

**CITY OF HERMANTOWN
AGENDA**

**Pre-Agenda Meeting Monday, March 16, 2026 at 4:30 p.m.
Council Chambers, City Hall - Hermantown Governmental Services Building**

**City Council Meeting Monday, March 16, 2026 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. COMMUNICATIONS

A. Correspondence 26-11 through 26-18 placed on file

6. PRESENTATIONS

A. 4th Quarter Financials

Kevin Orme, Director of Finance & Administration
(Pre-Agenda Only)

B. Fire Department Year-End Report

Zach Graves, Fire Chief
(Pre-Agenda Only)

C. Minnesota Power Update — Google Electric Service Agreement

Frank Frederickson, VP, Minnesota Power
(Pre-Agenda Only)

7. PUBLIC COMMENT

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. Speakers who wish to comment at this time or later on agenda items should be signed up prior to the start of the meeting. A sign-up sheet is available in the lobby prior to the meeting for verbal remarks. As always, written comments may be submitted to the City Clerk before the end of the meeting.

8. 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 March 2, 2026 City Council Continuation Minutes
- B. **Accounts Payable** - Approve general city warrants from March 1, 2026 through March 15, 2026 in the amount of \$854,197.34

9. **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. **2026-35 Resolution Authorizing The Director Of Finance & Administration To Amend Selected Budgets And Make Transfers**

(motion, roll call)

- B. **2026-36 Resolution Establishing Procedures Relating To Compliance With Reimbursement Bond Regulations Under The Internal Revenue Code**

(motion, roll call)

- C. **2026-37 Resolution Accepting Minnesota Department Of Employment And Economic Development Contamination Cleanup Grant And Authorizing The Mayor And City Clerk To Execute Subrecipient Agreement**

(motion, roll call)

- D. **2026-38 Resolution Approving An Amendment To An Agreement For Consulting Services To Provide Review Of An Alternative Urban Areawide Review (AUAR) With Braun Intertec Corporation In An Amount Not To Exceed \$23,000.00**

(motion, roll call)

10. **RECESS**

2025 CORRESPONDENCE

<u>DATE</u>	<u>LOG #</u>	<u>FROM</u>	<u>TO</u>	<u>REGARDING</u>	<u>FILED</u>
2/26/2026	26-11	Cathy Remington, Resource Renew	John Mulder, City Administrator	2025 Wastewater Treatment Year-End Adjustment	2/19/2026
3/4/2026	26-12	Kelly Connolly, Gopher State One Call	City of Hermantown	2026 Notice to Local Governmental Units	3/3/2026
3/5/2026	26-13	Emma Richtman, emmarichtman@gmail.com	Wayne Boucher, Mayor, City Council & Joe Wicklund, Asst. City Admin.	Data Center	2/16/2026
3/5/2026	26-14	Don Romano, duluth700@gmail.com	Eric Johnson, Comm. Dev. Dir.	Data Center Resident Perspective	3/4/3026
3/9/2026	26-15	Gail Garrick, hurricanegail@yahoo.com	Wayne Boucher, Mayor	Data Center	3/3/2026
3/12/2026	26-16	Don Romano, 5555 St. Louis River Rd.	Wayne Boucher, Mayor	Data Center	3/11/2026
3/12/2026	26-17	Chad Nogosek, chadnogosek@gmail.com	John Mulder, City Administrator; Eric Johnson, Comm. Dev. Dir; Wayne Boucher, Mayor; and City Council	Proposed Data Center	3/11/2026
3/12/2026	26-18	Logan Berquist, lberquist2020@gmail.com	John Mulder, City Administrator	Data Center	3/11/2026

City of Hermantown

Select Departmental and Funds Expenditure Actual to Budget Report

		TARGET (Q4 2025)	ACTUAL (Q4 2025)	PERCENT UNDER (OVER)
Administration & Finance		820,114	746,731	9%
Community Development		455,733	423,362	7%
Police Administration *		3,802,792	4,010,304	(5%)
Fire Administration *		754,523	812,741	(8%)
Street Dept. (Incl. Gen Eng)		1,031,489	894,677	13%
Parks *		161,742	189,257	(17%)
Capital Equipment Transfer		635,000	635,000	0%
Facilities *		439,004	738,503	(68%)
Other *		790,620	1,431,009	(81%)
General Fund Expenditure Total		8,891,017	9,881,585	(11%)
Water		2,456,782	2,473,457	-1%
Sewer		2,149,177	1,363,879	37%
Stormwater		404,258	409,096	-1%
City Sales Tax Revenue *		3,025,000	3,810,899	26%
Community Recreation Initiative				
Sales Tax Revenue *		1,512,500	1,905,449	26%

* Sales tax revenue - Tax revenues earned in month 1 are remitted to the State in month 2.

In Month 3 the State disburses to Municipalities. Due to this lag, only eleven months of 2025 has been received as of 03/03/2026

*Police- Overtime costs from Stauber Patrol, Vehicle Maintenance, K-9 Expenses, Other Operating Equipment
Gun supplies, contracted services, travel, vehicles

*Fire- Insurance deductibles for repairs of vehicles, payroll

*Parks - Maintenance, Contracted services, equipment rental

*Facilities - over in multiple areas, Plus Public Works roof

*Other- Purchase of 3719 and 3715 Johnson Rd homes, Purchase of 5180 W. Arrowhead

City of Hermantown

As of 12/31/2025

Cash/Investments per Fund

City Sales Tax Fund	12,215,785
Water Fund	6,577,506
Sewer Fund	8,406,733
General Fund	7,298,873
Other Funds	21,245,939
Total	55,744,835

Who holds our money

4M	16,693,447
RBC	15,847,623
NBC	9,018,791
Pershing/Ehler's	0
Moreton/U.S. Bank	14,184,974
Total	55,744,835

How our money is invested

	<u>12/31/2025</u>
Cash	4,595,165
Short Term Inv (Money Market)	17,524,108
Short Term Inv (CD)	4,423,626
Inv - Bonds CRI and Htown Rd Projs	0
Long Term Investment	29,201,937
Total	55,744,835

Year(s) our Investments mature

2025	0
2026	8,772,235
2027	5,665,392
2028	5,193,266
2029	5,426,554
2030 & Later	8,568,116
Total	33,625,563

CITY OF HERMANTOWN

City Council Meeting

Monday, March 2, 2026

6:30 PM Central

MEETING CONDUCTED IN PERSON

Mayor Wayne Boucher: Present

Councilor John Geissler: Present

Councilor Andy Hjelle: Absent

Councilor Brian LeBlanc: Present

Councilor Joseph Peterson: Present

CITY STAFF: John Mulder, City Administrator; Joe Wicklund, Assistant City Administrator; Chad Ronchetti, Economic Development Director; Trish Crego, Utility & Infrastructure Director; David Bolf, City Engineer; Gunnar Johnson, City Attorney; Mark Gunderson, Deputy Commander

VISITORS: 20

1. **CALL TO ORDER**

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL**

4. **ANNOUNCEMENTS**

5. **COMMUNICATIONS**

A. Correspondence 26-07 through 26-10 placed on file

6. **PRESENTATIONS**

A. **Utility & Infrastructure Report**

Trish Crego, Utility & Infrastructure Director
(Pre-Agenda Only)

B. **2026 Legislative Efforts**

Joe Wicklund, Assistant City Administrator
(Pre-Agenda Only)

7. **PUBLIC COMMENT**

Joann Bates, 5369 Morris Thomas Rd, Hermantown, MN – Spoke in opposition to the proposed hyperscale data center and expressed concern that the final result will vary from the claims being proposed. She spoke on the exemptions for hyperscale data centers and developers from Minnesota House File 16 and voiced that the HF16 does not

do enough to protect her as a citizen. She requested that the proposed data center to be put on hold until there is a process for accountability and lack of damage to the environment is proven reasonable. She stated that time is needed to gain more experience from hyper scale data centers that are currently running.

Sarah Winter, 3658 Birch Road – Spoke about the difficulty experienced when trying to share opinions to Council members. She shares that when communicating with her other representatives she always receives a response and when she emails Council members the only response is that her comment last been recorded. She expressed that no response from Councilors feels unfortunate and its hard to know whether that message has been heard. She expressed opposition to a hyper scale data center in Hermantown. She referenced state of Virginia is home to 510 data centers and in 2008 they implemented a no sales tax and no use tax on computers which has led to a \$2.1 billion revenue loss to the state in the year of 2025. She voiced concern that we do not know the implications of the data center project.

Sarah Lofald, 5502 Hermantown Road – Stated that it is hard decide what to address at these meetings to engage Councilors. She asked how citizens are supposed to have meaningful discussion without Councils response to their concerns. She states that conversation without public record leads to a disperse of information that breeds misinformation and conspiracy. She acknowledged the pending lawsuits in regards to the data centers, and questioned if the situation would have been avoided if the public had been a part of the conversation sooner with reference to definition changes, environmental reviews, property assessments, and staff NDAs. She spoke how she has gotten involved to learn more about governmental process with her take away being that not only Hermantown, but immediate surrounding communities are opposed to the data center development. She stated that while Hermantown has been assured by Council that the project will be different than the others, the reality is Hermantown's constituents do not want it. She asked if citizens of Hermantown come to multiple city council meetings and express their concerns over this project will Council stop it.

Rebecca Gilbertson, 5854 Hermantown Road – Spoke on public health risks and human impact in regards to proposed data center. She stated that back up diesel generators are associated with respiratory disease, cardiovascular disease, cancer risk and increase asthma risk. She spoke in regards to the impact of chronic stress on residents and shared its effects. She shared that the individuals that are immediately affected by the data center project need to plan for their immediate futures. She ceded the rest of her time and requested to hear an apology from council stating that it has been a really hard time.

James Thorstensen, 5784 Hermantown Road – Spoke on attending a pre-agenda meeting last month and the presentation that was given by Ehlers. He stated that the presentation was interesting and informative but felt that the use of the word transparency during the presentation was ironic in connection to the data center project. He acknowledged the NDAs signed by City Administration and expressed that even though the Mayor and

Council did not sign NDAs he believed they knew what was going on. He voiced that council could have informed the residents and the public which would lead to a smoother operation in reference to the data center project.

Brea Schminski, 3483 Stark Junction Road – Spoke in opposition to the data center. She spoke about the book “The Radium Girls” by Kate Moore, and described the story. She referenced the continued clean up today of radium in Ottawa and Illinois. She stated that the data center feels like a repeat in history with big companies taking over, only thinking about the money and not caring about the long-lasting effects on individuals. She asked the Council what do they care about, people and environment or money. She shared that even though she does not live in Hermantown she is feeling effects on her wellbeing, experiencing anxiety and having to spend time away from her family to fight for them to not have a hyper scale data center their back yard. She expressed that we don’t know long-term effects there could be from data centers, and maybe the Fortune500 companies already know that there are health effects. She urged the council to vote no on the hyper scale data center and that the council that they have the power to gain back trust from the community and make things right.

Nate Rickard, 4878 Trails End Drive – Stated that he wasn’t going to speak but he would. Stated that the data center thing has gotten out of control, but does not blame Council and was apologetic towards them. He shared that he believes a lot of the blame is on the developer. He expressed that if done correctly it could be something to help us and believes that was the councils’ intentions. He stated that the misinformation that has snowballed is unfortunate and don’t know if we can come back from it. He acknowledged the union trades that he is a part of and that an 8-year project is big for them. He stated that he wouldn’t be in favor of the project if it hurts Hermantown. He urged council to lean on the developer to come with a plan of how it is not going to hurt Hermantown and that they did not give enough information previously.

Clarissa Ek, 3505 Solway Road – Stated 10 acer property is less than a thousand yards from the proposed data center property. She expressed that she was appalled to read the Duluth Monitors article from February 28, 2026 discussing email exchanges between City Administrator Mulder and Mortenson regarding identifying land owners that could be open to selling. She shares the individuals she knew who sold their homes or land for three times their assessed value and stated that resident Tim Resberg was told at a city meeting in April 2025 that there was no plan for a data center. She referenced a health impact assessment from the Community and Environmental Defense Services that found a single data center could pose negative health risk for people living at least 6 miles away and increased air pollution risk that comes from data centers emitting nitrogen dioxide and tiny inhalable particles that harm lungs. She urged the Council to put people over profit which included her own family and trusts they are good people that don’t want to hurt them. She requested a health impact assessment be done and asked the council to put the residents before the money.

Emma Richtman, 5215 Chris Drive – Spoke about the rough day she was having and the events that took place before she attended to the meeting, telling Council that the human factor in all this has been overlooked. She stated she is tired and this is a marathon of endurance which is no where near the end. She expressed that this experience does not fostered trust and the citizens are key stake holders that were last to be involved. She acknowledges that past zoning and city council meetings allowed for public comment on amendments to city ordinances but the knowledge and information the public would have needed to make comments appropriately accurately was protected by NDAs. She questioned cities knowledge of private companies buying private land and why zoning language updates are being described proactive when the there is documentation that shows otherwise. She expressed that the lack of trust and transparency makes her believe hyperscale data centers won't flood the area. She shared her experience going to the capital in regards to hyper scale data center development and that she disagrees with the response from legislators that it should be left to local governments. She opposed the data center and raised concern about lack of protections in place for residents, the environment and watershed with a development this scale. She asked the council is there a quantifiable number of constituents who need to tell you no, we don't want this. She acknowledged that she can't imagine the council is taking the decision lightly and is looking for hope.

8. **MOTIONS**

A. Motion to appoint the following for a three-year term:

Utility Commission

-Barry Simonson

(motion, roll call)

Motion to appoint Barry Simonson to Utility Commission for a three-year term. This motion made by Councilor Geissler and seconded by Councilor Peterson, Carried.

Councilor John Geissler: Yea

Councilor Andy Hjelle: Absent

Councilor Brian LeBlanc: Yea

Councilor Joseph Peterson: Yea

Mayor Wayne Boucher: Yea

Yea: 4, Nay: 0 Absent: 1

9. **CONSENT AGENDA**

A. **Minutes** - Approval or correction of February 17, 2026 City Council Continuation Minutes and February 23, 2026 City Council Work Session Minutes

- B. **Accounts Payable** - Approve general city warrants from February 16, 2026 through February 28, 2026 in the amount of \$2,991,655.11

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

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

Yea: 4, Nay: 0 Absent: 1

10. **RESOLUTIONS**

- A. **2026-30 Resolution Authorizing And Directing The City Administrator And The Economic Development Director To Execute And Deliver A Business Development Infrastructure Application**

(motion, roll call)

Emma Richtman, 5215 Chris Drive – Asked if the Hawkline Business Park Development involves any type of communication services facilities. Economic Development Director Ronchetti answered by stating in all covariations with the developer no communication services facilities being proposed here

Motion to approve 2026-30 Resolution Authorizing And Directing The City Administrator And The Economic Development Director To Execute And Deliver A Business Development Infrastructure Application. This motion, made by Councilor Geissler and seconded by Councilor Peterson, Carried.

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

Yea: 4, Nay: 0 Absent: 1

- B. **2026-31 Resolution Authorizing Support Of The St. Louis Count Business Development Public Infrastructure Program Grant For Improvements On CSAH 49 And CR 284**

(motion, roll call)

Motion to approve 2026-31 Resolution Authorizing Support Of The St. Louis Count Business Development Public Infrastructure Program Grant For Improvements On CSAH 49 And CR 284. This motion, made by Councilor LeBlanc and seconded by Councilor Peterson, Carried.

Councilor John Geissler: Yea

Councilor Andy Hjelle: Absent

Councilor Brian LeBlanc: Yea

Councilor Joseph Peterson: Yea

Mayor Wayne Boucher: Yea

Yea: 4, Nay: 0 Absent: 1

C. **2026-32 Resolution Receiving Bids and Awarding Contract To Lakehead Constructors Inc., For Improvement District No. 323 Water System Connection And Booster Station Project In The Amount Of \$943,672.00**

(motion, roll call)

Motion to approve 2026-32 Resolution Receiving Bids and Awarding Contract To Lakehead Constructors Inc., For Improvement District No. 323 Water System Connection And Booster Station Project In The Amount Of \$943,672.00. This motion, made by Councilor Geissler and seconded by Councilor Peterson, Carried.

