ITASCA COUNTY
BOARD OF COMMISSIONERS

Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744
(218) 327-2847

Tuesday, November 14, 2023 | 2:30 PM | Itasca County Boardroom

FINAL

REGULAR SESSION MINUTES

I. CALL TO ORDER

Chair Ives called the meeting to order at 2:30 PM.

Attendee Name	Title	Status	Arrived
Cory Smith	District #1	Present	2:30 PM
Terry Snyder	District #2	Absent	
John Johnson	District #3	Present	2:30 PM
Burl Ives	District #4	Present	2:30 PM
Casey Venema	District #5	Present	2:30 PM

II. PLEDGE OF ALLEGIANCE

III. APPROVAL OF AGENDA

Motion To: Pull Item #5.2 (Schedule of Fees Increase), add Item #6.5 (Public Hearing Re: Proposed Property Tax Abatement for L&M Supply, Inc., and approve the agenda, as amended.

RESULT:	**APPROVED (4 TO 0)**
MOVER:	Commissioner Cory Smith
SECONDER:	Commissioner John Johnson
AYES:	Cory Smith, John Johnson, Burl Ives, Casey Venema
ABSENT:	Terry Snyder

IV. MINUTES APPROVAL

Motion To: Approve the minutes of the Wednesday, November 8, 2023 County Board Work Session.

RESULT:	**APPROVED (4 TO 0)**
MOVER:	Commissioner John Johnson
SECONDER:	Commissioner Cory Smith
AYES:	Cory Smith, John Johnson, Burl Ives, Casey Venema
ABSENT:	Terry Snyder

V. CONSENT AGENDA

Motion To: Approve the Consent Agenda, as amended and delineated below.

RESULT:	**APPROVED (4 TO 0)**
MOVER:	Commissioner John Johnson
SECONDER:	Commissioner Cory Smith
AYES:	Cory Smith, John Johnson, Burl Ives, Casey Venema
ABSENT:	Terry Snyder

1. Approve the donation of end-of-life equipment to PCs for People/Kootasca.

3. Adopt the Resolution Re: Resolution of Support from Sponsoring Agency, which indicates that Itasca County agrees to act as the sponsor/fiscal agent for an application for funding from the Local Road Improvement Program (LRIP), as requested by Deer River Township.
4. Award the 2025 Containerized Seedling Contract to PRT USA, Inc. in the amount of $54,755.00 to be paid from the Forest Resources Fund 12 and authorize necessary signatures.
5. Approve the lease agreement between the Itasca County Agricultural Association and Itasca County for the 2023 Lights in the Pines event at the Itasca County Fairgrounds, and authorize the necessary signatures.

VI. REGULAR AGENDA

1. Citizen Input

No citizen input provided.

2. Commissioner Warrants

Motion To: Approve Commissioner Warrants with a check date of November 17, 2023, in the amount of $2,445,217.55.

RESULT:	**APPROVED (4 TO 0)**
MOVER:	Commissioner John Johnson
SECONDER:	Commissioner Cory Smith
AYES:	Cory Smith, John Johnson, Burl Ives, Casey Venema
ABSENT:	Terry Snyder

3. Legislative Services Proposal

Flaherty and Hood representative Shane Zahrt provided information regarding the Legislative Lobbying Services proposal submitted by Flaherty and Hood.

RESULT:	**INFORMATIONAL - NO ACTION TAKEN**

4. Arrowhead Counties Association 2024 Legislative Priorities

Commissioner Johnson provided information regarding the proposed 2024 legislative priorities of the Arrowhead Counties Association (ACA). It was the consensus of the County Board to rank the items as follows: (1) Support for EMS Recruitment and Retention; (2) Tax Forfeiture Issues Arising from Supreme Court Ruling; (3) Mental Health High Acuity Beds for Youth and Adults; (4) Casino Collection of Local Option Sales Tax; (5) State Support for Property Tax Relief Provided to Disabled Veterans; and (6) $4 Million Bonding Request for NERCC Solar Farm.

RESULT:	**INFORMATIONAL - NO ACTION TAKEN**

5. Public Hearing Re: Proposed Property Tax Abatement for L&M Supply, Inc.

Motion To: Open the Public Hearing Re: Proposed Property Tax Abatement for Certain Property in Itasca County, Minnesota, and Granting a Business Subsidy to L&M Supply, Inc., or Any of Its Affiliates.

RESULT:	**APPROVED (4 TO 0)**
MOVER:	Commissioner Cory Smith
SECONDER:	Commissioner John Johnson
AYES:	Cory Smith, John Johnson, Burl Ives, Casey Venema
ABSENT:	Terry Snyder

Motion To: Close the above public hearing.

RESULT:	**APPROVED (4 TO 0)**
MOVER:	Commissioner John Johnson
SECONDER:	Commissioner Cory Smith
AYES:	Cory Smith, John Johnson, Burl Ives, Casey Venema
ABSENT:	Terry Snyder

Motion To: Adopt the Resolution Re: Granting a Property Tax Abatement for Certain Property in Itasca County, Minnesota; Approving a Business Subsidy; and Authorizing the Execution of a Tax Abatement Agreement with SE 7th Ave Distribution LLC.

RESULT:	**APPROVED (4 TO 0)**
MOVER:	Commissioner John Johnson
SECONDER:	Commissioner Cory Smith
AYES:	Cory Smith, John Johnson, Burl Ives, Casey Venema
ABSENT:	Terry Snyder

VII. COMMISSIONER COMMENTS

Commissioner Venema reported on his attendance at a recent Effie City Council meeting.

Commissioner Smith provided comment regarding an upcoming meeting/discussion regarding the wolf issue in Northern Minnesota to be held at the Squaw Lake Community Center on Saturday, November 18, 2023 at 7 PM hosted by Steve Porter of Steve Porter's Trophy Whitetails.

Commissioner Johnson reported on his attendance at a recent meeting with Boys and Girls Club of the Northland and a recent dance event/fundraiser for Second Harvest North Central Food Bank held, as well as Veterans Day programs at Greenway High School and Grand Village. Commissioner Johnson also reported on his upcoming plans to hold roundtable sessions at the Itasca Resource Center (IRC) on Friday, November 17, 2023.

Commissioner Ives reported on his attendance at the recent Itasca County Township Association (ICTA) meeting and provided comment in recognition of Veterans Day.

VIII. CLOSED SESSIONS

IX. ADJOURN

Chair Ives adjourned the meeting at 3:26 PM.

ATTEST

Burl Ives
Chair of the County Board

Brett Skyles
Clerk of the County Board

ITASCA COUNTY
BOARD OF COMMISSIONERS
Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Tuesday, November 14, 2023

RESOLUTION 2023-44

RE: RESOLUTION OF SUPPORT FROM SPONSORING AGENCY

WHEREAS, Local Road Improvement Program (LRIP) funds are available for local agency projects meeting Routes of Regional Significance or Rural Road Safety criteria; and

WHEREAS, non-state aid cities and townships must have a county sponsor to apply for LRIP funding; and

WHEREAS, Deer River Township has requested that Itasca County sponsor its application for the rehabilitation of the Golf Course Road from Highway 6 to the end of the public road at Blueberry Golf Course; and

WHEREAS, Deer River Township understands that it will be responsible for all costs not covered by LRIP funding including all engineering and right of way costs and any construction costs over the funding cap.

NOW THEREFORE BE IT RESOLVED, the County of Itasca hereby agrees to act as a sponsor/fiscal agent for the application from Deer River Township for LRIP funding for the rehabilitation of the Golf Course Road.

RESULT:	**APPROVED (4 TO 0)**
MOVER:	Commissioner John Johnson
SECONDER:	Commissioner Cory Smith
AYES:	Cory Smith, John Johnson, Burl Ives, Casey Venema
ABSENT:	Terry Snyder

STATE OF MINNESOTA
Office of County Administrator
ss. County of Itasca

I, BRETT SKYLES, Administrator of the County of Itasca, do hereby certify that I have compared the foregoing with the original resolution filed in my office on the 14th day of November A.D. 2023 and that the same is a true and correct copy of the whole thereof.

WITNESS MY HAND AND SEAL OF OFFICE at Grand Rapids, Minnesota, this 14th day of November A.D. 2023.

Administrator

ITASCA COUNTY
BOARD OF COMMISSIONERS

Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Tuesday, November 14, 2023

RESOLUTION 2023-45

RE: GRANTING A PROPERTY TAX ABATEMENT FOR CERTAIN PROPERTY IN ITASCA COUNTY, MINNESOTA; APPROVING A BUSINESS SUBSIDY; AND AUTHORIZING THE EXECUTION OF A TAX ABATEMENT AGREEMENT WITH SE 7TH AVE DISTRIBUTION LLC

BE IT RESOLVED, by the Board of Commissioners (the "Board") of Itasca County, Minnesota (the "County") as follows:

Section 1. Recitals.

1.01. SE 7th Ave Distribution LLC, a Minnesota limited liability company, or an affiliate (collectively, the "Developer"), has proposed to lease certain property located in the City of Grand Rapids, Minnesota (the "City of Grand Rapids") and legally described in EXHIBIT A attached hereto (the "Property") and construct thereon a distribution center and implement industry systems and processes for efficiently moving goods in and out of the distribution center (including state of the art forklifts, conveyor systems, and warehouse management system) (the "Project").

1.02. The County and the City of Grand Rapids are each contemplating granting a property tax abatement for twenty years in order to facilitate the Project, all pursuant to Minnesota Statutes, Sections 469.1812 through 469.1815, as amended (the "Abatement Act").

1.03. The Board is considering granting a tax abatement of all or a portion of the County's share of property taxes generated by improvements on the Property (the "Abatement") in the approximate maximum amount of $2,523,600 (equal to the principal amount of $1,401,130, plus semiannual interest accruing at the rate of 6.5% per annum) in accordance with the Abatement Act.

1.04. The City of Grand Rapids is also providing tax increment assistance to the Project. Tax abatement and tax increment cannot be provided at the same time. The County Abatement will not commence until the tax increment district is decertified. County Abatement payments are expected to commence on August 1, 2035.

1.05. The financial assistance to be provided by the Developer in the form of the Abatement constitutes a business subsidy in accordance with Minnesota Statutes, Sections 116J.993 to 116J.995, as amended (the "Business Subsidy Act").

1.06. There has been presented before the Board a form of Abatement Contract (the "Agreement") between the County and the Developer, which sets forth the terms of the Abatement to be provided by the County.

1.07. The Agreement incorporates a business subsidy agreement within the meaning of the Business Subsidy Act, setting certain goals in connection with the subsidy represented by the

Abatement.

1.08. On September 25, 2023, the City Council of the City conducted a public hearing on the City Abatement and the business subsidy to be provided by the City to the Developer and approved granting an abatement to the Developer in the amount of $3,734,568.

1.089. On the date hereof, the Board conducted a duly noticed public hearing on the Abatement proposed to be granted by the County, as well as the business subsidy to be provided to the Developer. The views of all interested persons were heard and considered at the public hearing.

Section 2. Findings.

2.01. The recitals set forth above are incorporated into this resolution.

2.02. It is hereby found and determined that the benefits to the County from the Abatement will be at least equal to the costs to the County of the Abatement, because (a) the County believes that the development to be facilitated is not reasonably likely to occur absent the Abatement; (b) the development to be facilitated by the Abatement will likely encourage additional development within the area; and (c) the long-term taxes collected from the Property after termination of the Abatement will exceed the amount of the Abatement returned to the Developer.

2.03. It is hereby found and determined that the Abatement is in the public interest because such action will increase the County's tax base and provide additional employment opportunities in the County.

Section 3. Actions Ratified; Abatement Approved.

3.01. The Board hereby ratifies all actions of the County's staff and consultants in arranging for approval of this resolution in accordance with the Abatement Act and the Business Subsidy Act.

3.02. Subject to the provisions of the Abatement Act, the Abatement is hereby approved and adopted subject to the following terms and conditions:

(a) The term "Abatement" means the real property taxes generated in any tax-payable year by extending the County's total tax rate for that year against the tax capacity increase resulting from the construction of the Project, excluding the tax capacity of the land and excluding the portion of the tax capacity attributable to the areawide tax under Minnesota Statutes, Chapter 473F, all as of January 2 in the prior year.

(b) The Abatement will be paid by the County to the Developer on the dates and in accordance with all the terms and conditions of the Agreement.

(c) In accordance with Section 469.1813, subdivision 8 of the Abatement Act, in no year shall the Abatement, together with all other abatements approved by the County under the Abatement Act and paid in that year exceed the greater of 10% of the net tax capacity of the County for that year or $200,000 (the "Abatement Cap"). The County may grant other abatements permitted under the Abatement Act after the date of this resolution, provided that to the extent the total abatements in any year exceed the Abatement Cap, the allocation of Abatement Cap to such other abatements is subordinate to the Abatement granted pursuant to this resolution.

(d) The Abatement will have a maximum term of twenty (20) years.

(e) In no event shall the total payments of the Abatement to Developer exceed $2,523,600 (equal to principal of $1,401,130, plus semiannual interest accruing at the rate of 6.5% per annum) or continue to be paid for more than twenty (20) years.

(f) The Abatement is subject to modification in accordance with the Abatement Act, subject to the terms of the Agreement.

(g) In accordance with Section 469.1815 of the Abatement Act, the County will add to its levy in each year during the term of the Abatement the total estimated amount of current year Abatement granted under this resolution.

(h) The County makes no warranties or representations regarding the amount or availability of the Abatement.

(i) The Abatement shall be provided to the Developer pursuant to the terms and conditions of the Agreement, as approved by the Board.

Section 4. Approval of Agreement. The Agreement, including the business subsidy agreement, is hereby in all respects authorized, approved, and confirmed and the Chair and the County Administrator are hereby authorized and directed to execute and deliver the Agreement for and on behalf of the County in substantially the form now on file with the County but with such modifications as shall be deemed necessary, desirable or appropriate, their execution thereof to constitute such conclusive evidence of their approval of any and all modifications therein.

Section 5. Effective Date. This resolution is effective upon execution in full of the Agreement.

RESULT:	**APPROVED (4 TO 0)**
MOVER:	Commissioner John Johnson
SECONDER:	Commissioner Cory Smith
AYES:	Cory Smith, John Johnson, Burl Ives, Casey Venema
ABSENT:	Terry Snyder

STATE OF MINNESOTA
Office of County Administrator
ss. County of Itasca

I, BRETT SKYLES, Administrator of the County of Itasca, do hereby certify that I have compared the foregoing with the original resolution filed in my office on the 14th day of November A.D. 2023 and that the same is a true and correct copy of the whole thereof.

WITNESS MY HAND AND SEAL OF OFFICE at Grand Rapids, Minnesota, this 14th day of November A.D. 2023.

Administrator

EXHIBIT A

PROPERTY

The Property is identified by the following parcel identification numbers:

91-033-1410
91-033-1430
91-033-1406
91-033-4120

TA125-42 (JAE)
901295v2

November 14, 2023

Chair:

PULL:

1. Item #5.2 (Schedule of Fees Increase)

ADDITIONS:

1. Item #6.5 (Public Hearing Re: Proposed Property Tax Abatement for L&M Supply, Inc.)

CHANGES: None

INFORMATIONAL: None

ITASCA COUNTY
BOARD OF COMMISSIONERS

Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744
(218) 327-2847

Wednesday, November 8, 2023 | 2:30 PM | Itasca County Boardroom

DRAFT

WORK SESSION MINUTES

I. CALL TO ORDER

Chair Ives called the meeting to order at 2:30 PM.

Attendee Name	Title	Status	Arrived
Cory Smith	District #1	Present	2:30 PM
Terry Snyder	District #2	Present	2:30 PM
John Johnson	District #3	Present	2:30 PM
Burl Ives	District #4	Present	2:30 PM
Casey Venema	District #5	Absent	

II. PLEDGE OF ALLEGIANCE

III. APPROVAL OF AGENDA

Motion To: Renumber Item #5.3 (2023 Lights in the Pines Event Agreement) as Item #6.8 and approve the agenda, as amended.

RESULT:	**APPROVED (4 TO 0)**
MOVER:	Commissioner John Johnson
SECONDER:	Commissioner Terry Snyder
AYES:	Cory Smith, Terry Snyder, John Johnson, Burl Ives
ABSENT:	Casey Venema

IV. MINUTES APPROVAL

Motion To: Approve the minutes of the Tuesday, October 17, 2023 County Board Special Session Re: Mesabi Metallics Tax-Forfeited Leases, the minutes of the Tuesday, October 17, 2023 County Board Special Session Re: Transportation, the minutes of the Tuesday, October 17, 2023 County Board Special Session Re: Courthouse Security, and the minutes of the Tuesday, October 24, 2023 County Board Regular Session.

RESULT:	**APPROVED (4 TO 0)**
MOVER:	Commissioner Cory Smith
SECONDER:	Commissioner John Johnson
AYES:	Cory Smith, Terry Snyder, John Johnson, Burl Ives
ABSENT:	Casey Venema

V. RECOMMENDED FOR CONSENT AGENDA

1. Approve the donation of end-of-life equipment to PCs for People/Kootasca.

RESULT:	**RECOMMENDED FOR CONSENT**	**NEXT: 11/14/2023 2:30 PM**

2. Adopt the Resolution Re: Resolution of Support from Sponsoring Agency, which indicates that Itasca County agrees to act as the sponsor/fiscal agent for an application for funding from the Local Road Improvement Program (LRIP), as requested by Deer River Township.

RESULT:	**RECOMMENDED FOR CONSENT**	**NEXT: 11/14/2023 2:30 PM**

VI. DISCUSSION / INFORMATIONAL

1. Citizen Input

No citizen input provided.

7. Trail Insurance Information

Northland Outdoor Recreation and Land Use Alliance, Inc. (NORLUA), Minnesota United Snowmobile Association (MnUSA), and County representatives provided information regarding the request for County support to assist Itasca County snowmobile, ATV, and ski clubs in purchasing individual trail liability policies.

Motion To: Approve up to $50,000 to be applied to the insurance policies for the trail liability coverage for Itasca County snowmobile and ATV clubs with $18,000 from the Tourism and Economic Development (TED) Account and $32,000 from the Environmental Trust Fund (ETF).

RESULT:	**APPROVED (4 TO 0)**
MOVER:	Commissioner Terry Snyder
SECONDER:	Commissioner Cory Smith
AYES:	Cory Smith, Terry Snyder, John Johnson, Burl Ives
ABSENT:	Casey Venema

2. Schedule Special Session

Motion To: Schedule a Special Session Re: IEDC Goals/Objectives on Tuesday, December 12, 2023 beginning at 12 noon in the Boardroom of the Itasca County Courthouse.

RESULT:	**APPROVED (4 TO 0)**
MOVER:	Commissioner Cory Smith
SECONDER:	Commissioner Terry Snyder
AYES:	Cory Smith, Terry Snyder, John Johnson, Burl Ives
ABSENT:	Casey Venema

3. Schedule Special Session

Motion To: Schedule a Special Session Re: CEDA Goals/Objectives on Tuesday, December 19, 2023 beginning at 12 noon in the Boardroom of the Itasca County Courthouse.

RESULT:	**APPROVED (4 TO 0)**
MOVER:	Commissioner Cory Smith
SECONDER:	Commissioner John Johnson
AYES:	Cory Smith, Terry Snyder, John Johnson, Burl Ives
ABSENT:	Casey Venema

4. Nashwauk Ambulance Update

Health and Human Services (HHS) Director Eric Villeneuve provided a Nashwauk Ambulance Update.

RESULT:	**INFORMATIONAL - NO ACTION TAKEN**

5. Schedule of Fees Increase

Environmental Services Coordinator Greg Stoltz and Administrative Support Katie Benes provided information regarding the request to adopt the Resolution Re: Adoption of an Amended Schedule of Fees, Relative to the Itasca County Zoning Ordinance, Article 22.1.

RESULT:	**RECOMMENDED FOR CONSENT**	**NEXT: 11/14/2023 2:30 PM**

6. Local Housing Trust Fund (LHTF)

Itasca County Housing & Redevelopment Authority (HRA) Property & Program Development Specialist Amanda MacDonnell provided information regarding the Local Housing Trust Fund (LHTF).

RESULT:	**INFORMATIONAL - NO ACTION TAKEN**

8. 2023 Lights in the Pines Event Agreement

Land Commissioner Kory Cease and Itasca County Agricultural Association representatives provided information regarding the request to approve the lease agreement between the Itasca County Agricultural Association and Itasca County for the 2023 Lights in the Pines event at the Itasca County Fairgrounds.

RESULT:	RECOMMENDED FOR CONSENT	NEXT: 11/14/2023 2:30 PM

VII. COMMITTEE REPORTS

Commissioner Snyder reported on his attendance at recent Intergovernmental Collaborative, Itasca Economic Development Corporation (IEDC), Community & Economic Development Associates (CEDA), and Arbo Township meetings, as well as a ribbon cutting event for Community Wellness Center in Bigfork.

VIII. ADMINISTRATOR UPDATE

IX. COMMISSIONER COMMENTS

Commissioner Ives provided comment regarding his desire to schedule meetings related to American Rescue Plan (ARP) Funds, Short-Term Rentals, Elected Official Salaries, and County Administrator Performance Review.

It was the consensus of the County Board to schedule a Special Session Re: American Rescue Plan (ARP) Funds on Tuesday, December 19, 2023 beginning at 11 AM in the Boardroom of the Itasca County Courthouse.

Commissioner Snyder provided comment in regards to earmarking funds to review Human Resources (HR) processes.

X. CLOSED SESSIONS

XI. ADJOURN

Chair Ives adjourned the meeting at 4:47 PM.

ATTEST

Burl Ives Chair of the County Board	Brett Skyles Clerk of the County Board

ITASCA COUNTY
BOARD OF COMMISSIONERS
Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Tuesday, November 14, 2023

REQUEST FOR BOARD ACTION: RBA-2023-3323

DEPARTMENT: Management Information Services **TIME REQUESTED:** < 5 Minutes
PRESENTER: Brett Skyles

AGENDA ITEM:
Donation of Equipment

BOARD ACTION REQUESTED:
Approve the donation of end-of-life equipment to PCs for People/Kootasca.

