PLEASE NOTE: At 5:00 p.m. Council will meet in a Study Session in Council Chambers, City Hall at 540 West Hills Circle. Items of discussion include an update of the City's Park Master Plan by WSB, discussion on sewer rates, and financing options with Doug Green. Director at Baker Tilly Virchow Krause LLP. If time allows, there will also be a general update for board and commission activities.

OWATONNA CITY COUNCIL MEETING

Tuesday, October 18, 2022 at 7:00 PM
Council Chambers, City Hall at 540 West Hills Circle
Roll Call: Council Members Voss, Dotson, Burbank, Boeke, Raney, Svenby & Schultz

1. **INTRODUCTORY ACTIONS:** Call to Order; Roll Call and Pledge of Allegiance

   1.1. Council Agenda

   1.2. Public Hearings

      1.2.1. Proposed Assessments - OPU Delinquent Accounts

         1.2.1.1. Res 84-22: Adopt Proposed Assessments - OPU Delinquent Accounts

      1.2.2. Proposed Assessments - Outstanding Mowing and Nuisance Costs

         1.2.2.1. Res 85-22: Adopt Proposed Assessments - Outstanding Mowing and Nuisance Compliance Costs

      1.2.3. Reaffirm Development District 3 Modification and Establishment of TIF District 3-16 - KAMP Automation

         1.2.3.1. Res 86-22: Reaffirm Modification DD 3 and Establishment of TIF District 3-16 - KAMP Automation

   1.3. Mayor Kuntz

      1.3.1. Proclamation - Red Ribbon Week

2. **CONSENT AGENDA ITEMS**

   2.1. Minutes – Council Meeting – October 4, 2022

   2.2. Department Reports:

      2.2.1. Building & Inspection Reports - September 2022

   2.3. Licenses/Permits

      2.3.1. Exempt Permit - Turkey Bingo - Owatonna Fire Relief Association - November 12th at the Eagles

      2.3.2. Event Permit - Trunk or Treat at Trinity Lutheran Church - October 26, 2022

   2.4. Miscellaneous

3. **ACTION ITEMS**

   3.1. Finance Report

   3.2. Agreements

      3.2.1. Approve Business Subsidy Agreement with KAMP Automation

3.3. Resolutions:

3.3.1. Res 87-22 Development Agreement - KAB Properties, LLC

3.4. Miscellaneous

3.4.1. Obstruction Permit at Vine Street & N Cedar Avenue - Mohs Contracting

4. **STAFF REPORTS**

5. **PUBLIC COMMENTS:** (Please limit comments - 2 minutes and items not on the agenda.)

6. **COUNCIL COMMENT AND GENERAL INFORMATION**

7. **ADJOURN**

Public Hearings

NOTICE OF HEARING ON PROPOSED ASSESSMENT

NOTICE IS HEREBY GIVEN that the City Council of the City of Owatonna, MN, will hold a hearing at a regular City Council meeting to be held at 7:00 p.m. on Tuesday, October 18, 2022, in the Council Chambers of City Hall at 540 West Hills Circle, to pass upon the proposed assessments against properties for the balance of past due utility bills at the Owatonna Public Utilities.

Notice of Proposed Assessments have mailed to property owners of delinquent service accounts of property served. The proposed assessments are on file for public inspection at the office of the City Clerk. Written or oral objections will be considered at the hearing. If you have a question or believe this service has been previously paid, we would appreciate it if you would call the Public Utility Office to discuss the proposed assessment before this hearing.

An owner may appeal an assessment to District Court pursuant to Minnesota Statutes, Section 429.081, by serving notice of the appeal upon the Mayor or Clerk of the City within 30 days after the adoption of the assessment and filing such notice with the District Court within ten days after service upon the Mayor or Clerk.

No such appeal as to the amount of an assessment to a specific parcel of land may be made unless the owner has either filed a signed, written objection to that proposed assessment with the City Clerk prior to the hearing or has presented the written objection to the presiding officer at the hearing.

The City Council has provided that anyone 65 years of age, or older, owning and occupying a homestead, may ask for and receive deferment of a special assessment against that homestead if that person meets the criteria established by the Council on April 2, 2012. Forms for requesting this deferment are available at the office of the City Clerk.

By Order of the Owatonna City Council

Date: September 20, 2022

Kris M Busse

Kris M. Busse, City Administrator/City Clerk
City of Owatonna, Minnesota

Notice will be published in the Owatonna Peoples Press on September 29, 2022 and on October 6, 2022.

OWATONNA
PUBLIC UTILITIES

September 8, 2022

City of Owatonna
Attn: Kris Busse
540 West Hills Circle
Owatonna, MN 55060

RE: Public Hearing request – OPU Delinquent Accounts – Ordinance 35.05

Dear Kris-

Owatonna Public Utilities would like to request City of Owatonna to assess property owners on 3 tax parcel numbers. Total delinquent debt is $9,956.85.

Please reach out with any questions.

Best Regards,

Toni Van Esch
Customer Service Supervisor
OWATONNA PUBLIC UTILITIES
507-446-5411

P.S.
Sept 20. 2022 - Public hearing set for Tuesday, October 18, 2022 at 7:00 pm.
Sept 29, 2022 - Notices mailed, published and posted.
October 18, 2022 - Public Hearing during City Council Meeting. Council to consider Resolution 84-22 to adopt the Proposed Assessments after the public hearing. Toni VanEsch will be at the meeting to confirm current balances owed, one account just received a partial payment and may pay in full prior to the public hearing.

RESOLUTION NO: 84-22
A RESOLUTION ADOPTING ASSESSMENT FOR UNPAID CHARGES

WHEREAS, pursuant to proper notice duly given as required by law, the Council has met and heard and passed upon all objections to the proposed assessment against properties listed by the Owatonna Public Utilities as accounts with balances more than 90 days past due.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Owatonna, Minnesota:

1. Such proposed assessment as amended, copy of the Assessment Roll is attached hereto and made a part hereof, is hereby accepted and shall constitute the special assessment against the lands named therein, and each tract of land therein included is hereby found to be benefited by the proposed improvement in the amount of the assessment levied against it.

2. Such assessment shall be payable in equal annual installments extending over a period of _1 (one)___ year if the amount of the assessment is less than $1,000 or extending over a period of _3 (three)_ years if the amount of the assessment is more than $1,000. The first of the installments to be payable on or before the first Monday in January 2023, and shall bear interest at the rate of _3.0 (three)_ percent per annum from the date of the adoption of this assessment resolution. To the first installment shall be added interest on the entire assessment from the date of this resolution until December 31, 2023. To each subsequent installment, when due, shall be added interest for one year on all unpaid installments.

3. The owner of any property so assessed may, at any time prior to certification of the assessment to the county auditor, pay the whole of the assessment on such property, with interest accrued to the date of payment, to the city treasurer, except that no interest shall be charged if the entire assessment is paid within 30 days from the adoption of this resolution; and he/she may, at any time thereafter, pay to the county auditor the entire amount of the assessment remaining unpaid, with interest accrued to December 31 of the year in which such payment is made. Such payment must be made before November 16, 2022 or interest will be charged through December 31 of the next succeeding year.

4. The clerk shall forthwith transmit a certified duplicate of this assessment to the county auditor to be extended on the property tax lists of the county. Such assessments shall be collected and paid over in the same manner as other municipal taxes.

Passed and adopted this ______ day of ___________, 2022, with the following vote:

Aye ___; No ___; Absent ____.

Approved and signed this ________ day of ___________, 2022.

____
Thomas A. Kuntz, Mayor

ATTEST:

____
Kris M. Busse, City Administrator/City Clerk

NOTICE OF HEARING ON PROPOSED ASSESSMENT

NOTICE IS HEREBY GIVEN that the City Council of the City of Owatonna, Minnesota, will hold hearing at a regular City Council meeting to be held at 7:00 p.m. on Tuesday, October 18, 2022, in the Council Chambers of City Hall at 540 West Hills Circle to pass upon the proposed assessments against benefited properties for unpaid costs of Weed and Nuisance Compliance in the City.

The proposed assessments are on file for public inspection at the office of the City Clerk. Written or oral objections will be considered at the hearing. If you have a question or believe that the measurements or calculation is in error, we would appreciate it if you would call the Fire Department Office or the City Clerk's Office to discuss the proposed assessment before the hearing.

An owner may appeal an assessment to District Court pursuant to Minnesota Statutes, Section 429.081, by serving notice of the appeal upon the Mayor or Clerk of the City within 30 days after the adoption of the assessment and filing such notice with the District Court within ten days after service upon the Mayor or Clerk. No such appeal as to the amount of an assessment to a specific parcel of land may be made unless the owner has either filed a signed, written objection to that proposed assessment with the City Clerk prior to the hearing or has presented the written objection to the presiding officer at the hearing.

> Declared cost of the Unpaid Weed & Nuisance Compliance Costs is $3,735.36 which has been proposed as assessments.

The City Council has provided that anyone 65 years of age, or older, owning and occupying a homestead, may ask for and receive deferment of a special assessment against that homestead if that person meets the criteria established by the Council on April 2, 2012. Forms for requesting this deferment are available at the office of the City Clerk.

Dated: September 20, 2022

Kris M Busse

Kris M. Busse, City Administrator/City Clerk
City of Owatonna, Minnesota

Notice will be published in the Owatonna Peoples Press on or before October 4, 2022.

RESOLUITION NO. 85-22

A RESOLUTION ADOPTING ASSESSMENT

WHEREAS, pursuant to proper notice duly given as required by law, the Council has met and heard and passed upon all objections to the proposed assessment against abutting property for unpaid costs for compliance of 2022 Weed and Nuisance Compliance Costs on various lots in the City;

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Owatonna, Minnesota:

1. Such proposed assessment as amended, a copy of which is attached hereto and made a part hereof, is hereby accepted and shall constitute the special assessment against the lands named therein, and each tract of land therein included is hereby found to be benefited by the proposed improvement in the amount of the assessment levied against it.

2. Such assessment shall be payable in equal annual installments extending over a period of 1 (one) year, the first of the installments to be payable on or before the first Monday in January 2023, and shall bear interest at the rate of 3.0 (three) percent per annum from the date of the adoption of this assessment resolution. To the first installment shall be added interest on the entire assessment from the date of this resolution until December 31, 2023. To each subsequent installment, when due, shall be added interest for one year on all unpaid installments.

3. The owner of any property so assessed may, at any time prior to certification of the assessment to the county auditor, pay the whole of the assessment on such property, with interest accrued to the date of payment, to the city treasurer, except that no interest shall be charged if the entire assessment is paid within 30 days from the adoption of this resolution; and he/she may, at any time thereafter, pay to the county auditor the entire amount of the assessment remaining unpaid, with interest accrued to December 31 of the year in which such payment is made. Such payment must be made before November 18, 2022 or interest will be charged through December 31 of the next succeeding year.

4. The clerk shall forthwith transmit a certified duplicate of this assessment to the county auditor to be extended on the property tax lists of the county. Such assessments shall be collected and paid over in the same manner as other municipal taxes.

Passed and adopted this ___ day of _______, 2022, with the following vote:

Aye __; No __; Absent __.

Approved and signed this ____ day of ____, 2022.

____
Thomas A. Kuntz, Mayor

ATTEST:

____
Kris M. Busse, City Administrator/City Clerk

NOTICE OF PUBLIC HEARING
ON
DEVELOPMENT DISTRICT NO. 3 MODIFICATION
AND
TAX INCREMENT FINANCING DISTRICT NO. 3-16

TO WHOM IT MAY CONCERN:

Notice is hereby given that the City Council of the City of Owatonna, Minnesota, will meet in the City Council Chamber at 540 West Hills Circle in Owatonna, Minnesota, at 7:00 p.m. on Tuesday, October 18, 2022, to consider adoption of a Development District and Tax Increment Financing District Plan pursuant to Minnesota Statutes, Chapter 469.

A map showing the location of the proposed Development District and Tax Increment Financing District accompanies this notice. Such persons as desire to be heard with reference to the proposed development district and tax increment financing district plan will be heard at this meeting. Copies of the proposed plan are on file in the office of the City Clerk and available for public examination. Written or oral statements will be considered.

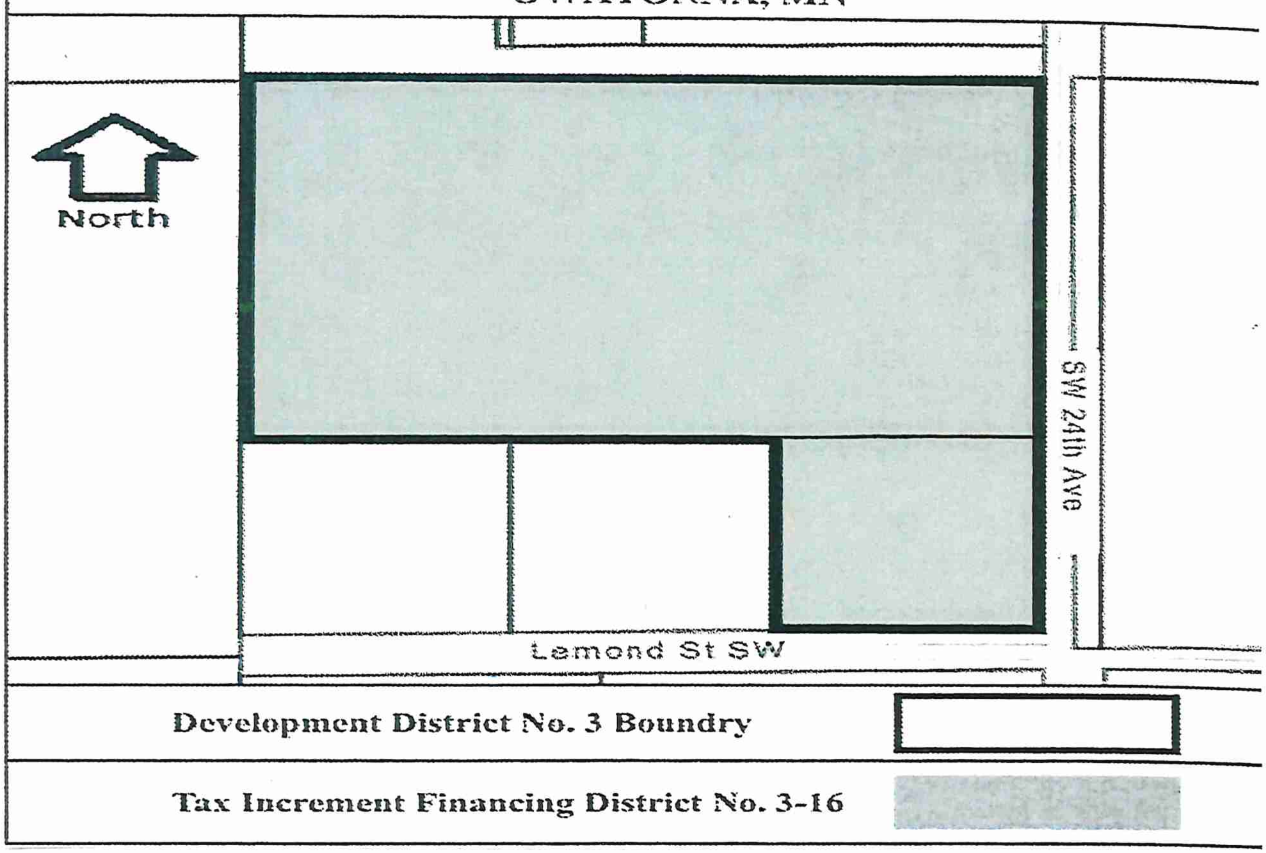
Any person with residence in the City of Owatonna, or the owner of taxable property in the City, may file a written complaint with the City if the City fails to comply with M.S. § 116 J.993 to 116J.995 (the Business Subsidy Act). No action may be filed against the City for the failure to comply unless a written complaint is filed.

Dated: This 4th day of October 2022.

BY ORDER OF THE OWATONNA CITY COUNCIL

By /s/ Kris M. Busse
City Administrator/City Clerk

LOCATION MAP FOR DEVELOPMENT DISTRICT NO. 3 AND TAX INCREMENT FINANCING DISTRICT NO. 3-16 OWATONNA, MN



Community Development Department

DATE: October 18, 2022
TO: Mayor and City Council
FROM:
SUBJECT: Res 86-22: Reaffirm Modification DD 3 and Establishment of TIF District 3-16 - KAMP Automation

Purpose:
Council to hold a public hearing regarding TIF District 3-16 and adopt Resolution 86-22 reaffirming the Council's previous decision.

Background:
The City originally held the public hearing for TIF District 3-16 on May 17, 2022. At some point after that date the City discovered that notice had not been published for this hearing. The City was planning on holding the hearing on October 4, 2022 and once again discovered that the notice had not been published. We delayed the request to this meeting and published the notice. We have confirmed that the notice was published on Thursday, October 6th.

In working with Ed Tschida, Advance Resources for Development, the City's TIF Consultant, and Mark Walbran, City Attorney they are advising us that the cleanest way is to republish the notice and hold the hearing again. Following that the Council should adopt a resolution reaffirming their decision approving the TIF District on May 17, 2022.

Budget Impact:
None with this specific request. The TIF numbers are addressed within the Development Agreement.

Staff Recommendation:
Staff recommends approval of Resolution 86-22 reaffirming Council's prior approval for TIF District 3-16.

Attachments:
1. Res 86-22 Reaffirm Approval of DD No. 3 Modification and TIF No. 3-16

RESOLUTION 86-22

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OWATONNA REAFFIRMING APPROVAL OF DEVELOPMENT DISTRICT NO. 3 MODIFICATION AND TAX INCREMENT FINANCING DISTRICT NO. 3-16 AND THE USE OF TAX INCREMENT FINANCING

WHEREAS, the City Council of the City of Owatonna, Minnesota (the "City") conducted a public hearing on May 17, 2022 regarding "Development District No. 3 Modification and Tax Increment Financing District No. 3-16, dated May 17, 2022" (the "Plan") that set forth a proposal enlarging Development District No. 3, designating certain parcels as Tax increment Financing District No. 3-16 and authorizing the use of tax increments to finance, in whole or in part, capital and administrative costs identified in the Plan; and

WHEREAS, Minnesota Statutes, Section 469.175, Subdivision 3 requires that prior to the modification of a development district and formation of a tax increment financing district and the adoption of a development district plan and tax increment financing plan a public hearing shall be held thereon; and

WHEREAS, following the May 17, 2022 public hearing the City discovered that the required notice of public hearing on the Plan had not been published; and

WHEREAS, the City on October 18, 2022, after having published a notice of public hearing in the official newspaper of the City, conducted a public hearing on the Plan and received public comments on the same.

