGREEMENT

THIS ASSESSMENT AGREEMENT, dated as of the 8th day of June, 2022 by and between the **City of Hermantown** ("City") and **KTJ 360, LLC**, a Minnesota limited liability company (the "Developer"), and certified by the County Assessor for St. Louis County, Minnesota (the "Assessor") is in response to the following situation:

A. City, Hermantown Economic Development Authority ("HEDA") and Developer have entered into a certain Development Contract, dated as of June 8th, 2022 (the "Development Contract"), regarding certain real property located in the City of Hermantown, St. Louis County, Minnesota (the "Property"), which property is legally described on the Exhibit A attached to and made a part of this Assessment Agreement. Defined terms not otherwise defined herein shall be defined as set forth in the Development Contract.

B. The Development Contract provides that Developer will construct a 105-unit senior citizen housing complex and improvements (the "Project") on the Property.

C. City and Developer desire to establish certain minimum market values for the Property upon completion of the Project pursuant to Minnesota Statutes, Section 469.177, Subdivision 8.

D. Developer, City, and the Assessor have reviewed the plans for the Project.

NOW, THEREFORE, the parties to this Assessment Agreement, in consideration of the promises, covenants and agreements herein, do hereby agree as follows:

1. Effective as of January 2 of the year following the year that the Project is completed and continuing on each January 2 through the term of this Assessment Agreement, the minimum market value which shall be assigned to and assessed for the Project for purposes of real estate property taxation shall be not less than \$14,800,000.00 (the "Minimum Market Value").

2. The term of this Assessment Agreement shall expire and the Minimum Market Value herein established shall be of no further force and effect shall terminate upon the earlier of (i) the termination of the Development Contract or (ii) the date that the HEDA PAYG Note is paid in full (the "Termination Date").

3. This Assessment Agreement is contingent upon the continuing payment to Developer of the amounts payable under the HEDA PAYG Note unless the non-payment to Developer was due to Developer not paying taxes when due.

4. This Assessment Agreement shall be promptly recorded by City, with the County Recorder and/or the Registrar of Titles (as applicable) of St. Louis County, Minnesota, and shall be filed against the Property. The parties shall execute and record a termination of this Assessment Agreement upon the Termination Date.

5. Neither any preamble nor any provision of this Assessment Agreement is intended to modify the terms of this Assessment Agreement.

6. This Assessment Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties, shall be governed by and interpreted pursuant to Minnesota law, and may be executed in counterparts, each of which shall constitute an original hereof and all of which shall constitute one and the same instrument.

7. Nothing herein shall be deemed to waive Developer's right to contest that portion of any actual value assignment made by the Assessor in excess of the Minimum Actual Value established herein. In no event, however, shall Developer seek to reduce the actual value assigned below the Minimum Market Value established herein during the term of this Assessment Agreement.

8. This Assessment Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties.

9. Each of the parties has authority to enter into this Assessment Agreement and to take all actions required of it, and has taken all actions necessary to authorize the execution and delivery of this Assessment Agreement.

10. In the event any provision of this Assessment Agreement shall be held invalid and unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

11. The parties hereto agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements, amendments and modifications hereto, and such further instruments as may reasonably be required for correcting any inadequate, or incorrect, or amended description of the Property or the Project or for carrying out the expressed intention of this Assessment Agreement, including, without limitation, any further instruments required to delete from the description of the Property such part or parts as may be included within a separate assessment agreement.

12. This Assessment Agreement may not be amended nor any of its terms modified except by a writing authorized and executed by all parties hereto.

13. This Assessment Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota.

[SIGNATURES APPEAR ON NEXT PAGE]

IN WITNESS WHEREOF, the City has caused this Agreement to be executed by its duly authorized representatives as of the date first above written.

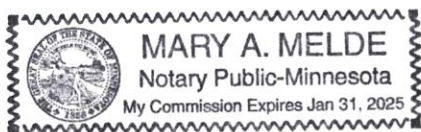
City of Hermantown

By Wayne Baucher
Its Mayor

And By Jackie Dolentz
Its City Clerk

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

The foregoing instrument was acknowledged before me this 24th day of June, 2022, by Wayne Baucher and Jackie Dolentz, the Mayor and City Clerk, respectively, of the City of Hermantown on behalf of the City of Hermantown.



Mary A. Melde
Notary Public

[SIGNATURES CONTINUE ON NEXT PAGE]

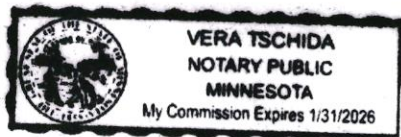
IN WITNESS WHEREOF, Developer has caused this Agreement to be executed by its duly authorized representatives as of the date first above written.

KTJ 360, LLC

By 
Its Vice President

STATE OF MINNESOTA)
) ss.
COUNTY OF Hennepin)

This instrument was acknowledged before me on June 16, 2022, by David Scott, the Vice President of KTJ 360, LLC, a Minnesota limited liability company, on behalf of said company.




Notary Public

[END OF SIGNATURES]

CERTIFICATION BY COUNTY ASSESSOR

The undersigned, having reviewed certain plans for the Project to be constructed and the market value assigned to the land upon which the Project to be constructed, as described in this Assessment Agreement, hereby states as follows: The undersigned Assessor, being legally responsible for the assessment of the above-described property, hereby certifies that the \$14,800,000.00 market value hereinabove assigned to the Project is reasonable.

County Assessor for St. Louis County

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

 This instrument was acknowledged before me on _____, 2022, by
_____, the County Assessor of St. Louis County.

Notary Public

EXHIBIT A
Legal Description

South Half of the West Half of Southwest Quarter of Southwest Quarter (S 1/2 of W 1/2 of SW 1/4 of SW 1/4) Section 14, Township 50 North Range 15.

