

**Carlton County
Board of Commissioners
ADJOURNED SESSION - Rough Draft
Monday June 25, 2018
4:00 p.m.**

The Carlton County Board of Commissioners met this 25th day of June, 2018, in Adjourned Session at the Carlton County Transportation Building.

Chairperson Zmyslony called the meeting to order at 4:00 p.m. Members present: Bodie, Brenner, Peterson, Proulx, and Zmyslony. Absent: None.

The meeting opened with The Pledge of Allegiance to the Flag.

Motion by Brenner, seconded by Bodie, and carried by all yea votes to approve the Agenda as amended.

Motion by Proulx, seconded by Peterson, and carried by all yea votes to approve the Minutes of the June 12, 2018, Regular Session, the June 12, 2018, 2018, County Board of Equalization and Review Meeting, and the June 19, 2018, Special Board Meeting.

Motion by Brenner, seconded by Bodie, and carried by all yea votes to authorize and approve the acceptance of a Grant from the State of Minnesota (Department of Human Services), and further to approve the hiring of a .6 FTE Health Educator position as part of this Grant acceptance.

Motion by Proulx, seconded by Peterson, and carried by all yea votes to authorize out of state travel for the County Land Commission to assist Douglas County (WI) staff in conducting their flood damage assessments (June 15 – 19, 2018 flood event).

Motion by Brenner, seconded by Peterson, and carried by all yea votes to adopt the following resolution: (18-086)

BE IT RESOLVED by the Carlton County Board of Commissioners as follows:

1. That the Grant Agreement for Airport Improvement, Excluding Land Acquisition, used for the Hangar Site Prep and Apron Expansion, Mn/DoT Agreement No. 1031462, State Project No. A0902-57, at the Cloquet-Carlton County Airport is accepted.
2. That the County Engineer, or the County Auditor/Treasurer, or the County Board Chairperson or their designees, are authorized to execute this Agreement and any amendments thereto, on behalf of the Carlton County Board of Commissioners.

Motion by Peterson, seconded by Brenner, and carried by all yea votes to authorize and instruct the County Engineer to send a letter of appreciation to St Louis County (Transportation Department), for the assistance they provided to Carlton County during the June 15 – 19, 2018, flood event.

Motion by Brenner, seconded by Bodie, and carried by all yea votes to authorize and instruct the County Auditor/Treasurer to submit a letter to Wincopin Circle LLLP, in regards to the Cloquet Housing Authorities White Pine Apartments Project. Said letter is a representation/understanding of the following facts and assumptions related to said Project:

The White Pine Apartments Cloquet LP Partnership has represented to Carlton County, and it is assumed the following factual matters: (i) the Partnership was created by the general partner of the Partnership, which is White Pine Apartments Cloquet GP, LLC, a Minnesota limited liability company (the “General Partner”); (ii) the sole member of the General Partner is the Housing and Redevelopment Authority of Cloquet, Minnesota, a/k/a Housing and Redevelopment Authority of Cloquet, Inc. (the “Agency”); (iii) the Partnership was formed with the specific purpose of acquiring, developing, owning and operating the Project; (iv) the Partnership will use low income housing tax credits and other sources of funds to finance the Project, and the Project will constitute a “housing project”¹ or a “housing development project”² (as such terms are defined under Minnesota Statutes Sections 469.001 to 469.047 (the “HRA Act”)) that will include seven (7) residential units that will receive rental assistance pursuant to a fifteen (15) year housing assistance payments contract with the U.S. Department of Housing and Urban Development; and (v) the Project site is currently owned by the Agency, and will be conveyed by the Agency to the Partnership. In addition, the Agency is a “housing and redevelopment authority” (an “HRA”) under the HRA Act.

Property Tax Exemption

Pursuant to Minnesota Statutes Section 272.02, subdivision 76, property owned by an HRA is exempt from taxes to the extent provided in HRA Act. Under Section 469.040, subdivision 1, of the HRA Act, the property of an HRA is public property used for essential public purposes and is exempt from “all real and personal property taxes of the city, the county, the State, or any political subdivision thereof. ‘Taxes’ does not include charges for special assessments or for utilities and special services, such as

¹ “‘Housing project’ means any work or undertaking to provide decent, safe, and sanitary dwellings for persons of low income and their families...[and] includes the planning of the buildings and improvements, the acquisition of property, the demolition or removal of existing structures, the construction, reconstruction, alteration, and repair of the improvements and all other work in connection therewith.” HRA Act, Section 469.002, subd. 13.