Councilor John Geissler: Yea

Councilor Andy Hjelle: Absent

Councilor Brian LeBlanc: Yea

Councilor Joseph Peterson: Yea

Mayor Wayne Boucher: Yea

Yea: 4, Nay: 0 Absent: 1

D. **2026-33 Resolution Authorizing The Disposal Of Surplus City Property**

(motion, roll call)

Motion to approve 2026-33 Resolution Authorizing The Disposal Of Surplus City Property. This motion, made by Councilor Peterson and seconded by Councilor Geissler, Carried.

Councilor John Geissler: Yea

Councilor Andy Hjelle: Absent

Councilor Brian LeBlanc: Yea

Councilor Joseph Peterson: Yea

Mayor Wayne Boucher: Yea

Yea: 4, Nay: 0 Absent: 1

E. **2026-34 Resolution Awarding Contract For A Purchase of Two Police Vehicles In The Amount Of \$109,323.84 Plus Applicable Taxes And Fees**

(motion, roll call)

Motion to approve 2026-34 Resolution Awarding Contract For A Purchase of Two Police Vehicles In The Amount Of \$109,323.84 Plus Applicable Taxes And Fees. This motion, made by Councilor LeBlanc and seconded by Councilor Peterson, Carried.

Councilor John Geissler: Yea

Councilor Andy Hjelle: Absent

Councilor Brian LeBlanc: Yea

Councilor Joseph Peterson: Yea

Mayor Wayne Boucher: Yea

Yea: 4, Nay: 0 Absent: 1

11. **RECESS**

Motion to recess at 7:11 p.m. This motion, made by Councilor Geissler and seconded by Councilor LeBlanc, Carried.

Councilor John Geissler: Yea

Councilor Andy Hjelle: Absent

Councilor Brian LeBlanc: Yea

Councilor Joseph Peterson: Yea

Mayor Wayne Boucher: Yea

Yea: 4, Nay: 0 Absent: 1

ATTEST:

Mayor

City Clerk

CITY OF HERMANTOWN

CHECKS #72915-75950
03/01/2026 - 03/15/2026

PAYROLL CHECKS

Electronic Checks - #-62775-62821	\$114,345.22
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LIABILITY CHECKS

Electronic Checks - #-62822-62824	\$106,411.48
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Electronic Checks - #-62769-62774	\$89,177.98
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Checks - #72948	\$1,495.91
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Checks - #72950	\$1,501.28
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PAYROLL EXPENSE TOTAL	\$311,430.59
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ACCOUNTS PAYABLE

Checks - #72915-72947	\$160,669.41
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Checks - #72949	32.00
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Electronic Payments #-97449- 97473	\$382,065.34
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ACCOUNTS PAYABLE TOTAL	\$542,766.75
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TOTAL	\$854,197.34
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3/10/2026

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Fun d	Account	Department	Vendor Name	Description	Amount	Check #
230	212200	Credit Card Payable	FIRST BANKCARD	Ronchetti Delta	697.00	-97473
101	212200	Credit Card Payable	FIRST BANKCARD	Heinbuch Overlimit Fee	39.00	-97473
602	212200	Credit Card Payable	FIRST BANKCARD	Senst Adobe	10.88	-97473
101	212200	Credit Card Payable	FIRST BANKCARD	Mulder Delta	1,447.98	-97473
101	212200	Credit Card Payable	FIRST BANKCARD	Knapp Sirchie	130.42	-97473
101	212200	Credit Card Payable	FIRST BANKCARD	Mulder League of MN Cities	650.00	-97473
601	212200	Credit Card Payable	FIRST BANKCARD	Senst Viking Electric	43.15	-97473
101	212200	Credit Card Payable	FIRST BANKCARD	Dwyer BCA Training	300.00	-97473
601	212200	Credit Card Payable	FIRST BANKCARD	Senst USPS	106.11	-97473
101	212200	Credit Card Payable	FIRST BANKCARD	Knapp Amazon	223.93	-97473
101	212200	Credit Card Payable	FIRST BANKCARD	Heinbuch Sam's	248.57	-97473
101	212200	Credit Card Payable	FIRST BANKCARD	Graves KeyMe	16.30	-97473
101	212200	Credit Card Payable	FIRST BANKCARD	Knapp Amazon	-26.13	-97473
101	212200	Credit Card Payable	FIRST BANKCARD	Heinbuch ICC	12.03	-97473
101	212200	Credit Card Payable	FIRST BANKCARD	Senst Amazon	20.68	-97473
602	212200	Credit Card Payable	FIRST BANKCARD	Orme Zoom	5.48	-97473
101	212200	Credit Card Payable	FIRST BANKCARD	Graves Amazon	26.95	-97473
101	212200	Credit Card Payable	FIRST BANKCARD	Knapp Amazon	6.90	-97473
601	212200	Credit Card Payable	FIRST BANKCARD	Orme Zoom	5.48	-97473
101	212200	Credit Card Payable	FIRST BANKCARD	E Johnson Walmart	17.94	-97473
101	212200	Credit Card Payable	FIRST BANKCARD	Graves Amazon	49.95	-97473
101	212200	Credit Card Payable	FIRST BANKCARD	Knapp Amazon	36.35	-97473
101	212200	Credit Card Payable	FIRST BANKCARD	Crace Int' Assn Chiefs of Poli	220.00	-97473
101	212200	Credit Card Payable	FIRST BANKCARD	Graves Pomp's	711.00	-97473
101	212200	Credit Card Payable	FIRST BANKCARD	Heinbuch ICC	20.58	-97473
101	212200	Credit Card Payable	FIRST BANKCARD	Dwyer Fleet Farm	189.95	-97473
101	212200	Credit Card Payable	FIRST BANKCARD	Mulder Maddens	408.02	-97473
101	212200	Credit Card Payable	FIRST BANKCARD	Crace Amazon	399.98	-97473
101	212200	Credit Card Payable	FIRST BANKCARD	S Johnson Apple	0.99	-97473
101	212200	Credit Card Payable	FIRST BANKCARD	Heinbuch ICC	11.60	-97473
101	212200	Credit Card Payable	FIRST BANKCARD	Mulder MN State College	395.00	-97473
101	212200	Credit Card Payable	FIRST BANKCARD	S Johnson Target	53.48	-97473
101	212200	Credit Card Payable	FIRST BANKCARD	Senst Carmount	87.97	-97473
101	212200	Credit Card Payable	FIRST BANKCARD	Hedin KwikTrip	51.88	-97473
601	212200	Credit Card Payable	FIRST BANKCARD	Senst McDonalds	34.59	-97473
101	212200	Credit Card Payable	FIRST BANKCARD	Senst Dog Waste Depot	1,324.85	-97473
101	212200	Credit Card Payable	FIRST BANKCARD	Graves AEA	2,816.00	-97473
101	212200	Credit Card Payable	FIRST BANKCARD	Holmes 10K Lakes Chapt ICC	225.00	-97473

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Fun d	Account	Department	Vendor Name	Description	Amount	Check #
101	212200	Credit Card Payable	FIRST BANKCARD	Heinbuch ICC	11.60	-97473
601	212200	Credit Card Payable	FIRST BANKCARD	Senst Adobe	10.88	-97473
101	212200	Credit Card Payable	FIRST BANKCARD	Mulder Delta	1,447.98	-97473
101	212200	Credit Card Payable	FIRST BANKCARD	Orme Zoom	16.45	-97473
601	494300	Water Distribution	CITY OF DULUTH COMFORT SYSTEMS	Jan 2026 Water Charges	122,550.61	-97472
101	415300	Administration & Finance	GREATAMERICA FINANCIAL SERVICES	Copier Lease/Konica C300i	103.55	-97471
602	494900	Sewer Administration and General	PITNEY BOWES PURCHASE POWER	Refill Postage Meter	41.85	-97470
101	424100	Building Inspection	PITNEY BOWES PURCHASE POWER	Refill Postage Meter	2.96	-97470
101	419100	Community Development	PITNEY BOWES PURCHASE POWER	Refill Postage Meter	21.04	-97470
101	421100	Police Administration	PITNEY BOWES PURCHASE POWER	Refill Postage Meter	195.68	-97470
101	415300	Administration & Finance	PITNEY BOWES PURCHASE POWER	Refill Postage Meter	380.94	-97470
601	494400	Water Administration and General	PITNEY BOWES PURCHASE POWER	Refill Postage Meter	62.78	-97470
275	452200	Community Building	MN ENERGY RESOURCES CORP	Natural Gas EWC - Feb	12,176.43	-97469
101	422902	Firehall #2 Morris Thomas Road	MN ENERGY RESOURCES CORP	Natural Gas FH2	436.41	-97469
101	431901	City Garage	MN ENERGY RESOURCES CORP	Natural Gas Comm Building - 01	360.81	-97469
101	422901	Firehall #1 Maple Grove Road	MN ENERGY RESOURCES CORP	Natural Gas - FH #1	2,353.92	-97469
101	419901	City Hall & Police Building Maintenance	MN ENERGY RESOURCES CORP	Natural Gas - CH/PD	1,925.94	-97469
101	419901	City Hall & Police Building Maintenance	MN ENERGY RESOURCES CORP	Natural Gas CH/PD	1,569.49	-97469
603	441100	Storm Water	BLACK MOUNTAIN SOFTWARE INC	Annual Service and Support 202	4,759.88	-97468
101	415300	Administration & Finance	BLACK MOUNTAIN SOFTWARE INC	Annual Service and Support 202	19,039.53	-97468
602	494900	Sewer Administration and General	BLACK MOUNTAIN SOFTWARE INC	Annual Service and Support 202	9,519.76	-97468
601	494400	Water Administration and General	BLACK MOUNTAIN SOFTWARE INC	Annual Service and Support 202	9,519.76	-97468
101	421100	Police Administration	SHRED-N-GO INC	Shredding Contract through 11/	161.30	-97467
101	421100	Police Administration	APPLIED CONCEPTS INC	Radars Squads 19 & 20	7,046.00	-97466
602	494500	Sewer Maintenance	BRENT'S SEPTIC SERVICE LLC	Lift Station Pump - Ugstad Rd	450.00	-97465
101	419100	Community Development	CIT	CIT Managed Services	166.76	-97464
101	431100	Street Department	CIT	CIT Managed Services	444.68	-97464
101	413100	Mayor	CIT	CIT Managed Services	111.17	-97464
101	411100	Council	CIT	CIT Managed Services	444.68	-97464
101	415300	Administration & Finance	CIT	CIT Managed Services	1,111.70	-97464
101	422100	Fire Administration	CIT	CIT Managed Services	667.02	-97464
101	421100	Police Administration	CIT	CIT Managed Services	3,223.95	-97464
601	494400	Water Administration and General	CIT	CIT Managed Services	166.76	-97464
101	417200	Communications	CIT	CIT Managed Services	333.51	-97464
602	494900	Sewer Administration and General	CIT	CIT Managed Services	111.17	-97464
101	424100	Building Inspection	CIT	CIT Managed Services	222.34	-97464
412	419100	Community Development	EPC ENGINEERING & TESTING LLC	Keene Creek Trail	13,119.00	-97463
101	422100	Fire Administration	F.I.R.E.	Fire Instructor Class	3,600.00	-97462

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Fun d	Account	Department	Vendor Name	Description	Amount	Check #
101	422100	Fire Administration	F.I.R.E.	Fire I & II Class	3,000.00	-97462
230	465100	HEDA	FRYBERGER, BUCHANAN, SMITH & FREDERICK,	Legal Services - HEDA	2,000.00	-97461
412	419100	Community Development	GEI CONSULTANTS, INC.	Keene Creek Trail Segment 3	1,901.46	-97460
101	415300	Administration & Finance	INNOVATIVE OFFICE SOLUTIONS, LLC	Folders	18.77	-97459
101	415300	Administration & Finance	INNOVATIVE OFFICE SOLUTIONS, LLC	Finger Grip/Tape/Marker/Pen/Kn	51.78	-97459
101	421100	Police Administration	KIESLER'S POLICE SUPPLY, INC.	Duty Gear	93.78	-97458
415	465200	Community Development	KRAUS-ANDERSON CONSTRUCTION COMPANY, INC	Hermantown Hockey Arena	92,873.04	-97457
415	465200	Community Development	KRAUS-ANDERSON CONSTRUCTION COMPANY, INC	Hermantown Hockey Arena	38,958.74	-97457
101	421100	Police Administration	MACQUEEN EQUIPMENT, LLC	Re-Install Center Console - SQ	334.50	-97456
602	494500	Sewer Maintenance	MENARD INC	PVC Cap	66.16	-97455
101	422100	Fire Administration	MENARD INC	Garden Hose Nozzle	36.92	-97455
101	421100	Police Administration	MENARD INC	Sand in a Tube	13.44	-97455
601	494300	Water Distribution	M-R SIGN CO INC	Water Rate Sign	78.45	-97454
101	431100	Street Department	M-R SIGN CO INC	Signs	225.25	-97454
101	431901	City Garage	TREVIPAY	Casters - Compactor Card	153.83	-97453
602	494500	Sewer Maintenance	TREVIPAY	Flashlight - H22	94.05	-97453
602	494500	Sewer Maintenance	VIKING INDUSTRIAL CENTER	One Call Marking Flags	311.25	-97452
601	494300	Water Distribution	VIKING INDUSTRIAL CENTER	One Call Marking Flags	311.26	-97452
101	419901	City Hall & Police Building Maintenance	MIDWEST MACHINERY CO, INC.	Snow Removal Equipment	4,292.28	-97451
101	134000	Retiree Insurance/Telephone Reimb.	NORTHEAST SERVICE COOPERATIVE	Health Ins Mar - Clinton Jones	91.31	-97450
101	421100	Police Administration	NORTHEAST SERVICE COOPERATIVE	Health Ins Mar - Kristi Hansen	883.04	-97450
101	134000	Retiree Insurance/Telephone Reimb.	NORTHEAST SERVICE COOPERATIVE	Health Ins Mar - Kristi Hanse	98.12	-97450
101	421100	Police Administration	NORTHEAST SERVICE COOPERATIVE	Health Ins Mar - Clinton Jones	821.77	-97450
101	217450	Employee Flexplan	WEX HEALTH INC	Claim Reimbursement	390.72	-97449
101	217450	Employee Flexplan	WEX HEALTH INC	Claim Reimbursement	3,111.63	-97449
101	217450	Employee Flexplan	WEX HEALTH INC	Claim Reimbursement	261.60	-97449
101	217450	Employee Flexplan	WEX HEALTH INC	Claim Reimbursement	1,200.46	-97449
101	217450	Employee Flexplan	WEX HEALTH INC	Claim Reimbursement	1,483.58	-97449
416	452100	Parks	A W KUETTEL & SONS INC	Aluminum Bollards - Fichtner F	4,900.00	72915
101	421100	Police Administration	ANIMAL ALLIES HUMANE SOCIETY	December Boarding	240.00	72916
101	421100	Police Administration	ANIMAL ALLIES HUMANE SOCIETY	Jan Boarding	385.00	72916
475	431150	Street Improvements	ARROWHEAD ABSTRACT & TITLE CO.	O&E Report O-310499	100.00	72917
475	431150	Street Improvements	ARROWHEAD ABSTRACT & TITLE CO.	O&E Report O-310501	150.00	72917
101	422100	Fire Administration	ASPEN MILLS	Uniforms - FD	6,658.00	72918
101	424100	Building Inspection	BATTERIES PLUS BULBS	Battery Backup Replacement	38.95	72919
401	431100	Street Department	BOBCAT OF DULUTH INC	Tool CAT 2026 CIP Item	89,270.55	72920