BACKGROUND:
When Itasca County has old, end-of-life monitors and computers, we have donated them to PCs For People/Kootasca so that they can be used for Comminity need.

COUNTY ATTORNEY REVIEW: Yes and/or Pending

SUPPORTING DOCUMENTATION:
1. List of donated items

11/08/2023

RESULT:	**RECOMMENDED FOR CONSENT**	**NEXT: 11/14/2023 2:30 PM**

RESULT:	**APPROVED (4 TO 0)**
MOVER:	Commissioner John Johnson
SECONDER:	Commissioner Cory Smith
AYES:	Cory Smith, John Johnson, Burl Ives, Casey Venema
ABSENT:	Terry Snyder

TYPE	QUANTITY	VALUE/UNIT	TOTAL APPX VALUE AT AUCTION
Desktop	32	$10	$320
Laptop	111	$10	$1,110
Thin Client	73	$5	$365

ITASCA COUNTY
BOARD OF COMMISSIONERS
Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Tuesday, November 14, 2023

REQUEST FOR BOARD ACTION: RBA-2023-3312

DEPARTMENT: Environmental Services **TIME REQUESTED:** 10 Minutes
PRESENTER: Greg Stoltz, Katie Benes

AGENDA ITEM:
Schedule of Fees Increase

BOARD ACTION REQUESTED:
Adopt the Resolution Re: Adoption of an Amended Schedule of Fees, Relative to the Itasca County Zoning Ordinance, Article 22.1.

BACKGROUND:
Itasca County Zoning Ordinance; Article 22 "FEES" Section 22.1 "Schedule of Fees"
The County Board shall establish by resolution a schedule of fees applicable to all permit applications, petitions, certificates of compliance and appeals. The fee schedule resolution shall be attached to all copies of this Ordinance that are distributed to the public. The schedule of fees may be altered or amended by County Board resolution.

The Itasca County Board of Commissioners has not altered or amended the schedule of fees since 2005. The Environmental Services Department (ESD) would like the Itasca County Board of Commissioners to review the proposed fee increases and comment on the best path forward. Once completed and if approved, the fee increase would go into effect in January 2024.

COUNTY ATTORNEY REVIEW: Yes and/or Pending

SUPPORTING DOCUMENTATION:
1. 10.31.2023 Environmental Services Fee Comparison
2. PLANNING AND ZONING FEE SCHEDULE 1.1.2024

10/17/2023

RESULT:	**RECOMMENDED FOR DISCUSSION**	**NEXT: 11/08/2023 2:30 PM**

11/08/2023

RESULT:	**RECOMMENDED FOR CONSENT**	**NEXT: 11/14/2023 2:30 PM**

11/14/2023

RESULT:	**PULLED FROM AGENDA**

ITASCA COUNTY
BOARD OF COMMISSIONERS
Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Tuesday, November 14, 2023

RESOLUTION

RE: ADOPTION OF AN AMENDED SCHEDULE OF FEES, RELATIVE TO THE ITASCA COUNTY ZONING ORDINANCE, ARTICLE 22.1

WHEREAS, the schedule of zoning fees has not been amended for a period of greater than ten years; and

WHEREAS, costs to conduct zoning business, including, but not limited to, site visits, SSTS inspections, and Planning Commission and Board of Adjustment actions, have increased during that time; and

WHEREAS, Environmental Services staff has conducted a comparison of neighboring county zoning fees and found Itasca's current fees to be comparatively low; and

WHEREAS, a proposed schedule of fees was presented to the Itasca County Board of Commissioners on October 17, 2023, for review.

NOW THEREFORE BE IT RESOLVED, the Itasca County Board of Commissioners hereby enacts, ordains, and adopts the amended schedule of fees to Article 22 of the Itasca County Zoning Ordinance.

BE IT FURTHER RESOLVED that these amendments shall take effect on January 1, 2024.

	Current Itasca	Proposed Itasca	Aitkin	Beltrami	Cass	Crow Wing	Koochiching	St. Louis	Comments
~~Single-family Dwelling/Deck/Garage/SSTS~~	$275	N/A					$75-100		These fees will be charged separately, rather than bundled
New Dwelling & Deck/Dwelling Addition <500 sq ft	$127	$150	$300	$.38/sq ft ($125 min)	$.30/sq ft ($150 min)	$250-500	$50	$160	"Hunting Shack"
New Dwelling & Deck/Dwelling Addition 501-1250 sq ft	$127	$200	$400	$.38/sq ft	$.30/sq ft	$250-500	$50	$160	"Modest Home"
New Dwelling & Deck/Dwelling Addition 1251-2500 sq ft	$127	$300	$550	$.38/sq ft	$.30/sq ft	$750-1000	$50	$315	"Nice Home"
New Dwelling & Deck/Dwelling Addition >2500 sq ft		$400							"Grand Home"
Dwelling Addition	$65	N/A		$.38/sq ft	$.40/sq ft ($100 min)	$25-500	$50	$80	Fee would be based on square footage of addition
New Deck or Patio/Deck or Patio Replacement	$50	$75	$100-150	$75	$100		$50	$80	
E911	$100	$100	$70	$100	$80	$100			
SSTS	$175	$275	$300-350	$200	$300	$250	$50-75	$300-520	Most SSTS require 2 inspections during install
Additional Tank Fee		$100							Per tank fee would be charged when system necessitates additional tanks
Advanced SSTS		$275 + Advanced Inspector Fee							Fee to advanced inspector is currently $450
Holding Tank	$150	$200	$200	$250	$50 annual		$50	$250	Requires site visit
Privy	$60	$100	$150	$50	$150			$100	Requires site visit
Commercial Establishment <500 sq ft	$250	$250	$300	$.38/sq ft ($125 min)	$300	$400	$50	$160	
Commercial Establishment 501-1500 sq ft	$250	$350	$400	$.38/sq ft	$325	$400-500	$50	$160	
Commercial Establishment 1501-2500 sq ft	$250	$450	$400	$.38/sq ft	$460	$500-750	$50	$315	
Commercial Establishment >2500 sq ft	$250	$550	$600	$.38/sq ft	$545	$750-1250	$50	$315	
Commercial Establishment w/ SSTS	$400	N/A		$.38/sq ft			$50		SSTS will be charged separately
Commerical Addition	$150	N/A		$.38/sq ft		$300-1000	$50		Fee would be based on square footage of addition
Accessory Structure ≤250 sq ft	$60	$75	$50	$.27/sq ft ($125 min)	$100	$25-100	$30	$160	
Accessory Structure 251-1000 sq ft	$60	$150	$200	$.27/sq ft ($125 min)	$.25/sq ft ($100 min)	$125-250	$30	$160	
Accessory Structure <1000 sq ft	$60	$225	$300	$.27/sq ft	$.25/sq ft	$300-500	$30	$315	
Accessory Addition	$60	N/A		$.27/sq ft ($125 min)		$25-500	$30	$80	Fee would be based on square footage of addition
Water-Oriented Accessory Structure/Dry Sauna/Gazebo (within OHWL setback)		$150							Requires site visit
Variance	$475	$750	$650	$550	$1,000	$500	$100	$630	Per diem cost for PCBOA is $500-1000 + Mileage + Public Notices + Permit Fee
Conditional Use/Amendment	$475	$750	$650	$550	$1,000	$500	$100	$630	Per diem cost for PCBOA is $500-1000 + Mileage + Public Notices + Permit Fee
After-the-fact Variance/CUP		$1,000		$550x2	$2,000				Per diem cost for PCBOA is $500-1000 + Public Notices + Mileage + Permit Fee + Should discourage development w/o consideration
Rezone	$450	$750	$650		$496		$150		Per diem cost for PCBOA is $500-1000 + Public Notices + County Board
Administrative Subdivision (review before approval)			$100					$80	Consideration needed. How could we charge for this? Can recorders office help with this? Do they charge?
Major Subdivision	450+	$750	$650	$450	$1000+	$1000+	$200+	$1,260	
Plus Per Parcel	$50	$50							
Road Name Sign & Post (each)	$150	$250							
Minor Subdivision	300+	$600	$650	$450	$1000+	$1000+	$200+	$630	
Road Name Sign & Post (each)	$150	$250							
Resort Expansion	$225		$300		$100/site				
Plus Per Cabin		$225							
Plus Per RV Site		$25							
Conservation Development	$450	$700	$650						
Per Unit Fee (as they are constructed)	$127	*See Dwelling Fees							
Resort	$450	$700	$650						
Shore Alteration/Land Alteration	$80	$200	$200	$125	$150	$150	$25	$370	Consider "rebranding" this as Land Alteration in order to dispel confusion. Requires a site review, scheduling
Restoration Order	$300	$200 x2							2x Shore Alteration fee
Change In Use	*Depends on Use	*Depends on Use						$80	
Home Occupation II	$50	$100						$370	
Handicap Permit	$225	$500							Investigating process for licensing county staff
Temporary Borrow Area	$200	$300						$370	
Extractive Use	$400	$500				$500		$370	
Certificate of Occupancy	$115	$150							
Zoning Ordinance Copy	$30	$30	$25					$16	
SSTS/Sanitation/Subdivision Ordinance Copy	$20	$20	$10						
Comprehensive Management Plan	$10	$10							
Amendment to Comprehensive Management Plan	$500	$500							
Communications Tower	$500	$650	$650		$830	$400-500		$370	
Site Planning Visit		$150	$100		$150				
After-the-fact Permit		2x fee	5x fee	Fee + $60/hour admin fee	3x fee		3x fee	2x fee	Should discourage development w/o consideration
Site Visit for Riparian Lot Permit		$50							Structures on riparian lots requiring a site visit would be charged this fee in addition to permit fee

PLANNING AND ZONING FEE SCHEDULE
EFFECTIVE 1/1/2024

1	New Dwelling & Deck/Dwelling Addition ≤ 500 sq ft	$ 150.00
2	New Dwelling & Deck/Dwelling Addition 501-1250 sq ft	$ 200.00
3	New Dwelling & Deck/Dwelling Addition 1251-2500 sq ft	$ 300.00
4	New Dwelling & Deck/Dwelling Addition > 2500 sq ft	$ 400.00
5	New Deck or Patio/Deck or Patio Replacement	$ 75.00
6	E911 Address	$ 100.00
7	Subsurface Treatment System (SSTS) *includes New, Replacement, & Alteration Systems*	$ 275.00
8	Additional Tank Fee *for each additional tank in a "clustered" system*	$ 100.00
9	Advanced SSTS	$ 275.00 + Advanced Inspector Fee
10	Holding Tank	$ 200.00
11	Privy	$ 100.00
12	New Commercial Establishment/Commercial Addition ≤ 500 sq ft	$ 250.00
13	New Commercial Establishment/Commercial Addition 501-1500 sq ft	$ 350.00
14	New Commercial Establishment/Commercial Addition 1501-2500 sq ft	$ 450.00
15	New Commercial Establishment/Commercial Addition > 2500 sq ft	$ 550.00
16	Accessory Structure/Accessory Addition ≤ 250 sq ft	$ 75.00
17	Accessory Structure/Accessory Addition 251-1000 sq ft	$ 150.00
18	Accessory Structure/Accessory Addition > 1000 sq ft	$ 225.00
19	Water-Oriented Accessory Structure/Dry Sauna/Gazebo (within OWHL setback)	$ 150.00
20	After-the-Fact Permit	2x Permit Fee
21	Variance or Appeal	$ 750.00
22	Conditional Use Permit	$ 750.00
23	After-the-Fact Variance/Conditional Use Permit	$1000.00
24	Zone Change Requests / Maps Amendments	$ 750.00
25	Plat / Subdivision (Major / RLS) Per Parcel Fee Road Name Sign & Post (each)	$ 750.00 $ 50.00 $ 250.00
26	Minor Subdivision Road Name Sign & Post (each)	$ 600.00 $ 250.00
27	New Resort Development	$ 700.00
28	Resort Expansion *applies to 1-6 unit expansions and new resorts* Per cabin as they are constructed Per RV site as they are added	 $ 225.00 $ 25.00
29	Conservation Development Per unit fee as they are constructed	$ 700.00 See Dwelling Fees
30	Shoreland Alteration Permit	$ 200.00
31	Restoration Order	$ 400.00
32	Change In Use Permit	See fee associated with proposed use
33	Home Occupation II	$ 100.00
34	Handicap Permit	$ 500.00
35	Temporary Borrow Area Permit	$ 300.00
36	Extractive Use Permit	$ 500.00
37	Communications Tower	$ 650.00
38	Site Planning Visit	$ 150.00

39	Site Visit for Riparian Lot Permit	$ 50.00
40	Certificate of Occupancy	$ 150.00
41	Copy of Itasca County Zoning Ordinance	$ 30.00
42	Copy of Itasca County Sanitation or Subdivision Ordinance	$ 20.00
43	Copy of Comprehensive Management Plan	$ 10.00
44	Amendment to Comprehensive Management Plan	$ 500.00

ITASCA COUNTY
BOARD OF COMMISSIONERS
Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Tuesday, November 14, 2023

REQUEST FOR BOARD ACTION: RBA-2023-3333

DEPARTMENT: Transportation **TIME REQUESTED:** < 5 Minutes
PRESENTER: Karin Grandia

AGENDA ITEM:
Sponsor Resolution for Deer River Twp LRIP Grant Application

BOARD ACTION REQUESTED:
Adopt the Resolution Re: Resolution of Support from Sponsoring Agency, which indicates that Itasca County agrees to act as the sponsor/fiscal agent for an application for funding from the Local Road Improvement Program (LRIP), as requested by Deer River Township.

BACKGROUND:
The LRIP has a program called the Local Road Improvement Program and Townships can apply for funds to improve local roads. The maximum grant amount is $1.5 million. The funds can only be used for capital construction costs and townships must pay for all project development costs including, but not limited to, engineering, permitting and right-of-way. Additionally, the Township must agree to cover all costs in excess of the grant amount.

Townships are required to have their local County act as a sponsor and fiscal agent for the project.

Deer River Township is applying for LRIP funds to rehabilitate Golf Course Road from Highway 6 to the Blueberry Golf Course. The road is paved and the bituminous has reached the end of its useful life and needs to be rehabilitated.

The Township has passed a resolution committing to the project and agreeing to cover any costs not covered by the LRIP grant.

COUNTY ATTORNEY REVIEW: N/A

SUPPORTING DOCUMENTATION:
1. Deer River Twp LRIP Resolution

11/08/2023

RESULT:	**RECOMMENDED FOR CONSENT**	**NEXT: 11/14/2023 2:30 PM**

RESULT:	**APPROVED (4 TO 0)**
MOVER:	Commissioner John Johnson
SECONDER:	Commissioner Cory Smith
AYES:	Cory Smith, John Johnson, Burl Ives, Casey Venema
ABSENT:	Terry Snyder

ITASCA COUNTY
BOARD OF COMMISSIONERS

Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Tuesday, November 14, 2023

RESOLUTION 2023-44

RE: RESOLUTION OF SUPPORT FROM SPONSORING AGENCY

WHEREAS, Local Road Improvement Program (LRIP) funds are available for local agency projects meeting Routes of Regional Significance or Rural Road Safety criteria; and

WHEREAS, non-state aid cities and townships must have a county sponsor to apply for LRIP funding; and

WHEREAS, Deer River Township has requested that Itasca County sponsor its application for the rehabilitation of the Golf Course Road from Highway 6 to the end of the public road at Blueberry Golf Course; and

WHEREAS, Deer River Township understands that it will be responsible for all costs not covered by LRIP funding including all engineering and right of way costs and any construction costs over the funding cap.

NOW THEREFORE BE IT RESOLVED, the County of Itasca hereby agrees to act as a sponsor/fiscal agent for the application from Deer River Township for LRIP funding for the rehabilitation of the Golf Course Road.

RESULT:	**APPROVED (4 TO 0)**
MOVER:	Commissioner John Johnson
SECONDER:	Commissioner Cory Smith
AYES:	Cory Smith, John Johnson, Burl Ives, Casey Venema
ABSENT:	Terry Snyder

STATE OF MINNESOTA
Office of County Administrator
ss. County of Itasca

I, BRETT SKYLES, Administrator of the County of Itasca, do hereby certify that I have compared the foregoing with the original resolution filed in my office on the 14th day of November A.D. 2023 and that the same is a true and correct copy of the whole thereof.

WITNESS MY HAND AND SEAL OF OFFICE at Grand Rapids, Minnesota, this 14th day of November A.D. 2023.

Administrator

RESOLUTION #2023-02

GOLF COURSE ROAD IMPROVEMENT PROJECT

(Local Road Improvement Program)

Resolution authorizing Deer River Township to apply for funding through Minnesota Department of Transportation Local Road Improvement Program (LRIP); and

WHEREAS, Deer River Township is being sponsored by Itasca County (Transportation Department); and

WHEREAS, Deer River Township's road improvement project is to rehabilitate the pavement structure of Golf Course Road, located in Itasca County; and

WHEREAS, the bituminous surface of the Golf Course road is in excess of 20+ years old and the road surface has severe cracking, resulting in unsafe driving conditions; and

WHEREAS, over the past several years, Deer River Township has invested available resources into temporary improvements to address the road's poor conditions including cracks and potholes due to weathering and usage; and

WHEREAS, Deer River Township's intent is to extend the life of the Golf Course Road, and address critical safety and operation needs through improvements in the existing road; and

WHEREAS, The proposed year for said Project construction is 2024; and

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN BOARD OF DEER RIVER TOWNSHIP, MINNESOTA:

1. Supports the upgrade of Golf Course Road to address safety concerns and road surface deterioration.
2. Supports the preparation and submission of the 2023 LRIP funding application to advance the improvements of Golf Course Road.
3. Provides assurance that the Deer River Township will pay costs associated with the Project and Deer River Township will ensure that all aspects of the LRIP funding requirement are met and the Project's schedule is followed.

Adopted 19 day of October, 2023.

Attest: Cindy Shevich
Cindy Shevich, Town Clerk

By the Board

Harry Rasley, Town Board Chair

ITASCA COUNTY
BOARD OF COMMISSIONERS
Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Tuesday, November 14, 2023

REQUEST FOR BOARD ACTION: RBA-2023-3310

DEPARTMENT: Land Department **TIME REQUESTED:** < 5 Minutes
PRESENTER: Michael Gibbons, Jesse Lehner

AGENDA ITEM:
Contract Award - 2025 Containerized Seedlings

BOARD ACTION REQUESTED:
Award the 2025 Containerized Seedling Contract to PRT USA, Inc. in the amount of $54,755.00 to be paid from the Forest Resources Fund 12 and authorize necessary signatures.

BACKGROUND:
Quotes have been solicited for the supply of containerized seedlings to be planted on tax-forfeited trust land in 2025. According to specifications, contactors are to supply 185,000 red pine, 22,000 jack pine and 12,000 white spruce.
One quote was received: PRT USA Inc. $54,755.00

COUNTY ATTORNEY REVIEW: Yes and/or Pending

SUPPORTING DOCUMENTATION:
1. PRT - Itasca Spring 2025 Seedling Quote - signed
2. Seedling Contract 2025_10-27
3. 2025 Containerized Seedlings Contract FULLY EXECUTED

10/17/2023

RESULT:	**RECOMMENDED FOR CONSENT**	**NEXT: 10/24/2023 2:30 PM**

10/24/2023

RESULT:	**PULLED**

RESULT:	**APPROVED (4 TO 0)**
MOVER:	Commissioner John Johnson
SECONDER:	Commissioner Cory Smith
AYES:	Cory Smith, John Johnson, Burl Ives, Casey Venema
ABSENT:	Terry Snyder

ATTACHMENT B
2025 SEEDLINGS

PROJECT FORM FOR SUPPLY OF CONTAINERIZED SEEDLINGS

Supply and delivery of seedlings to the Itasca County Land Department according to the specifications set in Attachment A. Seedlings will be awarded by item. Items 1 through 4 are for the spring of 2025.

ITEM 1: **185,000 red pine** containerized seedlings at a cost of $ 235.00 per thousand, for a total of $ $43,475.00

ITEM 2: **22,000 improved jack pine** containerized seedlings at a cost of $ 220.00 per thousand, for a total of $ $4,840.00

ITEM 3: 12,**000 improved white spruce** containerized seedlings at a cost of $ 270.00 per thousand, for a total of $ $3,240.00

ITEM 4: Delivery to a designated drop site in the Grand Rapids vicinity.
$ $3,200.00

Total project cost for this contract: $ $54,755.00

PRT USA Inc.
Company

Sylvain Montpellier
Contractor Name

Signature

4653 Bishop Lake Rd, Howell, MI 48843
Address

807-371-0126
Telephone

sylvain.montpellier@prt.com
Email

County of Itasca, Minnesota
Service Contract

A.1 DATES AND PARTIES

A.1.1 THIS CONTRACT, made this 27th day of October, 2023, by and between the County of Itasca, herein called the "County," and PRT USA Inc., a corporation organized and existing under the laws of the State of Michigan, located at 4653 Bishop Lake Rd, Howell MI, 48843, herein called the "Vendor."

B.1 AGREEMENT

B.1.1 NOW, THEREFORE, it is mutually agreed that, in consideration of the payments to be made to said Vendor, subject to the conditions, hereinafter set forth, the County shall purchase **tree seedling growing** services from said Vendor, upon terms and at the agreed price(s), and the Vendor shall perform said services all in accordance with the specifications of County as set forth in the Special Conditions of this Agreement.

C.1 TERM OF CONTRACT

C.1.1 The term of this Contract is from **January 2024** through **May 2025**, inclusive. The Contract may be extended if provided for in the Special Conditions. **Specific project dates are defined in Attachment A.**

D.1 SPECIAL CONDITIONS

D.1.1 This Contract is subject to such special conditions as are set forth in the Special Conditions Supplements attached hereto and made a part hereof and marked **Attachment A** and **Attachment B**.

E.1 CONTRACT AMOUNT

E.1.1 This Agreement when fully completed and fulfilled on the part of said Vendor to the satisfaction of the County or its duly authorized agent, is estimated to be $54,755.00 for the current term.

F.1 INCREASE

F.1.1 No increases to the above said Contract amount will be allowed to the Vendor during the term of this Contract unless provided for in the Special Conditions or mutual agreement of the parties.

