



CITY COUNCIL MEETING
Tuesday, January 6, 2026 at 7:00 PM
Council Chambers, Charles S. Crandall Center at City
Hall, 540 West Hills Circle.
Roll Call: Council Members Svenby, Voss, Dotson,
Burbank, Boeke, McCann, and Raney

STUDY SESSION AT 5:30 P.M. - Items of discussion will include Police Service Commendations, SMART Transit, Southern Minnesota Initiative Foundation, Council 2026 Board/Commission Participation and Housing Incentive Program. If time allows, there will also be updates on various boards and commissions.

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

- 1.1. Council Agenda
- 1.2. Public Hearing - Establish TIF District 22-1 & Use of Tax Increment Financing - Ascend South
 - 1.2.1. Resolution 01-26: Establish TIF District 22-1, Use of Tax Increment Financing and Development Agreement - Ascend South
 - 1.2.2. Resolution 02-26 - Sell Property - Oak Street N - Redline Development Group, LLC
- 1.3. Mayor Jessop
- 1.4. 2026 Organizational Meeting
 - 1.4.1. Change three 2026 Council Meeting Dates
 - 1.4.2. Council 2026 Representation on Boards/Commissions/Committees
 - 1.4.3. Designate Newspaper for 2026 Official City Business
 - 1.4.4. Resolution 03-26: Designate 2026 Depositories and Authorize Signatories
 - 1.4.5. Resolution 04-26: Designate 2026 Responsible Authority for Data Practices
 - 1.4.6. Appoint 2026 Weed Inspector

2. CONSENT AGENDA ITEMS

- 2.1. Minutes – Council Meeting – December 16, 2025
- 2.2. Minutes - Boards/Commissions
 - 2.2.1. Airport Commission - December 18, 2025
- 2.3. Finance Report
- 2.4. Licenses/Permits
 - 2.4.1. Event Permit - Memorial Day Parade - May 25, 2026
 - 2.4.2. Exempt Permit - Owatonna Area Chamber of Commerce - Raffle - February 15, 2026
- 2.5. Miscellaneous
 - 2.5.1. Renew Agreement for Economic Development - OACC & Tourism
 - 2.5.2. Renew Main Street Program Agreement - OACC and Tourism
 - 2.5.3. Renew EDA Loan Administration Agreement - Owatonna Area Business Development

Center

2.5.4. Legislative Services Agreement - Lockridge, Grindal & Nauen PLLP

2.5.5. Amend Payroll Consulting Project - Abdo Financial Services

3. ACTION ITEMS

3.1. Ordinances

3.1.1. Second/Final Reading Proposed Ordinance 25-14 VACA-25-1 Vacate Portion of Walnut Ave, Vine St W, and a Public Alley

3.1.2. Second/Final Reading Proposed Ordinance 25-15 VACA-25-2 Vacate Portion of a Blanket Sanitary Sewer Easement

3.2. Resolutions

3.2.1. Resolution 05-26: Order Feasibility Report - 2026 Street & Utility Project

3.2.2. Resolution 06-26: Order Feasibility Report - Broadway Reconstruction

3.2.3. Resolution 07-26: Declare Costs — 2025 Street & Utility Project

3.2.4. Resolution 08-26: Set Public Hearing Date — 2025 Street & Utility Project Proposed Assessments

3.2.5. Resolution 09-26: Final Plat - STAMO Addition

3.2.6. Resolution 10-26: Use of Local Sales Tax - Construct Community Center

3.2.7. Resolution 11-26: Purchase Property - 1352 South Cedar Avenue

3.2.8. Resolution 12-26: Accept MnDOT Grant Agreement - Update Airport Zoning Ordinance

3.2.9. Alignment of New Wage Start Dates

3.2.9.1. Resolution 13-26: MOU - MN Public Employees Association - Patrol Officers

3.2.9.2. Resolution 14-26: MOU - Minnesota Public Employees Association - Sergeants

3.2.9.3. Resolution 15-26: MOU - International Union of Operating Engineers, Local No. 70

3.2.9.4. Resolution 16-26: MOU - International Assoc of Fire Fighters, Local Union No. 1920

3.3. Miscellaneous

3.3.1. Land Development Agreement - STAMO Addition

3.3.2. Amendment #1 & Mutual Agreement to Cancel Airport Commercial Use Hangar Land Leases

3.3.3. Professional Service Agreements - Police and Fire Facilities - ICS

3.3.4. Master Service and Purchase Agreement (MSPA) - Law Enforcement Technology Package - Axon Enterprises

3.3.5. 2026 Non-benefited Employee Pay Structure

3.3.6. Personnel Policy Revisions and Additions

4. STAFF REPORTS

5. PUBLIC COMMENTS: Please limit comments to three (3) minutes. Please approach the microphone, sign-in and state your name and address for the record after being acknowledged by the Council President. Speakers will be limited to three minutes to deliver their comments. Those speaking are asked to conduct themselves in a respectful manner as they deliver their comments. Audience members are asked to refrain from reacting to comments. The City Council will not respond directly to comments in this venue or take immediate action in response to them.

6. COUNCIL COMMENT AND GENERAL INFORMATION

7. ADJOURN

**CITY OF OWATONNA
STEELE COUNTY
STATE OF MINNESOTA**

NOTICE OF PUBLIC HEARING

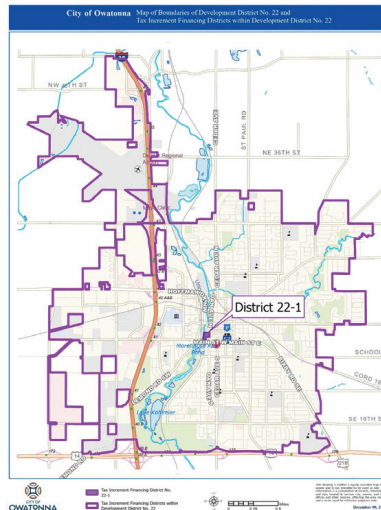
NOTICE IS HEREBY GIVEN that the City Council (the "Council") of the City of Owatonna, Steele County, Minnesota, will hold a public hearing on January 6, 2026, at 7:00 p.m., at the City Hall, 540 West Hills Circle in the City of Owatonna, Minnesota (the "City"), relating to the proposed establishment of Tax Increment Financing District (Redevelopment) No. 22-1 (Ascend 2) within Development District No. 22, and the proposed adoption of a Tax Increment Financing Plan therefor, all pursuant to and in accordance with Minnesota Statutes, Sections 469.124 through 469.133 and Sections 469.174 through 469.1794; and a proposed business subsidy to be granted by the City in connection with the proposed construction of an five-story building, inclusive of approximately 57 housing units, and on the basement level approximately 45 garage parking spaces, approximately 3,153 square feet of retail space, and main floor office space of 17,954 square feet. Copies of the proposed Tax Increment Financing Plan and a summary of the business subsidy agreement are on file and available for public inspection at the office of the City Administrator at City Hall.

A person with residence in or the owner of taxable property in the granting jurisdiction may file a written complaint with the grantor if the grantor fails to comply with sections 116J.993 to 116J.995, and that no action may be filed against the grantor for the failure to comply unless a written complaint is filed.

The property included in Development District No. 22 is described in the Development Program, as amended, on file in the office of the City Administrator. The property proposed to be included in Tax Increment Financing District (Redevelopment) No. 22-1 (Ascend 2) is described in the Tax Increment Financing Plan on file in the office of the City Administrator.

A map of Development District No. 22 and Tax Increment Financing District (Redevelopment) No. 22-1 (Ascend 2) is set forth below:

All interested persons may appear at the hearing and present their views orally or in writing prior to the hearing.



BY ORDER OF THE CITY COUNCIL OF
THE CITY OF OWATONNA, MINNESOTA

/s/ Jenna Tuma
City Administrator

Published in the Owatonna Peoples Press
December 27, 2025
1508545



DATE: January 6, 2026
TO: Mayor and City Council
FROM: Troy Klecker, Community Development Director
SUBJECT: Resolution 01-26: Establish TIF District 22-1, Use of Tax Increment Financing and Development Agreement - Ascend South

Purpose:

Approve Resolution 01-26 Approving Tax Increment Financing, Development Agreement and Interfund Loan for Ascend South.

Background:

Staff has been working with Redline Development Group on the second phase of the riverfront redevelopment project, Ascend South. The developer has requested the use of tax increment financing to assist with the project. The project will include 21,107 square feet of commercial space and 57 apartments with underground parking. There are also a number of public improvements that will be completed with this project, including widening Vine Street, adding a trail connection between Oak Ave and the river, reconstructing what is now Walnut Avenue (to be renamed Ted G Ringhofer Lane) from Vine to Bridge, adding a sidewalk and more public parking along this street, replacing street lighting, burying overhead lines along the river, replacing a trail segment along the river and adding a public drinking fountain along the trail.

Budget Impact:

The length of the TIF district is up to 26 years. The total present day value of the TIF going to the developer for this project is \$2,726,000. Of this amount, \$100,000 will come back to the City for purchasing the city property and over \$880,000 in public improvements will be completed as part of the project. In addition to that, the City will also be collecting 5% of the TIF, or \$288,016 over the life of the TIF district, to be reimbursed for administration costs. The interfund loan is for the \$288,016 in administration costs and the \$100,000 for the property because these are costs paid upfront by the City.

Staff Recommendation:

Staff recommends approval of this resolution approving tax increment financing, the development agreement and the interfund loan for the project.

Attachments:

1. Resolution 01-26 Establish TIF 22-1 Adoption of a TIF Plan Interfund Loan Dev Ag

2. TIF Memo
3. TIF Plan Owatonna TIF 22-1
4. Owatonna TIF 22-1 - Development Agreement

RESOLUTION NO. 01-26

RESOLUTION ESTABLISHING TAX INCREMENT FINANCING DISTRICT REDEVELOPMENT NO. 22-1 (ASCEND SOUTH) WITHIN DEVELOPMENT DISTRICT NO. 22; APPROVING THE TAX INCREMENT FINANCING PLAN THEREFOR; AUTHORIZING AN INTERFUND LOAN; AND AUTHORIZING EXECUTION OF A DEVELOPMENT AGREEMENT

A. WHEREAS, it has been proposed that the City of Owatonna, Minnesota (the "City") (1) establish Tax Increment Financing District (Redevelopment) No. 22-1 (Ascend South) (the "TIF District") within Development District No. 22 (the "Development District"); (2) approve and adopt the proposed Tax Increment Financing Plan therefor under the provisions of Minnesota Statutes, Sections 469.174 to 469.1794, as amended (the "Act"); (3) authorize an Interfund Loan (hereinafter defined); and (4) authorize the execution of a development agreement; and

B. WHEREAS, the City Council has investigated the facts and has caused to be prepared a proposed tax increment financing plan for the TIF District (the "TIF Plan"); and

C. WHEREAS, the City has performed all actions required by law to be performed prior to the establishment of the TIF District, and the adoption of the TIF Plan, including, but not limited to, notification of Steele County (the "County") and Owatonna Public Schools, Independent School District No. 761, having taxing jurisdiction over the property to be included in the TIF District, and the holding of a public hearing upon published and mailed notice as required by law; and

D. WHEREAS, 130 Oak Street North LLC (the "Developer") has requested the City to assist with the financing of certain costs incurred in connection with construction of a mixed-use building consisting of 57 market-rate apartments, 45 underground parking spaces, approximately 3,234 of retail space, and approximately 16,629 square feet of office space, located in the City (the "Project"); and

E. WHEREAS, the Developer and the City have determined to enter into a Development Agreement providing for the City's tax increment financing assistance for the Project (the "Development Agreement"); and

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

1. Tax Increment Financing District (Redevelopment) No. 22-1 (Ascend South). There is hereby established in the City within the Development District, Tax Increment Financing District (Redevelopment) No. 22-1 (Ascend South), an Redevelopment tax increment financing district, the initial boundaries of which are fixed and determined as described in the TIF Plan.

2. Tax Increment Financing Plan. The TIF Plan is adopted as the tax increment financing plan for the TIF District, and the City Council makes the following findings:

- (a) The TIF District is an redevelopment development district as defined in Minnesota Statutes, Section 469.174, Subd. 10, the specific basis for such determination is set forth in Section 2.03.3 of the TIF Plan.
- (b) The proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future. The reasons for such determination are set forth in Section 2.02.5 of the TIF Plan.
- (c) In the opinion of the City Council, the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan. The reasons supporting this finding are set forth in Section 2.02.5 of the TIF Plan.
- (d) The TIF Plan for the TIF District conforms to the general plan for development or redevelopment of the City as a whole. The reasons for supporting this finding are set forth in Section 2.02.2 of the TIF Plan.
- (e) The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of the Development District by private enterprise. The reasons supporting this finding are set forth in Section 2.02.5 of the TIF Plan.

3. Public Purpose. The adoption of the TIF Plan for the TIF District within the Development District conforms in all respects to the requirements of the Act and will help fulfill a need to develop an area of the State which is already built up to provide employment opportunities, to improve the tax base and to improve the general economy of the State and thereby serves a public purpose.

4. Certification. The County Auditor is requested to certify the original net tax capacity of the TIF District as described in TIF Plan, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased in accordance with the Act; and the City Administrator is authorized and directed to forthwith transmit this request to the County Auditor in such form and content as the County Auditor may specify, together with a list of all properties within the TIF District for which building permits have been issued during the 18 months immediately preceding the adoption of this Resolution.

5. Filing. The City Administrator is further authorized and directed to file a copy of the TIF Plan for the TIF District with the Commissioner of Revenue and the Office of the State Auditor.

6. Interfund Loan. The City has determined that it may pay for certain costs (the "Qualified Costs") identified in the TIF Plan which costs may be financed on a temporary basis from the City's general fund or any other fund from which such advances may be legally made (the "Fund"). Under Minnesota Statutes, Section 469.178, Subd. 7, the City is authorized to advance or loan money from the Fund in order to finance the Qualified Costs. 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 following terms (which terms are referred to collectively as the "Interfund Loan"):

- (a) The City shall repay to the Fund from which the Qualified Costs are initially paid, the principal amount of \$388,016 (or, if less, the amount actually paid from such fund) together with interest at 4.00% per annum (which is not more than the greater of (i) the rate specified under Minnesota Statutes, Section 270C.40, or (ii) the rate specified under Minnesota Statutes, Section 549.09) from the date of the payment.
- (b) Principal and interest on the Interfund Loan ("Payments") shall be paid annually on each December 31 commencing with the date the tax increments from the TIF District are available and not otherwise pledged to and including the earlier of (a) the date the principal and accrued interest of the Interfund Loan is paid in full, or (b) the date of last receipt of tax increment from the TIF District ("Payment Dates") which Payments will be made in the amount and only to the extent of available tax increments. Payments shall be applied first to accrued interest, and then to unpaid principal.
- (c) Payments on the Interfund Loan are payable solely from the tax increment generated in the preceding twelve (12) months with respect to the TIF District and remitted to the City by the County, all in accordance with Minnesota Statutes, Sections 469.174 to 469.1794, as amended. Payments on this Interfund Loan are subordinate to any outstanding or future bonds, notes or contracts secured in whole or in part with tax increment and are on parity with any other outstanding or future interfund loans secured in whole or in part with tax increments.
- (d) The principal sum and all accrued interest payable under this Interfund Loan 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 this Interfund Loan.
- (e) The Interfund Loan is evidence of an internal borrowing by the City in accordance with Minnesota Statutes, Section 469.178, Subd. 7, and is a limited obligation payable solely from tax increment pledged to the payment hereof under this resolution. The Interfund Loan and the interest hereon shall not be deemed to constitute a general obligation 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 Loan or other costs incident hereto except out of tax increment, 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 Loan or other costs incident hereto. The City shall have no obligation to pay any principal amount of the Interfund Loan or accrued interest thereon, which may remain unpaid after the termination of the TIF District.

- (f) The City may amend the terms of the Interfund Loan 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.

7. Development Agreement.

- (a) The Council hereby approves the Development Agreement in substantially the form submitted, and the Mayor and the City Administrator are hereby authorized and directed to execute the Development Agreement on behalf of the Council.
- (b) The approval hereby given to the Development Agreement includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by the City officials authorized by this resolution to execute the Development Agreement. The execution of the Development Agreement by the appropriate officer or officers of the City shall be conclusive evidence of the approval of the Development Agreement in accordance with the terms hereof.

Passed and adopted this ____ day of January, 2026 with the following vote:

Aye _____; No _____; Absent _____.

Approved and signed this ____ day of January, 2026.

Matt Jessop, Mayor

ATTEST:

Jenna Tuma, City Administrator/City Clerk



MEMORANDUM

To: City of Owatonna
From: Tammy Omdal and Jessica Green
Date: December 30, 2025
Re: Evaluation of Public Financial Assistance for TIF 22-1 (Ascend South Project)

The City of Owatonna (the “City”) received a request from 120 Oak Street LLC (the “Developer”) for public financial assistance to assist with redevelopment of property and the construction by the Developer of a mixed-use building consisting of 57 market-rate apartments, 45 underground parking spaces, approximately 3,234 of retail space, and approximately 16,629 square feet of office space (the “Project”). The Project is to be located near the intersection of Oak Avenue North and Vine Street West in the City, inclusive of current PIDS 17-109-0202, 17-109-0203, 17-109-0204, 17-109-0205, 17-109-0206, 17-109-0208, 17-109-0209, 17-203-0001, 17-109-0110 and 17-109-0111 (the “Property”). These ten parcels are expected to be combined into one or more parcels as a result of the redevelopment.

Subject to approval of the request for public financial assistance, the Developer plans to commence construction of the Project by March 31st, 2026, and complete construction by December 31st, 2027.

The cost for the Project is estimated at approximately \$21.97 million (see Exhibit B), which is based on the Developer’s pro forma as of November 19, 2025. The Developer’s request for public financial assistance is to assist with the extraordinary costs of redevelopment of the Property. The Developer has represented that it will not undertake the Project as proposed without the approval of the requested public financial assistance.

It is Northland’s opinion that the Project as proposed is unlikely to occur but for the proposed public financial assistance, inclusive of the tax increment financing (TIF). Without public financial assistance, the Project is not expected to achieve the level of debt service coverage and returns needed to secure the necessary private financing and equity.

Northland finds that it is reasonable for the City to consider public financial assistance for the Project. The redevelopment of the Property will provide rental housing units and commercial space within the City. The Project will not occur solely through private investment within the reasonably foreseeable future without the public financial assistance.

Public Financial Assistance

The Developer is seeking public financial assistance from the City in the form of pay-go tax increment financing assistance. The tax increment revenue is proposed to come from the proposed establishment of Tax Increment Financing (Redevelopment) District No. 22-1 (the “TIF District”) within the proposed Development District No. 22 (the “Project Area”). The boundaries of the TIF District will be located within the Project Area. The boundaries of Project Area are coterminous with boundaries of the City.

The City Council will hold a public hearing on January 6, 2026, to consider approval of the establishment of the TIF District within the Project Area.

Based on Northland's analysis of the financial information provided by the Developer, the following terms for assistance to the Developer are proposed:

- Proposed terms will be subject to a Development Agreement (the "Agreement") between the Developer and the City.
- Maximum term of 26 years for TIF assistance to the Developer.
- TIF "pay-go" revenue note (the "TIF Note") to be issued to reimburse of \$2,726,000 of qualified costs for the Project incurred by the Developer, plus interest at rate of 5.0%, from the date of issue per annum to the earlier of maturity or prepayment.
- Total estimated "pay-go" payments to the Developer over 26 years is estimated to be approximately \$5,377,311, including principal and interest payments. The TIF Note will be payable solely from net available semi-annual tax increments. Net available semi-annual tax increments shall be based on 95% of the tax increment collected from the Project within the TIF District. Net available tax increment is after deduction of the first \$10,000 annually by the City until the City has reimbursed itself \$100,000 for conveyance of land to the Developer.
- The TIF Note shall bear simple, non-compounding interest from the date that the City has determined paid invoices, as paid by the Developer, in compliance with the terms of the Agreement. First payment date 8/1/2029 and final payment date no later than 2/1/2055.
- The investment in the purchase of the site and in site preparation is calculated at approximately 75% of the county assessor's estimated market value of the Property. Therefore, the assistance to the Developer is not a business subsidy pursuant to Minnesota Statutes 116J.993, Subdivision 3 (17).

Exhibit A provides a summary of the estimated tax increment cash flow from the TIF District available to reimburse the Developer for qualified costs for the Project.

Review of Application for Assistance

Northland completed a review of the Developer's application for financial assistance. Northland reviewed project cost estimates to ensure all anticipated sources and uses for the Project were properly included.

Exhibit B and provides information on the sources and uses of funds for the Project. Exhibit C provides a summary of the Developer pro forma for the Project. Based on a review of the estimated pro forma for the Project and under current market conditions, we find that the Project, as proposed, may not reasonably be expected to occur solely through private investment within the reasonably near future. Due to the costs associated with the redevelopment of the Property, the Project as proposed is feasible only through assistance, in part, from TIF. This conclusion is supported by the following:

- The Developer plans for the \$21.97 million of cost for the Project to be funded from a combination of debt (70%) and equity (30.0%). The present value of the estimated future tax increment revenue from the TIF Note payments to the Developer reduces the effective cost of the Project by up to an additional \$2,726,000. Based on estimated net operating income, the effective return without the public financial assistance is not at a level the Project, as proposed, would proceed.
- The estimated average gross monthly rent for the housing units, in the first stabilized year of the Project (2028), is estimated at approximately \$1,758 per month.
- The estimated average rents for the office and retail space are expected to be approximately \$4.19/sq. ft, after adjusting for taxes, insurance and common area maintenance.
- The average debt service coverage with tax increment financing is estimated to average 1.24X through year 25 of the project, and without financial assistance the average is 0.93X. The coverage for the mortgage without the tax increment is not at a level that we would expect the Project, as proposed, to proceed. The financing of this type of project would be expected to be at a minimum of 1.25X coverage.
- The cash-on-cash return is projected to reach an estimated approximate 8.3% by year 25 of the Project with financial assistance and 4.7% without assistance.

EXHIBIT A

City of Owatonna
Tax Increment Financing District TIF 22-1 (Redevelopment)
Ascend South
Projected Tax Increment Financing (TIF) Cash Flow

TIF District Year	Taxes Payable Year	Taxable Market Value	Tax Capacity	Base Tax Capacity	Captured Tax Capacity for TIF	Original Tax Rate	TIF from District	TIF to City for Admin	TIF for City Project Costs	Net Available TIF to Developer	PV Net Available TIF to Developer
1	2029	13,036,070	176,200	25,789	150,412	127.57%	191,181	9,059	10,000	172,122	157,235
2	2030	13,166,430	177,962	25,789	152,174	127.57%	193,421	9,171	10,000	174,250	308,744
3	2031	13,298,095	179,742	25,789	153,953	127.57%	195,683	9,284	10,000	176,399	454,730
4	2032	13,431,076	181,539	25,789	155,751	127.57%	197,968	9,398	10,000	178,569	595,392
5	2033	13,565,386	183,355	25,789	157,566	127.57%	200,275	9,514	10,000	180,762	730,919
6	2034	13,701,040	185,188	25,789	159,400	127.57%	202,606	9,630	10,000	182,976	861,497
7	2035	13,838,051	187,040	25,789	161,251	127.57%	204,959	9,748	10,000	185,212	987,300
8	2036	13,976,431	188,911	25,789	163,122	127.57%	207,337	9,867	10,000	187,470	1,108,502
9	2037	14,116,195	190,800	25,789	165,011	127.57%	209,738	9,987	10,000	189,751	1,225,268
10	2038	14,257,357	192,708	25,789	166,919	127.57%	212,163	10,108	10,000	192,055	1,337,757
11	2039	14,399,931	194,635	25,789	168,846	127.57%	214,613	10,731		203,882	1,451,418
12	2040	14,543,930	196,581	25,789	170,792	127.57%	217,087	10,854		206,232	1,560,850
13	2041	14,689,370	198,547	25,789	172,758	127.57%	219,586	10,979		208,606	1,666,208
14	2042	14,836,263	200,532	25,789	174,744	127.57%	222,110	11,105		211,004	1,767,642
15	2043	14,984,626	202,538	25,789	176,749	127.57%	224,658	11,233		213,425	1,865,296
16	2044	15,134,472	204,563	25,789	178,774	127.57%	227,232	11,362		215,870	1,959,309
17	2045	15,285,817	206,609	25,789	180,820	127.57%	229,833	11,492		218,341	2,049,817
18	2046	15,438,675	208,675	25,789	182,886	127.57%	232,459	11,623		220,836	2,136,947
19	2047	15,593,062	210,762	25,789	184,973	127.57%	235,112	11,756		223,356	2,220,826
20	2048	15,748,992	212,869	25,789	187,080	127.57%	237,790	11,889		225,900	2,301,572
21	2049	15,906,482	214,998	25,789	189,209	127.57%	240,496	12,025		228,471	2,379,302
22	2050	16,065,547	217,148	25,789	191,359	127.57%	243,228	12,161		231,067	2,454,127
23	2051	16,226,203	219,319	25,789	193,531	127.57%	245,988	12,299		233,689	2,526,155
24	2052	16,388,465	221,512	25,789	195,724	127.57%	248,776	12,439		236,337	2,595,489
25	2053	16,552,349	223,728	25,789	197,939	127.57%	251,592	12,580		239,012	2,662,229
26	2054	16,717,873	225,965	25,789	200,176	127.57%	254,436	12,722		241,714	2,726,472
TOTAL =							5,760,327	283,016	100,000	5,377,311	2,726,472

Key Assumptions:

- 1 Taxable market value (TMV) is assumed to increase by 1.0% annually.
- 2 Original Tax Capacity Rate estimated based on Taxes Payable Year Pay 2025.
- 3 Election for captured tax capacity is 100.00%.
- 4 Base Tax Capacity is calculated based on estimated taxable market value of the following ten (10) parcels (2025 value for tax payable 2026): 17-109-0202, 17-109-0203, 17-109-0204, 17-109-0205, 17-109-0206, 17-109-0208, 17-109-0209, 17-203-0001, 17-109-0111, 17-109-0110.
- 5 Present Value (PV) Net Available TIF to Developer is calculated based on semi-annual payments, interest rate 5.0%, dated date 1/1/2028.
- 6 TIF from District is after deduction of State Auditor fee of 0.36%.
- 7 Taxable market value (TMV) is estimated based on Phase II with 57 apartment units, Basement level: 45 garage parking spaces and 3,234 SF of Retail space and Main floor office space of 16,929 SF for estimated value of \$12,907,000 (land and buildings) by the county assessor as of
- 8 TIF to retain first \$10,000 for 10 years to reimburse the City for conveyance of land (parking lot) to the Developer. City will retain 5% of the tax increment after the deduction of the \$10,000, with the balance (95%) payable to the Developer.
- 9 Plan elects year 2029 as first year of tax increment collection.

EXHIBIT B**City of Owatonna
Ascend South Project
Developer Sources and Uses for Project**

	Total	% of Total
Sources		
Bank Loan	\$15,379,006	70.0%
Equity	\$6,591,002	30.0%
Total Sources of Funds	\$21,970,008	100.0%
Uses		
Land	\$1,563,600	7.1%
Construction Cost and Contingency	\$15,800,000	71.9%
Architectural and Engineering Fees	\$1,472,120	6.7%
Soft Cost	\$429,803	2.0%
Misc. Development Cost	\$1,339,785	6.1%
Developer's Fee	\$750,000	3.4%
Construction Financing	\$614,700	2.8%
Total Uses of Funds	\$21,970,008	100.0%

EXHIBIT C

**City of Owatonna
Ascend South Project
Review of Developer Pro Forma**

Calendar Year	2033	2038	2043	2047	2052
Year of TIF District	5	10	15	20	25
Gross Income (before TIF)	1,695,011	1,821,918	1,918,015	2,019,015	2,125,166
Less Expenses and Reserve (before Real Estate Tax)	(203,387)	(215,254)	(226,234)	(237,774)	(249,903)
Less Real Estate Tax	(261,450)	(274,787)	(288,804)	(303,536)	(319,020)
Net Operating Income (NOI)	1,230,174	1,331,877	1,402,977	1,477,705	1,556,244
Plus TIF Revenue	180,762	192,055	213,425	225,900	239,012
NOI with TIF	1,410,936	1,523,932	1,616,403	1,703,605	1,795,256
Debt Service	1,256,082	1,256,082	1,246,082	1,246,082	1,246,082
Net Cash Flow	154,854	267,850	370,321	457,523	549,174
Net Cash on Cash with TIF	2.3%	4.1%	5.6%	6.9%	8.3%
Net Cash on Cash without TIF	-0.4%	1.1%	2.4%	3.5%	4.7%
Debt coverage with TIF	1.13	1.22	1.30	1.37	1.44
Debt coverage without TIF	0.84	0.91	0.95	1.00	1.06

Notes:

1/ Total Development Cost (TDC): 21,970,008

2/ Total Equity: 6,591,002

DRAFT

CITY OF OWATONNA, MINNESOTA

TAX INCREMENT FINANCING PLAN FOR

TAX INCREMENT FINANCING (REDEVELOPMENT)

DISTRICT NO. 22-1 (ASCEND SOUTH)

WITHIN DEVELOPMENT DISTRICT NO. 22

PROPOSED TO BE ADOPTED BY CITY COUNCIL OF OWATONNA, MN

PUBLIC HEARING DATE: JANUARY 6, 2026
ESTABLISHMENT DATE: _____, 2026
REQUEST CERTIFICATION DATE: _____, 2026
CERTIFICATION DATE: _____, 2026



Northland Securities, Inc.
150 South Fifth Street, Suite 3300
Minneapolis, MN 55402
(800) 851-2920
Member NASD and SIPC
Registered with SEC and MSRB

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ARTICLE I – INTRODUCTION AND DEFINITIONS

SECTION 1.01 INTRODUCTION

The City of Owatonna proposes to provide tax increment financing assistance through the establishment of Tax Increment Financing (Redevelopment) District No. 22-1 (Ascend 2) (the “TIF District”) within the established Development District No. 22.

This document contains the plan for the TIF District which is consistent with the objectives of the Development Program for Development District No. 22, as most recently adopted pursuant to City Resolution No. 44-25 adopted August 19, 2025.

The proposed redevelopment within the TIF District includes the construction of a five-story building inclusive of 57 housing units, 45 garage parking spaces, 3,234 square feet of retail space, and 16,929 square feet of office space. The number of housing units and retail and commercial space are approximate amounts and may vary.

SECTION 1.02 DEFINITIONS

For the purposes of this document, the terms below have the meanings given in this section, unless the context in which they are used indicates a different meaning:

1. “City” means the City of Owatonna, Minnesota.
2. “City Council” means the City Council of the City.
3. “County” means Steele County, Minnesota.
4. “County Auditor” means the County Auditor/Treasurer of the County.
5. “Developer” means the private party undertaking construction of the Development in the TIF District, their successors or assigns.
6. “Development” means the redevelopment of the property within the TIF District to include the construction of five-story building inclusive of 57 housing units, 45 garage parking spaces, 3,234 square feet of retail space, and 16,929 square feet of office space. The number of housing units and retail and commercial space are approximate amounts and may vary.
7. “Development District” means Development District No. 2 within the City, which was established pursuant to the Development District Act.
8. “Development District Act” means Minnesota Statutes, Sections 469.124 through 469.134, as amended and supplemented from time to time.
9. “Development Program” means the Development Program for the Development District, as amended and supplemented from time to time.
10. “Property” means the approximate 4.5 acre area site of the ten parcels within the TIF District as described in Section 2.03.2 of the TIF Plan.
11. “Project Area” means the geographic area of the Development District.
12. “Public Development Costs” means the cost of the development activities that will or are expected to occur within the Project Area or TIF District.
13. “School District” means Owatonna Public Schools, Independent School District 761.
14. “State” means the State of Minnesota.
15. “Tax Increment Bonds” means any tax increment bonds as defined in Section 469.174,

Subd. 3 of the TIF Act, issued by the City to finance Public Development Costs, and any obligations issued to refund such bonds, pursuant to Section 469.178 of the TIF Act.

16. "TIF Act" means Minnesota Statutes, Sections 469.174 through 469.1794 as amended, both inclusive.

17. "TIF District" means Tax Increment Financing (Redevelopment) District No. 22-1 (Ascend 2).

18. "TIF Plan" means the tax increment financing plan for the TIF District (this document).

SECTION 1.03 PLAN PREPARATION

This document was prepared for the City by Northland Securities, Inc.

ARTICLE II - TAX INCREMENT FINANCING PLAN

SECTION 2.01 STATUTORY AUTHORITY

The TIF District and this TIF Plan are established under the authority of the TIF Act.

SECTION 2.02 PLANNED DEVELOPMENT

2.02.1 Development Description

The Developer proposes to undertake the redevelopment of the property, inclusive of the sub-standard building. The Developer proposes redevelopment of the property within the TIF District to include the construction of a five-story building inclusive of 57 housing units, 45 garage parking spaces, 3,234 square feet of retail space, and 16,929 square feet of office space. The number of housing units and retail and commercial space are approximate amounts and may vary.

2.02.2 City Plans and Development Program

In addition to achieving the objectives of the Development Program, the Development is consistent with and works to achieve the development objectives of the City. The TIF Plan for the TIF District conforms to the general plan for development or redevelopment of the City as a whole.

The City has adopted land use controls to guide the use of property. The development plans for the Development in the TIF District have been reviewed by the Planning Commission and the City Council, and conform to current land use controls.

2.02.3 Land Acquisition

There is no land acquisition by the City related to the Development.

2.02.4 Development Activities

The City anticipates that activities proposed in the TIF Plan will be subject to contracts as of the date of approval of the establishment of the TIF District or a date thereafter. The City has and anticipates it will enter into contracts with the Developer to provide tax increment financing assistance to the Developer to reimburse the Developer for certain Public Development Costs to be incurred by the Developer.

2.02.5 Need for Tax Increment Financing

In the opinion of the City, the Development would not reasonably be expected to occur solely through private investment within the foreseeable future and the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the Development after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan. The reasons and facts supporting this finding include the following:

- The Development requires public financial assistance to offset site improvement and preparation costs to allow for the Developer to proceed with construction of the Development.
- A comparative analysis of estimated market values both with and without establishment of the TIF District and the use of tax increments has been performed as described above and is shown in Exhibit I. This analysis indicates that the increase in estimated market value of the Development (less the present value of the projected tax increments for the maximum duration permitted by the TIF Plan) exceeds the estimated market value of the site prior to the establishment of the TIF District.

The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of the Development District by private enterprise.

SECTION 2.03 TAX INCREMENT FINANCING DISTRICT

2.03.1 *Designation*

This TIF District is designated as Tax Increment Financing (Redevelopment) District No. 22-1 (Ascend South).