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

Sec. 1. The City reaffirms its findings and determinations as previously set forth in City Council Resolution 51-22 adopted May 17, 2022.

Passed and adopted this ____ day of _______, 2022, with the following vote:

Aye ___; No ___; Absent ___.

Approved and signed this 18th day of October, 2022.

____
Thomas A. Kuntz, Mayor

ATTEST:

____
Kris M. Busse, City Administrator/City Clerk

Mayor Kuntz

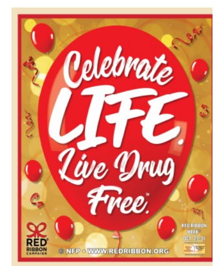
Mayor's Proclamation

WHEREAS the City of Owatonna values the health and safety of all our citizens; and

WHEREAS substance abuse is particularly damaging to one of our most valuable resources, our children, and takes a terrible toll on families; and

WHEREAS it is imperative that visible, unified prevention education effort by schools, civic groups, and community members be continued to reduce the demand for alcohol and drugs; and

WHEREAS Red Ribbon Week is a national campaign offering citizens the opportunity to demonstrate their commitment to drug-free lifestyles. The National 2022 Red Ribbon Week Campaign Theme, "Celebrate Life, Live Drug Free" promotes family and individual responsibilities for living health, drug-free lifestyles, without illegal drugs or the illegal use of legal drugs, and



NOW THEREFORE I, Thomas A Kuntz, Mayor of the City of Owatonna, proclaim **October 23 – October 31, 2022** as

Red Ribbon Week

and encourage all citizens to participate in activities promoting drug prevention education. The 2022 Owatonna Red Ribbon Community Kick Off Event will be held on Tuesday, October 25th from 5:00—6:30 pm at the Owatonna Middle School. You can wear and display red ribbons to encourage a drug-free lifestyle not only during Red Ribbon Week, but all year long, making a visible statement that we are strongly committed to a drug-free society.

By: ______________________________

Thomas A. Kuntz, Mayor

Council President Schultz called the regular session of the Owatonna City Council to order on Tuesday, October 4, 2022, at 7:00 p.m. in Council Chambers at City Hall. Present were Council Members Burbank, Boeke, Raney, Voss, Svenby, Dotson and Schultz; Mayor Kuntz; Community Development Director Klecker; Assistant City Engineer Murphy; Park and Rec Director Tuma; Human Resource Director Thamert; City Attorney Walbran; City Administrator Busse, and Administrative Specialist Clawson.

Agenda

Following the Pledge of Allegiance, Council President Schultz welcomed everyone to the meeting. Council Member Dotson made a motion to approve the agenda as presented, Council Member Boeke seconded the motion, all members voted aye for approval.

Public Hearing - Proposed Assessments - N Cedar Avenue Streetscape Project

Council President Schultz explained the process used for a public hearing held during a Council Meeting and then recused himself as he owns property within the project area. Vice President Raney took over the meeting and thanked the property owners for their patience during the construction process over the past two-year period. With a large-scale and complicated project such as this, there are many unknown factors. These factors have led to some discrepancies in the process of calculating assessments that will be charged to downtown property owners. Individual assessment amounts will be reviewed and may need adjusting to determine final amounts. Public Works Department staff is working with our ISG consultant to ensure assessed values accurately reflect the assessable improvements completed on each parcel. No final decisions will be made tonight regarding these proposed assessment amounts. Tonight's public hearing will not be closed but will be continue at the November 1st Regular City Council meeting.

At 7:03 pm, Council Member Burbank made a motion to open the public hearing, Council Member Voss seconded the motion and all members voted aye in agreement. Assistant City Engineer Murphy introduced ISG Civil Engineers Reese Studtelgte and Becky Guenther who served as the Project Consultants. They explained the project covered three blocks on North Cedar Avenue. A lot of infrastructure work was completed to replace the original sanitary sewer and watermains from the late 1800's. The alleyways were closed to traffic to provide access to the city's parking lots and addition of lighting and pedestrian enhancements.

Al Martin commented he had several questions about how he was billed but believes most of his questions have been answered and he will wait for the recalculation of his proposed assessment. One of his properties includes an alleyway and he asked if a park is assessed when the road around the park is improved because he believes these alleyways in the downtown area have been changed to parks.

Dale Fairbanks, 460 Willow Creek, commented he believes street assessments based on location and not usage would be more equitable. He believes properties in the downtown area currently receive more assessments than residential areas do.

Shawn McCarthy, owner of Irish Eyes Studio at 320 N Cedar Avenue commented his property is one of the smaller properties so he has one of the smaller proposed assessment amounts. He hopes Council will consider extended repayment options for a project which they did not have much say in during the decision process. He believes some of the amenities included in this project were not needed. He wished business owners would have been given more opportunity during the planning stages for this project. The project was presented to provide a more walkable environment, but the new sidewalk space is only 2 ½ feet wide. Yes, he thinks it looks beautiful but now the business owners are going to have to figure out how to help pay for it. He doesn't have any objections to being assessed for necessary repairs but questioning why there will also be an interest expense; he doesn't believe other cities charge interest on approved assessments. He hopes Council will consider an extended period for repayment as some businesses are still trying to recover from slow business during the Covid Pandemic and unable to pay within a 30-day period.

City Administrator Busse commented everyone will be given an opportunity to pay assessments over an extended period. Council sets terms of repayment when assessments are adopted.

Dan Kubista, 805 Lancer DR NE owner of Wagner's Lunch at 222 N Cedar Avenue commented he would have also appreciated more upfront involvement in the project. He isn't familiar with the assessment process and doesn't understand the $52.00/foot charge. He also didn't realize he would have an opportunity to pay over an extended period and believed payments would be due within 30 days. The current proposed assessments are more than the preliminary assessments and wish there would have been better communication when large projects are planned. He requested recalculation of assessments that are appropriate for everyone and hopes there will be improved communication with business owners in the downtown area. He also commented he would prefer meetings during the day so he could attend.

Greg Olson commented he owns a building in the 100 block of North Cedar. He was anticipating a proposed assessment at $52.00/foot; but addition of water service and connection fees increased this amount by more than four times. He wasn't planning for this large assessment amount and doesn't want to increase rent to cover the additional cost, one of his two renters closed their business during the Covid pandemic.

With no additional comments, Council Member Dotson made a motion to adjourn the public hearing to recommence during the regular City Council Meeting on November 1, 2022, at 7:00 pm for additional consideration of Resolution 81-22, Adoption of the Proposed Assessments for the North Cedar Avenue Project. Council Member Voss seconded the motion and all members voted aye in approval.

Council President Schultz returned to his seat and directed the meeting.

Proclamation – National Domestic Violence Awareness Month

Mayor Kuntz proclaimed the month of October as National Domestic Violence Awareness Month. The crime of domestic violence violates an individual's privacy and dignity, security, and humanity, due to systematic use of physical, emotional, sexual, psychological, and economic control and/or abuse including abuse to children and the elderly. He urged all citizens to actively participate in activities and programs that work toward improving victim safety and holding perpetrators of domestic abuse accountable for their actions against individual victims and our society as a whole.

Proclamation – Owatonna Foundation Week

Mayor Kuntz proclaimed the week beginning Sunday, October 2 through Saturday, October 8, 2022, as Owatonna Foundation Week. The Owatonna Foundation has goals to improve the quality of life for present and future generations of Owatonna residents by funding projects and scholarships to help further education goals.

Proclamation – Jason Karsten Day – 2022 Firefighter of the Year

Mayor Kuntz proclaimed Tuesday, October 11, 2022, as Jason Karsten Day. Jason was chosen as the Firefighter of the Year and will be recognized for this honor during the Firefighter Banquet next Tuesday at the VFW.

Proclamation – Pregnancy & Infant Loss Awareness Day

Mayor Kuntz proclaimed October 15, 2022, as pregnancy and Infant Loss Awareness Day. Infants Remembered In Silence, Inc. (IRIS) and many other non-profit organizations work with parents who have experienced the death of a child during pregnancy through early childhood. Many bereaved parents annually remember their lost child on October 15th each year by lighting a candle at 7 p.m. to unify with other parents in tribute to their children. .

Consent Agenda

Council President Schultz explained council members review the Consent Agenda items prior to the meeting for approval in one motion. Consent Agenda items for this meeting include:

- Minutes – Council Meeting – September 20, 2022
- Minutes - OPU Meeting - August 25, 2022
- Minutes - Airport Commission Meeting - September 8, 2022
- Minutes - Park Board Meeting - September 12, 2022
- Minutes - Human Rights Commission Meeting - September 13, 2022
- Minutes - EDA Meeting - September 21, 2022
- Minutes - HRA Meeting - September 26, 2022
- Minutes - Planning Commission Meeting -September 27, 2022
- Weed/Nuisance Inspection Report – September 30, 2022
- Event Permit - OFD Chili Feed – Sunday, October 9, 2022
- Use Agreement - Owatonna Diving Club
- Training Contract - Riverland Community College
- Stormwater and Facility Maintenance Agreement - Festal Place, LLC

Council Member Boeke made a motion to approve these Consent Agenda Items, Council Member Svenby seconded the motion and all members voted aye for approval.

Finance Report

Council Member Raney recapped payments made more than $20,000 for this period. Bills presented for payment total $1,805,885.44. Council Member Voss made a motion to approve payment of these bills, Council Member Burbank seconded the motion and all members voted aye for approval.

Resolution 82-22: CUP-1 Cemstone Batch Plant Building Height CUP

Community Development Director Klecker requested Council adopt Resolution 82-22 approving the Conditional Use Permit for Cemstone Concrete. They are relocating and plan to construct a 75-foot-tall building for their batch plant and operations at 315 32nd Avenue. The conditional use permit is requested for the height on the batch plant building, the proposed building has a 24' tall precast tip up structure and contains an additional 50' tall steel structure to get to the 75' of height. The front setback required to be 45', they are proposing 191'. The side setback is required to be 45', they are proposing 127'. The application shows a future driveway on the south end of the site, 115' to the north of the existing driveway. The City Engineer is recommending the southernmost driveway be removed if/when a future driveway is added due to its proximity to the other driveway. Viracon uses this for access and that continued use was a condition of the sale. If it were to move, then an agreement will need to be worked out with Viracon. A fuel island is being proposed in the center of the site. The applicant is showing some stockpiles in an existing utility easement on the east side of the property. OPU & SMMPA have a concern with the clearance between these piles and the transmission lines coming into Owatonna; no permanent obstructions may be allowed in the electric transmission line easements. Aggregate pile along the east side of the property is allowed if the pile can be moved should access to the electric transmission line be needed. Any obstructions in the electric transmission line easement must maintain a 30ft clearance to any part, vertically or horizontally, of the electric transmission line. There are no height concerns with the airport due to the height of these structures. The Planning Commission held a public hearing and recommended approval with the following conditions:

1) No permanent obstructions may be allowed in the electric transmission line easements. Aggregate like along east side of property is allowed if pile can be moved should access to the electric transmission line be needed. Any obstructions in the electric transmission line easement must maintain a 30ft clearance to any part, vertically or horizontally, of the electric transmission line.

2) All permits shall be issued by the City of Owatonna prior to work commencing for that item.

Council Member Raney made a motion to approve Resolution 82-22 which includes these recommendations from the Planning Commission. Council member Boeke seconded the motion; all members voted aye in approval.

Resolution 83-22: Resolution 83-22 2023 Life and Long-Term Disability Insurance - Accept Proposals and Award Policies

Human Resources Director Thamert approval of Resolution 83-22 to accept the proposals and award policies for the 2023 Life and Long-Term Disability Policies. National Insurance Services formally bid the life and long-term disability plan in compliance with MN Statute 471.6161 on behalf of the City. The RFP's received and accepted were compared and analyzed for recommendation the City stay with their current life insurance carrier, Minnesota Life. Minnesota Life is offering a 3-year rate guarantee and an overall 28% increase. It is also recommended that the City stay with their current long-term disability carrier, Madison National. Madison National is offering a 3-year rate guarantee and no change to current rates. Council Member Burbank made a motion to approve Resolution 83-22, Council Member Dotson seconded the motion, all members voted aye in approval.

Tobacco and 3.2% Malt Liquor Licenses - Holiday Stationstore #2746519

City Administrator Busse requested approval of the applications received form Holiday Stationstores, LLC for a new Tobacco License and an Off-Sale 3.2% Malt Liquor Permit. Construction is nearing completion at their new store located at 330 W North Street with plans to open November 10, 2022. Licenses will become effective with receipt of the Certificate of Occupancy to be effective to the end of the current license periods. Council Member Voss made a motion to approve these license applications, Council Member Boeke seconded the motion, all members voted aye in approval.

Tree Trimmers License - David Schroht for Tree Masters, LLC

City Administrator Busse presented application received form David Schroht, Tree Masters, LLC located at 2598 NW 82nd Avenue, Owatonna MN for a Tree Trimmers License. Council Member Raney made a motion to approve this license application, Council Member Boeke seconded the motion, all members voted aye in approval. This license will be effective immediately for the reminder of the current licensing period which expires March 31, 2023.

2021 Bridge Street Project - Change Order #6

Assistant City Engineer Murphy requested approval of Change Order #6 for the 2021 Bridge Street Project. This Change Order is required as part of the Federal Aid process: Liquidated Damages will not be pursued for substantial completion as most delayed work was due to material availability (light poles, signals). The Engineer has determined the contract needs to be revised in accordance with specification 1402.1 Alteration of Work - Specification Change. Council Member Burbank made a motion for approval, Council Member Svenby seconded the motion, all members voted aye in approval.

Amending and Assigning Purchase Agreement with KAMP Automation / KAB Properties LLC

Community Development Director Klecker requested approval of an amendment and assignment of the Purchase Agreement with KAMP Automaton/KAB Properties, LLC. The City entered into a purchase agreement with KAMP Automation for Lot 4, Block 1, Ebeling Addition on April 18, 2022. This agreement allowed for 6 months of due diligence to close on the property by October 15, 2022. Due to contractor timing, supply chain and numerous other items the company is not planning to start construction until Spring of 2023. For record keeping, they prefer to close on the property for this project in 2023 and requests an amendment to the purchase agreement to close by February 1, 2023. In addition to the extension, KAMP has created an LLC that will own the property. The City Attorney as well as the applicant's attorney are requesting that the agreement be assigned from KAMP Automation LLC to KAB Properties LLC, their company which will complete the purchase transaction and hold all the development and business subsidy agreements. Council Member

Dotson made a motion for approval, Council Member Boeke seconded the motion, all members voted aye in approval.

Staff Updates

Human Resources Director Thamert welcomed the City's new law enforcement officer, Leonel Garcia Pina who started his duties on September 26th. HR Department is excited about the Training Contract with Riverland Community College for supervisory training over the next six months which will be great for staff development. Staff is preparing for Open Enrollment for employee's 2023 Benefits that will begin in November. She has been working with Deanna Sheely, Communication Manager to create an internal newsletter for staff. Last week, she and Rachel Boss, HR Specialist completed a Mental Health Certification to provide support of our employees.

Community Development Director Klecker gave a brief update advising most current construction projects should be complete by year end. Current year-to-date valuation of Building Permits is $71 million which is more than the amount for all of 2021. We received plans for more projects within the last two weeks, we are currently in the process of hiring a new Building Inspector and Administrative Technician. Council Member Boeke asked if the new permit software is helping, Klecker advised use of the on-line permit process for Building and Inspection has been delayed as staff is unable to train and continue processing current requests.

Assistant City Engineer Murphy commented public works staff members are working to close out 2022 street improvement projects with follow-up on a few punch list items. Staff is also making progress on preparation of 2023 Street and Utility Project plans. There has been 400 yards of concrete poured in the foundation footings for the WWTP project. Public Works has been using the new permit software process through OpenGov for four months and have seen improvement on efficiency in staff response time. A survey was just sent for comments on the new process for the Grading Permit which received a good number of responses received which are now being reviewed for suggestions to continue increase efficiency. Council Member Raney asked why the crosswalk was closed between the 200 and 300 blocks today? Murphy commented there were markings in the concrete in the 200 and 300 blocks and in the alley area in the 200 block which are on the project punch list and should be repaired this week. Council Member Voss asked about the traffic flags currently posted on N Elm Avenue. Murphy responded the 4-way stop signs at the corners of Elm/Vine and Elm/Pearl are in process of changing to 2-way stop signs as approved by Council during June to be converted when the N Cedar Avenue Project was completed. The signs will be changed during the two-week period following procedure required by the state.

Parks and Rec Director Tuma thanked the Owatonna Foundation for their donation towards the Central Park Fountain. Yesterday, there was a ribbon cutting and rededication of the fountain and she thanked those who attended. Yesterday, there was also a kick-off meeting with the contractor for the capital improvement project at the River Springs Water Park for completion prior to next season. Staff has placed new sod on the Brooktree tee box on hole #9, this was one of the items requested in a recent survey and staff was able to complete this construction this fall. Next Monday, OFD will assist our grounds crew with a prairie burn at Leo Rudolph Nature Reserve. OFD uses this as a training session as they conduct an open burn for one half of the reserve each year. We held several listening sessions for Senior Use and staff is now organizing the feedback from our senior population and now organizing comments for short term and long-term plans to present to our Park Board and then recommendations to council. Update to the Master Park Plan has been ongoing, we will have a tent at Central Park during the N Cedar Streetscape ribbon cutting event on Thursday for public comments. Also, tuckpointing at Fire Hall is done and City Hall should be done within the next few weeks. Mayor Kuntz commented the fountain looks beautiful at night when the lights are on; the paint used was the same paint used 40 years ago so hoping this will now last for another 40 years.

Public Comments:

Dale Fairbanks, 630 Willow Creek Drive commented a previous survey showed residents wanted more parking in the downtown area, but we were given is more sidewalk space and now the city plans to spend a million dollars to tear down a downtown building to increase parking availability near downtown main streets. Also, you are raising our property taxes, raising sewer rates, and just read in the paper that you will using $3 million dollars from the sewer fund to pay for the parking and things done in the N Cedar Streetscape Project. Council Member Schultz and City Administrator Busse commented this is incorrect, sewer funds are not being used to complete the N Cedar Avenue Streetscape Project. Fairbanks also commented he hopes the city doesn't turn the sales of THC items into a monopoly, there has been recent state legislation and we also need to address this at the city level.