G.1 PAYMENT

G.1.1 The County does hereby agree, to pay said Vendor as services are performed to the satisfaction of the County, or its duly authorized agent, 1payments of $54,755.00 each, or as indicated in the Special Conditions. Payment terms of this Contract are Net 30.

H.1 GUARANTEE

H.1.1 The Vendor further agrees to guarantee all materials and parts supplied under this Contract against inferiority as to specifications, such guarantee to be unconditional. Failure or neglect of the County or its designated representative to require compliance with any term or condition of this Contract or the specifications shall not be deemed a waiver of such term or condition.

I.1 BOND

I.1.1 Minnesota Statute 574.26 requires the vendor to furnish a Performance Bond and a Labor & Materials Payment Bond in the full amount, for any contract over $75,000, in favor of the County, to protect the County against any breach of contract. The surety company providing the bond(s) must be registered to do business in the State of Minnesota and be satisfactory to the County.

J.1 INSURANCE

J.1.1 The following insurance must be maintained for the duration of this Contract. A Certificate of Insurance for each policy which lists Itasca County as a certificate holder and as an additional insured must be on file with the Itasca County Risk Management Department within 10 days of execution of this Contract and prior to commencement of any work under this Contract. Each certificate must include a 30-day notice of cancellation, nonrenewal, or material change to all named and additional insureds.

J.1.2 The County reserves the right to terminate, suspend or rescind any contract not in compliance with these requirements and retains all rights thereafter to pursue any legal remedies against Contractor. All insurance policies shall be open to inspection by the County, and copies of policies shall be submitted to the County upon written request. All subcontractors shall provide evidence of similar coverage.

J.1.3 <u>General Liability Insurance</u>

The limits listed below reflect the Itasca County Board of Commissioners reduction in insurance requirements as per Request for Board Action (RBA) February 2, 2011.

J.1.3.1

	Limit
General Aggregate	$2,000,000
Products-Completed Operations Aggregate	$2,000,000
Personal and Advertising Injury	$1,000,000
Each Occurrence: Combined Bodily Injury and Property Damage	$1,000,000

J.1.3.2 Policy shall contractors and subcontractors, and contractual liability.

J.1.3.3 Itasca County **must be named as certificate holder and an additional insured.**

J.1.4 <u>Automobile Liability Insurance</u>

J.1.4.1

	Limit
Automobile Liability - Combined single limit each occurrence for bodily injury and property damage covering owned, non-owned and hired automobiles	$500,000

J.1.4.2 Must cover owned, nonowned and hired vehicles.

J.1.5 <u>Workers' Compensation Per Statutory Requirements</u>

J.1.5.1 Vendor must maintain statutory limits. Itasca County reserves the right to rescind any contract not in compliance with these requirements and retains all rights thereafter to pursue any legal remedies against bidder. If the Contractor is based outside the State of Minnesota, coverage must apply to Minnesota laws.

J.1.6 <u>Employer's Liability</u>

J.1.6.1 Bodily injury by:

	Limit
Accident - Each Accident	$500,000
Disease - Policy Limit	$500,000

Disease - Each Employee $500,000

J.1.7 Professional Liability Insurance [For Professional Services Contracts Only]

J.1.6.1 Provider shall maintain at its sole expense a valid policy of insurance covering professional liability, arising from the acts or omissions of Provider, its agent and employees in the amount of not less than $500,000 per claim and $3,000,000 annual aggregate. (These suggested limits should be reviewed on a cases by case basis)

J.1.8 Indemnification Clause

J.1.8.1 Except as may be caused by the sole negligence of the County or its employees, Contractor shall indemnify and save harmless Itasca County, its employees, and its agents from all claims, actions, demands, and judgments of any kind arising in whole or in part from any act or omission of Contractor, is subcontractors, and their agents, servants, or employees, incidental to the performance of the Contract and from all expenses in connection with such claims, actions, demands and judgments, and shall assume, without expense to the County, the defense of any such claims, actions, demands and judgments, irrespective of whether it is alleged, claimed, or proved in connection with such act or omission that negligence of the County or its representatives caused or contributed thereto.

J.1.8.2 Contractor agrees, that in order to protect itself and the County under the indemnity provisions set forth above, it will at all times during the term of this Agreement keep in force policies of insurances indicated in paragraph entitled, “INSURANCE.”

J.1.8.3 This provision is not intended to create any cause of action in favor of any third party against the Contractor or the County or to enlarge in any way the Contractor’s liability, but it is intended solely to provide for indemnification of the County from liability for damages or injuries to third persons or property arising from the Contractor's or the Contractor's agents' performance hereunder.

The above establishes minimum insurance requirements. It is the sole responsibility of Vendor to determine the need for and to procure additional coverage that may be needed in connection with this Agreement.

Vendor further agrees the minimum requirements set forth above shall at all times be in an amount at least equal to the maximum liability of the County under Minn. Stat. 466.04 now or as said statute is hereafter amended or as otherwise required by law, statute or rule.

K.1 UNAVOIDABLE CIRCUMSTANCES

K.1.1 The Vendor shall not be held responsible for damages caused by delay or failure to perform hereunder, when such delay or failure is due to fires, strikes, acts of God, legal acts of the public authorities, or delays or defaults caused by public carriers, or acts or demands of the Government in time of war or national emergency.

L.1 RIGHT TO TERMINATE

L.1.1 County reserves the right to terminate this Contract immediately, at any time during the contract period for failure of Vendor to perform as specified in the Special Conditions, or to the reasonable satisfaction of County, upon notification to Vendor.

M.1 ASSIGNMENT

M.1.1 Vendor shall not enter into any subcontract for performance of any services contemplated under this Contract, nor assign any part of this Contract, without the prior written approval of the County and subject to such conditions and provisions as the County may deem necessary. The Vendor shall be responsible for the performance of all subcontractors.

N.1 INDEMNIFICATION

N.1.1 Vendor shall indemnify, hold harmless and defend the County, its officers and employees against any and all liability, loss, costs, damages, expenses, claims or actions, including attorney's fees which the County, its officers or employees may hereafter sustain, incur or be required to pay, arising out of or by reason of any act or omission of Vendor, its agents, servants or employees, in the execution, performance, or failure to adequately perform Vendor's obligations pursuant to this Contract.

The parties agree that Vendor's liability under this agreement shall be limited to the fees set forth in Attachment A.

O.1 COMPLIANCE WITH LAWS

O.1.1 Vendor shall abide by all Federal, State and local laws, statutes, ordinances, rules and regulations now in effect or hereinafter adopted pertaining to this Contract or to the facilities, programs and staff for which Vendor is responsible.

P.1 RECORDS AUDITING AND RETENTION

P.1.1 Vendor's books, records, documents, papers, accounting procedures and practices, and other evidences relevant to this Contract are subject to the examination, duplication, transcription and audit by the County and either the legislative or State Auditor, pursuant to Minn. Stat. § 16C.05, subd. 5. Such evidences are also subject to review by the Comptroller General of the United States, or a duly authorized representative, if federal funds are used for any work under this Contract. Vendor agrees to maintain such evidences for a period of six (6) years from the date services or payment were last provided or made or longer if any audit in progress required a longer retention period.

Q.1 WAIVER

Q.1.1 Any waiver by either party of any provision of this Contract shall not imply a subsequent waiver of that or any other provision.

R.1 MODIFICATIONS/AMENDMENT

R.1.1 Any alterations, variations, modifications, amendments or waivers of the provisions of this Contract shall only be valid when they have been reduced to writing, and signed by authorized representative of the County and Vendor.

S.1 SEVERABILITY

S.1.1 The provision of this Contract shall be deemed severable. If any part of this Contract is rendered void, invalid, or unenforceable, such rendering shall not affect the validity and enforceability of the remainder of this Contract unless the part or parts which are void, invalid or otherwise unenforceable shall substantially impair the value of the entire Contract with respect to either party.

T.1 FINAL AGREEMENT

T.1.1 This Contract is the final expression of the agreement of the parties and the complete and exclusive statement of the terms agreed upon, and shall supersede all prior negotiations, understandings or agreements. There are no representations, warranties, or stipulations, either oral or written, not herein contained.

U.1 EXECUTION

U.1.1 IN WITNESS WHEREOF, the County has caused this Contract to be signed by its duly authorized officers and the Vendor has hereunto set its hand.

Dated this ______ day of ____________________, __________.

(Vendor Name)

By: ___________________________________
Its ____________________________________

COUNTY OF ITASCA, MINNESOTA

By: _________________________________
Its __________________________________

By:_________________________________
Its__________________________________

APPROVED AS TO FORM & EXECUTION

By: _________________________________
Itasca County Attorney

ATTACHMENT A
CONTAINERIZED SEEDLINGS SPECIFICATIONS

I. DELIVERY

Seedling delivery shall be quoted separate from the price of the seedlings. Delivery may or may not be awarded to the contractor. If item 3 (delivery of seedlings) is not accepted, the County will provide for delivery. In either case, seedlings shall be ready for shipment on approximately April 20, 2025. Shipment shall be coordinated with the Itasca County Land Department, 218 (327-2855).

II. SEEDLING SPECIFICATIONS:

A. **185,000 red pine** containers that meet the following specifications:

1. Seedlings will be grown in a minimum of 60 ml cavity.
2. A minimum delivered root collar diameter of 1.9 mm.
3. Delivered shoot height minimum of 10 cm and a maximum of 20 cm.
4. Seedling will be plugged, bundled, wrapped, and boxed for delivery.
5. One stem per plug.

B. **22,000 Improved jack pine** containers that meet the following specifications:

1. Seedlings will be grown in a minimum of 60 ml cavity**.**
2. A minimum delivered root collar diameter of 1.9 mm.
3. Delivered shoot height minimum of 10 cm and a maximum of 22 cm.
4. Seedling will be plugged, bundled, wrapped, and boxed for delivery.
5. One stem per plug.

C. **12,000 Improved white spruce** containers that meet the following specifications:

1. Seedlings will be grown in a minimum of 80 ml cavity.
2. A minimum delivered root collar diameter of 2.3 mm.
3. Delivered shoot height minimum of 12 cm and a maximum of 25 cm
4. Seedling will be plugged, bundled, wrapped, and boxed for delivery.
5. One stem per plug.

Contractors who supply seedlings to the Itasca County Land Department and do not meet specifications listed above will be considered a non-responsible contractor and may not be able to supply seedlings for future projects.

SEEDLINGS GROWN FOR SPRING 2025:

The Land Department at the time of this contract does not always have exact seedling numbers for the 2025 planting season. It is understood that the Land Department may have to make adjustments to seedling numbers. The Land Department respectfully requests the grower help make adjustments to the order if possible when these seedling numbers are known.

III. PARTIAL QUOTES

Partial quotes will be accepted by item and must include all species for that item. Delivery of seedlings must be included.

IV. SEED SOURCE

Seed source shall be approved by Itasca County. Suitable seed may be obtained from, or arranged for through, the Itasca County Land Department. Growers should verify the seed source prior to seeding.

V. RETURN OF SEEDLING BOXES

Some nurseries may wish to have their shipping boxes returned; if that is the case it must be made clear to Itasca County. Otherwise, all cardboard boxes not returned will be recycled by the County.

If the County accepts the delivery quote, contractors will be responsible for the delivery of seedlings and pick-up of empty boxes from Itasca County.

VI. INSPECTIONS

Seedlings may be inspected by Itasca County Land Department staff prior to shipment to assure seedlings meet the specified guidelines. The County will not accept delivery and will not make payment for any seedlings which do not meet the specified guidelines.

Ten percent of the seedlings will be inspected to determine acceptability. Sampling may be done on the planting site. Deductions will be made based on this sample. It is expected that each plug will have one single seedling, alive and healthy, free from disease or damage, and meeting the above seedling specifications.

VII. BOND

A service bond is to be supplied in the amount of 10% of contract no less than two weeks prior to the tree planting season for which the seedlings are grown and held until three weeks after said tree planting season. Failure of the vendor to supply a service bond or contracted services will result in non-responsible vendor status and thus ineligible for future contracts.

VIII. PAYMENT

Payment for seedlings will be reduced or not accepted if seedlings do not meet specifications. Bundles of seedlings will be selected at random to check compliance. Payment reduction to the entire quantity of seedlings sampled will be made based on the contractor's price. The following schedule will be used to reduce payment for seedlings not meeting specifications:

Seedling meeting specifications	Reduction from Quote Rate
--percent --	----percent ---
94-100%	0 %
90-93.9%	10 %
80-89.9%	25 %
< 80%	will not accept

Billings for seedlings delivered should be directed to the following address:

Itasca County Land Department
Attn: Jesse Lehner
1177 La Prairie Ave.
Grand Rapids, MN 55744

Payment will be processed according to the regular County cycle. A copy of the billing cut-off dates can be obtained by request.

To the extent that any term in this attachment conflicts with any contract term or condition, the terms and conditions of the contract shall prevail over the attachment.

ATTACHMENT B
2025 SEEDLINGS

PROJECT FORM FOR SUPPLY OF CONTAINERIZED SEEDLINGS

Supply and delivery of seedlings to the Itasca County Land Department according to the specifications set in Attachment A. Seedlings will be awarded by item. Items 1 through 4 are for the spring of 2025.

ITEM 1: **185,000 red pine** containerized seedlings at a cost of $ 235.00 per thousand, for a total of $ $43,475.00

ITEM 2: **22,000 improved jack pine** containerized seedlings at a cost of $ 220.00 per thousand, for a total of $ $4,840.00

ITEM 3: 12,**000 improved white spruce** containerized seedlings at a cost of $ 270.00 per thousand, for a total of $ $3,240.00

ITEM 4: Delivery to a designated drop site in the Grand Rapids vicinity.
$ $3,200.00

Total project cost for this contract: $ $54,755.00

PRT USA Inc.
Company

Sylvain Montpellier
Contractor Name

Signature

4653 Bishop Lake Rd, Howell, MI 48843
Address

807-371-0126
Telephone

sylvain.montpellier@prt.com
Email

County of Itasca, Minnesota
Service Contract

A.1 DATES AND PARTIES

A.1.1 THIS CONTRACT, made this 27th day of October, 2023, by and between the County of Itasca, herein called the "County," and PRT USA Inc., a corporation organized and existing under the laws of the State of Michigan, located at 4653 Bishop Lake Rd, Howell MI, 48843, herein called the "Vendor."

B.1 AGREEMENT

B.1.1 NOW, THEREFORE, it is mutually agreed that, in consideration of the payments to be made to said Vendor, subject to the conditions, hereinafter set forth, the County shall purchase **tree seedling growing** services from said Vendor, upon terms and at the agreed price(s), and the Vendor shall perform said services all in accordance with the specifications of County as set forth in the Special Conditions of this Agreement.

C.1 TERM OF CONTRACT

C.1.1 The term of this Contract is from **January 2024** through **May 2025**, inclusive. The Contract may be extended if provided for in the Special Conditions. **Specific project dates are defined in Attachment A.**

D.1 SPECIAL CONDITIONS

D.1.1 This Contract is subject to such special conditions as are set forth in the Special Conditions Supplements attached hereto and made a part hereof and marked **Attachment A** and **Attachment B**.

E.1 CONTRACT AMOUNT

E.1.1 This Agreement when fully completed and fulfilled on the part of said Vendor to the satisfaction of the County or its duly authorized agent, is estimated to be $54,755.00 for the current term.

F.1 INCREASE

F.1.1 No increases to the above said Contract amount will be allowed to the Vendor during the term of this Contract unless provided for in the Special Conditions or mutual agreement of the parties.

G.1 PAYMENT

G.1.1 The County does hereby agree, to pay said Vendor as services are performed to the satisfaction of the County, or its duly authorized agent, 1payments of $54,755.00 each, or as indicated in the Special Conditions. Payment terms of this Contract are Net 30.

H.1 GUARANTEE

H.1.1 The Vendor further agrees to guarantee all materials and parts supplied under this Contract against inferiority as to specifications, such guarantee to be unconditional. Failure or neglect of the County or its designated representative to require compliance with any term or condition of this Contract or the specifications shall not be deemed a waiver of such term or condition.

I.1 BOND

I.1.1 Minnesota Statute 574.26 requires the vendor to furnish a Performance Bond and a Labor & Materials Payment Bond in the full amount, for any contract over $75,000, in favor of the County, to protect the County against any breach of contract. The surety company providing the bond(s) must be registered to do business in the State of Minnesota and be satisfactory to the County.

J.1 INSURANCE

J.1.1 The following insurance must be maintained for the duration of this Contract. A Certificate of Insurance for each policy which lists Itasca County as a certificate holder and as an additional insured must be on file with the Itasca County Risk Management Department within 10 days of execution of this Contract and prior to commencement of any work under this Contract. Each certificate must include a 30-day notice of cancellation, nonrenewal, or material change to all named and additional insureds.

J.1.2 The County reserves the right to terminate, suspend or rescind any contract not in compliance with these requirements and retains all rights thereafter to pursue any legal remedies against Contractor. All insurance policies shall be open to inspection by the County, and copies of policies shall be submitted to the County upon written request. All subcontractors shall provide evidence of similar coverage.

J.1.3 General Liability Insurance

The limits listed below reflect the Itasca County Board of Commissioners reduction in insurance requirements as per Request for Board Action (RBA) February 2, 2011.

J.1.3.1

	Limit
General Aggregate	$2,000,000
Products-Completed Operations Aggregate	$2,000,000
Personal and Advertising Injury	$1,000,000
Each Occurrence:	
Combined Bodily Injury and Property Damage	$1,000,000

J.1.3.2 Policy shall contractors and subcontractors, and contractual liability.

J.1.3.3 Itasca County **must be named as certificate holder and an additional insured.**

J.1.4 Automobile Liability Insurance

J.1.4.1

	Limit
Automobile Liability - Combined single limit each occurrence for bodily injury and property damage covering owned, non-owned and hired automobiles	$500,000

J.1.4.2 Must cover owned, nonowned and hired vehicles.

J.1.5 Workers' Compensation Per Statutory Requirements

J.1.5.1 Vendor must maintain statutory limits. Itasca County reserves the right to rescind any contract not in compliance with these requirements and retains all rights thereafter to pursue any legal remedies against bidder. If the Contractor is based outside the State of Minnesota, coverage must apply to Minnesota laws.

J.1.6 Employer's Liability

J.1.6.1 Bodily injury by:

	Limit
Accident - Each Accident	$500,000
Disease - Policy Limit	$500,000

Disease - Each Employee	$500,000

J.1.7 Professional Liability Insurance [For Professional Services Contracts Only]

J.1.6.1 Provider shall maintain at its sole expense a valid policy of insurance covering professional liability, arising from the acts or omissions of Provider, its agent and employees in the amount of not less than $500,000 per claim and $3,000,000 annual aggregate. (These suggested limits should be reviewed on a cases by case basis)

J.1.8 Indemnification Clause

J.1.8.1 Except as may be caused by the sole negligence of the County or its employees, Contractor shall indemnify and save harmless Itasca County, its employees, and its agents from all claims, actions, demands, and judgments of any kind arising in whole or in part from any act or omission of Contractor, is subcontractors, and their agents, servants, or employees, incidental to the performance of the Contract and from all expenses in connection with such claims, actions, demands and judgments, and shall assume, without expense to the County, the defense of any such claims, actions, demands and judgments, irrespective of whether it is alleged, claimed, or proved in connection with such act or omission that negligence of the County or its representatives caused or contributed thereto.

J.1.8.2 Contractor agrees, that in order to protect itself and the County under the indemnity provisions set forth above, it will at all times during the term of this Agreement keep in force policies of insurances indicated in paragraph entitled, "INSURANCE."

J.1.8.3 This provision is not intended to create any cause of action in favor of any third party against the Contractor or the County or to enlarge in any way the Contractor's liability, but it is intended solely to provide for indemnification of the County from liability for damages or injuries to third persons or property arising from the Contractor's or the Contractor's agents' performance hereunder.

The above establishes minimum insurance requirements. It is the sole responsibility of Vendor to determine the need for and to procure additional coverage that may be needed in connection with this Agreement.

Vendor further agrees the minimum requirements set forth above shall at all times be in an amount at least equal to the maximum liability of the County under Minn. Stat. 466.04 now or as said statute is hereafter amended or as otherwise required by law, statute or rule.

K.1 UNAVOIDABLE CIRCUMSTANCES

K.1.1 The Vendor shall not be held responsible for damages caused by delay or failure to perform hereunder, when such delay or failure is due to fires, strikes, acts of God, legal acts of the public authorities, or delays or defaults caused by public carriers, or acts or demands of the Government in time of war or national emergency.

L.1 RIGHT TO TERMINATE

L.1.1 County reserves the right to terminate this Contract immediately, at any time during the contract period for failure of Vendor to perform as specified in the Special Conditions, or to the reasonable satisfaction of County, upon notification to Vendor.

M.1 ASSIGNMENT

M.1.1 Vendor shall not enter into any subcontract for performance of any services contemplated under this Contract, nor assign any part of this Contract, without the prior written approval of the County and subject to such conditions and provisions as the County may deem necessary. The Vendor shall be responsible for the performance of all subcontractors.

N.1 INDEMNIFICATION

N.1.1 Vendor shall indemnify, hold harmless and defend the County, its officers and employees against any and all liability, loss, costs, damages, expenses, claims or actions, including attorney's fees which the County, its officers or employees may hereafter sustain, incur or be required to pay, arising out of or by reason of any act or omission of Vendor, its agents, servants or employees, in the execution, performance, or failure to adequately perform Vendor's obligations pursuant to this Contract.

The parties agree that Vendor's liability under this agreement shall be limited to the fees set forth in Attachment A.

O.1 COMPLIANCE WITH LAWS

O.1.1 Vendor shall abide by all Federal, State and local laws, statutes, ordinances, rules and regulations now in effect or hereinafter adopted pertaining to this Contract or to the facilities, programs and staff for which Vendor is responsible.

P.1 RECORDS AUDITING AND RETENTION

P.1.1 Vendor's books, records, documents, papers, accounting procedures and practices, and other evidences relevant to this Contract are subject to the examination, duplication, transcription and audit by the County and either the legislative or State Auditor, pursuant to Minn. Stat. § 16C.05, subd. 5. Such evidences are also subject to review by the Comptroller General of the United States, or a duly authorized representative, if federal funds are used for any work under this Contract. Vendor agrees to maintain such evidences for a period of six (6) years from the date services or payment were last provided or made or longer if any audit in progress required a longer retention period.