2.03.2 *Boundaries of TIF District*

The boundaries of the TIF District are depicted in Exhibit V. The TIF District includes the following ten (10) parcels and the immediate adjacent roads and right-of-way to the parcel:

- 17-109-0202 (BLK 2 E220.06' OF S88' OF N115' OF LOT 1 EXCEPT S66' ABBOTTS ADDN)
- 17-109-0203 (BLK 2 E132' OF N27' OF LOT 1 E132' OF S33' OF LOT 2 ABBOTTS ADDITION)
- 17-109-0204 (BLK 2 S66' OF E220.06' OF S88' OF N115' OF LOT 1 ABBOTTS ADDN)
- 17-109-0205 (THE E132' OF N66' OF S99' OF LOT 2 BLK 2 ABBOTTS)
- 17-109-0206 (BLK.2 COM. 3R. S. OF NE COR. L.2 E & W 8R. X N & S 5R. ABBOTTS)
- 17-109-0208 (ALL THAT PART OF LOTS 1 & 2 DESC AS: BEG AT SW COR OF LOT 2 TH N99.32' ON W LN OF E181.50' OF LOT 2 TH E49.50' TO W LN OF E132' OF LOT 2 TH S126.32' TO S LN OF N27' OF SAID LOT 1 TH W49.50' OF W LN ON E181.50' N27' TO POB)
- 17-109-0209 (BLK 2 COM 51' S OF SW COR L3 BLK 2 E 49 1/2 ' S82 1/2' W49 1/2' N82 1/2' PART L2 BLK 2 ABBOTTS TORRENS PROPERTY)
- 17-203-0001 (BLK 2 PART OF LOTS 2-9 EX REDLINE ADDITION)
- 17-109-0110 (BLK. 1 E 32' OF LOT 10 ABBOTTS)
- 17-109-0111 (BLK. 1 LOT 10 EX. E 32' EX. TO CITY ABBOTTS)

2.03.3 *Type of District*

The TIF District is established as a "redevelopment district" pursuant to Section 469.174, Subd. 10 of the TIF Act. The City has determined that the property in the TIF District meets the statutory criteria for a redevelopment district.

Section 469.174, Subd. 10 (a) (1) of the TIF Act requires two tests for occupied parcels be met to qualify as a "redevelopment district": a conditions test and coverage test. For a "redevelopment district" more than 50% of the buildings, not including outbuildings, must be found to be structurally substandard to a degree requiring substantial renovation or clearance.

The conditions test for structurally substandard is defined under Section 469.174, Subd. 10(b) of the TIF Act. For purposes of this subdivision, "structurally substandard" means containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance."

Buildings are not eligible to be considered structurally substandard unless they meet certain additional criteria, as set forth in Section 469.174, Subd. 10(c) of the TIF Act. A building is not structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15% of the cost of constructing a new structure of the same square footage and type on the site.

The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence on the basis of reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs, or other similar reliable evidence. Items of evidence that support such a conclusion that the building is not disqualified include recent fire or police inspections, on-site property tax appraisals or housing inspections, exterior evidence of deterioration, or other similar reliable evidence.

Furthermore, parcels consisting of 70% of the area of the district must be occupied by buildings, streets, utilities, or paved or gravel parking lots to meet the required coverage test. The coverage required by the parcel to be considered occupied is defined under Section 469.174, Subd. 10(e) of the TIF Act. For purposes of such subdivision, a parcel is not occupied by buildings, streets, utilities, or paved or gravel parking lots unless 15% of the area of the parcel contains building, streets, utilities, or paved or gravel parking lots.

As summarized in the table below, 100% of the area of the TIF District is occupied by improved parcels, and 100% of the buildings within the TIF District are found to be substandard. The substandard buildings are reasonably distributed.

The result of the building inspection and analysis was performed by the City, including inspection reports of property performed by the City of Owatonna Building Official, Ken Beck, dated March 13, 2025, and information prepared by City staff and consultants to the City.

In summary the findings, as supported by the reports of the City are as follows:

Number of Parcels.....	10
Site Area Included (square feet without roads).....	149,247.20
Area of Improved Parcels (square feet)	149,247.20
Percent of Area Improved.....	100%
Number of Parcels with Buildings	6
Number of Buildings found Substandard.....	6
Percent of Buildings found Substandard.....	100%

SECTION 2.04 PLAN FOR USE OF TAX INCREMENT

2.04.1 *Estimated Tax Increment*

The original net tax capacity of value of the TIF District will be set by the County upon request for certification. For the purposes of the TIF Plan, the estimated original net tax capacity is \$25,789. This amount is estimated based on the most recent published combined estimated market value for the parcels within the TIF District of \$2,063,100 (2025 assessment for Pay 2026) with tax capacity value calculated based on residential apartment property classification. Upon completion the Development will include a mix of residential apartment and commercial property classifications.

The total tax capacity value of the property after Development completion is estimated at \$176,200. This amount is based on a total estimated taxable market value of \$13,036,070 assessed January 2028 for tax payable year 2029, with a mix of property classifications, including residential-apartment and commercial. The estimated difference between the total tax capacity value after Development completion and the original net tax capacity value is the captured tax capacity value in the amount of \$150,412 for the creation of tax increment.

The total local tax rate is estimated at 127.57% based on the tax rates for taxes payable in 2025. The TIF Plan uses this rate for purpose of estimating tax increment for the TIF District. At the time of certification of the original net tax capacity for the TIF District, the County Auditor shall certify the original local tax rate that applies to the TIF District, which will vary from the

estimate used in the TIF Plan. The original local tax rate is the sum of all the local tax rates, excluding that portion of the school rate attributable to the general education levy under Minnesota Statutes Section 126C.13, that apply to a property in the TIF District. The local tax rate to be certified is the rate in effect for the same taxes payable year applicable to the tax capacity values certified as the TIF District's original tax capacity. The resulting tax capacity rate is the original local tax rate for the life of the TIF District.

Under these assumptions, the estimated annual tax increment will be \$191,181 after Development completion and after deducting for the State Auditor's fee (0.36% of the captured tax increments). The actual tax increment will vary according to the certified original tax capacity value and original tax rate, the actual property value produced by the Development and the changes in property value and State tax policy over the life of the TIF District.

The City will retain 100% the full captured net tax capacity for the duration of the TIF district, pursuant to Section 469.177, Subd. 2, (b), (1) of the TIF Act. Exhibit II contains the projected tax increment over the life of the TIF District.

2.04.2 Public Development Costs

The City will use tax increment to pay Public Development Costs. The contracts between the City and the Developer will define the means for verifying Public Development Costs incurred by the Developer that will be eligible for reimbursement and the means of disbursing tax increments collected by the City.

The City will use tax increment to pay financing costs. The interest rate payable on Tax Increment Bonds issued will be set pursuant to approving resolutions. Pay-go tax increment revenue notes and interfund loans are included in the definition of Tax Increment Bonds, among other types of obligations that may be applicable.

2.04.3 Estimated Sources and Uses of Funds

The estimated sources of revenue, along with the estimated Public Development Costs of the TIF District, are itemized in Figure 2-1 that follows. Such costs are eligible for reimbursement from tax increments, and other listed sources of revenue from the TIF District.

Figure 2.1
City of Owatonna
Tax Increment Financing District No. TIF 22-1
TIF Plan Estimated Sources and Uses of Funds
Ascend South

	Total
Estimated Tax Increment Revenues (from tax increment generated by the district)	
Tax increment revenues distributed from the county	\$5,760,327
Interest and investment earnings	\$50,000
Total Estimated Tax Increment Revenues	\$5,810,327
Estimated Project/Financing Costs (to be paid or financed with tax increment)	
Project costs	
Land/building acquisition	\$0
Site improvements/preparation costs	\$2,726,472
Utilities	\$0
Other qualifying improvements	\$0
Administrative costs	\$288,016
Estimated Tax Increment Project Costs	\$3,014,488
Estimated financing costs	
Interest expense	\$2,795,839
Total Estimated Project/Financing Costs to be Paid from Tax Increment	\$5,810,327
Estimated Financing	
Total amount of bonds to be issued	\$3,014,488

The City reserves the right to administratively adjust the amount of any of the Public Development Cost items listed in Figure 2-1, so long as the total estimated tax increment project costs amount, not including financing costs, is not increased.

2.04.4 Administrative Costs

The City plans to use tax increment revenues to pay for administrative expenses for the TIF District. The use of tax increment revenues to pay administrative expenses will not exceed a maximum amount of tax increment revenues pursuant to the TIF Act. The City will use tax increments to pay for and reimburse itself for costs of administering the TIF District as allowed by the TIF Act. The estimated amount of tax increment revenue planned to pay administrative expense is shown in Figure 2-1. Anticipated administrative expenses of the TIF District include annual audit of the fund for the TIF District, preparation of annual reporting, legal publication of annual report, and administration of the development agreement.

2.04.5 County Road Costs

The Development will not substantially increase the use of county roads and necessitate the need to use tax increments to pay for county road improvements.

2.04.6 Bonded Indebtedness

The total amount of Tax Increment Financing Bonds estimated to be issued is shown in Figure 2-1. The City will not issue any general obligation bonded indebtedness as a result of the TIF Plan.

Pursuant to Section 469.178, Subd. 7 of the TIF Act, the City may advance or loan money to finance expenditures under Section 469.176, Subd. 4 of the TIF Act, from the general fund of the City or any other legally authorized fund under which it has legal authority to do so, subject to the following provisions:

- (a) Not later than 60 days after money is transferred, advanced, or spent, whichever is earliest, the loan or advance must be authorized by resolution of the City.
- (b) The resolution may generally grant to the City the power to make interfund loans under one or more tax increment financing plans or for one or more districts. The resolution may be adopted before or after the adoption of the tax increment financing plan or the creation of the tax increment financing district from which the advance or loan is to be repaid.
- (c) The terms and conditions for repayment of the loan must be provided in writing. The written terms and conditions may be in any form, but must include, at a minimum, the principal amount, the interest rate, and maximum term. Written terms may be modified or amended in writing by the City before the latest decertification of any tax increment financing district from which the interfund loan is to be repaid. 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 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 549.09 are from time to time adjusted. Loans or advances may be structured as draw-down or line-of-credit obligations of the lending fund.
- (d) The City shall report in the annual report submitted under Section 469.175, Subd. 6 of the TIF Act:
 - (1) the amount of any interfund loan or advance made in a calendar year; and
 - (2) any amendment of an interfund loan or advance made in a calendar year.

2.04.7 Election of First Year of Tax Increment and Duration of TIF District

Pursuant to Section 469.175, Subd. 1 of the TIF Act, the City elects 2029 to be the earliest first year to receive increment. The duration to collect and spend tax increments on eligible purposes is set by this TIF Plan at the maximum duration of twenty-five (25) years after the date of receipt of the first tax increment collection, all pursuant to the TIF Act. Based on the elected year for first collection of tax increment, the decertification date is estimated to be December 31, 2054.

The estimated decertification date may be superseded by the actual statutory limitations. The TIF District must be decertified when outstanding obligations pursuant to the TIF Plan have been paid, defeased, or had sufficient increment set aside for their payment, all pursuant to Section 469.1763, Subd. 4(b) of the TIF Act.

2.04.8 Estimated Impact on Other Taxing Jurisdictions

Exhibits III and IV show the estimated impact on other taxing jurisdictions if the maximum projected retained captured net tax capacity of the TIF District was hypothetically available to the other taxing jurisdictions. The City believes that there will be no adverse impact on other taxing jurisdictions during the life of the TIF District, since the Development would not have occurred without the establishment of the TIF District and the provision of public assistance. A positive impact on other taxing jurisdictions will occur when the TIF District is decertified and the Development therein becomes part of the general tax base.

The City anticipates minimal impact of the Development on City-provided services. There may be minimal borrowing costs to the City for the Development. A manageable increase in water and sewer usage is expected. It is anticipated that there may be a slight but manageable increase in police and fire protection duties due to the Development.

2.04.9 Prior Planned Improvements

No building permits were issued for the parcel within the TIF District during the 18 months preceding the date of establishment of the TIF District.

ARTICLE III – ADMINISTERING THE TIF DISTRICT

SECTION 3.01 FILING AND CERTIFICATION

The filing and certification of the TIF Plan consists of the following steps:

1. The City shall request that the County Auditor certify the original net tax capacity and net tax capacity rate of the TIF District. To assist the County Auditor in this process, the City shall submit copies of the TIF Plan, the resolution establishing the TIF District and adopting the TIF Plan, and a listing of any prior planned improvements.
2. The City will file a copy of the TIF Plan and any amendments to the TIF Plan with the Commissioner of Revenue of the State and the Office of the State Auditor, along with other required documents pursuant to Section 469.175, Subd. 4a of the TIF Act.
3. The City shall send the County Assessor any assessment agreement establishing the minimum market value of land and improvements within the TIF District and shall request that the County Assessor review and certify the assessment agreement as reasonable. The City does not expect to enter into an assessment agreement in connection with the Development.

SECTION 3.02 MODIFICATIONS OF THE TAX INCREMENT FINANCING PLAN

The City reserves the right to modify the TIF District and the TIF Plan. Under current State law, the following actions can only be approved after satisfying all the necessary requirements for

approval of the original TIF Plan (including notifications and public hearing):

- Reduction or enlargement in the geographic area of the Development District or the TIF District.
- Increase in the amount of bonded indebtedness to be incurred.
- Increase in the amount of capitalized interest.
- Increase in that portion of the captured net tax capacity to be retained by the City.
- Increase in the total estimated Public Development Costs, including administrative costs of the City.
- Designation of additional property to be acquired by the City.

Other modifications can be made by resolution of the City. In addition, the original approval process does not apply if (A) (1) the only modification is elimination of parcels from the TIF District and (2) the current net tax capacity of the parcels eliminated equals or exceeds the net tax capacity of those parcels in the TIF District's original net tax capacity, or (B) the City agrees that the TIF District's original net tax capacity will be reduced by no more than the current net tax capacity of the parcels eliminated.

The City must notify the County Auditor of any modification that reduces or enlarges the geographic area of the TIF District. The geographic area of the TIF District may be reduced but not enlarged after five years following the date of certification.

SECTION 3.03 CORRECTING REDEVELOPMENT CONDITIONS

Section 469.176, Subd. 4j of the TIF Act requires that at least 90% of the revenues derived from tax increments from the TIF District be used to finance the cost of correcting conditions that allow designation of the TIF District as a redevelopment district. These costs include, but are not limited to, acquiring properties containing structurally substandard buildings or improvements or hazardous substances, pollution, or contaminants, acquiring adjacent parcels necessary to provide a site of sufficient size to permit development, demolition and rehabilitation of structures, clearing of the land, the removal of hazardous substances or remediation necessary for the development of the land, and installation of utilities, roads, sidewalks, and parking facilities for the site. The allocated administrative expenses of the City, including the cost of preparation of the development action response plan, may be included in the qualifying costs.

SECTION 3.04 FOUR-YEAR KNOCKDOWN RULE

The provision of the TIF Act referred to as the Four-Year Knockdown Rule requires development activity to take place on each parcel within a tax increment financing district within four years from the date of certification of the original net tax capacity of such tax increment financing district. If development activity on a parcel has not begun within the required time frame, no additional tax increment may be collected from that parcel and its value must be excluded from the district's original net tax capacity.

Development activity includes demolition, rehabilitation, renovation or site improvement, including a qualified improvement of an adjacent street, on a parcel located within the TIF District. If no development activity has occurred within four years from the date of certification then that parcel shall be excluded from the TIF District and the original net tax capacity shall be adjusted accordingly. The City must submit to the County Auditor, by February 1 of the fifth year, evidence that the required activity has taken place for each parcel in the TIF District.

If a parcel is excluded from the TIF District and the City or owner of the parcel subsequently commences any of the above activities, the City shall recertify to the County Auditor that such activity has commenced and the parcel shall once again be included in the TIF District. The

County Auditor shall certify the net tax capacity of the parcel, as most recently certified by the Commissioner of Revenue, and add such amount to the original net tax capacity of the TIF District.

SECTION 3.05 POOLING AND FIVE-YEAR RULE

Section 469.176 of the TIF Act provides for certain limitations on the use of tax increments. This includes provision that an amount equal to at least 75% of the total revenue derived from tax increments paid by properties in the TIF District must be expended on activities in the TIF District or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities in the TIF District or to pay, or secure payment of, debt service on credit enhanced bonds, among other limitations in the TIF Act.

Not more than 25% of the total revenue derived from tax increments paid by properties in the TIF District may be expended, through a development fund or otherwise, on activities outside of the TIF District but within the defined geographic area of the Project Area except to pay, or secure payment of, debt service on credit enhanced bonds.

Revenue derived from tax increments paid by properties in the TIF District are considered to have been “spent” within the TIF District if such amounts are:

- actually paid to a third party for activities performed within the TIF District within five years after certification of the district;
- used to pay bonds that were issued and sold to a third party, the proceeds of which are reasonably expected on the date of issuance to be spent within the later of the five-year period or a reasonable temporary period or are deposited in a reasonably required reserve or replacement fund.
- used to make payments or reimbursements to a third party under binding contracts for activities performed within the TIF District, which were entered into within five years after certification of the district; or
- used to reimburse a party for payment of eligible costs (including interest) incurred within five years from certification of the district.

It is anticipated that all revenue derived from tax increments paid by properties in the TIF District will be spent or obligated within the first five years after certification of the TIF District and all tax increments will be spent on Public Development Costs within the boundaries of the TIF District.

SECTION 3.06 FINANCIAL REPORTING AND DISCLOSURE REQUIREMENTS

The City will comply with the annual reporting requirements of the TIF Act pursuant to the guidelines of the Office of the State Auditor. Under current law, the City must prepare and submit a report on the TIF District on or before August 1 of each year. The City must also annually publish in a newspaper of general circulation in the City an annual statement for the TIF District, in the format as prescribed by the Office of the State Auditor.

The reporting and disclosure requirements outlined in this section begin with the year a tax increment financing district is certified, and shall end in the year in which both the district has been decertified and all tax increments have been spent or returned to the County for redistribution. Failure to meet these requirements, as determined by the State Auditors Office, may result in suspension of distribution of tax increments.

SECTION 3.07 BUSINESS SUBSIDY COMPLIANCE

The City will comply with the business subsidy requirements specified in Minnesota Statutes, Sections 116J.993 to 116J.995, as amended.

Exhibit I
City of Owatonna
Tax Increment Financing District No. TIF 22-1
Present Value Analysis As Required By Section
469.175(3)(2) of the TIF Act

1	Estimated Future Market Value w/ Tax Increment Financing	16,552,350 ¹
2	Payable Pay 2025 Market Value	<u>2,063,100</u>
3	Market Value Increase (1-2)	14,489,250
4	Present Value of Future Tax Increments	<u>2,943,855</u>
5	Market Value Increase Less PV of Tax Increments	11,545,394
6	Estimated Future Market Value w/o Tax Increment Financing	2,645,785 ¹
7	Payable Pay 2025 Market Value	<u>2,063,100</u>
8	Market Value Increase (6-7)	<u>582,685</u>
9	Increase in MV From TIF	<u><u>10,962,709</u></u> ²

¹ Assume 1.00% annual appreciation over 26 year life of district.

² Statutory compliance achieved if increase in market value from TIF (Line 9) is greater than or equal to zero.

TAX INCREMENT FINANCING (REDEVELOPMENT) DISTRICT NO. 22-1

Exhibit II
City of Owatonna
Tax Increment Financing District TIF 22-1 (Redevelopment)
Ascend South
Projected Tax Increment Financing (TIF) Cash Flow

TIF District Year	Taxes Payable Year	Taxable Market Value	Tax Capacity	Base Tax Capacity	Captured Tax Capacity for TIF	Original Tax Rate	TIF from District	PV Available TIF from District
1	2029	13,036,070	176,200	25,789	150,412	127.57%	191,181	174,646
2	2030	13,166,431	177,962	25,789	152,174	127.57%	193,421	342,823
3	2031	13,298,095	179,742	25,789	153,953	127.57%	195,683	504,769
4	2032	13,431,076	181,539	25,789	155,751	127.57%	197,968	660,711
5	2033	13,565,387	183,355	25,789	157,566	127.57%	200,275	810,870
6	2034	13,701,041	185,188	25,789	159,400	127.57%	202,606	955,455
7	2035	13,838,051	187,040	25,789	161,251	127.57%	204,959	1,094,673
8	2036	13,976,431	188,911	25,789	163,122	127.57%	207,337	1,228,719
9	2037	14,116,196	190,800	25,789	165,011	127.57%	209,738	1,357,784
10	2038	14,257,358	192,708	25,789	166,919	127.57%	212,163	1,482,050
11	2039	14,399,931	194,635	25,789	168,846	127.57%	214,613	1,601,694
12	2040	14,543,931	196,581	25,789	170,792	127.57%	217,087	1,716,886
13	2041	14,689,370	198,547	25,789	172,758	127.57%	219,586	1,827,789
14	2042	14,836,264	200,532	25,789	174,744	127.57%	222,110	1,934,561
15	2043	14,984,626	202,538	25,789	176,749	127.57%	224,658	2,037,355
16	2044	15,134,473	204,563	25,789	178,774	127.57%	227,232	2,136,316
17	2045	15,285,817	206,609	25,789	180,820	127.57%	229,833	2,231,587
18	2046	15,438,675	208,675	25,789	182,886	127.57%	232,459	2,323,303
19	2047	15,593,062	210,762	25,789	184,973	127.57%	235,112	2,411,597
20	2048	15,748,993	212,869	25,789	187,080	127.57%	237,790	2,496,593
21	2049	15,906,483	214,998	25,789	189,209	127.57%	240,496	2,578,414
22	2050	16,065,548	217,148	25,789	191,359	127.57%	243,228	2,657,177
23	2051	16,226,203	219,319	25,789	193,531	127.57%	245,988	2,732,996
24	2052	16,388,465	221,512	25,789	195,724	127.57%	248,776	2,805,979
25	2053	16,552,350	223,728	25,789	197,939	127.57%	251,592	2,876,232
26	2054	16,717,873	225,965	25,789	200,176	127.57%	254,436	2,943,855
TOTAL =							5,760,327	2,943,855

Key Assumptions:

- 1 Taxable market value (TMV) is assumed to increase by 1.0% annually.
- 2 Original Tax Capacity Rate estimated based on Taxes Payable Year Pay 2025.
- 3 Election for captured tax capacity is 100.00%.
- 4 Base Tax Capacity is calculated based on estimated taxable market value of the following 8 parcels (2025 value for tax payable 2026): 17-109-0202, 17-109-0203, 17-109-0204, 17-109-0205, 17-109-0206, 17-109-
- 5 Present Value (PV) calculated based on semi-annual payments, interest rate 5.0%, dated date 1/1/2028.
- 6 TIF from District is after deduction of State Auditor fee of 0.36%.
- 7 Taxable market value (TMV) is estimated based on Phase II with 57 apartment units, Basement level: 45 garage parking spaces and 3,000 SF of Retail space and Main floor office space of 14,500 SF for estimated
- 8 TIF to City for Admin is calculated at 5% of the tax increment.
- 9 Plan elects year 2029 as first year of tax increment collection.

Exhibit III
City of Owatonna
Tax Increment Financing District No. TIF 22-1
Impact on Other Taxing Jurisdictions
(Taxes Payable Pay 2025)

Annual Tax Increment

Estimated Annual Captured Tax Capacity (Full Development)	\$200,176
Payable Pay 2025 Local Tax Rate	127.565%
Estimated Annual Tax Increment	\$255,355

Percent of Tax Base

	Net Tax Capacity (NTC)	Captured Tax Capacity	Percent of Total NTC
City of Owatonna	33,762,867	200,176	0.59%
Steele County County	68,504,823	200,176	0.29%
ISD #761	50,494,993	200,176	0.40%

Dollar Impact of Affected Taxing Jurisdictions

	Net Tax Capacity (NTC)	% of Total	Tax Increment Share	Added Local Tax Rate
City of Owatonna	58.131%	45.570%	116,364	0.345%
Steele County County	43.904%	34.417%	87,885	0.128%
ISD #761	25.530%	20.013%	51,105	0.101%
Other	0.000%	0.000%	0	
Totals	127.565%	100.000%	255,354	

NOTE NO. 1: Assuming that ALL of the captured tax capacity would be available to all taxing jurisdictions even if the City does not create the Tax Increment District, the creation of the District will reduce tax capacities and increase the local tax rate as illustrated in the above tables.

NOTE NO. 2: Assuming that NONE of the captured tax capacity would be available to the taxing jurisdiction if the City did not create the Tax Increment District, then the plan has virtually no initial effect on the tax capacities of the taxing jurisdictions. However, once the District is established, allowable costs paid from the increments, and the District is terminated, all taxing jurisdictions will experience an increase in their tax base.

TAX INCREMENT FINANCING (REDEVELOPMENT) DISTRICT NO. 22-1

Exhibit IV
City of Owatonna
Tax Increment Financing (Redevelopment) District No. TIF 22-1
Estimated Tax Increments Over Maximum Life of District

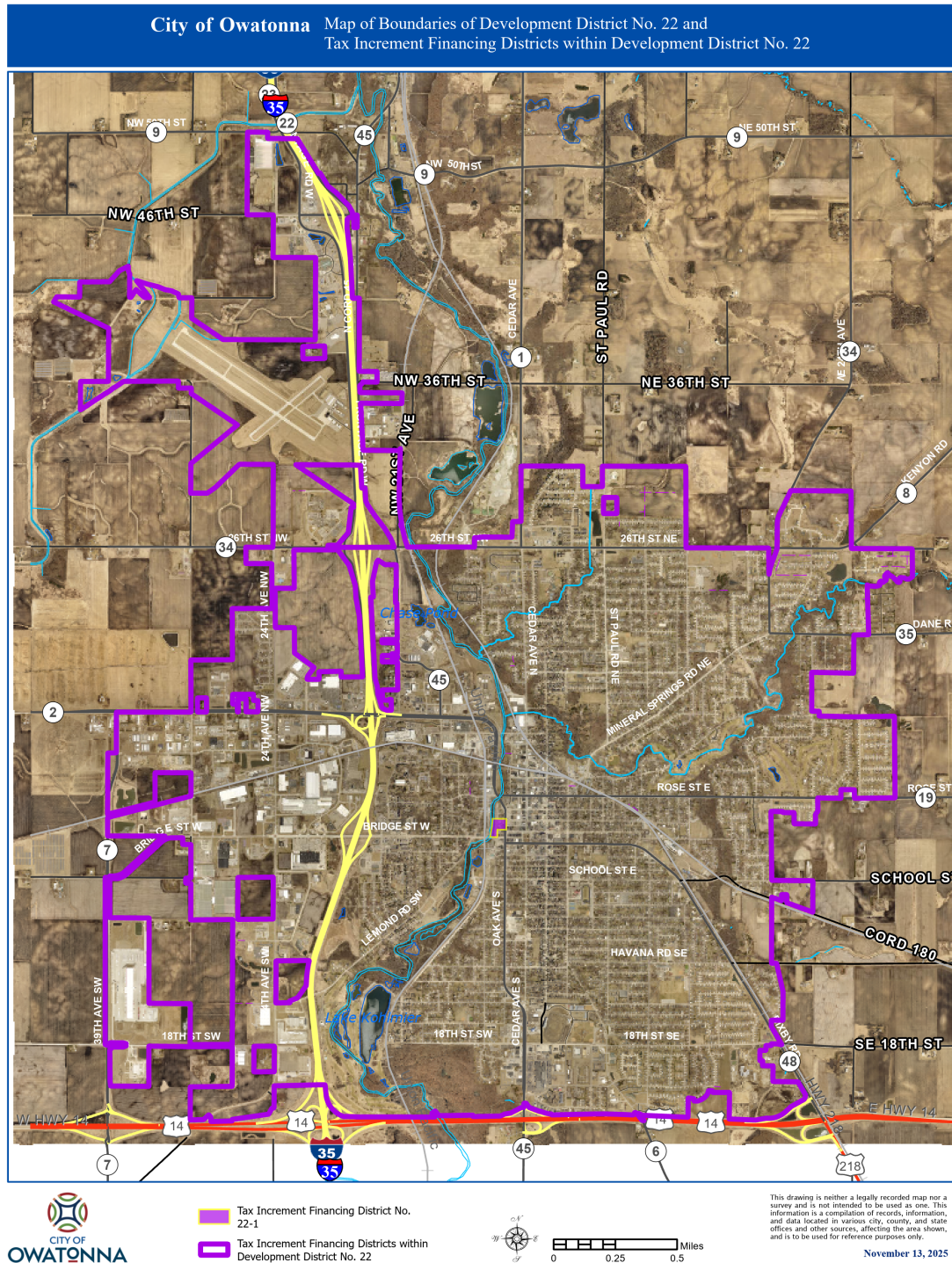
Based on Pay Pay 2025 Tax Rate = 127.565% 58.131% 43.904% 25.530% 0.000%

TIF District	Taxes Payable Year	New Taxable Market Value	New Tax Capacity	Base Tax Capacity	Captured Tax Capacity	Estimated Total Tax Increments	City TIF Related Share	County TIF Related Share	School TIF Related Share	Other TIF Related Share
1	2029	13,036,070	176,200	25,789	150,412	191,872	87,436	66,037	38,400	-
2	2030	13,166,431	177,962	25,789	152,174	194,120	88,460	66,810	38,850	-
3	2031	13,298,095	179,742	25,789	153,953	196,390	89,495	67,592	39,304	-
4	2032	13,431,076	181,539	25,789	155,751	198,683	90,539	68,381	39,763	-
5	2033	13,565,387	183,355	25,789	157,566	200,999	91,595	69,178	40,227	-
6	2034	13,701,041	185,188	25,789	159,400	203,338	92,661	69,983	40,695	-
7	2035	13,838,051	187,040	25,789	161,251	205,700	93,737	70,796	41,167	-
8	2036	13,976,431	188,911	25,789	163,122	208,086	94,824	71,617	41,645	-
9	2037	14,116,196	190,800	25,789	165,011	210,496	95,922	72,446	42,127	-
10	2038	14,257,358	192,708	25,789	166,919	212,930	97,032	73,284	42,614	-
11	2039	14,399,931	194,635	25,789	168,846	215,388	98,152	74,130	43,106	-
12	2040	14,543,931	196,581	25,789	170,792	217,871	99,283	74,985	43,603	-
13	2041	14,689,370	198,547	25,789	172,758	220,379	100,426	75,848	44,105	-
14	2042	14,836,264	200,532	25,789	174,744	222,912	101,580	76,719	44,612	-
15	2043	14,984,626	202,538	25,789	176,749	225,470	102,746	77,600	45,124	-
16	2044	15,134,473	204,563	25,789	178,774	228,053	103,923	78,489	45,641	-
17	2045	15,285,817	206,609	25,789	180,820	230,663	105,112	79,387	46,163	-
18	2046	15,438,675	208,675	25,789	182,886	233,299	106,313	80,294	46,691	-
19	2047	15,593,062	210,762	25,789	184,973	235,961	107,527	81,210	47,224	-
20	2048	15,748,993	212,869	25,789	187,080	238,649	108,752	82,136	47,762	-
21	2049	15,906,483	214,998	25,789	189,209	241,365	109,989	83,070	48,305	-
22	2050	16,065,548	217,148	25,789	191,359	244,107	111,239	84,014	48,854	-
23	2051	16,226,203	219,319	25,789	193,531	246,877	112,501	84,968	49,408	-
24	2052	16,388,465	221,512	25,789	195,724	249,675	113,776	85,931	49,968	-
25	2053	16,552,350	223,728	25,789	197,939	252,501	115,064	86,903	50,534	-
26	2054	16,717,873	225,965	25,789	200,176	255,355	116,364	87,885	51,105	-
Total						5,781,139	2,634,448	1,989,693	1,156,997	-

Note: The Estimated Total Tax Increment shown above is before deducting the State Auditor's fee, which is payable at a rate of 0.36% of the Total Tax Increment collected. Exhibit II provides Estimated Total Tax Increment after deducting for the State Auditor's fee.

Exhibit V
Map of Boundaries of Tax Increment Financing District No. 22-1 and
Development District No. 22

Note to Map: Boundaries of Development District No. 22 are coterminous with municipal boundaries of the City.



DEVELOPMENT AGREEMENT
BY AND BETWEEN

THE CITY OF OWATONNA, MINNESOTA

AND

130 OAK STREET NORTH LLC

This document drafted by:

TAFT STETTINIUS & HOLLISTER LLP (RMS)
2200 IDS Center
80 South 8th Street
Minneapolis, Minnesota 55402

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DEVELOPMENT AGREEMENT

THIS AGREEMENT, made as of the 6th day of January, 2026, by and between the City of Owatonna, Minnesota (the "City"), a municipal corporation existing under the laws of the State of Minnesota and 130 Oak Street North LLC, a Minnesota limited liability company (the "Developer"),

WITNESSETH:

WHEREAS, pursuant to Minnesota Statutes, Section 469.124 through 469.133, as amended, the City has heretofore established Development District No. 22 (the "Development District") and has adopted a development program therefor (the "Development Program"); and

WHEREAS, pursuant to the provisions of Minnesota Statutes, Section 469.174 through 469.1794, as amended (hereinafter, the "Tax Increment Act"), the City has heretofore established within the Development District, Tax Increment Financing District (Redevelopment) No. 22-1 (Ascend South) (the "Tax Increment District") and has adopted a tax increment financing plan therefor (the "Tax Increment Plan") which provides for the use of tax increment financing in connection with certain development within the Tax Increment District and the Development District; and

WHEREAS, in order to achieve the objectives of the Development Program 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 assist the Developer with the financing of certain costs of a Project (as hereinafter defined) to be constructed within the Tax Increment District as more particularly set forth in this Agreement; and

WHEREAS, the City believes that the development and construction of the Project, and fulfillment of this Agreement are vital and are in the best interests of the City, 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; and

WHEREAS, the requirements of the Business Subsidy Law, Minnesota Statutes, Section 116J.993 through 116J.995, do not apply to this Agreement because the Developer's investment in the purchase of the site and in site preparation is at least 70 percent of the assessor's current year's estimated market value; and

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;

County means Steele County, Minnesota;

Developer means 130 Oak Street North LLC, a Minnesota limited liability company, its successors and assigns;

Development District means Development District No. 22 heretofore established, including the real property described in the Development Program;

Development Program means the development program approved in connection with the Development District;

Development Property means the real property described in Exhibit A attached to this Agreement;

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

Land Use Development Agreement means that certain agreement, dated [January __, 2026], between the City and the Developer, relating to the construction of the Project;

Legal and Administrative Expenses means the fees and expenses incurred by the City in connection with the review and analysis of the Project proposed under this Agreement, establishment of the Tax Increment District, the preparation of this Agreement, and the issuance of the TIF Note, including, but not limited to, attorney and municipal advisor fees and expenses;

Note Payment Date means August 1, 2029, and each February 1 and August 1 of each year thereafter to and including February 1, 2055; 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;

Prime Rate means the rate of interest from time to time publicly announced by U.S. Bank National Association in Minneapolis, Minnesota, as its "reference rate" or any successor rate, which rate shall change as and when that prime rate or successor rate changes;

Project means the construction of a mixed-use building consisting of 57 market-rate apartments, 45 underground parking spaces, approximately 3,234 of retail space, and approximately 16,629 square feet of office space;

Purchase Agreement means the [Purchase Agreement Name], between the City and the Developer, dated [January __, 2026], by which the City will convey to the Borrower certain land and property described therein;

Site Improvements means the site improvements undertaken or to be undertaken on the Development Property, more particularly described on Exhibit C attached hereto;

State means the State of Minnesota;

Tax Increment Act means Minnesota Statutes, Sections 469.174 through 469.1794, as amended;

Tax Increment District means Tax Increment Financing District (Redevelopment) No. 22-1 (Ascend South) located within the Development District, a description of which is set forth in the Tax Increment Financing Plan, which was qualified as a redevelopment district under the Tax Increment Act;

Tax Increment Financing Plan means the tax increment financing plan approved for the Tax Increment District by the City Council on November 18, 2025, and any future amendments thereto;

Tax Increments means 95% of the tax increments derived from the Development Property which have been received by the City in accordance with the provisions of Minnesota Statutes, Section 469.177; provided that the first \$10,000 of the tax increments received by the City per year shall be excluded from this calculation and retained by the City until such amount totals \$100,000, as payment for property purchased by the Borrower from the City pursuant to the Purchase Agreement;

Termination Date means the earlier of (i) February 1, 2055 or (ii) the date this Agreement is terminated or rescinded in accordance with its terms; and

TIF Note means the Tax Increment Revenue Note (Ascend South) to be executed by the City and delivered to the Developer pursuant to Article III hereof, a form of which is attached hereto as Exhibit B; and

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, 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 Representations and Warranties of the City. The City makes the following representations and warranties:

(1) The City is a municipal corporation and has the power to enter into this Agreement and carry out its obligations hereunder.