Nate Finholdt, 425 N26th Street requested follow-up to his previous concerns of the stormwater storage on 26th Street. There has been discussion for plans to renovate the retention pond on 26th Street and wanted to know if any decisions have been made. City Administrator Busse commented repair options received are quite expensive and Council plans to review at a study session prior to the November 1 Council Meeting.

Council/Administration Comments and General Information

Mayor Kuntz invited everyone to the ribbon cutting for the N Cedar Streetscape Project on Thursday, October 13th at 5:30 pm.

Council Member Voss cautioned everyone to watch for the new stop signs on North Elm.

Council Member Burbank commented traffic needs to pay attention to the signage at Selby and Mound and slow down.

Council Member Boeke thanks to the Public Works staff for making improvements in the traffic flow patterns and is also glad to see the tuck-pointing project is done at the Fire Hall

Council Member Raney commented he is glad the scaffolding has been removed from the Fire Hall as the tuckpointing project is completed. He is disappointed that the utility company has decided to raise gas rates by 40% effective January 1, 2023. Hoping due diligence was done, this is a utility commission decision and hopefully, there will be a way to lower those rates.

Council Member Svenby thanked everyone involved with the Homecoming Parade last Friday it was great to see the parade back in the downtown area.

City Administrator Busse reminded everyone of the OFD Chili/Wild Rice Feed this Sunday, October 9th from 4-7 pm.

Council President Schultz commented it was great to see the crowd for the homecoming parade and his most favorite thing today was to see the scaffolding removed from the sidewalk at the fire hall.

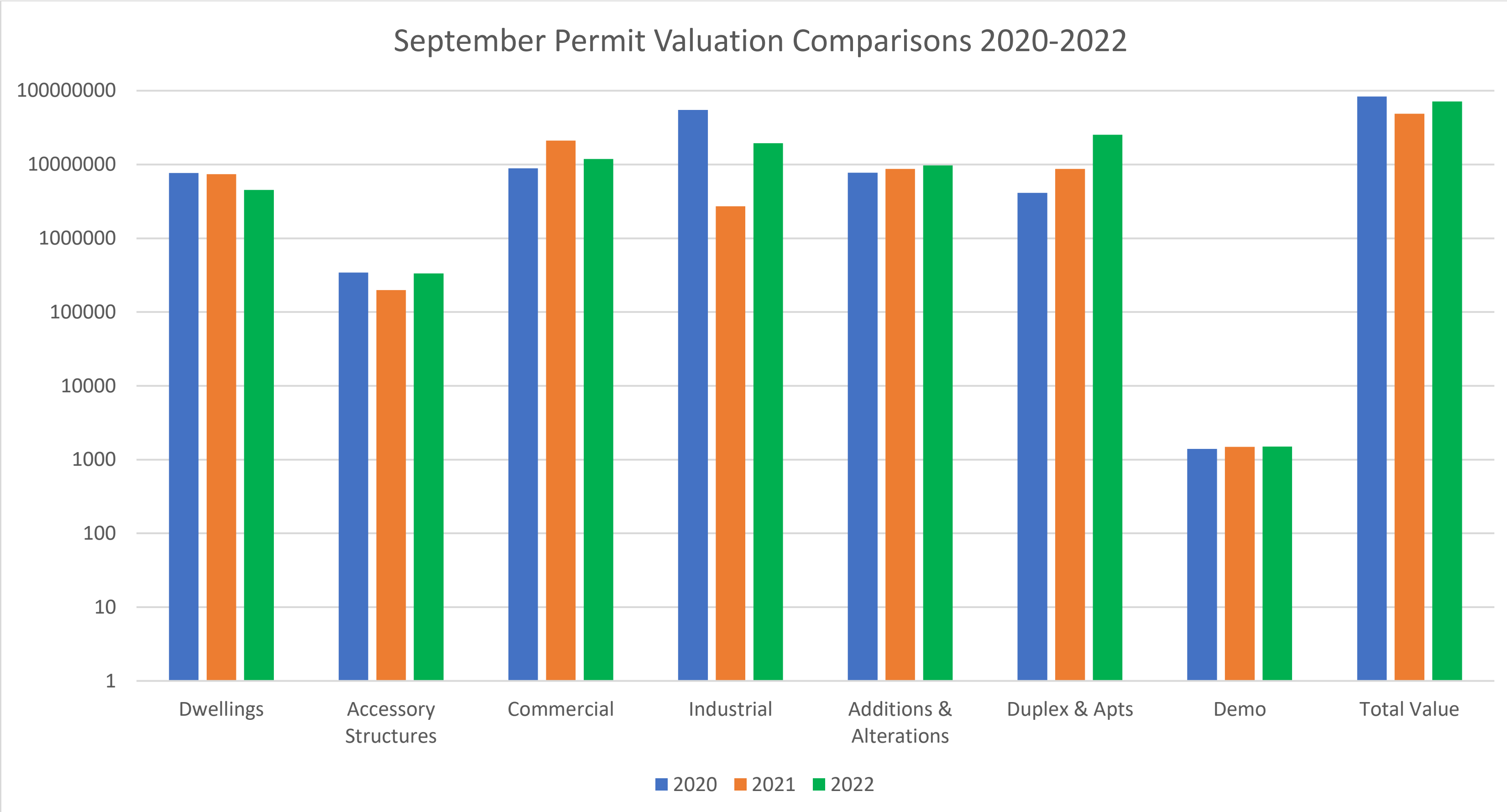
Mayor Kuntz reminded everyone the 2022 General Election is in early November and he encouraged everyone to get to know their candidates. The Owatonna Businesswomen and the Rotary Club and Chamber are hosting Candidate Forums for opportunities to get to know your candidates to be informed to vote.

Adjournment: At 8:07 p.m., Council Member Raney made a motion to adjourn, Council Member Boeke seconded the motion, and all members voted aye in approval.

Respectfully Submitted,

Jeanette Clawson, Administrative Specialist

Department Reports


September Permit Valuation Comparisons 2020-2022
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10
1
Dwellings
Accessory Structures
Commercial
Industrial
Additions & Alterations
Duplex & Apts
Demo
Total Value
2020
2021
2022

Owatonna Building Inspection Department Comparison Report- Construction to Date 2021/2022

Construction Report for Permits Issued through September 30, 2022

TYPE OF WORK	2021 PERMITS ISSUED	PERMITS ISSUED FOR CONSTRUCTION COST	Units	2022 PERMITS ISSUED	PERMITS ISSUED FOR CONSTRUCTION COST	Units
NEW DWELLINGS	29	7,373,650	29	12	4,531,000	12
ACCESSORY BUILDINGS	93	198,896		126	332,386	
(INCLUDES GARAGES, UTIL.						
BLDGS, SW. POOLS, ETC.)						
COMMERCIAL PROJECTS	150	21,018,100		184	11,910,289	
INDUSTRIAL PROJECTS	61	2,713,781		67	19,440,272	
RESIDENTIAL ADD. & ALT.	1,145	8,728,052		1,104	9,709,868	
DUPLEXES & APTS.	5	8,668,000	81	3	25,368,000	156
(INCLUDES ATTACHED SF)						
DEMOLITION PERMITS	7	-		3		
TOTAL PERMITS ISSUED	1,490	48,700,479	110	1,499	71,291,815	168

COMPARISON REPORT OF BUILDING DONE IN CITY OF OWATONNA IN YEARS 2021 AND 2022

Ken Beck, Building Official

	DWELLINGS		ACCESSORY		COMMERCIAL		INDUSTRIAL		ADD. & ALT.		DUPLEX/APTS		DEMO	TOTAL	
Month	NO.	VALUE	NO.	VALUE	NO.	VALUE	NO.	VALUE	NO.	VALUE	NO.	VALUE	NO.	NO.	VALUE
Jan '21	0	0	4	4,500	15	2,281,485	3	18,800	93	582,445	1	2,968,000	2	118	5,855,230
Jan '22	0	0	4	7,640	14	104,970	11	3,775,051	68	419,719	0	0	0	97	4,307,380
Feb '21	3	600,000	4	4,500	24	2,403,602	6	22,800	201	1,064,641	1	2,968,000	2	241	7,063,543
Feb '22	0	0	12	22,742	24	1,753,403	16	4,817,476	139	855,061	0	0	0	191	7,448,682
Mar '21	6	1,200,000	6	7,800	41	2,659,928	14	230,900	345	1,798,868	1	2,968,000	2	415	8,865,496
Mar '22	5	1,901,925	33	67,493	35	2,161,547	26	5,560,379	284	1,747,846	0	0	1	384	11,492,265
Apr '21	10	2,260,000	17	17,326	61	3,232,680	20	873,200	482	2,740,015	1	2,968,000	2	593	12,091,221
Apr '22	5	1,901,925	51	96,566	58	2,827,402	30	5,592,069	411	2,785,871	0	0.00	0.00	555	13,256,908
May '21	17	4,375,000	39	69,626	77	4,895,502	25	1,225,930	630	4,155,201	1	2,968,000	2	791	17,689,259
May '22	6	2,141,925	62	112,316	75	5,328,038	36	6,191,103	585	4,336,520	0	0	0	764	18,162,974
Jun '21	18	4,675,000	57	143,066	92	6,121,333	31	1,492,510	770	4,971,159	2	3,388,000	5	975	20,791,068
Jun '22	8	3,061,925	76	155,666	107	6,779,903	40	7,384,127	738	6,392,230	0	0	3	970	23,826,923
Jul '21	23	5,977,650	65	150,216	111	6,995,283	37	1,767,381	898	5,948,453	3	8,368,000	6	1143	29,206,983
Jul '22	10	3,631,925	94	282,866	130	8,869,882	48	8,653,897	870	7,432,254	2	18,868,000	3	1,155	47,739,979
Aug '21	25	6,577,650	76	177,271	130	8,814,793	52	2,190,421	1,002	7,031,277	5	8,668,000	6	1,296	33,459,412
Aug '22	11	4,031,925	101	303,866	160	10,139,786	56	8,902,182	986	8,211,645	3	25,368,000	3	1,320	56,958,559
Sep '21	29	7,373,650	93	198,896	150	21,018,100	61	2,713,781	1,145	8,728,052	5	8,668,000	7	1,490	48,700,479
Sep '22	12	4,531,000	126	332,386	184	11,910,289	67	19,440,272	1,104	9,709,868	3	25,368,000	3	1,499	71,291,815
Oct '21	31	7,773,650	100	227,096	157	21,675,198	66	5,163,621	1292	9,941,707	5	8,668,000	7	1,658	*53,449,272
Oct '22															
Nov '21	39	10,023,650	110	241,271	165	22,828,867	68	5,747,938	1,442	10,923,871	5	8,668,000	7	1,836	*58,433,597
Nov '22															
Dec '21	40	10,373,650	113	250,971	185	23,884,442	71	5,767,938	1,551	11,748,489	6	9,668,000	8	1,974	*61,693,490
Dec '22															

Report compiled and prepared by Kristen Kopp

* Does not include $94,000,000 valuation of Owatonna High School

Licenses - Permits

LG220 Application for Exempt Permit

An exempt permit may be issued to a nonprofit organization that:
- conducts lawful gambling on five or fewer days, and
- awards less than $50,000 in prizes during a calendar year.

If total raffle prize value for the calendar year will be $1,500 or less, contact the Licensing Specialist assigned to your county by calling 651-539-1900.

Application Fee (non-refundable)

Applications are processed in the order received. If the application is postmarked or received 30 days or more before the event, the application fee is **$100**; otherwise the fee is **$150**.

Due to the high volume of exempt applications, payment of additional fees prior to 30 days before your event will not expedite service, nor are telephone requests for expedited service accepted.

ORGANIZATION INFORMATION

Organization Name: Owatonna Fire Relief Association

Previous Gambling Permit Number: 74005

Minnesota Tax ID Number, if any: 41-6032886

Federal Employer ID Number (FEIN), if any:

Mailing Address: 107 W. Main St

City: Owatonna State: MN Zip: 55060 County: Steele

Name of Chief Executive Officer (CEO): Justin Brown

CEO Daytime Phone: (507)475-1787 CEO Email: justin.brown@ci.owatonna.mn.us

(permit will be emailed to this email address unless otherwise indicated below)

Email permit to (if other than the CEO): leila.kath@ci.owatonna.mn.us

NONPROFIT STATUS

Type of Nonprofit Organization (check one):

☐ Fraternal ☐ Religious ☐ Veterans ☑ Other Nonprofit Organization

Attach a copy of one of the following showing proof of nonprofit status:

(DO NOT attach a sales tax exempt status or federal employer ID number, as they are not proof of nonprofit status.)

☑ **A current calendar year Certificate of Good Standing**

Don't have a copy? Obtain this certificate from:

MN Secretary of State, Business Services Division
60 Empire Drive, Suite 100
St. Paul, MN 55103

Secretary of State website, phone numbers:
www.sos.state.mn.us
651-296-2803, or toll free 1-877-551-6767

☑ **IRS income tax exemption (501(c)) letter in your organization's name**

Don't have a copy? To obtain a copy of your federal income tax exempt letter, have an organization officer contact the IRS toll free at 1-877-829-5500.

☐ **IRS - Affiliate of national, statewide, or international parent nonprofit organization (charter)**

If your organization falls under a parent organization, attach copies of both of the following:

1. IRS letter showing your parent organization is a nonprofit 501(c) organization with a group ruling; and
2. the charter or letter from your parent organization recognizing your organization as a subordinate.

GAMBLING PREMISES INFORMATION

Name of premises where the gambling event will be conducted (for raffles, list the site where the drawing will take place): Owatonna Eagles Club

Physical Address (do not use P.O. box): 141 E Rose St

Check one:

☑ City: Owatonna Zip: 55060 County: Steele

☐ Township: Zip: County:

Date(s) of activity (for raffles, indicate the date of the drawing): Saturday, November 12, 2022

Check each type of gambling activity that your organization will conduct:

☑ Bingo ☐ Paddlewheels ☐ Pull-Tabs ☐ Tipboards ☐ Raffle

Gambling equipment for bingo paper, bingo boards, raffle boards, paddlewheels, pull-tabs, and tipboards must be obtained from a distributor licensed by the Minnesota Gambling Control Board. EXCEPTION: Bingo hard cards and bingo ball selection devices may be borrowed from another organization authorized to conduct bingo. To find a licensed distributor, go to ***www.mn.gov/gcb*** and click on ***Distributors*** under the ***List of Licensees*** tab, or call 651-539-1900.

LOCAL UNIT OF GOVERNMENT ACKNOWLEDGMENT (required before submitting application to the Minnesota Gambling Control Board)

CITY APPROVAL
for a gambling premises located within city limits

- [x] The application is acknowledged with no waiting period.
- [ ] The application is acknowledged with a 30-day waiting period, and allows the Board to issue a permit after 30 days (60 days for a 1st class city).
- [ ] The application is denied.

Print City Name: ____________

Signature of City Personnel:
X Jeanette Clausen

Title: Admin Assistant Date: 9/30/22

The city or county must sign before submitting application to the Gambling Control Board.

COUNTY APPROVAL
for a gambling premises located in a township

- [ ] The application is acknowledged with no waiting period.
- [ ] The application is acknowledged with a 30-day waiting period, and allows the Board to issue a permit after 30 days.
- [ ] The application is denied.

Print County Name: ____________

Signature of County Personnel:

____

Title: ____________ Date: ____________

TOWNSHIP (if required by the county)
On behalf of the township, I acknowledge that the organization is applying for exempted gambling activity within the township limits. (A township has no statutory authority to approve or deny an application, per Minn. Statutes, section 349.213.)

Print Township Name: ____________

Signature of Township Officer: ____________

Title: ____________ Date: ____________

CHIEF EXECUTIVE OFFICER'S SIGNATURE (required)

The information provided in this application is complete and accurate to the best of my knowledge. I acknowledge that the financial report will be completed and returned to the Board within 30 days of the event date.

Chief Executive Officer's Signature: ____________ Date: ____________
(Signature must be CEO's signature; designee may not sign)

Print Name: ____________

REQUIREMENTS

Complete a separate application for:
- all gambling conducted on two or more consecutive days; or
- all gambling conducted on one day.

Only one application is required if one or more raffle drawings are conducted on the same day.

Financial report to be completed within 30 days after the gambling activity is done:
A financial report form will be mailed with your permit. Complete and return the financial report form to the Gambling Control Board.

Your organization must keep all exempt records and reports for 3-1/2 years (Minn. Statutes, section 349.166, subd. 2(f)).

MAIL APPLICATION AND ATTACHMENTS

Mail application with:

____ a copy of your proof of nonprofit status; and

____ application fee (non-refundable). If the application is postmarked or received 30 days or more before the event, the application fee is **$100**; otherwise the fee is **$150**. Make check payable to **State of Minnesota.**

To: Minnesota Gambling Control Board
1711 West County Road B, Suite 300 South
Roseville, MN 55113

Questions?
Call the Licensing Section of the Gambling Control Board at 651-539-1900.

Data privacy notice: The information requested on this form (and any attachments) will be used by the Gambling Control Board (Board) to determine your organization's qualifications to be involved in lawful gambling activities in Minnesota. Your organization has the right to refuse to supply the information; however, if your organization refuses to supply this information, the Board may not be able to determine your organization's qualifications and, as a consequence, may refuse to issue a permit. If your organization supplies the information requested, the Board will be able to process the application. Your organization's name and address will be public information when received by the Board. All other information provided will be private data about your organization until the Board issues the permit. When the Board issues the permit, all information provided will become public. If the Board does not issue a permit, all information provided remains private, with the exception of your organization's name and address which will remain public. Private data about your organization are available to Board members, Board staff whose work requires access to the information; Minnesota's Department of Public Safety; Attorney General; Commissioners of Administration, Minnesota Management & Budget, and Revenue; Legislative Auditor, national and international gambling regulatory agencies; anyone pursuant to court order; other individuals and agencies specifically authorized by state or federal law to have access to the information; individuals and agencies for which law or legal order authorizes a new use or sharing of information after this notice was given; and anyone with your written consent.