Q.1 WAIVER

Q.1.1 Any waiver by either party of any provision of this Contract shall not imply a subsequent waiver of that or any other provision.

R.1 MODIFICATIONS/AMENDMENT

R.1.1 Any alterations, variations, modifications, amendments or waivers of the provisions of this Contract shall only be valid when they have been reduced to writing, and signed by authorized representative of the County and Vendor.

S.1 SEVERABILITY

S.1.1 The provision of this Contract shall be deemed severable. If any part of this Contract is rendered void, invalid, or unenforceable, such rendering shall not affect the validity and enforceability of the remainder of this Contract unless the part or parts which are void, invalid or otherwise unenforceable shall substantially impair the value of the entire Contract with respect to either party.

T.1 FINAL AGREEMENT

T.1.1 This Contract is the final expression of the agreement of the parties and the complete and exclusive statement of the terms agreed upon, and shall supersede all prior negotiations, understandings or agreements. There are no representations, warranties, or stipulations, either oral or written, not herein contained.

U.1 EXECUTION

U.1.1 IN WITNESS WHEREOF, the County has caused this Contract to be signed by its duly authorized officers and the Vendor has hereunto set its hand.

Dated this 14th day of November, 2023.

(Vendor Name)

By: Sylvain Montpellier
Its Customer Support Representative

COUNTY OF ITASCA, MINNESOTA

By:
Its County Board Chair

By:
Its Clerk of the County Board

APPROVED AS TO FORM & EXECUTION

By:
Itasca County Attorney

ATTACHMENT A
CONTAINERIZED SEEDLINGS SPECIFICATIONS

I. DELIVERY

Seedling delivery shall be quoted separate from the price of the seedlings. Delivery may or may not be awarded to the contractor. If item 3 (delivery of seedlings) is not accepted, the County will provide for delivery. In either case, seedlings shall be ready for shipment on approximately April 20, 2025. Shipment shall be coordinated with the Itasca County Land Department, 218 (327-2855).

II. SEEDLING SPECIFICATIONS:

A. **185,000 red pine** containers that meet the following specifications:
1. Seedlings will be grown in a minimum of 60 ml cavity.
2. A minimum delivered root collar diameter of 1.9 mm.
3. Delivered shoot height minimum of 10 cm and a maximum of 20 cm.
4. Seedling will be plugged, bundled, wrapped, and boxed for delivery.
5. One stem per plug.

B. **22,000 Improved jack pine** containers that meet the following specifications:
1. Seedlings will be grown in a minimum of 60 ml cavity.
2. A minimum delivered root collar diameter of 1.9 mm.
3. Delivered shoot height minimum of 10 cm and a maximum of 22 cm.
4. Seedling will be plugged, bundled, wrapped, and boxed for delivery.
5. One stem per plug.

C. **12,000 Improved white spruce** containers that meet the following specifications:
1. Seedlings will be grown in a minimum of 80 ml cavity.
2. A minimum delivered root collar diameter of 2.3 mm.
3. Delivered shoot height minimum of 12 cm and a maximum of 25 cm
4. Seedling will be plugged, bundled, wrapped, and boxed for delivery.
5. One stem per plug.

Contractors who supply seedlings to the Itasca County Land Department and do not meet specifications listed above will be considered a non-responsible contractor and may not be able to supply seedlings for future projects.

SEEDLINGS GROWN FOR SPRING 2025:

The Land Department at the time of this contract does not always have exact seedling numbers for the 2025 planting season. It is understood that the Land Department may have to make adjustments to seedling numbers. The Land Department respectfully requests the grower help make adjustments to the order if possible when these seedling numbers are known.

III. PARTIAL QUOTES

Partial quotes will be accepted by item and must include all species for that item. Delivery of seedlings must be included.

IV. SEED SOURCE

Seed source shall be approved by Itasca County. Suitable seed may be obtained from, or arranged for through, the Itasca County Land Department. Growers should verify the seed source prior to seeding.

V. RETURN OF SEEDLING BOXES

Some nurseries may wish to have their shipping boxes returned; if that is the case it must be made clear to Itasca County. Otherwise, all cardboard boxes not returned will be recycled by the County.

If the County accepts the delivery quote, contractors will be responsible for the delivery of seedlings and pick-up of empty boxes from Itasca County.

VI. INSPECTIONS

Seedlings may be inspected by Itasca County Land Department staff prior to shipment to assure seedlings meet the specified guidelines. The County will not accept delivery and will not make payment for any seedlings which do not meet the specified guidelines.

Ten percent of the seedlings will be inspected to determine acceptability. Sampling may be done on the planting site. Deductions will be made based on this sample. It is expected that each plug will have one single seedling, alive and healthy, free from disease or damage, and meeting the above seedling specifications.

VII. BOND

A service bond is to be supplied in the amount of 10% of contract no less than two weeks prior to the tree planting season for which the seedlings are grown and held until three weeks after said tree planting season. Failure of the vendor to supply a service bond or contracted services will result in non-responsible vendor status and thus ineligible for future contracts.

VIII. PAYMENT

Payment for seedlings will be reduced or not accepted if seedlings do not meet specifications. Bundles of seedlings will be selected at random to check compliance. Payment reduction to the entire quantity of seedlings sampled will be made based on the contractor's price. The following schedule will be used to reduce payment for seedlings not meeting specifications:

Seedling meeting specifications --percent --	Reduction from Quote Rate ----percent ---
94-100%	0 %
90-93.9%	10 %
80-89.9%	25 %
< 80%	will not accept

Billings for seedlings delivered should be directed to the following address:

Itasca County Land Department
Attn: Jesse Lehner
1177 La Prairie Ave.
Grand Rapids, MN 55744

Payment will be processed according to the regular County cycle. A copy of the billing cut-off dates can be obtained by request.

To the extent that any term in this attachment conflicts with any contract term or condition, the terms and conditions of the contract shall prevail over the attachment.

ATTACHMENT B
2025 SEEDLINGS

PROJECT FORM FOR SUPPLY OF CONTAINERIZED SEEDLINGS

Supply and delivery of seedlings to the Itasca County Land Department according to the specifications set in Attachment A. Seedlings will be awarded by item. Items 1 through 4 are for the spring of 2025.

ITEM 1: **185,000 red pine** containerized seedlings at a cost of $ 235.00 per thousand, for a total of $ $43,475.00

ITEM 2: **22,000 improved jack pine** containerized seedlings at a cost of $ 220.00 per thousand, for a total of $ $4,840.00

ITEM 3: 12,**000 improved white spruce** containerized seedlings at a cost of $ 270.00 per thousand, for a total of $ $3,240.00

ITEM 4: Delivery to a designated drop site in the Grand Rapids vicinity.
$ $3,200.00

Total project cost for this contract: $ $54,755.00

PRT USA Inc.
Company

Sylvain Montpellier
Contractor Name

Signature

4653 Bishop Lake Rd, Howell, MI 48843
Address

807-371-0126
Telephone

sylvain.montpellier@prt.com
Email

ITASCA COUNTY
BOARD OF COMMISSIONERS
Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Tuesday, November 14, 2023

REQUEST FOR BOARD ACTION: RBA-2023-3332

DEPARTMENT: Land Department **TIME REQUESTED:** < 5 Minutes
PRESENTER: Kory Cease

AGENDA ITEM:
2023 Lights in the Pines Event Agreement

BOARD ACTION REQUESTED:
Approve the lease agreement between the Itasca County Agricultural Association and Itasca County for the 2023 Lights in the Pines event at the Itasca County Fairgrounds, and authorize the necessary signatures.

BACKGROUND:
The event contract layout and language used in this lease agreement was developed with the County Attorney's office (Re: CRT-4171). Lease fees will be placed in the ICAA Fairgrounds Maintenance Fund. The security deposit will be held by Itasca County.

COUNTY ATTORNEY REVIEW: Yes and/or Pending

SUPPORTING DOCUMENTATION:
1. Lights in the Pines_Lease Agreement_2023

11/08/2023

RESULT:	**RECOMMENDED FOR CONSENT NEXT: 11/14/2023 2:30 PM**

RESULT:	**APPROVED (4 TO 0)**
MOVER:	Commissioner John Johnson
SECONDER:	Commissioner Cory Smith
AYES:	Cory Smith, John Johnson, Burl Ives, Casey Venema
ABSENT:	Terry Snyder

County of Itasca, Minnesota
Event Lease Agreement

This Agreement is made effective this ______ day of **______________, 2023**, by and between **Itasca County ("Lessor")**; and **Itasca County Agricultural Association, ("Lessee")**. For good and valuable consideration, the receipt and sufficiency of which the parties hereby acknowledge the parties agree as follows:

1. **Authority.** This Agreement is granted pursuant to the provisions of Minnesota Statutes Section 373.01, Subdivision(1)(a)(4) and Minnesota Statutes Section 398.32, Subdivision 3.

2. **Premises**. Lessor in consideration of the terms, conditions and contracts contained herein, and subject to such special conditions as are set forth in the Special Conditions attached hereto and made a part hereof and marked as **Exhibit A**, **Exhibit B** attached hereto and made a part hereof, and the payment of the Lease Agreement Fee to be paid by Lessee, Lessor hereby leases to the Lessee, subject at all times to sale, contract and use for other purposes, the non-exclusive rights in the described Premises as set forth below:

☐ A - Cattle barn
☐ B - Horse barn
☐ C - Beef Barn
☐ D – Poultry
☐ F – Grumpy' s
☐ H - New Moose Club
☐ I - Corn Palace
☐ J – Bixby's
☐ K - Bingo Hall
☐ L – Eagles
☐ M - All Purpose
☐ N - Announcement Booth
☐ O - Children's barn
☐ P – Restroom
☐ Q - 4H Food Booth
☐ T – Fine Arts Building
☐ V - Agriculture/Horticulture Building
☐ W - 4H Exhibit
☒ X - Commercial Exhibit
☐ Y - Committee on Aging
☐ Z – Master Gardener's
☐ AA – Gazebo
☐ CC – Sheriff's
☐ DD - Conservation Building
☐ EE - Grand Stand
☒ HH - Trailhead
☒ Midway
☒ West Parking Lot
☒ General Grounds
☒ North Parking Lot
☐ Race Track
☐ Horse Arena
☒ RV Campground

2.1 Personal Property/Fixtures: Personal Property or fixtures within the Premises shall not be deemed leased under this Agreement, unless otherwise authorized in writing.

3. Warranties. Lessor does not warrant its title to the premises nor undertake to defend the Lessee in the peaceable possession or use thereof. No covenant of quiet enjoyment is made. Lessee shall indemnify and hold Lessor harmless from any and all claims for damages against Lessor by third parties as a result of this Agreement.

4. Exhibits. This Lease Agreement is subject to such special conditions as are set forth in the Special Conditions Supplement attached hereto and made a part hereof and marked as **Exhibit A**. This Lease Agreement is subject to such terms as are set forth in **Exhibit B** as to insurance and indemnification.

5. Term. The term of this Agreement shall commence on **November 16, 2023** and shall end at 12:00 a.m. on **December 31, 2023**. The term of this Agreement is subject to termination pursuant to the default provisions in paragraph 10 herein. The Agreement may be extended or modified if provided for in the Special Conditions marked as **Exhibit A**.

6. Lease Agreement-Fee. Lessee shall pay to Lessor a non-refundable Lease Agreement Fee of **$ 500.00** for the non-exclusive rights to the Premises as set forth above or as set forth in the Special Conditions marked as **Exhibit A**.

7. Security Deposit. Simultaneously with the execution of this Lease, Lessee shall deposit with Lessor the sum of **Five Hundred Dollars ($ 500.00)** as a security deposit. Such security deposit shall be considered as security for the payment and performance by Lessee of all of Lessee's obligations, covenants, conditions and agreements under this Lease. Upon the expiration of the term hereof, Lessor shall, provided that Lessee is not in default under the terms hereof, return and pay back such security deposit to Lessee as set forth below. In the event of any default by Lessee hereunder, Lessor shall have the right, but shall not be obligated, to apply all or any portion of the security deposit to cure such default, in which event Lessee shall be obligated to promptly deposit with Lessor the amount necessary to restore the security deposit to its original amount.

7.1 The Security Deposit may be applied to offset any damages that may occur during the event from the Lessee or the Lessee's invitees. Review of all Premises will be conducted prior to and following the term of this Agreement. Deposits will be returnable up to two weeks after the termination of this Agreement and only if no damage has occurred. In the event of damages exceeding the amount as set forth above the Lessee will be liable for the balance of the damages.

7.2 The Security Deposit may be applied to offset any cleanup that has not been completed during or after the event. Review of all Premises will be conducted prior to and following the Term of this Agreement. Deposits will be returnable up to two weeks after the termination of this Agreement and only if no cleanup is needed. In the event of the cost of cleanup exceeds the amount as set forth above the Lessee will be liable for the balance of the cost.

8. **Encumbrance.** This Agreement is subject to all existing easements, rights-of-way, licenses, contracts, commingling contracts and other encumbrances upon the Premises and Lessor shall not be liable to Lessee for any damages resulting from any action taken by a holder of an interest pursuant to the rights of that holder thereunder.

9. **Maintenance.** Lessee shall maintain the Premises in good repair, keeping them safe and clean, removing all refuses and debris that may accumulate, to the extent consistent with sound and customary practices. Lessee shall comply with all laws affecting the Premises, including Federal, state or local statute, law, rule, regulation or ordinance, unless otherwise exempt.

10. **Termination.** The Lessor has the right to cancel this Agreement for nonpayment of any amount due under this Agreement or other violation of the terms and conditions of this Agreement. Termination of this Agreement does not relieve the Lessee from any liability for payment or other liability incurred under this Agreement.

10.1 This Agreement may be cancelled by the Lessor, if the Lessee has failed to secure all permits/licenses and approvals if any are necessary for the Lessee's approved activity as stated on the Special Conditions marked as **Exhibit A**.

10.2 Lessee shall, on the termination date, or earlier as provided for in this Agreement, peaceably and quietly surrender the Premises to the Lessor in a condition satisfactory to the Lessor. If the Lessee fails to surrender the Premises on the termination of this Agreement, the Lessor may obtain a court order as permitted by law to eject or remove the Lessee from the Premises and Lessee shall indemnify the Lessor for all expenses incurred by the Lessor.

10.3 Lessee shall remove all of Lessee's personal property at Lessee's expense, from the Premises prior to or at the termination date and time per this Agreement. Any personal property remaining shall be considered abandoned and shall be disposed of by the Lessor according to law. If this Agreement is terminated prior to its termination date, the Lessee shall not be relieved of any obligation incurred prior to termination.

10.4 Lessee acquires no additional rights by holding the Premises after termination and shall be subject to legal action for removal.

10.5 If Lessee defaults in compliance with its obligations under this Agreement, Lessor shall have the right in its exclusive discretion to permit Lessee to cure, and Lessor shall have the right upon Lessee's failure to cure such default within 10 days after receipt of written notice specifying such default, to seek such remedies or combination of remedies as may be available at law or in equity, including without limitation specific performance, damages, or termination of this Agreement. Lessor's remedies shall expressly include the right to evict Lessee and take possession of the Premises.

10.6 Lessee may terminate this Agreement for good cause, which will be at the discretion of the Lessor. In the event that this Agreement is terminated for good cause at the discretion of the Lessor, the lease-fee shall not be refundable, and the security deposit shall be handled in accordance with numbers 7, 7.1, and 7.2 above.

11. Right of Entry. Lessor, or its agents, contractors, or employees shall have the right to enter upon and into said Premises at any time to inspect the same. Such inspection shall not unreasonably hinder or interrupt the operations of the Lessee, except in cases where emergency entry is necessary to preserve the Premises and other property.

12. Liability. This Agreement shall not be construed as imposing any liability on the Lessor for injury or damage to the person or property of the Lessee, or to any other persons or property, arising out of any use of the Premises, or under any other easement, right-of-way, license, lease or other encumbrance now in effect.

12.1 Indemnification. Lessee agrees to defend, indemnify and hold harmless Lessor, its elected officials, officers, agents, volunteers and employees from any liability, claims, causes of action, judgments, damages, losses, costs or expenses, including reasonable attorney fees resulting directly or indirectly from any act or omission of Lessee, anyone directly or indirectly employed by them and/or anyone for whose acts and/or omissions they may be liable in the performance of the services required by this Agreement and against all loss by reason of failure of said Lessee to perform fully, in any respect, all obligations under this Agreement. See **Exhibit B**.

12.2 Insurance. Lessee agrees at all times during the term of this Agreement to have and keep in force insurance, either under a self-insurance program or separate insurance policy, as indicated and shown in attached **Exhibit B** and/or the Special Conditions marked as **Exhibit A**.

12.3 The Lessor reserves the right to terminate, suspend or rescind any Agreement not in compliance with these requirements and retains all rights thereafter to pursue any legal remedies against Lessee. All insurance policies shall be open to inspection by the Lessor, and copies of policies shall be submitted to the Lessor upon written request.

13. Banned Substances. Lessee agrees that no tobacco products, cannabis products, drugs, or illegal substances of any kind shall be sold or distributed on the premises under any circumstances. Alcohol may be served or sold if Lessee is properly licensed/permitted by the appropriate licensing/permitting authority and as authorized in the Special Conditions marked as **Exhibit A**. Lessee understands that any violation of this paragraph shall give the Lessor the rights to terminate this Agreement without penalty to the Lessor, and permanently bar Lessee, or any member or guest of lessee, from the Premises.

14. Lost Property. The Lessor assumes no responsibility whatsoever, for any property placed on the Premises, and the Lessor is hereby expressly released and discharged from any and all liabilities for any loss of property and discharged from any and all liabilities for any loss of property that may be sustained by the use of said Premises under this Agreement.

15. Right to Control. It is understood that the Lessor hereby reserves the right to control and manage the Premises and to enforce all necessary and proper rules for the management and operation of the Premises and for the Lessor employees or other authorized representatives to enter and exercise their authority at the Premises at any time. The Lessor also reserves the right, but not the duty, through its employees and representatives, to eject any objectionable person or persons from the Premises and Lessee hereby waives any and all claims for damages against the Lessor or any of its representatives resulting from the exercise of this authority.

16. Recovery of Expenses. If it is necessary for the Lessor to incur expenses by court action or otherwise for the ejectment of Lessee or Lessee's invitees, or the removal from the leased premises of the Lessee's or Lessee's invitee's personal property, or recovery of the amount due under this Agreement , or for any other remedy of the Lessor under this lease, and the Lessor prevails in the court action or otherwise, then the Lessee shall pay to the Lessor all expenses, including attorney's fees, thus incurred by the Lessor.

17. Severability. If any clause or provision of this Agreement is or becomes illegal, invalid or unenforceable because of present or future laws or any rule or regulation or ordinance, unless exempt, the intentions of the Lessor and Lessee here is that the remaining parts of this Agreement shall not be affected thereby.

18. Governing Law. The laws of the State of Minnesota shall govern all questions and interpretations concerning the validity and construction of this Agreement and the legal relations between the parties herein and performance under it. The appropriate venue and jurisdiction for any litigation hereunder will be those courts located within the County of Itasca, State of Minnesota. Litigation, however, in the federal courts involving the parties herein will be in the appropriate federal court within the State of Minnesota. Any claim, controversy or dispute arising out of this Agreement may upon mutual agreement of the parties be referred to non-binding or binding arbitration in accordance with the commercial rules of the American Arbitration Association. If any provisions of this Agreement are held invalid, illegal or unenforceable, the remaining provisions will not be affected.

19. Modifications/Amendment. Any alterations, variations, modifications, amendments or waivers of the provisions of this Agreement shall only be valid when they have been reduced to writing and signed by authorized representative of the Lessor and Lessee.

20. Notification. Any notice given under this Contract shall be in writing and served upon the other party either personally or by depositing such notice in the United States mail with proper address and sent by certified mail, return receipt requested. Service shall be effective on the earlier of receipt or five days after the depositing of the notice in the United States mail. The proper mailing addresses for Lessor and Lessee for the purposes of serving notice are as follows:

Lessor
Itasca Land Department
c/o Land Commissioner
1177 LaPrairie Avenue
Grand Rapids, Minnesota 55744

Itasca Auditor
County Courthouse
123 NE 4th Street
Grand Rapids, Minnesota 55744

Lessee
Itasca County Agricultural Association
P.O Box 673
Grand Rapids, MN 55744

21. Compliance with Laws. Lessee shall abide by all Federal, State and local laws, statutes, ordinances, rules and regulations, unless exempt, now in effect or hereinafter adopted pertaining to this Agreement or to the facilities, programs and staff for which Lessee is responsible.

22. Records Audition and Retention. Lessee's books, records, documents, papers, accounting procedures and practices, and other evidences relevant to this Agreement are subject to the examination, duplication, transcription and audit by the County and either the legislative or State Auditor, pursuant to Minn. Stat. § 16C.05, subd. 5. Such evidences are also subject to review by the Comptroller General of the United States, or a duly authorized representative, if federal funds are used for any work under this Agreement. Lessee agrees to maintain such evidences for a period of six (6) years from the date services or payment were last provided or made or longer if any audit in progress required a longer retention period.

23. Waiver. Any waiver by either party of any provision of this Contract shall not imply a subsequent waiver of that or any other provision.

24. Assignment. Lessee shall not encumber or assign this Agreement or sublet the Premises or any part thereof without prior written consent of Lessor. No action of Lessor in collecting payment from any sublessee, assignee, or occupant shall constitute a waiver hereof.

25. Final Agreement. This Agreement is the final expression of the agreement of the parties and the complete and exclusive statement of the terms agreed upon, and shall supersede all prior negotiations, understandings or agreements. There are no representations, warranties, or stipulations, either oral or written, not herein contained.

25.1 If this Agreement conflicts with a Special Conditions, the Special Conditions shall control.

EXECUTION

IN WITNESS WHEREOF, the Lessor has caused this Agreement to be signed by its duly authorized officers and the Lessee has hereunto set its hand.

Dated this ______ day of ____________________, __________.