(2) The Tax Increment District is a "redevelopment district" within the meaning of Minnesota Statutes, Section 469.174, Subdivision 10, and was created, adopted and approved in accordance with the terms of the Tax Increment Act.

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

(4) To finance certain costs within the Tax Increment District, the City proposes, subject to the further provisions of this Agreement, to apply Tax Increments to reimburse the Developer for a portion of the costs of the construction of certain Site Improvements incurred in connection with the Project as further provided in this Agreement.

(5) The City makes no representation or warranty, either expressed 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.

Section 2.2 Representations and Warranties of the Developer. The Developer makes the following representations and warranties:

(1) 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 organization, member control agreement or operating agreement or other organizing document, or the laws of the State and by proper action has authorized the execution and delivery of this Agreement.

(2) The Developer shall cause the Project to be constructed in accordance with the terms of this Agreement, the Land Use Development 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).

(3) 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.

(4) 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.

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

(6) The Developer will cooperate fully 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.

(7) Construction of the Project shall commence by February 1, 2026, and subject to Unavoidable Delays, shall be substantially completed by December 31, 2027.

(8) 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.

(9) The Developer acknowledges that Tax Increment projections contained in the Tax Increment Financing Plan are estimates only and the Developer acknowledges that it shall place no reliance on the amount of projected Tax Increments and the sufficiency of such Tax Increments to reimburse the Developer for a portion of the costs of the Site Improvements as provided in Article III.

ARTICLE III

UNDERTAKINGS BY DEVELOPER AND CITY

Section 3.1 Development Property, Site Improvements, and Legal and Administrative Expenses.

(1) The parties agree that the Site Improvements to be constructed by the Developer are essential to the successful completion of the Project. The costs of the acquisition of the Development Property and the construction of Site Improvements shall be paid by the Developer. The City shall reimburse the Developer for the lesser of (a) \$2,726,000, or (b) the actual costs of the construction of Site Improvements relating to the Project actually incurred and paid by the Developer (the "Reimbursement Amount"), as further provided in Section 3.3 hereof.

(2) The Developer shall pay all Legal and Administrative Expenses incurred by the City.

Section 3.2 Limitations on Undertaking of the City. Notwithstanding the provisions of Section 3.1(1), the City shall have no obligation to the Developer under this Agreement to reimburse the Developer for the costs identified in Section 3.1, if the City, at the time or times such payment is to be made, is entitled under Section 4.2 to exercise any of the remedies set forth therein as a result of an Event of Default which has not been cured in accordance with the provisions of this Agreement.

Section 3.3 Reimbursement: TIF Note. The City shall reimburse the payments made by the Developer under Section 3.1 for costs of the construction of the Site Improvements relating to the Project through the issuance of the City's TIF Note in substantially the form attached to this Agreement as Exhibit B, subject to the following conditions:

(1) The TIF Note shall be dated, issued and delivered when the Developer shall have (i) demonstrated in writing to the reasonable satisfaction of the City that the construction of the Project is complete and that the Developer has incurred and paid the costs of the construction of the Site Improvements, as described in Section 3.1, and (ii) shall have submitted paid invoices for the costs of construction of the Site Improvements in an amount not less than the Reimbursement Amount.

(2) The unpaid principal of the TIF Note shall bear simple non-compounding interest from the date of issuance of the TIF Note, at 5% per annum. Interest shall be computed on the basis of a 360-day year consisting of twelve (12) 30-day months.

(3) The principal amount of the TIF Note and the interest thereon shall be payable solely from the Tax Increments.

(4) The payment dates of the TIF Note shall be the Note Payment Dates. On each Note Payment Date and subject to the provisions of the TIF Note, the City shall pay, against the principal and interest outstanding on the TIF Note, the Tax Increments received by the City during the preceding six months. All such payments shall be applied first to accrued interest and then to reduce the principal of the TIF Note.

(5) The TIF Note shall be a special and limited obligation of the City and not a general obligation of the City, and only Tax Increments shall be used to pay the principal of and interest on the TIF Note. If, on any Note Payment Date, the Tax Increments for the payment of the accrued and unpaid interest on the TIF Note are insufficient for such purposes, the difference shall be carried forward, without interest accruing thereon, and shall be paid if and to the extent that on a future Note Payment Date there are Tax Increments in excess of the amounts needed to pay the accrued interest then due on the TIF Note.

(6) The City's obligation to make payments on the TIF Note on any Note Payment Date or any date thereafter shall be conditioned upon the requirements that: (A) there shall not at that time be an Event of Default that has occurred and is continuing under this Agreement and (B) this Agreement shall not have been rescinded pursuant to Section 4.2.

(7) The TIF 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 TIF Note and the terms of this Section 3.3, the terms of the TIF Note shall govern. The issuance of the TIF Note pursuant and subject to the terms of this Agreement, and the taking by the City of such additional actions as bond counsel for the TIF Note may require in connection therewith, are hereby authorized and approved by the City.

Section 3.4 Real Property Taxes. The Developer acknowledges that it is obligated under law to pay all real property taxes payable with respect to all and any parts of the Development Property until the Developer's obligations have been assumed by any other person with the written consent of the City pursuant to the provisions of this Agreement.

The Developer agrees that prior to the Termination Date:

(1) It will not seek administrative review or judicial review of the applicability of any tax statute relating to the taxation of real property contained on the Development Property determined by any tax official to be applicable to the Project or the Developer or raise the inapplicability of any such tax statute as a defense in any proceedings with respect to the Development Property, including delinquent tax proceedings; provided, however, "tax statute" does not include any local ordinance or resolution levying a tax;

(2) It will not seek administrative review or judicial review of the constitutionality of any tax statute relating to the taxation of real property contained on the Development Property determined by any tax official to be applicable to the Project or the Developer or raise the unconstitutionality of any such tax statute as a defense in any proceedings with respect to the Development Property, including delinquent tax proceedings; provided, however, "tax statute" does not include any local ordinance or resolution levying a tax;

(3) It will not seek any tax deferral or abatement, either presently or prospectively authorized under Minnesota Statutes, Section 469.1813, or any other State or federal law, of the ad valorem property taxation of the Development Property between the date of execution of this Agreement and the Termination Date; and

(4) It will not seek a reduction in the market value as determined by the Steele County Assessor of the Project or other facilities, if any, that it constructs on the Development Property, pursuant to the provisions of this Agreement, for so long as the TIF Note remains outstanding.

Section 3.5 Prohibition Against Transfer of Project and Assignment of Agreement.

(1) The Developer represents and agrees that prior to the Termination Date, the Developer shall not transfer the Project or any part thereof or any interest therein, without the prior written approval of the City. The City shall be entitled to require as conditions to any such approval that:

(a) 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.

(b) Any proposed transferee, by instrument in writing satisfactory to the City 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.

(c) 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 Project.

(2) Notwithstanding Paragraph (1) of this Section, this Agreement may be joined and assumed by the Developer at any time to one or more than one party that has acquired an undivided fee title percentage interest in the Property as part of a 1031 Tax Deferred Exchange. Any such joinder and assumption shall require the Developer and the acquiring party to execute and deliver to the City a Joinder and Assumption of Land Use Development Agreement in the form attached hereto as Exhibit D ("Joinder and Assumption"). Upon delivery to the City of an executed Joinder and Assumption by the Developer and the acquiring party, the assignment to the acquiring party shall be deemed approved and consented to by the City and otherwise be self-operative without further action by the Developer, the City or the acquiring party. The Developer shall not be released from its duties and obligations under this Agreement by any such Joinder and Assumption, and the Developer shall remain as the authorized representative of all joined parties for purposed of this Agreement.

(3) Notwithstanding the foregoing, the City will not be required to consent to any assignments of partial direct interests in the TIF Note and any assignment of the TIF Note must be an assignment of the entirety of Developer's interest in the TIF Note to a single individual or entity. This provision shall not be construed to prohibit or restrict any holder of the TIF Note from selling participation interests in the TIF Note to one or more parties acquiring undivided fee title interests in the Property as part of a 1031 Tax Deferred Exchange.

Section 3.6 Assignment of TIF Note. The TIF Note may only be assigned pursuant to the terms of the TIF Note and Section 3.5(3) of this Agreement.

Section 3.7 DEED Reports. The Developer shall provide the City with information about the Project as requested by the City so that the City can satisfy the reporting requirements of Minnesota Statutes, Section 116J.994, Subd. 8.

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 timely pay any ad valorem real property taxes and special assessments levied against the Development Property and all public utility or other City payments due and owing with respect to the Development Property when due and payable.

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

(4) 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.

(5) If the Developer shall:

(a) 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

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

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

(d) be adjudicated as bankrupt or insolvent; or if a petition or answer proposing the adjudication of the Developer as 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 sixty (60) days after the filing thereof; or a receiver, liquidator or trustee 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 sixty (60) 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 Developer, but only if the Event of Default has not been cured within said thirty (30) days:

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

(2) The City may cancel and rescind the Agreement and the TIF Note.

(3) The City may take any action, including legal or administrative action, in law or equity, which may appear necessary or desirable to enforce performance and observance of any obligation, agreement, or covenant of the Developer under this Agreement.

Section 4.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to the City 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 4.4 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 4.5 Agreement to Pay Attorney's Fees and Expenses. Whenever any Event of Default occurs and the City shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement or performance or observance of any obligation or agreement on the part of the Developer herein contained, the Developer agrees that it shall, on demand therefor, pay to the City the fees of such attorneys and such other expenses so incurred by the City.

Section 4.6 Indemnification of City.

(1) The Developer (a) releases the City and its governing body members, officers, agents, including the independent contractors, consultants and legal counsel, servants and employees (collectively, the "Indemnified Parties") from, (b) covenants and agrees that the Indemnified Parties shall not be liable for, and (c) agrees to indemnify and hold harmless the Indemnified Parties against, any claim, cause of action, suit or liability for 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 or on the Development Property.

(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 penalty (including interest thereon from the date the loss is incurred or penalty is paid by the City at a rate equal to the Prime Rate) as a result of the Developer operating the Project so that the Tax Increment District does not qualify or ceases to qualify as a "redevelopment district" under Section 469.174, Subdivision 10, of the Act or to violate limitations as to the use of Tax Increments as set forth in Section 469.176, Subdivision 4j.

(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.

ARTICLE V

DEVELOPER'S OPTION TO TERMINATE AGREEMENT

Section 5.1 The 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 ninety (90) days of receipt of such notice, or, if such noncompliance cannot reasonably be cured by the City within ninety (90) 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 5.2 Action to Terminate. Termination of this Agreement pursuant to Section 5.1 must be accomplished by written notification by the Developer to the City within sixty (60) 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 5.3 Effect of Termination. If this Agreement is terminated pursuant to this Article V, 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 V, 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 3.2, or to make any further payments on the TIF Note.

ARTICLE VI

ADDITIONAL PROVISIONS

Section 6.1 Restrictions on Use. The Developer agrees for itself, its successors and assigns and every successor in interest to the Development Property, or any part thereof, that during the term of this Agreement the Developer and such successors and assigns shall operate, or cause to be operated, the Project in accordance with, the uses specified in this Agreement.

Section 6.2 Conflicts of Interest. No member of the governing body or other official of the City shall have any financial interest, direct or indirect, in this Agreement, the Development Property or the Project, or any contract, agreement or other transaction contemplated to occur or be undertaken thereunder or with respect thereto, nor shall any such member of the governing body or other official participate in any decision relating to the Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested. No member, official or employee of the 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 6.3 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 6.4 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:

130 Oak Street North LLC
Attention: [_____]
[_____]
[_____]

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

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

with a copy to:

Taft Stettinius & Hollister LLP
Attention: Rhonda Skoby
2200 IDS Center
80 South 8th Street
Minneapolis, MN 55402

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

Section 6.6 Law Governing. This Agreement will be governed and construed in accordance with the laws of the State.

Section 6.7 Expiration. This Agreement shall expire on the Termination Date, unless earlier terminated or rescinded in accordance with its terms.

Section 6.8 Provisions Surviving Rescission or Expiration. Sections 4.5 and 4.6 shall survive any rescission, termination or expiration of this Agreement with respect to or arising out of any event, occurrence or circumstance existing prior to the date thereof.

Section 6.9 Assignment of TIF Note. The TIF Note may only be assigned pursuant to the terms of the TIF Note and Section 3.5(3) of this Agreement.

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

CITY OF OWATONNA, MINNESOTA

By _____
Its Mayor

By _____
Its City Administrator

This is a signature page to the Development Agreement by and between the City of Owatonna, Minnesota and 130 Oak Street North LLC.

130 Oak STREET NORTH LLC

By _____

Its _____

This is a signature page to the Development Agreement by and between the City of Owatonna, Minnesota and 130 Oak Street North LLC.

EXHIBIT A

DESCRIPTION OF DEVELOPMENT PROPERTY

Property located in the City of Owatonna, Steele County, Minnesota with the following parcel identification numbers:

17-109-0202
17-109-0203
17-109-0204
17-109-0205
17-109-0206
17-109-0208
17-109-0209
17-203-0001
17-109-0110
17-109-0111

EXHIBIT B

FORM OF TIF NOTE

No. R-1

\$ _____

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF STEELE
CITY OF OWATONNA

TAX INCREMENT REVENUE NOTE
(ASCEND SOUTH)

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 130 Oak Street North 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 principal amount of this Note shall equal from time to time the principal amount stated above, as reduced to the extent that such principal installments shall have been paid in whole or in part pursuant to the terms hereof; provided that the sum of the principal amount listed above shall in no event exceed \$2,726,000, as provided in that certain Development Agreement, dated as of January 6, 2026, as the same may be amended from time to time (the "Development Agreement"), by and between the City and the Developer. The unpaid principal amount hereof shall bear interest from the date of this Note at the simple non-compounded rate of five (5%) per annum. Interest shall be computed on the basis of a 360 day year consisting of twelve (12) 30-day months.

The amounts due under this Note shall be payable on August 1, 2029, and on each February 1 and August 1 thereafter to and including February 1, 2055, 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 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 Increments (hereinafter defined) received by the City during the six month period preceding such Payment Date. All payments made by the City under this Note shall first be applied to accrued interest and then to principal. This Note may be prepaid by the City, in whole or in part, on any date.

The Payment Amounts due hereon shall be payable solely from 95% of tax increments (the "Tax Increments") from the Development Property (as defined in the Development Agreement) within the City's Tax Increment Financing District (Redevelopment) No. 22-1 (Ascend South) (the "Tax Increment District") within its Development District No. 22 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"), provided that such calculations shall be made after deduction of the first \$10,000 annually by the City until the City has reimbursed itself \$100,000 for conveyance of land

to the Developer. 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(2) thereof or the Developer shall have terminated the Development Agreement under Article V thereof, the date the Tax Increment District is terminated, or on the date that all principal and interest payable hereunder shall have been paid in full, whichever occurs earliest.

The City makes no representation or covenant, expressed or implied, that the Tax Increments 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, without interest accruing thereon in the meantime, 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 Increments, 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 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 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 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 dated as of _____, 20____.

City Administrator

Mayor

**DO NOT EXECUTE UNTIL PAID INVOICES OR OTHER EVIDENCE OF PAYMENT
FOR SITE IMPROVEMENTS FOR THE PROJECT ARE GIVEN TO THE CITY -
REFER TO SECTION 3.3(1).**

CERTIFICATION OF REGISTRATION

It is hereby certified that the foregoing Note was registered in the name of 130 Oak Street North 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
ADMINISTRATOR

130 Oak Street North LLC

Attn: _____

[Developer City], [Developer State] _____

EXHIBIT C

SITE IMPROVEMENTS

Environmental Testing
Foundations and Footings
Grading/earthwork
Landscaping, including irrigation
Onsite Utilities and Utility Connection Fees
Onsite Road, Curb, Gutter, Driveway, Sidewalk and Streetscape Improvements
Outdoor Lighting
Parking
Public Improvements as described in the Land Use Development Agreement
SAC/WAC Fees
Site Preparation
Soil Testing & Boring
Storm Water/Ponding
Survey

EXHIBIT D

FORM OF JOINDER AND ASSUMPTION AGREEMENT



DATE: January 6, 2026
TO: Mayor and City Council
FROM: Troy Klecker, Community Development Director
SUBJECT: Resolution 02-26 - Sell Property - Oak Street N - Redline Development Group, LLC

Purpose:

Approve the sale of City property for the Ascend South project.

Background:

Staff have been working with the developer on Ascend South, the second phase of the downtown riverfront redevelopment project. Because TIF was requested for this project, staff insisted on many public improvements to be part of this project. Improvements to the City parking lot next to Firestone were discussed as part of this project but when designs were drafted approximately half of the parking spaces were lost. The slope of the lot is too great to meet today's requirements for public parking spaces.

Conversations then moved to making this lot part of the project and maximizing the number of public parking spaces along Ted G Ringhofer Lane all the way to Bridge Street. This switch increases the size of the project and made the numbers work for all the public improvements. Since the City just added about 40 new public parking spaces in the Vine Street parking lot across the street from this project with a lighted crosswalk, staff felt it was a more efficient use of limited downtown space. The agreed upon price for the lot is \$100,000. The City will collect \$100,000 of the TIF dollars over the first 10 years of the district to get reimbursed for the cost of the lot. This is spelled out in the Development Agreement.

Budget Impact:

The City will collect \$100,000 of the TIF dollars over the first 10 years of the district to get reimbursed for the cost of the lot.

Staff Recommendation:

Staff recommends approval.

Attachments:

1. Resolution 02-26 Authorize Sale of Property
2. Property Map
3. Purchase Agreement

4. Warranty Deed

RESOLUTION NO. 02-26

A RESOLUTION FOR AUTHORIZATION TO SELL PROPERTY TO
REDLINE DEVELOPMENT GROUP, LLC FOR THE PURPOSE OF
THE REDEVELOPMENT OF ASCEND SOUTH

WHEREAS, the City of Owatonna is the owner of the property described in Exhibit A hereto attached; and

WHEREAS, it is desired to redevelopment property downtown along the Straight River into a multiuse project, Ascend South, to add to the vibrancy of downtown; and

WHEREAS, the property owned by the City of Owatonna is an integral part of the Ascend South project;

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

1. That the sale of the property is hereby authorized.
2. That the Mayor and City Administrator are hereby authorized to execute this conveyance on behalf of the City of Owatonna.

Passed and adopted this _____ day of _____, 2026, with the following vote:

Aye ____; No ____; Absent ____.

Approved and signed this _____ day of _____, 2026.

Matt Jessop, Mayor

ATTEST:

Jenna Tuma, City Administrator/City Clerk

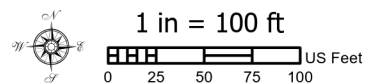
EXHIBIT A

The south 66 feet of the east 220.06 feet of the south 88 feet of the north 115 feet of Lot 1, Block 2, Abbott's Addition to the City of Owatonna, Steele County, Minnesota.

Parcel 17-109-0204
City of Owatonna



-  Property
-  Parcel



This drawing is neither a legally recorded map nor a survey and is not intended to be used as one. This information is a compilation of records, information, and data located in various city, county, and state offices and other sources, affecting the area shown, and is to be used for reference purposes only.

December 31, 2025

PURCHASE AGREEMENT
BETWEEN CITY OF OWATONNA
AND

REDLINE DEVELOPMENT GROUP, LLC

Dated: January _____, 2026 (the "Effective Date")

1. **Parties.** The parties to this Purchase Agreement (this "Agreement") are:
 - a. City of Owatonna, a Minnesota Municipal Corporation, ("Seller"),
Owatonna, MN 55060
 - and
 - b. Redline Development Group LLC, Minnesota Limited Liability Company,
(Buyer"), Owatonna, MN 55060

This Agreement sometimes refers to Seller and Buyer individually as a "Party" and collectively as the "Parties".

2. **Property.** The real property that is the subject of this Agreement is located in the City of Owatonna, Steele County, Minnesota, and is legally described on the attached Exhibit A (the "Property"). The term "Property", as used in this Agreement, will include any improvements and fixtures located on the Property and all hereditaments and appurtenances to the Property.

3. **Purchase and Sale.** For and in consideration of the mutual promises set forth herein and in the Development Agreement between Buyer and Seller dated _____, 2026, Seller agrees to sell the property to Buyer for the sum of One Hundred Thousand and no/100ths Dollars (\$100,000.00) (the "Purchase Price") payable out of the first \$10,000 of tax increments received by Seller each year until Seller has reimbursed itself the sum of \$100,000.

4. **Conveyance Terms.** At Closing, Seller will execute and deliver to Buyer a Warranty Deed conveying fee title to the Property to Buyer subject only to:

- a. Building, zoning and subdivision statutes, laws, ordinances and regulations;
- b. Reservations of minerals or of mineral rights in favor of the State of Minnesota, if any;
- c. Covenants, conditions, restrictions and easements of record, if any;
- d. Any defects in the marketability of Seller's actual or record title to the Property which exist as of the Date of Closing (defined below) and which Buyer does not object to pursuant to the provisions of **Section 8** below (hereinafter, collectively, the "Permitted Encumbrances").

5. **Seller's Disclosure.** Seller will deliver to Buyer such of the following as are currently in Seller's possession or readily available to Seller at no cost within ten (10) days of the Effective Date:

- a. Any documentation or reports in Seller's possession relating to the Property including any environmental reports for the Property;
- b. Any unrecorded Covenants, conditions, restrictions and easements, if any.

6. **Buyer's Inspection.** At all times prior to the Date of Closing, Buyer and its agents will have the right, upon reasonable notice to Seller, to go upon the Property to inspect the Property and to determine the condition of the Property and the improvements located thereon; including, specifically, environmental testing to determine the presence or absence of hazardous substances, petroleum products and asbestos in, on, or about the Property. Buyer agrees to indemnify and defend Seller from and to hold Seller harmless against any and all claims, causes of action or expenses relating to or arising from Buyer's presence on the Property prior to the Date of Closing and, on request to provide Seller with evidence that Buyer maintains reasonably adequate liability insurance, including contractual liability endorsement or provisions insuring Buyer's potential liabilities under this **Paragraph 6**. Buyer agrees to repair any damage to the Property caused by such inspections and to return the Property to substantially the same condition as existed prior to Buyer's inspection. Buyer acknowledges that Buyer is purchasing the Property in reliance on Buyer's inspection of the Property pursuant to this Section and on Buyer's judgment regarding the sufficiency of such inspections.

7. **Title and Examination.** As quickly as reasonably possible after the date both parties have signed this Purchase Agreement:

- a. Seller shall deliver any abstract of title and a copy of any owner's title insurance policy for the Property, if in Seller's possession or control, to Buyer or Buyer's designated title service provider. Any abstract of title or owner's title insurance policy provided shall be immediately returned to Seller, or licensee representing or assisting Seller, upon cancellation of this Purchase Agreement; and
- b. Buyer shall obtain the title services determined necessary or desirable to Buyer or Buyer's lender, including but not limited to title searches, title examinations, abstracting, a title insurance commitment, or an attorney's title opinion at Buyer's selection and cost and provide a copy to Seller.

Seller shall use Seller's best efforts to provide marketable title by the date of closing. Seller agrees to pay all costs and fees necessary to convey marketable title including obtaining and recording all required documents, subject to the following:

In the event Seller has not provided marketable title by the date of closing, Seller shall have an additional thirty (30) days to make title marketable, or in the alternative, Buyer may waive title defects by written notice to Seller. In addition to the thirty (30) day extension, Buyer and Seller may, by mutual agreement, further extend the closing date. Lacking such extension, either party may declare this Purchase Agreement canceled by written notice to

the other party, or licensee representing or assisting the other party, in which case this Purchase Agreement is canceled. If either party declares this Purchase Agreement canceled, Buyer and Seller shall immediately sign a *Cancellation of Purchase Agreement* confirming said cancellation and directing all earnest money paid here to be refunded to Buyer.

8. **Contingencies.** It is understood and agreed by and between the parties hereto that the respective obligations of Buyer and Sellers set forth herein shall be subject to and conditional upon the satisfaction of the conditions set forth herein. Upon the failure of any condition precedent, Sellers shall refund the earnest money herein paid to Buyer and this Agreement shall thereupon terminate and be of no further force or effect. The conditions precedent are:

a. Sellers conveying marketable title to the Real Property, free and clear of all liens or encumbrances whatsoever (except as set forth in Section 4, d. herein).

b. Buyer's determination, in Buyer's sole discretion, that the environmental condition of the Property is acceptable to Buyer.

9. **Closing.** The Parties will close at _____, Owatonna, MN, on or before **February 5, 2026** (the "Closing Date"), or such later date as the Parties may establish at which time the closing of the purchase and sale (the "Closing") will take place, subject to the terms and conditions contained herein, including the fulfillment of the following:

a. Seller will:

(i) execute and/or deliver to the Title Company for recording in the appropriate county land records any documents necessary to establish Seller's title to the Property, subject only to Permitted Encumbrances;

(ii) execute and deliver to Buyer the Warranty Deed described in **Section 4** above;

(iii) execute and deliver to Buyer and Buyer's title insurer, if any, an appropriate Minnesota form affidavit evidencing the absence of bankruptcies, judgments, tax liens or marriage dissolution proceedings involving parties with the same or similar names as Seller and evidencing the absence of mechanic's lien rights affecting the Property, unrecorded interests affecting the Property, persons in possession of the Property and known encroachments or boundary line questions affecting the Property;

(iv) execute and deliver to Buyer a non-foreign affidavit containing such information as is required under Section 1445(b)(2) of the Internal Revenue Code and any regulations relating thereto;

(v) execute and deliver to the Title Company or other appropriate party any appropriate Federal Income Tax Reporting Forms;

(vi) execute and deliver to the closing agent a completed Minnesota Department of Health Well Disclosure Certificate or include on the deed described in **Section 4** the statement "Seller certifies that Seller does not know of any wells on the described real property" or the statement "I am familiar with the property described in this instrument and I certify that the status and number of wells on the described real property have not changed since the last previously filed well disclosure certificate"; and

b. Buyer will:

(i) tender the Purchase Price to Seller pursuant to the provisions of **Section 3**.

10. **Possession; Condition of Property at Closing; Prorations.** Upon Buyer's full performance of Buyer's obligations under this Agreement, Seller will deliver possession of the Property to Buyer. Seller will contact all utility providers, including, but not limited to electric, natural gas, sewer and water ("Utility Providers"), and arrange for final, private utility meter reading(s) on or before the Date of Closing and will arrange for Utility Providers to close all of Seller's accounts on the Date of Closing. Buyer will contact Utility Providers on the Date of Closing and transfer such utilities from Seller's name to Buyer's name.

11. **Real Estate Taxes and Special Assessments.** The Parties will pay the real estate taxes ("Real Estate Taxes"), and special assessments ("Special Assessments") as follows:

a. On or before the Date of Closing, Seller will pay Real Estate Taxes and Special Assessments, if any, and any penalties and interest thereon, due and payable with respect to the Property for all years prior to the year of Closing;

b. Buyer and Seller will pro-rate the Real Estate Taxes, if any, and installments of Special Assessments, if any, due and payable in the year of Closing, on a per-diem basis, using a calendar year, to the Date of Closing. The Parties will pro-rate these amounts using current year real estate tax information, if available, and, if current year real estate tax information is not available, using the amount of the Real Estate Taxes and Special Assessments due and payable in the year immediately preceding the year of Closing. Any such pro-rations will be final, and no subsequent adjustments, refunds or additional payments will be made; and

c. As of Closing, Buyer will pay and assume all Special Assessments pending, levied or deferred, and Buyer will pay all Real Estate Taxes and Special Assessments due and payable in the years following the year of Closing.

After Closing, Buyer acknowledges that the Property will not have tax exempt status unless Buyer takes the necessary steps to qualify the Property under the appropriate Minnesota statutes.

12. **Seller's Representations.** Seller represents to Buyer the following:

a. Seller has the legal and corporate authority to enter into this Agreement and to sell the Property. The individuals executing this Agreement on behalf of Seller have the

legal and corporate authority to execute this Agreement on behalf of Seller and to bind Seller.

b. Seller is not a foreign person, foreign corporation, foreign partnership, foreign trust or foreign estate, as defined in Section 1445 of the Internal Revenue Code.

c. There have been no bankruptcy or dissolution proceedings involving Seller during the time Seller has had any interest in the Property.

d. There are no unsatisfied judgments of record against Seller.

e. There are no state or federal tax liens filed against Seller.

f. There has been no labor or materials furnished to the Property for which payment has not been paid.

g. There are no unrecorded mortgages, contracts, purchase agreements, options, leases, easements or other agreements or interest relating to the Property.

h. There are no persons in possession of any portion of the Property other than pursuant to a recorded document.

i. To the best of Seller's actual knowledge, that there are no encroachments or boundary line questions affecting the Property.

j. Seller is the fee owner of the Property subject only to Permitted Encumbrances.

k. The Property has legal access to a public right of way.

l. Seller has not received notice of any new public improvement project(s), the cost of which a governmental entity may assess against the Property.

m. To the best of Seller's actual knowledge there is no action, litigation, governmental investigation, condemnation or administrative proceeding of any kind pending against Seller or involving any portion of the Property, and no third party has threatened Seller with commencement of any such action, litigation, investigation, condemnation or administrative proceeding.

n. Seller is not in default in the performance of any of Seller's obligations under any mortgage, contract for deed, easement agreement, covenant, condition, restriction or other instrument relating to the Property.

o. **Hazardous Materials**. To the best of Seller's knowledge, but without further inquiry or investigation, and except as otherwise disclosed in the Property Records, there are no Hazardous Materials on the Property in violation of law. For the purposes of this Agreement, "**Hazardous Materials**" shall mean and include any hydrocarbons substances, polychlorinated biphenyls, or any other hazardous or toxic substances, wastes

or materials, asbestos or asbestos-bearing materials or other chemical substance or material which is prohibited, limited or regulated under any law, regulation or standards concerning materials or substances on or affecting the Property and known or suspected to be toxic or hazardous to health and safety, the environment or natural resources.

p. **Wells and Septic.** To Seller's knowledge, there are no "wells" on the Property within the meaning of Minn. Stat. § 103I, except for certain groundwater monitoring wells. To Seller's knowledge, there is no "subsurface sewage treatment system" within the meaning of Minn. Stat. Section 115.55 on or serving the Property. To Seller's knowledge, the sewage generated at the Property goes to a facility permitted by the Minnesota Pollution Control Agency.

q. **Storage Tanks.** To Seller's knowledge, no "aboveground storage tanks" or "underground tanks" (within the meaning of Minn. Stat. § 116.46) are located in, on or under the Property.

13. **Buyer's Representations.** Buyer hereby represents to Seller as follows:

a. Buyer represents that Buyer has the full and complete authority to enter into this Agreement and to purchase the Property. The individuals executing this Agreement on behalf of Buyer have the legal authority and the legal capacity to execute this Agreement on behalf of Buyer and to bind Buyer.

14. **Assignment.** Buyer may not assign Buyer's rights and obligations under this Agreement to a third party without the written consent of Seller. Seller may grant or withhold Seller's consent to an Assignment at Seller's sole discretion.

15. **Default.** If either Party defaults in the performance of any of such Party's obligations under this Agreement, the non-defaulting Party may, after written notice to the defaulting Party, suspend performance of its obligations under this Agreement, and the rights of the non-defaulting Party are as follows:

a. **Buyer's Default.** If Buyer defaults in the obligation to close under this Agreement or otherwise defaults in its obligation under this Agreement, Seller will have the right to:

(i) Terminate this Agreement pursuant to Minnesota Statutes, § 559.21 and retain any Earnest Money and any interest which the Earnest Money has earned as liquidated damages; or

(ii) initiate a civil action to compel Buyer's specific performance of Buyer's obligations under this Agreement provided that Seller commences the action within six (6) months of the date of Buyer's default. In any such action for specific performance, Seller may not recover Seller's attorneys' fees.

The remedies set forth in Section 16.a are Seller's sole and exclusive remedies in the event of Buyer's failure to close.

b. Seller's Default. If Seller defaults in the performance of any of Seller's obligations under this Agreement, Buyer may:

(i) terminate this Agreement and Seller will deliver to Buyer any Earnest Money and the sum of \$1,000.00 as liquidated damages which Buyer will receive as compensation for Seller's default due to the difficulty and uncertainty of ascertaining Buyer's actual damages;

(ii) initiate a civil action to compel Seller's specific performance of Seller's obligations under this Agreement provided that Buyer commences such action within six (6) months of the date of Seller's default. In any such action for specific performance, Buyer may not recover Buyer's attorneys' fees.

The remedies set forth in this **Section 16.b** are Buyer's sole and exclusive remedies in the event of Seller's default.