This is Abstract property.

FIRST AMENDMENT
TO BUSINESS SUBSIDY AGREEMENT

This FIRST AMENDMENT TO BUSINESS SUBSIDY AGREEMENT (this “Amendment”) is entered into as of _____, 2025, by and among the City of Hermantown (“City”), the Hermantown Economic Development Authority (“HEDA”) (HEDA and City are collectively referred to herein as “Grantors”) and Pillars of Hermantown LLC, a Minnesota limited liability company (“Developer” or “Recipient”).

RECITALS

A. Grantors entered into that certain Development Agreement, dated July 8, 2022, and recorded on July 11, 2022 with the St. Louis County, Minnesota Recorder’s Office as Document No.: 01447162 (the “Development Agreement”), with the original developer, KTC 360, LLC (the “Original Developer”), which provided for, among other things, the terms and conditions for construction of a 105-unit senior citizen housing complex, related water improvements and the granting of a trail easement (the “Project”).

B. Grantors also entered into that Business Subsidy Agreement dated June 8, 2022 (the “Business Subsidy Agreement”) related to the Project pursuant to which the Business Subsidy (as defined therein) was provided to Developer.

C. The Development Agreement and related Business Subsidy Agreement were subsequently assigned by the Original Developer to the Developer, and pursuant to such assignment, the Developer assumed the rights and obligations under the Development Agreement and Business Subsidy Agreement (the “Assignment and Assumption”).

D. Grantors consented to the assignment of the Development Agreement and Business Subsidy Agreement.

E. The Developer has now requested the removal of the requirement contained in the Business Subsidy Agreement that Developer provide the Easement (as defined in the Business Subsidy Agreement).

F. Grantors have found that the primary goals resulting from the provision of the Business Subsidy to Developer were achieved and the removal of the requirement that Developer provide the Easement is not inconsistent with the Business Subsidy Policy of HEDA.

NOW, THEREFORE, in consideration of the provisions and mutual obligations of the parties hereto, the parties agree as follows:

1. Capitalized Terms. All capitalized terms used in this Amendment but not defined herein shall have the same meanings assigned to them as in the Business Subsidy Agreement.

2. Recitals. The above recitals of fact are incorporated and made part of this Amendment.

3. Assignment and Assumption. The Developer affirms the Assignment and Assumption.

4. Deletion of Certain Provisions. The following terms and provisions of the Business Subsidy Agreement are deleted:

i The definition of “Easement” in Section 1

5. Amendment to Recital J. Recital J of the Business Subsidy Agreement is amended and completely replaced with the following:

J. Grantor finds that the Project will promote the development of a 105-unit senior citizen housing complex which will provide life cycle housing in the City and which will also provide or incentivize other residential housing sales and development, provide an increase in the real estate tax base, and provide needed infrastructure improvements.

6. Amendment to Section 2.3. Section 2.3 of the Business Subsidy Agreement is amended and completely replaced with the following:

2.3 The public purposes of the Business Subsidy with respect to the Project is to promote the development of a 105-unit senior citizen complex which will provide housing for individuals and to provide an increase in the real estate tax base. Grantor finds the Project will promote the development of a 105-unit senior citizen housing complex which will provide life cycle housing in the City which will also provide or incentivize other residential housing sales and development, provide an increase in the real estate tax base, and provide needed infrastructure improvements.

7. Amendment to Section 2.4. Section 2.4 of the Business Subsidy Agreement is amended and completely replaced with the following:

2.4 The goal of the Business Subsidy is to cause the Project and Infrastructure Improvements to be constructed.

8. No Other Amendments. Except to the extent amended herein, all of the terms and conditions of the Business Subsidy Agreement are ratified and confirmed and shall remain in full force and effect.

IN WITNESS WHEREOF, the City has caused this Amendment to be duly executed in its name and on its behalf, HEDA has caused this Amendment to be duly executed in its name and on its behalf, and the Developer has caused this Amendment to be duly executed in its name and on its behalf, on or as of the date first above written.

CITY OF HERMANTOWN, MINNESOTA

By _____
Its Mayor

By _____
Its City Clerk

HERMANTOWN ECONOMIC
DEVELOPMENT AUTHORITY

By _____
Its President

And By _____
Its Secretary

PILLARS OF HERMANTOWN LLC

By _____
Its _____

15511\000005\1E62468.DOCX

FIRST AMENDMENT
TO DEVELOPMENT AGREEMENT

This FIRST AMENDMENT TO DEVELOPMENT AGREEMENT (this “Amendment”) is entered into as of _____, 2025, by and among the City of Hermantown (“City”), the Hermantown Economic Development Authority (“HEDA”), and Pillars of Hermantown LLC, a Minnesota limited liability company (“Developer”).

RECITALS

A. The City and HEDA entered into that certain Development Agreement, dated July 8, 2022, and recorded on July 11, 2022 with the St. Louis County, Minnesota Recorder’s Office as Document No.: 01447162 (the “Development Agreement”), with the original developer, KTC 360, LLC (the “Original Developer”), which provided for, among other things, the terms and conditions for construction of a 105-unit senior citizen housing complex, related water improvements and the granting of a trail easement, all on the Land described on Exhibit A.

B. The Development Agreement and related Business Subsidy Agreement dated June 8, 2022, were subsequently assigned by the Original Developer to the Developer, and pursuant to such assignment, the Developer assumed the rights and obligations under the Development Agreement and Business Subsidy Agreement (the “Assignment and Assumption”).

C. The City and HEDA consented to the assignment of the Development Agreement and Business Subsidy Agreement.

D. The Developer has now requested the removal of the requirement contained in the Development Agreement that Developer provide the Trail Easement (as defined in the Development Agreement).