LESSEE: **Itasca County Agricultural Association**

By: ______________________________

Its ______________________________

LESSOR: **County of Itasca**

By: ________________________________

Its: ________________________________
Chair of the Board of Commissioners

By: ________________________________

Its: ________________________________
Clerk of the Board of Commissioners

APPROVED AS TO FORM & EXECUTION

By: ________________________________
Itasca County Attorney

Exhibit A
Special Conditions Supplement
Event Lease Agreement

This document shall be considered the Special Conditions to the Event Lease Agreement between **Itasca County**, hereinafter referred to as "Lessor", and **Itasca County Agricultural Association**, hereinafter referred to as "Lessee". Both Lessor and Lessee mutually agree to the following in addition to the terms contained in the Event Lease Agreement for the 2023 "Lights in the Pines" event, occurring on November 16th through December 31st, 2023 at the Itasca County Fairgrounds Park.

The Itasca County Agricultural Association will be conducting the 2023 "Lights in the Pines" event to display a drive-through holiday light show on the general grounds and Santa-land in the Commercial Building.

Event Hours of Operation: 5:00 PM to 10:00 PM
Gate Closed at 9:00 PM
11 Nights with Light Show and Santa-land:
  November 24, 25
  December 1, 2, 7, 8, 9, 15, 16, 22, 23
6 Nights with Light Show and Winter Characters:
  December 26, 27, 28, 29, 30, 31
(Veterans Night is December 7, Pearl Harbor Day)

Both parties of this contract mutually agree to the following in addition to the terms contained in the Lease Agreement.

A. Lessee will be responsible for providing garbage dumpsters and removal during/after event.

B. Lessee will be responsible for providing and maintaining portable restrooms for event.

C. Lessee will be responsible for coordination of and any additional costs associated with the Itasca County Transportation Department for snow removal in the fairgrounds for the event during the term of the agreement.

D. Lessee will be responsible for coordination of and any costs associated with the City of Grand Rapids for directing and controlling traffic flow on city streets adjacent to the fairgrounds during the event.

E. Lessee will be responsible for coordination of and any costs with the City of Grand Rapids (i.e. Fire Department) and/or any other responsible agencies for compliant and safe winter use of the Commercial Building by the public for the event.

F. Lessee will allow for and identify public access to and public parking for the Taconite and Mesabi trails during the term of the agreement.

G. Lessee will clearly delineate and allow for safe use of the snowmobile trail corridor by snowmobiles through the fairgrounds during the term of the agreement.

H. Lessee will be responsible for clearly identifying all event entrances (west entrance) and event exits (east exit), and any event emergency exits for the event attendees and general public.

I. Lessee will be responsible for coordination of and any costs associated with all directing of traffic and providing parking staff for the event as needed, event parking will be confined to the north parking lot and east of the Commercial Building for volunteers.

J. Lessee are authorized to install "No Loitering After Dark" or similar signs and security cameras in the event areas during the term of the agreement.

K. Licensed/Permitted Activity under Section 13. "Banned Substances" of the Lease Agreement, if applicable (i.e. beer garden, etc.): **N/A**

L. Lessee is allowed to use the following personal property or fixtures within the leased Premises, if applicable: **Electricity:** Lessee will be responsible for reimbursement to the Lessor for electricity costs associated with the event.

M. Movement and use of Picnic Tables: **N/A**

N. Extension of Term, if applicable: **N/A**.

O. Insurance, if different than that contained in Exhibit B: **N/A**

P. Sublease/subcontract, if applicable: **All Vendors**

Q. Mobile Food booths will be limited to ___**0**_____ mobile food booths.

R. Other terms and conditions:
   1. A modification to the Indemnification and Insurance Policy dated April 27, 2010 is approved as a minimum and required as follows: Auto Liability Insurance in the amount of $1,000,000 combined single limit naming Itasca County as additional insured; and a signed Worker's Compensation Insurance Certificate of Compliance on file.
   2. All revenues and expenses related to the activities of the ICAA and its property management services of the Fairgrounds Park are segregated from those relating to conduct of the Itasca County Fair. Provided under this Agreement, a separate bank account shall be maintained by ICAA for revenues and expenses related to Lights in the Pines event with net proceeds dedicated to Fairgrounds Park property projects.

Exhibit B
Indemnification and Insurance
Event Lease Agreement

A. LESSEE agrees to defend, indemnify and hold harmless COUNTY, its elected officials, officers, agents, volunteers and employees from any liability, claims, causes of action, judgments, damages, losses, costs or expenses, including reasonable attorney fees resulting directly or indirectly from any act or omission of LESSEE, anyone directly or indirectly employed by them and/or anyone for whose acts and/or omissions they may be liable in the performance of the services required by this contract and against all loss by reason of failure of said LESSEE to perform fully, in any respect, all obligations under this contract.

B. LESSEE agrees at all times during the term of this Agreement to have and keep in force insurance, either under a self-insurance program or separate insurance policy, as follows:

a. Commercial General Liability shall list Itasca County as an additional insured with the following insurance limits:

	Limits
General Aggregate	$3,000,000
Products-Completed Operations Aggregate	$3,000,000
Personal and Advertising Injury	$1,500,000
Each Occurrence: Combined Bodily Injury and Property Damage	$1,500,000

	Limits
b. Automobile Liability - Combined single limit each occurrence for bodily injury and property damage covering owned, non-owned and hired automobiles	$1,500,000

c. Workers' Compensation and Employer's Liability:	Statutory Limits

If the LESSEE is based outside the State of Minnesota, coverage must apply to Minnesota Laws.

d. Employer's Liability	Limits
Bodily injury by:	
Accident - Each Accident	$500,000
Disease - Policy Limit	$500,000
Disease - Each Employee	$500,000

An umbrella or excess policy over primary liability coverage is an acceptable method to provide the required aggregate insurance amounts.

The above establishes minimum insurance requirements. It is the sole responsibility of LESSEE to determine the need for and to procure additional coverage that may be needed in connection with this Agreement.

LESSEE shall not commence work on the Site, or otherwise occupy the Site, until it has obtained required insurance and filed an acceptable Certificate of Insurance with COUNTY to the attention of: Land Commissioner, 1177 LaPrairie Avenue Grand Rapids, MN 55744. The Certificate shall:

1. List Itasca County as Certificate holder and as an additional insured with respect to operations covered under the contract for all liability coverages except Workers' Compensation and Employer's Liability and Professional Liability, if applicable; and,

2. Be amended to show that Itasca County will receive thirty (30) days written notice in the event of cancellation, non-renewal or material change in any described policies.

C. LESSEE also agrees that any contract let by LESSEE for the performance of the work on the Site as provided herein shall include clauses that will: (1) require the LESSEE to defend, indemnify and hold harmless COUNTY, its elected officials, officers, agents and employees for any liability, claims, causes of action, losses, demands, damages, judgments, costs, interest, expenses (including, without limitation, reasonable attorney fees, witness fees and disbursements incurred in the defendant thereof) arising out of or by reason of the acts and/or omissions of said LESSEE, its subcontractors, anyone directly or indirectly employed by them, and/or anyone for whose acts and/or omissions they may be liable for; and (2) require the LESSEE to provide and maintain insurance in accordance with the following:

a. Workers' Compensation: (Statutory Limits)

Employer's Liability Insurance:

		Limits
1.	Bodily Injury by Accident, each accident	$500,000
2.	Bodily Injury by Disease, policy limit	$500,000
3.	Bodily Injury by Disease, each employee	$500,000

Note: all states endorsement is required if LESSEE is domiciled outside the State of Minnesota.

b. Commercial General and Automobile Liability Insurance:

		Limits
1.	Commercial General Liability:	
	Combined Bodily Injury and Property Damage	
	Each Occurrence Limit	$1,500,000
	General Aggregate Limit	$3,000,000
	Products - Completed Operations	
	Aggregate Limit	$3,000,000
	Personal and Advertising Injury Limit	$1,500,000

Coverages above shall also include:
Premises - Operations
Contractual Liability (including oral and written contracts)
Explosion, Collapse, Underground Property Damage (XCU)

2. Automobile Liability including Hired Car and Employers Non-Ownership Liability:
Combined Bodily Injury and Property Damage:

Each Occurrence Limit	$1,500,000

The above subparagraphs establish minimum insurance requirements and it is the sole responsibility of LESSEE'S Subcontractor(s) to purchase additional insurance that may be necessary for the project.

D. **LESSEE further agrees the minimum requirements set forth above shall at all times be in an amount at least equal to the maximum liability of the COUNTY under Minn. Stat. 466.04 now or as said statute is hereafter amended or as otherwise required by law, statute or rule.**

E. In addition to any other rights contained herein the COUNTY reserves the right to terminate, suspend or rescind this contract if the LESSEE is not in compliance with the requirements contained herein and retains all rights its thereafter to pursue any legal remedies against LESSEE. All insurance policies shall be open to inspection by the COUNTY upon written request.

ITASCA COUNTY
BOARD OF COMMISSIONERS
Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Tuesday, November 14, 2023

REQUEST FOR BOARD ACTION: RBA-2023-2807

DEPARTMENT: Administrative Services **TIME REQUESTED:** 10 Minutes
PRESENTER: Chair

AGENDA ITEM:
Citizen Input

BOARD ACTION REQUESTED:
Receive Citizen Input

BACKGROUND:
The Itasca County Board of Commissioners encourages citizen input. Each citizen will be allowed to address the County Board one time for up to three (3) minutes in length. Comments should be directed to the Board as a body. When addressing the Board, please state your name and address for the record. The Board will take all information under advisement. As part of County Board protocol, it is unacceptable for any speaker to slander or engage in character assassination at a County Board meeting. In addition, no political grandstanding, candidate endorsement, or other attempts to influence the outcome of an election shall be permitted. Any violation of the above statement shall result in the loss of your remaining time.

COUNTY ATTORNEY REVIEW: N/A

SUPPORTING DOCUMENTATION: None

RESULT:	**INFORMATIONAL - NO ACTION TAKEN**

ITASCA COUNTY
BOARD OF COMMISSIONERS
Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Tuesday, November 14, 2023

REQUEST FOR BOARD ACTION: RBA-2023-2832

DEPARTMENT: Auditor / Treasurer **TIME REQUESTED:** < 5 Minutes
PRESENTER: Gail Guck

AGENDA ITEM:
Commissioner Warrants

BOARD ACTION REQUESTED:
Approve Commissioner Warrants with a check date of November 17, 2023, in the amount of $2,445,217.55.

BACKGROUND:

COUNTY ATTORNEY REVIEW: N/A

SUPPORTING DOCUMENTATION: None

RESULT:	**APPROVED (4 TO 0)**
MOVER:	Commissioner John Johnson
SECONDER:	Commissioner Cory Smith
AYES:	Cory Smith, John Johnson, Burl Ives, Casey Venema
ABSENT:	Terry Snyder

ITASCA COUNTY
BOARD OF COMMISSIONERS
Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Tuesday, November 14, 2023

REQUEST FOR BOARD ACTION: RBA-2023-3328

DEPARTMENT: Administrative Services **TIME REQUESTED:** 10 Minutes
PRESENTER: Brett Skyles, Shane Zahrt

AGENDA ITEM:
Legislative Services Proposal

BOARD ACTION REQUESTED:
Review Legislative Lobbying Services proposal submitted by Flaherty and Hood.

BACKGROUND:

COUNTY ATTORNEY REVIEW: Yes and/or Pending

SUPPORTING DOCUMENTATION:
1. Flaherty & Hood Legislative Proposal - Itasca County

RESULT:	**INFORMATIONAL - NO ACTION TAKEN**

October 24, 2023

Brett Skyles
County Administrator
Itasca County
123 NE 4th Street
Grand Rapids, MN 55744

Dear Mr. Skyles,

Flaherty & Hood, P.A. is pleased to submit this proposal to express our sincere interest in providing state government relations and lobbying services to Itasca County. We have enjoyed working together to advance funding for U.S. Highway 169, and we are excited for the opportunity to expand our partnership. As you know, our firm has an extensive background in representing local governments at the state Capitol, and we believe that our experience and personnel uniquely qualify us to help you achieve your goals at the legislature and beyond.

The government relations practice at Flaherty & Hood focuses primarily on issues related to tax, transportation, economic development, capital investment, environmental regulation, energy, and land use. In recent years, Flaherty & Hood has been a pioneer in helping local governments tackle difficult challenges at the state level. Our firm has realized a great deal of success by employing a flexible and creative approach that blends legislative, regulatory, and legal advocacy. In addition to our work to help fund the improvement of U.S. Highway 169 in Itasca County, some of our latest wins have included securing more than $250 million for the expansion of U.S. Highway 14, advancing numerous economic development proposals to benefit rural communities, and playing a key role in the passage of the 2023 capital investment package that brought hundreds of millions of dollars to local projects across the state.

Moreover, Flaherty & Hood has unrivaled expertise in the issues that face communities that host large, investor-owned power facilities, as well as communities where state-assessed utility property makes up a significant portion of the local tax base. Flaherty & Hood Senior Lobbyist/Attorney Shane Zahrt developed a package of strategies for these communities and has become a recognized expert on community transitions, serving on the State's Energy Transition Advisory Committee and presenting to numerous stakeholders within and outside of Minnesota. His recent achievements for host communities include successfully advocating for the creation of the Energy Transition Office and the Community Energy Transition Grant Program.

Flaherty & Hood recognizes that this change in legislative representation is a major transition for the County. In recent years, Flaherty & Hood has maintained a contractual relationship with Loren Solberg as a consultant for our firm. The firm intends to continue that relationship through at least 2024, so that Loren's deep connections and experience will continue to benefit the County throughout this transition. For more than 30 years, Flaherty & Hood has been built on the tradition of bringing Greater Minnesota's voice to the legislature. The combination of skills and expertise brought by Itasca County's highly skilled Board and staff, Loren Solberg's institutional knowledge and local connections, and Flaherty & Hood's team of professionals will help form the perfect partnership to advance the County's interests into the future.

Please find enclosed further information about Flaherty & Hood, our relevant experience, and the scope of services proposed. With any questions about this proposal, please contact Shane Zahrt at sazahrt@flaherty-hood.com or (651) 295-1123.

Firm Overview and Experience

Flaherty & Hood, P.A. is a comprehensive lobbying and law firm based just steps away from the state Capitol in St. Paul. Our firm employs more than 30 attorneys, lobbyists, communications specialists, analysts, consultants, and administrative professionals dedicated to providing exceptional service to our clients. The current government relations team at Flaherty & Hood has more than 140 years of combined experience at the Capitol and includes three licensed attorneys and three former state legislators: former Senate Assistant Minority Leader Erik Simonson (DFL-Duluth) and former House Minority Leader Marty Seifert (R-Marshall) are directly employed by our firm, and we maintain a close contract relationship with former House Ways and Means Chair Loren Solberg. In addition to our traditional lobbying capabilities, our government relations team includes an in-house media and communications department, policy analysis experts, and dedicated organizational and administrative staff.

Flaherty & Hood has built a foundation of successful advocacy with a collaborative, high-touch approach. For each client, the lead lobbyist is supported by other staff well-versed in the client's needs. This capacity means that we can ensure coverage of every critical floor vote, committee hearing, and stakeholder meeting for each one of our clients. We manage each team member's workload so that they are accessible and responsive to client needs, especially during the busy legislative session.

Scope of Services

While specific issues will be identified by Itasca County with strategic guidance from Flaherty & Hood, we anticipate that our work under this proposal will include the following:

- Monitoring legislation for issues that directly impact Itasca County's interests and operations
- Securing funding for local projects
- Advancing the County's interests on the subject of Payment in Lieu of Taxes
- Deepening the County's legislative and administrative engagement on tax base and economic issues related to the impending retirement of Minnesota Power's Boswell Plant
- Monitoring and responding to legislative action on issues related to county-based purchasing for health plans
- Protecting the County's interests related to Itasca's county-owned nursing home
- Representing the County's interests in potential legislative and regulatory issues related to the siting of a solid waste facility
- Focusing on Itasca County's list of legislative priorities

In addition to the issues listed above, Flaherty & Hood will continue to assist the County on issues related to funding of Highway 169 improvements and the creation of a coalition to advance that cause.

Compensation and Project Management

The cost of the services outlined in this agreement is $45,000. This is a flat fee rate that will be billed in four installments of $11,250 with invoices in January, April, July, and October 2024. There may be additional reasonable expenses such as printing, postage, travel, and meal expenses related to the execution of County business that will be billed separately.

The term of services would commence upon approval by the Itasca County Board and run through December 31, 2024. This agreement may be terminated by Itasca County or the Firm by giving 30 days written notice to the other party, and any amounts due and owing up to such time will be promptly billed and paid.

If selected to provide legislative services, Flaherty & Hood Senior Attorney/Lobbyist Shane Zahrt will serve as the primary contact for Itasca County. As head of the lobbying practice, Shareholder Attorney/Lobbyist Bradley Peterson will be ultimately responsible for the delivery of services to Itasca County. In addition, Flaherty & Hood will continue to maintain a consultant relationship with Loren Solberg, whose experience and contacts both in Itasca County and at the Capitol are unmatched. The partnership between our firm and Mr. Solberg brings continuity that will ease the County's transition to new legislative representation.

Key Personnel

While additional Flaherty & Hood staff members may be called upon where it would benefit Itasca County's needs, the following individuals will be primarily responsible for delivering services to the County:

Shane Zahrt, Senior Attorney/Lobbyist

Shane is a recognizable face at the Capitol in the areas of energy, transportation, taxes, and economic development. Since joining Flaherty & Hood, Shane has worked on behalf of clients to secure hundreds of millions of dollars in funding for regional and local projects, including more than $250 million in state and federal dollars for improvements to U.S. Highway 14 in southern Minnesota. Shane has also achieved national recognition for his work with communities that host large, retiring power plants. His work on behalf of the Coalition of Utility Cities was pivotal to the creation of the Energy Transition Office and various programs within Minnesota state government to support these communities.

Prior to joining the firm, Shane worked on political campaigns in Minnesota and North Dakota. He also served as Legislative Assistant to the North Dakota Senate Minority Leader, where he oversaw research and legislative strategy on a diverse array of issues.

Shane is a graduate of William Mitchell College of Law (2016) and the University of North Dakota (2010). He is admitted to practice law in the state of Minnesota (2016).

Erik Simonson, Senior Lobbyist

Erik brings years of valuable legislative, local government, and non-profit experience to our clients. His key areas of expertise include taxes, bonding, economic development, environment, energy, and public safety.

Erik served in the Minnesota House of Representatives from 2013 to 2016, and the Minnesota Senate from 2017 to 2020. He was elected Assistant Minority Leader of the Senate DFL Caucus in 2020 and focused heavily on issues important to Greater Minnesota and local governments throughout his entire legislative career. He retired from the Duluth Fire Department as an Assistant Chief in 2017 and has worked in top management positions in both the non-profit community and the public higher education workforce development community. Erik has successfully advocated for local option sales taxes for communities, capital investment projects and a variety of general fund appropriations and policy initiatives.

Bradley Peterson, Shareholder Attorney

Bradley leads the firm's government relations practice and serves a diverse set of legislative clients in the areas of bonding, economic development, transportation, property taxes, tax increment financing, local sales taxes, environmental regulation, energy, and annexation and land use. He has been with the firm since 2007.

Prior to joining Flaherty & Hood, Bradley was Senior Advocacy Director for the American Heart Association in Minnesota.

Bradley holds a degree in history from Gustavus Adolphus College (1998) and a law degree from Hamline University School of Law (2005). He is admitted to practice law in the state of Minnesota (2005).

Environmental Services

As a County that confronts a range of environmental and land use issues, Itasca County may find value in Flaherty & Hood's environmental legal services at a future date. Flaherty & Hood has built an environmental legal practice that helps communities across the state navigate the complexities of federal and state environmental regulations. Our attorneys within the practice have extensive experience working with the Minnesota Department of Natural Resources, the Minnesota Pollution Control Agency, the Minnesota Environmental Quality Board, the Minnesota Department of Health, and other state departments and agencies. These partnerships give us a unique capacity to assist clients with legal, administrative, and legislative environmental issues. If necessary, rates for environmental matters will be negotiated on a per-case basis.

Actual or Potential Conflicts of Interests

Like other contract lobbying firms, Flaherty & Hood represents a range of clients that have significant and similar interests. Through our representation of various coalitions of local governments, Flaherty & Hood works with several cities located within Itasca County. This includes the City of Cohasset as a member of the Coalition of Utility Cities, as well as others, including Keewatin, Nashwauk, Grand Rapids, and Cohasset, as members of the Coalition of Greater Minnesota Cities.

Flaherty & Hood also provides representation to entities such as the U.S. Highway 14 Partnership, Duluth Seaway Port Authority, and some individual local governments which have legislative priorities in issues related to transportation, land use, environment, tax policy, capital investment, and economic development, but whose priorities do not conflict with those of Itasca County. As far as the firm is aware, neither Flaherty & Hood nor any of the firm's attorneys or staff represent any client which may conflict with the firm's ability to meet Itasca County's legislative needs.

In the unlikely event that a conflict does arise, Flaherty & Hood will immediately engage both parties to come to a mutually satisfactory resolution.

References

Wright County
Contact: Darek Vetsch, County Board Chair
10 2nd St. NW
Buffalo, MN 55313
(612) 384-6886
darek.vetsch@co.wright.mn.us

Duluth Seaway Port Authority
Contact: Deb Deluca, Executive Director
802 Garfield Avenue
Duluth, MN 55802
(218) 727-9525
ddeluca@duluthport.com

City of Monticello
Contact: Rachel Leonard, City Administrator
505 Walnut Street
Monticello, MN 55362
(763) 271-3275
Rachel.Leonard@ci.monticello.mn.us

Conclusion

Flaherty & Hood is pleased to provide this proposal for legislative services to Itasca County, and we are confident that we can have a significant impact on advancing your project and protecting your interests.

If the proposal contained in this letter meets your approval, please sign, and return one copy to Flaherty & Hood and retain a copy for your records.

Very truly yours,

FLAHERTY & HOOD, P.A.