16. **Termination**. Various sections of this Agreement allow Buyer and Seller to terminate this Agreement under certain conditions. The following procedures will govern the Parties' exercise of their termination rights:

a. A Party intending to terminate this Agreement (the "Terminating Party") will notify the non-terminating Party (the "Non-Terminating Party"), in writing, of the Terminating Party's intent to terminate this Agreement.

b. The Terminating Party's notice will recite the Section of this Agreement that authorizes the Terminating Party's termination of this Agreement and will describe the facts and circumstances which the Terminating Party asserts justify termination under the referenced Section.

c. The Terminating Party's notice of termination will be effective as of the date the Terminating Party deposits the notice of termination with the United States Postal Service, with all necessary postage paid, for delivery to the Non-Terminating Party via certified mail, return receipt requested at the address set forth in **Section 1** above. If the Terminating Party delivers a notice of termination in a different manner than described in the preceding sentence, the notice of termination will be effective as of the date the Non-Terminating Party actually receives the notice of termination. The Terminating Party will also mail a copy of the notice of termination to the Parties' respective attorneys, if applicable, as provided for in **Section 20** below.

d. If the Non-Terminating Party disputes the Terminating Party's right to terminate this Agreement, the Non-Terminating Party will so notify the Terminating Party, in writing, within five (5) business days of the Non-Terminating Party's receipt of the Terminating Party's notice of termination.

e. If the Non-Terminating Party does not dispute the Terminating Party's right to terminate this Agreement, Buyer will execute and deliver to Seller a recordable quit claim deed conveying the Property to Seller, and on the receipt of such a quit claim deed,

Seller will return or instruct the Earnest Money Agent to return the Earnest Money and any interest which the Earnest Money has earned to Buyer.

f. If the Parties dispute the validity of an attempted termination of this Agreement, either Party may initiate a civil action in a court of competent jurisdiction to determine the status of this Agreement, and the Party that prevails in any such action will be entitled to recover the costs excluding attorneys' fees which such Party incurs in the action from the non-prevailing Party.

17. **Time.** Time is of the essence for all provisions of this Agreement.

18. **Survival of Terms.** The Parties' obligations under this Agreement and the representations and warranties which the Parties have recited in this Agreement will survive Closing and Seller's delivery of a deed to Buyer.

19. **Notices.** All notices provided for in this Agreement will be in writing. The notice will be effective as of the date three (3) days after the Party sending such notice deposits the notice with the United States Postal Service with all necessary postage paid, for delivery to the other Party via certified mail, return receipt requested, at the address set forth in **Section 1** above. If Party delivers a notice provided for in this Agreement in a different manner than described in the preceding sentence, notice will be effective as of the date the other Party actually receives the notice. The Party sending the notice will also mail a copy of the notice to the Parties' respective attorneys via first class United States mail at the addresses set forth below:

Seller: Darrin Lee Stadheim, Manager
C/O Diversified Property Management
1330 State Avenue NW
Owatonna, MN 55060

Buyer: City of Owatonna
540 West Hills Circle
Owatonna, MN 55060
Attn: Troy Klecker
Community Development Director

Full Agreement. The Parties acknowledge that this instrument and any and all attachments or exhibits hereto represents the full and complete agreement of the Parties relating to the purchase and sale of the Property and all matters related to the purchase and sale of the Property. This Agreement supersedes and replaces any prior agreements, either oral or written, and any amendments or modifications to this Agreement must be in writing and executed by both Parties to be effective.

20. **Governing Law.** This Agreement has been made under the laws of the State of Minnesota and such laws will control its interpretation.

21. **No Contra Proferentem Presumption.** Both Seller and Buyer have participated in the drafting of this Agreement. Each has had the advice of its own separate legal counsel. In case of any issue as to the interpretation of this Agreement the *doctrine of contra proferentem* shall not apply and there shall be no presumption against either party as the drafter of this Agreement.

22. **Other.**

(a) **This Agreement is subject to Formal approval by the City Council.**

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

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

Dated: _____

SELLER:

Redline Development Group, LLC

By: _____

Darrin Lee Stadheim

Its: Manager

Dated: _____

BUYER:

CITY OF OWATONNA

By: _____

Troy Klecker

Its: Community Development Director

EXHIBIT A
Legal Description of the Property

The South 66 feet of the east 220.06 feet of the south 88 feet of the north 115 feet of Lot 1, Block 2, Abbott's Addition to the City of Owatonna, Steele County, Minnesota.

WARRANTY DEED
Corporation, Partnership or Limited Liability Company
to Corporation, Partnership or Limited Liability Company

STATE DEED TAX DUE HEREON: \$ _____

Date: _____

FOR VALUABLE CONSIDERATION, City of Owatonna, a Municipal Corporation under the laws of the State of Minnesota, Grantor, hereby conveys and warrants to Redline Development Group, LLC, a Limited Liability Company under the laws of the State of Minnesota, Grantee, real property in STEELE County, Minnesota, described as follows:

See Exhibit A

(if more space is needed, continue on back)

together with all hereditaments and appurtenances belonging thereto, subject to the following exceptions:

Check box if applicable:

- ☒ The Seller certifies that the Seller does not know of any wells on the described real property.
- ☐ A well disclosure certificate accompanies this document.
- ☐ I am familiar with the property described in this instrument and I certify that the status and number of wells on the described real property have not changed since the last previously filed well disclosure certificate.

CITY OF OWATONNA

By _____
Matt Jessop, Its Mayor

By _____
Jenna Tuma, Its City Administrator

STATE OF MINNESOTA)
) ss.
COUNTY OF STEELE)

The foregoing instrument was acknowledged before me this _____ day of _____, 2026, by Matt Jessop, the Mayor, and Jenna Tuma, the City Administrator of the City of Owatonna, a Municipal Corporation, on behalf of the City of Owatonna.

Signature of person taking acknowledgment

Check here if part of all of the land is Registered (Torrens) ☐

Tax statements for the real property described in this instrument should be sent to (include name and address of Grantee):

NOTARIAL STAMP OR SEAL (OR OTHER TITLE OR RANK)

THIS INSTRUMENT WAS DRAFTED BY: (Name and Address)

Mark M. Walbran #113712
WALBRAN & FURNESS
Attorneys at Law
140 East Main Street, P. O. Box 273
Owatonna, Minnesota 55060
Phone: (507) 451-1173; Fax: (507) 451-8916

EXHIBIT A
Legal Description of the Property

The South 66 feet of the east 220.06 feet of the south 88 feet of the north 115 feet of Lot 1, Block 2, Abbott's Addition to the City of Owatonna, Steele County, Minnesota.

A-1



CITY OF
OWATONNA

Mayor Jessop



CITY OF
OWATONNA

2025

Organizational Meeting



DATE: January 6, 2026
TO: Mayor and City Council
FROM: Jenna Tuma, City Administrator
SUBJECT: Change three 2026 Council Meeting Dates

Purpose:

Request the Council change three regular City Council Meeting dates during 2026.

Background:

City Council meets on the first and third Tuesday of each month. Three of these 2026 dates conflict with other city activities and should be changed:

February 3, 2026 is the Precinct Caucuses
August 4, 2026 is the National Night Out
November 3, 2026 is the 2026 General Election.

I request these City Council Meeting dates be moved to the following dates to allow community members, Mayor, Council Members and staff opportunity to participate at these event, Changes will be:

February 3, 2026 to Wednesday, February 4th
August 4, 2026 to Wednesday, August 5th
November 3, 2026 to Wednesday, November 4th

Budget Impact:

None

Staff Recommendation:

Staff recommends approval of changing these three 2026 Council Meeting Dates.

Attachments:

None



DATE: January 6, 2026
TO: Mayor and City Council
FROM: Jenna Tuma, City Administrator
SUBJECT: Council 2026 Representation on Boards/Commissions/Committees

Purpose:

Each year, Council Members are assigned to various boards, commissions, and committees during the City's Annual Organizational Meeting.

Background:

Council Member's 2025 Board/Commission Assignments were:

Economic Development Authority (EDA) – Dave Burbank, Dan Boeke and Doug Voss
Housing & Redevelopment Authority (HRA) – Nate Dotson
Owatonna Area Business Development Center (The Center) - Brent Svenby and Dan Boeke
Joint Powers Board (911 Board) - Dave Burbank and Nate Dotson
Joint County/City Transportation Committee – Kevin Raney and Doug Voss
Joint City/OPU Committee – Dan Boeke and Nate Dotson
Joint City/Couty/School/OPU Task Force – Kevin Raney and Doug Voss
Dog Hearing Panel - Dan Boeke, Doug Voss, Kevin Raney and Brent Svenby
Executive Committee Kevin Raney, Doug Voss and Dan Boeke
Facilities Steering Committee – Dan Boeke, Doug Voss and Don McCann

Budget Impact:

None.

Staff Recommendation:

Council will discuss 2026 assignments during the Study Session prior to the Council Meeting.

Attachments:

None



DATE: January 6, 2026
TO: Mayor and City Council
FROM: Jenna Tuma, City Administrator
SUBJECT: Designate Newspaper for 2026 Official City Business

Purpose:

Request the Council to appoint a local newspaper for official City Business during 2026.

Background:

Section 4.7 of our City Charter requires that each year during the first regular council meeting, "Council designates a newspaper of general circulation in the City as the official paper for the publication of all matters required by law". All public notices are to be published in a qualified newspaper that is likely to give notice in the affected area or to the persons to whom the notice is directed. The Owatonna Peoples Press provides local news coverage within the city.

Budget Impact:

None

Staff Recommendation:

Staff recommends the appointment of the Owatonna Peoples Press as the City's 2026 Official Newspaper.

Attachments:

None



DATE: January 6, 2026
TO: Mayor and City Council
FROM: Emily Thamert, Assistant City Administrator
SUBJECT: Resolution 03-26: Designate 2026 Depositories and Authorize Signatories

Purpose:

To list authorized signatories and depositories for 2026.

Background:

The Office of the State Auditor recommends that the City annually designate depositories for the upcoming year and formally appoint individuals authorized to disperse funds. This resolution authorizes the Mayor, City Administrator, Assistant City Administrator, Senior Accountant and Accounting Technician to disperse funds through check, electronic funds transfer, wire, or ACH.

Budget Impact:

There is no budget impact.

Staff Recommendation:

Staff recommends approval.

Attachments:

1. Resolution 03-26 Amend 2026 Depositories and Signatories

RESOLUTION NO. 03-26

A RESOLUTION DESIGNATING DEPOSITORIES FOR THE CITY OF OWATONNA
AND PERSONS AUTHORIZED TO SIGN ORDERS THEREON.

BE IT RESOLVED by the City Council of the City of Owatonna, Minnesota, that

- Community Bank Owatonna
- Keen Bank
- Old National Bank
- Profinium, Inc.
- United Prairie
- US Bank
- Wells Fargo Bank
- West Bank
- Municipal Money Market Fund (LMC 4M Fund)
- RBC Wealth Management
- Stifel
- Wells Fargo Advisors

hereinafter called "Financial Institutions and/or Brokers," be, and hereby are, designated as depositories for the deposits and safekeeping of said City for such amounts as may be deposited herein.

BE IT FURTHER RESOLVED THAT orders or checks of the City of Owatonna drawn on said Financial Institutions in whatever form shall be signed by one of the following officers:

Matthew T. Jessop, Mayor
Jenna M. Tuma, City Administrator
Emily Thamert, Assistant City Administrator

BE IT FURTHER RESOLVED THAT said Financial Institutions be, and hereby are, authorized and directed to honor and pay any orders or checks so drawn and signed as above set forth, whether or not such checks be payable to the order of one of the foregoing persons, either in his individual or in his official capacity, or deposited to his individual credit, whether or not such signatures are followed by the title or office of the person signing.

BE IT FURTHER RESOLVED THAT said Financial Institutions and/or Brokers be, and hereby are, authorized and directed to honor transfer of funds through wire, ACH, and electronic funds transfer from one of the above officers or from Sandra Bera, Accounting Specialist or Daniel Jean, Accounting Analyst in the Finance Department.

BE IT FURTHER RESOLVED THAT the City Administrator or Assistant City Administrator are authorized to approve any claims needing to be paid in between regularly scheduled council meetings providing these are all submitted for council approval at their next regularly scheduled meeting.

Passed and adopted this ____ day of _____, 2026, with the following vote:

Aye ____; No ____; Absent ____.

Approved and signed this ____ day of _____, 2026.

Matt T. Jessop, Mayor

ATTEST:

Jenna Tuma, City Administrator/City Clerk



DATE: January 6, 2026
TO: Mayor and City Council
FROM: Jeanette Clawson, Administrative Coordinator
SUBJECT: Resolution 04-26: Designate 2026 Responsible Authority for Data Practices

Purpose:

Council to approve Resolution 04-26 to designate the City's 2026 Responsible Authority to administer the requirements for government data with the City.

Background:

Per the Minnesota Government Data Practices Act, the City must annually designate an individual as a responsible authority; typically the chief administrative official serves in this capacity.

Budget Impact:

None

Staff Recommendation:

Staff recommends approval of Resolution 2-**25** to reappointment Jenna L. Tuma, City Administrator, as the 2026 Responsible Authority for Data Practices with the City.

Attachments:

1. Resolution 04-26 Designate 2026 RA for Data Practices

RESOLUTION NO. 04-26
A RESOLUTION APPOINTING RESPONSIBLE AUTHORITY FOR
DATA PRACTICES COMPLIANCE

WHEREAS, the Minnesota Statutes, Section 13.02, Subdivision 16, requires that the City of Owatonna appoint an employee as the Responsible Authority to administer the requirements for government data with the City; and

WHEREAS, the Minnesota Rules Chapter 1205 relates to and applies to the provisions of Minnesota Statutes, Chapter 13; and

WHEREAS, the Owatonna City Council shares concern expressed by the Legislature on the responsible use of all City data and wishes to satisfy this concern by appointing an administratively qualified Responsible Authority as required under the statute for the year 2026.

BE IT RESOLVED, the City Council of Owatonna appoints Jenna Tuma, City Administrator of the City, as the Responsible Authority for the purposes of meeting all requirements of Minnesota Statutes, Chapter 13 and Minnesota Rules, Chapter 1205.

Passed and adopted this ____ day of _____, 2026, with the following vote:

Aye __; No__; Absent__.

Approved and signed this _____ day of _____, 2026.

Matthew T. Jessop, Mayor

ATTEST:

Jenna Tuma, City Administrator/City Clerk



DATE: January 6, 2026
TO: Mayor and City Council
FROM: Jenna Tuma, City Administrator
SUBJECT: Appoint 2026 Weed Inspector

Purpose:

To assign the duties as the City's Weed Inspector for 2026.

Background:

The duties of the Weed Inspector have been fulfilled by our Fire Chief, Ed Hoffman. This has worked well and offers a good point of contact for residents with concerns regarding weeds and nuisance vegetation.

Budget Impact:

None

Staff Recommendation:

Staff recommends the reappointment of Fire Chief Ed Hoffman as the 2026 Weed Inspector for the City.

Attachments:

None



CITY OF
OWATONNA

Consent Agenda Items



CITY OF
OWATONNA

Council Minutes

**Owatonna City Council Minutes
December 16, 2025 – DRAFT COPY**

On Tuesday, December 16, 2025 at 7:00 p.m., City Council President Raney called the regular session of Owatonna City Council to order in the Chambers of the Charles S. Crandall Center. Present were Council Members Voss, Svenby, Dotson, Burbank, Boeke, McCann, and Raney; Mayor Jessop; City Attorney Walbran; Community Development Director Klecker; Police Chief Mundale and Captain DuChene; Human Resources Director Boss; Public Works Director Murphy; Communication Manager Sheely; IT Specialist Sticken; Assistant; City Administrator Thamert; City Administrator Tuma; and Administrative Coordinator Clawson.

Following roll call, Council Member Burbank led the Pledge of Allegiance. Council Member Svenby made a motion to approve the agenda as presented, Council Member Dotson seconded the motion, all members voted aye in approval.

Accept Letter of Resignation - Human Rights Commissioner Jennifer Hansen

Mayor Jessop commented a Letter of Resignation was received from Human Rights Commissioner, Jennifer Hansen. Council Member Boeke made a motion to accept her resignation as requested to be effective immediately, Council Member Burbank seconded this motion, all members voted aye in approval.

Consent Agenda Items

Minutes - City Council Meeting - December 2, 2025
Minutes - Truth-in-Taxation Meeting - December 2, 2025
Minutes - Truth-in-Taxation Meeting - December 2, 2025
Minutes -Human Rights Commission Meeting - November 12, 2025
Minutes - West Hills Special Meeting - November 17, 2025
Minutes - EDA Meeting - November 19, 2025
Minutes - Park Board Meeting - December 1, 2025
Minutes - Planning Commission Meeting - December 9, 2025
Building Inspection Monthly Report- November 2025
Fire - Monthly Dashboard and Activity Report - November 2025
Police - Monthly Crime Clock and Crime Stats - November 2025
Annual Renewal - Tobacco Licenses

<u>NAME OF BUSINESS</u>	<u>LOCAL ADDRESS</u>
Casey's General Store	#2194 475 18th ST
Chill-Aqui at Brooktree	1369 E Cherry Street
Cash Wise #3014	495 W North Street
Cash Wise Liquor #7037	495 W North Street
Cekoo Tobacco	1836 S Cedar Avenue
Dollar General #21536	205 N Oak Avenue
Fareway Stores Inc #139	831 S Oak Avenue
Fareway Spirits and More #139	831 S Oak Avenue
Fire House Liquor	120 26 th Street NW

Fleet Farm Fuel	2121 W Bridge Street
Holiday Stationstore #2746373	695 W Bridge Street
Holiday Stationstore #2746519	330 W North Street
Hy-Vee Gas #5511	1720 S Cedar Avenue
Hy-Vee Wine & Spirits	1620 S Cedar Avenue
J&B Liquor Inc.	202 S Oak Avenue
Kwik Trip #237	135 Landmark Drive
Kwik Trip #403	2270 46 th Street NW
Kwik Trip #435	1075 West Frontage Road
Kwik Trip #641	1220 S Oak Avenue
Kwik Trip #1088	410 Hoffman Drive
Kwik Spirits #1088	410 Hoffman Drive
Lion's Den – Adult Boutique	1178 W Frontage Road
Medford Tobacco Plus, Inc	2350 43 rd Street NW #101
OT Smoke Shop Plus	1100 Frontage Road, Ste 110
Owatonna Smoke Shop	641 W Bridge Street
Reggie's Brewhouse	218 N Cedar Avenue
Smoke N Vape Inc	1407 S Oak Avenue
Walgreens #9095	125 18 th Street

Annual Renewal - Taxi Licenses

Access on Time Companies Inc. dba First Choice Shuttle
 Straight River Taxi LLC

Annual Renewal - Garbage & Refuse Haulers Licenses

Countryside Rental LLC	Skjeveland Enterprises
Archambault Brothers Inc	LJP Waste Solutions
Bin Pro Dumpster Rental	Thompson Sanitation Inc
Waste Management	West Central Sanitation, Inc.
Veit Disposal Systems	Stewart Sanitation
Junk Truck MN LLC	

2025 Donation - Corky's Early Bird Softball Tournament

Donations from this softball tournament, held in Owatonna each May, were previously directed to the Park & Rec Youth Scholarship Fund. The 2023 & 2024 donations were directed to be held in an account for future softball field improvements. This donation, the 2025 donation, of \$12,000 will be added to the existing account for future softball field improvement projects to enhance the softball experience for future years in Owatonna.

Certificate of Substantial Completion - WWTF Expansion

The Wastewater Treatment Facility Expansion Project has reached the milestone mark of substantial completion. The project has been done in accordance with the design specifications, is operational and ready for its intended use. A punchlist of items, including minor items remain, and retainage will be withheld until those items are complete.

The date of Substantial Completion in the final Certificate of Substantial Completion marks the commencement of the contractual correction period and applicable warranties required by the contract. There is no additional budget impact in approving substantial completion.

Authorization to Display - Princess Owatonna Statute - Steele County Historical Society

The Steele County Historical Society (SCHS) is interested in acquiring the original statue of Princess Owatonna, which has been in storage for approximately 30 years. For many years, the SCHS has aimed to educate the community about the history of the indigenous people in our area. Adding the statue to their collection will help highlight their culture and experiences. The statue will enhance the history of Owatonna and will be displayed in a secure case at the Steele County Historical Society, located at 1700 Austin Road in Owatonna. During the City Council's discussion in the Study Session on October 7, 2025, consideration was given to donating the statue; however, the preference expressed was for the City to retain ownership while granting the SCHS the opportunity to display and care for it.

Renew Annexation Agreement - Owatonna Township

The City of Owatonna has had an annexation agreement with Owatonna Township since the late 1980s. This has allowed property to be annexed into the city in an orderly fashion based on certain criteria being met in the agreement. Owatonna Township has been very cooperative in assisting the city in accommodating growth and it is important to maintain that relationship for continued growth. The existing annexation agreement will expire on December 31, 2025. There are no changes proposed to the annexation agreement. Owatonna Township has approved the agreement. This agreement can be extended annually if both the city and the township agree.

Renew Lodging Tax Agreement - Owatonna Area Chamber of Commerce

The City contracts with the Owatonna Area Chamber of Commerce for tourism. The current contract ends at the end of the year. The Chamber of Commerce is proposing another 3-year renewal contract. The contract language is the same as before with some adjustments to the wording about committees to reflect what is currently being done. The EDA has reviewed this contract and approved the contract at their last meeting. The City collects 5% of the lodging tax for administration as in past years. The amount of funds for tourism is based on the tax collected minus the 5% administration fee.

Council Member Svenby requested correction to the Minutes of the Special City Council Meeting; he was omitted from the list of those attending this meeting. Council Member Dotson made a motion to approve these Consent Agenda Items with the requested change, Council Member McCann seconded the motion, all members voted aye in approval.

Finance Report

Council Member Voss recapped payments for amounts greater than \$20,000 this period:

\$167,325.00	Electric Pump
	- (2) replacement pumps for 2331 Heritage lift station - \$101,730.00
	- (2) replacement pumps for 4900 W Frontage Rd Lift Station - \$65,595.00
223,263.48	Festal Place - CDI - economic development TIF

137,280.00 Legence Subsidiary Holdings LLC (ICS)
- Public Safety Center - \$133,135.00
- Community Center \$4,145.00
33,093.22 Marthaler Autos of Mn Inc - SCDIU 2025 Chevy Traverse
60,123.59 Steele County Highway Department - city portion of 2024 signal revision
189,676.45 Other Expenditures
\$810,761.74 Total Expenditures Presented for Approval

Council Member Boeke made a motion to approve payment of all bills presented, Council Member McCann seconded the motion, all members voted aye in approval.

Second Reading Proposed Ordinance 25-13 Amend Section 113.063 License Authorized - Brewer Off-Sale Malt Liquor

City Attorney requested approval of Proposed Ordinance 12-25 to amend City Code Section 113.063 License Authorized of the 2015 Code of City Ordinances. Mineral Springs Brewery (MSB) currently holds two liquor licensures at 210 N Oak Avenue, a Taproom On-Sale with Sunday Sales and a Brewer Off-Sale Malt Liquor License. Their current off-sale license allows MSB to sell malt liquor in growlers and they request this license be amended to also allow them to produce and sell beer in cans. Council approved the first reading of this proposed ordinance during their last meeting on December 2nd, there have been no changes since. Council Member Boeke made a motion for approval; Council Member McCann seconded the motion. With a roll call vote, voting aye were Council Members McCann, Svenby, Voss, Dotson, Boeke, Burbank and Raney, no nays, and the motion carried. This will be known as Ordinance 1679 to be effective upon publication.

First Reading Proposed Ordinance 25-14 VACA-25-1 Vacate Portion of Walnut Ave, Vine St W, and a Public Alley

Community Development Director presented the first reading of Ordinance 25-14. Petition was received from Redline Development with request to vacate a portion of Walnut Avenue, a portion of an Alley, and a Portion of Vine Street W in order to redevelop this area and reconstruct a new street to be named Ringhofer Lane NW. The developer is proposing to construct a new building to be named Ascend South. Along with this Ringhofer Lane NW will be dedicated and constructed with parking along both sides of the street. The applicant has been working on the plans and approvals for this project. As part of this they are also requesting vacation of a portion of a utility easement as well as preliminary plat approval of Redline Addition. New easements as well as the right of way will be dedicated with the plat of STAMO Addition.

Walnut Avenue:

- This public street and right of way will be vacated and rededicated within the plat of STAMO Addition.
- The new ROW will be 80' wide.
- All utilities will be accommodated within the new ROW.

Vine Street W:

- The ROW of Vine Street currently extends all the way to the river.

- The portion not dedicated will be vacated with this plat.
- The area that is needed for the Vine Street W intersection with Ringhofer Lane NW will be dedicated within the STAMO Addition plat.
- The remainder will be placed in an outlot owned by the City.

Public Alleyway:

- A public alley was dedicated within Riverside Parking Lot Addition extending all the way to the river.
- The alley is not needed from the intersection of Ringhofer Lane NW west to the River.
- A portion of the vacated alley will be dedicated as Ringhofer Lane NW with the plat of STAMO Addition.

The Planning Commission held a public hearing regarding this request during their December 9th meeting and recommend these street/alley vacations be contingent upon approval and recording of STAMO Addition. Council Member Dotson made a motion for approval, Council Member Boeke seconded the motion. With a roll call vote, voting aye were Council Members McCann, Svenby, Voss, Dotson, Boeke, Burbank and Raney, no nays, and the motion carried. The second/final reading of this proposed ordinance will be held during the next City Council Meeting on January 6, 2026.

First Reading Proposed Ordinance 25-15 VACA-25-2 Vacate Portion of a Blanket Sanitary Sewer Easement

Community Development Director presented the first reading of Ordinance 25-15. A petition was received from Redline Development to vacate a blanket sanitary sewer easement located on the property within STAMO Addition. There is no longer a need for this blanket easement as all of the sanitary sewer lines will be located within Ringhofer Lane NW right-of-way. No changes are proposed to the sanitary sewer mains with this project, and all will be located within public right-of-way.

The Planning Commission held a public hearing regarding this request during their December 9th meeting and recommend vacating this easement be contingent upon approval and recording of STAMO Addition. Council Member Voss made a motion for approval; Council Member McCann seconded the motion. With a roll call vote, voting aye were Council Members McCann, Svenby, Voss, Dotson, Boeke, Burbank and Raney, no nays, and the motion carried. The second/final reading of this proposed ordinance will be held during the next City Council Meeting on January 6, 2026.

Resolution 83-25 Preliminary Plat of STAMO Addition

Community Development Klecker requested approval of Resolution 83-25 approving the Preliminary Plat of the STAMA Addition. Property at 120 Oak Avenue N is owned by Stadheim Properties and Redline Development Group. The property is currently multiple commercial lots, the owners request this 3.43+ acres be platted into one parcel. The developer is planning on redeveloping this property into a mixed-use building containing approximately 23,000 square feet of commercial space, 57 apartment units and underground parking.

The Planning Commission held a public hearing regarding this request during their December 9th meeting and recommend vacating this easement with the following conditions:

- 1) The Final Plat shall be recorded within 60 days of the approval.
- 2) The Title Opinion shall be approved by the City Attorney prior to recording of the Final Plat.
- 3) Steele County shall approve access on Oak Avenue.
- 4) The plat is contingent upon VACA-25-1 and VACA-25-2 being approved.
- 5) A Land Development Agreement shall be recorded with the Final Plat.
- 6) A FEMA Elevation certificate shall be provided for the building prior to a Certificate of Occupancy being issued.
- 7) Consent to plats shall be provided for all mortgages on the properties.
- 8) City property shall be deeded to Stadheim Properties prior to recording of the plat.
- 9) A fire hydrant in the vicinity of the SW corner of building should be provided.
- 10) All conditions of the City Engineer's memo shall be met.

Council Member Svenby made a motion for approval; Council Member McCann seconded the motion, and all members voted aye in approval.

Resolution 84-25 VAR-22 Parking Variance - Ascend South, 120 Oak Avenue N

Community Development Klecker requested approval of Resolution 84-25 approving VAR-22, a request by John Schulte, Jones, Haugh, and Smith on behalf of Stadheim Properties and Redline Development Group. Their request is for a parking variance to allow 93 off street parking stalls where 118 off-site parking stalls are required for the property located at 120 Oak Avenue. This area as a whole is seeing an increase of 47 parking stalls from 113 to 160 stalls total between the public and private stalls. The Planning Commission held a public hearing on this request during their last meeting and recommend approval. Council Member Voss made a motion for approval, Council Member Burbank seconded the motion, and all members voted aye in approval.

Resolution 85-25 2026 Election Polling Sites

City Administrator Tuma requested approval of Resolution 85-25 designating polling sites for public elections held during 2026. Two elections are planned during 2026, the Primary Election on August 11th and General Election on November 3rd. The city does have the ability to change a polling location mid-year for an emergency or if the polling place becomes unavailable. Sites proposed as the 2026 Polling Site locations are the same used during the last two years.

Ward1/Precinct 1	Trinity Lutheran Church, 609 Lincoln Avenue
Ward 1/Precinct 2	Associated Church, 800 Havana Road
Ward 2/Precinct 1	Owatonna Public Library, 105 N Elm Avenue
Ward 2/Precinct 2	Bethel Church, 1611 Hemlock Ave
Ward 3/Precinct 1	Chambers, Charles S. Crandall Center, 540 West Hills Circle
Ward 3/Precinct 2	Emmanuel Lutheran Church, 750 Jeffrey Street
Ward 4 /Precinct 1	Sacred Heart Parish Center, 739 S Cedar Avenue
Ward 4/Precinct 2	Christ Community Covenant Church, 540 SE 18th Street

Ward 5/Precinct 1 Grace Baptist Church, 265 26th St NE

Ward 5 /Precinct 2 Our Savior's Lutheran Church, 1909 St Paul Road

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

Resolution 86-25 2026 City Levy and Budget

City Administrator Tuma shared the slide presentation shown during the Truth-in-Taxation Meeting on December 2nd. The Preliminary Levy increase approved by Council during their meeting on September 17, 2025 was 13%, that amount has been decreased to 9.9%. Five things were changed to allow this \$700,00 change: impact to our facility and building rehab, adjust debt service, adjust support to civic organizations and partnerships we support, each department made some minor adjustments, and some one-time projects were postponed or dropped. The paving replacement at Brooktree was put on hold. The city is a service provider and that is our largest expense. The processes the City follows are spelled out by this law. Summary of events this year is as follows:

- Adopt and certify a proposed levy and proposed budget on or before September 30. Council adopted 2026 proposed levy and proposed budget on September 16, 2025.
- The county delivers a parcel-specific notice of proposed property taxes to each taxpayer after November 10 and on or before Nov 24 each year.
- Hold a public meeting to discuss the budget between Nov 25 and Dec 28. The Truth-in-Taxation 2026 budget meeting was held December 2, 2025.
- Adopt and certify a final levy and final budget on or before Dec 28.

The final 2026 budget aligns with the City's Strategic Plan. The city is not immune to inflation, the operating levy required an increase due to increased costs for operating supplies/materials, implementing City Council approved 2025-2027 employee labor agreements, replacing portable recording systems for the Police Department and support for information technology transition from hybrid environment to cloud solutions for increased efficiency and security. Council Member Voss made a motion to approve Resolution 86-25 adopting the proposed 2026 budget and levy with a 9.9%. Council Member Boeke seconded this motion.

Council Member Svenby thanked City Administrator Tuma and staff for reducing the budget/levy requests. This is the first year that many constituents contacted him to discuss the budget and levy proposals. He recommended the levy request be reduced more by holding the Vehicle Replacement Fund to the 2025 amount and reducing the Mayor/Council Contingency Budget to \$52,000; these changes allow a \$600,000 reduction or 3% of the levy amount. There is a motion on the floor and if that motion fails, I will make a recommendation to reduce the budget and levy with these proposed decreases.

Council Member Dotson agreed with Council Member Svenby's comments and suggested the EDA also forgo the proposed \$15,000 budget increase.

Council Member McCann commented he appreciates the changes made, it is his first year and struggling which way to go. He wants to be sure that all city assets are protected, we don't want to push back required maintenance and upkeep of our assets. If there is a budget surplus, we need to

use that to protect our assets. Also, we should consider getting rid of some assets if we own land that is not being used, we should get rid of it and the property will be returned to the tax roll.

Council Member Voss commented that when Council approved the 13% proposed levy increase, everyone was wanting that to be lowered prior to final approval. Council put a lot of pressure on City Administrator Tuma and staff to lower this amount and appreciate the work done.

Council Member Boeke commented he wants to be fiscally responsible which doesn't mean to be as cheap as you can. It means maintaining a proper budget and facilities as we can, we need to maintain our parks and vehicles. I am not going to kick the can down the road, if we continue to be as cheap as we can, there will be services not provided. This is a responsible budget proposed, I don't think there is fluff in it, staff were challenged to lower their requests, and I support this proposed final budget with the 9.9% levy increase.

Council Member Burbank commented the budget is the most important thing Council does. This year, he also received more constituent comments than in previous years; Council Member Svenby has been on council for 20 years, Council Member Dotson and I have been here for 15 years. Residents requested they be more aware of council actions and staff was increased with addition of communications staff. Also, contact information for all council members is available on the city's website and we encourage you to call or send us a message when you have questions. It has been good to see more residents attending our meetings, asking questions, and hopefully this will continue.

Council Member Raney commented that city staff is a great team, Administration is already looking forward to 2027. It is disappointing to see the reduction in the building and facility rehab allocation; we need to continue upkeep of our facilities. We have some 100-year-old buildings and if we don't keep up with tuckpointing, repair costs will escalate. Also, I am not in favor of reducing the Vehicle Replacement Fund, we have some expensive vehicle replacements planned within the next years. The last fire truck purchased cost more than one million dollars and the next truck will probably be 1.3 to 1.4 million dollars. We used to get government assistance on contracts which is no longer available. It has been a tough year the budget, and staff felt they needed a 13% to continue operations but we have cut their request to 9.9%.

With no additional comments, he asked for a vote on the motion for approval of the budget in the amount of \$52,027,793 and a levy, a direct ad valorem tax in the amount of \$18,916,728 for general government, a 9.9% increase. With five aye votes and nay votes cast by Council Members Svenby and Dotson, the motion carried.

Resolution 87-25 2026 Levy and Budget - Housing and Redevelopment Authority

City Administrator commented that the Housing and Redevelopment Authority (HRA) is considered a special taxing district and its levy is adopted separately from the City levy. The amount of the levy shall be an amount approved by the governing body of the city, but not to exceed 0.0185 percent of estimated market value. Per the Steele County Assessor, the 2025 estimated market value was \$3,167,755,657 which allows a levy of \$586,034. The city's requested levy amount for 2026 is \$230,000, a \$15,000 increase from 2025. Council Member Voss made a

motion for approval, Council Member Boeke seconded the motion, with five ayes and nay votes from Council Members Svenby and Dotson, the motion carried.

Resolution 88-25: Resolution of Support - East Side Corridor

Council President Raney acknowledged receipt of correspondence from the Owatonna East Side Corridor Residents dated today, December 16, 2025 regarding this resolution which will be considered public data. Their message was that they consider the language in this resolution commits the City to support and advance the East Side Corridor project, including continued development and support for right-of-way acquisition prior to completion of environmental review and that the public is not able to access key impact information.

Public Works Director Murphy then requested City Council approve Resolution 88-25 offering Steele County support in the East Side Corridor Project. Steele County and the City have been exploring, via the East Side Corridor Study, ways to develop a north-south roadway closer to the currently developed and developing areas of Owatonna since 2021. This came on the footsteps of a need for the route identified in simultaneous, but separate transportation studies by the County and City. Steele County has taken the lead on the project and further studied alternative routes through an exhaustive Environmental Study. The County and City have engaged in multiple public engagement opportunities and considered public input. Ultimately, Alternative 3 was selected.