This form will be made available in alternative format (i.e. large print, braille) upon request.

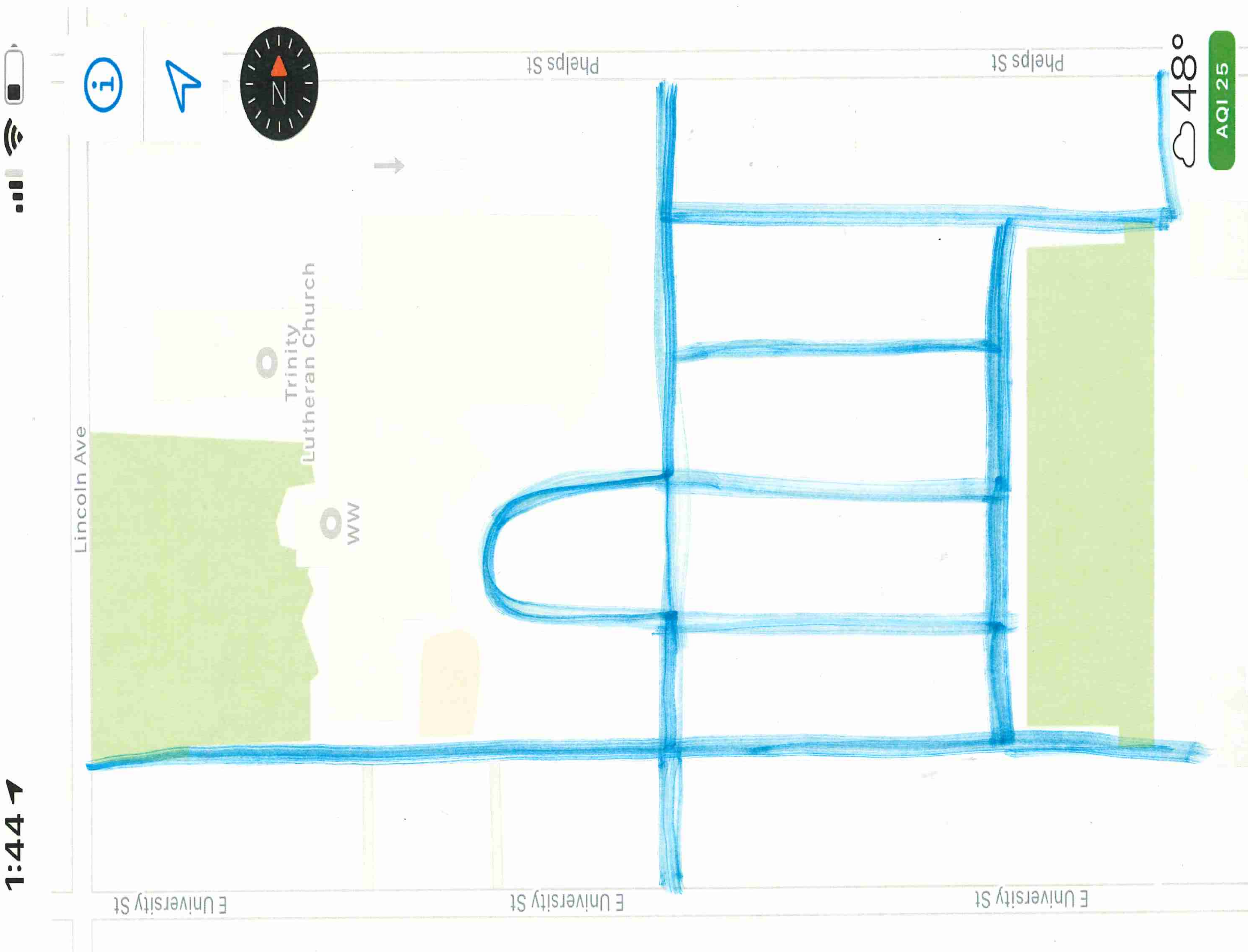
An equal opportunity employer

Approved: ______
Denied: _______

SUMMARY
EVENTS PERMIT APPLICATION

Date of Application: _10/04/2022_____ Date to Council: __10/18/2022________

EVENT INFORMATION: Trunk or Treat Event @ Trinity Lutheran Church **FEE Amount:** n/a
Event Dates/Times: Date _Wednesday, October 26, 2022__ Time: _6:00 p.m – 7:30 p.m. Set-up begins at 5:00 pm and Clean Up should be done by 8:00 p.m. on the day of the event.
Location (Address) of Event: Trinity Lutheran Church, 609 Lincoln Avenue
Estimated Attendance (Participants and spectators): 500+
APPLICATION INFORMATION: Trinity Lutheran Church
Primary Contact: Chris Swanson 507-451-4520 or 952-303-9300 Alternate Contact: Kris Oppegaard: 507-363-1401
Items needed: 80 large traffic cones as guides for a drive-through Trunk or Treat Event in the church parking lot as done last year. They changed to this because of COVID concerns and planning to do again so will not hold an indoor walk-through event for Halloween. They request use of traffic cones to create a path for attendees to drive around within the church parking lot; no use of Public street, trail or ROW requested.
Department Notes : Park & Rec: Approve, no impact Public Works: Approve, have their request on calendar. Advise applicant to pick-up cones during regular business hours, call shop at 774-7051. Fire: Approved Police: Approved
Council Notes: City Council Approval: _____________________________________ Date: ______________________ Kris M. Busse, City Administrator/City Clerk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Miscellaneous

RECAP:

32,640.97	Central Farm Service - Fleet fuels and lubricants
470,315.20	Everstrong Construction Inc - Airport Hangar Est 2
222,610.85	JJD Companies - N Cedar Streetscape Est 15
99,233.30	Nero Engineering - WWTF Expansion engineering services July, 2022
27,357.38	Owatonna Area Chamber - August 2022 Lodging tax
1,043,569.01	Rice Lake Construction Group - WWTF Expansion Est 4
227,072.51	OTHER EXPENDITURES
$ 2,122,799.22	*SUBTOTAL*
81,085.46	HRA HOUSING ASSISTANCE PAYMENTS
$ 2,203,884.68	TOTAL EXPENDITURES PRESENTED FOR APPROVAL

NOTE: Checks over $20,000 are detailed out individually

Cash Account: 999-19100-000-000-000000

Check Number	Check Date	Vendor Name	Net Check Amount	Check Status	Check Type
370414	10/01/22	ABARIM REALTY INC	376.00	R	ACH
370415	10/01/22	ACADEMY APARTMENTS OF OWATONNA	197.00	R	ACH
370416	10/01/22	ALL AREA MANAGEMENT LLC	1,381.00	R	ACH
370417	10/01/22	APACHE APARTMENTS	602.00	R	ACH
370418	10/01/22	ARNFELT RENTS	271.00	R	ACH
370419	10/01/22	ATM PROPERTIES LLC	884.00	R	ACH
370420	10/01/22	AUSTIN HRA	1,765.00	O	Regular
370421	10/01/22	B-GROVE LLC	1,454.00	R	ACH
370422	10/01/22	BROWN COTTAGE INDUSTRIES	727.00	R	ACH
370423	10/01/22	BROWN CYNTHIA	460.00	R	ACH
370424	10/01/22	BRYCEN GREGOR	920.00	R	ACH
370425	10/01/22	CEDAR RIDGE APARTMENTS	689.00	R	ACH
370426	10/01/22	CEDAR ROSE ASSOCIATES LLC	254.00	R	ACH
370427	10/01/22	CEDAR RUN TOWN HOMES MDI #41	2,767.00	R	ACH
370428	10/01/22	CEDARDALE NORTH APARTMENTS	340.00	R	ACH
370429	10/01/22	CEDARDALE SOUTH APARTMENTS	425.00	R	ACH
370430	10/01/22	CEDARDALE WEST APARTMENTS	835.00	R	ACH
370431	10/01/22	COMMON CENTS PROPERTIES LLC	371.00	R	ACH
370432	10/01/22	DAN NECHVILLE	644.00	R	ACH
370433	10/01/22	EEK LLC	460.00	R	ACH
370434	10/01/22	ELLINGSON RICHARD	815.00	R	ACH
370435	10/01/22	ELM STREET PROPERTIES	614.00	R	ACH
370436	10/01/22	FITZGERALD TLS PROPERTIES LLC	508.00	R	ACH
370437	10/01/22	IMAGE APARTMENT	2,501.00	R	ACH
370438	10/01/22	JBLL EQUITIES LLC	440.00	R	ACH
370439	10/01/22	JOHN & DENISE SCHROEDER	485.00	R	ACH
370440	10/01/22	JOHNSON WINDOW & SIDING INC	4,327.00	R	ACH
370441	10/01/22	JPF PROPERTIES	1,100.00	R	ACH
370442	10/01/22	KEG INVESTMENTS LLC	471.00	R	ACH
370443	10/01/22	KEITH MARTIN	483.00	R	ACH
370444	10/01/22	KLEVOS GREG	720.00	R	ACH
370445	10/01/22	LAXMAN S SUNDAE	743.00	R	ACH
370446	10/01/22	LEE ANNA	705.00	R	ACH
370447	10/01/22	LINCOLN SQUARE APARTMENTS	5,447.00	R	ACH
370448	10/01/22	LOFTS ON 3RD	602.00	R	ACH
370449	10/01/22	LWO LIMITED PARTNERSHIP #116	2,648.00	R	ACH
370450	10/01/22	MANCINI NICHOLAS	693.00	R	ACH
370451	10/01/22	MARQUARDT DENNIS	1,262.00	R	ACH
370452	10/01/22	MARTIN ALLAN	2,752.00	R	ACH
370453	10/01/22	MARTIN FAMILY LLC	896.00	R	ACH
370454	10/01/22	MCCAULEY PATRICK	747.00	R	ACH
370455	10/01/22	MIDWEST INVEST LLC	485.00	R	ACH
370456	10/01/22	MINNEAPOLIS PHA	916.82	R	ACH
370457	10/01/22	NECHVILLE DON	1,580.00	R	ACH

Check Number	Check Date	Vendor Name	Net Check Amount	Check Status	Check Type
370458	10/01/22	NORTH VIEW APARTMENTS	839.00	R	ACH
370459	10/01/22	NORTHCOURT APARTMENTS	2,201.00	R	ACH
370460	10/01/22	NORTHGATE	2,184.00	R	ACH
370461	10/01/22	NORTHWEST MANOR	1,162.00	R	ACH
370462	10/01/22	OWATONNA PUBLIC UTILITIES	6.00	R	ACH
370463	10/01/22	PARK PLAZA LLC	1,067.00	R	ACH
370464	10/01/22	PARKVIEW OWATONNA LLC	284.00	R	ACH
370465	10/01/22	PROHASKI CHRIS	460.00	R	ACH
370466	10/01/22	PROHASKI PROPERTIES	464.00	R	ACH
370467	10/01/22	QUALITY RENTALS OF OWATONNA LL	656.00	R	ACH
370468	10/01/22	RAYMOND WILLMOTT	589.00	R	ACH
370469	10/01/22	SCOTT COUNTY CDA	2,401.64	R	ACH
370470	10/01/22	SMITH REAL ESTATE LLC	1,183.00	R	ACH
370471	10/01/22	SOUTH CENTRAL HUMAN RELATIONS	4,627.00	R	ACH
370472	10/01/22	SUBLAND INVESTMNTS & LIFESTYLE	600.00	R	ACH
370473	10/01/22	SUMMIT MANOR	293.00	R	ACH
370474	10/01/22	T & M RENTALS	421.00	R	ACH
370475	10/01/22	TM RENTALS II LLC	458.00	R	ACH
370476	10/01/22	TREND REALTY LLC	570.00	R	ACH
370477	10/01/22	USDA RURAL DEVELOPMENT	530.00	O	Regular
370478	10/01/22	USDA RURAL DEVELOPMENT	449.00	O	Regular
370479	10/01/22	VAITH PROPERTIES LLC	218.00	R	ACH
370480	10/01/22	WILLOW RUN I MDI #58	4,466.00	R	ACH
370481	10/01/22	WILLOW RUN II MDI #85	3,945.00	R	ACH
370482	10/01/22	YOUNGDAHL DEVELOPMENT LLC	1,702.00	R	ACH
370483	10/01/22	ZK INVESTORS LLC	1,547.00	R	ACH
370484	10/11/22	4IMPRINT INC	141.10	O	Regular
370485	10/11/22	AFLAC	2,870.28	O	Regular
370486	10/11/22	ALBERT LEA TRIBUNE	198.00	O	Regular
370487	10/11/22	ALEXANDER LUMBER COMPANY	488.23	O	Regular
370488	10/11/22	ANCOM	860.00	O	Regular
370489	10/11/22	ANHORN'S GAS & TIRE	79.71	O	Regular
370490	10/11/22	ANNA K MARTIN	27.90	O	Regular
370491	10/11/22	APG MEDIA OF SO MINNESOTA LLC	121.17	O	Regular
370492	10/11/22	ARAMARK UNIFORM SERVICES INC	354.28	O	Regular
370493	10/11/22	ARLEY K FADNESS	21.50	O	Regular
370494	10/11/22	ARNOLD'S OF MANKATO INC	1,206.15	O	Regular
370495	10/11/22	ARROW ACE HARDWARE	31.95	O	Regular
370496	10/11/22	BACHMAN'S CREDIT DEPT	208.05	O	Regular
370497	10/11/22	BAKER & TAYLOR BOOKS	1,690.76	O	Regular
370498	10/11/22	BATTERIES PLUS BULBS LLC	125.38	O	Regular
370499	10/11/22	BCA/TRAINING & DEVELOPMENT	600.00	O	Regular
370500	10/11/22	BCT MINNEAPOLIS	27.00	O	Regular
370501	10/11/22	BLACKSTONE PUBLISHING	171.78	O	Regular
370502	10/11/22	BOLTON & MENK INC	11,829.00	O	Regular

Check Number	Check Date	Vendor Name	Net Check Amount	Check Status	Check Type
370503	10/11/22	BRODART CO	117.13	O	Regular
370504	10/11/22	CARQUEST	637.45	O	Regular
370505	10/11/22	CEMSTONE CONCRETE MATERIAL LLC	1,520.00	O	Regular
370506	10/11/22	CENGAGE LEARNING INC	136.75	O	Regular
370507	10/11/22	CENTRAL FARM SERVICE	32,640.97	O	Regular
370508	10/11/22	CLUB PROPHET SYSTEMS	530.00	O	Regular
370509	10/11/22	COMPCARE OCCUPATIONAL MEDICINE	110.00	O	Regular
370510	10/11/22	COVERTTRACK GROUP, INC.	600.00	O	Regular
370511	10/11/22	CRANE CREEK ASPHALT	1,209.92	O	Regular
370512	10/11/22	CULLIGAN OF OWATONNA	25.40	O	Regular
370513	10/11/22	CUSHMAN MOTOR CO INC	287.28	O	Regular
370514	10/11/22	CUSTOM COMMUNICATIONS	2,318.17	O	Regular
370515	10/11/22	D & M CONSTRUCTION LLC	1,222.00	O	Regular
370516	10/11/22	DAVIS MECHANICAL SYSTEMS INC	2,315.00	O	Regular
370517	10/11/22	DEMCO	83.71	O	Regular
370518	10/11/22	Employee Strategies	7,500.00	O	Regular
370519	10/11/22	EYE MED VISION CARE	392.04	O	Regular
370520	10/11/22	FARMERS FEED AND PET SUPPLY	112.94	O	Regular
370521	10/11/22	FASTENAL COMPANY	376.60	O	Regular
370522	10/11/22	FIRST SUPPLY OWATONNA	110.07	O	Regular
370523	10/11/22	FLAHERTY & HOOD PA	4,280.00	O	Regular
370524	10/11/22	GALLS	354.36	O	Regular
370525	10/11/22	GENERAL TRAFFIC CONTROLS INC	7,858.00	O	Regular
370526	10/11/22	GOPHER/PLAY WITH A PURPOSE	500.48	O	Regular
370527	10/11/22	HEALTHPARTNERS INC	4,391.95	O	Regular
370528	10/11/22	HILLYARD/HUTCHINSON	503.31	O	Regular
370529	10/11/22	HOOPLA BY MIDWEST TAPE LLC	1,142.57	O	Regular
370530	10/11/22	HUBER SUPPLY CO INC	27.29	O	Regular
370531	10/11/22	HY VEE	926.85	O	Regular
370532	10/11/22	I U O E LOCAL 70	2,490.86	O	Regular
370533	10/11/22	IFACS	105.93	O	Regular
370534	10/11/22	INNOVATIVE OFFICE SOLUTIONS	562.99	O	Regular
370535	10/11/22	JIM KAPLAN CONSTR & FENCING LL	1,094.00	O	Regular
370536	10/11/22	JJD COMPANIES LLC	222,610.85	O	Regular
370537	10/11/22	JOHN DEERE CREDIT	2,988.97	O	Regular
370538	10/11/22	KECK'S REPAIR	900.01	O	Regular
370539	10/11/22	KELLY PRINTING AND SIGNS	612.00	O	Regular
370540	10/11/22	KWIK CASE LLC	3,028.02	O	Regular
370541	10/11/22	KWIK TRIP INC	132.42	O	Regular
370542	10/11/22	LANGER AVIATION INC	1,750.00	O	Regular
370543	10/11/22	LARRY THORNHILL	196.00	O	Regular
370544	10/11/22	LAWSON PRODUCTS	219.94	O	Regular
370545	10/11/22	MACQUEEN EQUIPMENT CO	13,507.27	O	Regular
370546	10/11/22	MADISON NATL LIF INS CO INC	972.73	O	Regular
370547	10/11/22	MARCO TECHNOLOGIES LLC	504.61	O	Regular