NOW, THEREFORE, in consideration of the provisions and mutual obligations of the parties hereto, the parties agree as follows:

1. Capitalized Terms. All capitalized terms used in this Amendment but not defined herein shall have the same meanings assigned to them as in the Development Agreement.

2. Recitals. The above recitals of fact are incorporated and made part of this Amendment.

3. Assignment and Assumption. The Developer affirms the Assignment and Assumption.

4. Deletion of Certain Provisions. The following terms and provisions of the Development Agreement are deleted:

- i Recital D;
- ii Article I, Definition 1.24;
- iii Section 2.14;
- iv Section 10.7.8;
- v 13.2.6; and
- vi Exhibit 2.14.

5. Amendment to Recital E. Recital E of the Development Agreement is amended and completely replaced with the following:

E. Developer is willing to construct the Water Improvements as provided in this Agreement.

6. Amendment to Section 10.2. Section 10.2 of the Development Agreement is amended and completely replaced with the following:

10.2 Public Interest. City and HEDA believe that the construction of the Project will be in the public interest as it will result in increase the tax base of City and the Project will promote the development of a 105-unit senior citizen housing complex which will provide life cycle housing in the City which will also provide or incentivize other residential housing sales and development, provide an increase in the real estate tax base, and provide needed infrastructure improvements.

7. No Other Amendments. Except to the extent amended herein, all of the terms and conditions of the Development Agreement are ratified and confirmed and shall remain in full force and effect.

IN WITNESS WHEREOF, the City has caused this Amendment to be duly executed in its name and on its behalf, HEDA has caused this Amendment to be duly executed in its name and on its behalf, and the Developer has caused this Amendment to be duly executed in its name and on its behalf, on or as of the date first above written.

CITY OF HERMANTOWN, MINNESOTA

By _____
Its Mayor

By _____
Its City Clerk

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

The foregoing instrument was acknowledged before me this ____ day of _____, 2025, by _____ and _____, the Mayor and City Clerk, respectively, of the City of Hermantown on behalf of the City of Hermantown.

Notary Public

HERMANTOWN ECONOMIC
DEVELOPMENT AUTHORITY

By _____
Its President

And By _____
Its Secretary

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

The foregoing instrument was acknowledged before me this ____ day of _____, 2025, by
_____ and _____, the President
and Secretary, respectively, of Hermantown Economic Development Authority on behalf of
Hermantown Economic Development Authority.

Notary Public

PILLARS OF HERMANTOWN LLC

By _____
Its _____

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

The foregoing instrument was acknowledged before me this ____ day of _____, 2025, by
_____, the _____ of Pillars of Hermantown, LLC on
behalf of Pillars of Hermantown LLC.

Notary Public

EXHIBT A

LEGAL DESCRIPTION

Real property in the City of Hermantown, County of St. Louis, State of Minnesota, described as follows:

Parcel 1:

The South Half of the West Half of the Southwest Quarter of the Southwest Quarter (S 1/2 of W 1/2 of SW 1/4 of SW 1/4), Section Fourteen (14), Township Fifty (50), Range Fifteen (15), St. Louis County, Minnesota.

(Abstract Property)

Parcel 2:

Non-exclusive access and utility easements as set forth in the Easement Agreement dated September 23, 2020, recorded October 09, 2020, as Document No. 01392559.



CITY COUNCIL MEETING DATE: October 20, 2025

TO: Mayor & City Council

FROM: Eric Johnson, Community Development Director

SUBJECT: Consent to Assignment of Development Agreement – KTJ 360, LLC

☒ **RESOLUTION:** 2025-160 ☐ **ORDINANCE:** ☐ **OTHER:**

REQUESTED ACTION

Approve the consent to assignment of the Development Agreement among KTJ 360, LLC, Pillars of Hermantown LLC, and City of Hermantown regarding the Cottages of Hermantown development.

BACKGROUND

On September 15, 2025, the City entered into a development agreement with KTJ 360, LLC (Resolution 2025-126) for the infrastructure improvements associated with the Cottages of Hermantown development. These documents are recorded with St. Louis County and/or used on their end for financing. The consent to assignment ensures that the documentation matches the organizational structure.

The requirements set forth in the development agreement remain the same and would now be assigned to Pillars of Hermantown LLC, which is the same entity associated with the original Pillars of Hermantown senior development.

SOURCE OF FUNDS (if applicable)

N/A

ATTACHMENTS

Resolution
Consent to Assignment of Development Agreement

Resolution No. 2025-160

Resolution Approving Consent To Assignment Of Development Agreement Among KTJ 360, LLC, Pillars Of Hermantown, LLC, And City Of Hermantown, And Authorizing The Mayor And City Clerk To Execute And Deliver The Agreement On Behalf Of The City Of Hermantown

WHEREAS, KTJ 360, LLC (“Original Developer”) was approved to construct a 20-unit twin home development (10 buildings) (“Project”) on the Property; and

WHEREAS, Original Developer and City entered into a Development Agreement with respect to the Project dated September 15, 2025 (“Development Agreement”); and

WHEREAS, the Pillars of Hermantown LLC (“Developer”) is the owner of certain real estate described on Exhibit A of the Development Agreement (“Property”); and

WHEREAS, Original Developer has assigned its interest in the Development Agreement to Developer; and

WHEREAS, City consent to the assignment of the Development Agreement to Developer under the terms of the Consent to Assignment of Development Agreement (“Agreement”); and

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Hermantown that the Mayor and City Clerk are hereby authorized to execute the Agreement in the form attached hereto as Exhibit A.

Councilor _____ introduced the foregoing resolution and moved its adoption.