A Resolution of Support for the East Side Corridor memorializes the City's partnership of the project, which aligns with the City's Comprehensive Plan and follows the Orderly Annexation Agreement in place with Owatonna Township. The City's partnership is critical for this project. The next steps will include support in project development and ultimately a cooperative agreement with Steele County. There is no cost related to the approval of the resolution of support but understand there will be future costs associated with the project if or when it moves forward.

Council Member Dotson asked if the Letter of Support is needed now or would it be better to wait to express the city's support and/or reservations?

Director Murphy commented an EAW (Environmental Assessment Worksheet) was published on November 18th and open for public comments until December 31st. The city has a voice as do residents throughout Steele County; if the city staff or council members disagree with the project, now would be the time to have these documented in the EAW process.

Council Member Dotson commented he supports the project, there needs to be a roadway along the east side of town. He is very sensitive to the concerns of the citizens living on that side of town and supportive of mitigation for noise and speed, there have been some roadway designs included to reduce these. If we sign a Letter of Support, it does not mean we support all aspects of the project. We will continue to push for aesthetics, noise reduction and no aggressive use of domain to acquire the property needed.

Council Member Boeke commented that he has always told East Side Corridor Representatives that there will be a road there, he believes it is the right thing to do at this location. If he lived in this neighborhood, he wouldn't like it but he represents 27,000 residents and not just those living near this proposed project area. The EAW is non-binding; it has to be, we will mitigate issues as we can. There are a few things he would change in the current plan; he would move the location of

the entrance into Fox Hollow and prefer to be as minimal abrasive as we can and not take as much land from the property owner along the southern part of the project. We need a road but not certain curb and gutter and the walking path are needed at this time.

Council Member McCann commented he agrees with comments from Council Members Dotson and Boeke. This area is within my ward; I have met with constituents and looked at their properties. I want to look at what is the greater good for the whole community, which won't be the best thing for everybody. During the open house, I was approached by residents with comments that they hope the road will be built, they have seen increased traffic activity within their neighborhood which will be less when the corridor route is finished. We need to look at what the greater good will be for the City. I will try to assist with mitigation to be as minimally abrasive as possible during the process.

Council Member Raney the corridor is an important piece for north/south traffic on the east side. We hope to work with the County to mitigate with the residents as this project develops. Council Member Burbank made a motion to approve Resolution 88-25, Council Member Voss seconded the motion and all members voted aye in approval.

Resolution 89-25 Resolution Amending the Budget for 2025

Assistant City Administrator Thamert commented that the 2025 budget of \$45,824,551 was approved with Resolution 123-24 in December 2024. A clerical error was noted in the amount shown for expenditures and a correction is required to maintain a balanced budget in alignment with the approved 2025 levy. The levy filed with the county was correct, this was an error in the expenditure amount stated. The amended budget is \$45,937,809 in expenditure for the fiscal year commencing January 1, 2025. This budget has been reviewed and potential funding sources identified as well as priorities and programs for 2025. Council Member Dotson made a motion to approve Resolution 89-25 correcting this budget amount. Council Member seconded Svenby seconded the motion, all members voted aye in approval.

Agreement for Professional Services — Interim Finance Director & General Ledger Review - Abdo Financial Services

Assistant City Administrator Thamert requested approval for services of an interim Finance Director and General Ledger Review through Abdo Financial Solutions. The city's Finance Director position is currently vacant and there is a need to fill this role temporarily. Jodi Bursheim from Abdo Financial Solutions would serve as the interim Director. This arrangement will be both efficient and effective in maintaining the necessary leadership in the finance department.

In her role as interim Director, Jodi will oversee day-to-day financial processes and ensure compliance with key deadlines and checkpoints. She will also ensure that all required financial submissions are made within deadlines and adhere to relevant legal requirements. Jodi will provide support and expert advice to on-site staff, which will include holding regular staff meetings. Additionally, she will oversee and support the General Leader's review. Jodi has over 25 years of experience working in governmental accounting for Minnesota municipalities and 10+ years' experience in finance, Jodi has a wealth of knowledge and experience in all aspects of

governmental finance, including, but not limited to: budgeting, financial reviews, monthly and annual reporting, cash flow projects, evaluation and development of internal controls, and development of financial studies such as debt studies, financial analysis and capital projects. The monthly fee of \$17,500 will be covered through the position vacancy. This is a month-to-month agreement allowing us to walk away when we hire a Finance Director.

Council Member Svenby commented the contract date currently shows as December 3rd but should be today's date, this would allow partial payment for December services. The required notice for client termination rights currently shows as 60 days but you said it would be monthly so should be changed to 30 days. This will avoid continued payment when we have staff in place. Also, this agreement allows a fully remote position, and I prefer that she be required to be on site a few times each week to assist staff.

Thamert responded that Ms. Bursheim has been working with staff and providing additional support over the past several weeks, so the full December payment is valid as we had this need. When we identify a new Finance Director, there will be a 60-day transition period allowing them to work together so the new Director will be set for success. Virtual contact has been going well, Ms. Bursheim attended our last two weekly Director Meetings and held weekly touchpoints with our finance staff, and we have a weekly checkpoint meeting with her and other members of her team regarding various projects we have opened with them. I believe she is open to coming in person if needed but not anticipated.

Council Member McCann asked what the timeline is to begin looking for the new Finance Director.

Thamert responded that she anticipates that it will start mid-year 2026. Abdo prepared a Structure Review of our Finance Department which was shared with Council during a previous Study Session. They are assisting implementation of that structure and looking at our core processes to make sure we are aligned with good practices, documentation, and cross training. Our intention is to allow Ms. Bursheim to get those processes further along before we post the new Finance Director.

Council Member McCann encouraged her to push that timeframe, he would prefer the new Finance Director to be in the position to also working through these processes.

Thamert responded there is a Community Stewardship piece to consider as there is a price tag involved. We are covering that with some of the staff savings and want to layer that in this timeline to save some funds.

Council Member McCann commented he does want the right person in place and hopes it can be sooner than later.

Council Member Burbank commented he also wanted to ask questions similar to those Council Member McCann just asked.

Council Member Dotson added that contracted services are expensive and hopefully a strong Financial Plan will be in place next year.

Council Member Boeke commented that many of the current issues within the Finance Staff were created because of the minimal staffing level. We run so lean and staff haven't been able to step in and complete tasks when positions open.

With no additional comments, Council Member Voss made a motion for approval, Council Boeke seconded the motion. With a vote of six to one, Council Member Svenby voting nay, the motion carried.

Agreement for Professional Services - 2025 Full Audit Preparation

Assistant City Administrator Thamert commented that each year, the City is required by law to conduct an annual financial audit under Minnesota Statute 471.697. The Office of the State Auditor is responsible for overseeing this requirement. Audits confirm that public funds are managed responsibly, internal controls are sound, and financial statements are accurate. They also promote transparency for residents, support strong governance, and meet state, federal, grant, and bond-compliance obligations. In short, the audit protects taxpayers and helps maintain the city's financial health and public trust.

In preparing for the 2025 audit, Abdo will provide the resources to help the city navigate ever-changing regulations and financial standards. They will coordinate across departments to ensure audit readiness. Abdo will align financial processes with audit requirements to guarantee that all necessary documentation is complete, accurate, and accessible for a smooth audit process and timely compliance. This is a one-year agreement, in following years a new agreement could be at lesser amount as staff work with Abdo and learn the process. The cost of the 2005 annual audit preparation is \$105,000.

Council Member McCann commented he struggles with this cost.

Council Member Svenby agreed it is a large expense, and we have an unknown spectrum of other provider's costs, he would have preferred bids be taken for this project.

Council Member Dotson asked if this needs to happen now and there is insufficient time to implement a bid process.

Thamert explained that this is something that needs to be arranged and Abdo is providing other services so it would be easier than involving a separate vendor to provide this service.

Council Member McCann asked if this agreement allows a clean audit and whether we should get the audit report before October of next year?

Thamert responded yes, the intent is to be prepared for the auditors so when they arrive the work papers and leg work are done to allow a smooth and efficient process.

Council Member McCann commented the city was planning to get a new audit firm, last year, the audit took several months to complete.

City Administrator Tuma commented that the cost is expensive, but the original Abdo quote was higher. We were able to identify some overlapping services and adjust the cost down.

With no additional comments, Council Member Boeke made a motion for approval, Council Dotson seconded the motion. With a vote of six to one, Council Member Svenby voting nay, the motion carried.

STAFF COMMENT - Staff Comment - Rachel Boss, Human Resources Director

Every service the city provides starts with our people. It is the Human Resources Department's responsibility to make sure we have the right people in the right roles to provide these services

every day. Some highlights of HR Department this past year where we developed and launched a custom leadership program to strengthen internal talent and prepare future leaders. We successfully hired and promoted employees during a year of leadership transition. We enhanced our culture work, we focused on engagement and workplace culture to improve retention, city knowledge and performance. And we undertook tasks to be compliant with new laws such as the new Minnesota Paid Leave Law.

Our main strategic priority is to attract and retain top talent by living and breathing our values: Better Together, Pride in our Work and Community Stewardship. This year, two cohorts of supervisors and managers completed a full circle leadership training program. This program focused on how to lead yourself, lead your team and lead your city. This training reflects the city's on-going commitment to expanding meaningful professional development opportunities for employees. This year, 25 employees completed this course and in future years this program will be expanded to include employees aspiring to be leaders, support workplace development and long-term succession.

Council Member McCann thanked her for her report and asked how many positions are currently open and if a timeline has been set to fill the Park & Rec Director position.

Director Boss commented the timeline to fill the Park & Rec Director will be discussed next week during the Director's Meeting with regards to what responsibilities the position will include. The Finance Director and the Park & Rec Director positions are the two director positions currently open.

PUBLIC COMMENTS

Sarah Sanchez, 211 Riverside Avenue, thanked Council for all that you do. I have a big respect for all of you. I do agree with Council Member Boeke that kicking a can down the road does not work and adds to the stress and unnecessary tension between residents and administration. Many citizens feel that they are not heard, revising the levy signals that you heard us. We will continue to engage on fiscal responsibility and affordability within the city. Two suggestions for sharing information is to take a full-page advertisement in the Weekly Shopper listing community events and activities, this publication delivers to every home. Also, she offered to assist organizing community education classes that would assist her peers. To host community engagement classes through Community Education to provide fruitful successful community engagements. I want to let others know what they could do, many do not know where to begin. I am willing to donate my time and resources to get this done. It isn't about getting what we want but working together to make these tough decisions together.

Mark Mott, 1005 Havana Road commented he has a lot of unanswered questions. We haven't had an opportunity to sit down and have an open discussion to ask questions. Next year's levy increase is now set at 9.9% and what is going to happen after that? I don't think the public can take another large increase. What is going to happen with the potential new fire and police stations, the General public is in the dark, they do not understand those items are not included in this next year's levy. You hold projected budget discussions for 2-3 years out, what do you see the levy will be in the next years? Nobody wants to talk to us, I thank the council members that gave a

little bit of resistance to the budget and levy approvals tonight, you made us feel like you were working for us.

Council Member Dotson commented it is not procedure to respond but he wanted to offer comment that the city's policy for tax growth is to follow Tax Capacity adjustment. If Tax Capacity goes up 6%, our budget will go up 6%. Not all things are equal, if there are new developments you can increase your tax levy and it won't affect your tax rate. When the tax base stays level or shrinks, a levy increase will hit more. We try to follow the policy to follow the tax capacity rate which is usually 5-6%.

Melissa Zimmerman, 2525 Stoney Creek Drive commented she will speak to the legal duty of the council regarding the resolution you just adopted and the people you were elected to protect. We have never opposed the East Side Corridor itself. We oppose the advancement of a specific location where feasible avoidance alternatives were hidden from the public and excluded from the EAW, rendering the environmental review incomplete and biased toward a predetermined outcome which is why the resolution adopted tonight is problematic. Under Minnesota law, local governments have a primary duty to protect the health, safety, and welfare of their residents. That duty does not yield to development pressure, convenience, or intergovernmental agreements.

Minnesota Rules, part 4410.3100, which governs environmental review: "A governmental unit shall not take any action, including the acquisition of property, if that action will prejudice the ultimate decision on a project until a negative declaration has been issued, or until the final EIS has been determined adequate by the RGU or the EQB. An action prejudices the ultimate decision if it tends to determine subsequent development or to limit alternatives or mitigative measures."

That language exists to prevent decisions from being made before environmental review is complete. The resolution you just voted on is titled "Resolution Approving Municipal Support for the East Side Corridor Project." This resolution is not informational. It goes beyond general support. It endorses a single alignment, supports right-of-way acquisition, and commits the city to cooperative agreements and cost participation. Those are not neutral actions. They are actions that determine development and limit alternatives, exactly what state law prohibits during an environmental review. Today is December 16th and the EAW public comment period remains open until December 31st.

Adopting this resolution before that date tells residents the outcome has already been decided, regardless of how incomplete or defective the EAW may be. I also want the record to reflect that concerns regarding predetermination under MEPA and NEPA have already been submitted to appropriate government oversight for review. This is not a hypothetical issue. Tonight's vote has become part of that record. Tonight, it appears that development interests have been given greater weight than the safety, health, and quality of life of hundreds, potentially more than a thousand existing residents. Roads can be redesigned, agreements can be renegotiated but harm to people and neighborhoods cannot be undone. Your job is not to facilitate development at any cost. Your job is to protect the people who already live here.

I ask that the public record reflect that this concern was raised clearly and respectfully tonight, before any further irreversible actions are taken.

Matt Sennott, 2519 Stoney Creek Drive commented he supports the concerns Melissa just raised about the process, legal duty and protection with regard to the proposed East Side Corridor Project. This is to ensure that your decisions follow the law, we are not opposed to planning in general and not opposed to an east side corridor, just opposed to the current location being considered for this proposed project. The MN Environmental Policy Act requires that no action should prejudice a project during the Environmental Review Process. The EAW is meant to inform decisions, not to follow them. ROW acquisitions and committing to future cooperative agreements can limit alternatives and lock in outcomes, which is exactly what the MEPA prevents.

Environmental Review only works if it meaningfully involves and forms a decision but does not follow it. The EAW public comment period is open until Dec 31st, by adopting a resolution tonight, sends a signal that the outcome has been decided regardless of public input or a complete review. This undermines the truth and trust in the process and could make future reviews legally vulnerable. Hundreds of exiting residents are impacted by this corridor. Roads, agreements and designs can be revised, but harm to residents and neighborhoods cannot. Protecting residents' health, safety and quality of life is the number one and primary duty of local government.

I ask that a concern about prejudgment be acknowledged on record and emphasize that you do it right and wait for the Environmental Review to be completed prior to taking irreversible actions.

Gary Jones, 995 Ridge Road commented the archery hunt signage at Mineral Springs Park. At the start of the season, the hunter was given choice of the South Sand or North Sand areas. After they realized the south stand was a danger, the stand was moved to the north location which is more remote. The south sand has seven orange signs but no stand, the north sand has the stand and one sign. Update on the signs would be appreciated. Take a marker and update the sign. We need to be courteous of taxpayers who are paying for this. Stand placement at Kaplans and Manthey were changed last year, last week at Mineral Springs four families were sledding within 100 feet of where if the stand was if it had not been removed. The public has been monitoring the activity, and it should be task of Park and Rec staff, we don't want to hear comments on the police scanners.

Tyler Allistar/Hunter, 201 N Oak Ave commented that he fully agrees and supports the opposition to the selected route for the proposed East Side Corridor Project as stated by Melissa Zimmerman and Matt Sennot. I want to voice my concern and acknowledge that I agree with everything that was said and request their statements as well as mine be put on public record.

Cathrine Coleman, 515 Glendale St commented she is almost a lifetime resident of Owatonna and appreciates all the work that each of the council members do. Council Members didn't take a pay raise this last year and that is appreciated by many. I want to address use of the West Hills Campus for a future Police Station. The West Hills Campus, 43 or 42 acres on the National Register of Historical Places. All of the land, from Glendale and north to and across State Street and some buildings there, that is the National Park Service. This is under the national register, the property is not being respected, the most certification was in 2010. There may have been an original certification in 1975, but #1001809 by the Department of National Parks Service. In 2010, Letters of Recommendation were received from former Mayor Tom Kuntz; Otto Nelson, member of the West

Hills Commission, Wayne Klinkhammer, also a former mayor, State School Museum Board and Brad Meier, President of the Owatonna Chamber of Commerce. Brad's statement included this quote, "The community wants to preserve this asset by designating the entire campus on the National Historical Register. We believe this will preserve the integrity of this historical site and allow for future use." This is a historical place, it is one of only three orphanages.

MAYOR AND COUNCIL COMMENTS:

Council Member McCann – I do appreciate all the citizens coming to our meeting and their comments. Prior to serving on the Council, I was on another board for seven years and we did not receive as many comments during my tenure. Previously, the city held a Coffee with the Council, and we should consider this again, this will give people an opportunity to come in to talk to us. I don't have all the answers, this is my first term, every other member has more years of experience, and I do appreciate those sitting up here. Also, I appreciate what staff have done, the budget impacts so much, Supplies, building, we have a lot of old buildings, and we need to care for them. If we are not using something, we need to diversify those assets. Owatonna is home to all of us, we want Owatonna to be the best it can be. We need to do what we can to make that happen. No raise for council was a small amount, but it was the right thing to do this year. Not taking a pay raise was minimal but something we could do. I do appreciate the other council members and their mentorship.

Council Member Svenby commented he would echo Council Member McCann's comment. This year, I received the citizen input and feedback that I have received during the twenty years I have served. You elect us to represent the community, so it is good to hear from you.

Council Member Voss commented that he is a member of the facility Task Force. They were tasked to take care of the West Hills Campus. They have made recommendations and every building has been worked on during the last 5-6 years. Disappointed the tuck-pointing project was pulled from next year's budget, this was going to be year four of a four-year plan for City Hall and would have been done next year. Everyone needs to know we are not ignoring the West Hills Campus, it is quite an expensive place to keep going.

Council Member Dotson commented he would piggyback on what Council Member Voss said about the West Hills Campus. During renovation of our Council Chambers, we worked with SHIPO to retain some historical aspects of the building to make sure it conforms with the overall look and feel of the campus. Those are important things that we keep in mind. I too appreciate all the input and comments about the budget, it is the most I have heard during the fifteen years I have been on the council. I am looking forward to next year, I believe we will get our finances inline and may have a little bit of extra money to work with.

Council Member Voss thank you to City Administrator Tuma and staff for getting us here. I have loved seeing people here during our last three meetings, it makes me feel better. Thank you Council Member Svenby for challenging the Budget Process, it makes up better.

City Administrator Tuma expressed thanks to the council for helping us through the challenges. Council has put in extra time and passion for this community. This is our last meeting in 2025 and looking forward to 2026. Happy Holidays.

Council President Raney also thanked community members for coming to recent meetings and becoming involved. Our next meeting is January 6th, we are now entering the Christmas season. This community offers a safe environment, and we have a lot to be thankful. This is a pretty safe community, be supportive of those around that do not have as much as others. There are people in this community not as fortunate as others so lend a helping hand. Merry Christmas and Happy Hanukkah to our Jewish community members.

At 8:43 p.m., Council Member Boeke made a motion to adjourn, Council Member Svenby seconded the motion, Council Member Dotson wasn't ready to end the meeting, but other members voted aye and the meeting was closed.

Respectfully submitted,

Jeanette Clawson, Administrative Coordinator



CITY OF
OWATONNA

Board - Commission Minutes

**Airport Commission Meeting Minutes
December 18, 2025 – Charles S. Crandall Center – Meeting Room, City Hall
“DRAFT”**

1. Call to Order

Chair Thurnau called the meeting of the Airport Commission to order at 8:03 am.

2. Roll Call

Commissioners Attending

Matt Thurnau	Chair
Anthony Louris	Vice Chair
Dave Purscell	Commissioner
Madeleine Haberman	Commissioner
Daren Tarpenning	Commissioner

Commissioners Absent

Greg Krueger	Commissioner
Tim McManimon	Commissioner

Staff Attending

Dave Beaver	Airport Manager
Troy Klecker	Community Development Director
Kristen Kopp	Senior Administrative Technician

Visitors Attendings

Don McCann	City Council
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3. Approval of Agenda

Commissioner Tarpenning made a motion to add an agenda item to talk about the date of the January 2026 meeting and Commissioner Purscell seconded the motion. All Commissioners voting Aye, the motion carried.

Commissioner Louris made a motion to approve the agenda and Commissioner Haberman seconded the motion. All Commissioners voting Aye, the motion carried.

4. Minutes

Commissioner Purcell made a motion to approve the minutes from November 13, 2025, Airport Commission meeting and Commissioner Louris seconded the motion. All Commissioners voting Aye, the motion carried.

5. Action Items

Chair Reports

Matt Thurnau wished everyone happy holidays.

Staff Reports

Airport Manager Beaver said it's been a busy few weeks and flight activity has been up for this time of year. He highlighted the fuel volumes and arrivals. Staff are busy with taking care of snow and ice. The State is looking at moving the Automated Weather Observation System (AWOS) to a different location that will be clear of any future building area and compliant with the Airport Layout Plan. This project will likely happen in 2026 at 100% state funding. Staff are in the process of sending out year-end invoices as needed. A 2025 budget summary will be provided early in 2026. City Council approved the 2026 Budget this week. Klecker said that the one airport CIP project that was pushed back was the terminal roof replacement. Beaver reported that there are discussions regarding forming a flying club at the airport. An inquiry has been sent out to airport tenants and users to gauge interest, Accelerated Aviation may help facilitate. The wall mural has been approved and ordered. It will be installed in three different sections and will hopefully be done in mid-January.

Automated Fueling Card Reader Replacement Project Update

Beaver said the MnDOT grant application due date for this project was the end of November. An extension has been requested because contractors are still conducting final site visits and preparing numbers. Additional time will help ensure accuracy of costs and the installation is not expected until weather permits in 2026. The grant extension request is until January 31, 2026.

Airport Zoning Update

Beaver said they received the grant from MnDOT Aeronautics for the airport Zoning Ordinance update this week, representing 70% funding participation of project costs and will be going to City Council for their approval. The next step will be re-forming the Joint Airport Zoning Board. The ordinance also provides for the airport zoning Board of Adjustment, which is formed to hear variance requests and has five members. The City will need two members for the Joint Airport Zoning Board and at least one member for the Board of Adjustment.

January Meeting

A motion was made by Purscell and seconded by Haberman to move the January meeting from January 15 to January 22, 2026. All Commissioners voting Aye, the motion carried.

6. Adjournment – The meeting was adjourned at 8:35 am. All Commissioners voting Aye, the motion carried.



CITY OF
OWATONNA

Finance Report

RECAP:

Amount	Vendor	Description
\$ 202,675.74	BOSCH AUTOMOTIVE SERVICE SOLUT	TIF 3-14 PAY GO NOTE
23,670.72	CEMSTONE CONCRETE MATERIAL LLC	TIF 3-11 PAY GO NOTE
		TRANS 89 SUPER UNLEADED GAS, TRANS NON-BIO #1 DYED DIESEL, & DEF - BULK
20,183.15	CENTRAL FARM SERVICE	
331,170.52	COSTCO WHOLESALE CORPORATION	TIF 3-12 PAY GO NOTE
82,371.15	DAIKIN APPLIED AMERICAS INC	TIF 3-13 PAY GO NOTE
48,291.74	EQUITY GROWTH	TIF 12-1 PAY GO NOTE
21,822.45	FAREWAY STORES INC	TIF 4-1 PAY GO NOTE
223,263.49	FESTAL PLACE, LLC	TIF 3-15 PAY GO NOTE
42,463.31	KAB PROPERTIES	TIF 3-16 PAY GO NOTE
82,575.85	KILLMER ELECTRIC	LS PANEL REPLACEMENT & MBR AND STB OUTDOOR HORN STROBE
115,210.00	LEAGUE OF MN CITIES INS TRUST	WORKERS' COMPENSATION 4/1/2025-4/1/2026 INSTALLMENT #4
27,793.13	MOUND OWATONNA LLC	TIF 15-1 PAY GO NOTE
201,704.40	NEAR NORTH TITLE GROUP	PROPERTY PURCHASE - 228 PEARL ST E
32,526.62	OWATONNA AREA CHAMBER OF COMM	OCTOBER 2025 LODGING TAX
86,489.13	OWATONNA HOSPITALITY I, LLC	TIF 10-2 PAY GO NOTE
27,584.79	OWATONNA PEARL	TIF 10-1 PAY GO NOTE
28,000.83	PRO-PET LLC	TIF 3-10 PAY GO NOTE
893,919.19	RICE LAKE CONSTRUCTION GROUP	WWTP EXPANSION PROJECT
22,609.32	SOUTH POINTE II LLC	TIF 8-2 PAY GO NOTE
32,045.97	SOUTH POINTE OWATONNA	TIF 8-1 PAY GO NOTE
151,230.88	SOUTHEAST SERVICE COOPERATIVE	DECEMBER 2025 MEDICA HEALTH INSURANCE
		CATCH BASIN REPAIRS - LINCOLN & 11TH AVE, STATE & NORTH, 16TH ST & 10TH AVE SW, REPAIR SANITARY SEWER @ 525 E MAIN ST, & SNOW HAULING
24,587.90	STEVE JAMES EXCAVATING INC	
26,779.36	US BANK	PURCHASING CARD PAYMENT
338,136.53	WENCL CONSTRUCTION INC	2025 STREET & UTILITY PROJECT AND SERVICES AT 315 LEMOND RD
20,289.24	WINTER SERVICES LLC	TREATED SALT - RAIL & DELIVERY
<u>256,024.74</u>	OTHER EXPENDITURES	
<u>3,363,420.15</u>	SUBTOTAL	
<u>107,348.71</u>	HRA HOUSING ASSISTANCE PAYMENTS	
<u>3,470,768.86</u>	TOTAL EXPENDITURES PRESENTED FOR APPROVAL	

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

Check Number	Check Date	Vendor Name	Net Check Amount	Check Status	Check Type
Cash Account: 999-19100-000-000-000000					
385629	12/18/25	NEAR NORTH TITLE GROUP	201,704.40	0	Regular
385630	12/20/25	CLOVER CONNECT	170.09	R	Wire Transfer
385631	12/20/25	GLOBAL PAYMENTS INTEGRATED	4,047.16	R	Wire Transfer
385632	12/20/25	MN DEPT OF LABOR AND INDUSTRY	1,310.81	R	Wire Transfer
385633	12/20/25	MN DEPT OF REVENUE	1,333.15	R	Wire Transfer
385634	12/20/25	PAYMENTECH	38.14	R	Wire Transfer
385635	12/20/25	SOUTHEAST SERVICE COOPERATIVE	151,230.88	R	Wire Transfer
385636	12/20/25	US BANK	26,779.36	R	Wire Transfer
385637	12/20/25	WEX BANK	895.46	R	Wire Transfer
385638	12/20/25	WEX HEALTH INC	349.25	R	Wire Transfer
385639	12/29/25	ACME ELECTIRC MOTOR INC	2,075.94	0	Regular
385640	12/29/25	ADOLFO VARGAS	200.00	0	Regular
385641	12/29/25	ADVANCED ENGINEERING & ENVIRON	473.25	R	ACH
385642	12/29/25	AFLAC	2,309.18	R	ACH
385643	12/29/25	ALEXANDER LUMBER COMPANY	119.87	0	Regular
385644	12/29/25	AMERICAN BACKFLOW PRODUCTS CO	180.50	0	Regular
385645	12/29/25	ANHORN'S GAS & TIRE	740.31	0	Regular
385646	12/29/25	B & B COLE PROPERTIES LLC	9,364.21	R	ACH
385647	12/29/25	BAKER TILLY US LLP	1,329.00	R	ACH
385648	12/29/25	BOSCH AUTOMOTIVE SERVICE SOLUT	202,675.74	0	Regular
385649	12/29/25	CATFISH ENTERPRISES INC	400.00	0	Regular
385650	12/29/25	CEMSTONE CONCRETE MATERIAL LLC	23,670.72	0	Regular
385651	12/29/25	CENTRAL FARM SERVICE	20,183.15	0	Regular
385652	12/29/25	CHRIS PROHASKI II	10,000.00	R	ACH
385653	12/29/25	CHRISTIAN BERG	38.00	0	Regular
385654	12/29/25	CITY OF BLOOMING PRAIRIE	6,414.41	R	ACH
385655	12/29/25	CITY OF OWATONNA	100.00	0	Regular
385656	12/29/25	COSTCO WHOLESALE CORPORATION	331,170.52	0	Regular
385657	12/29/25	CULLIGAN OF OWATONNA	39.15	R	ACH
385658	12/29/25	CUMMINS INC	1,960.64	R	ACH
385659	12/29/25	CURT'S TRUCK & DIESEL SERVICE	701.18	R	ACH
385660	12/29/25	DAIKIN APPLIED AMERICAS INC	82,371.15	R	ACH
385661	12/29/25	DALCO	982.97	0	Regular
385662	12/29/25	DELL MARKETING LP	272.87	R	ACH
385663	12/29/25	DENISE STEWART	148.63	R	ACH
385664	12/29/25	EBSCO INFORMATION SERVICES	6,618.00	R	ACH
385665	12/29/25	ENSURITY MOBILE CORP	150.00	0	Regular
385666	12/29/25	EQUITY GROWTH	48,291.74	0	Regular
385667	12/29/25	EYE MED VISION CARE	569.10	0	Regular
385668	12/29/25	FAREWAY STORES INC	21,822.45	0	Regular
385669	12/29/25	FASTENAL COMPANY	398.38	R	ACH
385670	12/29/25	FESTAL PLACE, LLC	223,263.49	0	Regular
385671	12/29/25	Fifth Asset Inc	12,500.00	R	ACH
385672	12/29/25	FIRST SUPPLY OWATONNA	617.32	R	ACH

Check Number	Check Date	Vendor Name	Net Check Amount	Check Status	Check Type
385673	12/29/25	FLAHERTY & HOOD PA	2,430.00	R	ACH
385674	12/29/25	FOAMCRAFT PACKAGING INC	1,804.01	0	Regular
385675	12/29/25	FOUR SEASONS ELECTRIC	833.80	R	ACH
385676	12/29/25	FREDRICK & CARLIE VEEDER	3,558.00	0	Regular
385677	12/29/25	GENESIS LAMP CORPORATION	108.02	R	ACH
385678	12/29/25	GENUINE PARTS COMPANY - NAPA	1,238.72	R	ACH
385679	12/29/25	GOPHER/PLAY WITH A PURPOSE	682.20	R	ACH
385680	12/29/25	GRAINGER	407.83	R	ACH
385681	12/29/25	HAWKINS INC	2,789.71	R	ACH
385682	12/29/25	HEALTHPARTNERS INC	6,114.28	0	Regular
385683	12/29/25	HILLYARD INC	539.25	0	Regular
385684	12/29/25	HOLLY N HULL	590.00	0	Regular
385685	12/29/25	HOUSE OWATONNA	230.93	0	Regular
385686	12/29/25	HUBER SUPPLY CO INC	254.37	0	Regular
385687	12/29/25	HUNT ELECTRIC CORPORATION	4,799.50	0	Regular
385688	12/29/25	IFACS	383.03	R	ACH
385689	12/29/25	INGRAM LIBRARY SERVICES LLC	107.30	0	Regular
385690	12/29/25	INNOVATIVE OFFICE SOLUTIONS	461.41	0	Regular
385691	12/29/25	INTEGRATED PROCESS SOLUTIONS I	4,750.00	R	ACH
385692	12/29/25	INTOXIMETERS	125.00	R	ACH
385693	12/29/25	JARDINE LOGAN & O'BRIEN	6,187.50	0	Regular
385694	12/29/25	JONES HAUGH & SMITH INC	166.34	0	Regular
385695	12/29/25	KAB PROPERTIES	42,463.31	0	Regular
385696	12/29/25	KILLMER ELECTRIC	82,575.85	0	Regular
385697	12/29/25	LAWSON AUTOMOTIVE LLC	760.16	R	ACH
385698	12/29/25	LAWSON PRODUCTS	232.82	0	Regular
385699	12/29/25	LEAGUE OF MN CITIES INS TRUST	115,210.00	0	Regular
385700	12/29/25	LEGACY SIGNS INC	3,072.50	R	ACH
385701	12/29/25	LMS PRODUCTIONS LLC	375.00	0	Regular
385702	12/29/25	LOCKRIDGE GRINDAL NAUEN PLLP	3,333.33	0	Regular
385703	12/29/25	MADISON NATL LIF INS CO INC	1,131.72	0	Regular
385704	12/29/25	MCMASTER-CARR SUPPLY CO	17.72	R	ACH
385705	12/29/25	MCNEILUS STEEL INC	942.08	R	ACH
385706	12/29/25	METRONET SYSTEMS HOLDINGS LLC	1,729.71	R	ACH
385707	12/29/25	MID OPERATIONS LLC	496.20	R	ACH
385708	12/29/25	MID-AMERICAN RESEARCH CHEMICAL	382.05	0	Regular
385709	12/29/25	MIDWEST TAPE LLC	104.72	R	ACH
385710	12/29/25	MILLER HOMES LLC	7,500.00	0	Regular
385711	12/29/25	MINA ADSIT ARCHITECTURE & PLAN	580.98	R	ACH
385712	12/29/25	MINNESOTA ELEVATOR INC	223.73	R	ACH
385713	12/29/25	MINNESOTA LIFE	2,896.95	0	Regular
385714	12/29/25	MN DEPT OF HEALTH	2,000.00	0	Regular
385715	12/29/25	MN DEPT OF LABOR AND INDUSTRY	290.00	0	Regular
385716	12/29/25	MN NCPERS GROUP LIFE INSURANCE	368.00	0	Regular
385717	12/29/25	MN VALLEY TESTING LABS INC	825.50	R	ACH