Check Number	Check Date	Vendor Name	Net Check Amount	Check Status	Check Type
370548	10/11/22	MARIE RIDGEWAY LICSW LLC	675.00	O	Regular
370549	10/11/22	MELISSA SPINLER	167.75	O	Regular
370550	10/11/22	MIKE'S MARINE & SMALL ENG REP	38.61	O	Regular
370551	10/11/22	MILLER MECHANICAL SPECIALTIES	1,375.12	O	Regular
370552	10/11/22	MINNESOTA LIFE	2,432.30	O	Regular
370553	10/11/22	MN DEPT NATURAL RESOURCES	90.00	O	Regular
370554	10/11/22	MN GOLF ASSOCIATION	30.00	O	Regular
370555	10/11/22	MN NCPERS GROUP LIFE INSURANCE	480.00	O	Regular
370556	10/11/22	MN PUBLIC EMPLOYEES ASSOC	1,287.00	R	ACH
370557	10/11/22	MN STATE FIRE CHIEFS ASSC	162.50	O	Regular
370558	10/11/22	MN VALLEY TESTING LABS INC	848.15	O	Regular
370559	10/11/22	MRI SOFTWARE LLC	75.00	O	Regular
370560	10/11/22	MTI DISTRIBUTING INC	186.23	O	Regular
370561	10/11/22	NAPA AUTO PARTS	1,008.64	O	Regular
370562	10/11/22	NATASHA NORTHROP	50.00	O	Regular
370563	10/11/22	NERO ENGINEERING	99,233.30	O	Regular
370564	10/11/22	O'REILLY AUTOMOTIVE INC	95.26	O	Regular
370565	10/11/22	OAK GLENN	1,803.00	O	Regular
370566	10/11/22	OLYMPIC FIRE PROTECTION CORP	1,955.00	O	Regular
370567	10/11/22	OWATONNA AREA CHAMBER OF COMM	27,357.38	O	Regular
370568	10/11/22	OWATONNA FLOOR COVERING	7,821.00	O	Regular
370569	10/11/22	OWATONNA SOFTBALL ASSN	2,100.00	O	Regular
370570	10/11/22	OWATONNA VETERINARY HOSPITAL	406.50	O	Regular
370571	10/11/22	PDI	41.94	O	Regular
370572	10/11/22	PEPSI COLA OF ROCHESTER	228.50	O	Regular
370573	10/11/22	POPE DOUGLAS WASTE MANAGEMENT	432.90	O	Regular
370574	10/11/22	POTTERS INDUSTRIES LLC	968.00	O	Regular
370575	10/11/22	PRIME GARAGE DOOR & MORE	425.00	O	Regular
370576	10/11/22	R & K ELECTRIC	125.00	O	Regular
370577	10/11/22	RCM SPECIALTIES	4,311.58	O	Regular
370578	10/11/22	RDO EQUIPMENT CO	2,119.86	O	Regular
370579	10/11/22	RENT N SAVE	470.25	O	Regular
370580	10/11/22	RICE LAKE CONSTRUCTION GROUP	1,043,569.01	O	Regular
370581	10/11/22	RON'S REPAIR SERVICE	251.31	O	Regular
370582	10/11/22	SCHMIDT GOODMAN OFFICE PRODUCT	4,941.33	O	Regular
370583	10/11/22	SCHOLASTIC INC	7.40	O	Regular
370584	10/11/22	SENIORPLACE INC	1,901.00	O	Regular
370585	10/11/22	SHERWIN WILLIAMS COMPANY	158.24	O	Regular
370586	10/11/22	SHI CORP	719.22	O	Regular
370587	10/11/22	SKJEVELAND ENTERPRISES	173.75	O	Regular
370588	10/11/22	SOUTH CENTRAL MN SHRM	270.00	O	Regular
370589	10/11/22	SPLIT ROCK MANAGEMENT INC	2,106.30	O	Regular
370590	10/11/22	STATE INDUSTRIAL PRODUCTS	829.34	O	Regular
370591	10/11/22	STEELE COUNTY TREASURER	5,832.55	O	Regular
370592	10/11/22	STEWART DENISE	391.14	O	Regular

Check Number	Check Date	Vendor Name	Net Check Amount	Check Status	Check Type
370593	10/11/22	STEWART SANITATION	1,401.25	O	Regular
370594	10/11/22	STREICHER'S INC	1,145.97	O	Regular
370595	10/11/22	SUE JONES	50.00	O	Regular
370596	10/11/22	SUPERIOR FOODS AND CATERING	500.00	O	Regular
370597	10/11/22	SWEET TOWING	135.00	O	Regular
370598	10/11/22	TGK AUTOMOTIVE OF OWATONNA LLC	824.41	O	Regular
370599	10/11/22	THE AFTON HOUSE INN	835.80	O	Regular
370600	10/11/22	THE NEW YORK TIMES	130.00	O	Regular
370601	10/11/22	THE PENWORTHY COMPANY	185.18	O	Regular
370602	10/11/22	THOMSON REUTERS	4,476.66	O	Regular
370603	10/11/22	TOWMASTER	1,376.87	O	Regular
370604	10/11/22	UNITED WAY	228.00	O	Regular
370605	10/11/22	US BANK	350.00	O	Regular
370606	10/11/22	USABLUEBOOK	1,614.57	O	Regular
370607	10/11/22	UTILITY CONSULTANTS INC	1,230.36	O	Regular
370608	10/11/22	VAN METER INC	386.04	O	Regular
370609	10/11/22	VENTURE HYDRAULICS INC	39.20	O	Regular
370610	10/11/22	VERIZON WIRELESS	333.55	O	Regular
370611	10/11/22	WALBRAN & FURNESS CHARTERED	5,414.82	O	Regular
370612	10/11/22	WASTE MANAGEMENT OF WI-MN	591.29	O	Regular
370613	10/11/22	WELKER CUSTOM HOMES INC	1,000.00	O	Regular
370614	10/11/22	WENCL PLUMBING	5,830.00	O	Regular
370615	10/11/22	WESTMOR FLUID SOLUTIONS LLC	932.21	O	Regular
370616	10/11/22	WOLFF AND SONS INC	1,153.94	O	Regular
370617	10/11/22	WSB & ASSOCIATES INC	16,230.50	O	Regular
370618	10/11/22	XCEL ENERGY	330.02	O	Regular
370619	10/11/22	ZACHARY DAHNERT	150.65	O	Regular
370620	10/11/22	ZACK'S INC	197.51	O	Regular
370621	10/11/22	ZEP MANUFACTURING CO	353.54	O	Regular
370622	10/11/22	MATTHEW R HOKANSON	1,662.26	O	Regular
370623	10/11/22	RANDALL'S LICENSE BUREAU	14.25	O	Regular
370624	10/11/22	AVFUEL CORPORATION	19,319.34	O	Regular
370625	10/11/22	BOLTON & MENK INC	10,500.00	O	Regular
370626	10/11/22	EVERSTRONG CONSTRUCTION INC	470,315.20	O	Regular
370627	10/11/22	METRONET	198.52	O	Regular
370628	10/11/22	NEO ELECTRICAL SOLUTIONS LLC	6,151.21	O	Regular
370629	10/11/22	OWATONNA PUBLIC UTILITIES	2,223.25	R	ACH
370630	10/11/22	STEWART SANITATION	77.41	O	Regular

148	Checks total:	2,122,032.97
69	ACH total:	81,851.71
0	EFTPS total:	
0	Wire transfer total:	
0	Payment Manager total:	
217	GRAND TOTALS	2,203,884.68

Agreements

Community Development Department

DATE: October 18, 2022
TO: Mayor and City Council
FROM: Greg Kruschke, Community Development Manager
SUBJECT: Approve Business Subsidy Agreement with KAMP Automation

Purpose:
Approve Business Subsidy Agreement with KAMP Automation LLC.

Background:
The City is required to enter into a business subsidy agreement with KAMP Automation directly due to how the project is structured. Since the property and the real property improvements, and therefore the development agreement are technically held by KAB Properties LLC the City needs to have an agreement with KAMP directly due to the job creation requirements. Technically speaking the ownership LLC will not be creating the jobs, nor be the entity responsible for the job creation. This agreement ties the project together with all of the legal entities involved so the outcome remains the same.

Budget Impact:
None with this agreement. All budget impacts are included with the Development Agreement on this project.

Staff Recommendation:
Staff recommends approval of the Business Subsidy agreement with KAMP Automation LLC.

Attachments:
1. BUSINESS SUBSIDY AGREEMENT

BUSINESS SUBSIDY AGREEMENT

THIS AGREEMENT, made as of the _____ day of ________, 2022, by and between the city of Owatonna, Minnesota (the "City"), a municipal corporation and political subdivision organized and existing under the Constitution and laws of the state of Minnesota and KAMP Automation, LLC, a corporation organized and existing under the laws of the state of Minnesota (the "Company"),

WITNESSETH:

WHEREAS, pursuant to Minnesota Statutes, sections 469.124 through 469.133, the City has approved Development District No. 3 Modification on May 17, 2022 (the "Project") and has adopted a development program therefore (the "Development Program"); and

WHEREAS, pursuant to the provisions of Minnesota Statutes, sections 469.174 through 469.1794 as amended, (the "Tax Increment Act"), the City has created, within the Project, Tax Increment Financing District No. 3-16 (the "District"), and has adopted a tax increment financing plan, for the District, on May 17, 2022, therefore (the "Plan") which provides for the use of tax increment financing in connection with development within the Project area; and

WHEREAS, KAB Properties LLC (the "Developer") and the City have entered into a Development Agreement dated as of _______________, 2022, (the "Development Agreement") pursuant to which the Developer has agreed to construct an approximate 43,000 square foot manufacturing facility on Lot 4, Block 1, Ebeling Farm Addition No. 3 (the "Development Property") for occupancy by the Company; and

WHEREAS, in order to induce the Company to occupy the Development Property, the City has agreed, in the Development Agreement, to finance property acquisition and certain site improvements and public improvements; and

WHEREAS, Minnesota Statutes, sections 116J.993 to 116J.995, as amended (the "Subsidy Law"), provides that a government agency that provides financial assistance for economic development or job growth purposes must establish job and wage goals to be met by the businesses receiving the assistance; and

WHEREAS, the City and the Company agree to enter into this Business Subsidy Agreement (this "Agreement") to document their understandings as to the job and wage goals to be met by the Company with respect to its location within the City; and

WHEREAS, the City believes that the development of the Development Property and occupancy thereof, by the Company, and fulfillment of this Agreement are vital and are in the best interests of the City and the health, safety, morals and welfare of residents of the City and in accordance with the public purpose and provisions of the applicable state and local laws and requirements under which the Project has been undertaken and is being assisted.

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

(1) The City and the Company recognize and agree that property acquisition and the provision of certain site improvements and public improvements to the Development Property is a "business subsidy" under Subsidy Law, and is subject to the provisions thereof, including without limitation reporting requirements and a five year commitment by the Company to operate the manufacturing facility on the Development Property.

(2) In order to satisfy the provisions of the Subsidy Law, the Company acknowledges and agrees that the amount of the business subsidy granted to the Developer under this Agreement will not exceed $1,350,000, which is the cost of the property acquisition, public improvements, site improvements and related costs.

(3) The City has established Tax Increment Financing District No. 3-16 as an "economic development" district in order to provide the business subsidy to the Developer.

(4) The public purposes of the business subsidy are the creation of employment opportunities and preservation and enhancement of the tax base of the City.

(5) The Company as of the date of this Agreement had 25 full-time equivalent (FTE) employees within the State of Minnesota.

(6) The goals of the business subsidy are:

(i) completion of the manufacturing facility and occupancy thereof by the Company for at least five years after the "Benefit Date" of the business subsidy, which is hereby determined to be the date of the Certificate of Completion and Release Forfeiture for the completed project from the City; and

(ii) the Company agrees that it will create at least 20 FTE jobs at an hourly wage of at least $17.91 per hour within two years from the Benefit Date and that it shall maintain 45 FTE within the City.

(7) If the goals are not met, the Company agrees to repay all of the Business Subsidy to the City, plus interest thereon from its date at the implicit price deflator, as defined under Minnesota Statutes, section 275.70, subdivision 2 ("Interest") accruing from and after the Benefit Date, compounded semiannually. If the goals are met in part, the Company will repay a portion of the Business Subsidy (plus Interest) determined by multiplying the Business Subsidy by a fraction, the numerator of which is the number of jobs in the goals which were not created at the wage level set forth above and the denominator of which is 20 (i.e. number of jobs set forth in (6)(ii).

(8) That the proposed development of the manufacturing facility on the Development Property would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future.

(9) The Company agrees to continue operations on the Development Property for at least five years after the Benefit Date.

(10) The Company represents that the following are all of the State of Minnesota and "local government agency" financial assistance for the project (other than the assistance hereunder):

Grantor	Financial Assistance Program	Value ($)
Minnesota DEED	Minnesota Investment Fund	$140,000
Minnesota DEED	Minnesota Job Creation Fund	Up to $800,000

(11) The Company represents that it is not in default on the date hereof on any subsidy agreement entered into by the Company under the Subsidy Law.

(12) For purposes of the Subsidy Law, the assistance provided in this Agreement shall be considered a forgivable loan to the Developer from the City.

(13) This Agreement is intended to be the "subsidy agreement" required by Minnesota Statutes, section

116J.994, subdivision 3, of the Subsidy Law. In the event that any provision of this Agreement is inconsistent or in conflict with any provision of the Subsidy Law, and in the event that any provision of the Subsidy Law provides additional requirements, the provisions of the Subsidy Law shall apply and govern. In addition to all reporting obligations of the Company under this Agreement, the Company agrees to provide the City with any additional information, which may be required in order for the City to comply with its reporting requirements, as they may exist or be amended from time to time, under the Subsidy Law.

(14) Nothing in this Agreement is intended to limit or otherwise amend the other terms of this Agreement. To the extent that provisions in this Agreement are more extensive or restrictive than any related term elsewhere in this Agreement, the provisions hereof shall govern. The above commitment of the Company to operate the Project for at least five years from the Benefit Date is a requirement of the Subsidy Law (subject to procedures therein allowing relaxation or waiver of said requirement) and shall apply and govern.

(15) The Company agrees to:

(i) report its progress on achieving the goals to the City until the goals are met, or the Business Subsidy is repaid, whichever occurs earlier,

(ii) include in the report the information required in Minnesota Statutes, section 116J.994, subdivision 7 on forms developed by the Minnesota Department of Employment and Economic Development, and

(iii) send completed reports to the City. The Company agrees to file these reports no later than March 1 of each year commencing March 1, 2024, and within 30 days after the deadline for meeting the goals. The City agrees that if it does not receive the reports, it will mail the Company a warning within one week of the required filing date. If, after 14 days of the postmarked date of the warning, the Company fails to provide a report, the Company agrees to pay to the City a penalty of $100 for each subsequent day until the report is filed up to a maximum of $1,000.

(16) Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under this Agreement by any party to any 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

(i) in the case of the Company is addressed to or delivered personally to:

KAMP Automation, LLC
____
____
Attn. _________________________

(ii) in the case of the City is addressed to or delivered personally to the City at:

City of Owatonna
540 West Hills Circle
Owatonna, Minnesota 55060
Attn: City Administrator

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

KAMP AUTOMATION, LLC		CITY OF OWATONNA	
By	_____________________________	By	_____________________________
Its	Chief Executive Officer	Its	Mayor
		By	_____________________________
		Its	City Administrator

STATE OF MINNESOTA)
): ss
COUNTY OF STEELE)

The foregoing instrument was acknowledged before me this ______ day of ____________, 2022, by Thomas A Kuntz and Kris M. Busse, the Mayor and the City Administrator, respectively, of Owatonna, a Minnesota political subdivision.

____
Notary Public

STATE OF MINNESOTA)
): ss
COUNTY OF STEELE)

The foregoing instrument was acknowledged before me this _____ day of _____________, 2022, by Kent Patterson the Chief Executive Officer of KAMP Automation, LLC.

____
Notary Public

This is a signature page to the Business Subsidy Agreement dated as of ________________, 2022, by and between the city of Owatonna, Minnesota and KAMP Automation, LLC.

Resolutions

Community Development Department

DATE: October 18, 2022
TO: Mayor and City Council
FROM: Greg Kruschke, Community Development Manager
SUBJECT: Res 87-22 Development Agreement - KAB Properties, LLC

Purpose:

Council to approve Resolution 87-22 approving the development agreement with KAB Properties LLC.

Background:

Attached is the development agreement with KAB Properties LLC. This LLC is the real property ownership LLC of the KAMP Automation project. They will be the entity paying the property taxes and thus receiving the TIF benefits for this project. The agreement lays out the roles and responsibilities of all parties subject to the agreement.

KAB Properties LLC will receive a maximum of $1,362,891 over the 9 year period as part of the pay as you go TIF note. The developer is responsible for constructing a roughly 43,000 square foot building and creating 20 new jobs with this project paying at least $17.50 / hour in addition to relocating the 25 existing jobs to Owatonna. The developer will be purchasing approximately 4.45 acres from the EDA for $155,073.60. This land purchase cost will be paid back to the EDA in an even distribution over the 9 year life of the TIF with 3.5% interest.

Budget Impact:

The City will provide up to $1,362,891 over the 9 year period as part of the pay as you go TIF note. The EDA will receive $155,073.60 plus 3.5% interest over the life of the TIF for the property purchase. The TIF also provides $12,500 to the Stormwater fund for access to the pond site.

Staff Recommendation:

Staff recommends approval of Resolution 87-22 approving the Development Agreement with KAB Properties LLC subject to all dates being filled in and all dates amended to reflect the revised purchase agreement of a February 1, 2023 closing on the property.

Attachments:

1. Res 87-22 Dev Agreement - KAB Properties, LLC
2. Development Agreement - KAB Properties LLC

RESOLUTION NO. 87-22

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OWATONNA
APPROVING A DEVELOPMENT AGREEMENT
WITH KAB PROPERTIES, LLC

BE IT RESOLVED by the City Council of the City of Owatonna, Minnesota (herein called the “City”) as follows:

That the City hereby approves a Development Agreement to be entered into with KAB Properties LLC and authorizes the Mayor and City Administrator to execute the Development Agreement on behalf of the City.

Passed and adopted this _____ day of ______, 2022, with the following vote:

Aye _____; No ____; Absent ____.

Approved and signed this _____ day of _______, 2021.