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Fun d	Account	Department	Vendor Name	Description	Amount	Check #
101	431100	Street Department	BOBCAT OF DULUTH INC	Hydraulic Cap	16.71	72920
101	422100	Fire Administration	BOUND TREE MEDICAL, LLC	Medical Supplies	481.79	72921
101	422100	Fire Administration	BOUND TREE MEDICAL, LLC	Medical Supplies	92.95	72921
101	431901	City Garage	CINTAS CORPORATION	Mats/Supplies	42.55	72922
101	419901	City Hall & Police Building Maintenance	CINTAS CORPORATION	Mats at CH	8.88	72922
101	419901	City Hall & Police Building Maintenance	CINTAS CORPORATION	Mats at CH	30.72	72922
101	431100	Street Department	CINTAS CORPORATION	Uniforms	19.07	72922
101	431100	Street Department	CINTAS CORPORATION	Uniforms	62.67	72922
101	431100	Street Department	CINTAS CORPORATION	Uniforms	7.92	72922
101	431100	Street Department	CINTAS CORPORATION	Uniforms	7.92	72922
101	431901	City Garage	CINTAS CORPORATION	Mats/Supplies	62.23	72922
101	431100	Street Department	CINTAS CORPORATION	Uniforms	40.87	72922
101	431100	Street Department	CINTAS CORPORATION	Uniforms	7.92	72922
101	431901	City Garage	CINTAS CORPORATION	Mats/Supplies	42.55	72922
101	431100	Street Department	COMMISSIONER OF TRANSPORTATION	Material Testing	784.01	72923
101	421100	Police Administration	CROW-GOEBEL VETERINARY CLINIC, P A	Vet - Bruno	22.10	72924
101	421100	Police Administration	CROW-GOEBEL VETERINARY CLINIC, P A	Vet - Bruno	408.80	72924
101	421100	Police Administration	CROW-GOEBEL VETERINARY CLINIC, P A	Vet - Bruno	317.25	72924
601	494400	Water Administration and General	CUSTOMER ELATION INC	01/13/26 - 02/09/26 Answering	39.63	72925
602	494900	Sewer Administration and General	CUSTOMER ELATION INC	01/13/26 - 02/09/26 Answering	26.42	72925
101	415300	Administration & Finance	DULUTH NEWS-TRIBUNE	Subscription Renewal/1 year Ma	265.09	72926
101	415300	Administration & Finance	EHLERS & ASSOCIATES INC	2025 Financial Management Plan	5,310.00	72927
101	415300	Administration & Finance	EHLERS & ASSOCIATES INC	2025 Outstanding Indebtedness	310.00	72927
350	415300	Administration & Finance	EHLERS & ASSOCIATES INC	2025 Outstanding Indebtedness	310.00	72927
601	494300	Water Distribution	FERGUSON WATERWORKS #2516	Stock Curb Stop Parts	1,083.12	72928
101	422100	Fire Administration	FIRE SAFETY USA	Repair DEF Header - Engine 3	3,156.80	72929
601	494300	Water Distribution	GOODIN COMPANY INC	Water Test Plug	129.38	72930
101	431901	City Garage	GOODIN COMPANY INC	Urinal Parts - PW	186.73	72930
101	424100	Building Inspection	HERMANTOWN STAR LLC	Repair of CH Bids	115.50	72931
101	419100	Community Development	HERMANTOWN STAR LLC	Public Hearing Planning & Zoni	33.00	72931
101	415300	Administration & Finance	HERMANTOWN STAR LLC	Feb 2, 2026 Minutes	74.25	72931
601	220110	Water Test Fee Payable	MN DEPARTMENT OF HEALTH	Water Supply Serv Connect fee	9,132.00	72932
412	419100	Community Development	MN DEPARTMENT OF NATURAL RESOURCES	Hermantown Trail Seg 1 - Natur	120.00	72933
101	422100	Fire Administration	MN STATE FIRE DEPARTMENT ASSOCIATION	MSFDA Membership Dues 2026	290.00	72934
101	431100	Street Department	NAPA AUTO PARTS	Motor Oil	37.32	72935
101	431100	Street Department	NAPA AUTO PARTS	DEF Fluid	280.09	72935
101	431100	Street Department	NAPA AUTO PARTS	Battery	129.88	72935
101	431100	Street Department	NAPA AUTO PARTS	DEF Fluid	37.38	72935

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Fun d	Account	Department	Vendor Name	Description	Amount	Check #
101	415300	Administration & Finance	ORME, KEVIN	Mileage to Ehler's Conference	234.90	72936
601	494300	Water Distribution	PACE ANALYTICAL SERVICES, LLC	Drinking Water Testing	300.00	72937
601	494300	Water Distribution	PACE ANALYTICAL SERVICES, LLC	Drinking Water Testing	999.00	72937
230	465100	HEDA	RONCHETTI, CHAD	Hotel Reimbursement - Ehlers C	301.45	72938
232	465100	HEDA	SHORT ELLIOTT HENDRICKSON INC	Birch Hills Neighborhood Devel	4,747.20	72939
412	419100	Community Development	SHORT ELLIOTT HENDRICKSON INC	Keene Creek Trail Hydraulics	9,669.73	72939
240	433500	Water Improvements	SHORT ELLIOTT HENDRICKSON INC	HERMT Water Meter Station	9,795.56	72939
101	431100	Street Department	ST LOUIS COUNTY AUDITOR	Brine Solution Jan 2026	1,235.84	72940
101	419100	Community Development	ST LOUIS COUNTY RECORDERS OFFICE	Ordinance 25-17	46.00	72941
101	419901	City Hall & Police Building Maintenance	STACK BROS MECHANICAL, INC.	Emergency Repair	2,391.62	72942
101	421100	Police Administration	STREICHER'S	Practice Ammo	1,048.80	72943
101	421100	Police Administration	STREICHER'S	SWAT Jacket - Williams	95.00	72943
101	421100	Police Administration	STREICHER'S	Duty Gear - Kostiuik	-65.00	72943
101	421100	Police Administration	STREICHER'S	Training Aids	88.00	72943
601	494300	Water Distribution	TERHAAR, JERRIE	Reimburse Safety Boots	81.48	72944
101	431100	Street Department	TERHAAR, JERRIE	Reimburse Safety Boots	162.94	72944
602	494500	Sewer Maintenance	TERHAAR, JERRIE	Reimburse Safety Boots	81.48	72944
101	421100	Police Administration	THOMSON REUTERS - WEST	Clear Subscription - Jan 26	181.91	72945
101	421100	Police Administration	TROY'S SERVICE CENTER	Swap Tires & Wheels - SQD 21	72.50	72946
101	421100	Police Administration	TROY'S SERVICE CENTER	Swap Wheels - SQD 19	72.50	72946
101	421100	Police Administration	TROY'S SERVICE CENTER	Repair Evaporator Core - SQD 1	1,035.13	72946
101	421100	Police Administration	TROY'S SERVICE CENTER	Oil & Filter - SQD 12	93.42	72946
101	424100	Building Inspection	TROY'S SERVICE CENTER	H28 Repairs/New Tires	1,808.95	72946
101	421100	Police Administration	TROY'S SERVICE CENTER	Swap Wheels - SQD 17	72.50	72946
101	421100	Police Administration	TROY'S SERVICE CENTER	Swap Wheels - SQD 20	72.50	72946
601	494300	Water Distribution	UNITED RENTALS (NORTH AMERICA) INC	Light Tower Rental	780.00	72947
601	494300	Water Distribution	MN DEPARTMENT OF HEALTH	Water Sup Sys Operator/TR	32.00	72949

Totals: 177 records printed

542,766.75

CITY COUNCIL MEETING DATE: March 16, 2026

TO: Mayor & City Council

FROM: Kevin Orme, Director of Finance & Administration

SUBJECT: Budget Amendments & Transfers

☒ **RESOLUTION:** 2026-35 ☐ **ORDINANCE:** ☐ **OTHER:**

REQUESTED ACTION

Approve amending items in the 2025 budget per our policy and approve transfers between funds.

BACKGROUND

After reviewing the 2025 budget to actual numbers and our Budget Amendment Policy, I am recommending the following budget amendments for 2025. In addition, I am recommending the below actual transfers between funds as in 2025 and 2026.

The Budget Policy says that budget amendments can be made to “reflect policy changes” or when “significant changes are made because of unexpected cost increases”. The below amendments meet these criteria.

2025 Budget Amendments

Fund	Account	Object	Amount increased	Account String	Note
General	City Hall Maint	Buildings	265,000.00	101-419901-520	Public Works Roof
General	Police	Wages	200,000.00	101-421100-102	Overtime
General	Misc. Functions	Contingency	650,000.00	101-490000-599	Purchase of 3 properties
HEDA	HEDA	Engineer	113,000.00	230-465100-305	Add'l work, escrow
HEDA	HEDA	Contracted Svcs	170,000.00	230-465100-319	Add'l work, escrow
Housing Trust	HEDA	Engineer	125,000.00	232-465100-305	Birch Hills, Keene Creek
Housing Trust	HEDA	Contracted Svcs	82,000.00	232-465100-319	Birch Hills
EWC	Community Bldg	Electricity	70,000.00	275-452200-381	Budget exp to equal Revenue
Water	Transfer Out	Transfer out	100,000.00	601-494400-720	Res 2025-153
Water	Water	Purchases	160,000.00	601-494300-382	Usage

Transfers between funds

Fund	Year	Object	Transfer out & Inc	Account String	Note
Police/Fire Program	2026		(498,936.30)	251-495000-720	Fire Ladder Truck - From Volunteer Fire Dept
Capital Projects Fund	2026		498,936.30	401-392010	Fire Ladder Truck - From Volunteer Fire Dept
General	2025		(11,680.00)	245-495000-720	Remaining ARPA funds
Fichtner Field	2025		11,680.00	416-392010	Remaining ARPA funds
MSA	2025		5,023.45	402-392010	Unreimbursed expenses
General	2025		(5,023.45)	101-495000-720	Unreimbursed expenses
Fichtner Field	2025		280,100.16	416-392010	Parking Lot lights, Minnesota Power invoice
Street Lighting	2025		(280,100.16)	605-495000-720	Parking Lot lights, Minnesota Power invoice

SOURCE OF FUNDS (if applicable)

See above

ATTACHMENTS

Resolution

Resolution No. 2026-35

Resolution Authorizing The Director Of Finance & Administration To Amend Selected Budgets And Make Transfers

WHEREAS, the City completed several projects and had expenditures during 2025 that were not anticipated in the 2025 Budgets, and

WHEREAS, the City Administrator has reviewed the 2025 Budgets for 2025 as it relates to the City's Budget Amendment Policy.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Hermantown that the Mayor and City Clerk hereby authorize the Director of Finance & Administration to amend the 2025 budget and authorize transfers as follows:

2025 Budget Amendments

Fund	Account	Object	Amount increased	Account String	Note
General	City Hall Maint	Buildings	265,000.00	101-419901-520	Public Works Roof
General	Police	Wages	200,000.00	101-421100-102	Overtime
General	Misc. Functions	Contingency	650,000.00	101-490000-599	Purchase of 3 properties
HEDA	HEDA	Engineer	113,000.00	230-465100-305	Add'l work, escrow
HEDA	HEDA	Contracted Svcs	170,000.00	230-465100-319	Add'l work, escrow
Housing Trust	HEDA	Engineer	125,000.00	232-465100-305	Birch Hills, Keene Creek
Housing Trust	HEDA	Contracted Svcs	82,000.00	232-465100-319	Birch Hills
EWC	Community Bldg	Electricity	70,000.00	275-452200-381	Budget exp to equal Revenue
Water	Transfer Out	Transfer out	100,000.00	601-494400-720	Res 2025-153
Water	Water	Purchases	160,000.00	601-494300-382	Usage

Transfers between funds

Fund	Year	Object	Transfer out & Inc	Account String	Note
Police/Fire Program	2026		(498,936.30)	251-495000-720	Fire Ladder Truck - From Volunteer Fire Dept
Capital Projects Fund	2026		498,936.30	401-392010	Fire Ladder Truck - From Volunteer Fire Dept
General	2025		(11,680.00)	245-495000-720	Remaining ARPA funds
Fichtner Field	2025		11,680.00	416-392010	Remaining ARPA funds
MSA	2025		5,023.45	402-392010	Unreimbursed expenses
General	2025		(5,023.45)	101-495000-720	Unreimbursed expenses
Fichtner Field	2025		280,100.16	416-392010	Parking Lot lights, Minnesota Power invoice
Street Lighting	2025		(280,100.16)	605-495000-720	Parking Lot lights, Minnesota Power invoice

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 March 16, 2026.

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

I, the undersigned, being the duly qualified and acting Clerk of the City of Hermantown, St. Louis County, Minnesota, a Minnesota municipal corporation, hereby certify that the above and foregoing Resolution 2026-36 is a true and correct copy of the Resolution as adopted by the City Council on the 16th day of March, 2026.

In Witness Whereof, I have hereunto set my hand and affixed the corporate seal of said City of Hermantown, the 17th day of March. 2026.

Alissa McClure, City Clerk



CITY COUNCIL MEETING DATE: March 16, 2026

TO: Mayor & City Council

FROM: Kevin Orme, Director of Finance & Administration

SUBJECT: Bond Reimbursement Compliance

☒ **RESOLUTION:** 2026-36 ☐ **ORDINANCE:** ☐ **OTHER:**

REQUESTED ACTION

Approve Procedure Relating to Compliance with Reimbursement Bond Regulations under the Internal Revenue Service Code.

BACKGROUND

The City currently plans on issuing several new bonds in 2026. There is a blanket resolution that allows us to reimburse ourselves prior expenditures out of the proceeds of subsequently issued bonds. Hermantown previously passed this resolution (Resolution 2010-115, Resolution 2018-35, Resolution 2020-34, Resolution 2021-27, Resolution 2023-05, Resolution 2024-04, and Resolution 2025-10). Our municipal bond advisors, Ehlers, recommend we pass this resolution again for any 2026 new bond issues.

SOURCE OF FUNDS (if applicable)

N/A

ATTACHMENTS

Resolution

Resolution No. 2026-36

Resolution Establishing Procedures Relating To Compliance With Reimbursement Bond Regulations Under The Internal Revenue Code

BE IT RESOLVED by the City Council (the "Council") of the City of Hermantown, Minnesota (the "City"), as follows:

1. Recitals.

(a) The Internal Revenue Service has issued Treasury Regulations, Section 1.150-2 (as the same may be amended or supplemented, the "Regulations"), dealing with "reimbursement bond" proceeds, being proceeds of the City's bonds used to reimburse the City for any project expenditure paid by the City prior to the time of the issuance of those bonds.

(b) The Regulations generally require that the City make a declaration of intent to reimburse itself for such prior expenditures out of the proceeds of subsequently issued bonds, that such declaration be made not later than 60 days after the expenditure is actually paid, and that the bonding occur and the written reimbursement allocation be made from the proceeds of such bonds within 18 months after the later of (1) the date of payment of the expenditure or (2) the date the project is placed in service (but in no event more than 3 years after actual payment).

(c) The City heretofore implemented procedures for compliance with the predecessor versions of the Regulations and desires to amend and supplement those procedures to ensure compliance with the Regulations.

(d) The City's bond counsel has advised the City that the Regulations do not apply, and hence the provisions of this Resolution are intended to have no application to payments of City project costs first made by the City out of the proceeds of bonds issued prior to the date of such payments.

2. Official Intent Declaration. The Regulations, in the situations in which they apply, require the City to have declared an official intent (the "Declaration") to reimburse itself for previously paid project expenditures out of the proceeds of subsequently issued bonds. The Council hereby authorizes the City Finance Director to make the City's Declarations or to delegate from time to time that responsibility to other appropriate City employees. Each Declaration shall comply with the requirements of the Regulations, including without limitation the following:

(a) Each Declaration shall be made not later than 60 days after payment of the applicable project cost and shall state that the City reasonably expects to reimburse itself for the expenditure out of the proceeds of a bond issue or similar borrowing. Each Declaration may be made substantially in the form of the Exhibit A which is attached to and made a part of this Resolution, or in any other format which may at the time comply with the Regulations.

(b) Each Declaration shall (1) contain a reasonably accurate description of the "project," as defined in the Regulations (which may include the property or program to be financed, as applicable), to which the expenditure relates and (2) state the maximum principal amount of bonding expected to be issued for that project.

(c) Care shall be taken so that the City, or its authorized representatives under this Resolution, not make Declarations in cases where the City does not reasonably expect to issue reimbursement bonds to finance the subject project costs, and the City officials are hereby authorized to consult with bond counsel to the City concerning the requirements of the Regulations and their application in particular circumstances.

(d) The Council shall be advised from time to time on the desirability and timing of the issuance of reimbursement bonds relating to project expenditures for which the City has made Declarations.

3. Reimbursement Allocations. The designated City officials shall also be responsible for making the "reimbursement allocations" described in the Regulations, being generally written allocations that evidence the City's use of the applicable bond proceeds to reimburse the original expenditures.

4. Effect. This Resolution shall amend and supplement all prior resolutions and/or procedures adopted by the City for compliance with the Regulations (or their predecessor versions), and, henceforth, in the event of any inconsistency, the provisions of this Resolution shall apply and govern.

ADOPTED on March 16, 2026, by the City Council of the City of Hermantown, Minnesota.