Check Number	Check Date	Vendor Name	Net Check Amount	Check Status	Check Type
385718	12/29/25	MN WASTEWATER OPERATORS ASSN	480.00	0	Regular
385719	12/29/25	MOUND OWATONNA LLC	27,793.13	0	Regular
385720	12/29/25	MTI DISTRIBUTING INC	187.58	R	ACH
385721	12/29/25	NORTHLAND FARM SYSTEMS	44.46	R	ACH
385722	12/29/25	OFFICE OF MNIT SERVICES	812.51	0	Regular
385723	12/29/25	OWATONNA AREA CHAMBER OF COMM	32,526.62	0	Regular
385724	12/29/25	OWATONNA FLOOR COVERING	18,414.29	0	Regular
385725	12/29/25	OWATONNA HEATING & COOLING INC	16,378.00	R	ACH
385726	12/29/25	OWATONNA HOSPITALITY I, LLC	86,489.13	0	Regular
385727	12/29/25	OWATONNA MOTOR COMPANY	541.10	0	Regular
385728	12/29/25	OWATONNA PEARL	27,584.79	0	Regular
385729	12/29/25	OWATONNA PUB SCHOOLS ISD 761	855.00	R	ACH
385730	12/29/25	OWT HARDWARE	86.19	0	Regular
385731	12/29/25	PRECISION LINING & SEWER LLC	1,540.00	R	ACH
385732	12/29/25	PRESENCE TELEHEALTH PLLC	124.00	R	ACH
385733	12/29/25	PRO-PET LLC	28,000.83	0	Regular
385734	12/29/25	PROQUEST LP	4,491.11	0	Regular
385735	12/29/25	RDO EQUIPMENT CO	1,144.66	R	ACH
385736	12/29/25	RENT N SAVE PORTABLE SERVICES	1,018.35	0	Regular
385737	12/29/25	RICE LAKE CONSTRUCTION GROUP	893,919.19	R	ACH
385738	12/29/25	RICE STEELE 911 CENTER	90.00	0	Regular
385739	12/29/25	RL HOLDINGS	8,657.81	R	ACH
385740	12/29/25	RSBS MANAGEMENT INC	1,785.00	0	Regular
385741	12/29/25	SAFE-FAST INC	1,348.56	R	ACH
385742	12/29/25	SHELLBACK TACTICAL LLC	630.00	0	Regular
385743	12/29/25	SHERWIN WILLIAMS COMPANY	423.48	0	Regular
385744	12/29/25	SHI INTERNATIONAL CORP	6,129.93	0	Regular
385745	12/29/25	SHORT ELLIOTT HENDRICKSON INC	15,357.31	0	Regular
385746	12/29/25	SHRED RIGHT	44.75	R	ACH
385747	12/29/25	SOUTH POINTE II LLC	22,609.32	0	Regular
385748	12/29/25	SOUTH POINTE OWATONNA	32,045.97	0	Regular
385749	12/29/25	SPHERION STAFFING LLC	1,460.25	0	Regular
385750	12/29/25	ST CROIX RECREATION CO	4,519.50	R	ACH
385751	12/29/25	STATE INDUSTRIAL PRODUCTS	614.32	R	ACH
385752	12/29/25	STEELE COUNTY TREASURER	27.00	0	Regular
385753	12/29/25	STEVE JAMES EXCAVATING INC	24,587.90	R	ACH
385754	12/29/25	STEWART SANITATION	1,644.67	0	Regular
385755	12/29/25	STREICHER'S INC	110.00	0	Regular
385756	12/29/25	SUMMIT COMPANIES	334.25	R	ACH
385757	12/29/25	SYNCHRONY BANK - LOWE'S	1,796.08	0	Regular
385758	12/29/25	T-MOBILE	2,326.94	0	Regular
385759	12/29/25	TERMINIX	75.08	0	Regular
385760	12/29/25	TERRACON CONSULTANTS INC	601.25	R	ACH
385761	12/29/25	TEXAS REFINERY CORP	542.50	R	ACH
385762	12/29/25	THE LIBRARY STORE	8,031.40	0	Regular

Check Number	Check Date	Vendor Name	Net Check Amount	Check Status	Check Type
385763	12/29/25	THE LIFEGUARD STORE INC	1,044.00	R	ACH
385764	12/29/25	TOR SPERLING	379.98	R	ACH
385765	12/29/25	TRI STATE BOBCAT	658.40	R	ACH
385766	12/29/25	UKG INC	2,004.20	R	ACH
385767	12/29/25	UNITED WAY	55.00	0	Regular
385768	12/29/25	UTILITY CONSULTANTS INC	4,481.73	R	ACH
385769	12/29/25	VAN METER INC	415.71	0	Regular
385770	12/29/25	VENTURE HYDRAULICS INC	864.59	R	ACH
385771	12/29/25	VERIZON WIRELESS	2,671.02	0	Regular
385772	12/29/25	VESTIS GROUP INC	366.53	0	Regular
385773	12/29/25	W W GOETSCH ASSOCIATES INC	3,966.09	R	ACH
385774	12/29/25	WALBRAN & FURNESS CHARTERED	855.78	R	ACH
385775	12/29/25	WEN-COL INC	484.18	0	Regular
385776	12/29/25	WENCL CONSTRUCTION INC	51,800.00	0	Regular
385777	12/29/25	WENCL CONSTRUCTION INC	286,336.53	0	Regular
385778	12/29/25	WINTER SERVICES LLC	20,289.24	0	Regular
385779	12/29/25	WOLFF AND SONS INC	733.00	R	ACH
385780	12/29/25	XCEL ENERGY	753.36	0	Regular
385781	12/29/25	ZACK'S INC	952.50	0	Regular
385782	01/01/26	ACADEMY APARTMENTS OF OWA LLC	1,307.00	R	ACH
385783	01/01/26	ALL AREA MANAGEMENT LLC	2,299.00	R	ACH
385784	01/01/26	APACHE APARTMENTS	667.00	R	ACH
385785	01/01/26	ATM PROPERTIES LLC	2,183.00	R	ACH
385786	01/01/26	ATR HOLDINGS	923.00	R	ACH
385787	01/01/26	AUSTIN HRA	1,048.00	0	Regular
385788	01/01/26	BARRY GILLESPIE	850.00	R	ACH
385789	01/01/26	BRIANT PROPERTIES	835.00	R	ACH
385790	01/01/26	BROWN CYNTHIA	524.00	R	ACH
385791	01/01/26	BRYCEN GREGOR	5,306.00	R	ACH
385792	01/01/26	CAPELLE COMPANIES LLC	564.00	R	ACH
385793	01/01/26	CEDAR RIDGE APARTMENTS	888.00	R	ACH
385794	01/01/26	CEDAR ROSE ASSOCIATES LLC	1,360.00	R	ACH
385795	01/01/26	CEDAR RUN TOWN HOMES MDI #41	3,061.00	R	ACH
385796	01/01/26	CEDARDALE NORTH APARTMENTS	660.00	R	ACH
385797	01/01/26	CEDARDALE SOUTH APARTMENTS	258.00	R	ACH
385798	01/01/26	CEDARDALE WEST APARTMENTS	628.00	R	ACH
385799	01/01/26	CHAD STANNARD	548.00	R	ACH
385800	01/01/26	CHASE BLUM	629.00	R	ACH
385801	01/01/26	CHRIS PROHASKI	1,363.00	R	ACH
385802	01/01/26	CHRIS PROHASKI II	940.00	R	ACH
385803	01/01/26	COMMON CENTS PROPERTIES LLC	323.00	R	ACH
385804	01/01/26	COOPERS COURT LLC	449.00	R	ACH
385805	01/01/26	DAKOTA STEARNS PROP LLC	750.00	R	ACH
385806	01/01/26	DANIEL SCHLEGEL	486.00	R	ACH
385807	01/01/26	EEK, LLC	1,890.00	R	ACH

Check Number	Check Date	Vendor Name	Net Check Amount	Check Status	Check Type
385808	01/01/26	FREDRICKSON PROPERTIES	1,348.00	R	ACH
385809	01/01/26	HOUSING HUB LLC	2,473.00	R	ACH
385810	01/01/26	IMAGE APARTMENT	5,931.00	R	ACH
385811	01/01/26	J & P PROPERTIES	324.00	R	ACH
385812	01/01/26	KEG INVESTMENTS LLC	1,699.00	R	ACH
385813	01/01/26	KEITH MARTIN	1,082.00	R	ACH
385814	01/01/26	KLEVOS GREG	820.00	R	ACH
385815	01/01/26	L&L LEGACY PROPERTIES	635.00	R	ACH
385816	01/01/26	LINCOLN SQUARE APARTMENTS	5,742.00	R	ACH
385817	01/01/26	LWO LIMITED PARTNERSHIP #116	5,571.00	R	ACH
385818	01/01/26	MARQUARDT DENNIS	2,283.00	R	ACH
385819	01/01/26	MARTIN FAMILY LLC	2,879.00	R	ACH
385820	01/01/26	MALLEN HOUSING COMMISSION	642.71	R	ACH
385821	01/01/26	MCCAULEY CONSTRUCTION	434.00	R	ACH
385822	01/01/26	MIDWEST INVEST LLC	515.00	R	ACH
385823	01/01/26	NECHVILLE SUSAN	1,666.00	R	ACH
385824	01/01/26	NORTH HILLS ESTATE LLC	6,690.00	R	ACH
385825	01/01/26	NORTHCOURT APARTMENTS	762.00	R	ACH
385826	01/01/26	NORTHGATE	2,207.00	R	ACH
385827	01/01/26	NORTHSTAR HOLDINGS LLC	1,055.00	R	ACH
385828	01/01/26	NORTHWEST MANOR	5,627.00	R	ACH
385829	01/01/26	NRB PROPERTIES	451.00	R	ACH
385830	01/01/26	OWATONNA PUBLIC UTILITIES	170.00	R	ACH
385831	01/01/26	PARKVIEW OWATONNA LLC	1,965.00	R	ACH
385832	01/01/26	PHILLIP L BRUHA	940.00	R	ACH
385833	01/01/26	POSITIVE SHARE LLC	366.00	R	ACH
385834	01/01/26	PROHASKI PROPERTIES	1,057.00	R	ACH
385835	01/01/26	QUALITY RENTALS OF OWATONNA LL	952.00	R	ACH
385836	01/01/26	RICHARD ELLINGSON	563.00	R	ACH
385837	01/01/26	SIXSPARKS LLC	525.00	R	ACH
385838	01/01/26	SMITH REAL ESTATE LLC	2,315.00	R	ACH
385839	01/01/26	SPERO	3,116.00	R	ACH
385840	01/01/26	SUMMIT MANOR	482.00	R	ACH
385841	01/01/26	SUSAN I JOHNSON	3,337.00	R	ACH
385842	01/01/26	USDA RURAL DEVELOPMENT	1,146.00	0	Regular
385843	01/01/26	WILLOW RUN I MDI #58	3,394.00	R	ACH
385844	01/01/26	WILLOW RUN II MDI #85	3,369.00	R	ACH
385845	01/01/26	ZK INVESTORS LLC	2,076.00	R	ACH

84	Checks total:	2,051,009.37
124	ACH total:	1,233,605.19
0	EFTPS total:	
9	Wire transfer total:	186,154.30
0	Payment Manager total:	
217	GRAND TOTALS	3,470,768.86



CITY OF
OWATONNA

Licenses Permits

Events Permit Application

EP-25-50

Submitted On: Nov 25, 2025

Summary: Early Edition Rotary organizing the 2026 Memorial Day Parade. Will be the same route as last year on Elm Avenue: begin at School Street and then south to the Four Seasons Centre at the fairgrounds. Parade begins at 9:30 am, set up half an hour prior at 9:00 am. Request use of street, ROW, 2 large barricades, 152 large cones and 45 "No Parking" signs.

Event Information		Event Contact	
Event Name		Julie Rethemeier (Early Edition Rotary)	
Memorial Day Parade			
Location of Event			
Parade will run from SE Elm beginning at School Street and then south to the Four Seasons Center.			
Description of Event			
Memorial Day Parade to honor our veterans.			
Event Set Up Date	05/24/2026	Event Set Up Time	9:00 a.m
Actual Event Date	05/25/2026	Actual Event Time	9:30 a.m. - 10:00 a.m.
Clean Up Date	05/25/2026	Clean Up Time	10:00 a.m - 10:30 a.m.
Rain Date: In the event of inclement weather, will the event be postponed or canceled?	Canceled	Estimated Attendance	600

Application Information

Sponsoring Organization Name	Early Edition Rotary	Mailing Address	PO Box 394
City	Owatonna	State	MN
Zip	55060	Website Address	www.eeowatonnarotary.org
Primary Contact		Name	Julie Rethemeier
Phone Number	5073904863	Cell Phone	507-390-4863
Email Address	jereth4@msn.com	Primary On-site Contact	Julie Rethemeier
		Alternate On-site Contact	Mike Herman

Refer Media or Citizen Inquiries To:

Name Julie Rethemeier

Event Features

City Streets or Right-of-Way

Yes

Date

05/25/2026

Start/End Time

7:30 a.m. - 10:30 a.m.

Name of Requested Street(s)

SE Elm beginning at School Street and ending at 18th Street

Alleys

No

City Sidewalks or Trails

Yes

Start/End Time

7:30 - 10:30 a.m.

Date

05/25/2026

Public Parking Lots or Spaces

Yes

Start/End Time

7:30 a.m. - 10:30 a.m.

Date

05/25/2026

Parks

No

Will any signs/banners be put up?

No

Will there be any inflatables?

No

Will there be entertainment?

No

Will sound amplification be used?

No

Will a stage or tent(s) be set up?

No

Will there be temporary fencing?

No

Will merchandise/food items be sold?

No

Will food be prepared on site?

No

Will alcohol be sold?

No

Will this event require a Temporary Liquor Permit?

No

Will there be a fireworks display?

No

Describe power needs and location of power source

NA

Describe level of advertisement

Through the Chamber of Commerce, in the OPP, Facebook, signs in local businesses, radio, and through the sponsoring organizations (Early Edition Rotary, Chamber, VFW, American Legion, Exchange Clubs).

Have adjacent property owners been notified of this event?

Yes

Signatures required.

Will the event need barricade(s)?

Yes

Number Needed

2

Size Needed

Large

Event organizer is responsible for pickup and return of barricades at the City Shop, 1100 Industrial Blvd., Monday-Friday 7 AM to 3 PM. Please call 507-456-5028 to make arrangements. Fees may apply.

Will the event need cones?

Yes

Number Needed

152

Size Needed

Large

Event organizer is responsible for pickup and return of cones at the City Shop, 1100 Industrial Blvd., Monday-Friday 7 AM to 3 PM. Please call 507-774-7050 to make arrangements". Fees may apply.

Will Central Park Stage be used?

No

Will there be any horses?

Yes

Number Animals Anticipating

15

How will horses be used?

They will be ridden in the parade and will also be pulling a wagon

Please provide insurance information and complete Hold Harmless Agreement

It is the responsibility of the applicant to cleanup any animal feces. Agreed:

true

Describe trash removal and cleanup plan during and after event

Volunteers will pick up any trash after the parade is finished.

Will event need traffic control?

Yes

Contact Owatonna Police Department for assistance, 507-451-8232

Describe crowd control procedure to ensure the safety of participants and spectators

We will work with CERT and OPD to have trained volunteer on street corners. We will also have a number of volunteers from the sponsoring organizations who will be standing on the street corners to ensure safety of spectators. These volunteers will follow direction from CERT.

Will "No Parking" signs be needed?

Yes

Number Needed

45

Fees may apply, show location(s) on site map.

Will event need security?

No

Will event need Emergency Medical Services?

No

Describe the emergency action plan if severe weather should arise?

Use a bullhorn to alert spectators to seek shelter. Ask police escort to alert as well.

***Please provide contact information for responsible party
during event to advise of severe weather notifications:***

***Name
Julie Rethemeier***

List any other pertinent information

Thank you for the support of this parade! It was a great success last year and we hope to continue this time honored tradition. We couldn't have done it though without the strong partnership with the Police Department and Streets Dept. Thank you!

CITY SERVICES - Afer reviewing the event application, City Services may be required for the event

***Applicant Signature Signature of Applicant
true***

The sponsor(s) of this event hereby agrees to save the City, its agents, officials and employees harmless from and against all damages to persons or property, all expenses and other liability that may result from this activity.

Depending on the size of and scope of the event a

"Certificate of Insurance" may be required. If insurance is required, the policy must be kept in force during the event of at least the statutory limits for municipalities covering claims that might be brought against the event that arise out of the events authorized and to name the City as an additional insured on their policy "as their interest may appear." As the sponsor or authorized representative, I certify that the information provided is true to the best of my knowledge and agree to pay the permit fee for this event based upon the information provided in this application. I realize my submittal of this application request constitutes a contract between myself and the City of Owatonna and is a release of Liability.

Department/staff review and approved this application with no comments made:

Police

Public Works

Park & Rec

Fire

Building & Inspection

Facilities

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 Area Chamber of Commerce

Previous Gambling Permit Number: X-74012-25

Minnesota Tax ID Number, if any: 9124510

Federal Employer ID Number (FEIN), if any: 41-0639369

Mailing Address: 120 S Oak

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

Name of Chief Executive Officer (CEO): Brad Meier

CEO Daytime Phone: 5074517970 CEO Email: bmeier@owatonna.org

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

Email permit to (if other than the CEO): _____

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): Torey's Restaurant & Bar

Physical Address (do not use P.O. box): 208 N. Cedar Ave

Check one:

☒ City: Owatonna Zip: 55060 County: Steele

☐ Township: _____ Zip: _____ County: _____

Date(s) of activity (for raffles, indicate the date of the drawing): 02/15/2026

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**

- ☒ 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: Owatonna MN

Signature of City Personnel: *Jeannette Clawson*

Title: Administrative Coordinator Date: 12/16/25

**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: *Brad Meier* Date: 12-16-2025
(Signature must be CEO's signature; designee may not sign)

Print Name: Brad Meier

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 Depart-

ment 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



CITY OF
OWATONNA

Miscellaneous



DATE: January 6, 2026
TO: Mayor and City Council
FROM: Troy Klecker, Community Development Director
SUBJECT: Renew Agreement for Economic Development - OACC & Tourism

Purpose:

Approve renewal of the agreement with Owatonna Area Chamber of Commerce (OACC) and Tourism for Economic Development.

Background:

The EDA has partnered with the Owatonna Area Chamber of Commerce and Tourism (OACCT) for economic development activities for many years. The agreement includes numerous economic development activities, including facilitating Owatonna Partners for Economic Development meetings. The agreement is for 3 years, 2026–2028, at \$30,000 per year. This is the same agreement and amount as in previous years. The EDA approved renewing this agreement during their last meeting.

Budget Impact:

\$30,000/year for 3 years budgeted within the EDA Budget.

Staff Recommendation:

Staff recommends approval to renew this agreement.

Attachments:

1. 2026-2028 Agreement

**AGREEMENT
CITY OF OWATONNA ECONOMIC DEVELOPMENT AUTHORITY
AND
OWATONNA AREA CHAMBER OF COMMERCE AND TOURISM
FOR ECONOMIC DEVELOPMENT**

This AGREEMENT made between the Owatonna Economic Development Authority, a municipal corporation (hereinafter referred to as the “EDA”), and the Owatonna Area Chamber of Commerce and Tourism (hereinafter referred to as “OACCT”).

WHEREAS, an AGREEMENT has been made between the Owatonna Economic Development Authority, a municipal corporation (hereinafter referred to as the “EDA”), and the Owatonna Area Chamber of Commerce and Tourism (hereinafter referred to as “OACCT”); and

WHEREAS, certain defined economic development activities can best be provided in collaboration between the EDA and the OACCT,

NOW THEREFORE, the parties agree as follows:

1. Services Rendered by OACCT. OACCT shall furnish the following services:
 - (a) Maintain a site inventory of commercial and industrial buildings.
 - (b) Provide a contact and facilitation point for retailers, wholesalers, housing, and industry projects.
 - (c) Prepare in collaboration with Owatonna Partners for Economic Development a marketing plan and collateral materials to further the goals of economic development in Owatonna.
 - (d) Assist in business recruitment strategies.
 - (e) Facilitate meetings and provide support services for the Owatonna Partners for Economic Development.
 - (f) Provide professional services in regards to meeting the overall delivery of assistance services to new and expanding business.
 - (g) OACCT President will prepare verbal and written staff reports to the EDA monthly on the scope of services provided.

2. General Provisions

- (a) The term of this Agreement shall begin on January 1, 2026, and shall terminate on December 31, 2028. This Agreement may be cancelled upon sixty (60) days' written notice by either party.
- (b) The EDA shall provide the OACCT an annual retainer of \$30,000 in 2026, 2027 and 2028, payable in prorated installments in January and July of each year of the agreement.
- (c) The EDA and OACCT shall meet in October, 2028 to review the Agreement and determine conditions for renewal in the following years.
- (d) This Agreement is a contract for services and does not create an employer-employee relationship between the EDA and the Chamber President/CEO.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date to follow given.

This _____ day of _____, 20__.

OWATONNA ECONOMIC DEVELOPMENT AUTHORITY

By: _____

President

By: _____

Secretary

OWATONNA AREA CHAMBER OF COMMERCE AND TOURISM

By: _____

Chairman of the Board

By: _____

President/CEO



DATE: January 6, 2026
TO: Mayor and City Council
FROM: Troy Klecker, Community Development Director
SUBJECT: Renew Main Street Program Agreement - OACC and Tourism

Purpose:

Approve renewal of the agreement with Owatonna Area Chamber of Commerce (OACC) and Tourism for the MainStreet Program.

Background:

The EDA has partnered with the Owatonna Area Chamber of Commerce to fund the MainStreet Program. The program went to a full-time MainStreet Director 3 years ago, which has led to a more active program with many more events. At that time, the agreement was amended to its current form with the EDA participating \$50,000 towards the program. This proposed agreement is the same as the previous agreement with no language changes and is a 3-year agreement, 2026-2028. The EDA approved renewing this agreement at its last meeting.

Budget Impact:

\$50,000/year, 2026-2028.

Staff Recommendation:

Staff recommends approval of renewing this agreement with OACCT for the MainStreet Program.

Attachments:

1. 2026-2028 Mainstreet Program Agreement

**AGREEMENT
CITY OF OWATONNA ECONOMIC DEVELOPMENT AUTHORITY
AND
OWATONNA AREA CHAMBER OF COMMERCE AND TOURISM
FOR MAINSTREET PROGRAM**

This AGREEMENT made between the Owatonna Economic Development Authority, a municipal corporation (hereinafter referred to as the “EDA”), and the Owatonna Area Chamber of Commerce and Tourism (hereinafter referred to as “OACCT”).

WHEREAS, an AGREEMENT has been made between the Owatonna Economic Development Authority, a municipal corporation (hereinafter referred to as the “EDA”), and the Owatonna Area Chamber of Commerce and Tourism (hereinafter referred to as “OACCT”); and

WHEREAS, certain defined economic development activities can best be provided in collaboration between the EDA and the OACCT,

NOW THEREFORE, the parties agree as follows:

1. Services Rendered by OACCT. OACCT shall furnish the following services:
 - (a) Hire and maintain a full time MainStreet Director to lead efforts of the MainStreet program.
 - (b) Follow a plan of work that is in line with MainStreet America and Minnesota MainStreet to accomplish goals of the program.
 - (c) Market EDA programs and initiatives to businesses and property owners in the Owatonna Central Business District or designated areas within the CBD.
 - (d) Submit annually to the EDA a Strategic Plan and Plan of Work for the MainStreet Owatonna program.
 - (e) Provide quarterly updates to the EDA on the progress of the Strategic Plan and Plan of Work.
 - (f) Create a MainStreet Advisory Committee representative of city, business, property owner, and supporters of the MainStreet efforts.
 - (g) Provide financial reports to the city monthly (these will be submitted to the Community Development Director).
 - (h) Create Chamber Foundation accounts for projects that qualify for 501c3 tax exemption.

2. General Provisions

- (a) The term of this Agreement shall begin on January 1, 2026, and shall terminate on December 31, 2028. This Agreement may be cancelled upon sixty (60) days' written notice by either party.
- (b) The EDA shall provide the OACCT an annual retainer of \$50,000 in 2026, 2027 and 2028, payable in prorated installments in January and July of each year of the agreement.
- (c) The EDA and OACCT shall meet in October, 2028 to review the Agreement and determine conditions for renewal in the following years.
- (d) This Agreement is a contract for services and does not create an employer-employee relationship between the EDA and the Chamber President/CEO.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date to follow given.

This _____ day of _____, 20__.

OWATONNA ECONOMIC DEVELOPMENT AUTHORITY

By: _____

President

By: _____

Secretary

OWATONNA AREA CHAMBER OF COMMERCE AND TOURISM

By: _____

Chairman of the Board

By: _____

President/CEO



DATE: January 6, 2026
TO: Mayor and City Council
FROM: Troy Klecker, Community Development Director
SUBJECT: Renew EDA Loan Administration Agreement - Owatonna Area Business Development Center

Purpose:

Approve renewal of the agreement with the Owatonna Area Business Development Center (OABDC) for EDA Loan Administration.

Background:

The EDA has had an agreement with the OABDC for many years to administer the EDA loans. This includes the Tier 1 and Tier 2 loans as well as the EDA's Downtown Forgivable Loan Program. In return, the EDA contributes \$20,000 to the OABDC Annual Budget. This agreement is for 3 years, 2026-2028, and is the same language and amount as in the previous agreement.

Budget Impact:

\$20,000/year, the same amount as previous years and included in the annual budget for the EDA.

Staff Recommendation:

Staff recommends approval.

Attachments:

1. Agreement - EDA Loan Administration

AGREEMENT
CITY OF OWATONNA ECONOMIC DEVELOPMENT AUTHORITY
AND
OWATONNA AREA BUSINESS DEVELOPMENT CENTER, INC.

This AGREEMENT made between the Owatonna Economic Development Authority, a municipal corporation (hereinafter referred to as the “EDA”), and the Owatonna Area Business Development Center, Inc. (hereinafter referred to as “OABDC”).

WHEREAS, an AGREEMENT has been made between the Owatonna Economic Development Authority, a municipal corporation (hereinafter referred to as the “EDA”), and the Owatonna Area Business Development Center, Inc. (hereinafter referred to as “OABDC”); and

WHEREAS, certain defined economic development activities can best be provided in collaboration between the EDA and OABDC,

NOW THEREFORE, the parties agree as follows:

1. Services Rendered by OABDC. OABDC shall furnish the following services:
 - (a) OABDC shall manage the various economic development loan programs established by the EDA, including:
 1. Revolving Loan Fund for Commercial Development and Industrial Development
 2. Low-Documentation Loan Program Tier 1 and 2
 3. Forgivable Loan program
 4. Any additional loan incentive programs that may be developed by the EDA.
 - (b) OABDC Executive Director shall serve as a member of Owatonna Partners for Economic Development and provide professional services in relation to marketing of development opportunities, business financing, and start-up assistance.
 - (c) OABDC Executive Director will prepare verbal and written staff reports to the EDA monthly regarding the status of the EDA’s loan programs.
 - (d) OABDC will do follow-up activities with OABDC and EDA clients in an effort to further ensure the successful development of the client’s enterprise. OABDC will report back to the EDA the number of clients with whom they worked and the number of hours spent doing these activities. Due to confidentiality, individual business names will not be reported.
2. General Provisions
 - (a) The term of this Agreement shall begin on January 1, 2026, and shall terminate on December 31, 2028. This Agreement may be cancelled upon sixty (60) days’ written notice by either party.

- (b) The EDA shall provide OABDC an annual retainer of \$20,000, payable in prorated installments in January and July or as requested by OABDC and approved by the EDA.
- (c) This Agreement is a contract for services and does not create an employer-employee relationship between the EDA and the OABDC Executive Director. As such, OABDC cannot seek legal recourse against EDA clients who fail to meet the requirements of EDA/Client loan agreements. The EDA retains that authority and responsibility when legal recourse becomes the option for collection.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date to follow given.

This _____ day of _____, 20__.

OWATONNA ECONOMIC DEVELOPMENT AUTHORITY

By: _____

President

By: _____

Secretary

OWATONNA AREA BUSINESS DEVELOPMENT CENTER, INC.

By: _____

Chair

By: _____

Executive Director



DATE: January 6, 2026
TO: Mayor and City Council
FROM: Jenna Tuma, City Administrator
SUBJECT: Legislative Services Agreement - Lockridge, Grindal & Nauen PLLP

Purpose:

Seeking Council's approval to enter into an agreement with Lockridge, Grindal, & Nauen PLLP (LGN) for Minnesota Legislative Services.

Background:

In 2024, the City Council tasked staff with exploring what a Community Center could be in Owatonna, based on consistent public feedback expressing a desire for such a facility. To facilitate this, a Community Center Task Force was created in the summer of 2024, comprising individuals with diverse interests, backgrounds, and ages.

This group focused on learning from other communities by touring several existing centers. They studied best practices and gathered valuable lessons. After their research, the team returned to assess what the Owatonna community would want in a center.

The final scope for the proposed community center was then validated through a scientific poll conducted by Morris and Leatherman. This poll confirmed the community's desire for a center, willingness to support it financially, and interest in utilizing Local Option Sales Tax, which residents would have the opportunity to vote on.

To hold a vote on the local sales tax, the State Legislature must approve this request/bill. To explore and maximize this option, LGN will provide lobbying services for this project.

Lockridge Grindal Nauen's government relations professionals have over three decades of experience representing clients of all types and sizes at the Minnesota State Capitol. LGN partners with a wide range of non-profit, government and business clients to elevate their impact in Minnesota by cultivating broader influence and understanding among public officials and decision-makers. With significant experience representing and working with local governments, Ms. Lenczewski and Ms. Hassel work with communities of all sizes to position them for success at the Capitol. LGN has a sizable team with broad-based political affiliations and has developed a vast network of long-term, personal connections with leaders at all levels of government.

This is a one-year agreement.

Budget Impact:

The \$40,000 agreement fee is a planned 2026 budget item.

Staff Recommendation:

Staff recommends approval.

Attachments:

1. Legislative Services Agreement

LEGISLATIVE SERVICES AGREEMENT

THIS AGREEMENT, made and entered into by and between **City of Owatonna** (“Client”) and **LOCKRIDGE GRINDAL NAUEN PLLP** (“Consultant” or “LGN”) (collectively the “Parties”).

W I T N E S S E T H

WHEREAS, Client, wishes to purchase the services of Consultant to assist Client in monitoring, and lobbying related to certain state legislative and administrative matters;

NOW, THEREFORE, in consideration of the mutual undertakings and promises hereinafter set forth, Client and Consultant agree as follows:

1. CONSULTANT SERVICES

Consultant shall provide, in coordination with Client’s officers, committees and staff, the services listed in Exhibit A hereto. If additional services, projects or work is agreed upon by both Consultant and Client, fees for such additional services, project or work will be negotiated and mutually agreed upon in writing prior to the performance of additional services, projects or work.

2. TERM AND TERMINATION

2.1 Term. The term of engagement for the services provided shall be **January 1, 2026 – December 31, 2026**, with an option to continue at the same rate for an additional two years, subject to termination as provided in Section 2.2.

2.2 Termination. This Agreement may be terminated prior to its expiration only as follows:

2.2.1 Upon the written mutual agreement of the Parties hereto;

2.2.2 By either Party upon sixty (60) days written notice to the other Party.

3. COST OF AND PAYMENT FOR SERVICES

3.1 Fees. In consideration of services performed as specified in Section 1 and Exhibit A of this Agreement, Client shall pay Consultant the professional fees in the amount of **\$40,000 payable in twelve (12) equal installments of \$3,333.33 per month commencing January 1, 2026.**

3.2 Costs. In addition to payment for professional fees, Client shall pay Consultant for all reasonable incidental expenses incurred by Consultant on Client’s behalf.

3.3 Payment. Payment for professional fees and expenses shall be made to Consultant upon submission by Consultant to Client of invoices for services rendered and expenses incurred and Client shall pay Consultant by the dates listed above.

4. DATA RETENTION

- 4.1 LGN may use reputable third-party service providers, including ‘cloud’ service providers, to help us deliver efficient, cost-effective legal services. This may include document/information hosting, sharing, transfer, analysis, processing or storage. By engaging us, **City of Owatonna** understands and consents to having communications, documents and other data pertinent to its matters managed through such third-party technology, including where confidential information may be stored on and accessed from such cloud-based computer servers located in a facility not directly controlled by **LGN**. **City of Owatonna** acknowledges that the use of such services may be subject to the terms and conditions of the provider and accept that **LGN** is not responsible for the security of the data, the provider’s security standards, or the risk that the security of information on such cloud-based platforms may be breached. **City of Owatonna** agrees that the benefits of using such technology outweigh the risks, including risks related to confidentiality and security. A list of **LGN**’s cloud providers is available upon request.
- 4.2 **LGN** has adopted a document retention policy that governs the retention and disposition of closed client files. At the conclusion of the matter for which **City of Owatonna** has retained us, we will return all original client documents. At that time, **City of Owatonna** will have sixty (60) days to let us know if you want certain of the documents which remain in the file. If you notify us within this sixty (60) day period, we will not destroy the file until **City of Owatonna** has had an opportunity to identify any such documents and, if appropriate, obtain copies of them. If **City of Owatonna** does not so notify us, we will transfer your file to closed storage and/or an electronic archive pursuant to our file closing and destruction procedures. File contents (including work papers, etc.) will be considered the property of **LGN**. We will retain the file for six (6) years and then destroy its contents, without further notice and in a manner which preserves their confidential nature.
- 4.3 If, at any time **LGN** concludes that there are no active matters in which we are representing **City of Owatonna**, it will be considered a former, rather than a current client of **LGN**, unless and until **City of Owatonna** asks us to perform additional services, and we agree to perform them.
- 4.4 If **City of Owatonna** requests us to transfer our file to you or to another firm prior to the completion of the matter, **City of Owatonna** agrees we can make and retain copies of relevant portions of the file and that the cost for such copying is to be paid by **City of Owatonna**, as well as any other copying on its behalf. These charges for copying **City of Owatonna**’s file may include, in the case of documents stored electronically, the reasonable cost of retrieving the documents, and **City of Owatonna** agrees to pay these costs.

5. INDEPENDENT CONTRACTOR

Consultant shall select the means, method, and manner of performing the services herein. Consultant is and shall remain an independent contractor with respect to all services performed under this Agreement.

6. COMPLETE AGREEMENT

The Parties each agree and understand that this Agreement, including all Exhibits hereto, constitutes the entire agreement between the Parties and supersedes any prior or contemporaneous oral understandings or agreements with respect to the subject matter hereof.

7. AMENDMENTS AND WAIVERS

This Agreement may not be amended, altered, enlarged, supplemented, abridged, or modified, nor can any provision hereof be waived, except by a writing executed by both Parties which shall be attached hereto. Failure of any Party to enforce any provision of this Agreement shall not constitute or be construed as a waiver of such provision nor of the right to enforce such provision.

8. NOTICES

All notices, demands, and requests permitted or required to be given under this Agreement shall be in writing and deemed given when mailed by the United States mail, postage prepaid, registered or certified mail, return receipt requested, to the address of the appropriate Party as provided herein.

IN WITNESS WHEREOF, the duly authorized representatives of the Parties hereto have executed this Agreement this 2nd day of January 2026.

ADDRESS:

540 West Hills Circle
Owatonna, MN 55060

CLIENT:

City of Owatonna

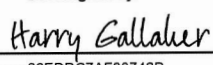
By: _____
Its: _____

ADDRESS:

Suite 2200
100 Washington Avenue South
Minneapolis, MN 55401

CONSULTANT:

LOCKRIDGE GRINDAL NAUEN PLLP

Docusigned by:


86EDDC7AF80742D...
By: Harry Gallaher
Its: Managing Partner

EXHIBIT A

LGN will provide tax, capital investment and state policy issue lobbying services for the City of Owatonna.



DATE: January 6, 2026
TO: Mayor and City Council
FROM: Emily Thamert, Assistant City Administrator
SUBJECT: Amend Payroll Consulting Project - Abdo Financial Services

Purpose:

Approve a Change Request for the 2025 Abdo Payroll Consulting Project.