____
Thomas A. Kuntz, Mayor

ATTEST:

____
Kris M. Busse, City Administrator/City Clerk

DEVELOPMENT AGREEMENT

BY AND BETWEEN

OWATONNA, MINNESOTA,

AND

KAB PROPERTIES, LLC

v1. 6/28/2022 10:43 AM

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DEVELOPMENT AGREEMENT

THIS AGREEMENT, made as of the _______ day of _______________ 2022, by and between the city of Owatonna, Minnesota (the "City"), a municipal corporation organized and existing under and by virtue of and pursuant to the laws of the State of Minnesota and KAB Properties, LLC, a Minnesota limited liability company (the "Developer"),

WITNESSETH:

WHEREAS, pursuant to Minnesota statutes, sections 469.124 through 469.133, the City has modified Development District No. 3 on May 17, 2022 (the "Development District") and has adopted a development program therefor (the "Development Program"); and

WHEREAS, pursuant to the provisions of Minnesota statutes, sections 469.174 through 469.1794, as amended, (the "Tax Increment Act"), the City has created Tax Increment Financing District No. 3-16 on May 17, 2022 (the "Tax Increment District"), and has adopted a tax increment financing plan therefor (the "Tax Increment Financing Plan") which provides for the use of tax increment financing in connection with development within the Development District; and

WHEREAS, the acquisition of the Development Property and construction of the Site Improvements and Public Improvements (as defined herein) are objectives of the Development Program and Tax Increment Financing Plan; and

WHEREAS, in order to achieve the objectives of the Development Program and Tax Increment Financing Plan and particularly to make the land in the Development District available for development by private enterprise in conformance with the Development Program, the City has determined to provide substantial aid and assistance in connection with the Development Program through the tax increment financing of the acquisition of the Development Property and construction of the Site Improvements and Public Improvements within the Development District; and

WHEREAS, a major objective of the Development Program and Tax Increment Financing Plan is to stimulate growth in the Development District into a strong, industrial area by the development of certain property; and

WHEREAS, the City has requested that Steele County certify the current net tax capacity of the Tax Increment District pursuant to section 469.177, subdivision 1 of the Tax Increment Act; and

WHEREAS, the City believes that the development of a certain Project (as defined herein) and the construction of the Project, and fulfillment of this Agreement are vital and are in the best interests of the City and the health, safety, morals and welfare of residents of the City and in accordance with the public purpose and provisions of the applicable state and local laws and requirements under which the Project has been undertaken and is being assisted.

WHEREAS, the requirements of the Business Subsidy Law, Minnesota Statutes, section 116J.993 through 116J.995, apply to this Agreement; and

WHEREAS, the City has adopted criteria for awarding business subsidies that comply with the Business Subsidy Law, after a public hearing for which notice was published; and

WHEREAS, the Council has approved this Agreement as a subsidy agreement under the Business Subsidy Law;

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

ARTICLE I
DEFINITIONS

Section 1.1. Definitions. All capitalized terms used and not otherwise defined herein shall have the following meanings unless a different meaning clearly appears from the context:

Agreement means this Agreement, as the same may be from time to time modified, amended or supplemented;

Business Day means any day except a Saturday, Sunday or a legal holiday or a day on which banking institutions in the City are authorized by law or executive order to close;

Certificate of Completion means the certification in the form of the certificate attached hereto as Exhibit E and hereby made a part of this Agreement, provided to the pursuant to Section 3.1 of this Agreement;

City means the City of Owatonna, Minnesota;

County means Steele County, Minnesota;

Developer means KAB Properties, LLC a Minnesota limited liability company, its successors and assigns;

Development District means the real property located within Owatonna Development District No. 3;

Development Program means the development program approved for the Development District;

Development Property means the development property described in Exhibit A of this Agreement;

Event of Default means any of the events described in Section 4.1;

Interfund Loan means the Interfund Loan authorized pursuant to City Council Resolution No. 52-22 adopted May 17, 2022, a copy of which is attached hereto as Exhibit C;

Note Payment Dates means the Note Payment Dates as set forth in Exhibit B of this Agreement; provided, that if any such Note Payment Date should not be a Business Day, the Note Payment Date shall be the next succeeding Business Day;

Project means the development and construction of an approximately 43,520-ft.^{2} manufacturing facility on the Development Property;

Public Improvements means the payment of a twelve thousand five hundred dollar ($12,500) storm water access fee and the installation of storm water improvements in Lots 1 and 4, Block 1, Ebeling Farm Addition No. 3, City of Owatonna, Steele County, Minnesota;

Site Improvements means excavation, grading, filling, landscaping, sod, lawn sprinklers, outdoor lighting, fencing, curb and gutter, site concrete, utility improvements and extensions, footings and foundations and access and parking preparations to undertaken by the Developer on the Development Property;

State means the State of Minnesota;

Tax Increment means the Tax Increment derived from the Tax Increment District created in accordance with the provisions of Minnesota statutes, section 469.177;

Tax Increment Act means the Tax Increment Financing Act, Minnesota statutes, sections 469.174 through 469.1794, as amended;

Tax Increment District means Tax Increment Financing District No. 3-16 located within the Development District, a description of which is set forth in the Tax Increment Financing Plan, which was qualified as an economic development district under the Tax Increment Act;

Tax Increment Financing Plan means the plan approved by City resolution on May 17, 2022, for the Tax Increment District;

Tax Increment Note or **Note** means the Tax Increment Revenue Note of 2022 (KAB Properties, LLC) to be executed by the City and delivered to the Developer pursuant to Article III hereof, which is attached hereto as Exhibit B;

Termination Date means the earlier of (i) December 31, 203_, (ii) the date the Reimbursement Amount is paid in full, (iii) the date on which the Tax Increment District expires or is otherwise terminated, or (iv) the date this Agreement is terminated or rescinded in accordance with its terms;

Unavoidable Delays means delays, outside the control of the party claiming its occurrence, which are the direct result of strikes, other labor troubles, unusually severe or prolonged bad weather, acts of God, fire or other casualty to the Project, condemnation or litigation commenced by third parties which, by injunction or other similar judicial action or by the exercise of reasonable discretion, directly results in delays, or acts of any federal, state or local governmental unit(other than the City) which directly result in delays.

ARTICLE II
REPRESENTATIONS AND WARRANTIES

Section 2.1. <u>Representations and Warranties of the City</u>. The City makes the following representations and warranties:

(1) The City is a municipal corporation and has the sole power to enter into this Agreement and carry out its obligations hereunder, and no other authorizations or approvals are necessary or required from any other governmental or quasi-governmental authorities in connection with this Agreement.

(2) The Tax Increment District is an "economic development district" within the meaning of Minnesota Statutes, section 469.174, subdivision 12, and was created, adopted and approved in accordance with the terms of the Tax Increment Act.

(3) The Project contemplated by this Agreement is in conformance with the development objectives set forth in the Development Program.

(4) The City shall (i) reimburse itself for the cost of the Development Property from the Interfund Loan, which is to be repaid by Tax Increment as further provided in Section 3.5 and (ii) reimburse the Developers for the Site Improvements and Public Improvements from the Tax Increment as further provided in Section 3.3.

(5) The City has not received any notice from any local, state or federal official that the activities of the Developer or the City with respect to the Project may or will be in violation of any environmental law or regulation (other than those notices, if any, of which the Developer have been notified). The City is not aware of any state or federal claim filed and, without any investigation or review, the City is not aware of any state or federal claim planned to be filed by any party relating to any violation of any local, state or federal environmental law, regulation or review procedure, and, without any investigation or review, the City is not aware of any violation of any local, state or federal law, regulation or review procedure which would give any person a valid claim under the Minnesota Environmental Rights Act or other state or federal environmental statute.

(6) Except as expressly set forth in this Agreement, the City makes no representation or warranty, either express or implied, as to the Development Property or its condition or the soil conditions thereon, or that the Development Property shall be suitable for the Developer's purposes or needs.

(7) The City has made the findings required by Minnesota Statutes, section 469.175, Subdivision 3, of the Tax Increment Financing Act for the Tax Increment District, and has set forth in writing the reasons and supporting facts for each determination.

(8) The City shall timely perform any and all obligations required herein and shall review, process and issue all permits and licenses and respond to all applications and petitions in a timely manner.

Section 2.2. <u>Representations and Warranties of the Developer</u>. The Developer makes the following representations and warranties:

(1) The Developer has the power to enter into this Agreement and to perform its obligations hereunder and is not in violation of the laws of the State.

(2) The Developer is a Minnesota limited liability company and has the power and authority to enter into this Agreement and to perform its obligations hereunder and doing so will not violate its articles of incorporation, bylaws, or the laws of the State, and by proper action has authorized the execution and delivery of this Agreement.

(3) The Developer will cause the Project to be constructed in accordance with the terms of this Agreement, the Development Program and all local, state, and federal laws and regulations (including, but not limited to, environmental, zoning, energy conservation, building code and public health laws and regulations).

(4) The Developer will obtain or cause to be obtained, 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 Project may be lawfully constructed.

(5) The Developer has not received any notice or communication from any local, state or federal official that the activities of the Developer or the City with respect to the Project may or will be in violation of any environmental law or regulation.

(6) The construction of the Project would not be undertaken by the Developer, and in the opinion of the Developer would not be economically feasible within the reasonably foreseeable future, without the assistance and benefit to the Developer provided for in this Agreement.

(7) 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 provision of any contractual restriction, evidence 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, the result of which would affect the ability of the Developer to carry out its obligations hereunder.

(8) The Developer will cooperate fully with the City with respect to any litigation commenced with respect to the Project.

(9) The Developer agrees to pay the total amount of any costs, charges, expenses and attorneys' fees reasonably incurred or paid at any time by City because of any Event of Default by the Developer as to any stipulation, agreement, and covenant of this Agreement, resulting in any suit or proceeding at law or in equity to which the City shall become a party.

(10) In a manner that is consistent with applicable laws and the development and operation of a manufacturing facility in the area of the Project, Developer will cooperate equitably with the City in resolution of any traffic, parking, trash removal or public safety problems, which may arise in connection with the construction and operation of the Project.

(11) The Developer expects that, barring Unavoidable Delays, the construction of the Project will begin on or before October 15, 2022, and will be substantially completed by December 31, 2023.

ARTICLE III
UNDERTAKINGS BY DEVELOPERS AND CITY

Section 3.1. Basis for Assistance. The Developer's proposal, for development of the Project, will enhance the City's tax base. The Developer has represented that without City assistance it would not carry on with the construction of the Project. Therefore, the City believes that it is in its best interests to enter into this Agreement, and to assist the Developer in its development efforts. Upon completion of the Project contemplated by this Development Agreement, the City shall deliver to the Developer a Certificate of Completion.

Section 3.2. Property Acquisition, Site Improvements and Public Improvements by Developer. The parties agree that the Developer's acquisition of the Development Property, the completion of the Site Improvements on the Development Property and construction of the Public Improvements in the District are essential to the successful completion of the Project. The Developer has agreed to purchase the Development Property for $155,073.60 (the "Purchase Price"). The Purchase Price shall be paid over a maximum period of 9 years from the Tax Increment as further set forth in Section 3.4. The City will reimburse the Developer up to $1,362,891 of the cost of the Site Improvements and Public Improvements actually incurred and paid by the Developer as further provided in Section 3.3.

Section 3.3. Reimbursement: Tax Increment Revenue Note. The City shall reimburse the payments made by or on behalf of the Developer under Section 3.2 for the Site Improvements and Public Improvements through the issuance of the City's Tax Increment Note in substantially the form attached to this Agreement as Exhibit B subject to the following conditions:

(1) The Note shall be dated, issued and delivered when the Developer shall have demonstrated in writing to the reasonable satisfaction of the City that the construction of the Project has been completed, that the Developer has incurred and paid the cost of Site Improvements and Public Improvements, as described in and limited by Section 3.2, and that Developer has otherwise complied with all City requirements for the Project and the terms and conditions of this Agreement.

(2) The City shall enter each cost on the Ledger attached to the Note. The Note shall have as its maximum stated amount $1,362,891 or the sum of the costs entered on the Ledger.

(3) The Note is a principal only obligation of the City and all payments made by the City under the Note shall be applied to reducing the balance of the Note. This Note bears no interest.

(4) The amount of the Note payable by the City to Developer shall be solely pursuant to the formula set forth in the Note, and shall be payable solely from the Tax Increment, as defined in the Note.

(5) The payment dates of the Note shall be the Note Payment Dates. On each Note Payment Date and subject to the provisions of the Note, the City shall pay to the Developer Tax Increment received by the City

during the preceding 6 months subject to the limitations of Section 3.4. All such payments shall be applied to reduce the amount of the Note.

(6) The Note shall be a special and limited obligation of the City and not a general obligation of the City and only Tax Increment shall be used to pay on the Note. The payment amounts due thereon shall be payable solely from Tax Increment from the Tax Increment District which are paid to the City and which the City is entitled to retain pursuant to the Tax Increment Act.

(7) The City's obligation to make payments on the Note on any Note Payment Date or any date thereafter shall be conditioned upon the requirement that (i) there shall not at that time be an Event of Default that has occurred and is continuing under this Agreement, (ii) this Agreement shall not have been rescinded pursuant to Section 4.2(2) and (iii) the Developer has paid its property taxes and the City has received from the County the Tax Increment generated by the Project.

(8) The Note shall be governed by and payable pursuant to the additional terms thereof, as set forth in Exhibit B. In the event of any conflict between the terms of the Note and the terms of this Section 3.3, the terms of the Note shall govern. The issuance of the Note pursuant and subject to the terms of this Agreement, and the taking by the City of such additional actions as counsel for the Note may require in connection therewith, are hereby authorized and approved by the City.

Section 3.4. Limitations on Site Improvements and Public Improvements. Notwithstanding the provisions of Section 3.3, the City shall retain Tax Increment in an amount sufficient to pay the semiannual debt service on the $155,073.60 Interfund Loan and the administrative expenses of the District. Tax Increment in excess of the semiannual debt service on the Interfund Loan and the administrative expenses of the District shall be paid by the City to the Developer as reimbursement of the Site Improvements and Public Improvements semiannually on July 15, 202_, and on December 15, 203_ and on each July 15 and December 15 thereafter to and including December 15, 203_. Notwithstanding the foregoing, in the event that in any year the annual Tax Increment is less than what is necessary to pay the debt service on the Interfund Loan, but in subsequent years are greater than the annual debt service on the Interfund Loan, the annual Tax Increment shall first be used to reimburse the City for the amount that the annual Tax Increment is less than the annual debt service on the Interfund Loan and second paid to the Developer.

Section 3. 5. Interfund Loan. As consideration for the execution of this Agreement and to assist in the development of the Development Property, the City shall convey the Development Property to the Developer as further provided in this Agreement and the Real Property Purchase Agreement. The City will finance the Purchase Price through an Interfund Loan authorized, pursuant to Resolution No. 52-22 adopted May 17, 2022. The Interfund Loan shall be governed by and payable pursuant to the additional terms thereof, as set forth in Exhibit C. In the event of any conflict between the terms of the Interfund Loan and the terms of this Section 3.5, the terms of the Interfund Loan shall govern. The issuance of the Interfund Loan pursuant and subject to the terms of this Agreement, and the taking by the City of such additional actions as counsel for the Interfund Loan may require in connection therewith, are hereby authorized and approved by the City.

(1) The origination date of the Interfund Loan shall be the date the City transfers funds to Tax Increment Financing District No. 3-16 for financing the cost of the Development Property.

Section 3.6. <u>Conveyance of Development Property</u>. The Developer and the City have entered into the Real Property Purchase Agreement attached hereto as Exhibit D to provide the Developer with the right to purchase from the City that certain public property legally described therein. The Purchase Price of the Development Property is $155,073.60 subject to the following conditions:

(1) Upon execution of this Agreement and conveyance of the Development Property to the Developer, the City shall be reimbursed for the $155,073.60 Purchase Price of the Development Property subject to the provisions of Section 3.4.

(2) The unpaid principal amount of the Purchase Price shall bear simple, non-compounding interest from origination date of the Interfund Loan, at 3.5% per annum. Interest shall be computed on the basis of a 360-day year consisting of twelve (12) 30-day months. All such payments shall be applied first to accrued interest and then to reduce the principal of the balance of Purchase Price.

Section 3.7. <u>Duration of Tax Increment District</u>. The Tax Increment District shall exist no longer than through the collection, by the City, of the 203_ second half Tax Increment. The City may choose to decertify the Tax Increment District at an earlier date if the obligations of this Agreement have been met or an Event of Default causes the City to rescind or cancel this Agreement.

Section 3.8 <u>Change in Use of Project</u>. The Developer agrees that for itself, and its successors and assigns, it shall devote the Development Property to, and in accordance with, the uses specified in this Agreement. The Developer warrants the continued use of the Development Property as a manufacturing facility. The conversion of any portion of the Project to any other use shall result in the termination of the use of the Tax Increment, unless the City first approves said change in use.

Section 3.9. <u>Prohibition against Transfer of Property and Assignment of Agreement</u>. The Developer represents and agrees that prior to the issuance of the Certificate of Completion the Developer shall not transfer in any form the Development Property or any part thereof or any interest therein, assign this Agreement or enter into any contract or agreement to do any of the same (a "Transfer of Development Obligations") without the prior written approval of the City. A Transfer of Development Obligations to any party will require City approval, which approval shall not be unreasonably withheld, conditioned or delayed, and shall be subject to the following conditions:

(1) Any proposed transferee shall have the qualifications and financial responsibility, in the reasonable judgment of the City, necessary and adequate to fulfill the obligations undertaken in this Agreement by the Developer. It shall be unreasonable for the City to withhold its consent pursuant to the factors in this Section 3.9, if the proposed transferee (a) is an entity that has reasonably sufficient experience in developments such as the Project and has assets reasonably sufficient to complete the Project, or (b) is willing to provide a payment and performance bond.

(2) Any proposed transferee, by instrument in writing reasonably satisfactory to the City and in form recordable among the land records, shall, for itself and its successors and assigns, and expressly for the benefit of the City, 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 pursuant to this Agreement.

(3) There shall be submitted to the City for review and prior written approval all instruments and other legal documents involved in effecting the transfer of any interest in this Agreement or the Development Property (which shall be kept confidential by the City to the extent permitted by law).

(4) Upon any (a) Transfer of Development Obligations that is approved by the City pursuant to the foregoing provisions, and (b) the assumption of the obligations under this Agreement by the transferee, then the assigning Developer shall have no obligation as to any liabilities that arise from and after the date of the such transfer under this Agreement, provided however, that the Developer shall remain obligated as to liabilities that arose during the period of such Developer's ownership of the Development Property.

Section 3.10 Business Subsidies Act.