The motion for the adoption of such resolutions was seconded by Councilor _____ and, upon a vote being taken thereon, the following voted in favor thereof:

Councilors _____

And the following voted in opposition thereto:

Councilors _____

WHEREUPON, such resolution was declared duly passed and adopted October 20, 2025.

CONSENT TO ASSIGNMENT OF DEVELOPMENT AGREEMENT

THIS CONSENT TO ASSIGNMENT OF DEVELOPMENT AGREEMENT (“Agreement”) is made and entered into effective as of October____, 2025, by and among PILLARS OF HERMANTOWN LLC, a Delaware limited liability company (“Developer”), KTJ 360, LLC, a Minnesota limited liability company (“Original Developer”), and, the CITY OF HERMANTOWN, a Minnesota municipal corporation (“City”).

RECITALS:

A. Developer owns fee simple title to certain real property described in Exhibit A attached hereto (“Premises”). Developer is constructing on the Premises (“Project”).

B. Original Developer and City entered into a Development Agreement dated September 15, 2025 (“Development Agreement”), a true and correct copy is attached hereto as Exhibit B. Original Developer has assigned its rights and obligations under the Development Agreement to Developer.

C. Original Developer and Developer request that City consent to the assignment of the Development Agreement to Developer without relieving Original Developer of any of its obligations under the Development Agreement. City is willing to do so subject to the terms and conditions stated herein.

NOW, THEREFORE, for value received, Developer, Original Developer, and City agree as follows:

1.

CONSENT OF CITY

1.1 City consents to the assignment of the Development Agreement to Developer as long as Original Developer is not relieved of any of its obligations under the Development Agreement.

2.

MISCELLANEOUS PROVISIONS

2.1 This Agreement embodies and constitutes the entire understanding among the parties with respect to the assignment of the Development Agreement. Neither this Agreement nor any provision hereof may be waived, amended, or terminated except by an instrument signed by the party against whom the enforcement of such waiver, amendment or termination is sought, and then only to the extent set forth in such instrument.

2.2 Whenever in this Agreement one of the parties hereto is named or referred to, the heirs, legal representatives, successors and assigns of such parties shall be included and all covenants and agreements contained in this Agreement by or on behalf of Developer shall bind and inure to the benefit of their respective heirs, legal representatives, successors and assigns, whether so expressed or not.

2.3 Neither this Agreement nor any provision hereof may be changed, waived, discharged, or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge, or termination is sought.

2.4 Any notices and other communications permitted or required by the provisions of this Agreement (except for telephonic notices expressly permitted) shall be in writing and shall be deemed to have been properly given or served by depositing the same with the United States Postal Service, or any official successor thereto, designated as Certified Mail, Return Receipt Requested, bearing adequate postage, or deposited with a reputable private courier or overnight delivery service, and addressed as hereinafter provided. Each such notice shall be effective three (3) days after being deposited or delivered as aforesaid. The time period within which a response to any such notice must be given, however, shall commence to run from the date of receipt of the notice by the addressee thereof. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given shall be deemed to be receipt of the notice sent. By giving to the other party hereto at least ten (10) days' notice thereof, either party hereto shall have the right from time to time to change its address and shall have the right to specify as its address any other address within the United States of America.

Each notice to Original Developer shall be addressed as follows:

KTJ 360, LLC
c/o Oppidan, Incorporated
400 Water Street
Excelsior, Minnesota 55331

Each notice to Developer shall be addressed as follows:

Pillars of Hermantown LLC
c/o Oppidan Senior Living
400 Water Street, Suite 200
Excelsior, Minnesota 55331
Attention: David Scott

Each notice to the City shall be addressed as follows:

City of Hermantown
5105 Maple Grove Road
Hermantown, Minnesota 55811
Attention: John Mulder, City Administrator

2.5 Regardless of the place of execution of this instrument, the parties to this instrument have contracted for Minnesota law to govern this instrument and it is agreed that this instrument is made pursuant to and shall be construed and governed by the laws of the State of Minnesota without regard to the principles of conflicts of law.

2.6 Each party to this Agreement submits and consents to personal jurisdiction of the courts of the State of Minnesota and courts of the United States of America sitting in such state

for the enforcement of this instrument and waives any and all personal rights under the laws of any state or the United States of America to object to jurisdiction in the State of Minnesota. Litigation may be commenced in state court of general jurisdiction in Duluth, Minnesota.

2.7 This instrument may be executed in any number of counterparts with the same effect as if all parties hereto had signed the same document. All such counterparts shall be construed together and shall constitute one instrument, but in making proof hereof it shall only be necessary to produce one such counterpart. The signatures to this instrument may be executed on separate pages and when attached to this instrument shall constitute one complete document.

2.8 THE PARTIES TO THIS INSTRUMENT WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING TO WHICH ANY PARTIES TO THIS INSTRUMENT ARE INVOLVED DIRECTLY OR INDIRECTLY AND ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS INSTRUMENT OR THE RELATIONSHIP ESTABLISHED HEREUNDER, AND WHETHER ARISING OR ASSERTED BEFORE OR AFTER THE DATE OF THIS INSTRUMENT.

[Signature pages follow]

IN WITNESS WHEREOF, this Agreement was executed as of the date first above written.

PILLARS OF HERMANTOWN LLC,
a Delaware limited liability company

By: _____

Its: _____

KTJ 360, LLC,
a Minnesota limited liability company

By:_____

Its:_____

CITY OF HERMANTOWN,
a Minnesota municipal corporation

By: _____
Name: _____
Its: Mayor

By: _____
Name: _____
Its: City Clerk

EXHIBIT A

LEGAL DESCRIPTION

Real property in the City of Hermantown, County of St. Louis, State of Minnesota, described as follows:

The South Half of the West Half of the Southwest Quarter of the Southwest Quarter (S 1/2 of W 1/2 of SW 1/4 of SW 1/4), Section Fourteen (14), Township Fifty (50), Range Fifteen (15), St. Louis County, Minnesota.