Background:

An agreement to engage Abdo to complete a comprehensive assessment of all core finance processes was approved by City Council on July 15, 2025. The Abdo team consists of public finance experts with extensive years of service. The scope of these assessments will include process evaluations and identification of processing challenges and efficiency improvements. The project outcomes will include identification of best practice process improvements, training and documentation of those enhanced processes and expert support for the team.

Abdo is proposing to expand/modify the approved Payroll Consulting Agreement for additional in-person interviews needed and review of historical payroll reporting.

Budget Impact:

The budget impact is \$6,200.

Staff Recommendation:

Staff recommends approval.

Attachments:

1. Payroll Consulting Project Change Request



Payroll Consulting Project Change Request

City of Owatonna

Proposed By:

Leah Davis, CPA

Partner | Abdo

leah.davis@abdosolutions.com

Direct Line 507.524.2347

Mankato Office

100 Warren Street, Ste 600

Mankato, MN 56001

P 507.625.2727

F 507.388.91399

Edina Office

5201 Eden Avenue, Ste 250

Edina, MN 55436

P 952.835.9090

F 952.835.3261



City of Owatonna, Minnesota

Attn: Jenna Tuma

540 West Hills Circle

Owatonna, MN 55060

December 10, 2025

Proposed by Abdo

Change Request:

As a result of client-requested in-person interviews and staff interview rescheduling needs, including interview no-shows while on site, challenges receiving historical payroll reporting from former staff, and plans for additional interviews to re-evaluate the payroll process challenges in January 2026, Abdo is proposing to expand / modify the current Payroll Consulting Agreement to include an adjustment to reflect the following changes in scope:

Reason for requiring the change order:

Additional 8 hours of interview time, including on-site travel time/ mileage (above contracted 6 hours)

Additional review and communication related to former staff challenges with historical payroll reporting

Addition of 4 hours of interview time to be scheduled in January 2026

Estimated cost of change/ additional work: Additional \$6,200 in contracted fees, to be billed in December 2025

Proposed additional fees will be invoiced, upon your signed consent below, beginning with your December 2025 invoice.

APPROVAL

City of Owatonna, Minnesota
540 West Hills Circle
Owatonna, MN 55060

Name _____

Title _____

Date _____

Abdo LLP

100 Warren Street, Suite 600
Mankato, MN 56001

Name Leah Davis

Title Partner

Date December 10, 2025



CITY OF
OWATONNA

Action Items



CITY OF
OWATONNA

Ordinances



DATE: January 6, 2026
TO: Mayor and City Council
FROM: Greg Kruschke, Community Development Manager
SUBJECT: Second/Final Reading Proposed Ordinance 25-14 VACA-25-1 Vacate Portion of Walnut Ave, Vine St W, and a Public Alley

Purpose:

Request approval of Proposed Ordinance 25-14 vacating a portion of Walnut Avenue, Vine Street W, and a portion of a public alley.

Background:

Council approved the first reading of this proposed ordinance during their meeting on December 16, 2025. There have been no changes since. The Planning Commission held a public hearing on this request on December 9, 2025 and recommended approval, staff report attached.

Budget Impact:

None. All needed easements and rights of way are being rededicated within the STAMO Addition plat.

Staff Recommendation:

Staff recommends approval.

Attachments:

1. Proposed Ordinance 25-14 VACA 25-1
2. PC Staff Report -VACA - 25-1 ROW Vacation

ORDINANCE NO. __

AN ORDINANCE PURSUANT TO SECTION 6.2 OF THE HOME RULE CHARTER OF THE CITY OF OWATONNA, AND SECTION 675 OF THE 1992 ORDINANCE CODE OF THE CITY OF OWATONNA, VACATING A STREET, ALLEY, OR PUBLIC RIGHT-OF-WAY, OR ANY PART THEREOF, HEREIN DESCRIBED, AND PROVIDING FOR ITS RECORDING.

WHEREAS, there has been filed with the City Council a petition to vacate the premises hereinafter described; and

WHEREAS, a public hearing was held on December 9, 2025, on the said petition and after public notice was given, pursuant to Section 6.2 of the Home Rule Charter; and

WHEREAS, the proposed vacation does not destroy or interfere with the rights of any person, corporation, or municipality; and

WHEREAS, the City finds that the premises hereinafter described are no longer required for municipal purposes.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF OWATONNA DO ORDAIN:

SECTION 1. That the following described portion of Walnut Avenue, Vine Street W, and the public alley are hereby vacated:

All that part of Walnut Avenue as dedicated in RIVERSDIE PARKING LOT ADDITION south of REDLINE ADDITION, as the same are platted and recorded in the office of the Steele County Recorder, Steele County, Minnesota. AND All that part of the alley as dedicated in Abbotts Addition to Owatonna, West of the east line of RIVERSIDE PARKING LOT ADDITION, as the same are platted and recorded in the office of the Steele County Recorder, Steele County, Minnesota. AND All that part of Vine Street W as dedicated in REDLINE ADDITION, as the same is platted and recorded in the office of the Steele County Recorder, Steele County, Minnesota.

SECTION 2. The City Clerk shall cause this Ordinance to be filed for record in the offices of the City Clerk and the City Engineer of the City of Owatonna and its title added to Appendix IV of the 1992 Ordinance Code of the City of Owatonna.

SECTION 3. The City Clerk shall cause an original copy hereof to be filed for record and duly recorded in the office of the Steele County Recorder in and for Steele County, Minnesota.

SECTION 4. Effective Date. This Ordinance shall be in full force and effect from and after its passage and publication.

Passed and adopted this _____ day of _____, 2026, with the following vote:

Aye ____; No ____; Absent _____.

Approved and signed this _____ day of _____, 2026.

Matthew Jessop, Mayor

ATTEST:

Jenna Tuma, City Administrator/City Clerk

December 4, 2025

To: Planning Commission

From: Community Development Department

RE: Request to vacate a portion of Walnut Avenue, Vine Street W, and a Public Alley

Application Review:

Applicant: John Schulte, Jones, Haugh, and Smith on behalf of
Stadheim Properties of Owatonna and Redline
Development

Location of Property: 120 Oak Avenue N

Legal Description: See Attached Surveys

Report Attachments: 1. Location Map
2. Vacation Sketches & Descriptions

Proposed Development:

- ◆ Petition by Redline Development, the City of Owatonna, to vacate a portion of Walnut Avenue, a portion of an Alley, and a Portion of Vine Street W in order to redevelop this area and reconstruct a new street to be named Ringhofer Lane NW.
- ◆ The developer is proposing to construct a new building to be named Ascend South. Along with this Ringhofer Lane NW will be dedicated and constructed with parking along both sides of the street.
- ◆ The applicant has been working on the plans and approvals for this project. As part of this they are also requesting vacation of a portion of a utility easement as well as preliminary plat approval of Redline Addition.
- ◆ New easements as well as the right of way will be dedicated with the plat of STAMO Addition.

Walnut Avenue:

- ◆ This public street and right of way will be vacated and rededicated within the plat of STAMO Addition.
- ◆ The new ROW will be 80' wide.
- ◆ All utilities will be accommodated within the new ROW.

Vine Street W:

- ◆ The ROW of Vine Street currently extends all the way to the river.
- ◆ The portion not dedicated will be vacated with this plat.
- ◆ The area that is needed for the Vine Street W intersection with Ringhofer Lane NW will be dedicated within the STAMO Addition plat.
- ◆ The remainder will be placed in an outlot owned by the City.

Public Alleyway:

- ◆ A public alley was dedicated within Riverside Parking Lot Addition extending all the way to the river.
- ◆ The alley is not needed from the intersection of Ringhofer Lane NW west to the River.
- ◆ A portion of the vacated alley will be dedicated as Ringhofer Lane NW with the plat of Stamo Addition.

Staff Recommendation:

Staff recommends approval of this vacation of a , to vacate a portion of Walnut Avenue, a portion of an Alley, and a Portion of Vine Street W as described above with the following conditions:

- 1) Vacation is contingent upon approval and recording of STAMO Addition.

Planning Commission:

VACA-25-1, a Petition by John Schulte, Jones, Haugh, and Smith, on behalf of Stadheim Properties of Owatonna and Redline Development to vacate a portion of Walnut Avenue, Vine Street West, and a Public Alley at 120 Oak Avenue North was presented by Community Development Manager Greg Kruschke. (Refer to report on file.)

Kruschke said there have been two sets of public comments, including a letter from Krissa Whipps, owner of the Firestone lot, who formally opposes the Right of Way Vacation. The Commissioners received a copy of her letter dated December 2, 2025 (on file). Kruschke said the developer and his team have been working with Ms. Whipps and he said he believes they have addressed her concerns. She also had concerns about access during construction. Kruschke said with the other property around there, they should have access. He said that an access plan is being developed, with the remaining details dependent on construction timing. Kruschke added the intent is to support them in staying open and continuing to do well. The second comment came from the Chamber, who is requesting the street be named Ted G. Ringhofer Lane or TG Ringhofer Lane, as “Ringhofer Lane” is too vague. He said if we are going to change it, we would like to file the plat accordingly.

Public hearing for these four related requests opened at 5:46 pm. John Schulte said they have no issues with the TG Ringhofer drive if it is allowed. He said this project is basically the same as Ascend, although a bit more complicated. It will be a big improvement. Public hearing closed at 5:48 pm.

Wilson asked what the Ringhofer street was named before. Kruschke said the street sign said Ted G. Ringhofer, although it may not have been formally dedicated. Peake asked if the entrance to Bridge Street would be an entrance and exit as well and if there were any concerns. Kruschke said that will remain an exit and right turn only. With this project, we are just going to the connection to Bridge Street. Rooks asked about the parking stall requirements. She asked if the tenants will always have access to non-timed lots. Kruschke said that not every tenant will be

able to be inside, but that is something we don't necessarily get into. The City does not allocate public parking stalls. Right now everything down there is 48 hour. We'll leave the 48 hour now and come back to talk about that in the future. Peake said the upper lot will also serve the commercial space. Kruschke said that upper lot is for the entire building. Kruschke said along with the vacation of Walnut Avenue, there is some swapping of small areas as well as the parking lot next to Firestone. The City Council will have to approve those sales. Joachim asked about the double line north of Firestone. Kruschke said that that is what the County has as a tax parcel. Eickhoff asked about the Firestone concerns. Kruschke said they have been working through her concerns and thought they were addressed.

A motion was made by Eickhoff and seconded by Joachim to recommend City Council approval of the vacation request to vacate a portion of Walnut Avenue, a portion of an Alley, and a portion of Vine Street West as described in the report with the following conditions:

- 1) Vacation is contingent upon approval and recording of STAMO Addition.

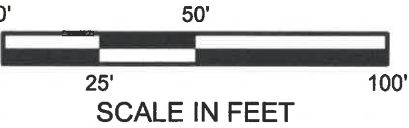
All Commissioners voting Aye, the motion carried.

ALLEY VACATION

IN PART OF RIVERSIDE PARKING LOT ADDITION & ABBOTT'S ADDITION,
CITY OF OWATONNA, STEELE COUNTY, MINNESOTA

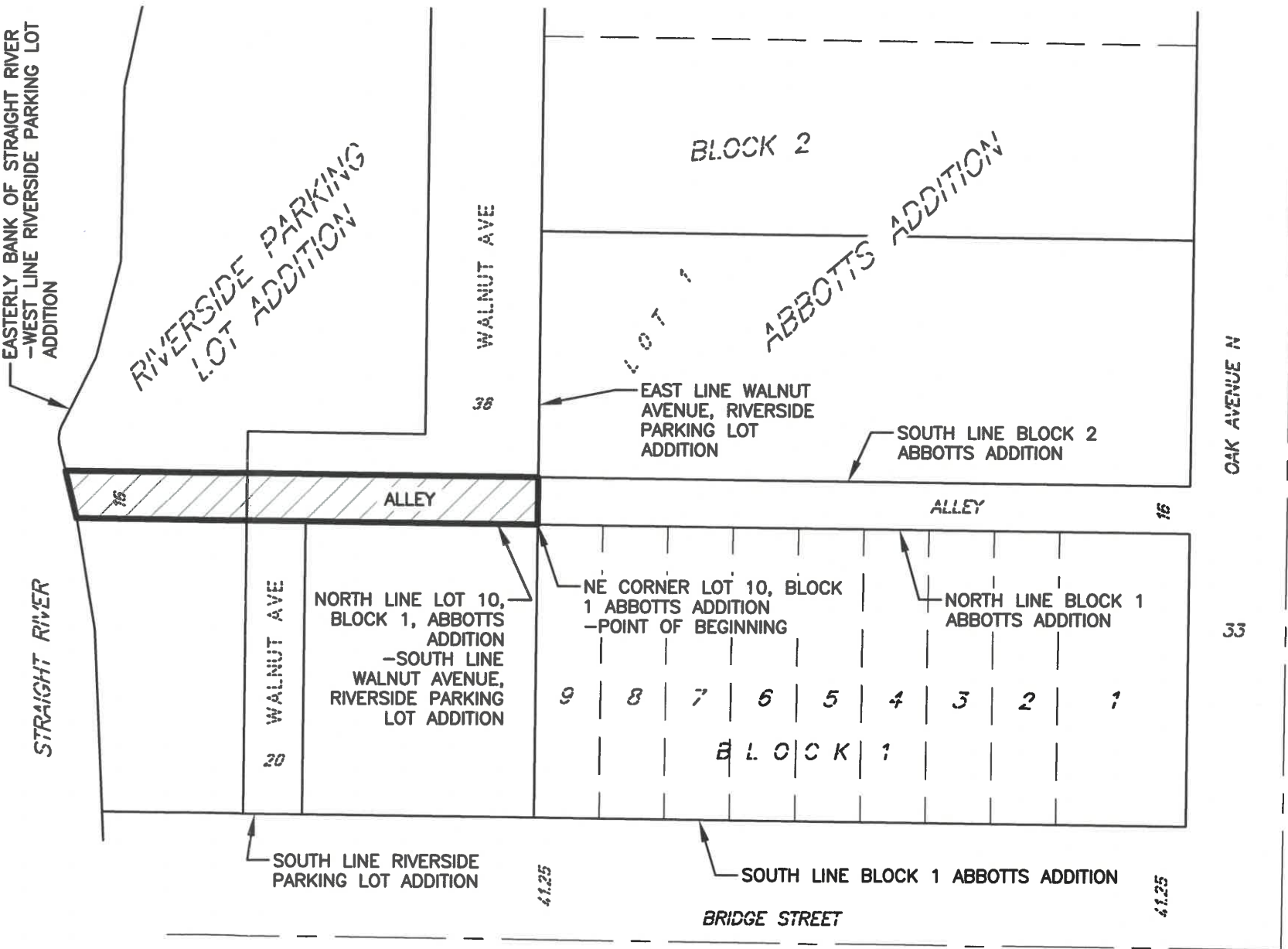


SCALE: 1" = 50'



PREPARED VACATION DESCRIPTION

All that part of the alley as dedicated in Abbotts Addition to Owatonna, West of the east line of RIVERSIDE PARKING LOT ADDITION, as the same are platted and recorded in the office of the Steele County Recorder, Steele County, Minnesota.



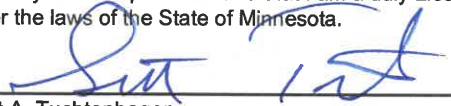
FOR: ASCEND SOUTH

Date: 10/21/2025
Revised date: -
Drawn by: DNA
Survey: SAT
Coord-System: MNDOT CO. NAD83 1996
Page 1 of 1
Job No: 24-1011 CERT-B.DWG
File No./Deed

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I hereby certify that this survey, plan, or report was prepared by me or under my direct supervision and that I am a duly Licensed Land Surveyor under the laws of the State of Minnesota.

 11/19/25
Scott A. Tuchtenhagen Date
L.S. No. 52646

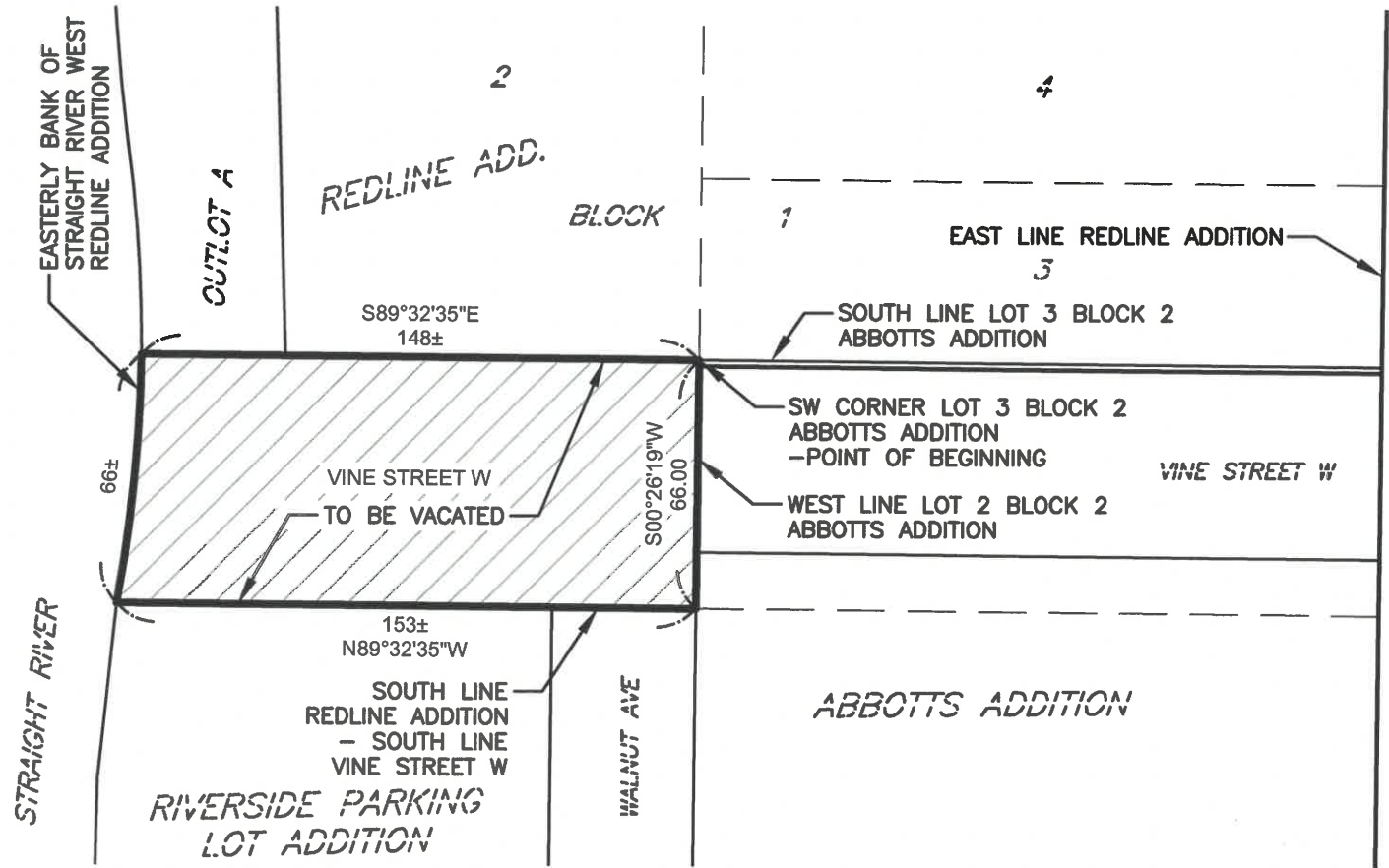
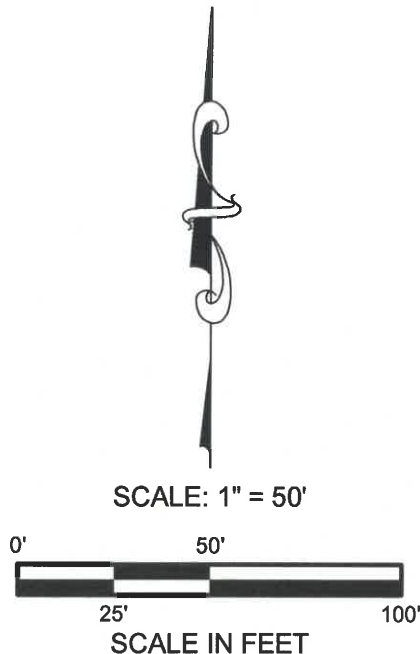


**JONES
HAUGH
SMITH**
Engineers + Surveyors

515 South Washington Ave.
Albert Lea, MN 56007
507-373-4876

415 West North Street
Owatonna, MN 55060
507-451-4598

STREET VACATION
IN PART OF REDLINE ADDITION, CITY OF OWATONNA
STEELE COUNTY, MINNESOTA



PREPARED LEGAL DESCRIPTION

All that part of Vine Street W as dedicated in REDLINE ADDITION, as the same is platted and recorded in the office of the Steele County Recorder, Steele County, Minnesota.

FOR: ASCEND SOUTH

Date: 11/6/2025
Revised date: -
Drawn by: DNA
Survey: SAT
Coord-System: MNDOT CO. NAD83 1996
Page 1 of 1
Job No: 24-1011 CERT-C.DWG
File No./Deed

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I hereby certify that this survey, plan, or report was prepared by me or under my direct supervision and that I am a duly Licensed Land Surveyor under the laws of the State of Minnesota.

Scott A. Tuchtenhagen
L.S. No. 52646

Date



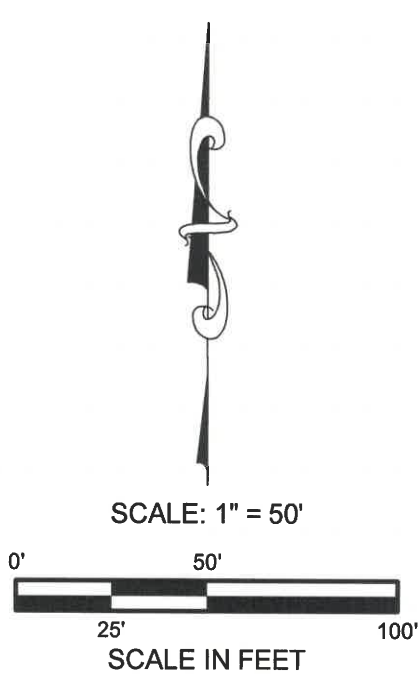
**JONES
HAUGH
SMITH**
Engineers + Surveyors

515 South Washington Ave.
Albert Lea, MN 56007
507-373-4876

415 West North Street
Owatonna, MN 55060
507-451-4598

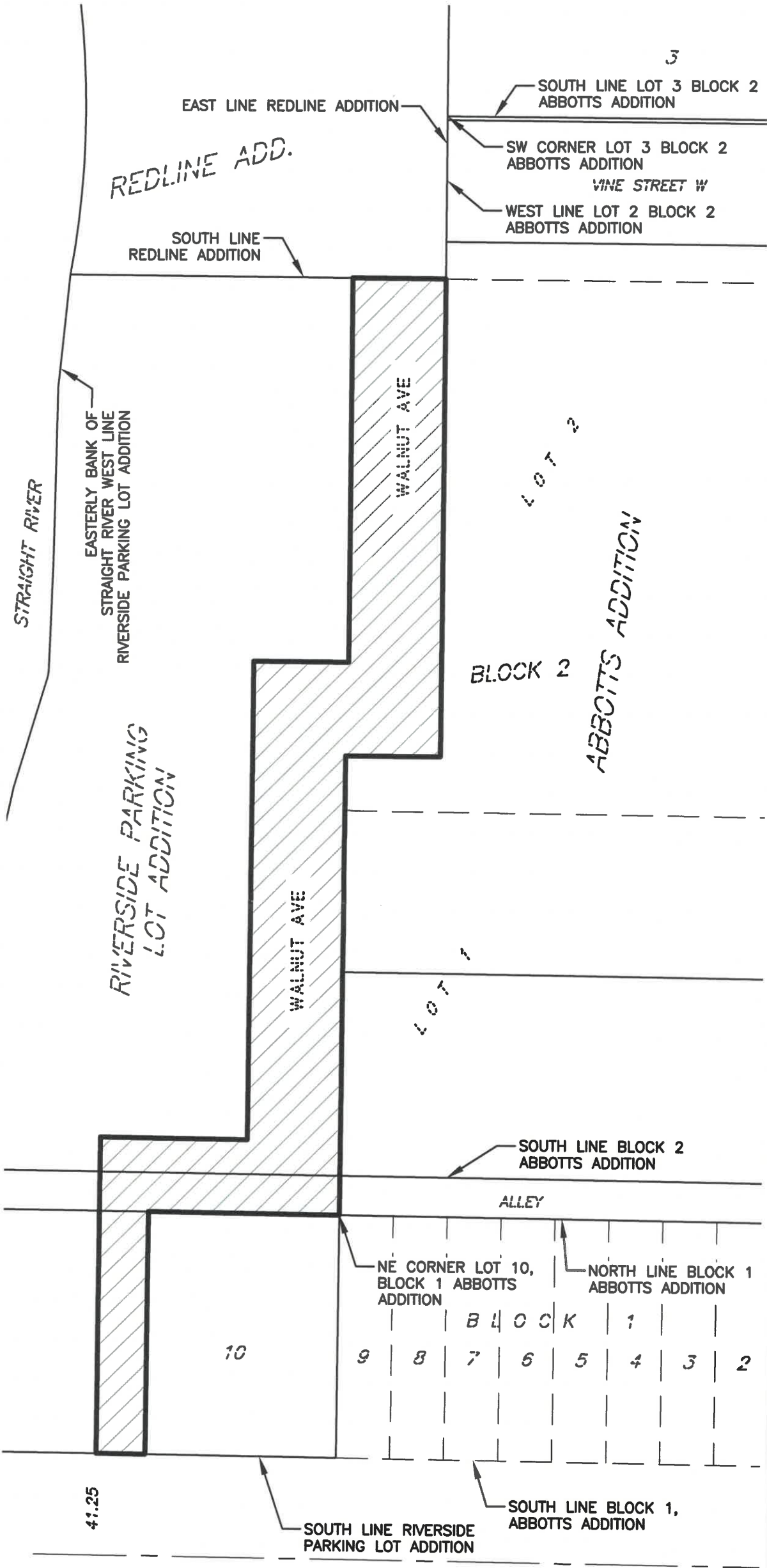
STREET VACATION

IN PART OF RIVERSIDE PARKING LOT ADDITION, CITY OF OWATONNA
STEELE COUNTY, MINNESOTA



PREPARED VACATION DESCRIPTION

All that part of Walnut Avenue as dedicated in RIVERSDIE PARKING LOT ADDITION south of REDLINE ADDITION, as the same are platted and recorded in the office of the Steele County Recorder, Steele County, Minnesota.



FOR: ASCEND SOUTH

Date: 10/21/2025
Revised date: -
Drawn by: DNA
Survey: SAT
Coord-System: MNDOT CO. NAD83 1996
Page 1 of 1
Job No: 24-1011 CERT-A.DWG
File No./Deed

COPYRIGHT

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I hereby certify that this survey, plan, or report was prepared by me or under my direct supervision and that I am a duly Licensed Land Surveyor under the laws of the State of Minnesota.

Scott A. Tuchtenhagen
L.S. No. 52646

Date

11/19/25



JONES
HAUGH
SMITH
Engineers + Surveyors

515 South Washington Ave.
Albert Lea, MN 56007
507-373-4876

415 West North Street
Owatonna, MN 55060
507-451-4598



DATE: January 6, 2026
TO: Mayor and City Council
FROM: Greg Kruschke, Community Development Manager
SUBJECT: Second/Final Reading Proposed Ordinance 25-15 VACA-25-2 Vacate Portion of a Blanket Sanitary Sewer Easement

Purpose:

Hold second reading of Ordinance 25-15 vacating a portion of a blanket sanitary sewer easement.

Background:

Council approved the first reading of this proposed ordinance during their meeting on December 16, 2025. There have been no changes since. The Planning Commission held a public hearing on this request on December 9, 2025 and recommended approval, staff report attached. See attached staff report.

Budget Impact:

None.

Staff Recommendation:

Staff recommends approval.

Attachments:

1. Proposed Ordinance 25-15 Vaca - 25 -2
2. PC Staff Report -VACA - 25-2 Easement Vacation

Proposed Ordinance No. 25-15

ORDINANCE NO. __

AN ORDINANCE PURSUANT TO SECTION 6.2 OF THE HOME RULE CHARTER OF THE CITY OF OWATONNA, AND SECTION 675 OF THE 1992 ORDINANCE CODE OF THE CITY OF OWATONNA, VACATING A STREET, ALLEY, OR PUBLIC RIGHT-OF-WAY, OR ANY PART THEREOF, HEREIN DESCRIBED, AND PROVIDING FOR ITS RECORDING.

WHEREAS, there has been filed with the City Council a petition to vacate the premises hereinafter described; and

WHEREAS, a public hearing was held on December 9, 2025, on the said petition and after public notice was given, pursuant to Section 6.2 of the Home Rule Charter; and

WHEREAS, the proposed vacation does not destroy or interfere with the rights of any person, corporation, or municipality; and

WHEREAS, the City finds that the premises hereinafter described are no longer required for municipal purposes.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF OWATONNA DO ORDAIN:

SECTION 1. That the following described portion of the blanket sanitary sewer easement are hereby vacated:

All that part of Lots 1-3 Block 2 and Lot 10 Block 1 Abbots Addition to Owatonna, RIVERSIDE PARKING LOT ADDITION, OWATONNA, MINNESOTA, and REDLINE ADDITION as the same are platted and recorded in the office of the Steele County Recorder, Steele County, Minnesota, described as follows: Beginning at the southeast corner of the North 48 feet of Lot 3, Block 2, of said Abbots Addition; thence South 00° 25' 57" West a distance of 348.14 feet on the east line of said Block 2 to the north line of the South 83 feet of Lot 1 said Block 2; thence North 89° 28' 06" West a distance of 220.11 feet, on said north line to the east line of said RIVERSIDE PARKING LOT ADDITION; thence South 00° 22' 22" West a distance of 198.00 feet, on the east line of said RIVERSIDE PARKING LOT ADDITION and the east line of Lot 10 of said Block 2, to the south line of said Block 1, Abbots Addition; thence North 89° 28' 06" West a distance of 146 feet, more or less, to the west line of said RIVERSIDE PARKING LOT ADDITION; thence northerly a distance of 554 feet, more or less on the west line of said RIVERSIDE PARKING LOT ADDITION, to a point 329.28 feet bearing North 89°32'35" West from the point of beginning on the south line of OUTLOT A, of said REDLINE ADDITION; thence South 89°32'35" East a distance of 329.28 feet, on the south line of OUTLOT A and Block 1 of said REDLINE ADDITION, to the point of beginning.

SECTION 2. The City Clerk shall cause this Ordinance to be filed for record in the offices of the City Clerk and the City Engineer of the City of Owatonna and its title added to Appendix IV of the 1992 Ordinance Code of the City of Owatonna.

SECTION 3. The City Clerk shall cause an original copy hereof to be filed for record and duly recorded in the office of the Steele County Recorder in and for Steele County, Minnesota.

SECTION 4. Effective Date. This Ordinance shall be in full force and effect from and after its passage and publication.

Passed and adopted this _____ day of _____, 2026, with the following vote:

Aye _____; No _____; Absent _____.

Approved and signed this _____ day of _____, 2026.

Matthew Jessop, Mayor

ATTEST:

Jenna Tuma, City Administrator/City Clerk

December 4, 2025

To: Planning Commission

From: Community Development Department

RE: Request to vacate a blanket sanitary sewer easement in the project area

Application Review:

Applicant: John Schulte, Jones, Haugh, and Smith on behalf of
Stadheim Properties of Owatonna and Redline
Development

Location of Property: 120 Oak Avenue N

Legal Description: See Attached Survey

Report Attachments: 1. Vacation Sketch & Description

Proposed Development:

- ◆ Petition by Redline Development, the City of Owatonna, to vacate a blanket sanitary sewer easement located on the property within Stamo Addition.
- ◆ There is no longer a need for this blanket easement as all of the sanitary sewer lines will be located within the Ringhofer Lane NW right of way.
- ◆ No changes are proposed to the sanitary sewer mains with this project. All will be located within public right of way.

Staff Recommendation:

Staff recommends approval of this vacation of a blanket sanitary sewer easement in the project area as described above with the following conditions:

- 1) Vacation is contingent upon approval and recording of STAMO Addition.

Planning Commission:

VACA-25-2, a Petition by John Schulte, Jones, Haugh, and Smith, on behalf of Stadheim Properties of Owatonna and Redline Development to vacate a blanket sanitary sewer easement in the project area at 120 Oak Avenue North was presented by Community Development Manager Greg Kruschke. (Refer to report on file.)

Public hearing for these four related requests opened at 5:46 pm. John Schulte said they have no issues with the TG Ringhofer drive if it is allowed. He said this project is basically the same as Ascend, although a bit more complicated. It will be a big improvement. Public hearing closed at 5:48 pm.

Wilson asked what the Ringhofer street was named before. Kruschke said the street sign said Ted G. Ringhofer, although it may not have been formally dedicated. Peake asked if the entrance to Bridge Street would be an entrance and exit as well and if there were any concerns. Kruschke said that will remain an exit and right turn only. With this project, we are just going to the connection to Bridge Street. Rooks asked about the parking stall requirements. She asked if the tenants will always have access to non-timed lots. Kruschke said that not every tenant will be able to be inside, but that is something we don't necessarily get into. The City does not allocate public parking stalls. Right now everything down there is 48 hour. We'll leave the 48 hour now and come back to talk about that in the future. Peake said the upper lot will also serve the commercial space. Kruschke said that upper lot is for the entire building. Kruschke said along with the vacation of Walnut Avenue, there is some swapping of small areas as well as the parking lot next to Firestone. The City Council will have to approve those sales. Joachim asked about the double line north of Firestone. Kruschke said that that is what the County has as a tax parcel. Eickhoff asked about the Firestone concerns. Kruschke said they have been working through her concerns and thought they were addressed.