EXHIBIT A

Declaration of Official Intent

The undersigned, being the duly appointed and acting City Finance Director of the City of Hermantown, Minnesota (the "City"), pursuant to and for purposes of compliance with Treasury Regulations, Section 1.150-2 (the "Regulations"), under the Internal Revenue Code of 1986, as amended, hereby states and certifies on behalf of the City as follows:

1. The undersigned has been and is on the date hereof duly authorized by the City Council to make and execute this Declaration of Official Intent (the "Declaration") for and on behalf of the City.

2. This Declaration relates to the following project(s), property(s) or programs (the "Projects") and the costs thereof to be financed:

Street Improvements & Trail Improvements

3. The City reasonably expects to reimburse itself for the payment of certain costs of the Project out of the proceeds of a bond issue or similar borrowing (the "Bonds") to be issued by the City after the date of payment of such costs. As of the date hereof, the City reasonably expects that \$6,000,000.00 is the maximum principal amount of the Bonds which will be issued to finance these Projects.

4. Each expenditure to be reimbursed from the Bonds is or will be a capital expenditure or a cost of issuance, or any of the other types of expenditures described in Section 1.150-2(d)(3) of the Regulations.

5. As of the date hereof, the statements and expectations contained in this Declaration are believed to be reasonable and accurate.

Date: _____

City Director of Finance & Administration
City of Hermantown, Minnesota

CERTIFICATION

The undersigned, being the duly qualified and acting City Clerk of the City of Hermantown, Minnesota, hereby certifies the following:

The foregoing is a true and correct copy of a Resolution on file and of official, publicly available record in the offices of the City, which Resolution relates to procedures of the City for compliance with certain IRS Regulations on reimbursement bonds. Said Resolution was duly adopted by the governing body of the City (the "Council") at a regular or special meeting of the Council held on March 16, 2026. Said meeting was duly called, regularly held, open to the public, and held at the place at which meetings of the Council are regularly held. Councilor _____ moved the adoption of the Resolution, which motion was seconded by Councilor _____. A vote being taken on the motion, the following members of the Council voted in favor of the motion to adopt the Resolution:

Councilors _____

and the following voted against the same:

Councilors _____

Whereupon said Resolution was declared duly passed and adopted. The Resolution is in full force and effect and no action has been taken by the Council which would in any way alter or amend the Resolution.

WITNESS MY HAND officially as the City Clerk of the City of Hermantown, Minnesota, this 17th day of March, 2026.

City Clerk
City of Hermantown, Minnesota

CITY COUNCIL MEETING DATE: March 16, 2026

TO: Mayor & City Council

FROM: Chad Ronchetti, Economic Development Director

SUBJECT: Subrecipient Agreement with Oppidan for the Minnesota Department of Employment and Economic Development (DEED) for a Contamination Clean-up and Investigation Grant Awarded for Fox Ridge at the Pillars

☒ **RESOLUTION:** 2026-37 ☐ **ORDINANCE:** ☐ **OTHER:**

REQUESTED ACTION

Adopt the resolution approving the Subrecipient Agreement.

BACKGROUND

On October 20, 2025, City Council approved application to DEED for the Contamination Clean-up Grant related to Fox Ridge at the Pillars. DEED awarded the project \$50,482.00. The grant agreement with DEED requires that the City, as fiscal agent, have an agreement with the project developer (Oppidan). The subrecipient agreement satisfies that need and provides for the terms and conditions for reimbursements.

SOURCE OF FUNDS (if applicable)

N/A

ATTACHMENTS

Resolution
Subrecipient Agreement

Resolution No. 2026-37

**Resolution Accepting Minnesota Department Of Employment And Economic Development
Contamination Cleanup Grant And Authorizing The Mayor And City Clerk To Execute
Subrecipient Agreement**

WHEREAS, The City of Hermantown approved application to the Minnesota Department of Employment and Economic Development (DEED) for the Contamination Cleanup Grant Program; and

WHEREAS, DEED has awarded the City of Hermantown a grant in the amount of \$50,482.00 for the Fox Ridge at the Pillars project; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Hermantown, Minnesota that the City of Hermantown accepts the Contamination Cleanup grant award of \$50,482.00 for the Fox Ridge at the Pillars project.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the Mayor and City Clerk are hereby authorized to execute the subrecipient agreement on behalf of the City of Hermantown

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 March 16, 2026.

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

I, the undersigned, being the duly qualified and acting Clerk of the City of Hermantown, St. Louis County, Minnesota, a Minnesota municipal corporation, hereby certify that the above and foregoing Resolution 2026-37 is a true and correct copy of the Resolution as adopted by the City Council on the 16th day of March, 2026.

In Witness Whereof, I have hereunto set my hand and affixed the corporate seal of said

City of Hermantown, the 17th day of March. 2026.

Alissa McClure, City Clerk

**SUBRECIPIENT FUNDING AGREEMENT
MINNESOTA DEED CONTAMINATION CLEANUP GRANT PROGRAM
THE FOX RIDGE AT THE PILLARS PROJECT**

THIS AGREEMENT, is entered into by and between the **City of Hermantown**, a Minnesota statutory city, whose address is 5105 Maple Grove Road, Hermantown, MN 55811 (hereinafter referred to as "City"), and **Pillars of Hermantown, LLC**, a Delaware limited liability company (hereinafter referred to as "Subrecipient").

WHEREAS, in cooperation with Subrecipient, the City applied to and received approval for funds in the amount of \$50,482.00 from the State of Minnesota, acting by and through its Department of Employment and Economic Development, Business and Community Development Division ("DEED") under its Contamination Cleanup Grant Program (the "Cleanup Grant"); and

WHEREAS, the City desires to award proceeds of the Contamination Cleanup Grant in the amount of \$50,482.00 (the "Subgrant") to Subrecipient, to assist Subrecipient with the development of the site on the real property located at 4110 LaVaque Road, Hermantown, MN 55811 and shown on attached Exhibit A (the "Property") by funding a portion of the costs for Fox Ridge at the Pillars Project identified in the Contamination Cleanup Grant Agreement and Application to DEED described in Section 1 below (the "Project").

WHEREAS, the Subrecipient will provide no less than 25 percent (25%) of the Project costs up to \$16,828.00 as the required local match under the Contamination Cleanup Grant (the "Match Funds").

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, the parties agree as follows:

1. **AWARD.** The City awards the Subgrant to Subrecipient for cleanup activities as described in the Contamination Cleanup Program Grant Agreement No. CCGP-25-0017-Z-FY26 between the City and DEED attached to this Agreement as Exhibit B (the "Cleanup Grant Agreement") and the Application to DEED submitted on November 1, 2025, on file in the City's Office (the "Grant Application"), both of which are incorporated into this Agreement. In the event of a conflict between the Contamination Cleanup Grant Agreement, this Agreement and the Grant Application, the documents shall be deemed to be controlling in the following order: 1) the Contamination Cleanup Grant Agreement; 2) this Agreement; 3) the Grant Application. The Subgrant and Match Funds must be used exclusively to pay or reimburse actual project costs as reflected in the budget incorporated into the DEED Grant Agreement ("Project"). Administrative costs incurred by the Subrecipient are not eligible for reimbursement under this Agreement. Notwithstanding anything to the contrary, the Subrecipient understands and agrees that any reduction or termination of the Contamination Cleanup Grant will result in a like reduction or termination of the Subgrant, and that any material change in the timeline or scope of the Project must be approved in writing by the City and DEED.

DEED expects the Project to achieve the following benefits (the "Project Benefits"):

Local Tax Base Increase: \$200,000.00
New Jobs: 5 FTE

2. **PERFORMANCE.** The Subrecipient must comply with all requirements applicable to the City in the Contamination Cleanup Grant Agreement. Any action or inaction of Subrecipient which could result in a default under the Contamination Cleanup Grant Agreement will constitute noncompliance with this Agreement. If the City finds that there has been a failure to comply with the provisions of this Agreement or that reasonable progress on the Project has not been or will not be made, the City may take action to protect its interests, including refusal to disburse additional funds and requiring the return of all or part of the funds already disbursed. If action to correct substandard performance is not taken by the Subrecipient within 30 calendar days, or

such longer period specified by the City after written notice by the City, the City may terminate this Agreement.

3. **PERFORMANCE MONITORING.** The Subrecipient shall comply with all requirements in the DEED Grant Agreement and submit any reporting information on the Project or the Development that is requested by DEED or the City. City shall submit annual reports and a final report (on or before July 25 of each year) in the form required by DEED on the distribution of funds and the progress of the Project from the date of this Agreement through June 30th of each year. The City will monitor the Subrecipient's performance against the Project Benefits per the Project's application for DEED funds. If applicable, an approval from the Minnesota Pollution Control Agency or other appropriate State or Federal agency is required upon completion of cleanup activities.
4. **TIME OF PERFORMANCE.** Subrecipient must not begin work under the grant agreement until the grant agreement is fully executed. Subrecipient must provide invoices for eligible grant activities identified in the grant agreement so that the City can submit the first payment request to DEED before December 31, 2026, or the grant may be terminated. Subrecipient shall complete the Project on or before December 31, 2028 (the "End Date"). In order to ensure funds are drawn prior to the End Date, completed disbursement requests shall be received by the City at least forty-five (45) days prior to the End Date.
5. **CONDITIONS PRECEDENT TO DISBURSEMENT.** The following requirements are conditions precedent to the City's disbursement of any of the Subgrant proceeds. The Subrecipient must have provided evidence satisfactory to the City showing that Subrecipient has site control of the Property. The Subrecipient must have provided to the City such evidence of compliance with all of the provisions of this Agreement as the City may reasonably request.
6. **DISBURSEMENT.** It is expressly agreed and understood that the total amount to be paid by the City under this Agreement shall not exceed \$50,482.00. The City will make disbursements only upon receipt of a written disbursement request in the form provided by DEED (the "Disbursement Request") from Subrecipient acceptable to the City and DEED. Payment requests may be made no more than once per month and must be accompanied by itemized invoices from each provider to be paid or cost to be reimbursed, whether such costs are being reimbursed by the Subgrant or not, with specific reference to eligible Project line item. The City will, upon its approval of the Disbursement Request, forward the Disbursement Request to DEED for approval. Upon DEED approval of the Disbursement Request and receipt by the City of the approved amounts of Contamination Cleanup Grant funds, the City will disburse the approved amount of Subgrant funds in accordance with the information provided in the Disbursement Request. In order to ensure that all funds are drawn prior to the City's Contamination Cleanup Grant Agreement term end date, all payment requests must be received by forty-five (45) days prior to the End Date. The Subgrant dollars are grant funds only and cannot be used, treated or converted into any type of loan.
7. **NOTICES.** Communication and details concerning this Agreement must be directed to the following Agreement representatives:

CITY:

Attn: Chad Ronchetti

Address: 5105 Maple Grove Road, Hermantown, MN 55811

Phone: 218-729-3600

E-mail: cronchetti@hermantownmn.com

Subrecipient Contact Information:

Name:

Address:

Phone:

E-mail:

8. **GENERAL CONDITIONS.**

- a. **General Compliance.** The Subrecipient agrees to comply with all applicable federal, state and local laws and regulations governing the Project and Contamination Cleanup Grant funds provided under this Agreement, including without limitation all applicable OSHA regulations, especially the federal Hazardous Waste Operations and Emergency Response Standards (29 C.F.R. 1910.120 and 29 C.F.R. 1926.65), Minnesota Statutes §§116J.551- .559, and all federal Davis Bacon and related act requirements.
- b. **Subcontracts.**
 - i. **Compliance with Laws.** The Subrecipient must require that contractors performing work being paid with the Subgrant funds comply with all applicable federal, state and local laws and regulations governing the Project.
 - ii. **OSHA.** Subrecipient must require that contractors performing work being paid with the Subgrant funds be in compliance with all applicable OSHA regulations, especially the Federal Hazardous Waste Operations and Emergency Response Standards (29 C.F.R. 1910.120 and 29 C.F.R. 1926.65).
- c. **Termination.** In the event the Contamination Cleanup Grant Agreement is terminated, this Agreement shall contemporaneously terminate. Upon termination, Subrecipient will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed.
- d. **Independent Contractor.** Nothing contained in this Agreement is intended to, or may be construed in any manner, as creating or establishing the relationship of employer/employee between the parties. The Subrecipient will at all times remain an independent contractor with respect to the services to be performed under this Agreement. The City is exempt from payment of all unemployment compensation, FICA, retirement, life and/or medical insurance and workers' compensation insurance because the Subrecipient is an independent contractor.
- e. **Indemnification and Hold Harmless.** The Subrecipient shall hold harmless, defend and indemnify the City and DEED from any and all liability, claims, actions, suits, charges, damages, losses, costs, expenses, and judgments whatsoever, including reasonable attorneys' fees, that arise directly or indirectly out of the Subrecipient's, its contractor's or subcontractor's performance or nonperformance under this Agreement. Claims included in this indemnification include any claims asserted pursuant to the Minnesota Environmental Response and Liability Act (MERLA), Minnesota Statutes, Chapter 115B; the Federal Comprehensive Environmental Response Compensation and Liability Act of 1980 (CERCLA) as amended, United States Code Title 42, Sections 9601et. seq.; and the Federal Resource Conservation and Recovery Act of 1976 (RCRA) as amended, United States Code Title 42, Sections 6901et. seq.
- f. **Insurance.**
 - i. **Insurance Required.** During the term of this Agreement, Subrecipient and its contractors and subcontractors rendering services being paid with funds from this Agreement shall procure and maintain Public Liability and Automobile Liability Insurance written on an "occurrence" basis under a Comprehensive General Liability Form with "Broad Form" property damage liability coverage, with XCU exclusion removed, in limits of not less than \$1,500,000 per occurrence for personal injury, bodily injury and death, and limits of \$1,500,000 for property damage liability, and twice the limits provided when a claim arises out of the release or threatened release of a hazardous substance. If per person limits are specified, they shall be for not less than \$1,500,000 per person and be for the same coverages. Coverages of Subrecipient and its contractors/subcontractors shall include:

1. Public liability including premises and operations coverage;
 2. Independent contractors' protective contingent liability;
 3. Personal injury;
 4. Owned, non-owned, and hired vehicles;
 5. Contractual liability covering customary construction contract and subcontract indemnity provisions;
 6. Products-completed operations; and
 7. Workers' Compensation coverage in required statutory limits. Policy shall carry an "all states" endorsement.
- ii. **Additional Insurance Requirements.** All insurance required in this Article shall be taken out and maintained in responsible insurance companies organized under the laws of the United States and licensed to do business in Minnesota. City shall be named as an additional insured under the Public Liability and Automobile Liability Insurance. City does not represent or guarantee that the types of limits or coverages provided above are adequate to protect Subrecipient's interests and liabilities.
 - iii. **Certificates of Insurance.** Certificates showing that the above-described insurance is carried in the specified amounts shall be furnished to City prior to the disbursement of any of the Subgrant proceeds, and a certificate showing continued maintenance of such insurance shall be on file with City during the term of this Agreement. The form of each certificate of insurance shall contain an unconditional requirement that the insurer notify City without fail not less than 30 days prior to any cancellation, non-renewal or modification of the policy or coverages evidenced by said certificate and shall further provide that failure to give such notice to City will render any such changes or changes in said policy or coverages ineffective as against City.
 - iv. **Contractor/Subcontractor Evidence of Insurance.** The Subrecipient must not commence work until any and all contractors/subcontractors have obtained the required proof of insurance which clearly evidences required insurance coverages. If the Subrecipient fails to furnish proof of insurance coverages from the contractors/subcontractors when requested by the City, the City may withhold payments and/or pursue any other rights or remedy allowed under this Agreement, law, equity, and/or statute.

9. ADMINISTRATIVE REQUIREMENTS.

- a. **Accounting Standards.** The Subrecipient agrees to maintain the necessary source documentation and enforce sufficient internal controls as dictated by generally accepted accounting practices to properly account for expenses incurred under this Agreement.
- b. **Records.**
 - i. **Retention.** The Subrecipient shall maintain adequate financial records consistent with generally accepted accounting principles. Audits and records, including but not limited to all financial and environmental documents related to the funds provided under this Agreement, shall be accessible to authorized representatives of the City for purposes of examination and audit. In addition, the Subrecipient shall give DEED, the Legislative Auditor, and the State Auditor's Office, through any authorized representatives, access to and the right to examine all records, books, papers, and documents related to this Agreement for a minimum of six (6) years from the end of the Contamination Cleanup Grant Agreement term end date.
 - ii. **Close-Out.** The Subrecipient's obligation to the City does not end until all close-out requirements are completed. Activities during this close-out period include: making final payments, disposing of program assets (including the return of all unused materials, equipment, unspent cash advances, program income balances, and receivable accounts to the City), determining the custodianship of records and resolving audit findings.