(Abstract Property)

EXHIBIT B
DEVELOPMENT AGREEMENT

(See attached)

DEVELOPMENT AGREEMENT

BY AND BETWEEN

KTJ 360, LLC (“DEVELOPER”)

AND

CITY OF HERMANTOWN

(“CITY”)

Dated as of the 15 day of September, 2025

THIS DOCUMENT WAS DRAFTED BY:

Gunnar B. Johnson
Overom Law
802 Garfield Avenue, Suite 101
Duluth, Minnesota 55802
(218) 625-8463

DEVELOPMENT AGREEMENT

THIS AGREEMENT, made on or as of the 15 day of September, 2025, by and between **City of Hermantown**, (hereinafter referred to as the “City”) and **KTJ 360, LLC** a Minnesota limited liability company (hereinafter referred to as the “Developer”), is in response to the following situation:

A. The Developer has requested the City to approve the Planned Unit Development (“PUD”) the Hermantown Cottages which is planned for property located in St. Louis County, Minnesota legally described as follows:

See **Exhibit A** attached hereto (“Property”)

B. The City will not issue the Final PUD Order until the Developer constructs Stormwater Improvements, a City Sewer Main and City Water Main (as such terms are defined in Section 8 and which are collectively referred to as “Infrastructure Improvements”).

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

1. To pay all costs incurred by the City in connection with the initial review and consideration of the PUD prior to the execution of the PUD and thereafter in connection with the determination of whether the conditions to the approval of the PUD or the construction of the Infrastructure Improvements have been completed in accordance with the Plans and Specifications, including, without limitation, fees incurred by the City Engineer for inspecting the construction of Infrastructure Improvements, within thirty (30) days of being invoiced by the City for such costs.

2. Developer acknowledges that it is a requirement of the City that the Developer bear all costs of construction of the Infrastructure Improvements and that the Infrastructure Improvements must be constructed in accordance with Plans and Specifications approved by the City Engineer and City Public Works Director.

3. Before the Final PUD Order will be executed by the City the Developer must:

3.1 Comply with the provisions of Section 7 hereof (Infrastructure Plans and Specifications approved).

3.2 Developer shall provide a security deposit equal to 125% of the cost of construction of the Infrastructure Improvements (Sewer Main and Water Main) as determined by the City Engineer unless construction is completed before the PUD is executed. No building permits shall be granted for any Property within the PUD until the Final PUD Order is approved and recorded. The security is to be in effect until all of the Infrastructure Improvements have been constructed and the City Engineer and City Public Works Director executes a Certificate of Completion with respect to the

Infrastructure Improvements attesting that they have been constructed in accordance with the Plans and Specifications.

3.3 Developer shall provide a security deposit equal to 125% of cost of construction of the Stormwater Improvements prior to the commencement of construction of the Infrastructure Improvements. This security is in addition to any security required by Section 3.2 hereof. No building permits shall be granted for any portion of the Property until an MS4 Certificate of Compliance is issued. The Stormwater Improvements are defined as the entire system utilized to collect, convey and treat stormwater. The security is to be in effect until all of the Stormwater Improvements have been constructed and the City Engineer and City Public Works Director executes a Certificate of Completion with respect to the Stormwater Improvements attesting that they have been properly constructed.

3.4 Pay City a park dedication fee of \$16,000.00 (20 – 2 bedroom units at \$800.00/unit). An additional bedroom fee of \$150.00 per bedroom will be charged at time of building permit application.

3.5 to provide written approval of the Final PUD Order by the Community Development Director, City Attorney and City Engineer as being in compliance with the Hermantown Planned Unit Development ordinance.

3.6 Pay the City's out-of-pocket costs and expenses, including attorneys' fees and engineering fees, incurred to the date the Final PUD order is issued.

4. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed sent by U.S. Certified Mail to the following name and address:

If to Developer: KTJ 360, LLC
c/o Oppidan, Incorporated
400 Water Street
Excelsior, MN 55331
Attn: Eric Martin and Sarah Edstrom Smith

If to City: City of Hermantown
5105 Maple Grove Road
Hermantown, MN 55811
Attn: John Mulder

With a copy to: Gunnar B. Johnson
Overom Law
802 Garfield Avenue
Suite 101
Duluth, MN 55802

5. The City Engineer shall, after consulting with the designated representatives of Developer, be the final authority in the event of any questions, ambiguities or disagreements regarding the interpretation of the Plans and Specifications or whether the construction of the Infrastructure Improvements have been completed in accordance with the Plans and Specifications.

6. Developer agrees that it will not make any changes to the Plans and Specifications without the prior written approval of the City Engineer and City Public Works Director.

7. Developer shall present detailed plans and specifications for the Infrastructure Improvements to the City Engineer and City Public Works Director and obtain approval of such plans and specifications by the City Engineer, City Public Works Director. Whenever the words "Plans and Specifications" are used herein it shall mean the plans and specifications that are approved by the City Engineer and City Public Works Director. All construction work shall be completed strictly (or at least materially) in accordance with the approved Plans and Specifications. For the purposes of this Development Agreement, Infrastructure Improvements means the following:

7.1. The sewer main ("Sewer Main") and water main ("Water Main") within the Project.

7.2. The Stormwater Improvements within the PUD and servicing the PUD. The proposed project utilizes the existing stormwater pond associated with the Pillars of Hermantown development. Stormwater will be collected through a series of inlets located in the parking lot and drive lane and then piped to the stormwater pond. The applicant's engineer has submitted preliminary stormwater calculations for the proposed project which will be reviewed and approved by the City Engineer. The stormwater pond and inlet/drainage system will be owned and maintained by the Applicant.