(1) The requirements of the Business Subsidy Law, Minnesota Statutes, section 116J.993 through 116J.995 (the "Business Subsidies Act"), apply to this Agreement. The creation of jobs has been determined to be a goal of the City for the Project pursuant to the Business Subsidies Act and the City has held a public hearing and set the wage and job goals in accordance with the Owatonna Economic Development Authority Economic Development Incentives Policy adopted July 20, 2005, included on Exhibit F attached hereto.

(2) In order to satisfy the provisions of the Business Subsidies Act, the Developer acknowledges and agrees that the amount of the "Business Subsidy" granted to the Developer under this Agreement is the cost of the Public Improvements and Site Improvements paid by the Developer and reimbursed by Tax Increments and that the Business Subsidy is needed because the Project is not sufficiently feasible for the Developer to undertake without the Business Subsidy. The Tax Increment District is an economic development district and the public purpose of the Business Subsidy is to preserve and increase the tax base and encourage the expansion of employment in the City.

(3) The Developer acknowledges that in order to receive the substantial benefits of this Agreement, the Project's tenant (KAMP Automation, LLC) shall comply with the terms and conditions of the Business Subsidy Agreement dated ___________________, 2022, by and between the City and KAMP Automation.

ARTICLE IV
EVENTS OF DEFAULT

Section 4.1. 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:

(1) Failure by the Developer to pay timely any ad valorem real property taxes or special assessments assessed with respect to the Development Property.

(2) Failure by the Developer to cause the construction of the Project to be completed pursuant to the terms, conditions and limitations of this Agreement.

(3) The holder of any mortgage on the Development Property or any improvements thereon, or any portion thereof, commences foreclosure proceedings as a result of any default under the applicable mortgage documents.

(4) Failure by the Developer to substantially observe or perform any other covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement.

(5) Failure by KAMP Automation, LLC to comply with any term or condition of the Business Subsidy Agreement dated ___________________, 2022, by and between the City and KAMP Automation, LLC.

(6) 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 of 1978, as amended or under any similar federal or state law; or

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

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

(iv) be adjudicated a bankrupt or insolvent; or if a petition or answer proposing the adjudication of the Developer, as a bankrupt or its reorganization under any present or future federal bankruptcy act or any similar federal or state law shall be filed in any court and such petition or answer shall not be discharged or denied within ninety (90) days after the filing thereof; or a receiver, trustee or liquidator of the Developer, or of the Project, or part thereof, shall be appointed in any proceeding brought against the Developer, and shall not be discharged within ninety (90) days after such appointment, or if the Developer, shall consent to or acquiesce in such appointment.

Section 4.2. Remedies on Default. Whenever any Event of Default referred to in Section 4.1 occurs and is continuing, the City, as specified below, may take any one or more of the following actions after the giving of thirty (30) days' written notice to the to the Developer and the holder of any subsequent mortgage of the Event of Default by the City, but only if the Event of Default has not been cured within said thirty (30) days, or if the Event of Default cannot be cured within thirty (30) days and the Developer does not provide assurances to the City reasonably satisfactory to the City that the Event of Default will be cured as soon as reasonably possible.

(1) The City may suspend its performance under this Agreement until it receives assurances from the Developer, deemed adequate by the City, that the Developer will cure the default and continue its performance under this Agreement.

(2) The City may cancel and rescind this Agreement, except that no cancellation may be effective at any time that the Developer is proceeding in good faith to cure the defect and/or gives reasonable assurances to the City as required in (1) above, or if there exists a good faith dispute with the City as to an event of default as defined above, and the Developer post a bond or other security as reasonably adequate to cure the alleged default.

(3) The City may take any action, including legal 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 4.3. Revesting Title in the City upon Happening of Event Subsequent to Conveyance to the Developer. In the event that subsequent to conveyance of the Development Property to the Developer by the City if an event of default under Section 4.1 occurs and is not cured within 30 days after written notice to do so, then the City shall have the right but not the obligation to re-enter and take possession of the Development Property and to terminate and revest in the City pursuant to the provisions of this Section 4.3 the estate conveyed by the Warranty Deed to the Developer, it being the intent the of this provision, together with other provisions of this Agreement, that the conveyance of the Development Property to the Developer shall be made upon the condition that, and that the Development Property Deed shall contain a condition subsequent to the effect that, in the event of any default under this Section 4.1 on the part of the Developer and failure on the part of Developer to cure such default within the period and in the manner stated in such subdivision, the City may declare a determination in favor of the City of the title and of all of the Developer's rights and interest in and to the Development Property conveyed to the Developer, and that such title and all rights and interest of the City, and any assigns or successors in interest of the Developer, and any assigns or successors in interest to and in the Development Property, shall revert to the City, but only if the events stated in Section 4.1 have not been cured within the time period provided above, or, if the events cannot be cured within such time periods, the Developer does not provide assurance to the City, satisfactory to the City that the events will be cured as soon as reasonably possible.

Section 4.4. No Remedy Exclusive. No remedy herein conferred upon or reserved to the City or the Developer 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.

Section 4.5. No Implied Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by any other 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 4.6. Agreement to Pay Attorney's Fees and Expenses. Whenever any Event of Default occurs and the City employs 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, the Developer agrees that it shall, on demand therefor, pay the reasonable fees of such attorneys and such other reasonable expenses so incurred by City.

Section 4.7. Indemnification of City.

(1) The Developer releases from and covenants and agrees that the City, its governing body members, officers, agents, including the independent contractors, consultants and legal counsel, servants and employees

thereof (hereinafter, for purposes of this Section, collectively the “Indemnified Parties”) shall not be liable for and agrees to 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 Project, provided that the foregoing indemnification shall not be effective for any actions of the Indemnified Parties that are not contemplated by this Agreement, and shall not relate to any event or occurrence that is a breach of the explicit representations or warranties of the City pursuant to this Agreement.

(2) Except for any willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties, 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 the actions or inactions of the Developer (or if other persons acting on its behalf or under its direction or control) under this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, and operation of the Project; provided, that this indemnification shall not apply to the warranties made or obligations undertaken by the City in this Agreement or to any actions undertaken by the City which are not contemplated by this Agreement but shall, in any event and without regard to any fault on the part of the City, apply to any pecuniary loss or damages (including interest thereon from the date the loss is incurred or damages is paid by the City at a rate equal to the “Prime Rate” as set forth from time to time in the Wall Street Journal) as a result of the Project causing the Tax Increment District to not qualify or cease to qualify as an “economic development” under section 469.174, subdivision 12, of the Act or to violate limitations as to the use of Tax Increment as set forth in section 469.176, subdivision 4.

(3) All covenants, stipulations, promises, agreements and obligations of the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the City and not of any governing body member, officer, agent, servant or employee of the City, as the case may be.

(4) The Developer further agrees that it will indemnify and guarantee payment of City administrative expenses in an amount not to exceed Eight Thousand Five Hundred Dollars ($8,500) in the event that the Developer fails to initiate the construction of the Project pursuant to the date set forth in Article II, Section 2.2 (11).

ARTICLE V
ADDITIONAL PROVISIONS

Section 5.1. Conflicts of Interest. No member of the governing body or other official of the City shall participate in any decision relating to the Agreement, which affects its 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 City shall be personally liable to the City in the event of any default or breach by the Developer or successor or on any obligations under the terms of this Agreement.

Section 5.2. Titles of Articles and Sections. Any titles of the several parts, articles and sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 5.3. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under this Agreement by any party to any 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

(1) in the case of the Developer is addressed to or delivered personally to:

KAB Properties, LLC
2450 Lemond Road SW.
Owatonna, MN 55060

(2) in the case of the City is addressed to or delivered personally to the City at:

City of Owatonna, Minnesota
540 West Hills Circle
Owatonna, MN 55060
Attn: City Administrator

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

Section 5.4. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 5.5. Law Governing. This Agreement will be governed and construed in accordance with the laws of the State of Minnesota.

Section 5.6. Term. The term of this Agreement and the requirements on the Developer set forth in this Agreement shall commence on the day and year first above written until the earlier of (i) the date this Agreement is terminated pursuant to Section 4.2 or Section 6.1, (ii) payment in full or expiration of the City's Interfund Loan, or (iii) the date of termination of the Tax Increment District.

ARTICLE VI
DEVELOPERS' OPTION TO TERMINATE AGREEMENT

Section 6.1. Developer's Option to Terminate. This Agreement may be terminated by the Developer, if (i) the Developer is in compliance with all material terms of this Agreement and no Event of Default has occurred; and (ii) the City fails to comply with any material term of this Agreement, and, after written notice by the Developer of such failure, the City has failed to cure such noncompliance within thirty (30) days of receipt of such notice, or, if such noncompliance cannot reasonably be cured by the City within thirty (30) days, of receipt of such notice, the City has not provided assurances, reasonably satisfactory to the Developer, that such noncompliance will be cured as soon as reasonably possible.

Section 6.2. <u>Action to Terminate</u>. Termination of this Agreement pursuant to Section 6.1 must be accomplished by written notification by the Developer to the City within thirty (30) days after the date when such option to terminate may first be exercised. A failure by the Developer to terminate this Agreement within such period constitutes a waiver by the Developer of its rights to terminate this Agreement due to such occurrence or event.

Section 6.3. <u>Effect of Termination</u>. If this Agreement is terminated pursuant to this Article VI, this Agreement shall be from such date forward null and void and of no further effect; provided, however, the termination of this Agreement shall not affect the rights of either party to institute any action, claim or demand for damages suffered as a result of breach or default of the terms of this Agreement by the other party, or to recover amounts which had accrued and become due and payable as of the date of such termination. Upon termination of this Agreement pursuant to this Article VI, the Developer shall be free to proceed with the Project at its own expense and without regard to the provisions of this Agreement; provided, however, that the City shall have no further obligations to the Developer with respect to reimbursement of the expenses set forth in Section 3.3.

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

KAB PROPERTIES, LLC		**CITY OF OWATONNA, MINNESOTA**	
By	________________________________	By	________________________________
		Its	Mayor
By	________________________________	By	________________________________
		Its	City Administrator

STATE OF MINNESOTA)
): ss
COUNTY OF STEELE)

The foregoing instrument was acknowledged before me this __________ day of ___________________, 2022, by Thomas Kuntz and Kris Busse the Mayor and the City Administrator, respectively, of the Owatonna, Minnesota, a municipal corporation.

____
Notary Public

STATE OF MINNESOTA)
): ss
COUNTY OF STEELE)

The foregoing instrument was acknowledged before me this __________ day of ___________________, 2022, by KAB Properties, LLC, a Minnesota limited liability company.

____
Notary Public

This is a signature page to the Development Agreement dated as of ________________, 2022, by and between the City of Owatonna, Minnesota, and KAB Properties, LLC.

EXHIBIT A

DESCRIPTION OF DEVELOPMENT PROPERTY

The Development Property includes the following described property:

Lot 4, Block 1, Ebeling Farm Addition No. 3, City of Owatonna, Steele County, Minnesota encompassing 4.46 acres, more or less with a property identification number of 17-611-0104.

EXHIBIT B
FORM OF TAX INCREMENT NOTE

UNITED STATES OF AMERICA
STATE OF MINNESOTA
CITY OF OWATONNA

TAX INCREMENT REVENUE NOTE OF 2022

The City of Owatonna, Minnesota (the “City”), hereby acknowledges itself to be indebted and, for value received, hereby promises to pay the amounts hereinafter described (the “Payment Amounts”) to KAB Properties, LLC (the “Developer”) or its registered assigns (the “Registered Owner”), but only in the manner, at the times, from the sources of revenue, and to the extent hereinafter provided.

The amount of this Note shall be the lesser of (1) $1,362,891 or (2) the aggregate amounts entered on the Ledger which is attached to and made a part of this Note, as reduced to the extent that such installments shall have been paid in whole or in part pursuant to the terms hereof; provided that the sum of the amount listed above shall in no event exceed $1,362,891 as provided in that certain Development Agreement, dated as of __________________, 2022, as the same may be amended from time to time (the “Development Agreement”), by and between the City and the Developer.

The amounts due under this Note shall be payable on July 15, 2024, and on each July 15 and December 15 thereafter to and including December 15, 2032, or, if the first should not be a Business Day (as defined in the Development Agreement), the next succeeding Business Day (the "Payment Dates"). On each Payment Date, and subject to the provisions of Section 3.4 of the Development Agreement, the City shall pay by check or draft mailed to the person that was the Registered Owner of this Note at the close of the last business day of the City preceding such Payment Date an amount equal to the sum of the Tax Increment (hereinafter defined) received by the City during the six month period preceding such Payment Date that remain after payment of debt service on the Development Property as provided in Section 3.4 of the Development Agreement. The Note is a principal only obligation of the City and all payments made by the City under this Note shall be applied to reducing the balance of the Note.

The Payment Amounts due hereon shall be payable solely from of Tax Increment (the "Tax Increment") from the Tax Increment Financing District (as defined in the Development Agreement) within the City's Tax Increment Financing District No. 3-16 (the "Tax Increment District") within its Development District No. 3 which are paid to the City and which the City is entitled to retain pursuant to the provisions of Minnesota Statutes, Sections 469.174 through 469.1794, as the same may be amended or supplemented from time to time (the "Tax Increment Act"). This Note shall terminate and be of no further force and effect following the last Payment Date defined above, on any date upon which the City shall have terminated the Development Agreement under Section 4.2 thereof, on the date the Tax Increment District is terminated, or on the date that all amounts payable hereunder shall have been paid in full, whichever occurs earliest.

The City makes no representation or covenant, express or implied that the Tax Increment will be sufficient to pay, in whole or in part, the amounts, which are or may become due and payable hereunder.

The City's payment obligations hereunder shall be further conditioned on the fact that no Event of Default under the Development Agreement shall have occurred and be continuing at the time payment is otherwise due hereunder, but such unpaid amounts shall become payable if said Event of Default shall thereafter have been cured; and, further, if pursuant to the occurrence of an Event of Default under the Development Agreement the City elects to cancel and rescind the Development Agreement, the City shall have no further debt or obligation under this Note whatsoever. Reference is hereby made to all of the provisions of the Development Agreement, including without limitation Section 3.3 thereof, for a fuller statement of the rights and obligations of the City to pay the principal of this Note, and said provisions are hereby incorporated into this Note as though set out in full herein.

This Note is a special, limited revenue obligation and not a general obligation of the City and is payable by the City only from the sources and subject to the qualifications stated or referenced herein. This Note is not a general obligation of the City and neither the full faith and credit nor the taxing powers of the City are pledged to the payment of the principal of this Note and no property or other asset of the City, save and except the above referenced Tax Increment, is or shall be a source of payment of the City's obligations hereunder.

This Note is issued by the City in aid of financing a project pursuant to and in full conformity with the City Charter, the Constitution and laws of the State of Minnesota, including the Tax Increment Act.

This Note may be assigned only with the consent of the City which consent shall not be unreasonably withheld. In order to assign the Note, the assignee shall surrender the same to the City either in exchange for a new fully registered note or for transfer of this Note on the registration records for the Note maintained by the City. Each permitted assignee shall take this Note subject to the foregoing conditions and subject to all provisions stated or referenced herein.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the City Charter, the Constitution and laws of the State of Minnesota to be done, to have happened, and to be performed precedent to and in the issuance of this Note have been done, have happened, and have been performed in regular and due form, time, and manner as required by law; and that this Note, together with all other indebtedness of the City outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the City to exceed any charter, constitutional or statutory limitation thereon.

IN WITNESS WHEREOF, City of Owatonna, Minnesota, by its City Council, has caused this Note to be executed by the manual signatures of its Mayor and City Administrator and has caused this Note to be issued on and dated _________________________, 202__.

______________________________________	____________________________________
Mayor	City Administrator

CERTIFICATION OF REGISTRATION

It is hereby certified that the foregoing Note, as originally issued on ______________________, 202__, was on said date registered in the name of KAB Properties, LLC and that, at the request of the Registered Owner of this Note, the undersigned has this day registered the Note in the name of such Registered Owner, as indicated in the registration blank below, on the books kept by the undersigned for such purposes.

Name and Address of Registered Owner	Date of Registration	Signature of City Executive
KAB Properties, LLC 2450 Lemond Road SW. Owatonna, MN 55060	_____________________, 202__	_____________________________

LEDGER

Pursuant to Section 3.3 of this Agreement, the City shall reimburse the Developer an amount not to exceed $1,362,891 for items listed on this Ledger.

Description of Activity	Date	Amount	Signature of Representative of the City

EXHIBIT C

INTERFUND LOAN RESOLUTION

RESOLUTION NO. 52-22
RESOLUTION APPROVING THE TERMS OF UP TO
$155,074 INTERFUND LOANS IN CONNECTION WITH
TAX INCREMENT FINANCING DISTRICT NO. 3-16

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

Section 1. Background.

(a) The City has heretofore approved the establishment of a tax increment financing district for Tax Increment Financing District No. 3-16 (the "TIF District"), and has adopted a tax increment financing plan for the TIF District, (the "TIF Plan").

(b) The City has determined to pay for certain costs identified in the TIF Plan consisting of development project costs including, but not limited to, property acquisition, site improvements, utilities, other public improvements and administration (the "Qualified Costs") incurred in connection with the establishment of the TIF District, which costs may be financed on a temporary basis from City funds available for such purposes.

(c) Under Minnesota Statutes, Section 469.178, Subd. 7, the City is authorized to advance or loan money from the City's general fund or any other fund from which such advances may be legally made, in order to finance the Qualified Costs.

(d) The City intends to reimburse itself for the payment of the Qualified Costs, plus interest thereon, from tax increments derived from the TIF District in accordance with the terms of this resolution (which terms are referred to collectively as the "Interfund Loans").

Section 2. Terms of Interfund Loans.

(a) The City hereby authorizes the advance of up to $155,074 to Tax Increment Financing District No. 3-16 from the Economic Development Funds, City's General Fund or such other fund designated by the City or so much thereof as may be paid as Qualified Costs. The City shall reimburse itself for such advances together with interest at the rate stated below. Interest accrues on the principal amount from the date of each advance. The maximum rate of interest permitted to be charged is limited to the greater of the rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 as of the date the loan or advance is authorized, unless the written agreement states that the maximum interest rate will fluctuate as the interest rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 are from time to time adjusted. The interest rate on the TIF District shall be 3.50% and will not fluctuate.

(b) Principal and interest on the Interfund Loans shall be paid semi-annually on each February 1 and August 1 (each a "Payment Date") commencing with the Payment Date on which the City has Available Tax Increment (defined below), or on any other dates determined by the City, through the last receipt of tax increment from the TIF District.