- c. **Procurement.** The Subrecipient must maintain an inventory record of all nonexpendable personal property procured with funds provided under this Agreement. Program income is income generated from grant-funded activities, including interest earned on grant funds. All unexpended program income must revert to the City upon termination of this Agreement.

10. MISCELLANEOUS.

- a. **Assignability.** The Subrecipient may not assign or transfer any interest in this Agreement (whether by assignment or novation) without the prior written consent of the City; provided, however, that claims for money due or to become due to the Subrecipient from the City under this Agreement may be assigned to a bank, trust company, or other financial institution without such approval. Notice of any such assignment or transfer must be furnished promptly to the City.
- b. **Antitrust.** The Subrecipient hereby assigns to the State of Minnesota any and all claims for overcharges for goods and/or services provided in connection with this contract resulting from antitrust violations which arise under the antitrust laws of the United States and the antitrust laws of the State of Minnesota.
- c. **Governing Law and Venue.** This Agreement will be governed by, and construed in accordance with, the laws of the State of Minnesota. The appropriate venue and jurisdiction for any litigation hereunder shall be in a court located in St. Louis County, Minnesota.
- d. **Counterparts.** This Agreement may be executed in two or more counterparts, each of which is deemed an original, but all of which taken together constitute one and the same agreement.
- e. **Survival.** Any terms of this Agreement which by their nature extend beyond termination of this Agreement shall survive and bind the parties and their successors and assigns.
- f. **Job Listing Agreement.** Minnesota Statutes §116L.66, subd.1, requires a business or private enterprise to list any vacant or new positions with the state workforce center if it receives \$200,000 or more a year in grants from the State. If applicable, the business or private enterprise shall list any job vacancy in its personnel complement with Minnesota Works.net at www.minnesotaworks.net as soon as it occurs.
- g. **Government Data Practices.** The Subrecipient must comply with the Minnesota Government Data Practices Act, Minnesota Statute Chapter 13, as it applies to all data provided by City under this Agreement and as it applies to all data created, collected, received, stored, used, maintained, or disseminated by the Subrecipient under this Agreement. The civil remedies of Minnesota Statute §13.08 apply to the release of the data referred to in this clause. If the Subrecipient receives a request to release the data referred to in this clause, the Subrecipient must immediately notify City. City will give the Subrecipient instructions concerning the release of the data to the requesting party before the data is released. The Subrecipient's response to the request shall comply with applicable law.
- h. **Intellectual Property Rights.** In the event that Subrecipient secures a copyright protection on any of the materials, reports, or data created as part of the project, the Subrecipient agrees to and does hereby grant to the State of Minnesota and its officers, agents, and employees, acting within the scope of their official duties, a royalty-free, non-exclusive, and irrevocable license to publish, translate, reproduce, deliver, perform, dispose of, and to authorize others to do so for use by the State, its divisions, instrumentalities and local subdivisions, all material now or hereafter covered by any such copyright.
- i. **Publicity.** Any publicity regarding the subject matter of this Agreement must identify the State of Minnesota as the sponsoring agency. For purposes of this provision, publicity includes notices, informational pamphlets, press releases, research, reports, signs, and similar public notices prepared by or for the Subrecipient individually or jointly with others, or any subcontractors, with respect to the program, publications, or services provided resulting from this Agreement. For DEED logos and formatting, please contact Laura Winge at 651-259-7173 or laura.winge@state.mn.us.

- j. **Payment of Contractors and Subcontractors.** The Subrecipient must ensure that all contractors and subcontractors performing work covered by this Agreement are paid for their work that is satisfactorily completed.
- k. **Conflict of Interest.** The State of Minnesota through City will take steps to prevent individual and organizational conflicts of interest in reference to Subrecipient per Minn.Stat.§16B.98 and Department of Administration, Office of Grants Management, Policy Number 08-01 Conflict of Interest Policy for State Grant-Making. When a conflict of interest concerning State grant-making and subsequent City grant-making is suspected, disclosed, or discovered, transparency shall be the guiding principle in addressing it.
 - Organizational conflicts of interest occur when:
 - 1. a Subrecipient is unable or potentially unable to render impartial assistance or advice to City due to competing duties or loyalties.
 - 2. a Subrecipient's objectivity in carrying out the grant is or might be otherwise impaired due to competing duties or loyalties.
 - 3. a Subrecipient has an unfair competitive advantage through being furnished unauthorized proprietary information or source selection information that is not available to all competitors.

Organizational conflicts include any individual part of the Subrecipient. Individual conflicts of interest occur when:

- a Subrecipient uses his/her status or position to obtain special advantage, benefit, or access to the Subrecipient's time, services, facilities, equipment, supplies, badge, uniform, prestige, or influence.
- a City employee is an employee or board member of a Subrecipient that is an immediate family member of an owner, employee or board member of the Subrecipient.

The City and the Subrecipient must act immediately upon any suggestion, inquiry, or intimation that an individual or organizational conflict of interest exists at any point in the grant process. Steps must be taken to identify and avoid or mitigate any potential conflicts. The conflict of interest guidelines continue throughout the life of the grant agreement.

The Subrecipient must complete and submit a Conflict of Interest Disclosure Form (See Exhibit D) indicating whether or not a perceived, potential, or actual conflict of interest exists. If the Subrecipient identifies an actual, potential or perceived conflict of interest on the form, the Subrecipient must identify and submit its conflict of interest avoidance or mitigation plan. City will review the form and the Subrecipient's individual or organizational conflict of interest avoidance or mitigation plan and other relevant facts, if needed, to determine if an actual, potential or perceived conflict of interest exists, as defined by policy or other relevant law. If it does, City will pursue appropriate actions to mitigate, neutralize, or avoid the potential, perceived or actual individual or organizational conflicts of interest. These may include, but not be limited to, termination of the grant agreement; disqualification from future grant awards, if it is determined that it improperly failed to disclose a known individual or organizational conflict of interest or misrepresented information regarding such conflict; revising the Subrecipient's duties so that the conflict is mitigated; allowing the Subrecipient to propose the exclusion of task areas that create a conflict, if appropriate; allowing the individual with the conflict to be removed from taking any actions in relation to the grant agreement. In cases where a perceived, potential, or actual individual or organizational conflict of interest is suspected, disclosed, or discovered by the Subrecipient throughout the life of the grant agreement, they must immediately notify City for appropriate action steps to be taken, as defined above. All of the above provisions apply to any sub-subrecipients and applicable language must be included in the Subrecipient / sub-subrecipient agreements.

- l. **Severability.** In the event any provision herein shall be deemed invalid or unenforceable, the remaining provisions shall continue in full force and effect and shall be binding upon the parties to this Agreement.

- m. **Entire Agreement.** This Agreement, including Exhibits A, Band C constitutes the entire Agreement between the City and Subrecipient and supersedes all prior written and oral agreements and negotiations between the parties relating to the subject matter hereto.

City of Hermantown

Pillars of Hermantown, LLC

By _____
Its Mayor

By _____
Its _____

And by _____
Its City Clerk

Date: _____

Date: _____



Fox Ridge at the Pillars Project

This Grant Contract Agreement is between the State of Minnesota, acting through its Department of Employment and Economic Development ("State") and city of Hermantown, 5105 Maple Grove Road, Hermantown, MN 55811 ("Grantee").

Recitals

1. Under Minn. Stat. § 116J.554 the State is empowered to enter into this Grant Contract Agreement.
2. The State is in need of programs that reduce the potential threat of harmful contaminants to public health and the environment, create jobs, increase local property tax, and provide other public benefits by redeveloping polluted sites.
3. Pursuant to Minn. Stat. § 16B.98, the Grantee represents that it is duly qualified and agrees to perform all services described in this Grant Contract Agreement to the satisfaction of the State.

Grant Contract Agreement

1 Term of Grant Contract Agreement

1.1 Effective Date. December 22, 2025, or the date the State obtains all required signatures, whichever is later.

Per Minnesota Statutes § 16B.98 Subd. 7, no payments will be made to the Grantee until this Grant Contract Agreement is fully executed.

1.2 Expiration Date. December 31, 2028, or until all obligations have been satisfactorily fulfilled, whichever occurs first.

1.3 Survival of Terms. The following clauses survive the expiration or cancellation of this Grant Contract Agreement: Reporting Requirements; Monitoring and Corrective Action; Liability; State Audits; Government Data Practices and Intellectual Property Rights; Publicity and Endorsement; Governing Law, Jurisdiction and Venue; Data Disclosure; Conflict of Interest; State and Federal Environmental Standards; and Minnesota Business Subsidy Law.

2 Specifications, Duties, and Scope of Work

2.1 Duties, Deliverables and Completion Dates.

The Grantee, who is not a state employee, will perform the following duties and provide the deliverables as outlined below.

(a) Comply with required grants management policies and procedures set forth through Minn. Stat. § 16B.97 Subd. 4 (a)(1).

(b) Administer these grant funds in accordance with Minn. Stat. §§ 116J.551 through 116J.559 and the application submitted on November 1, 2025, for funding for the Fox Ridge at the Pillars Project, which is

incorporated into this Grant Contract Agreement and the provisions of this Grant Contract Agreement. Any modification made to the approved application must be approved by the State.

- (c) It is expected that the site will be cleaned up and redeveloped as proposed in the grant application and upon which funding was based. Any material changes in the cleanup plans and/or development plans for the site must be presented to the State and approved. Promptly notify the State of any proposed material change in the scope of the project as submitted in the grant application, eligible approved Cleanup Costs as defined Section 4.1 of this Grant Contract Agreement, or the project's timeline, which must be approved by the State, prior to implementation.
- (d) It is also expected that the project will begin as described in the application. To validate that the project has started and eligible work has commenced, a Payment Request, as outlined in Section 4.6, must be submitted to the State on or before December 31, 2026, or such a later date requested by the Grantee and approved by the State in writing. If a Payment Request is not submitted, the State's obligation to fund the Grant may be terminated as described in Section 15.1(b). Invoices must be for approved eligible Cleanup Costs and does not include investigation costs incurred prior to the grant award.
- (e) Provide evidence to the State prior to the closeout of the grant that the cleanup has been completed and approved by the Minnesota Pollution Control Agency.
- (f) Adhere to all other requirements of this Grant Contract Agreement.

3 Time

The Grantee must comply with all the time requirements described in this Grant Contract Agreement. In the performance of this Grant Contract Agreement, time is of the essence and failure to meet a deadline date may be a basis for a determination by the State's Authorized Representative that the Grantee has not complied with the terms of the Grant Contract Agreement. The Grantee is required to perform all the duties cited within clause two "Specifications, Duties, and Scope of Work" within the grant period. The State is not obligated to extend the grant period.

4 Consideration and Terms of Payment

The consideration for all services performed by the Grantee pursuant to this Grant Contract Agreement shall be paid by the State as follows:

4.1 Eligible Costs. The following table represents the total approved Cleanup Costs. The Grantee may not use these funds for administrative costs associated with managing this grant or the project this grant is funding. Pursuant to Minn. Stat. § 116J.552, Subd. 2, costs of implementing the response action plan (RAP) incurred before the grant award date may be eligible at the discretion of the State, if the costs were completed after the RAP was approved by the Minnesota Pollution Control Agency and the RAP was approved within 180 days of the application deadline. Costs incurred for the development of the RAP incurred prior to grant award may be considered match eligible at the discretion of the State. Any reimbursement made for services provided prior to the effective date will be governed by the terms of this Grant Contract Agreement.

Grant Eligible Activities	Amount
Site Investigation and Response Action Plan (match only)	\$12,860
Excavation, Transportation and Disposal of Contaminated Soils	\$31,632
Clean Soil Back-Fill	\$951
Environmental Oversight of Contaminated Soils	\$21,867
Total	\$67,310

4.2 Total Obligation. The total obligation of the State for all compensation and reimbursements to the Grantee under this Grant Contract Agreement will not exceed \$50,482.

In accordance with Minn. Stat. § 116J.554, Subd. 1, the grant may pay for up to 75% of the eligible costs for a qualifying site. This requires a local match of at least 25%. For the purpose of this project, based on the budget above, the local match portion is at least \$16,828. Of the total match requirement, 12% of the cleanup costs as defined by Minn. Stat. § 116J.552, Subd. 2 must come from the municipality's general fund, a property tax levy for that purpose, or other unrestricted money available to the municipality. 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.

4.3 Program Income. Program income generated from grant-funded activities on hand at the end of the grant period must be returned to the State unless the State has approved re-use of the income.

4.4 Administrative Costs. Grantee administrative costs must be necessary and reasonable and will not exceed \$0.00.

4.5 Travel Expenses. Reimbursement for travel and subsistence expenses actually and necessarily incurred by the Grantee because of this Grant Contract Agreement will not exceed \$0.00. The Grantee will not be reimbursed for travel and subsistence expenses incurred outside Minnesota unless it has received the State's prior written approval for out of state travel. Minnesota will be considered the home state for determining whether travel is out of state.

The Grantee will be reimbursed for travel and subsistence expenses in the same manner and in no greater amount than provided in the current Commissioner's Plan promulgated by the Commissioner of Minnesota Management and Budget.

4.6 Invoices. The State will disburse funds to the Grantee pursuant to this Grant Contract Agreement, based upon payment requests submitted by the Grantee and reviewed and approved by the State. Payment requests must be accompanied by supporting invoices for the activities defined in Section 4.1 of this Grant Contract Agreement. The amount of grant funds requested by the Grantee cannot exceed 75% of the total approved Cleanup Costs incurred by the Grantee as supported by invoices. The State will provide payment request forms. Every effort should be made to submit invoices within the same fiscal year the costs were incurred. To ensure that all funds are drawn prior to the expiration date of the grant, the final payment request must be received at least 30 days prior to the grant-term expiration date.

4.7 Unexpended Funds. Any grant funds not reimbursed to the Grantee shall revert to the State.

5 Conditions of Payment

All services provided by the Grantee under this Grant Contract Agreement must be performed to the State's satisfaction, as determined at the sole discretion of the State's Authorized Representative and in accordance with all applicable federal, state, and local laws, ordinances, rules, and regulations. The Grantee will not receive payment for work found by the State to be unsatisfactory or performed in violation of federal, state, or local law.

6 Contracting and Bidding Requirements

The Grantee is required to comply with Minnesota Statutes § 471.345, Uniform Municipal Contracting Law.

6.1 Prevailing wage rates are required to be paid on an economic development project site if that project receives or will be receiving state financial assistance in the form of a grant where a single business receives \$200,000 or

more of the grant proceeds, a loan or the guaranty or purchase of a loan if a single business receives \$500,000 or more of the loan proceeds, or certain tax incentives, per Minn. Stat. § 116J.871. For economic development projects subject to the prevailing wage requirements in Minn. Stat. § 116J.871, Grantee must ensure that Grantee and all contractors and subcontractors comply with applicable prevailing wage requirements including submitting all required certified payroll records, as described in Exhibit A, "Prevailing Wage Certification – Minn. Stat. § 116J.871," to the following email address: wagedata.deed@state.mn.us.

6.2 The Grantee and any subrecipients must not contract with vendors who are suspended or debarred by the State of Minnesota or the federal government: [Suspended and Debarred Vendors, Minnesota Office of State Procurement](#).

6.3 The Grantee must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts.

7 Authorized Representatives

7.1 The State's Authorized Representative is Mary Vang, Project Manager, 180 East Fifth Street, St. Paul, MN 55101, 651-259-7147, or their successor, and has the responsibility to monitor the Grantee's performance and the authority to accept the services provided under this Grant Contract Agreement. If the services are satisfactory, the State's Authorized Representative will certify acceptance on each invoice submitted for payment.

7.2 The Grantee's Authorized Representative is Chad Ronchetti, Economic Development Director, 5105 Maple Grove Road, Hermantown, MN 55811, 218-729-3600, or their successor. If the Grantee's Authorized Representative changes at any time during this Grant Contract Agreement, the Grantee must immediately notify the state.

7.3 The Grantee must clearly post on the Grantee's website the names of, and contact information for, the Grantee's leadership and the employee or other person who directly manages and oversees this Grant Contract Agreement on behalf of the Grantee.