By: ____
Bradley Peterson, Shareholder Attorney

Accepted By: ____
Brett Skyles, County Administrator, Itasca County

ITASCA COUNTY
BOARD OF COMMISSIONERS
Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Tuesday, November 14, 2023

REQUEST FOR BOARD ACTION: RBA-2023-3338

DEPARTMENT: Administrative Services **TIME REQUESTED:** 5 Minutes
PRESENTER: John Johnson

AGENDA ITEM:
Arrowhead Counties Association 2024 Legislative Priorities

BOARD ACTION REQUESTED:
Review and discuss the Proposed 2022 Legislative Priorities of the Arrowhead Counties Association (ACA), and identify Itasca County's priorities.

BACKGROUND:

COUNTY ATTORNEY REVIEW: N/A

SUPPORTING DOCUMENTATION:
1. ACA 2024 Legislative Priorities ballot

It was the consensus of the County Board to rank the items as follows: (1) Support for EMS Recruitment and Retention; (2) Tax Forfeiture Issues Arising from Supreme Court Ruling; (3) Mental Health High Acuity Beds for Youth and Adults; (4) Casino Collection of Local Option Sales Tax; (5) State Support for Property Tax Relief Provided to Disabled Veterans; and (6) $4 Million Bonding Request for NERCC Solar Farm.

RESULT:	INFORMATIONAL - NO ACTION TAKEN

ARROWHEAD COUNTIES ASSOCIATION
2024 LEGISLATIVE PRIORITIES BALLOT

PRIORITY	AITKIN	CARLTON	COOK	ITASCA	LAKE	KOOCHICHING	PINE	ST. LOUIS	TOTAL	PRIORITY
Tax forfeiture issues arising from Supreme Court ruling										
Mental health high acuity beds for youth and adults										
$4 million bonding request for NERCC solar farm										
Support for EMS recruitment and retention										
Casino collection of local option sales tax										
State support for property tax relief provided to disabled veterans										

Please rank from 1 (highest priority) to 6 (lowest priority) and return results by Tuesday November 14

ITASCA COUNTY
BOARD OF COMMISSIONERS
Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Tuesday, November 14, 2023

REQUEST FOR BOARD ACTION: RBA-2023-3340

DEPARTMENT: Auditor / Treasurer **TIME REQUESTED:** 15 Minutes
PRESENTER: Austin Rohling

AGENDA ITEM:
Public Hearing Re: Proposed Property Tax Abatement for L&M Supply, Inc

BOARD ACTION REQUESTED:
Hold a Public Hearing Re: Proposed Property Tax Abatement for Certain Property in Itasca County, Minnesota, and Granting a Business Subsidy to L&M Supply, Inc., or Any of Itas Affiliates.

BACKGROUND:

COUNTY ATTORNEY REVIEW: Yes and/or Pending

SUPPORTING DOCUMENTATION:
1. LM - Itasca County Abatement Application Information
2. LM abatment agreement 2023
3. DOCSOPEN-#901296-v2-Itasca_County_PH_Notice_for_LM_Distribution_Abatement
4. Affidavit of Publication - GRHR

Motion To: Adopt the Resolution Re: Granting a Property Tax Abatement for Certain Property in Itasca County, Minnesota; Approving a Business Subsidy; and Authorizing the Execution of a Tax Abatement Agreement with SE 7th Ave Distribution LLC.

RESULT:	**APPROVED (4 TO 0)**
MOVER:	Commissioner John Johnson
SECONDER:	Commissioner Cory Smith
AYES:	Cory Smith, John Johnson, Burl Ives, Casey Venema
ABSENT:	Terry Snyder

ITASCA COUNTY
BOARD OF COMMISSIONERS

Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Tuesday, November 14, 2023

RESOLUTION 2023-45

RE: GRANTING A PROPERTY TAX ABATEMENT FOR CERTAIN PROPERTY IN ITASCA COUNTY, MINNESOTA; APPROVING A BUSINESS SUBSIDY; AND AUTHORIZING THE EXECUTION OF A TAX ABATEMENT AGREEMENT WITH SE 7TH AVE DISTRIBUTION LLC

BE IT RESOLVED, by the Board of Commissioners (the “Board”) of Itasca County, Minnesota (the “County”) as follows:

Section 1. Recitals.

1.01. SE 7th Ave Distribution LLC, a Minnesota limited liability company, or an affiliate (collectively, the “Developer”), has proposed to lease certain property located in the City of Grand Rapids, Minnesota (the “City of Grand Rapids”) and legally described in EXHIBIT A attached hereto (the “Property”) and construct thereon a distribution center and implement industry systems and processes for efficiently moving goods in and out of the distribution center (including state of the art forklifts, conveyor systems, and warehouse management system) (the “Project”).

1.02. The County and the City of Grand Rapids are each contemplating granting a property tax abatement for twenty years in order to facilitate the Project, all pursuant to Minnesota Statutes, Sections 469.1812 through 469.1815, as amended (the “Abatement Act”).

1.03. The Board is considering granting a tax abatement of all or a portion of the County’s share of property taxes generated by improvements on the Property (the “Abatement”) in the approximate maximum amount of $2,523,600 (equal to the principal amount of $1,401,130, plus semiannual interest accruing at the rate of 6.5% per annum) in accordance with the Abatement Act.

1.04. The City of Grand Rapids is also providing tax increment assistance to the Project. Tax abatement and tax increment cannot be provided at the same time. The County Abatement will not commence until the tax increment district is decertified. County Abatement payments are expected to commence on August 1, 2035.

1.05. The financial assistance to be provided by the Developer in the form of the Abatement constitutes a business subsidy in accordance with Minnesota Statutes, Sections 116J.993 to 116J.995, as amended (the “Business Subsidy Act”).

1.06. There has been presented before the Board a form of Abatement Contract (the “Agreement”) between the County and the Developer, which sets forth the terms of the Abatement to be provided by the County.

1.07. The Agreement incorporates a business subsidy agreement within the meaning of the Business Subsidy Act, setting certain goals in connection with the subsidy represented by the

Abatement.

1.08. On September 25, 2023, the City Council of the City conducted a public hearing on the City Abatement and the business subsidy to be provided by the City to the Developer and approved granting an abatement to the Developer in the amount of $3,734,568.

1.089. On the date hereof, the Board conducted a duly noticed public hearing on the Abatement proposed to be granted by the County, as well as the business subsidy to be provided to the Developer. The views of all interested persons were heard and considered at the public hearing.

Section 2. Findings.

2.01. The recitals set forth above are incorporated into this resolution.

2.02. It is hereby found and determined that the benefits to the County from the Abatement will be at least equal to the costs to the County of the Abatement, because (a) the County believes that the development to be facilitated is not reasonably likely to occur absent the Abatement; (b) the development to be facilitated by the Abatement will likely encourage additional development within the area; and (c) the long-term taxes collected from the Property after termination of the Abatement will exceed the amount of the Abatement returned to the Developer.

2.03. It is hereby found and determined that the Abatement is in the public interest because such action will increase the County's tax base and provide additional employment opportunities in the County.

Section 3. Actions Ratified; Abatement Approved.

3.01. The Board hereby ratifies all actions of the County's staff and consultants in arranging for approval of this resolution in accordance with the Abatement Act and the Business Subsidy Act.

3.02. Subject to the provisions of the Abatement Act, the Abatement is hereby approved and adopted subject to the following terms and conditions:

(a) The term "Abatement" means the real property taxes generated in any tax-payable year by extending the County's total tax rate for that year against the tax capacity increase resulting from the construction of the Project, excluding the tax capacity of the land and excluding the portion of the tax capacity attributable to the areawide tax under Minnesota Statutes, Chapter 473F, all as of January 2 in the prior year.

(b) The Abatement will be paid by the County to the Developer on the dates and in accordance with all the terms and conditions of the Agreement.

(c) In accordance with Section 469.1813, subdivision 8 of the Abatement Act, in no year shall the Abatement, together with all other abatements approved by the County under the Abatement Act and paid in that year exceed the greater of 10% of the net tax capacity of the County for that year or $200,000 (the "Abatement Cap"). The County may grant other abatements permitted under the Abatement Act after the date of this resolution, provided that to the extent the total abatements in any year exceed the Abatement Cap, the allocation of Abatement Cap to such other abatements is subordinate to the Abatement granted pursuant to this resolution.

(d) The Abatement will have a maximum term of twenty (20) years.

(e) In no event shall the total payments of the Abatement to Developer exceed $2,523,600 (equal to principal of $1,401,130, plus semiannual interest accruing at the rate of 6.5% per annum) or continue to be paid for more than twenty (20) years.

(f) The Abatement is subject to modification in accordance with the Abatement Act, subject to the terms of the Agreement.

(g) In accordance with Section 469.1815 of the Abatement Act, the County will add to its levy in each year during the term of the Abatement the total estimated amount of current year Abatement granted under this resolution.

(h) The County makes no warranties or representations regarding the amount or availability of the Abatement.

(i) The Abatement shall be provided to the Developer pursuant to the terms and conditions of the Agreement, as approved by the Board.

Section 4. Approval of Agreement. The Agreement, including the business subsidy agreement, is hereby in all respects authorized, approved, and confirmed and the Chair and the County Administrator are hereby authorized and directed to execute and deliver the Agreement for and on behalf of the County in substantially the form now on file with the County but with such modifications as shall be deemed necessary, desirable or appropriate, their execution thereof to constitute such conclusive evidence of their approval of any and all modifications therein.

Section 5. Effective Date. This resolution is effective upon execution in full of the Agreement.

RESULT:	**APPROVED (4 TO 0)**
MOVER:	Commissioner John Johnson
SECONDER:	Commissioner Cory Smith
AYES:	Cory Smith, John Johnson, Burl Ives, Casey Venema
ABSENT:	Terry Snyder

STATE OF MINNESOTA
Office of County Administrator
ss. County of Itasca

I, BRETT SKYLES, Administrator of the County of Itasca, do hereby certify that I have compared the foregoing with the original resolution filed in my office on the 14th day of November A.D. 2023 and that the same is a true and correct copy of the whole thereof.

WITNESS MY HAND AND SEAL OF OFFICE at Grand Rapids, Minnesota, this 14th day of November A.D. 2023.

Administrator

EXHIBIT A

PROPERTY

The Property is identified by the following parcel identification numbers:

91-033-1410
91-033-1430
91-033-1406
91-033-4120

TA125-42 (JAE)
901295v2

Application for County Tax Abatement – L&M Supply, Inc.

Application Parts

8/24/2023

Table of Contents

Business Plan

Corporation/Partnership Description

L&M Supply, Inc. is a privately held retail company based in Grand Rapids, Minnesota with 12 stores located across Northern Minnesota, Wisconsin, and Michigan. L&M was founded in 1959 in Grand Rapids and is currently led by the third generation of family owners who live, work, and play in the Grand Rapids area. L&M Supply Stores are in the Farm/Home category of retail with 14 departments across their stores from Plumbing to Farm and Sporting Goods to Housewares.

The growth plan is to open a store every 1-2 years, focusing on the northern side of the upper Midwest. In addition to new store openings, current store remodels often add retail square footage that facilitates same-store sales growth.

L&M is a member/owner of Mid-States Distributing, a buying and distribution organization that allows L&M and other members to take advantage of the buying power of a large national retailer.

List of Shareholders/Partners

- Del Matteson
- Shawn Matteson
- Erik Andersen
- Christina Andersen

Description of Project

Due to the continued growth of L&M Supply, Inc. stores, the existing distribution center, located in La Prairie, Minnesota, is no longer capable of processing, storing, and distributing the volumes of goods needed to support the stores. After a comprehensive study of available options was completed, the decision was made to construct a greenfield, state of the art distribution center in the City of Grand Rapids, Minnesota. The project will involve building the new distribution center and implementing industry standard systems and processes for efficiently moving goods in and out of the facility and will support L&M Supply's growth for decades to come.

Included in the project will be the addition of state-of-the-art forklifts, conveyor systems for moving product within the distribution center, a sortation system to increase efficiency, and a new warehouse management system that will increase accuracy, visibility and systematic knowledge of inventory at all states of processing within the distribution center.

But For Analysis

After a thorough financial analysis and due to the size & scope of project, this project would not be possible in the City of Grand Rapids and Itasca County but for the assistance provided by Itasca County through Tax Abatement.

Part 5 – List of Prospective Lessees

L&M Supply, Inc. intends to lease the entirety of the facility on a triple-net basis in accordance with a standard Minnesota Commercial lease from SE 7th Ave Distribution LLC. A pro-forma of the P&L and Cash Flow statement for SE 7th Ave Distribution LLC for the first 10 years is below.

	PROFIT & LOSS										
Per Square Ft Rate	$ 8.00										
	2025	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**
Rental Income	$ 1,680,000	$ 1,680,000	$ 1,680,000	$ 1,680,000	$ 1,680,000	$ 1,680,000	$ 1,680,000	$ 1,680,000	$ 1,680,000	$ 1,680,000	$ 1,680,000
Total Interest Expenses	$ (1,333,854)	$(1,580,721)	$(1,557,819)	$(1,561,069)	$ (1,529,678)	$ (1,489,911)	$ (1,452,008)	$ (1,421,551)	$ (1,389,291)	$ (1,355,115)	$ (1,319,563)
NET INCOME	**$ 346,146**	**$ 99,279**	**$ 122,181**	**$ 118,931**	**$ 150,322**	**$ 190,089**	**$ 227,992**	**$ 258,449**	**$ 290,709**	**$ 324,885**	**$ 360,437**
	CASH FLOW										
Net Income	$ 346,146	$ 99,279	$ 122,181	$ 118,931	$ 150,322	$ 190,089	$ 227,992	$ 258,449	$ 290,709	$ 324,885	$ 360,437
Net Principal Payments	$ (469,866)	$ (583,559)	$ (606,250)	$ (966,290)	$ (1,070,145)	$ (1,109,658)	$ (783,505)	$ (741,243)	$ (773,199)	$ (807,051)	$ (617,051)
Net Cash Flow	$ (123,719)	$ (484,280)	$ (484,069)	$ (847,359)	$ (919,823)	$ (919,569)	$ (555,512)	$ (482,794)	$ (482,490)	$ (482,166)	$ (256,613)
	-4.12%	-16.14%	-16.14%	-28.25%	-30.66%	-30.65%	-18.52%	-16.09%	-16.08%	-16.07%	-8.55%

The terms of the debt service are currently being negotiated with local banks including Deerwood Bank.

Part 6 – Legal Description, Property Identification Numbers, Maps of the Project Area, Project Renderings

LEGAL DESCRIPTION

The following four Property Identification Numbers comprise the location for the new Distribution Center.