7.3. Developer shall be responsible for, indemnify and hold harmless the City from paying for all costs and expenses in connection with the installation and initial construction of the water main extension.

7.4. Prior to acceptance of the sewer main and water main, the City shall be entitled to repair the sewer main and water main at the expense of Developer if Developer fails to construct the sewer main and water main in accordance with the Plans and Specifications and Developer does not correct such defect within the time period specified herein. Any costs and expenses incurred by the City in connection with any such repair of the water main or sewer main shall be paid by Developer to the City immediately upon receipt by Developer of an itemized statement for the cost and expense incurred by the City in repairing the water main. If Developer fails to pay such amount to the City within thirty (30) days of the mailing of such itemized statement by the City to Developer, then the City may proceed to collect such amount from Developer in whatever manner it deems appropriate, including, without limitation, assessing the amount of such statement against the Property in the manner provided by law. In this regard, Developer agrees that any charge made by the City for the repair of the sewer main and water main shall be a charge for sewer service or water service. Nothing in this

section shall be deemed to require the City to repair the sewer main and water main. Developer acknowledges that if Developer fails to repair the water main or sewer main, that City may discontinue allowing Developer to have access to the sewer main and water main.

7.5. Upon the issuance of a Certificate of Final Completion by the City Engineer for the public sewer and water mains, the City shall become the owner of the public sewer main and water lines covered by such Certificate of Final Completion.

7.6. Developer shall pay all legal fees and other expenses and any engineering fees and expenses incurred by the City of Hermantown in connection with the preparation of the Agreement and the documents related to this Agreement. A failure by Developer to pay such fees and expenses shall entitle City to discontinue providing sewer service and water service to Developer until such fees and expenses are paid. Such fees and expenses shall also be deemed to be a charge for sewer service and water service.

7.7. Developer shall complete a standard form of the City's Water and Sanitary Sewer Service Application prior to making any connection to the sewer main and water main.

7.8. Developer agrees to notify the City at least three (3) working days before Developer commences the construction of the sewer main and water main extension and does further agree that no connection shall be made by Developer to the sewer main and water main until such connection, including the location of such connection, is approved and, if applicable, made by the City Public Works Director.

7.9. Developer agrees that the sewer main and water main extensions shall be built and installed in accordance with all applicable building, plumbing and other codes and regulations and in accordance with the policies, requirements and procedures of the Utility Commission of the City including the installation of required clean-outs, if applicable. The City shall be entitled to inspect the Utility Service at any time during the construction and installation of it. A drawing showing the location of the Utility Service, which must show that it is within the City Right of Way, a design for installation of the Utility Service shall be prepared by a Minnesota registered engineer and submitted to the City Public Works Director and City Engineer for their review and written approval which shall be noted on the design and drawing. No changes in the design of the sewer main and water main shall be made without the prior written approval of the City Public Works Director and City Engineer. An "as built" record drawing showing the location and depth of the sewer main and water main and a collateral assignment of any warranties related to the construction and installation of the sewer main and water main, including any covering the pipe utilized in such installation, of the shall be provided to the City within thirty (30) days after the completion of the installation of the sewer main and water main. If such "as built" record drawing is not provided within such time then, in that event, the City shall be entitled to discontinue sewer service and water service to the Property until such drawing is provided.

8. Developer shall install the following private development elements:

8.1. Landscaping/Buffer consisting of a mixture of evergreen trees along the western and southern sides of the property to provide a screening buffer from the adjacent roadways per plans submitted by the Applicant's consultant.

8.2 Construction of a private, 24-foot-wide bituminous drive with curb along both sides of the drive. This bituminous drive connects to the existing drive associated with the existing Pillars of Hermantown development.

8.3 Construction of a 5 foot wide sidewalk ("Sidewalk") along the private drive connecting to the existing sidewalk associated with the Pillars of Hermantown development.

8.4 Deposit of a \$50,000.00 escrow with the City for the sole purpose of funding the construction a future sidewalk/trail connecting Maple Grove Road to the City's future trail system located to the north of the proposed development. The City will not require any further monetary contribution from Developer in the event the cost of such sidewalk/trail extension exceeds \$50,000.00.

9. Before the commencement of any work on any Infrastructure Improvements, Developer, Developer's Contractor and Developer's Engineer shall meet with the City Engineer and City Public Works Director to determine guidelines to ensure that work is subject to appropriate testing and inspection before any portion of the work is covered or further work is done. Developer and Developer's Contractor may be limited, as a result of this discussion, as to work that may be done outside of regular working hours unless prior arrangements are made for inspection and testing to be done at such times and appropriate payment arrangements are made.

10. Developer acknowledges that the City Engineer may require independent testing of the work done on the Infrastructure Improvements prior to its determining that the work has been completed in accordance with the Plans and Specifications. Developer further understands and acknowledges that Developer shall be responsible for paying the costs incurred in connection with any such testing.

11. The City Engineer will execute and deliver the Certificate of Substantial Completion (Sewer Main and Water Main) in the form attached hereto as Exhibit B to the City only upon the completion of the Infrastructure Improvements and the City Engineer will execute and deliver a Certificate of Final Completion in the form attached hereto as Exhibit C to the City only upon the final completion of the Infrastructure Improvements required to be constructed by Developer.

12. Developer acknowledges and agrees that no zoning permits and no building permits will be issued for any construction within the PUD until the City Engineer executes the Certificate of Substantial Completion (Sewer Main and Water Main) in form of the one attached hereto as Exhibit B and/or the security required by Section 3.2 and Section 3.3 has been provided to City for such items and an MS4 Certificate of Compliance has been issued for the Stormwater

Improvements and/or the security required by Section 3.3 has been provided to the City for the Stormwater Improvements.