8 Assignment, Amendments, Waiver, and Contract Complete

8.1 **Assignment.** The Grantee may neither assign nor transfer any rights or obligations under this Grant Contract Agreement without the prior consent of the State and a fully executed agreement, executed and approved by the authorized parties or their successors.

8.2 **Amendments.** Any amendment to this Grant Contract Agreement must be in writing and will not be effective until it has been executed and approved by the same parties who executed and approved the original Grant Contract Agreement or their successors.

8.3 **Grant Adjustment Notices (GANs).** GANs must be approved by the State in writing and may require a written change request by the Grantee. A GAN may be used for non-substantive changes that do not affect grant requirements, including, but not limited to, changing grant status activity, or changing budget amounts within approved grant eligible activities that do not increase the awarded value. All other changes require formal amendment as stated in Section 8.2.

8.4 **Waiver.** If the State fails to enforce any provision of this Grant Contract Agreement, that failure does not waive the provision or its right to enforce it.

8.5 **Contract Complete.** This Grant Contract Agreement contains all negotiations and agreements between the State and the Grantee. No other understanding regarding this Grant Contract Agreement, whether written or oral, may be used to bind either party.

9 Subcontracting and Subcontract Payment

- 9.1 A subrecipient is a person or entity that has been awarded a portion of the work authorized by this Grant Contract Agreement by Grantee. The Grantee must document any subaward through a formal legal agreement. The Grantee must provide timely notice to the State of any subrecipient(s) prior to the subrecipient(s) performing work under this Grant Contract Agreement.
- 9.2 The dollars awarded under this Grant Contract Agreement are grant funds and shall only be used by Grantee or awarded by Grantee to third parties as grant funds and cannot take the form of a loan under any circumstance. Grantee shall not use, treat, or convert the grant funds into an interest-bearing loan, a non-interest-bearing loan, a deferred loan, a forgivable deferred loan, or any other type of loan. Further, Grantee shall include in any contract or sub-grant awarding the grant funds to a third party all the provisions and requirements of this Grant Contract Agreement, including the requirement that these dollars are grant funds only and cannot be used, treated, or converted into any type of loan.
- 9.3 Minnesota Statutes § 116L.66, subd. 1, requires a business or private enterprise to list any vacant or new positions with DEED workforce center if it receives \$200,000 or more a year in grants from DEED. If applicable, the business or private enterprise shall list any job vacancy in its personnel complement with MinnesotaWorks.net at <http://www.minnesotaworks.net> as soon as it occurs.
- 9.4 The Grantee must monitor the activities of the subrecipient(s) to ensure the subaward is used for authorized purposes; is in compliance with the terms and conditions of the subaward, Minnesota Statutes § 16B.97, Subd. 4 (a) (1) and other relevant statutes and regulations including all applicable OSHA regulations, especially the federal Hazardous Waste Operations and Emergency Response Standards (29 CFR 1910.120 and 29 CFR 1926.65); and that subaward performance goals are achieved.
- 9.5 During this Grant Contract Agreement, if a subrecipient is determined to be performing unsatisfactorily by the State's Authorized Representative, the Grantee will receive written notification that the subrecipient can no longer be used for this Grant Contract Agreement.
- 9.6 No subagreement shall serve to terminate or in any way affect the primary legal responsibility of the Grantee for timely and satisfactory performance of the obligations contemplated by the Grant Contract Agreement.
- 9.7 The Grantee must pay any subrecipient in accordance with Minnesota Statutes § 16A.1245.
- 9.8 The Grantee and any subrecipients must not contract with vendors who are suspended or debarred by the State of Minnesota or the federal government.

10 Liability

Parties agree that, except as otherwise expressly provided herein, each party is responsible for its own acts and the results thereof to the extent authorized by law and will not be responsible for the acts of any others and the results thereof. Liability is governed by applicable law. Without limiting the foregoing, liability of the State and any Grantee that is an office, officer, agency, department, division, or bureau of the State of Minnesota is governed by the provisions of the Minnesota Tort Claims Act, Minnesota Statutes § 3.376, and other applicable law. Without limiting the foregoing, if Grantee is a political subdivision of the State of Minnesota, liability of Grantee is governed by the provisions of Minnesota Statutes, Chapter 466 (Tort Liability, Political Subdivisions) or other applicable law.

11 State Audits

Under Minnesota Statutes § 16B.98, Subd. 8, the Grantee's books, records, documents, and accounting procedures and practices relevant to this Grant Contract Agreement are subject to examination by the Commissioner of

Administration, the State granting agency, the State Auditor, the Attorney General, and the Legislative Auditor, as appropriate, for a minimum of six years from the expiration or termination of this Grant Contract Agreement, receipt and approval of all final reports, or the required period of time to satisfy all State and program retention requirements, whichever is later.

The Grantee shall maintain adequate financial records consistent with generally accepted accounting principles. The Grantee shall submit accounting system records that track the use of grant proceeds and all matching funds by eligible Cleanup Costs for each year in which grant disbursements and expenditures were made. The records shall reflect both expenditures and revenues and shall be submitted after all grant proceeds and matching funds have been expended or at the State's request.

12 Government Data Practices and Intellectual Property Rights

12.1 Government Data Practices. The Grantee and State must comply with the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13, as it applies to all data provided by the State under this Grant Contract Agreement, and as it applies to all data created, collected, received, stored, used, maintained, or disseminated by the Grantee under this Grant Contract Agreement. The civil remedies of Minnesota Statutes § 13.08 apply to the release of the data referred to in this clause by either the Grantee or the State.

If the Grantee receives a request to release the data referred to in this Clause, the Grantee must immediately notify the State. The State will give the Grantee instructions concerning the release of the data to the requesting party before the data is released. The Grantee's response to the request shall comply with applicable law.

12.2 Intellectual Property Rights. The Grantee represents and warrants that Grantee's intellectual property used in the performance of this Grant Contract Agreement does not and will not infringe upon any intellectual property rights of other persons or entities. Notwithstanding Clause 10, the Grantee will indemnify; defend, to the extent permitted by the Attorney General; and hold harmless the State, at the Grantee's expense, from any action or claim brought against the State to the extent that it is based on a claim that all or part of Grantee's intellectual property used in the performance of this Grant Contract Agreement infringe upon the intellectual property rights of others. The Grantee will be responsible for payment of any and all such claims, demands, obligations, liabilities, costs and damages, including but not limited to, attorney fees. If such a claim or action arises, or in the Grantee's or the State's opinion is likely to arise, the Grantee must, at the State's discretion, either procure for the State the right or license to use the intellectual property rights at issue or replace or modify the allegedly infringing intellectual property as necessary and appropriate to obviate the infringement claim. This remedy of the State will be in addition to and not exclusive of other remedies provided by law.

13 Workers Compensation

The Grantee certifies that it is in compliance with Minnesota Statutes § 176.181, Subd. 2, pertaining to workers' compensation insurance coverage. The Grantee's employees and agents will not be considered State employees. Any claims that may arise under the Minnesota Workers' Compensation Act on behalf of these employees and any claims made by any third party as a consequence of any act or omission on the part of these employees are in no way the State's obligation or responsibility.

14 Governing Law, Jurisdiction, Venue

Venue for all legal proceedings out of this Grant Contract Agreement, or its breach, must be in the appropriate state or federal court with competent jurisdiction in Ramsey County, Minnesota.

15 Termination

15.1 Termination by the State.

- (a) **Without Cause.** The State may terminate this Grant Contract Agreement without cause, upon 30 days' written notice to the Grantee. Upon termination, the Grantee will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed.
- (b) **With Cause.** The State may immediately terminate this Grant Contract Agreement if the State finds that there has been a failure to comply with the provisions of this Grant Contract Agreement, that reasonable progress has not been made, or that the purposes for which the funds were granted have not been or will not be fulfilled. The State may take action to protect the interests of the State of Minnesota, including the refusal to disburse additional funds and requiring the return of all or part of the funds already disbursed.

15.2 Termination by the Commissioner of Administration. The Commissioner of Administration may immediately and unilaterally terminate this Grant Contract Agreement if further performance under the agreement would not serve agency purposes or performance under the Grant Contract Agreement is not in the best interest of the State.

15.3 Termination for Insufficient Funding. The State may immediately terminate this Grant Contract Agreement if it does not obtain funding from the Minnesota Legislature, or other funding source; or if funding cannot be continued at a level sufficient to allow for the payment of the services addressed within this Grant Contract Agreement. Termination must be by written notice to the Grantee. The State is not obligated to pay for any services that are provided after notice and effective date of termination. However, the Grantee will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed to the extent that dedicated funds are available.

In the event of temporary lack of funding or appropriation, the State may pause its obligations under this Grant Contract Agreement without terminating it. This pause will be for the duration of the lack of funding or appropriation and shall not be considered a termination of the Grant Contract Agreement. The Grantee will be notified in writing of the temporary pause, and the Grantee's ability to provide services may be temporarily suspended during this period. The State will provide reasonable notice to the Grantee of the lack of funding or appropriation and shall notify the Grantee once funding is restored or appropriated, at which point the provision of services under the Grant Contract Agreement may resume.

The State will not be assessed any penalty if the Grant Contract Agreement is terminated due to insufficient funding. The State must provide the Grantee notice of the lack of funding within a reasonable time of the State's receiving notice.

15.4 Termination for Criminal Conviction. As required by Minn. Stat. § 16B.991, subd. 1, the Grant Agreement will immediately be terminated if the recipient is convicted of a criminal offense relating to a state grant agreement.

16 Publicity and Endorsement

16.1 Publicity. Any publicity pertaining to the services resulting from this Grant Contract Agreement shall identify the State as the sponsoring agency. Publicity includes, but is not limited to: websites, social media platforms, notices, informational pamphlets, press releases, research, reports, signs, and similar public notices prepared by or for the Grantee or its employees individually or jointly with others or any subcontractors. AFor DEED logos, please contact the State's Authorized Representative.

16.2 Endorsement. The Grantee must not claim that the State endorses its products or services.

17 Data Disclosure

Under Minnesota Statutes § 270C.65, Subd. 3, and other applicable law, the Grantee consents to disclosure of its social security number, federal employer tax identification number, and/or Minnesota tax identification number, already provided to the State, to federal and state tax agencies and state personnel involved in the payment of state obligations. These identification numbers may be used in the enforcement of federal and state tax laws which could result in action requiring the Grantee to file state tax returns and pay delinquent state tax liabilities, if any.

18 Reporting Requirements

The Grantee must submit to the State annual reports on the use of grant funds and the progress of the Project covering July 1st through June 30th of each year. Each annual report must be received by the State no later than July 25th of each year. The annual report must identify specific Project goals listed in the application and quantitatively and qualitatively measure the progress of such goals. Grant payments shall not be made on grants, or subsequent grant awards made to the Grantee, with past due reports. In addition, the Grantee shall submit a final annual report. The State will provide annual reporting form.

19 Monitoring and Corrective Action

The Grantee agrees to permit monitoring by the State to determine Grant Contract Agreement performance and compliance with Grant Contract Agreement provisions. The Grantee further agrees to cooperate with the State in performing and completing such monitoring activities and the Grantee agrees to implement and comply with such corrective action as is proposed by the State. The Grantee must provide any financial records, timesheets or other supporting documentation, upon the request of the State.

20 Conflicts of Interest

The State will take steps to prevent individual and organizational conflicts of interest in reference to Grantees per Minn. Stat. § 16B.98 and Department of Administration, Office of Grants Management, Policy Number 08-01 Conflict of Interest Policy for State Grant-Making (Current Policies tab). When a conflict of interest concerning State grant-making is suspected, disclosed or discovered, transparency shall be the guiding principle in addressing it.

In cases where a potential or actual individual or organizational conflict of interest is suspected, disclosed, or discovered by the Grantee throughout the life of the Grant Contract Agreement, they must immediately notify the State for appropriate action steps to be taken, as defined above.

The Grantee must complete a Conflict-of-Interest Disclosure Form.

21 State and Federal Environmental Standards

The Grantee must provide evidence that work performed under this grant contract agreement complies with state and federal environmental standards. An approval from the Minnesota Pollution Control Agency or other appropriate state or federal agency is required upon completion of the cleanup activities.

22 Minnesota Business Subsidy Law

The Grantee must comply, if appropriate, with the Minnesota Business Subsidy Law, Minn. Stat. §§ 116J.993 through 116J.995.

Exhibits

The following Exhibits are attached and incorporated into this Grant Contract Agreement. In the event of a conflict between the terms of this Grant Contract Agreement and its Exhibits, or between Exhibits, the order of precedence is first the Grant Contract Agreement, and then in the following order:

GRANT CONTRACT AGREEMENT TEMPLATE FOR COMPETITIVE GRANTS TO MUNICIPALITIES
REV. 7.01.2025

Exhibit A: Prevailing Wage Certification – Minn. Stat. § 116J.871.

(The rest of this page is left intentionally blank)

State Encumbrance Verification

*Individual certifies that funds have been encumbered as
required by Minnesota Statutes §§ 16A.15*

Print Name: Robin Culbertson

Signature: 

Title: MA 3 Date: 02/04/26

SWIFT Contract No. 282719 PR 99859 PO 3-635404

State Agency

With delegated authority

Print Name: _____

Signature: _____

Title: _____ Date: _____

Grantee

With delegated authority

Print Name: _____

Signature: _____

Title: City Clerk Date: _____

Print Name: _____

Signature: _____

Title: Mayor Date: _____

EXHIBIT A
PREVAILING WAGE CERTIFICATION



To: Minnesota Department of Labor and Industry
Prevailing-wage compliance unit
443 Lafayette Road N.
St. Paul, MN 55155

Re: Prevailing-wage certification – Minnesota Statutes § 116J.871

_____ is a recipient of financial assistance from the _____ for the project identified below.

As required by Minn. Stat. § 116J.871, subd. 2(a), _____ hereby certifies to the commissioner of the Department of Labor and Industry, that laborers and mechanics at the project site during construction, installation, remodeling or repairs for which the financial assistance will be provided, in whole or part, will be paid the prevailing-wage rate as defined in Minn. Stat. § 177.42, subd. 6. Prevailing wages paid to laborers and mechanics at the project site shall comply with the prevailing-wage rates determined for _____ county, Minnesota.

_____ understands that failure to pay prevailing wages is a misdemeanor and that each day of violation is a separate offense under Minn. Stat. § 116J.871, subd. 3.

Project name:	_____
	(Insert project name)
Project start date:	_____
	(Insert project start date)
Project site address:	_____
	(Insert project site address)
Financial assistance contract number:	_____
	(Insert financial assistance contract number)

By: _____	Signature: _____
(Print name of authorized representative)	(Signature of authorized representative)
Its: _____	Date: _____
(Authorized representative's title)	(Date signed and certified)

(Page 1 of 2)

443 Lafayette Road N., St. Paul, MN 55155 • 651-284-5005 • dli.mn.gov

Information for recipients

Recipients must ensure all laborers and mechanics at the project site during construction, installation, remodeling or repairs for which the financial assistance from a state agency or allocating agency will be provided is performed under contracts that specifically include the prevailing-wage rate requirements of the Minnesota Prevailing Wage Act ("MPWA"), Minnesota Statutes sections 177.41-.44 and Minnesota Rules, sections 5200.1000-.1120.

Recipients also must ensure that contractors and their subcontractors will comply with the requirements of the MPWA, including recordkeeping, completion and submission of certified payroll reports, posting and contract requirements and the requirement that laborers and mechanics at the project site during construction, installation, remodeling or repairs for which the financial assistance will be provided are paid the applicable prevailing-wage rate(s) for each classification of work they perform. These requirements and enforcement provisions are set forth at Minn. Stat. § 116J.871, subd. 2(a).

In accordance with the MPWA and because the commissioner, pursuant to Minn. Stat. § 177.30(a)(7), has deemed certain payroll information necessary and appropriate, recipients must also ensure that each employer performing work at the project site during construction, installation, remodeling or repairs for which financial assistance from a state agency is provided will prepare, maintain as required, and provide to the Department of Labor and Industry upon request, certified payroll reports with respect to the wages and benefits paid to employees specifying for each employee: the employee's name; prevailing-wage job classifications; hours worked each day; total hours; rates of pay; gross amount earned; each deduction for taxes; total deductions; net pay per week; dollars contributed per hour for each benefit, including name and address of administrator; benefit account number; and telephone number for health and welfare, vacation or holiday, apprenticeship training, pension, and other benefit programs.