1. 91-033-1410
2. 91-033-1430
3. 91-033-1406
4. 91-033-4120

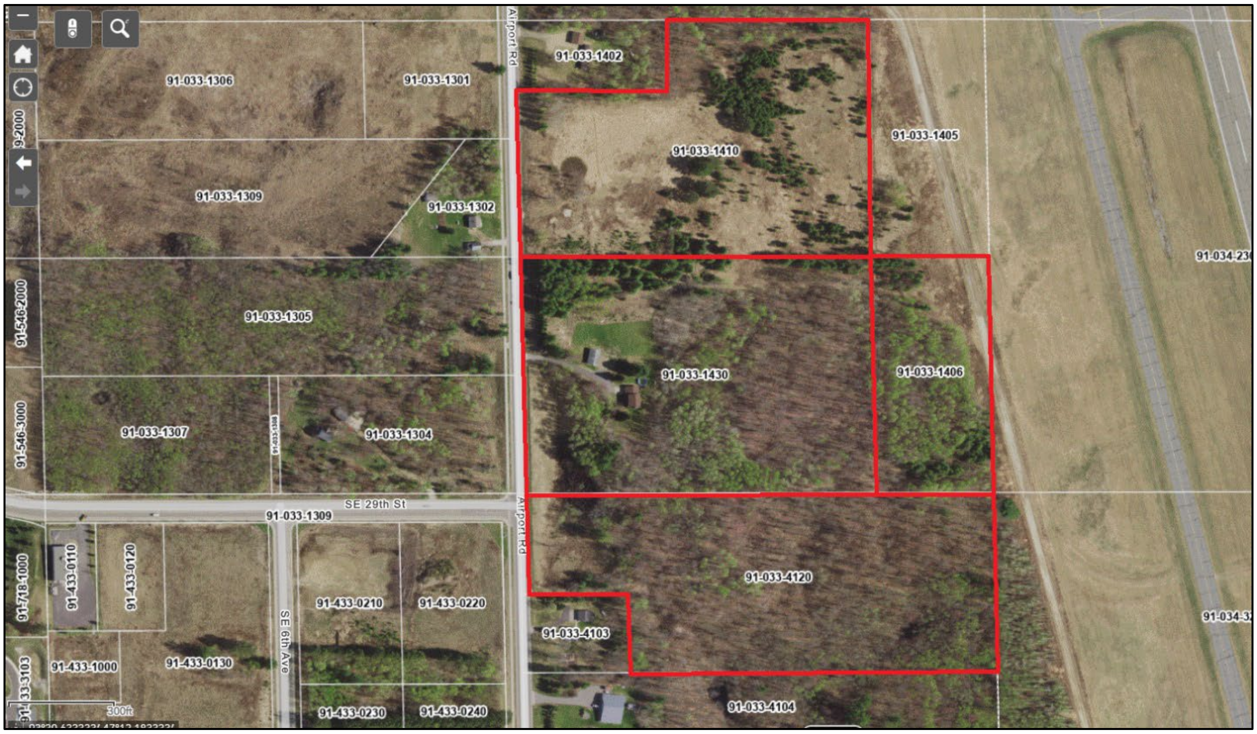

Figure 1: Map of Subject Land Parcels

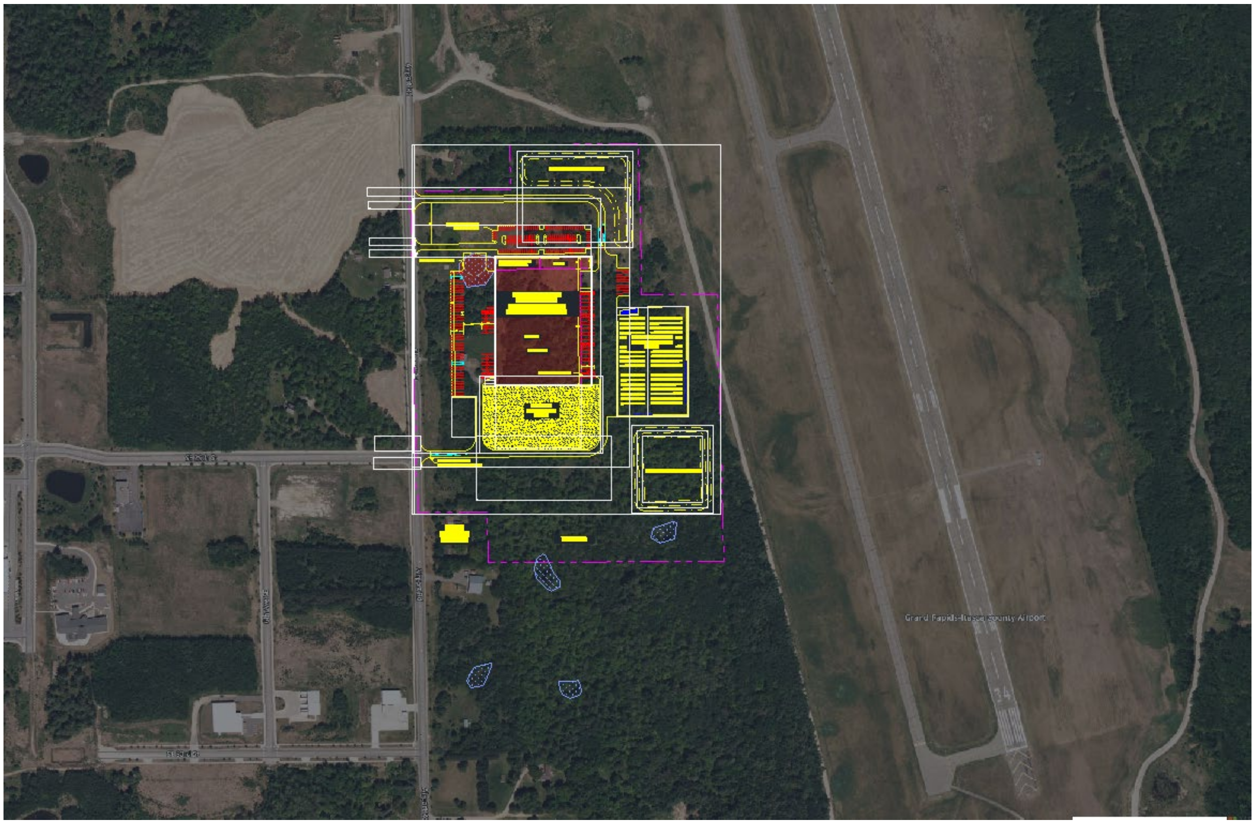

Figure 2: Overhead Site Plan

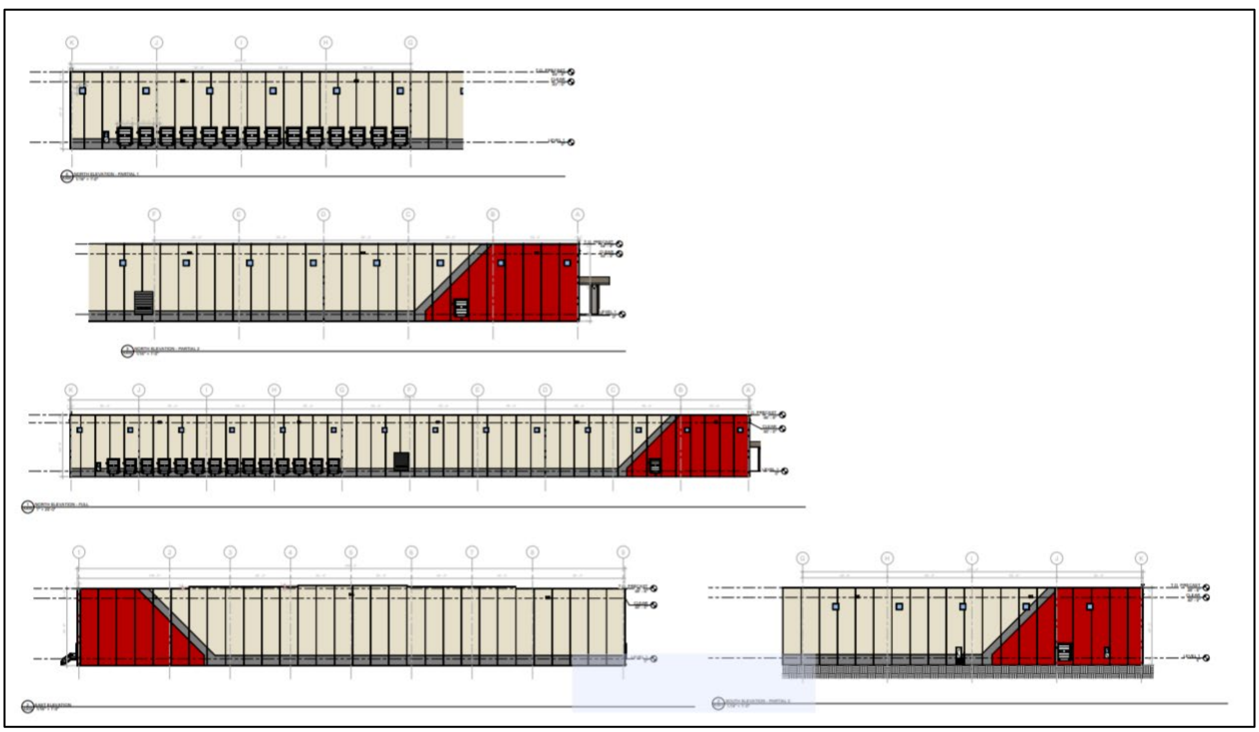

Figure 3: Preliminary Rendering

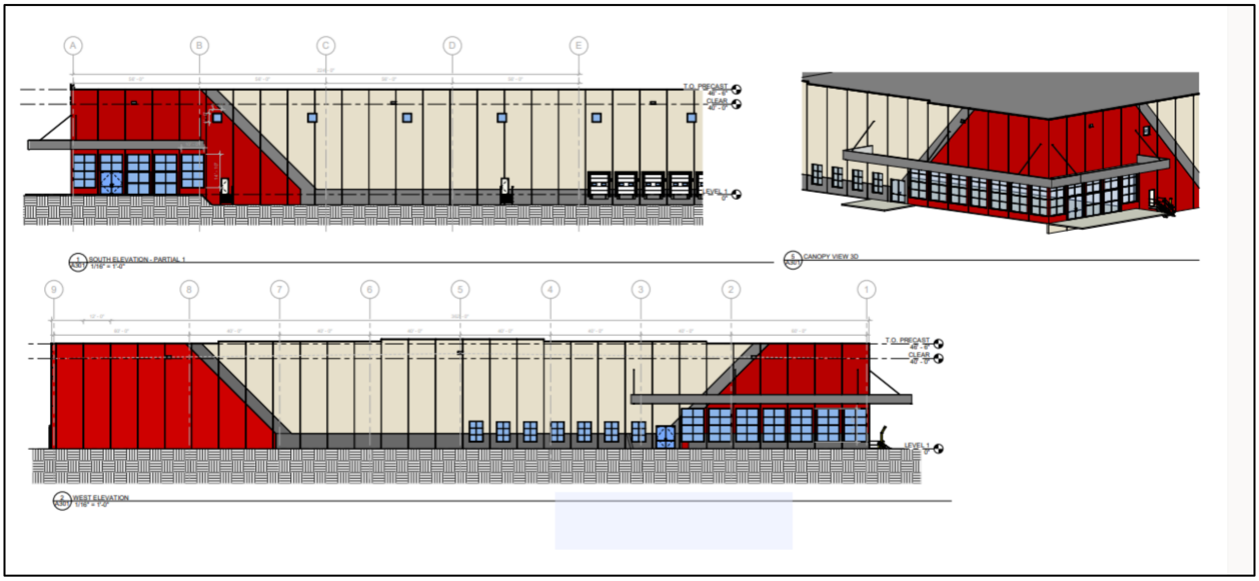

Figure 4: Preliminary Rendering

Public Purpose Narrative

This project will result in the retention of 81 distribution center positions here in the Grand Rapids Area. Further, due to continued growth and expansion, it is expected that the project will create 35-50 new positions in both the new distribution center as well as the Corporate Office. These new positions range from warehouse workers to supervisors, supporting administrative positions, and professional leadership positions. With benefits, pay rates range from $30-$50 per hour for hourly positions to $55,000 to $100,000+ per year for salaried positions.

Sources and Uses of Funds*

L&M GREENFIELD DISTRIBUTION FACITY SOURCES AND USES OF FUNDS			
SOURCES OF FUNDS			
	Bank Mortgage	$	27,672,205
	Bank Equipment	$	13,602,003
	TIF City of GR	$	2,178,120
	Tax Abatement City of GR	$	2,073,572
	Tax Abatement Itasca County	$	1,401,135
	IRRR Funding	$	2,500,000
	DEED MIF	$	1,000,000
	DEED JEP	$	2,000,000
	Equity	$	3,000,000
TOTAL SOURCES OF FUNDS		$	55,427,035
USES OF FUNDS			
	Land	$	424,852
	Building	$	33,141,825
	Site Improvements	$	4,758,355
	Phase 1 Equipment	$	4,961,535
	Phase 2 Equipment	$	9,990,468
	Furniture/Fixtures	$	500,000
	Computer Hardware & Equipment	$	1,000,000
	Computer Software	$	650,000
	Development Financing		
TOTAL USES OF FUNDS		$	55,427,035

**Preliminary figures, subject to change.*

Draft
November 7, 2023

ABATEMENT CONTRACT

Between

ITASCA COUNTY, MINNESOTA

and

SE 7TH AVE DISTRIBUTION LLC

Dated: _____________, 2023

This document was drafted by:
KENNEDY & GRAVEN, CHARTERED (JAE)
150 South Fifth Street, Suite 700
Minneapolis, MN 55402
Telephone: (612) 337-9300

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ABATEMENT CONTRACT

THIS ABATEMENT CONTRACT (the "Agreement") is made and entered into as of this ___ day of ______________, 2023, between ITASCA COUNTY, MINNESOTA, a political subdivision under the laws of the State of Minnesota (the "County"), and SE 7th Ave Distribution LLC, a Minnesota limited liability company (the "Developer").

RECITALS

WHEREAS, pursuant to Minnesota Statutes, Sections 469.1812 through 469.1815, as amended (the "Act"), the County is authorized to abate property taxes in order to increase or preserve the tax base, provide employment opportunities, and help provide access to services for residents of the County; and

WHEREAS, pursuant to Minnesota Statutes, Sections 116J.993 to 116J.995, as amended (the "Business Subsidy Act"), the County is authorized to grant a business subsidy to facilitate development, and to increase the tax base of the County and the State of Minnesota (the "State"); and

WHEREAS, the Developer intends to lease property from L&M Supply, Inc. (an affiliate of the Developer) in the City of Grand Rapids as legally described in EXHIBIT A attached hereto (the "Property") and intends to construct an approximately 210,000 square feet distribution center and implement industry systems and processes for efficiently moving goods in and out of the distribution center (including state of the art forklifts, conveyor systems, and warehouse management system) on the Property (the "Minimum Improvements"); and

WHEREAS, the Developer has applied for a property tax abatement from the County to help finance the Minimum Improvements; and

WHEREAS, the public purposes of the property tax abatement contemplated herein are to increase the tax base of the County and bring additional jobs to the County; and

WHEREAS, the County believes that the property tax abatement contemplated herein and fulfillment of this Agreement is in the best interests of the County and the health, safety, morals and welfare of its residents, and is in accord with the public purposes and provisions of the Act, the Business Subsidy Act, and other applicable State and local laws and requirements under which this Agreement is made; and

WHEREAS, the Developer agrees to complete the Minimum Improvements in accordance with the terms hereof; and

WHEREAS, the City of Grand Rapids will provide tax increment assistance to the Minimum Improvements in the amount of approximately $2,178,120, and after the tax increment district ends, the City of Grand Rapids will also provide abatement assistance in the amount of approximately $3,734,760 (including the principal amount and interest) for the Minimum Improvements; and

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

(The remainder of this page is intentionally left blank.)

ARTICLE I

Definitions

Section 1.1. Definitions. In this Agreement, unless a different meaning clearly appears from the context, the following terms shall have the following meanings:

"Abatement" means the real property taxes generated in any tax-payable year by extending the County's total tax rate for that year against the tax capacity increase resulting from the construction of the Minimum Improvements (estimated at $17,977,000), excluding the tax capacity of the land in the amount of $358,790, as established in tax payable year 2023, and excluding the portion of the tax capacity attributable to the areawide tax under Minnesota Statutes, Chapter 473F, all as of January 2 in the prior year.

"Abatement Resolution" means the resolution adopted by the Board of Commissioners of the County on October 24, 2023, regarding abatement of property taxes on the Property and approval of this Agreement.

"Abatement Volume Cap" means the maximum amount of property taxes that may be abated in any year by the County under Section 469.1813, subdivision 8 of the Act. As of the date of this Agreement, the Abatement Volume Cap for the County is the greater of $200,000 or ten percent (10%) of the net tax capacity of the County for the taxes payable year to which the abatement applies.

"Act" means Minnesota Statutes, Sections 469.1812 through 469.1815, as amended.

"Agreement" means this Abatement Contract, as the same may be from time to time modified, amended, or supplemented.

"Available Abatement" means, on each Payment Date, the Abatement generated in the preceding six (6) months with respect to the Property or such lesser amount as shall cause the cumulative principal amount of the Abatement paid to the Developer during the term of this Agreement to be no more than $2,523,600 (equal to the principal amount of $1,401,130, plus semiannual interest accruing at the rate of 6.5% per annum). The maximum amount of Abatement provided to the Developer each year is $126,180, plus interest, to be paid in two installments each year.

"Benefit Date" means the earlier of the date of issuance of the Certificate of Completion for the Minimum Improvements or the date the Developer occupies the Minimum Improvements.

"Business Day" means any day except a Saturday, Sunday, legal holiday, a day on which the County is closed for business, or a day on which banking institutions in the County are authorized by law or executive order to close.

"Business Subsidy Act" means Minnesota Statutes, Sections 116J.993 to 116J.995, as amended.

"City of Grand Rapids" means the City of Grand Rapids, Minnesota, a municipal corporation and political subdivision of the State.

"Compliance Date" means two years following the Benefit Date.

"County" means Itasca County, Minnesota, a political subdivision under the laws of the State.

"Developer" means SE 7th Ave Distribution LLC, a Minnesota corporation, or its permitted successors and assigns.

"Event of Default" means an action by the Developer listed in Section 9.1 hereof.

"Holder" means the owner of a Mortgage.

"Maturity Date" means February 1, 2055 or any earlier date agreed by the parties to this Agreement.

"Minimum Improvements" means construction of a distribution center and implementation of industry systems and processes for efficiently moving goods in and out of the distribution center (including state of the art forklifts, conveyor systems, and warehouse management system) on the Property.

"Mortgage" means any mortgage made by the Developer, which is secured, in whole or in part, with the Property and which is a permitted encumbrance pursuant to the provisions of Article VII hereof.

"Payment Date" means each February 1 and August 1, commencing August 1, 2035; provided, that if any such Payment Date is not a Business Day, the Payment Date shall be the next succeeding Business Day. However, in no event shall the Abatement payments be made until the tax increment district created by the City of Grand Rapids is decertified.

"Property" means the real property legally described in EXHIBIT A attached hereto.

"State" means the State of Minnesota.

"Transfer" has the meaning given in Section 8.1 hereof.

"Unavoidable Delays" means delays beyond the reasonable control of the party seeking to be excused as a result thereof which are the direct result of strikes, other labor troubles, prolonged adverse weather or acts of God, fire or other casualty to the Minimum Improvements, litigation commenced by third parties which, by injunction or other similar judicial action, directly results in delays, or acts of any federal, state or local governmental unit (other than the County in exercising their rights under this Agreement) which directly result in delays. Unavoidable Delays shall not include delays in the Developer's obtaining of permits or governmental approvals necessary to enable construction of the Minimum Improvements by the dates such construction is required under Section 4.2 hereof.

(The remainder of this page is intentionally left blank.)

ARTICLE II

Representations and Warranties

Section 2.1. Representations by the County. The County makes the following representations and warranties as the basis for its covenants herein:

(a) The County is duly organized and existing under the laws of the State. Under the provisions of the Act, the County has the power to enter into this Agreement and carry out its obligations hereunder.

(b) The County proposes to grant an abatement of taxes for the Minimum Improvements for the purposes of increasing the tax base and creating employment opportunities in the County.

Section 2.2. Representations and Warranties by the Developer. The Developer makes the following representations and warranties as the basis for its covenants herein:

(a) The Developer is a Minnesota corporation in good standing under the laws of the State, is not in violation of any provisions of its Articles of Incorporation or organizational documents, is duly authorized to transact business in the State, has the power to enter into this Agreement, and has duly authorized the execution, delivery and performance of this Agreement by proper action of its governing body.

(b) Subject to obtaining the permits and approvals therefore, the Developer will construct, operate, and maintain the Minimum Improvements in accordance with the terms of this Agreement and all local, State and federal laws and regulations (including, but not limited to, environmental, zoning, building code and public health laws and regulations).

(c) The Developer has received no notice or communication from any local, State or federal official that the activities of the Developer at the Property may be or will be in violation of any environmental law or regulation (other than those notices or communications of which the County is aware). The Developer is aware of no facts the existence of which would cause it to be in violation of or give any person a valid claim under any local, State or federal environmental law, regulation or review procedure.

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

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

(f) The Developer shall promptly advise the County in writing of all litigation or claims affecting any part of the Minimum Improvements and all written complaints and charges made by any governmental authority materially affecting the Minimum Improvements or materially affecting

Developer or its business which may delay or require changes in construction of the Minimum Improvements.

(g) The Developer is not currently in default under any business subsidy agreement with any grantor, as such terms are defined in the Business Subsidy Act.

(h) The Developer will enter into a lease with SE 7th Ave Distribution LLC that allows the Developer to lease the Property until February 1, 2055.

(The remainder of this page is intentionally left blank.)

ARTICLE III

Status of Property; Property Tax Abatement

Section 3.1. Status of the Property. As of the date of this Agreement, the Developer shall lease the Property from L&M Supplies, Inc (an affiliate of the Developer). The Developer must either lease or own the Property from the date the lease of the Property is executed by the lessee and the Developer until February 1, 2055. The County shall have no obligation to acquire any interest in the Property.

Section 3.2. Property Tax Abatement.

(a) Generally. In order to make the Minimum Improvements economically feasible, the County will grant the Abatement to the Developer. In no event shall the Abatement exceed more than twenty (20) years or exceed a cumulative amount of more than $1,401,130, plus interest in the amount of 6.5% over the term of the Abatement. The Abatement will reimburse the Developer for a portion of the costs of the construction of the Minimum Improvements. Subject to the Abatement Volume Cap, the County shall pay the Developer the Available Abatement on each Payment Date, commencing on August 1, 2035, and terminating on or before February 1, 2055. However, in no event shall the Abatement payments be made until the tax increment district created by the City of Grand Rapids is decertified.

(b) Limitations. The pledge of Available Abatement is subject to all the terms and conditions of the Abatement Resolution. The Available Abatement is payable solely from and to the extent of the Abatement, and nothing herein shall be construed to obligate the County to make payments from any other funds. The County makes no warranties or representations as to the amount of the Available Abatement. Any estimates of Available Abatement amounts prepared by the City's financial consultants are for the benefit of the County only, and the Developer is not entitled to rely on such estimates.

The Developer further acknowledges that the total property tax abatements payable by the County in any year may not exceed the Abatement Volume Cap pursuant to Section 469.1813, subdivision 8 of the Act. The County does not warrant or represent that the Abatement in the amounts pledged hereunder will be within the Abatement Volume Cap. As of the date of this Agreement, the County currently has one abatement outstanding in the current amount of $329,033 under the Act. The County agrees that if the County grants any additional abatements under the Act during the term of this Agreement, the Abatement Volume Cap will be allocated first to the abatements granted prior to the date of this Agreement, next and to the Abatement pledged pursuant to this Agreement, and then to any additional abatements.

Section 3.3. Business Subsidy Agreement. The provisions of this Section constitute the "business subsidy agreement" for the purposes of the Business Subsidy Act.

(a) General Terms. The parties agree and represent to each other as follows:

(1) The business subsidy provided to the Developer consists of the principal amount of the Abatement described in Section 3.2 hereof.

(2) The public purposes of the subsidy are to increase the tax base and employment opportunities in the County.

(3) The goals for the subsidy are to secure the development of the Minimum Improvements on the Property; to maintain such improvements for the time period described in clause (6) below; and to create the jobs and wage levels described in Section 3.3(b) hereof.

(4) If the goals described in clause (3) above are not met, the Developer must make the payments to the County described in Section 3.3(c) hereof.

(5) The subsidy is needed to increase the County's tax base and increase employment opportunities in the County.

(6) The Developer must continue operation of the Minimum Improvements for at least ten (10) years after the Benefit Date, subject to the continuing obligation described in Section 10.3 hereof. During any period when the Minimum Improvements are vacant and not operated for the aforementioned qualified uses, the Minimum Improvements will not meet the requirements of this clause (6).

(7) [The Developer parent company is ____________.] [The Developer does not have a parent company.]

(8) The Developer will be receiving financial assistance from the City of Grand Rapids, including (i)] abatement in the amount of $3,734,740, plus semi-annual interest, and (ii) ______________]. The Developer has not received and does not expect to receive financial assistance from any other "grantor" as defined in the Business Subsidy Act in connection with the construction of the Minimum Improvements.

(b) Job and Wage Goals. Within two years after the Benefit Date, the Developer and its affiliates shall cause to be created: (i) at least 50 full-time equivalent jobs; and (ii) wages for each such full-time job of no less than $30 to $50 per hour. Notwithstanding anything to the contrary herein, if the wage and job goals described in this paragraph are met by the Compliance Date, those goals are deemed satisfied despite the Developer's continuing obligations under Sections 3.3(a)(6) and 3.3(d) hereof. The County may, after a public hearing, extend the Compliance Date by up to one year, provided that nothing in this section will be construed to limit the County's legislative discretion regarding this matter. The jobs and wages described in this Section 3.3(b) must continue for at least ten years after the Compliance Date.

(c) Remedies. If the Developer and its affiliates fail to meet the goals described in Section 3.3(a)(3) hereof, the Developer shall repay to the County upon written demand from the County a "pro rata share" of the outstanding principal amount of the Abatements together with interest based on the rate set forth in Section 116J.994, subdivision 6 of the Business Subsidy Act, accrued from the date of the default to the date of payment. The term "pro rata share" means a percentage calculated as follows:

(1) if the failure relates to the number of jobs, the jobs required less the jobs created, divided by the jobs required;

(2) if the failure relates to wages, the number of jobs required less the number of jobs that meet the minimum wages, divided by the number of jobs required;

(3) if the failure relates to maintenance of the Minimum Improvements in accordance with Section 3.3(a)(6), 60 less the number of months of operation as a warehouse facility, commencing on the date of the certificate of completion and ending with the date the facility ceases operation as determined by County staff, divided by 60; and

(4) if more than one of clauses (1) through (3) apply, the sum of the applicable percentages, not to exceed 100%.

Nothing in this Section shall be construed to limit the County's remedies under Article IX hereof. In addition to the remedy described in this Section and any other remedy available to the County for failure to meet the goals stated in Section 3.3(a)(3), the Developer agrees and understands that it may not receive a business subsidy from the County or any grantor (as defined in the Business Subsidy Act) for a period of five years from the date of the failure or until the Developer satisfies its repayment obligation under this Section, whichever occurs first.

(d) Reports. The Developer must submit to the County a written report regarding business subsidy goals and results by no later than March 1 of each year, commencing March 1, 2035, and continuing until the latest of (i) the date the goals stated Section 3.3(a)(3) are met; (ii) 30 days after expiration of the period described in Section 3.3(a)(6); or (iii) if the goals are not met, the date the subsidy is repaid in accordance with Section 3.3(c). The report must comply with Section 116J.994, subdivision 7 of the Business Subsidy Act. The County will provide information to the Developer regarding the required forms. If the Developer fails to timely file any report required under this Section, the County will mail the Developer a warning within one week after the required filing date. If, after 14 days of the postmarked date of the warning, the Developer fails to provide a report, the Developer must pay to the County a penalty of $100 for each subsequent day until the report is filed. The maximum aggregate penalty payable under this Section is $1,000.

Section 3.4. Payment of Administrative Costs. The Developer will pay to the County all reasonable out-of-pocket costs incurred by the County (including without limitation attorney and fiscal consultant fees) in the negotiation and preparation of this Agreement and other documents and agreements in connection with the development contemplated hereunder (collectively, "Administrative Costs"). Administrative Costs shall be evidenced by invoices, statements or other reasonable written evidence of the costs incurred by the County. If Administrative Costs exceed the application deposit, the Developer shall pay all additional Administrative Costs from time to time within thirty (30) days after receipt of written notice thereof from the County.

Section 3.5. Records. The County and its representatives shall have the right at all reasonable times after reasonable notice to inspect, examine, and copy all books and records of the Developer relating to the Minimum Improvements. The Developer shall also use its best efforts to cause the general contractor to make their books and records relating to the Minimum Improvements available to the County, upon reasonable notice, for inspection, examination and audit. Such records shall be kept and maintained by the Developer until the termination of this Agreement.

Section 3.6. Appeal of Property Valuation. If at any time the owner of the Property or the Developer (or its assigns) appeals the valuation of the Property and/or the Minimum Improvements, the Developer must provide notice to the County. If an appeal of the valuation of the Property or the Minimum Improvements occurs, the County may stop the Abatement payments until the new valuation is determined by the County's assessor. If the valuation of the Property and/or the Minimum Improvements is decreased, the Abatement payments will be decreased accordingly. In addition, if a tax petition is filed retroactively to appeal the valuation of the Property and/or the Minimum Improvements, the County may stop the Abatement payments until the valuation for all previous years at issue is resolved by the County assessor.