(c) Payments on the Interfund Loans are payable solely from "Available Tax Increments" which shall mean, on each Payment Date, all of the tax increment available before other obligations have been paid, generated in the preceding six (6) months with respect to the property within the TIF District and remitted to the City by Steele County, all in accordance with Minnesota Statutes, Sections 469.174 to 469.179. Payments on the Interfund Loans are unsubordinated to any outstanding or future bonds, notes or contracts secured in whole or in part with Available Tax Increments, and are senior to any other outstanding or future interfund loans secured in whole or in part with Available Tax Increments.

(d) The principal sum and all accrued interest payable under the Interfund Loans are pre-payable in whole or in part at any time by the City without premium or penalty. No partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under these Interfund Loans.

(e) The Interfund Loans are evidence of an internal borrowing by the City in accordance with Minnesota Statutes, Section 469.178, Subd. 7, and are limited obligations payable solely from Available Tax Increments pledged to the payment hereof under this resolution. The Interfund Loans and the interest hereon shall not be deemed to constitute general obligations of the State of Minnesota or any political subdivision thereof, including, without limitation, the City. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of or interest on the Interfund Loans or other costs incident hereto except out of Available Tax Increments, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on the Interfund Loans or other costs incident hereto. The City shall have no obligation to pay any principal amount of the Interfund Loans or accrued interest thereon, which may remain unpaid after the final Payment Dates.

(f) The City may amend the terms of the Interfund Loans at any time by resolution of the City Council, including a determination to forgive the outstanding principal amount and accrued interest to the extent permissible under law.

Section 3. Effective Date. This resolution is effective upon the date of its approval.

Passed and adopted this 17th day of May, 2022, with the following vote:

Aye 7; No 0; Absent 0.

Approved and signed this 17th day of May, 2022.

Thomas A. Kuntz

Thomas A. Kuntz, Mayor

ATTEST:

Kris M Busse

Kris M. Busse, City Administrator/City Clerk

EXHIBIT D

REAL PROPERTY PURCHASE AGREEMENT

PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (this "***Agreement***") is entered into as of this 15th day of April 2022, by and between CITY OF OWATONNA, MINNESOTA, A MINNESOTA MUNICIPAL CORPORATION, ("***Seller***") and KAMP AUTOMATION, LLC, WASECA MINNESOTA, A MINNESOTA LIMITED LIABILITY COMPANY, ("***Buyer***"). As used in this Agreement, the "***Effective Date***" shall be the date on which this Agreement is executed by the later of Buyer or Seller.

RECITALS

WHEREAS, Seller is the fee owner of a parcel of land situated in the City of Owatonna, Steele County, Minnesota to be legally described as:

Lot 4, Block 1, Ebeling Farm Addition No. 3

WHEREAS, Buyer desires to purchase the Property from Seller, and Seller is willing to sell the Property to Buyer, upon the following terms and conditions:

1. **Purchase Price** The price for which Seller shall sell, convey, and assign the Property to Buyer, and which Buyer shall pay to Seller, is $ 155,073.60 for the Property (the "***Purchase Price***"), to be paid in cash or cash equivalents (Tax Increment Financing).

2. **Closing**. Provided this Agreement has not been earlier terminated pursuant to the provisions below and subject to the provisions of paragraph 5 below, the closing (the "***Closing***") of the sale of the Property by Seller to Buyer shall occur on or before 180 days of the Effective Date, unless the parties mutually agree to a different date in writing (the "***Closing Date***"), in the offices of the Title Company.

3. **Contingencies**. Buyer's obligation to purchase the Property is contingent upon satisfaction or waiver by Buyer of each of the following conditions on or before the date that is 180 days following the Effective Date (the "***Inspection Period***"), each as determined by Buyer in its sole and absolute discretion:

   a. **Seller Documents** - Within 30 days after the Effective Date, Seller shall, at its expense, deliver to Buyer true, correct, and complete copies of any and all environmental reports, surveys, soil studies, plans, specifications and engineering plans to the extent the same are in Seller's possession. The documents described in this paragraph are herein collectively called the "***Documents***", and the information contained in the Documents is herein collectively called the "***Information***".

b. **Property Condition.** Seller agrees to maintain the Property in its current condition, subject to ordinary wear and tear, from the time this Agreement comes into effect until the Closing. Buyer being satisfied with its investigation of the Property. To that end Seller agrees that Buyer and Buyer's authorized contractors, agents and employees shall be entitled to enter upon the Property at any time for the purpose of making such reasonable, nondestructive investigations, studies and tests, including, without limitation, surveys and engineering studies, as Buyer deems necessary or advisable; including a Phase I Environmental Site Assessment with Seller's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed. Buyer shall promptly repair any damage to the property or improvements thereon caused by Buyer or his agents, contractors, or consultants.

c. **Utilities**. Seller recording the Plat and providing evidence that the sewer line has been extended to the Property and that all utilities (water, gas and electric) are available for hookup at the Property.

d. **State Incentives**. Buyer is seeking State of Minnesota incentives to help fund the project. Project is contingent upon this funding.

e. **Tax Increment Financing (TIF).** Buyer is seeking TIF incentives from the City of Owatonna to help fund the project. Project is contingent upon this funding.

f. **Project Cost**. Buyer has estimates of construction costs and is seeking actual bid costs within the next 60 days. Project is contingent upon meeting the cost targets laid out by the Buyer.

If any of the contingencies listed above are not satisfied within the Inspection Period, and if within (30) days following the Inspection Period, Buyer gives written notice to Seller that Buyer is terminating this Agreement because of the failure of any one or more such contingencies, then upon the giving of such notice this Agreement shall be terminated and both parties agree to sign a Cancellation of Purchase Agreement, and neither party shall have any further obligation to the other. In the absence of such notice and termination, each and every said contingency shall be deemed waived by Buyer.

4. <u>Title</u>. Title examination shall be conducted as follows:

a) <u>Seller's Title Evidence</u>. Promptly after the Effective Date, Seller shall cause to be ordered a current title commitment ("***Title Commitment***") for an ALTA Owner's Policy of Title Insurance ("***Title Policy***") committing to insure marketable title to the Real Property in Buyer, subject only to the Permitted Encumbrances, in the amount of the Purchase Price and issued by the Title Company.

b) Buyer's Objections. Buyer shall be allowed thirty (30) days after receipt of the Title Commitment for examination of title and the making of any objections thereto. Buyer shall notify Seller in writing of any matters which render title to the Property in Seller as being unmarketable ("***Objections***"). Buyer's failure to make Objections within the applicable time period will constitute a waiver of Buyer's right to make Objections. Buyer will be deemed to have automatically made Objections to any mortgage, judgment, tax lien, mechanic's lien and any other monetary lien against the Property, other than real estate taxes and assessments (collectively "***Monetary Liens***"). Any items disclosed by the Title Commitment or the Survey and not objected to by Buyer shall be a "***Permitted Encumbrance***" hereunder.

c) Cure Period. Seller shall advise Buyer in writing ("***Seller's Cure Notice***") within 30 days after Buyer delivers written notice of any Objections, which of the Objections Seller is willing to cure ("***Seller Cure Items***"). If Seller fails to deliver Seller's Cure Notice within such 30-day period, all Objections will be deemed to be Seller Cure Items. At Seller's sole cost and expense, Seller shall use best efforts to correct, remove or otherwise cure the Seller Cure Items within 60 days after delivery or deemed waiver of Seller's Cure Notice (the "***Cure Period***") and the Closing will be postposed as necessary. Seller may pay Monetary Liens out of proceeds from Closing on the Closing Date if they are not satisfied prior thereto. If any Seller Cure Items remain uncured at the end of the Cure Period, Buyer may elect one or more of the following options by providing written notice thereof to Seller and to the Title Company:

   i. Terminate this Agreement within 10 days after the expiration of the Cure Period. Upon receipt of such notice from Buyer, neither Seller nor Buyer shall have any further rights or obligations under this Agreement (except for any obligations that expressly survive the termination of this Agreement); or

   ii. Waive such uncured Seller Cure Items and/or other Objections and close the transaction contemplated by this Agreement as if such Objections had not been made, and the title matters related to such uncured Seller Cure Items and/or Objections will be deemed Permitted Encumbrances.

d) New Title Matters. If any matters which render title to the Property in Seller as being unmarketable are discovered by or reported to Buyer on or prior to the Closing Date which are not shown on the Title Commitment or the Survey, or which were created or came into existence on or after the date of delivery of the Title Commitment or the Survey, Buyer shall notify Seller in writing of any additional Objections to such title defects as soon as reasonably possible. Seller may then either (A) cure such Objections prior to Closing; or (B) decline to cure such Objection. If Seller declines to cure such Objection, it shall so notify Buyer within five business days of notice from Buyer. Thereafter, Buyer may (x) waive such Objection and proceed to Closing or (y) terminate this Agreement. Nothing in this paragraph shall abridge or limit Seller's or Buyer's termination rights or remedies for Seller's default under this Agreement.

5. **<u>Closing Costs</u>**. The costs attributed to the Closing of the Property shall be the responsibility of ☐ **Buyer** ☒ **Seller** ☐ **Both Parties**. The fees and costs related to the Closing shall include but not be limited to a title search (including the abstract and any owner's title policy), preparation of the deed, transfer taxes, recording fees, and any other costs by the title company that is in standard procedure with conducting the sale of a property.

   a. Upon completion of the Closing, Seller shall deliver to Buyer possession of the Property.

6. **<u>Seller Representations</u>**. Seller represents and warrants to Buyer as follows:

   a. There is no litigation or proceeding pending or, to Seller's knowledge, threatened against or relating to the Property or any part thereof.

   b. Seller has no knowledge of any pending or threatened condemnation or eminent domain proceedings which would affect the Property or any part thereof.

   c. Seller represents and warrants that they have received no notice of the commencement by third parties of any proceedings, which would affect the present zoning classification of the Property.

   d. Seller represents that Seller is unaware of any hazardous substances or petroleum products having been placed, stored or released from or on the Property by any person in violation of any law, nor of any underground storage tanks having been located on the property at time.

   The above representations and warranties shall survive the Closing.

7. **<u>Termination.</u>** In the event this Agreement is terminated, as provided in this Agreement, absent of default, with all parties being relieved of their obligations as set forth herein.

8. **<u>Notices.</u>** Any notice required or permitted to be given hereunder will be properly given in accordance with this Agreement, if in writing and (a) delivered by hand, (b) sent by recognized overnight courier (such as Federal Express),

(c) sent via email, or (d) mailed by certified or registered mail, return receipt requested, in a postage prepaid envelope, and addressed as set forth herein:

City of Owatonna	Kamp Automation, LLC
Attn: Kris M. Busse	Attn: Kent Patterson
540 West Hills Circle	280 University Drive SW
Owatonna, MN 55060	Waseca, MN 56093
Phone: 507-774-7340	Phone: 612-460-0983
kris.busse@ci.owatonna.mn.us	kent.patterson@kampautomation.com

9. **Seller's Indemnification**. Buyer acknowledges that it is purchasing the Property "AS IS, WHERE IS, with all faults" with no right of set-off or reduction in the purchase price, and that such sale shall be without representation or warranty of any kind, except as provided in this Agreement, express or implied, including, without limitation, warranty as to the condition of the Property or improvements thereon including the environmental condition, warranty of income potential, operating expenses, uses, merchantability or fitness for a particular purpose, and Seller does hereby disclaim and renounce any such representation or warranty. Except for any representations and warranties expressly made by Seller in this agreement, Buyer specifically acknowledges that Buyer is not relying on any representations or warranties of any kind whatsoever, express or implied, from Seller, Seller's agents, or brokers as to any matter concerning the property and that except as set forth herein, Buyer is relying entirely on its own inspections and other due diligence activity.

10. **Stormwater Management**. Buyer agrees to abide by all Federal, State, and local statues, ordinances, regulations, and rules pertaining to stormwater management and agrees to be solely responsible for constructing and maintaining all stormwater facilities required on the Real Property.

11. **Dispute Resolution**. Buyer and Seller agree to mediate any dispute or claim arising out of this Agreement, or in any resulting transaction, before resorting to arbitration or court action.

    a. **Mediation**. If a dispute arises out of or relates to this contract, or the breach thereof, and if the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Procedures before resorting to arbitration.

    b. **Arbitration**. Any controversy or claim arising out of or relating to this contract, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules and judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction thereof.

12. **City Council Approval**. This agreement is subject to the approval of the City Council of the City of Owatonna

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

SELLER:

CITY OF OWATONA, MINNESOTA

By: Thomas A Kuntz
Thomas A. Kuntz
Its Mayor
Email: mayor@ci.owatonna.mn.us

By: Kris M Busse
Kris M. Busse
Its City Administrator
Email: Kris.Busse@ci.owatonna.mn.us

Date: 4/19/2022

BUYER:

KAMP AUTOMATION, LLC

By: Kent E Patterson
Kent Patterson
Its President & CEO
Email: kent.patterson@kampautomation.com

Date: 4-18-2022

EXHIBIT E

CERTIFICATE OF COMPLETION AND RELEASE OF FORFEITURE

The City of Owatonna, Minnesota (the "City"), a municipal corporation hereby certifies that all building construction and other physical improvements specified to be done and made by KAB Properties, LLC have been completed and the above covenants and conditions in said Development Agreement have been performed by KAB Properties, LLC therein and that the provisions for breach of condition subsequent by the City, contained therein, are hereby released absolutely and forever insofar as they apply.

THE CITY OF OWATONNA

BY ____________________________

Kris Busse

ITS City Administrator

STATE OF MINNESOTA)
): ss
COUNTY OF STEELE)

The foregoing instrument was acknowledged before me this ____ day of ____________________, 202__, by Kris Busse the City Administrator of the City of Owatonna, Minnesota, a municipal corporation.

____

Notary Public

EXHIBIT F

ECONOMIC DEVELOPMENT INCENTIVES POLICY
JULY 20, 2005

This policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act. A business subsidy, as defined in Minnesota Statute 116J.993(3), is herein referred to as an economic development incentive. This Policy shall apply only with respect to incentives granted under the Act if and to the extent required thereby.

This policy shall provide the legal and statutory framework to utilize economic development incentives pursuant to requirements in law. The adoption of this policy is a prerequisite to determining the level of and extent of participation in economic development incentives programs.

Economic development incentives seek to realize goals that benefit the community and meet a public purpose, including the creation or retention of jobs; the provision and upgrade of public infrastructure; the stabilization of commercial and industrial districts or neighborhoods; and the support of industry and employment through job advancement and training opportunities.

Criteria for Economic Development Incentive.

1) The economic development incentive shall be tied to the creation of at least 10 full time new jobs at or above 75% of the Steele County average weekly wage for the total of all industries and ownerships as identified in the most recent Quarterly Census of Employment and Wages (QCEW), and at least 75% of all new jobs created shall meet the above referenced average weekly wage; or to job retention only when job loss is specific and demonstrable. For the purposes of this provision employer paid health benefits may be included as part of the average weekly wage.

2) Proposals for economic development incentives must also meet at least one of the following criteria.

- The incentive will be used for a business expansion, relocation, start-up, or retention when the loss of jobs is specific and demonstrable.
- The incentive is used for the construction, extension, or upgrade of public infrastructure.
- The incentive will be used for projects that will provide for employee training or that offer job advancement opportunities through skills learned in the workplace.
- The incentive will be used for projects that address and promote the stabilization of commercial, industrial, and residential areas including the elimination of blight, and redevelopment activities.
- The incentive will result in a significant increase in city's taxable base relative to the size of the incentive.

Miscellaneous

Public Works Department

DATE: October 18, 2022
TO: Mayor and City Council
FROM: Sean Murphy, Assistant City Engineer
SUBJECT: Obstruction Permit at Vine Street & N Cedar Avenue - Mohs Contracting

Purpose:

Request City Council consider a request from Mohs Contracting to obtain an extended Obstruction Permit on the corner of Vine Street and Cedar Avenue North.

Background:

Permits for obstructions located within the City Right of Way are valid for 2 weeks upon issuance with a 2-week extension period.

Mohs Contracting is requesting an extended obstruction permit for a dumpster to remain in the City Right of Way during the project at the former Jerry's Supper Club Building. This project is anticipated to be done mid-April 2023. The proposed location of the obstruction has been identified as the least obstructive to pedestrian traffic and as the most direct route out of the building. Three parking spaces will be used along the south side of the building on Vine Street. The permit holder acknowledges that the area around the obstruction must be maintained, and that snow removal is their responsibility. See the attached letter received regarding the proposal along with an aerial map showing the obstruction location.

Budget Impact:

Engineering staff proposes an initial fee of $200 for the first two week period and $50 for each two week period after until the obstruction has been removed for an estimated fee of $775.

Staff Recommendation:

Staff recommends approval.

Attachments:

1. Obstruction Permit Request - Mohs Contracting
2. Letter - Mohs Contracting
3. Obstruction Location

City of Owatonna

10/14/2022

OBS-22-21

Obstruction Permit

Status: Active

Date Created: Oct 14, 2022

Work Information

Nature of Work
demolition

Start Date
10/14/2022

Company
Mohs Contracting

Total Number of Calendar Days
90

Completion Date
04/15/2022

Site Information

Will traffic detouring be necessary?
No

In the event that traffic needs to be detoured, the detour must be in accordance with the MN Traffic Control Manual. A detour plan must be submitted with this application.

Acknowledgement

I accept the terms and conditions of the City of Owatonna and agree to fully comply to the satisfaction of the City Engineer.

Digital Signature
kevin springborg
10/14/2022

10/14/2022

Re: Roll off Construction Dumpster

To whom it may concern,

We are in the process of some demolition and later remodeling the old Jerry's building on the corner of North Cedar and Vine Street. We currently have a roll of dumpster on the Vine Street side of the building. We are asking permission to keep the dumpster in that location for the duration of the project which will run from now into late spring of 2023. This location works out the best as far as affecting foot traffic and it is a direct route out of the building to the dumpster. We understand that we will be responsible for maintaining the area around the unit during the winter months and we are fully willing and capable of doing so.

Thank you for your consideration.

Respectfully,

Kevin Springborg

Job Site Superintendent

Mohs Contracting


CEDAR AVE N
VINE ST E
VINE ST E