These same certified payroll records must be submitted to the contracting authority no more than 14 days after the end of each pay period and retained by the employer for a minimum of three years after the final payment is made on the project. Minn. Stat. §§ 177.30 (a)(7), 177.43, subd. 3. A sample certified payroll form is available at dli.mn.gov/sites/default/files/pdf/pw_certified_payroll_form.pdf. The state agency or allocating agency awarding the financial assistance is considered the contracting authority. Minn. Stat. § 116J.871, subd. 2(b).

Recipients of financial assistance from a state agency or allocating agency should contact the Department of Labor and Industry for applicable prevailing-wage rates and guidance on how to comply with prevailing wage-requirements in section 116J.871 and the MPWA:

Division of Labor Standards

Karen Bugar, State Program Administrative Director

443 Lafayette Road N, St. Paul, MN 55155

651-284-5091 or dli_prevwage@state.mn.us

Email a completed copy of this form to dli_prevwage@state.mn.us or mail a copy of this form to the Department of Labor and Industry at the address on page 1 of this form. A copy should also be submitted to the state agency or allocating agency awarding the financial assistance.

(Page 2 of 2)

Rev: 05/2024

CITY COUNCIL MEETING DATE: March 16, 2026

TO: Mayor & City Council

FROM: Eric Johnson, Community Development Director

SUBJECT: Review services associated with the Hermantown Industrial Alternative Urban Areawide Review (AUAR).

☒ **RESOLUTION:** 2026-38 ☐ **ORDINANCE:** ☐ **OTHER:**

REQUESTED ACTION

Requested approval of a contract between the City and Braun Intertec Corporation for review services associated with the Hermantown Industrial Alternative Urban Areawide Review (AUAR).

BACKGROUND

The City has been working with Braun Intertec Corporation (Braun) to provide third-party technical review of documents associated with the Alternative Urban Areawide Review (AUAR) located in Section 31 of the City since early 2025. The AUAR process is a Minnesota-specific environmental review tool for master-planned, sequential projects that acts as a hybrid of an Environmental Assessment Worksheet (EAW) and an Environmental Impact Statement (EIS). For "large-scale" or specific large projects, the process begins with a formal Scoping Document (often called a Draft Order for Review) to define the boundaries and types of development to be studied.

As part of their services for the 2025 review, Braun provided review and comment on the Large Scale Scoping Document, the Draft AUAR and the Final AUAR. The City of Hermantown adopted the Hermantown Industrial Alternative Urban Areawide Review (AUAR) on October 6, 2025 that studied one development scenario which included a total of 1.8 million square feet of light industrial.

Since that time, the project proposer, Harmony Group LLC (a Google owned subsidiary), has developed additional project design details, completed additional analyses, and the master-planned light industrial development will include a data center and related infrastructure. As such, the City of Hermantown and the project proposer decided to voluntarily update the AUAR. In turn, Kimley Horn, as their consultant, has prepared a new Large Scale Scoping Document for review and comment and afterwards, will prepare an updated draft and final AUAR document.

It is anticipated that this process will take approximately seven months and will commence immediately. Steps the City will follow in this process can be fundamentally broken into two parts: The Large Scale Scoping Document and the AUAR Document. Those steps are generally described as follows:

Large Scale Scoping Document

- Drafting the Order and Scoping Document: The City of Hermantown as the Responsible Governmental Unit (RGU) prepares a Draft Order for Review. This document outlines:

1. Geographic Boundary: The specific area being reviewed.
 2. Development Scenario(s): Anticipated types and intensity of development, planned infrastructure to serve the development, and anticipated staging of the development.
 3. Environmental Issues: A list of factors to be evaluated, such as water quality, infrastructure needs, and habitat preservation.
- Public Comment Period: The draft scoping document is released for a public comment period (30 days). During this time, the public and state agencies can suggest:
 1. Additional development scenarios that might be "environmentally superior".
 2. Specific environmental issues that were not addressed in the draft.
 - Final Order for Review: After reviewing comments, the City must adopt a Final Order within 15 days of the comment period's end. This "finalizes the scope," legally defining what the subsequent AUAR document must analyze.

AUAR Document

- Initiation & Scoping: The City of Hermantown (RGU) adopts an order for review to define the study area and potential development scenarios.
- Draft AUAR Preparation: A draft AUAR is prepared which analyzes impacts based on maximum building footprints and infrastructure needs.
- Public Review Period: The Draft AUAR is submitted to the Environmental Quality Board (EQB), initiating a 30-day public comment period.
- Finalization & Mitigation: A Revised (Final) AUAR is prepared, addressing all comments and a legally binding mitigation plan is adopted.
- State agencies have 10 days from receipt of the Final AUAR to file objections.
- Adoption: The City Council formally adopts the Final AUAR and Mitigation Plan within 15 days of the end of the comment period.

An approximate schedule and anticipated dates for the process are as follows:

- Draft AUAR and Large Scale Scoping Document preparation and review – March 2026
- Publication of Large Scale Scoping Document to the EQB and public comment – March/April 2026
- City Council acceptance decision for the Large Scale Scoping Document – May 2026
- Preparation of Draft AUAR document – April - June 2026
- Publication of Draft AUAR to the EQB and public comment – June/July 2026
- City Council acceptance decision for the Draft Document and ordering Final AUAR document – July 2026
- Preparation of Final AUAR document – July/August 2026
- Publication of Final AUAR to the EQB and public comment – August/September 2026
- City Council acceptance decision for the Final AUAR Document – September 2026

Braun will initiate a third-party technical review of the Large Scale Scoping document, the draft AUAR and final AUAR/mitigation plan document in accordance with the Minnesota Rules and intent of the guidelines set forth by the Minnesota Environmental Quality Board (EQB) (MN Rules Part 4410). Braun's review comments and questions will be embedded into the draft AUAR document and compiled into a separate comment resolution log for City staff review. Staff anticipates multiple virtual meetings and general email/phone correspondence with City staff to finalize review comments before sharing the comments with the project proposer.

SOURCE OF FUNDS (if applicable)

Project Escrow:
230-214500 Proj 321

ATTACHMENTS

Resolution
Braun Intertec Corporation proposal
Letter to Council - Selection of the Alternative Urban Areawide Review
Environmental Review Comparison Table

Resolution No. 2026-38

Resolution Approving An Amendment To An Agreement For Consulting Services To Provide Review Of An Alternative Urban Areawide Review (AUAR) With Braun Intertec Corporation In An Amount Not To Exceed \$23,000.00

WHEREAS, the Hermantown City Council desires to consider the construction of the Hermantown Industrial project (Project”) within the City of Hermantown and as shown on Exhibit A attached hereto; and

WHEREAS, the City as the Responsible Governmental Unit is responsible to administer the AUAR; and

WHEREAS, the City will engage an outside consultant to act as it’s agent in the review of the draft AUAR document; and

WHEREAS, a form of proposed Consulting Agreement to be entered into between Braun Intertec Corporation (Braun) and the City for the Project is attached hereto as Exhibit B; and

WHEREAS, the City Council has reviewed the recommendation of City staff and the Consulting Agreement and believe that it is in the best interests of the City that the contract for the Project be awarded to Braun and the form of Consulting Agreement be approved.

NOW THEREFORE, BE IT RESOLVED by the Commissioners of HEDA as follows:

1. The proposal of Braun is in the amount of \$23,000.00 for the Project shall be and hereby is accepted.
2. The Consulting Agreement substantially in the form of the one attached hereto as Exhibit B is hereby approved.
3. Upon execution of such Consulting Agreement by Braun and its submission of a certificate of insurance acceptable to the City’s Attorney, the work pursuant to the Consulting Agreement may proceed.

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 March 16, 2026.

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

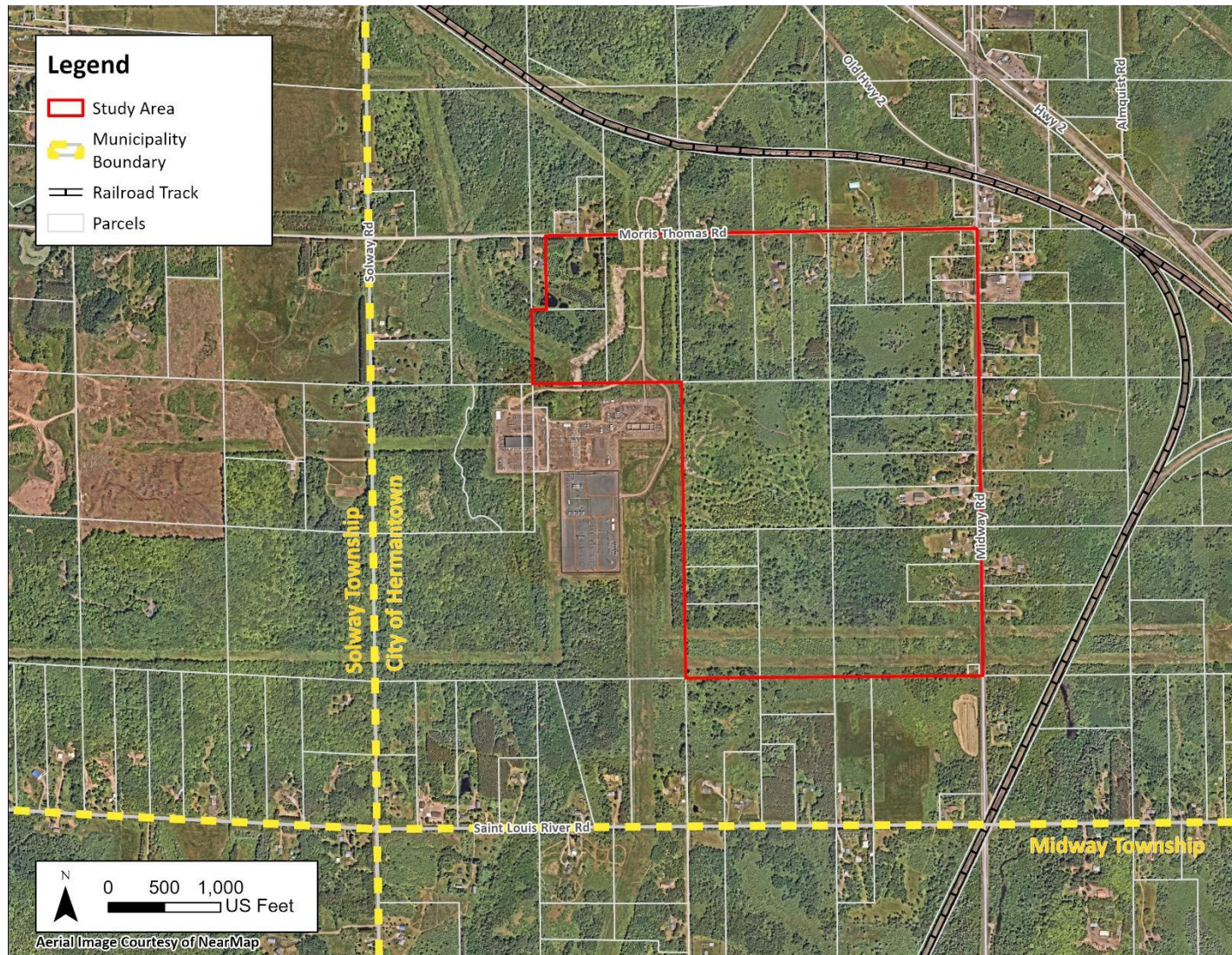
I, the undersigned, being the duly qualified and acting Clerk of the City of Hermantown, St. Louis County, Minnesota, a Minnesota municipal corporation, hereby certify that the above and foregoing Resolution 2026-38 is a true and correct copy of the Resolution as adopted by the City Council on the 16th day of March, 2026.

In Witness Whereof, I have hereunto set my hand and affixed the corporate seal of said City of Hermantown, the 17th day of March. 2026.

Alissa McClure, City Clerk

EXHIBIT A

Updated Hermantown Industrial AUAR Study Area Boundary - 278 Acres



AGREEMENT FOR CONSULTING SERVICES

THIS AGREEMENT FOR CONSULTING SERVICES (“Agreement”) is made effective as of the ____ day of _____, 2026 by and between the **City of Hermantown** (“Owner”) and **Braun Intertec Corporation** (“Consultant”) in response to the following situation:

A. Owner desires to obtain consulting services for the purposes of reviewing an Alternative Urban Areawide Review (AUAR) with respect to a potential light manufacturing development in Section 31 of the city (“Project”).

B. Consultant is willing to provide consulting services to Owner pursuant to these terms of this Agreement.

NOW, THEREFORE, Owner and the Consultant do mutually agree as follows:

1. Services to be Performed.

1.1. Travis Fristed will be the Project Manager for the services to be performed by Consultant.

1.2. The scope of services to be provided to Owner by Consultant is as set forth on Exhibit A attached hereto.

2. Personnel. Consultant will secure, at its own expense, all personnel required to perform the services under this Agreement, and such personnel shall not be the employee(s) of, nor have a contractual relationship with, Owner.

3. Assignability. Consultant shall not assign any interest in this Agreement, shall not contract with others to perform Consultant’s services and shall not transfer any interest in this Agreement without the prior written approval of Owner.

4. Agreement Period. This Agreement shall be effective as of the date hereof and shall continue until terminated as provided in paragraph 5 hereof.

5. Termination of Agreement. Either Consultant or Owner may, by giving written notice specifying the effective date which shall not be less than thirty (30) days from the date such notice is given, terminate this Agreement in whole or in part. In the event of termination, all property and finished or unfinished documents and other writings prepared by the Consultant under this Agreement shall be delivered to Owner and Consultant shall be entitled to compensation for time expended and expenses incurred to the date of termination.

6. Independent Contractor. The relationship between the Consultant and Owner shall be that of an independent contractor. Nothing herein shall in any way make or create any employer employee relationship between Owner and Consultant.

7. **Consultant Agreement Insurance Requirements.** Standard of Performance and Insurance; Indemnity. All services to be performed by Consultant hereunder shall be performed consistent with that degree of care and skill ordinarily exercised under similar circumstances by reputable members of Consultant's profession practicing in the same locality, and in a skilled, professional and non-negligent manner. Consultant shall obtain and maintain at his/her/its cost and expense:

7.1. Comprehensive general liability insurance that covers the consultant services performed by Consultant for Owner with a combined single limit of liability of at least One Million Dollars (\$1,000,000.00).

7.2. Worker's compensation insurance covering Consultant (if an individual) all of Consultant's employees with coverages and limits of coverage required by law.

7.3. In addition to the coverages listed above, Consultant shall maintain a professional liability insurance policy in the amount of \$2,000,000 per claim and in the aggregate. Said policy need not name the City as an additional insured. It shall be Consultant's responsibility to pay any retention or deductible for the professional liability insurance. Consultant agrees to maintain the professional liability insurance for a minimum of two (2) years following termination of this Agreement.

Consultant shall indemnify and hold harmless Owner from and against all errors, omissions and/or negligent acts causing claims, damages, liabilities and damages arising out of the performance of his/her/its services hereunder.

Consultant certifies that Consultant is in compliance with all applicable worker's compensation laws, rules and regulations. Neither Consultant (if an individual) nor Consultant's employees and agents will be considered Owner employees. Any claims that may arise under any worker's compensation laws on behalf of any employee of Consultant and any claims made by any third party as a consequence of any negligent act or omission on the part of Consultant or any employee of Consultant are in no way Owner's obligation or responsibility. By signing this Agreement, Consultant certifies that Consultant is in compliance with these laws and regulations.

Consultant shall deliver to Owner, concurrent with the execution of this Agreement, one or more certificate(s) of insurance evidencing that Consultant has the insurance required by this Agreement in full force and effect. Owner shall be named as additional insured under such Consultant's comprehensive general liability policy. The insurer will provide at least thirty (30) days prior written notice to Owner, without fail, of any cancellation, non-renewal, or modification of any of the Consultant's comprehensive general liability policy or coverage evidenced by said certificate(s) for any cause, except for nonpayment of premium. The insurer will provide at least ten (10) days prior written notice to Owner, without fail, of any cancellation of any of the Consultant's comprehensive general liability policy or coverage evidenced by said certificate(s) for nonpayment of premium. Consultant shall provide Owner with appropriate endorsements to Consultant's comprehensive general liability policy reflecting the status of Owner as an additional insured and requiring that the foregoing required notice of cancellation,

material alteration or non-renewal be provided Owner by the insurance company providing such insurance policy to Consultant.