(The remainder of this page is intentionally left blank.)

ARTICLE IV

Construction of Minimum Improvements

Section 4.1. Construction of Minimum Improvements. The Developer agree that it will construct the Minimum Improvements in accordance with the provisions of this Agreement and will at all times during the term of this Agreement operate and maintain, preserve and keep the Minimum Improvements or cause such improvements to be maintained, preserved and kept with the appurtenances and every part and parcel thereof, in good repair and condition.

Section 4.2. Commencement and Completion of Construction. Subject to Unavoidable Delays, the Developer shall commence construction of the Minimum Improvements by ________, 202__. Subject to Unavoidable Delays, the Developer shall cause the completion of the Minimum Improvements by __________, 202__. All work with respect to the Minimum Improvements to be constructed or provided by the Developer on the Property shall be in conformity with all applicable zoning ordinances, and the Developer shall obtain all required permits.

(The remainder of this page is intentionally left blank.)

ARTICLE V

Insurance and Subordination

Section 5.1. Insurance.

(a) The Developer or the general contractor engaged by the Developer will provide and maintain at all times during the process of constructing the Minimum Improvements an All Risk Broad Form Basis Insurance Policy and, from time to time during that period, at the request of the County, furnish the County with proof of payment of premiums on policies covering the following:

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

(ii) Commercial general liability insurance (including operations, contingent liability, operations of subcontractors, completed operations and contractual liability insurance) together with a Protective Liability Policy with limits against bodily injury and property damage of not less than $2,000,000 for each occurrence (to accomplish the above-required limits, an umbrella excess liability policy may be used). The County must be listed as an additional insured on the policy.

(iii) Workers' compensation insurance, with statutory coverage.

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

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

(ii) Comprehensive general public liability insurance, including personal injury liability (with employee exclusion deleted), against liability for injuries to persons and/or property, in the minimum amount for each occurrence and for each year of $2,000,000, and must be endorsed to show the County as an additional insured.

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

(c) All insurance required in this Article V must be taken out and maintained in responsible insurance companies selected by the Developer which are authorized under the laws of the State to assume the risks covered thereby. Upon request, the Developer will deposit annually with the County policies evidencing all the insurance, or a certificate or certificates or binders of the respective insurers stating that the insurance is in force and effect. Unless otherwise provided in this Article V each policy must contain a provision that the insurer will not cancel nor modify it in such a way as to reduce the coverage provided below the amounts required herein without giving written notice to the Developer and the County at least thirty (30) days before the cancellation or modification becomes effective. In lieu of separate policies, the Developer may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein, in which event the Developer will deposit with the County a certificate or certificates of the respective insurers as to the amount of coverage in force upon the Minimum Improvements.

(d) The Developer will notify the County immediately in the case of damage exceeding $100,000 in amount to, or destruction of, the Minimum Improvements or any portion thereof resulting from fire or other casualty.

Section 5.2. Subordination. Notwithstanding anything to the contrary herein, the rights of the County with respect to the receipt and application of any insurance proceeds shall, in all respects, be subordinate and subject to the rights of any Holder under a Mortgage allowed pursuant to Article VII hereof.

(The remainder of this page is intentionally left blank.)

ARTICLE VI

Taxes

Section 6.1. Right to Collect Delinquent Taxes. The Developer acknowledges that the County is providing substantial aid and assistance in furtherance of the Minimum Improvements pursuant to this Agreement. The Developer understands that the Abatement pledged to pursuant to this Agreement is derived from real estate taxes on the Property, which taxes must be promptly and timely paid. To that end, the Developer agrees for itself, its successors and assigns, in addition to the obligation pursuant to statute to pay real estate taxes, that it is also obligated by reason of this Agreement to pay before delinquency all real estate taxes assessed against the Property and the Minimum Improvements. The Developer acknowledges that this obligation creates a contractual right on behalf of the County to sue the Developer or its successors and assigns to collect delinquent real estate taxes and any penalty or interest thereon and to pay over the same as a tax payment to the County auditor. In any such suit, the County shall also be entitled to recover its costs, expenses and reasonable attorney fees.

Section 6.2. Reduction of Taxes. Prior to the termination of this Agreement, the Developer will not (a) cause, or allow the owner or the Property to cause, a reduction in the real property taxes paid in respect of the Property through willful destruction of the Minimum Improvements or any part thereof; or (b) fail to reconstruct the Minimum Improvements if damaged or destroyed, as required under Section 5.1(c) hereof.

(The remainder of this page is intentionally left blank.)

ARTICLE VII

Financing

Section 7.1. Generally. The Developer warrants and represents to the County that it has or will have available funds sufficient to construct the Minimum Improvements.

Section 7.2. Subordination. If the Developer requires mortgage financing for the development of the Minimum Improvements, the County agrees to subordinate its rights under this Agreement to the Holder of any Mortgage securing construction or permanent financing and the County agrees to consent to such subordination, in accordance with the terms of a subordination agreement approved by the County.

(The remainder of this page is intentionally left blank.)

ARTICLE VIII

Prohibitions Against Assignment and Transfer; Indemnification

Section 8.1. Prohibition Against Assignment and Transfer.

(a) Except only by way of security for, and only for, the purpose of obtaining financing necessary to enable the Developer or any successor in interest to the Property, or any part thereof, to perform its obligations with respect to completing the Minimum Improvements under this Agreement, and for the purpose of refinancing such debt, and any other purpose authorized by this Agreement, the Developer has not made or created and will not make or create or suffer to be made or created any total or assignment, conveyance, or lease, or transfer in any other mode or form of or with respect to this Agreement, the Minimum Improvements, the Property or any part thereof or any interest therein, or any contract or agreement to do any of the same, to any person or entity whether or not related in any way to the Developer (collectively, a “Transfer”), without the prior written approval of the County unless the Developer remains liable and bound by this Agreement in which event the County’s approval is not required. Any such Transfer shall be subject to the provisions of Section 8.1(b) hereof. Notwithstanding anything to the contrary in this Section, the Developer may assign its rights under this Agreement to the Holder of a Mortgage, provided the assignment is done in written form and is approved by the County.

(b) In the event the Developer, upon Transfer, seeks to be released from its obligations under this Agreement, the County shall be entitled to require, except as otherwise provided in this Agreement, as conditions to any such release that:

(i) Any proposed transferee shall have the qualifications and financial responsibility, in the reasonable judgment of the County, necessary and adequate to fulfill the obligations undertaken in this Agreement by the Developer.

(ii) Any proposed transferee, by instrument in writing satisfactory to the County, shall, for itself and its successors and assigns, and expressly for the benefit of the County, have expressly assumed all of the obligations of the Developer under this Agreement and agreed to be subject to all the conditions and restrictions to which the Developer is subject; provided, however, that the fact that any transferee of, or any other successor in interest whatsoever to, the Minimum Improvements, the Property, or any part thereof, shall not, for whatever reason, have assumed such obligations or so agreed, and shall not (unless and only to the extent otherwise specifically provided in this Agreement or agreed to in writing by the County) deprive the County of any rights or remedies or controls provided in this Agreement; it being the intent of the parties as expressed in this Agreement that (to the fullest extent permitted at law and in equity and excepting only in the manner and to the extent specifically provided otherwise in this Agreement) no transfer of, or change with respect to, ownership in the Minimum Improvements, the Property, or any part thereof, or any interest therein, however consummated or occurring, and whether voluntary or involuntary, shall operate, legally or practically, to deprive or limit the County of or with respect to any rights or remedies or controls provided in or resulting from this Agreement with respect to the Minimum Improvements or the Property that the County would have had, had there been no such transfer or change. In the absence of specific written agreement by the County to the contrary, no such transfer or approval by the County thereof shall be deemed to relieve the Developer, or any other party bound in any way by this Agreement or otherwise with respect to the completion of the Minimum Improvements, from any of its obligations with respect thereto.

(iii) Any and all instruments and other legal documents involved in effecting the transfer of any interest in this Agreement, the Minimum Improvements, or the Property governed by this Article, shall be in a form reasonably satisfactory to the County.

Section 8.2. Release and Indemnification Covenants.

(a) Except for any willful misrepresentation or any willful or wanton misconduct or negligence of the Indemnified Parties, the County and the governing body members, officers, agents, servants and employees thereof (collectively, the "Indemnified Parties") shall not be liable for and the Developer shall indemnify and hold harmless the Indemnified Parties against any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Property or the Minimum Improvements.

(b) Except for any willful misrepresentation or any willful or wanton misconduct or negligence of the Indemnified Parties, and except for any breach by any of the Indemnified Parties of their obligations under this Agreement, the Developer agrees to protect and defend the Indemnified Parties, now and forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, maintenance and operation of the Property or the Minimum Improvements.

(c) The Indemnified Parties shall not be liable for any damage or injury to the property of the Developer or its officers, agents, servants or employees or any other person who may be about the Property or Minimum Improvements.

(d) All covenants, stipulations, promises, agreements and obligations of the County contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of such entity and not of any governing body member, officer, agent, servant or employee of such entity in the individual capacity thereof.

(The remainder of this page is intentionally left blank.)

ARTICLE IX

Events of Default

Section 9.1. Events of Default Defined. The following shall be "Events of Default" under this Agreement and the term "Event of Default" shall mean, whenever it is used in this Agreement, any one or more of the following events, after the non-defaulting party provides thirty (30) days' written notice to the defaulting party of the event, but only if the event has not been cured within said thirty (30) days or, if the event is by its nature incurable within thirty (30) days, the defaulting party does not, within such thirty (30) day period, provide assurances reasonably satisfactory to the party providing notice of default that the event will be cured and will be cured as soon as reasonably possible:

(a) failure by the Developer to observe or perform any covenant, condition, obligation or agreement on its part to be observed or performed hereunder;

(b) commencement by the Holder of any Mortgage on the Property or any improvements thereon, or any portion thereof, of foreclosure proceedings as a result of default under the applicable Mortgage documents;

(c) if the Developer sells or otherwise disposes of the Minimum Improvements or the Property without the written approval of the County, which shall not be unreasonably withheld;

(d) if the Developer shall

(i) file any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act or under any similar federal or State law; or

(ii) make an assignment for benefit of its creditors; or

(iii) admit in writing its inability to pay its debts generally as they become due; or

(iv) be adjudicated bankrupt or insolvent.

Section 9.2. Remedies on Default. Whenever any Event of Default referred to in Section 9.1 hereof occurs, the County may exercise any of the following rights under this Section after providing thirty (30) days' written notice to the Developer of the Event of Default, but only if the Event of Default has not been cured in all material respects within said thirty (30) days or, if the Event of Default is by its nature incurable within thirty (30) days, the Developer does not, within such thirty (30) day period, provide assurances reasonably satisfactory to the party providing notice of default that the Event of Default will be cured and will be cured as soon as reasonably possible:

(a) Suspend its performance under this Agreement until it receives reasonably satisfactory assurances that the Developer will cure its default and continue its performance under this Agreement.

(b) Cancel and rescind or terminate its obligations under this Agreement.

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

Section 9.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to any party is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the County to exercise any remedy reserved to it, it shall not be necessary to give notice, other than such notice as may be required in this Article.

Section 9.4. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by another party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 9.5. Attorney Fees. Whenever any Event of Default occurs and if the County shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement of performance or observance of any obligation or agreement on the part of the Developer under this Agreement, the Developer shall, within ten (10) days of written demand by the County, pay to the County the reasonable fees of such attorneys and such other expenses so incurred by the County.

Section 9.6 Default by County. Notwithstanding anything to the contrary herein, in the event the County fails to perform any covenant, condition, obligation or agreement on its part, and such failure has not been cured in all material respects within said thirty (30) days after receipt of written notice to the County from the Developer, or if such failure is by its nature incurable within thirty (30) days, then the Developer may exercise such remedies as may be available at law or in equity with respect to the defaulting party.

(The remainder of this page is intentionally left blank.)

ARTICLE X

Additional Provisions

Section 10.1. Conflict of Interests; Representatives Not Individually Liable. The County and the Developer, to the best of their respective knowledge, represent and agree that no member, official, or employee of the County shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official, or employee participate in any decision relating to this Agreement which affects his or her personal interests or the interests of any corporation, partnership, or association in which he or she is, directly or indirectly, interested. No member, official, or employee of the County shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach by the County or for any amount which may become due to the Developer or successor or on any obligations under the terms of this Agreement.

Section 10.2. Equal Employment Opportunity. The Developer, for itself and its successors and assigns, agrees that during the construction of the Minimum Improvements provided for in this Agreement it will comply with all applicable federal, state and local equal employment and non-discrimination laws and regulations.

Section 10.3. Restrictions on Use. The Developer agrees that until the Maturity Date, the Developer, and such successors and assigns, shall use the Property and the Minimum Improvements thereon only for the following uses: a distribution center and all ancillary uses thereto, provided that after expiration of the ten-year period described in Section 3.3(a)(6) hereof, the repayment remedy described in Section 3.3(c) hereof may not be imposed on Developer for default under this Section, and County is limited to any other remedies available under Article IX hereof. Further, the Developer shall not discriminate upon the basis of race, color, creed, sex or national origin in the sale, lease, or rental or in the use or occupancy of the Property or any improvements erected or to be erected thereon, or any part thereof.

Section 10.4. Titles of Articles and Sections. Any titles of the several parts, Articles, and Sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 10.5. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand, or other communication under this Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally; and

(a) in the case of the Developer, is addressed to or delivered personally at SE 7th Ave Distribution LLC, _________________________, Attn: ______________________

(b) in the case of the County, is addressed to or delivered personally to the County at 123 NE Fourth Street, Grand Rapids, Minnesota 55744, Attn: County Administrator;

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

Section 10.6. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 10.7. Recording. The County may record this Agreement and any amendments thereto with the County Recorder and/or the Registrar of Titles of the County, as applicable. The Developer shall pay all costs for recording.

Section 10.8. Amendment. This Agreement may be amended only by a written agreement approved by all parties hereto.

Section 10.9. Governing Law. This Agreement is made and shall be governed in all respects by the laws of the State. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

Section 10.10. Severability. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications that can be given effect, and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby.

Section 10.11. Entire Agreement. This Agreement, together with the attached exhibits, which is incorporated by reference, constitutes the complete and exclusive statement of all mutual understandings between the parties with respect to this Agreement, superseding all prior or contemporaneous proposals, communications, and understandings, whether oral or written, concerning this Agreement, provided that nothing contained herein shall impair the rights of the County or the obligations of the Developer under any other agreement between the County and the Developer. This Agreement may not be amended nor any of its terms modified except by a writing authorized and executed by both parties hereto. Without limitation of the foregoing, any modification is subject to the restrictions on modifications set forth in the Abatement Resolution.

Section 10.12. Electronic Signatures. This Agreement may be executed with electronic signatures; provided, however, that if this Agreement is recorded in accordance with Section 10.7 hereof, all signatures to this Agreement shall be original signatures.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the County has caused this Agreement to be duly executed in its name and behalf and its seal to be hereunto duly affixed and the Developer has caused this Agreement to be duly executed in its name and behalf on or as of the date first above written.

ITASCA COUNTY, MINNESOTA

By ____
Its Chair

By ____
Its County Administrator

STATE OF MINNESOTA)
) SS.
COUNTY OF ITASCA)

The foregoing instrument was acknowledged before me this ______ day of ____________, 2023, by Burl Ives, the Chair of the Itasca County Board, on behalf of the County Board of Commissioners.

____
Notary Public

STATE OF MINNESOTA)
) SS.
COUNTY OF __________)

STATE OF MINNESOTA)
) SS.
COUNTY OF ITASCA)

The foregoing instrument was acknowledged before me this ______ day of ____________, 2023, by Austin Rohling, the County Auditor/Treasurer.

____
Notary Public

Execution page of the Developer to the Abatement Contract, dated as of the date and year first written above.

SE 7TH AVE DISTRIBUTION LLC

By ____
Its ____

STATE OF MINNESOTA)
) SS.
COUNTY OF ITASCA)

The foregoing instrument was acknowledged before me this ______ day of ____________, 2023, by _________________________, the _______________ of SE 7th Ave Distribution LLC.

____
Notary Public

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

The Property includes parcel identification numbers 91-033-1410, 91-033-1430, 91-033-1406, and 91-033-4120 and is legally described as follows:

> The South Half of the Northeast Quarter (S ¼ NE ¼), Section Thirty-three (33), Township Fifty-five (55) North, Range Twenty-five (25) West of the Fourth Principal Meridian LESS the East 330 feet thereof, Itasca County, Minnesota.
>
> AND
>
> The Southeast Quarter of the Northeast Quarter (SE 1/4 NE 1/4), Section Thirty-three (33), Township Fifty-five (55) North, Range Twenty-five (25), West of the Fourth Principal Meridian, LESS the following three (3) tracts: Tract 1: South Twenty (20) acres thereof; Tract 2: North 198 feet of West 440 feet thereof; Tract 3: East 330 feet of the North Half thereof, Itasca County, Minnesota.
>
> AND
>
> The North 500 feet of the Northeast Quarter of the Southeast Quarter (NE 1/4 SE 1/4), Section Thirty-three (33), Township Fifty-five (55) North, Range Twenty-five (25), LESS the South 220 feet of the West 300 feet thereof, County of Itasca, State of Minnesota.
>
> AND
>
> East 330 feet of the South one-half (S½) of the Southeast Quarter, Northeast Quarter (SE¼ NE¼) of Section Thirty-three (33), Township Fifty-five (55), Range Twenty-five (25) west of the Fourth Principal Meridian, County of Itasca, State of Minnesota.

ITASCA COUNTY, MINNESOTA

NOTICE OF PUBLIC HEARING ON A PROPERTY TAX ABATEMENT FOR CERTAIN PROPERTY IN ITASCA COUNTY, MINNESOTA, AND GRANTING A BUSINESS SUBSIDY TO L & M SUPPLY, INC., OR ANY OF ITS AFFILIATES

NOTICE IS HEREBY GIVEN that the Board of Commissioners (the "Board") of Itasca County, Minnesota (the "County") will meet at or after 2:30 p.m. on Tuesday, November 14th, 2023, at the County Courthouse, located at 123 NE Fourth Street, Grand Rapids, Minnesota, to conduct a public hearing to consider granting a property tax abatement under Minnesota Statutes, Sections 469.1812 through 469.1815, as amended, for all or a portion of certain property located in the County (the "Property") to be developed by L & M Supply, Inc., a Minnesota corporation, or any of its affiliates (the "Developer"). The Developer intends to lease the Property located in the City of Grand Rapids from one of its affiliates and construct thereon a distribution center and implement industry systems and processes for efficiently moving goods in and out of the distribution center (including state of the art forklifts, conveyor systems, and warehouse management system) (the "Project"). The proposed abatement constitutes a business subsidy under Minnesota Statutes, Sections 116J.993 to 116J.995, as amended (the "Business Subsidy Act").

The Property is identified by the following parcel identification numbers: 91-033-1410, 91-033-1430, 91-033-1406, and 91-033-4120.

Following the public hearing, the Board will consider a resolution granting an abatement of a portion of the County's share of property taxes on the Property for a period of up to 20 years. The County estimates that the total amount of the abatements will not exceed $1,401,130 (equal to principal of $70,056.50 per year), plus interest.

A summary of the terms of the proposed business subsidy to be provided to the Developer to assist in developing the Project is available for inspection at the County Courthouse during regular business hours.

Any person with a residence in the County or who is the owner of taxable property in the County may file a written complaint with the County if the County fails to comply with the Business Subsidy Act. No action may be filed against the County for the failure to comply unless a written complaint is filed.

Any person wishing to express an opinion on the matters to be considered at the public hearing will be heard orally or in writing.

Dated: [Date of Publication]

BY ORDER OF THE BOARD OF COMMISSIONERS OF ITASCA COUNTY, MINNESOTA

/s/ Brett Skyles
County Administrator
Itasca County, Minnesota

TA125-42 (JAE)
901296v2

AFFIDAVIT OF PUBLICATION

STATE OF MINNESOTA)

) ss.

COUNTY OF ITASCA)

Brett Holum, being first duly sworn, on oath states as follows:

1. I am the Publisher of the **Grand Rapids Herald Review**, or the publisher's designated agent. I have personal knowledge of the facts stated in this Affidavit, which is made pursuant to Minnesota Statutes §331A.07.

2. The newspaper has complied with all of the requirements to constitute a qualified newspaper under Minnesota law, including those requirements found in Minnesota Statutes §331A.02.

3. The dates of the month and the year and day of the week upon which the public notice attached/copies below was published in the

Sunday October 29th 2023

4. The publisher's lowest classified rate paid by commercial users for comparable space, as determined pursuant to § 331A.06, is as follows: $2.00 per 1-col line.

5. Mortgage Foreclosure Notices. Pursuant to Minnesota Statutes§580.033 relating to the publication of mortgage foreclosure notices: The newspaper's known office of issue is located in Itasca County. The newspaper complies with the conditions described in §580.033, sub d. 1, clause (1) or (2). If the newspaper's known office of issue is located in a county adjoining the county where the mortgaged premises or some part of the mortgaged premises described in the notice are located, a substantial portion of the newspaper's circulation is in the latter county.

FURTHER YOUR AFFIANT SAITH NOT.

_____________________[Signature]

Subscribed and sworn to before me on this 2nd day of November 2023

Barbara Eiesland

Notary Public

BARBARA LYNN EIESLAND
NOTARY PUBLIC
MINNESOTA
My Commission Expires Jan. 31, 2027

ITASCA COUNTY, MINNESOTA

NOTICE OF PUBLIC HEARING ON A PROPERTY TAX ABATEMENT FOR CERTAIN PROPERTY IN ITASCA COUNTY, MINNESOTA, AND GRANTING A BUSINESS SUBSIDY TO L & M SUPPLY, INC., OR ANY OF ITS AFFILIATES

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The Property is identified by the following parcel identification numbers: 91-033-1410, 91-033-1430, 91-033-1406, and 91-033-1120.

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A summary of the terms of the proposed business subsidy to be provided to the Developer to assist in developing the Project is available for inspection at the County Courthouse during regular business hours.

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Any person wishing to express an opinion on the matters to be considered at the public hearing will be heard orally or in writing.