13. Notwithstanding anything to the contrary contained herein Developer agrees that all of the Infrastructure Improvements will be fully completed in accordance with the Plans and Specifications no later than April 30, 2027, subject to extension for force majeure.

14. Any security provided by Developer to City pursuant to Sections 3.2 and 3.3 hereof shall be released upon final completion of the Infrastructure Improvements and a Certificate of Final Completion is issued by the City Engineer for such work and the record drawings for the Infrastructure Improvements on paper and electronically in auto-cad format and PDF format are provided to the City pursuant to Section 16 hereof.

15. Developer agrees that the City may exercise its rights under any security provided to it hereunder if Developer shall fail to perform any obligation required to be performed by Developer hereunder and such failure shall continue for a period of thirty (30) days after written notice of such failure has been given by City to the Developer.

16. Developer will provide record drawings for the Infrastructure Improvements constructed by it pursuant to this Agreement on paper and electronically in auto-cad format and PDF format before the date that is thirty (30) days after the City has issued a Certificate of Final Completion for the Infrastructure Improvements. Developer will also provide City with an electronic copy of the recorded Plat.

17. To the extent applicable, Developer will provide the GPS data points for the wetland boundaries on all lots within the PUD and for the permanent wetland markers required to be installed by Developer.

18. Upon the issuance of a Certificate of Final Completion by the City Engineer for the Infrastructure Improvements the City shall become the owner of the Infrastructure Improvements covered by such Certificate of Final Completion. Upon the issuance of a Certificate of Final Completion by the City Engineer for the satisfaction of the provisions of Section 7 of this agreement the City shall become the owner of the utilities covered by such Certificate of Final Completion.

19. Developer will provide or cause to be provided water and sewer service to all buildings in the PUD and:

19.1 Provide the plans and specifications for the construction of the water and sewer service lines within the PUD for the City's review and approval prior to commencing construction of such water and sewer service lines.

19.2 Provide the City with a map/plan on paper and electronically in auto cad format and PDF format showing the location of water and sewer service lines. Information is to be in a coordinate system so that it can be imported into the City's GIS system.

19.3 Install a locating wire or equally effective means of marking the location of each non-conductive water or sewer service lines.

19.4 The City will not issue a Certificate of Occupancy for the building until the requirements of this Section 19 have been satisfied with respect to such building.

20. Prior to issuance of the Certificate of Final Completion for the Infrastructure Improvements, City and Developer will enter into an easement in a form reasonably acceptable to both parties to grant access to the City to the portion of the Property containing the Infrastructure Improvements to repair, maintain, and restore the Infrastructure Improvements on the Property.

21. In the event that the City is required to repair, restore or modify Stormwater Improvements as a result of actions by the Developer or its successors or assigns, then the City may assess the costs of such repairs, restoration or modifications against the Property or any part of the Property pursuant to Chapter 429 of the Minnesota Statutes or the City may declare that the portion of the Property upon which such Stormwater Improvements are located to be a hazardous property within the meaning Minnesota Statutes §463.15, it being agreed to and acknowledged by Developer that a failure to adequately maintain or unremedied damage to Stormwater Improvements constitutes a hazard to public safety or health.

22. The Developer further agrees that nothing in this Agreement constitutes any approval of any other licenses or permits or approvals required to be obtained under applicable law, rule, regulation or ordinance before any construction can take place on the Property. Examples of permits and approvals that are not approved by this Agreement are building permits, water and sewer connection approvals (which require payments for connection fees to the City and a CAF payment to WLSSD).

23. During construction, Developer agrees:

23.1 Erosion control measures shall be utilized and remain in place throughout the construction period, and shall not be removed until vegetation is established on the site; and

23.2 Not conduct any on-site burning or burial of brush or other site debris on the Property.

23.3 Construction activity shall comply with all City noise ordinances. There shall be no construction activity between the hours of 10:00 p.m. and 7:00 a.m.; and

23.4 Erosion control measures must be in place prior to any construction on the Final PUD, and

23.5 An MPCA Stormwater Permit and erosion control measures must be in place prior to the start of operations, and

23.6 The Applicant shall take measures to control erosion that has the potential to damage adjacent land, and control sedimentation that has the potential to leave the site, and

23.7 The site shall be kept free of dust and debris that could blow onto neighboring properties; and

23.8 Public streets shall be maintained free of dirt and shall be cleaned as necessary; and

23.9 The City shall be contacted a minimum of 72 hours prior to any work in a public street. Any required construction or excavation permits for construction shall be obtained before work commences. Work in a public street shall take place only upon the determination by the Public Works Superintendent that appropriate safety measures have been taken to ensure motorist and pedestrian safety; and

24. At any time upon the issuance of a Certificate of Final Completion by the City Engineer for the Infrastructure Improvements and provided Developer has complied with Sections 16 and 17 of this Agreement, Developer may request that City execute a termination of this Agreement in a form appropriate for recording in the land records. The City agrees to issue such termination within thirty (30) days after written request from Developer.

25. This Agreement may not be modified, amended or terminated unless such modification, amendment or termination has been reduced to writing and signed by Developer and the City. This Agreement constitutes the entire agreement between the parties hereto concerning the subject matter hereof, and no party has relied upon any statement, promise or representation not herein expressed. Nothing contained in this Agreement shall be deemed to be a dedication of any portion of the Property, or of any property covered or benefited hereby, or portion thereof, to any governmental authority or the general public or for any public use or purpose whatsoever, it being the intention and understanding of the Owners hereto that this Agreement shall be strictly limited to and for the purposes herein expressed. Agreement and all rights and obligations created hereby shall be governed by the laws of the State of Minnesota. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

[SIGNATURES APPEAR ON NEXT PAGE]

**SIGNATURE PAGE
TO DEVELOPMENT AGREEMENT
BETWEEN THE CITY OF HERMANTOWN
AND KTJ 360, LLC**

IN WITNESS WHEREOF, City has caused this Agreement to be duly executed in its name and behalf as of the date first above written.