The Consultant shall require any subcontractor permitted by Owner to perform work for Consultant on the Project to have in full force and effect the insurance coverage required of the Consultant under this Agreement before any subcontractor(s) begin(s) work on the Project.

Consultant shall require any such subcontractor to provide to Consultant a Certificate of Insurance evidencing that such subcontractor has the insurance required by this Agreement in full force and effect. The Consultant and Owner shall be named as additional insureds under such policies. The insurer will provide 30 day written notice to Owner and Consultant, without fail, of any cancellation, non-renewal, or modification of the subcontractor's comprehensive general liability policy or coverage evidenced by said certificate(s) for any cause, except for nonpayment of premium. The insurer will provide at least ten (10) days prior written notice to Owner, without fail, of any cancellation of any of the subcontractor's comprehensive general liability policy or coverage evidenced by said certificate(s) for nonpayment of premium. Owner shall also be provided with appropriate endorsements to subcontractor's comprehensive general liability policy reflecting the status of Owner as an additional insured and requiring that the foregoing required notice of cancellation, material alteration or non-renewal be provided Owner by the insurance company providing subcontractor's comprehensive general liability policy.

8. **Compensation.** Consultant shall be compensated for the services to be performed hereunder as set forth in Exhibit A. Consultant shall submit to Owner itemized statements of services rendered during each month setting forth the date such services were rendered, a description of the services rendered, the person performing such services and the amount of time expended in performing such services.

9. **Recordkeeping.** Consultant hereby agrees:

9.1. To maintain all books, documents, papers, accounting records and other evidence pertaining to the fees and expenses for which it seeks payment or reimbursement hereunder and appropriate records with respect to the services performed by it under this Agreement.

9.2. To make such materials available at its office at all reasonable times during the Agreement Term and for three (3) years from the date of final payment under this Agreement for inspection by Owner and copies thereof shall be furnished to Owner upon request by Owner.

10. **No Prohibited Interest.** Consultant represents and warrants to Owner that no employee, officer or agent of Owner, any member of the family of any such person, any partner of any such person or any organization which employs or is about to employ any of the above has a financial or other interest in the business of Consultant.

11. **Confidentiality.** Consultant agrees that, at all times, both during the term of this Agreement and after the termination of this Agreement, it will be faithful to Owner by not

divulging, disclosing or communicating to any person, firm or corporation, in any manner whatsoever, except in furtherance of the business of Owner or as required by any applicable law, rule, regulation or ordinance of Owner or any other governmental authority, any information of any kind, nature or description concerning any matters affecting or relating to the business, employees, agents, customers of Owner, or parties contracting with Owner.

12. **Intellectual Property Rights.** For the purposes of this Agreement, Project Materials means copyrights and all works developed in the performance of this Agreement, including, but not limited to, the finished product and any deliverables, including any software or data. Project Materials do not include any materials that Consultant developed, acquired or otherwise owned or had a license to use prior to the date of this Agreement. All Project Materials are agreed by Consultant to be “works made for hire” as defined under 17 U.S.C. §101, for which Owner has the sole and exclusive right, title and interest, including all rights to ownership and copyright and/or patent. In addition, Consultant hereby assigns all right, title and interest, including rights of ownership and copyright in the Project Materials to Owner no matter what their status might be under federal law. Consultant shall provide Owner with copies of all Project Materials. Upon request by Consultant, Owner may authorize Consultant to use specified Project Materials to evidence Consultant’s progress and capability. In all such uses of Project Materials by Consultant, reference shall be made to Owner and the Project and that the Project Materials are owned by Owner. Consultant also acknowledges and agrees that all names and logos provided to Consultant by Owner for use in connection with the Project are and shall remain the sole and exclusive property of Owner.

Project Materials prepared by Consultant under are not intended or represented to be suitable for reuse by Owner or others on extensions or modifications of the services or on any other project. Any such reuse without written verification or adaptation by Consultant for the specific purpose intended will be at the Owner’s sole risk, and Owner agrees to hold Consultant harmless for all costs and liability arising out of such unauthorized use.

13. **Notices.** Any notice required to be given under this Agreement shall be deemed sufficient if in writing, sent by mail to the last known office address of Consultant, or to Owner at 5105 Maple Grove Road, Hermantown, MN 55811.

14. **Miscellaneous.** This Agreement constitutes the sole and complete agreement relating to the subject matter of this Agreement between the parties, superseding any and all other agreements between the parties and no verbal or other statements, inducements or representations have been made or relied upon by either party. No modifications hereof shall be binding upon either party unless in writing and properly executed.

15. **No Contractual Authority.** Consultant shall have no authority to enter into any contracts or agreements binding upon Owner or to create any obligations on the part of Owner.

16. **Data Practices Act.** Consultant acknowledges that Owner is subject to the provisions of the Minnesota Government Data Practices Act. Consultant must comply with the Minnesota Government Data Practices Act, Minnesota Statutes, Chapter 13, as it applies to all data provided by Owner in accordance with this Agreement and as it applies to all data created,

collected, received, stored, used, maintained, or disseminated by Consultant in accordance with this Agreement. The civil remedies of Minnesota Statutes § 13.08, apply to Consultant and Owner. Minnesota Statutes, Chapter 13, provides that all government data are public unless otherwise classified. If Consultant receives a request to release the data referred to in this Section, Consultant must immediately notify Owner and consult with Owner as to how Consultant should respond to the request. Consultant's response shall comply with applicable law, including that the response is timely and, if Consultant denies access to the data, that Consultant's response references the statutory basis upon which Consultant relied. Consultant does not have a duty to provide public data to the public if the public data is available from Owner.

17. **Allocation of Liability.** Neither party shall be liable for special, incidental, consequential, or punitive damages, including but not limited to those arising from delay, loss of use, loss of profits or revenue, loss of financing commitments or fees, or the cost of capital, regardless of whether such damages are caused by breach of contract, willful misconduct, negligent act or omission, or other wrongful act.

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

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

[SIGNATURES APPEAR ON NEXT PAGE]

IN WITNESS WHEREOF, Owner and Consultant have executed this Agreement for Consulting Services as of the date first above written.

OWNER:

City of Hermantown

By _____
Its Economic Development Director

CONSULTANT:

Braun Intertec Corporation

By _____
Its _____

EXHIBIT A

March 2, 2026

Proposal B2502637 Change Order #2

Mr. Chad Ronchetti, Economic Development Director
City of Hermantown
5105 Maple Grove Road
Hermantown, MN 55811

Re: Proposal For Responsible Government Unit Assistance
Updated Scoping and Draft AUAR For Hermantown Industrial
Hermantown, Minnesota

Dear Mr. Ronchetti:

Braun Intertec Corporation is pleased to present this proposal to provide technical support services to the City of Hermantown (City) under their duties as the Responsible Government Unit (RGU) for the proposed Hermantown Industrial project.

Project Understanding

The Hermantown Industrial project triggers mandatory categories for an Environmental Assessment Worksheet (EAW) and state Environmental Impact Statement (EIS) under Minnesota's environmental review regulations. The City determined a Certain Large Specific Project Alternative Urban Area-wide Review (AUAR) was the appropriate first step in this process. The project proposer's consultant (Kimley-Horn) will prepare the scoping document and Draft AUAR. The City of Hermantown has asked Braun Intertec to assist in their review and RGU processing of the environmental documents.

Scope of Services

Braun Intertec will initiate a third-party technical review of the scoping and Draft AUAR document in accordance with the rules and intent of the guidelines set forth by the Minnesota Environmental Quality Board (EQB) (MN Rules Part 4410). Braun Intertec's review comments and questions will be embedded into the document and compiled into a separate comment resolution log for City staff review. We also anticipate two virtual meetings (one per document) and general email/phone correspondence with City staff to finalize review comments before sharing the comments with the project proposer.

After review comments are distributed to the project proposer and the project proposer provides written comment responses and draft revisions, we will review their responses and schedule one virtual meeting with them to discuss any outstanding issues and provide recommendations for resolving those issues. Assuming the scoping document and Draft AUAR are deemed complete, Braun Intertec will initiate the public notice processes.



The public comment period is required for all mandatory environmental review documents in Minnesota and consists of several steps that are the duty of the RGU. Braun Intertec will assist with this process (on behalf of and as directed by City staff) in their RGU duties; including but not limited to:

- Distribute the environmental review document and decisions to the EQB and stakeholders.
- Compile and review all public comment received, prepare comment responses for up to 75 comments for each document, coordinate potential document revisions and responses with the project proposer.
- Prepare public comment resolution log, decision documents, Findings of Facts, Record of Decision, and meeting summaries.
- Attend virtual coordination meetings with the project proposer, City staff, and virtual or in-person City meetings (planning commission and/or city council).

Costs

Braun Intertec will furnish the services described herein on an hourly, time and materials basis. Based on our current understanding of the proposed project and the assumptions stated in this proposal, we estimate the total cost to perform the Scope of Services described above will not exceed **\$23,000**. All tasks costs include project management, travel costs, and printing expenses. If excess work is requested, such as comments received on each document exceeding 75 public comments, additional meetings, or expert technical guidance is needed, additional change orders may be requested.

For the purposes of this proposal, it is our assumption that any relevant field work or supporting technical studies (i.e., biological surveys, air emissions modeling or risk analysis, storm water design, traffic study, and site planning work, etc.) will not be required to be performed or will be performed by others not under contract to Braun Intertec and is therefore outside the present scope of services, as the need for some of this field work cannot always be known until after the work has begun. Should any of these studies become warranted, we will contact you immediately and discuss how you wish to proceed. We also assume that the project will not require any federal permits or receive any federal money that would trigger implementation of federal Section 106 requirements or separate federal NEPA processing.

Schedule

Based on our understanding of the project, the scoping document is projected to be available for City review in by March 2, 2026. We will be able to begin the scope of services immediately after receiving notification from the City to proceed and receipt of written authorization. The remainder of the schedule will be established after discussions with City staff.



General Remarks

Braun Intertec appreciates the opportunity to present this scope of work and cost proposal for your consideration. It is being sent in an electronic version only. A hard copy of the proposal will be supplied upon request.

The Cost Estimate presented in this proposal assumes that the proposal will be authorized within 30 days. If the project is not authorized within 30 days and that others will not delay us beyond our proposed schedule. Should revisions to the proposed scope be required, we will contact you and obtain additional authorization.

We appreciate the opportunity to provide professional services for you on this project. If you are in agreement with the terms as outlined above, please sign where indicated below and return one scanned signed copy of this this proposal (in its entirety) via e-mail. If you have questions regarding the content of this proposal, please contact Travis Fristed at 952.500.1180 or TFristed@braunintertec.com.

Sincerely,

Braun Intertec Corporation

Megan Ullery-Brux, CMWP
Project Scientist

Travis Fristed, PWS
Associate Director, Principal Scientist

The proposal is accepted, and Braun Intertec is authorized to proceed.

Authorizer's Firm

Authorizer's Signature

Authorizer's Name (please print or type)

Authorizer's Title

Date



TO: Mayor & City Council

SUBJECT: Selection of the Alternative Urban Areawide Review for the proposed data center (communication services facility) campus known as Project Loon.

The City of Hermantown adopted the Hermantown Industrial Alternative Urban Areawide Review (AUAR) on October 6, 2025 that studied one development scenario which included a total of 1.8 million square feet of light industrial. Since that time, the project proposer, Harmony Group LLC (a subsidiary of Google), has developed additional project design details, completed additional analyses, and announced that the master planned light industrial development will include a data center and related infrastructure.

The City, as the Responsible Government Unit (the government entity responsible for preparing the environmental analysis documents), has determined the AUAR is the appropriate environmental review process for the proposed, master-planned development near the southwest corner of intersection of Morris Thomas Road and Midway Road, referred to as Project Loon.

Three key elements of the proposed campus were considered during the selection of an AUAR as the appropriate environmental analysis document:

- The master-planned technology campus, with each individual phase (project) likely to meet or exceed the threshold for an Environmental Impact Statement (EIS), disqualifies the campus and its individual phases (projects) from the brief document prepared in worksheet format called an Environmental Assessment Worksheet (EAW).
- The master plan has a prolonged development timeline and comprises connected actions; full campus buildout is expected to take 8-10 years.
- The primary land use is a communication services facility (specifically a large-scale data center), which is a light industrial use, and includes rapidly evolving technological elements that are anticipated to alter site and building designs throughout the extended development timeline of the campus master plan.

In consideration of these three project elements, the RGU determined that a Large AUAR – a hybrid of the EAW and EIS document – is the appropriate document.

It is important to note that the AUAR is not a “less rigorous” analysis. The AUAR processes, as required by Minnesota statute, must address substantially the same issues as the EAW and EIS

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process and use procedures similar in effect to those of the EAW and EIS process. Further, state statute requires the AUAR provide for a level of analysis comparable to that of an EIS with the content and a format similar to that of an EAW. Due to the expected size of each individual phase (project) the Large AUAR process will be used, which includes an additional scoping procedure similar to what is required with an EIS, such as an additional public comment period.

The state adopted the AUAR process as a means to review incremental impacts accumulating from a series of sequential projects in a certain geographic area. Therefore, this development plan fits the AUAR's intended purpose given that the master-planned campus would not be built all at once, but rather is composed of four distinct sequential phases (projects) built over an 8-10 year timeline. Utilizing this scenario-based planning document provides the City and developer the ability to conduct an analysis comparable to an EIS for the entire campus, rather than on a phase-by-phase (or project-by-project) basis.

The AUAR is provided in state statute as a substitute form of environmental review, to be used in lieu of an EIS, addressing the same issues and utilizing similar procedures. From the modern-day digital infrastructure data centers are designed to warehouse to the building's specialized mechanical systems, the elements of the proposed technology campus are continuously evolving. Because of that, the likelihood is high that updates and changes to the campus would require an EIS to be amended during the course of full campus build out and could even be triggered multiple times during the course of a single phase (project). Therefore, the AUAR is warranted because the legislature intended and designed the AUAR to be an efficient and living document that accommodates master planned projects. The EIS is a static document that requires a supplement when projects change, and the supplements have a 120-day timeline as measured from the date of the preparation notice adoption. To avoid this prolonged update process, the AUAR studies the "worst-case" scenario(s) at the start to provide the most important result of the AUAR process: the mitigation plan.

Unlike an EIS – which only identifies measures that could eliminate or minimize any adverse effects (it does not enforce said measures) – the mitigation plan of an AUAR identifies the measures that will be imposed upon future development in order to avoid or mitigate adverse impacts. When any project is proposed within the boundaries of the AUAR, the project must incorporate the applicable mitigation measures developed through the process. If the development exceeds the maximum levels studied in the scenario(s), the law requires an updated review and mitigation plan.

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In summary, the RGU selected the AUAR process for this master planned, technology driven campus because:

1. As a data center campus, the land use is light industrial and is allowed to use the AUAR process.
2. The Large AUAR has the rigor of an EIS as required by statute.
3. The legislature designed the AUAR to provide the flexibility and efficiency for a phased, master-planned campus that is expected to change over time due to evolving technologies.
4. The AUAR studies the potential environmental impacts of the “worst-case scenario” of a proposal and creates a plan enforcing (rather than simply identifying) the mitigation or reduction of those impacts.

The AUAR was designed by state statute to save time and resources for the city, developer, and reviewing agencies by being a living-document that provides versatility.

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Environmental Review Comparison

	EAW	EIS	AUAR
Scope	Single Specific Project	Distinct Specific Projects with Impacts that Do Not Overlap	Incremental Impacts Accumulating from a Series of Sequential Projects
Intent	Screen Projects for Potential Significant Environmental Effects	Provide Extent of Significant Environmental Impacts and Possible Avoidance or Minimization Measures	Specify Mitigation Measures and Legal/Financial Measures That Enforce Them
Purpose	Study Basic Facts to Determine if an EIS is Required	Detailed Study of Project's Environmental Impacts and a Comparative Analysis of Economic and Sociological Effects	Substitute for EAW or EIS by Assessing Cumulative Impacts with Maximum/"Worst Case" Development Scenario(s)
Geography	Single Project Specific Site	Single Project Specific Site	Geographic Area for a Series of Accumulating Projects
Project Intensity/Size	Low-Moderate	Moderate-High	Moderate-High
Complexity	Worksheet of Standardized Questions to Screen Projects	Detailed Analysis to Guide Approval and Permit Decisions	Analysis Comparable to an EIS to Create an Impact Avoidance Action Plan