² “‘Housing development project’ means any work or undertaking to provide housing for persons of moderate income and their families...” HRA Act, Section 469.002, subd. 15.

heat, electricity, gas, sewage disposal, or garbage removal.” This exemption from taxation exists until, among other things, when the Project “is no longer obligated by contracts with the federal government” to be maintained as a low-income housing project.

In addition, Minnesota Statutes Section 272.026 states that a property that is directly managed and controlled by an HRA and used for the purposes under the HRA Act is exempt from state taxes. An HRA may become a member in a limited liability company or limited partnership for the purpose of developing housing projects or housing development projects, including low-income housing tax credit projects, and such entities are subject to the provisions of the HRA Act as if it were the HRA. See the HRA Act, Section 469.012, subd. 2j.

Based on the facts and factual assumptions set forth above, the Project will be exempt from real and personal property taxes until such time as it fails to meet the criteria set forth in Section 469.040, subdivision 1 of the HRA Act and described above.

Payment in Lieu of Taxes / Shelter Rental

Notwithstanding the exemption from real and personal property taxes described above, Section 469.040, subdivision 3 of the HRA Act requires that, in the case of a housing project or a housing development project, an HRA pay five percent (5%) of the aggregate “shelter rentals” as a “service charge” for the services and facilities to be furnished with respect to the Project (unless a higher amount has been agreed upon between the HRA and the governing body(ies) for which the HRA was created). “Shelter rental” means the total rentals of a project exclusive of any charge for utilities and special services such as heat, water, electricity, gas, sewage disposal, or garbage removal. “Service charge” means a payment in lieu of taxes. See the HRA Act, Section 469.040, subd. 3.

Based on the facts and factual assumptions set forth above, the Project will be required to pay five percent (5%) of the aggregate shelter rentals as a service charge as provided in Section 469.040, subdivision 3 of the HRA Act and described above. The service charge is collected from the Partnership in the same manner as provided by law for the collection of taxes. The amount so collected is distributed to the various taxing bodies in the same proportion as the tax rate of each bears to the total tax rate of those taxing bodies. See the HRA Act, Section 469.040, subd. 3.

Motion by Proulx, seconded by Bodie, and carried by all yea votes to authorize the Carlton County Information Technology Director to proceed with plans to dispose of various IT Equipment (Network Switches) deemed to be surplus, in the best interest of the County.

Motion by Bodie, seconded by Brenner, and carried by all yea votes to set a closed session to discuss labor negotiations and a labor grievance following the close of regular business at this meeting.

Motion by Peterson, seconded by Brenner, and carried by all yea votes to adopt the following resolution: (18-087)

WHEREAS, the Carlton County Board of Commissioner did previously take action to grant an Economic Development Loan to the Wright Senior Citizens (Wright Senior Center); and

WHEREAS, it has become desirous to modify the terms of said loan.

NOW, THEREFORE, BE IT RESOLVED that the Carlton County Board of Commissioners does hereby accept the recommendation of the Carlton County Economic Development Advisory Committee and grant an extension (until May 1, 2020) to said Economic Development Loan to the Wright Senior Citizens. The balance of the loan is to be paid in two equal installments due May 1, 2019 and May 1, 2020.

Motion by Bodie, seconded by Brenner, and carried by all yea votes that this meeting be adjourned to a closed session to discuss labor negotiations and a labor grievance.

Motion by Brenner, seconded by Proulx, and carried by all yea votes to close the closed session.

Motion by Bodie, seconded by Brenner, and carried by all yea votes to authorize and instruct the County Coordinator to proceed with the settlement of a grievance (with an LELS Bargaining Unit Employee), consistent with the terms, conditions, and language as set forth in their Letter of Understanding. (Said Letter is on file in the County Coordinator Offices.)

Motion by Peterson, seconded by Bodie, and carried by all yea votes to accept and approve the Labor Agreement by and between Carlton County and the MnLELS (Non-Supervisory Group). A copy of the Agreement is on file in the Human Resources Offices.

Motion by Proulx, seconded by Brenner, and carried by all yea votes that this meeting be adjourned.

Attest: _____
Paul G. Gassert
County Auditor/Treasurer

Susan Zmyslony
County Board Chairperson