City of Hermantown

By Wayne Boucher
Its Mayor

And by Alissa McClure
Its City Clerk

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

The foregoing instrument was acknowledged before me this 15 day of September, 2025, by Wayne Boucher and Alissa McClure, the Mayor and City Clerk, respectively, of the City of Hermantown on behalf of the City of Hermantown.

Patricia Jean Stinnett Crego
Notary Public



**SIGNATURE PAGE
TO DEVELOPMENT AGREEMENT
BETWEEN THE CITY OF HERMANTOWN
AND KTJ 360, LLC**

IN WITNESS WHEREOF, Developer has caused this Agreement to be duly executed in its name and behalf on or as of the date first above written.

KTJ 360, LLC



By: David Scott
Its: Vice President

STATE OF MINNESOTA)
)ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this 11th day of August, 2025, by David Scott, Vice President of KTJ 360, LLC, a Minnesota limited liability company on behalf of the limited liability company.



Notary Public

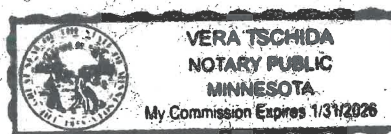


EXHIBIT A
LEGAL DESCRIPTION

S 1/2 OF W 1/2 OF SW 1/4 OF SW 1/4 SECTION 14 TOWNSHIP 50 RANGE 15

PARCEL: 395-0010-04120

EXHIBIT B
CERTIFICATE OF SUBSTANTIAL COMPLETION
SEWER MAIN AND WATER MAIN

Date of Issuance: _____, 20__

This Certificate of Substantial Completion is made with reference to the following facts:

KTJ 360, LLC, (hereinafter the "Developer") entered into a Development Agreement (hereinafter referred to as "Development Agreement") with the City of Hermantown, a statutory city under the laws of the State of Minnesota, (hereinafter the "City"), with respect to a development to be constructed by Developer in the City.

The undersigned hereby certifies that the following facts and representations are true and correct:

1. The construction of the Sewer Main, Water Main as defined in the Development Agreement have been fully completed in accordance with the Plans and Specifications. The date of substantial completion is hereby established as of _____.
2. All capitalized terms when used herein shall have the meaning given them in the Development Agreement.

Name of Developer's Contractor

By _____
Its _____

The undersigned, the City Engineer, based on the foregoing Certificate and such other testing and inspections as it deemed necessary hereby certifies that the construction of the Sewer Main, Water Main defined in the Development Agreement strictly in accordance with the Plans and Specifications and the Road as defined in the Development Agreement have been substantially completed in accordance with the Plans and Specification and the terms of the Development Agreement.

Dated _____

Northland Consulting Engineers. L.L.P.

By _____
Its _____

EXHIBIT C
CERTIFICATE OF FINAL COMPLETION

Date of Issuance: _____, 2026

This Certificate of Final Completion is made with reference to the following facts:

KTJ 360, LLC, (hereinafter the “Developer”) entered into a Development Agreement (hereinafter referred to as “Development Agreement”) with the City of Hermantown, a statutory city under the laws of the State of Minnesota, (hereinafter the “City”), with respect to a development to be constructed by Developer in the City.

The undersigned parties hereby certify that the following facts and representations are true and correct:

1. The construction of the Infrastructure Improvements defined in the Development Agreement has been completed strictly in accordance with the Infrastructure Plans and Specifications and the terms of the Development Agreement. The date of final completion is hereby established as of _____.

2. All capitalized terms when used herein shall have the meaning given them in the Development Agreement.

3. That the following have been satisfied:

3.1. Construction of the Infrastructure Improvements have been fully completed in accordance with the Infrastructure Plans and Specifications.

3.2. The Stormwater Improvements have been completed in accordance with the MS4 Certificate of Compliance.

3.3. The provisions of Section 3.11 of this Agreement with respect to the payment of fees have been satisfied.

3.4. Developer is not in default under this Agreement.

3.5. All wetland work has been completed in accordance with any permits or approvals for such work.

3.6. Developer has provided the City with a map/plan on paper and electronically in auto cad format showing the location of water service lines and sewer service lines.

3.7. Developer has installed a locating wire or equally effective means of marking the location of each non-conductive water service lines or sewer service lines.

3.8. Developer has provided record drawings for the Infrastructure Improvements constructed by it pursuant to this Agreement on paper and electronically in auto-cad format and PDF format. Developer has also provided City with an electronic copy of the recorded Plat.

3.9. Developer has provided the GPS data points for the wetland boundaries on all lots within the Plat and for the permanent wetland markers required to be installed by Developer pursuant to Section 8.3 hereof.

3.10. Developer has provided City with a Declaration of Wetland Restrictions required by Section 20 of the Development Agreement acceptable to the City in recordable form.

3.11. Developer has complied with the provisions of Section 3.9 of the Development Agreement with regard to the Stormwater Improvements.

KTJ 360, LLC

By _____
Its _____

Developer's Engineer:

By _____
Its _____

The undersigned, the City Engineer, based on the foregoing Certificate and such other testing and inspections as it deemed necessary hereby certifies that the construction of the Infrastructure and Stormwater Improvements defined in the Development Agreement have been completed strictly in accordance with the Plans and Specification.

Dated: _____

Northland Consulting Engineers, LLP

By _____
Its _____