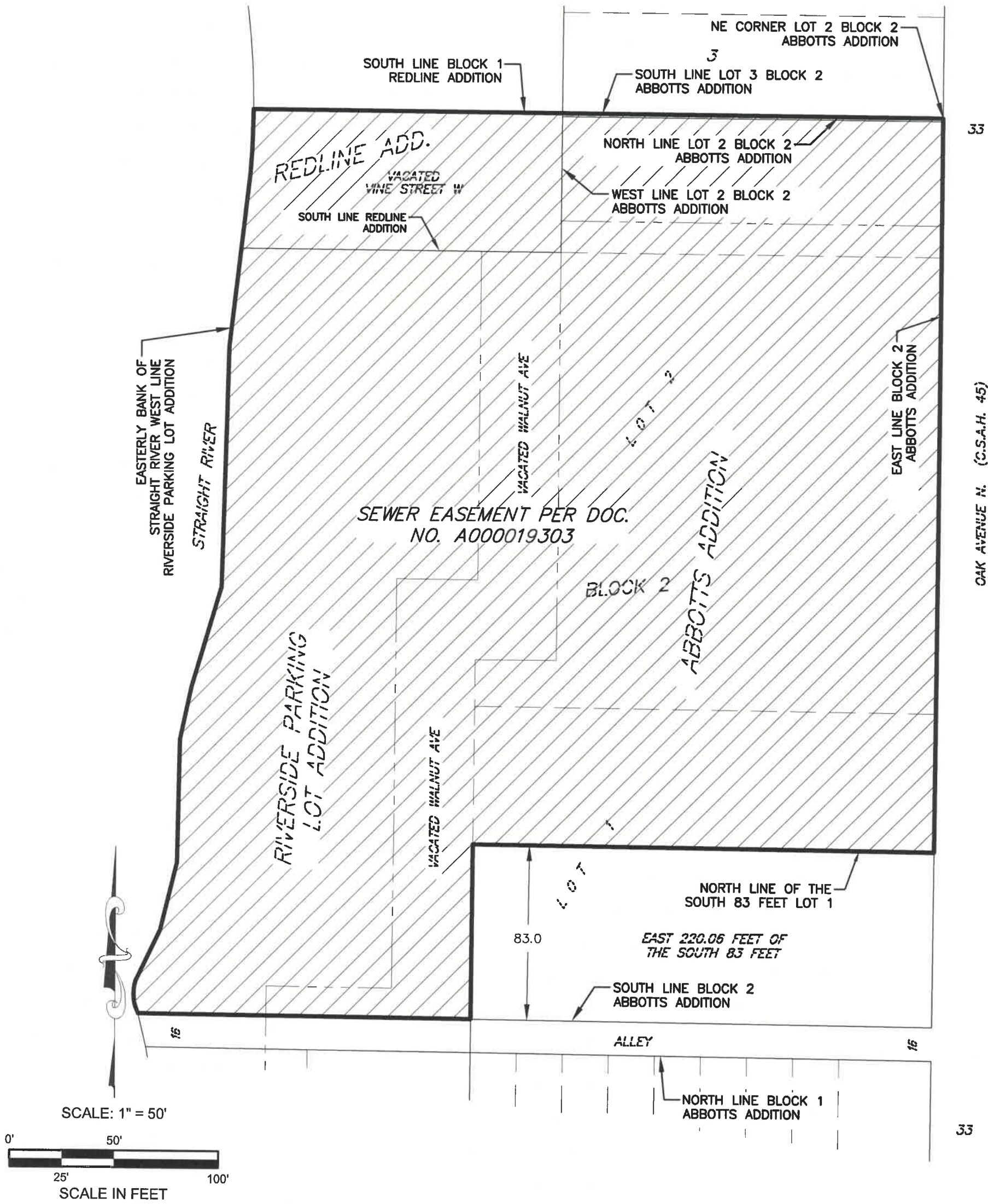
A motion was made by Eickhoff and seconded by Joachim to recommend City Council approval of the vacation request to vacate a portion of Walnut Avenue, a portion of an Alley, and a portion of Vine Street West as described in the report with the following conditions:

- 1) Vacation is contingent upon approval and recording of STAMO Addition.

All Commissioners voting Aye, the motion carried.

EASEMENT VACATION

IN PART OF LOTS 1 AND 2, BLOCK 2, ABBOTTS ADDITION, CITY OF OWATONNA
STEELE COUNTY, MINNESOTA



PREPARED EASEMENT VACATION

All that part of Lots 1 and 2, Block 2, Abbots Addition, as the same is platted and recorded in the office of the County Recorder of Steele County, Minnesota; except the following:

the East 220.06 feet of the South 83 feet of Lot 1, Block 2, Abbots Addition to the City of Owatonna, Minnesota.

FOR: ASCEND SOUTH		I hereby certify that this survey, plan, or report was prepared by me or under my direct supervision and that I am a duly Licensed Land Surveyor under the laws of the State of Minnesota. <i>Scott A. Tuchtenhagen</i> 12/2/25 Scott A. Tuchtenhagen Date L.S. No. 52646 JONES HAUGH SMITH Engineers + Surveyors 515 South Washington Ave. Albert Lea, MN 56007 507-373-4876 415 West North Street Owatonna, MN 55060 507-451-4598
	Date: 11/20/2025 Revised date: 12/02/2025 Drawn by: DNA Survey: SAT Coord-System: MNDOT CO. NAD83 1996 Page 1 of 1 Job No: 24-1011 EASE-A.DWG File No./Deed COPYRIGHT This document is the property of Jones, Haugh & Smith Inc. and may not be used, copied or duplicated without prior written consent.	



CITY OF
OWATONNA

Resolutions



DATE: January 6, 2026
TO: Mayor and City Council
FROM: Sean Murphy, Public Works Director
SUBJECT: Resolution 05-26: Order Feasibility Report - 2026 Street & Utility Project

Purpose:

Requesting City Council approval of Resolution 05-26: Ordering the preparation of the 2026 Street & Utility Project Feasibility Report.

Background:

The 2026 Street & Utility Project involves work on the following streets:

- Cardinal Drive SE
- Ivy Street

The project involves various levels of reconstruction, including water, sanitary and storm sewer, curb and pavement replacement.

Budget Impact:

The project will be paid for by a combination of assessments, sanitary sewer funds, stormwater funds, OPU funds and the general fund.

Staff Recommendation:

Staff recommends approval.

Attachments:

1. Resolution 05-26: Order Feasibility Report 2026 Street & Utility
2. 2026 Street & Utility Aerial Map - Cardinal & Ivy

RESOLUTION NO. 05-26

RESOLUTION ORDERING PREPARATION OF REPORT ON
IMPROVEMENT ON 2026 Street & Utility Project.

WHEREAS, it is proposed to improve the following streets as part of the 2026 Street & Utility Project.

The 2026 Street and Utility Project includes:

- Cardinal Drive SE
- Ivy Street SE

and to assess the benefited property for all or a portion of the cost of the improvements, pursuant to Minnesota Statutes, Chapter 429,

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF OWATONNA MINNESOTA:

That the proposed improvement, called the 2026 Street & Utility Project, be referred to Sean Murphy, City Engineer for the City of Owatonna, Minnesota, for study and that that person is instructed to report to the council will all convenient speed advising the council in a preliminary way as to whether the proposed improvement is necessary, cost-effective, and feasible; whether it should best be made as proposed or in connection with some other improvement; the estimated cost of the improvement as recommended; and a description of the methodology used to calculate individual assessments for affected parcels.

Passed and adopted this ____ day of _____ 2026, with the following vote:

Aye ____; No ____; Absent ____.

Approved and signed this ____ day of _____, 2026.

Matthew T. Jessop, Mayor

ATTEST:

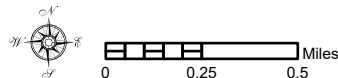
Jenna M. Tuma, City Administrator/City Clerk

2026 Street & Utility Project City of Owatonna



Legend

CIP Project
Project Type
— Street & Utility



This drawing is neither a legally recorded map nor a survey and is not intended to be used as one. This information is a compilation of records, information, and data located in various city, county, and state offices and other sources, affecting the area shown, and is to be used for reference purposes only.

December 03, 2025



DATE: January 6, 2026
TO: Mayor and City Council
FROM: Sean Murphy, Public Works Director
SUBJECT: Resolution 06-26: Order Feasibility Report - Broadway Reconstruction

Purpose:

Requesting City Council approval of Resolution 06-26: Ordering the preparation of the Broadway Street W Reconstruction Project Feasibility Report.

Background:

The Broadway Reconstruction Project involves work on the following street:

- Broadway Street West from Oak Avenue North to Park Square

The project involves various levels of reconstruction, including water, sanitary and storm sewer, curb and pavement replacement.

Budget Impact:

The project will be paid for by a combination of assessments, sanitary sewer funds, stormwater funds, OPU funds and the general fund.

Staff Recommendation:

Staff recommends approval.

Attachments:

1. Resolution 06-26: Order Feasibility Report Broadway Reconstruction Project
2. Broadway Street W Aerial Map

RESOLUTION NO. 06-26

RESOLUTION ORDERING PREPARATION OF REPORT ON
IMPROVEMENT ON Broadway Street West.

WHEREAS, it is proposed to improve the following streets as part of the Broadway Street West Reconstruction Project.

The Broadway Street West Reconstruction Project includes:

- Broadway Street West from Oak Avenue North to Park Square

and to assess the benefited property for all or a portion of the cost of the improvements, pursuant to Minnesota Statutes, Chapter 429,

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF OWATONNA MINNESOTA:

That the proposed improvement, called the Broadway Street West Reconstruction Project be referred to Sean Murphy, City Engineer for the City of Owatonna, Minnesota, for study and that that person is instructed to report to the council will all convenient speed advising the council in a preliminary way as to whether the proposed improvement is necessary, cost-effective, and feasible; whether it should best be made as proposed or in connection with some other improvement; the estimated cost of the improvement as recommended; and a description of the methodology used to calculate individual assessments for affected parcels.

Passed and adopted this ____ day of _____ 2026, with the following vote:

Aye ____; No ____; Absent ____.

Approved and signed this ____ day of _____, 2026.

Matthew T. Jessop, Mayor

ATTEST:

Jenna M. Tuma, City Administrator/City Clerk

2026 Street & Utility Project City of Owatonna



Legend

CIP Project
Project Type
— Street & Utility



0 0.25 0.5 Miles

This drawing is neither a legally recorded map nor a survey and is not intended to be used as one. This information is a compilation of records, information, and data located in various city, county, and state offices and other sources, affecting the area shown, and is to be used for reference purposes only.

December 03, 2025



DATE: January 6, 2026
TO: Mayor and City Council
FROM: Sean Murphy, Public Works Director
SUBJECT: Resolution 07-26: Declare Costs — 2025 Street & Utility Project

Purpose:

Requesting City Council approval of Resolution 07-26 to declare the costs for the 2025 Street & Utility Project with improvements to Linn Drive and Oakdale Street SW.

Background:

Linn Drive and Oakdale Street SW were reconstructed as part of the 2025 Street & Utility Project. The project was subject to assessments. A Preliminary Assessment Hearing was held on February 18, 2025 and on April 15, 2025, the city entered into a contract with Wencil Construction, Inc to complete the project at a contracted cost of \$1,809,858.40. The project is complete, and the final amount has been paid to the contractor.

Budget Impact:

The final cost of the project, including Change Orders, Quantity Changes, and the addition of Engineering and Administrative Costs, was \$2,187,378.69 and will be paid for with a combination of City Funds, OPU Reimbursements, and Special Assessments. The City of Owatonna will collect the assessments as reimbursement for expenses incurred as provided by our policies and state statute. Staff will prepare a Proposed Assessment Roll naming the affected property owners and the amount to be specially assessed to their property. The proposed assessment amount is \$234,916.24. which is 10.7% of the total project.

Staff Recommendation:

Staff recommends approval.

Attachments:

1. Resolution 07-26: Declare Costs 2025 Street and Utility Project

RESOLUTION NO. 07-26

A RESOLUTION DECLARING COST TO BE ASSESSED AND
ORDERING PREPARATION OF PROPOSED ASSESSMENT

WHEREAS, a contract has been let for the construction of 2025 Street & Utility Project and the contract price for such improvements is \$1,809,858.40 and the quantity changes incurred or to be incurred in the making of such improvements amount to \$160,753.03 so that the total cost of the improvements will be \$1,970,611.43 The city per assessment policy adds engineering and administrative costs of \$216,767.26 totaling \$2,187,378.69.

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

1. The estimated cost of such improvements to be specially assessed is hereby declared to be \$234,916.24.
2. The City Clerk, with the assistance of the City Engineer, shall forthwith calculate the proper amount to be specially assessed for such improvements against every assessable lot, piece or parcel of land within the district affected, without regard to cash valuation, as provided by law, and she shall file a copy of such proposed assessment in her office for public inspection.
3. The Clerk shall, upon the completion of such proposed assessment, notify the Council thereof.

Passed and adopted this ____ day of ____, 2026, with the following vote:

Aye _; No _; Absent _.

Approved and signed this ____ day of ____, 2026.

ATTEST:

Matthew T. Jessop, Mayor

Jenna L. Tuma, City Administrator/City Clerk



DATE: January 6, 2026
TO: Mayor and City Council
FROM: Sean Murphy, Public Works Director
SUBJECT: Resolution 08-26: Set Public Hearing Date — 2025 Street & Utility Project
Proposed Assessments

Purpose:

To set a Proposed Assessment Public Hearing for the 2025 Street & Utility Project.

Background:

The requested hearing date is Wednesday, February 4, 2026. This is the next step in the process of approving costs for assessments as outlined in the Special Assessment Guide based on Minnesota State Statute 429.061, Subd 1. Staff will mail notice to the affected properties and provide public notice as required by State Statute.

Budget Impact:

The proposed assessment amount is \$234,916.24.

Staff Recommendation:

Staff recommends approval.

Attachments:

1. Resolution 08-26 Set Date for Public Hearing 2025 Proposed Assessments

RESOLUTION NO. 08-26

A RESOLUTION FOR HEARING ON PROPOSED ASSESSMENT

WHEREAS, by Resolution No. 06-26 passed by the Council on January 6, 2026, the City Clerk was directed to prepare a proposed assessment of the cost of the construction of the 2025 Street & Utility Project.

WHEREAS, a contract has been let for the construction of 2025 Street & Utility Project.

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

1. A hearing shall be held at a regular City Council meeting to be held on in the Council Chambers of the City Hall Building at 7:00 p.m. to pass upon such Wednesday the 4th day of February, 2026, proposed assessment and at such time and place all persons owning property affected by such improvement will be given an opportunity to be heard with reference to such assessment.

2. The City Clerk is hereby directed to cause a notice of the hearing on the proposed assessment to be published once in the official newspaper at least two weeks prior to the hearing, and she shall state in the notice the total cost of the improvement. She shall also cause mailed notice to be given to the owner of each parcel described in the assessment roll not less than two weeks prior to the hearings.

3. No 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 assessment with the City Clerk prior to the hearing or has presented the written objection to the presiding officer at the hearing.

Passed and adopted this ____ day of ____, 2026, with the following vote:

Aye _; No _; Absent _.

Approved and signed this ____ day of ____, 2026.

ATTEST:

Matthew T. Jessop, Mayor

Jenna L. Tuma, City Administrator/City Clerk



DATE: January 6, 2026
TO: Mayor and City Council
FROM: Greg Kruschke, Community Development Manager
SUBJECT: Resolution 09-26: Final Plat - STAMO Addition

Purpose:

Request Council approval of Resolution 09-26 to approve the Final Plat of the STAMO Addition.

Background:

See attached staff report.

Since approval of the Preliminary Plat, there have been a couple of minor changes. The street name on the westerly street formerly known as Walnut Avenue has been changed to Ted G Ringhofer Lane NW. The address of the project has also been changed to 130 Oak Avenue North.

The Planning Commission is recommending approval of the Final Plat as presented.

Budget Impact:

None with this Final Plat approval.

Staff Recommendation:

Staff recommends approval.

Attachments:

1. Resolution 09-26 Final Plat - STAMO Addition
2. STAMO Addition Staff Report

RESOLUTION NO. 09-26
A RESOLUTION APPROVING FINAL
PLAT OF STAMO ADDITION

WHEREAS, on January 6, 2026, the City Council accepted and approved the final plat of STAMO Addition to the City of Owatonna, as the same was approved and recommended by the Planning Commission of the City.

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

1. That said plat is in accordance with and conformity to the plans and regulations established by the City for a comprehensive plan for the development of the City.
2. That said plat be and the same hereby is approved with the following conditions:
 - a) The final plat shall be recorded within 60 days of the approval.
 - b) The title opinion shall be approved by the City Attorney prior to recording of the final plat.
 - c) Steele County shall approve the access on Oak Avenue.
 - d) The plat is contingent upon VACA-25-1 and VACA-25-2 being approved.
 - e) A land development agreement shall be recorded with the final plat.
 - f) A FEMA Elevation certificate shall be provided for the building prior to a Certificate of Occupancy being issued.
 - g) Consent to plats shall be provided for all mortgages on the properties.
 - h) City property shall be deeded to Stadheim Properties or Redline Development Group prior to recording of the plat.
 - i) A fire hydrant shall be constructed in the vicinity of the SW corner of the building.
 - j) All conditions of the City Engineer's memo shall be met.
3. That the Clerk cause a certified copy of this resolution to be filed in the office of the County Recorder of Steele County, Minnesota, and to be given to the applicants of said plat.

Passed and adopted this ____ day of ____, 2026 with the following vote:

Aye __; No __; Absent __.

Approved and signed this ____ day of ____, 2026.

Matthew Jessop, Mayor

ATTEST:

Jenna Tuma, City Administrator/City Clerk

December 5, 2025

To: Planning Commission
From: Community Development Department
RE: Preliminary and Final Plat of STAMO Addition

Application Review:

Applicant: John Schulte V, Jones Haugh & Smith

Owner: Stadheim Properties and Redline Development Group

Location of Property: 120 Oak Avenue N

Existing Zoning: B-3, Central Business District

Existing Land Use: The land is currently a public parking lot and several vacant buildings.

Report Attachments:

1. Location Maps
2. Preliminary Plat
3. Final Plat
4. Firestone West Driveway Section
5. Application Letter
6. City Engineer Memo

Proposed Development:

Size of Subdivision: 3.43± acres

Number of Lots: Multiple commercial lots being platted into one

Lot Configuration: The lot is generally rectangular in shape.

Street Pattern: The street pattern will not change from what exists today although Ringhofer Lane NW will be realigned and reconstructed adding parking on both sides of the street.

Services: Services are existing. Any unused services will need to be removed.

Timing/Financing of Development: The applicant is hoping to record the final plat and begin the construction in the spring.

Outstanding Assessments: None

Floodplain:	On the west side of the property as shown on the plat. Both structures will be required to be constructed 1' above the regulatory flood protection elevation and will need to provide a FEMA Elevation Certificate.
Wetlands:	None.
Storm Water Drainage:	Two storm water systems are being proposed. One on the east side of the building and one on the west side of the building. Details will be covered in the grading permit and development agreement.
Easements:	Perimeter Easements have been provided as requested by the City and OPU.
County/MNDOT Review:	The property is adjacent to a county road. To date the County has not formally responded. Through the developer the County has stated that they will approve the proposed access point on Oak Avenue.

Background

A request by Scott Tuchtenhagen of Jones, Haugh, and Smith, on behalf of Redline Development and Stadheim Properties, for preliminary and final plat of STAMO Addition, a one lot and one outlot commercial plat. The developer is planning on redeveloping this property into a mixed use building containing approximately 23,000 square feet of commercial space, 57 apartment units and underground parking.

Realignment and reconstruction of Ringhofer Lane NW and Vine Street W will also occur as part of this project. Ringhofer Lane NW will be reconstructed and provide public parking on both sides of the street. Vine Street W will have the southern portion of the street reconstructed. The centerline will move north and a 10' wide trail will be constructed along the south side of the street. A small portion of trail will be added along the south end of Rinhofer Drive as well removing the trail from the street as it exists today.

Staff received a phone call from the property owner to the south. Throughout the discussion she had three main items of concern.

- How will customers at Firestone be able to get from the back customer parking to the front door with the public parking lot no longer being there?
- With the construction of the new street how will the grades transition to the west parking lot and will it cause vehicles to bottom out?
- How will cars be able to consistently be serviced at the shop during construction of the west street?

Staff has also been informed that there is a minor concern with naming the street Ringhofer Lane NW and concerned parties would like to see that name amended to TG Ringhofer Lane NW.

Staff Comments:

- OPU:
 - Electric, water and natural gas services are available per Owatonna Public Utilities standard terms, conditions and policies.
 - Applicant should work with OPU directly to understand requirements and expectations around service extensions and any existing facilities that will need to be removed for the project.
 - All existing water, electric and natural gas facilities that will remain, must either be in public ROW or a utilities easement. This includes Outlot A, which should have allowance for utilities in that area.
 - OPU will be converting all overhead electric facilities within the project area to underground. Applicant and their contractor should coordinate with OPU to ensure underground electric installation work is proficiently completed in support of the project.
 - OPU will be providing and installing the new street lighting facilities for the public ROW spaces (street, on-street parking, and sidewalks/trails). Contractor shall coordinate with OPU to ensure proficient public lighting installation in support of the project.
- Fire Dept:
 - There may be a need for an additional fire hydrant.
 - MN Fire Code 507.5.1.1 Hydrant for standpipe systems
 - Buildings equipped with a standpipe system installed in accordance with Section 905 shall have a fire hydrant within 100 feet of the fire department connections.
 - Staff is recommending a hydrant be installed in the vicinity of the SW corner of the building.

Staff Review:

Staff recommends approval of the preliminary and final plat of STAMO Addition with the following conditions:

- 1) The final plat shall be recorded within 60 days of the approval.
- 2) The title opinion shall be approved by the City Attorney prior to recording of the final plat.
- 3) Steele County shall approve the access on Oak Avenue.
- 4) The plat is contingent upon VACA-25-1 and VACA-25-2 being approved.
- 5) A land development agreement shall be recorded with the final plat.
- 6) A FEMA Elevation certificate shall be provided for the building prior to a Certificate of Occupancy being issued.
- 7) Consent to plats shall be provided for all mortgages on the properties.
- 8) City property shall be deeded to Stadheim Properties prior to recording of the plat.
- 9) A fire hydrant in the vicinity of the SW corner of the building.
- 10) All conditions of the City Engineer's memo shall be met.

Planning Commission:

Preliminary and Final Plat of STAMO Addition, which is a 3.43± acre tract of land zoned B-3 Central Business District, owned by Stadheim Properties of Owatonna and Redline Development, and located at 120 Oak Avenue North was presented by Community Development Manager Greg Kruschke. (Refer to report on file.)

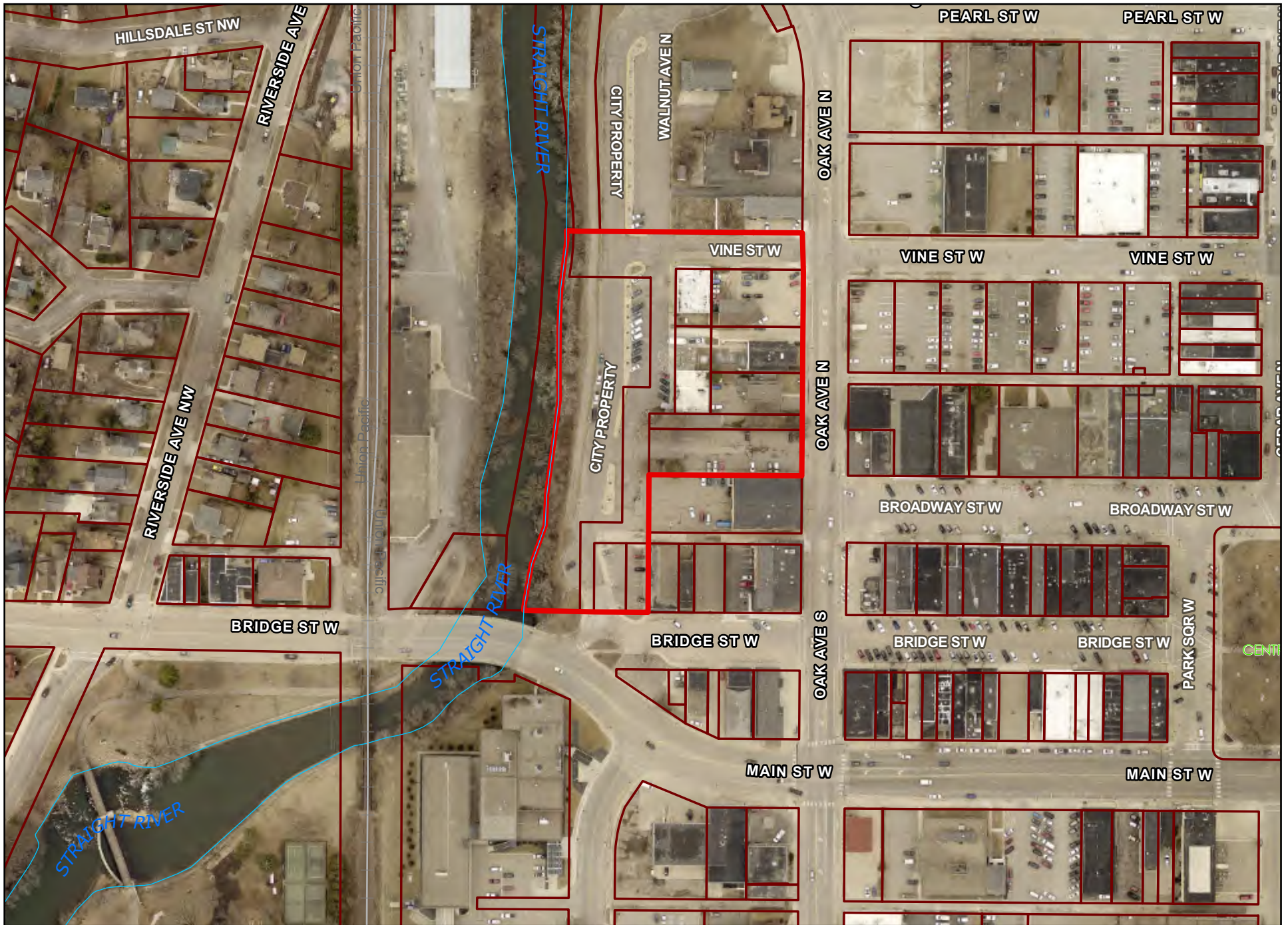
Public hearing for these four related requests opened at 5:46 pm. John Schulte said they have no issues with the TG Ringhofer drive if it is allowed. He said this project is basically the same as Ascend, although a bit more complicated. It will be a big improvement. Public hearing closed at 5:48 pm.

Wilson asked what the Ringhofer street was named before. Kruschke said the street sign said Ted G. Ringhofer, although it may not have been formally dedicated. Peake asked if the entrance to Bridge Street would be an entrance and exit as well and if there were any concerns. Kruschke said that will remain an exit and right turn only. With this project, we are just going to the connection to Bridge Street. Rooks asked about the parking stall requirements. She asked if the tenants will always have access to non-timed lots. Kruschke said that not every tenant will be able to be inside, but that is something we don't necessarily get into. The City does not allocate public parking stalls. Right now everything down there is 48 hour. We'll leave the 48 hour now and come back to talk about that in the future. Peake said the upper lot will also serve the commercial space. Kruschke said that upper lot is for the entire building. Kruschke said along with the vacation of Walnut Avenue, there is some swapping of small areas as well as the parking lot next to Firestone. The City Council will have to approve those sales. Joachim asked about the double line north of Firestone. Kruschke said that that is what the County has as a tax parcel. Eickhoff asked about the Firestone concerns. Kruschke said they have been working through her concerns and thought they were addressed.

A motion was made by Joachim and seconded by Eickhoff to recommend City Council approval of the preliminary and final plat of STAMO Addition with the following conditions:

- 1) The final plat shall be recorded within 60 days of the approval.
- 2) The title opinion shall be approved by the City Attorney prior to recording of the final plat.
- 3) Steele County shall approve the access on Oak Avenue.
- 4) The plat is contingent upon VACA-25-1 and VACA-25-2 being approved.
- 5) A land development agreement shall be recorded with the final plat.
- 6) A FEMA Elevation certificate shall be provided for the building prior to a Certificate of Occupancy being issued.
- 7) Consent to plats shall be provided for all mortgages on the properties.
- 8) City property shall be deeded to Stadheim Properties prior to recording of the plat.
- 9) A fire hydrant in the vicinity of the SW corner of building should be provided.
- 10) All conditions of the City Engineer's memo shall be met.

All Commissioners voting Aye, the motion carried.



Ascend South
120 Oak Ave North

11-24-25

OFFICIAL PLAT

STAMO ADDITION

KNOW ALL PERSONS BY THESE PRESENTS THAT: Redline Development Group LLC, a Minnesota Limited Liability Company, and The City of Owatonna, Minnesota, a Municipal Corporation, owners of the following described property;

All that part of Lots 1-3 Block 2 and Lot 10 Block 1 Abbotts Addition to Owatonna, RIVERSIDE PARKING LOT ADDITION, OWATONNA, MINNESOTA, and REDLINE ADDITION as the same are platted and recorded in the office of the Steele County Recorder, Steele County, Minnesota, described as follows:

Beginning at the southeast corner of the North 48 feet of Lot 3, Block 2, of said Abbotts Addition; thence South 00° 25' 57" West a distance of 348.14 feet on the east line of said Block 2 to the north line of the South 83 feet of Lot 1 said Block 2;

thence North 89° 28' 06" West a distance of 220.11 feet, on said north line to the east line of said RIVERSIDE PARKING LOT ADDITION;

thence South 00° 22' 22" West a distance of 198.00 feet, on the east line of said RIVERSIDE PARKING LOT ADDITION and the east line of Lot 10 of said Block 2, to the south line of said Block 1, Abbotts Addition;

thence North 89° 28' 06" West a distance of 146 feet, more or less, to the west line of said RIVERSIDE PARKING LOT ADDITION;

thence northerly a distance of 554 feet, more or less on the west line of said RIVERSIDE PARKING LOT ADDITION, to a point 329.28 feet bearing North 89°32'35" West from the point of beginning on the south line of OUTLOT A, of said REDLINE ADDITION;

thence South 89°32'35" East a distance of 329.28 feet, on the south line of OUTLOT A and Block 1 of said REDLINE ADDITION, to the point of beginning.

Has caused the same to be surveyed and platted as STAMO ADDITION, and does hereby dedicate to the public for public use the public ways and drainage and utility easements as created by this plat.

In witness whereof said Redline Development Group LLC, a Minnesota Limited Liability Company, has caused these presents to be signed by its proper officer this

_____ day of _____, _____.

Redline Development Group LLC, a Minnesota Limited Liability Company

Darrin Stadheim, Chief Manager

STATE OF MINNESOTA

This instrument was acknowledged before me this _____ day of _____,

_____ by Darrin Stadheim, Chief Manager of Redline Development Group LLC, a Minnesota Limited Liability Company.

John Henry Schulte, Notary Public, State of Minnesota

My Commission Expires _____

In witness whereof said City of Owatonna, Minnesota, a Minnesota Municipal Corporation, has caused these presents to be signed by its proper officer this

_____ day of _____, 20____.

Jenna A. Tuma, City Administrator

Matt Jessop, Mayor

STATE OF MINNESOTA

This instrument was acknowledged before me this _____ day of _____,

20____ by Jenna A. Tuma, City Administrator, City of Owatonna, Minnesota, a Municipal Corporation.

Kristen A. Kopp, Notary Public, State of Minnesota

My Commission Expires January 31, 2029

STATE OF MINNESOTA

This instrument was acknowledged before me this _____ day of _____,

20____ by Matt Jessop, Mayor, City of Owatonna, Minnesota, a Municipal Corporation.

Kristen A. Kopp, Notary Public, State of Minnesota

My Commission Expires January 31, 2029

My Commission Expires _____

I, Scott A. Tuchtenhagen, hereby certify that this plat was prepared by me or under my direct supervision; that I am a duly Licensed Land Surveyor in the State of Minnesota; that this plat is a true and correct representation of the boundary survey; that all mathematical data and labels are correctly designated on this plat; that all monuments depicted on this plat have been, or will be set within one year; that all water boundaries and wet lands, as defined in Minnesota Statutes, Section 505.01, Subd. 3, as of the date of this certificate are shown and labeled on this plat; and all public ways are shown and labeled on this plat.

Dated this _____ day of _____, _____.

Scott A. Tuchtenhagen, Licensed Land Surveyor

Minnesota License No. 52646

STATE OF MINNESOTA

This instrument was acknowledged before me this _____ day of _____,

_____ by Scott A. Tuchtenhagen, a licensed land surveyor.

John Henry Schulte, Notary Public, State of Minnesota

My Commission Expires _____

This plat of STAMO ADDITION was approved and accepted by the City Council of the City of Owatonna, Minnesota

at a regular meeting thereof held on the _____ day of _____, 20____, and said plat is in compliance with the provisions of Minnesota Statutes, Section 505.03 Subd. 2.

Jenna A. Tuma, City Administrator

I hereby certify that in accordance with Minnesota Statutes, Section 505.021, Subd. 11, this plat has been reviewed

and approved this _____ day of _____, 20____.

Scott A. Tuchtenhagen, County Surveyor

Steele County, Minnesota

No delinquent taxes and transfer entered this _____ day of _____, 20____.

Jennifer Mueller, Property Tax and Elections Director

Steele County, Minnesota

I hereby certify that taxes payable for the year _____ on the land hereinbefore described have been paid this

_____ day of _____, 20____.

Steele County, Minnesota

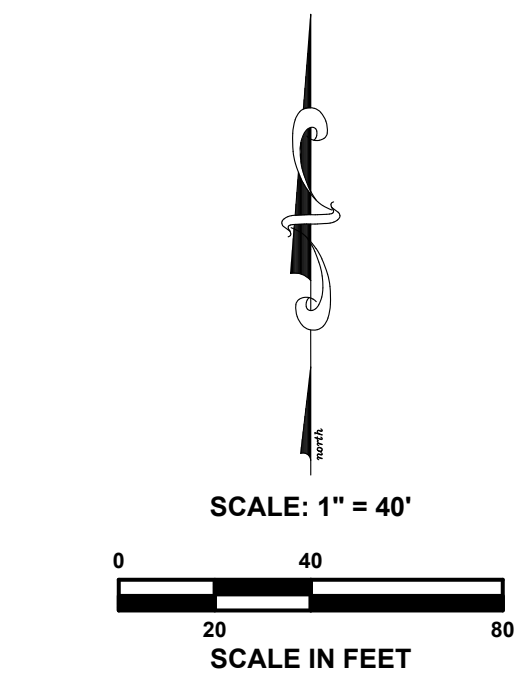
Filed in the Office of the County Recorder this _____ day

of _____, _____, at _____ O'clock _____ M., in Book _____ of Plats,

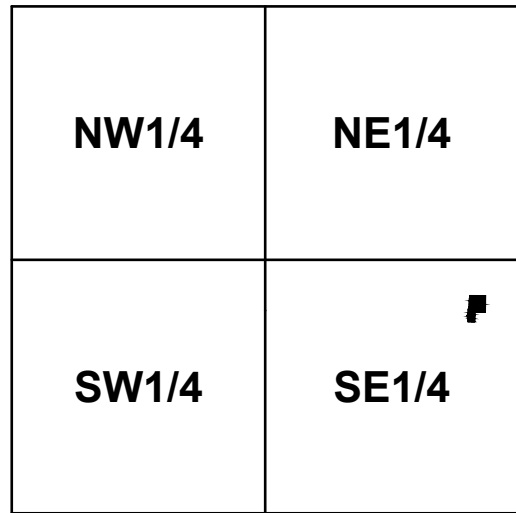
Page _____, as Document Number _____.

Rick G. Kvien, County Recorder

Steele County, Minnesota



VICINITY MAP
SECTION 9-T107N-R20W



BASIS OF BEARING SYSTEM

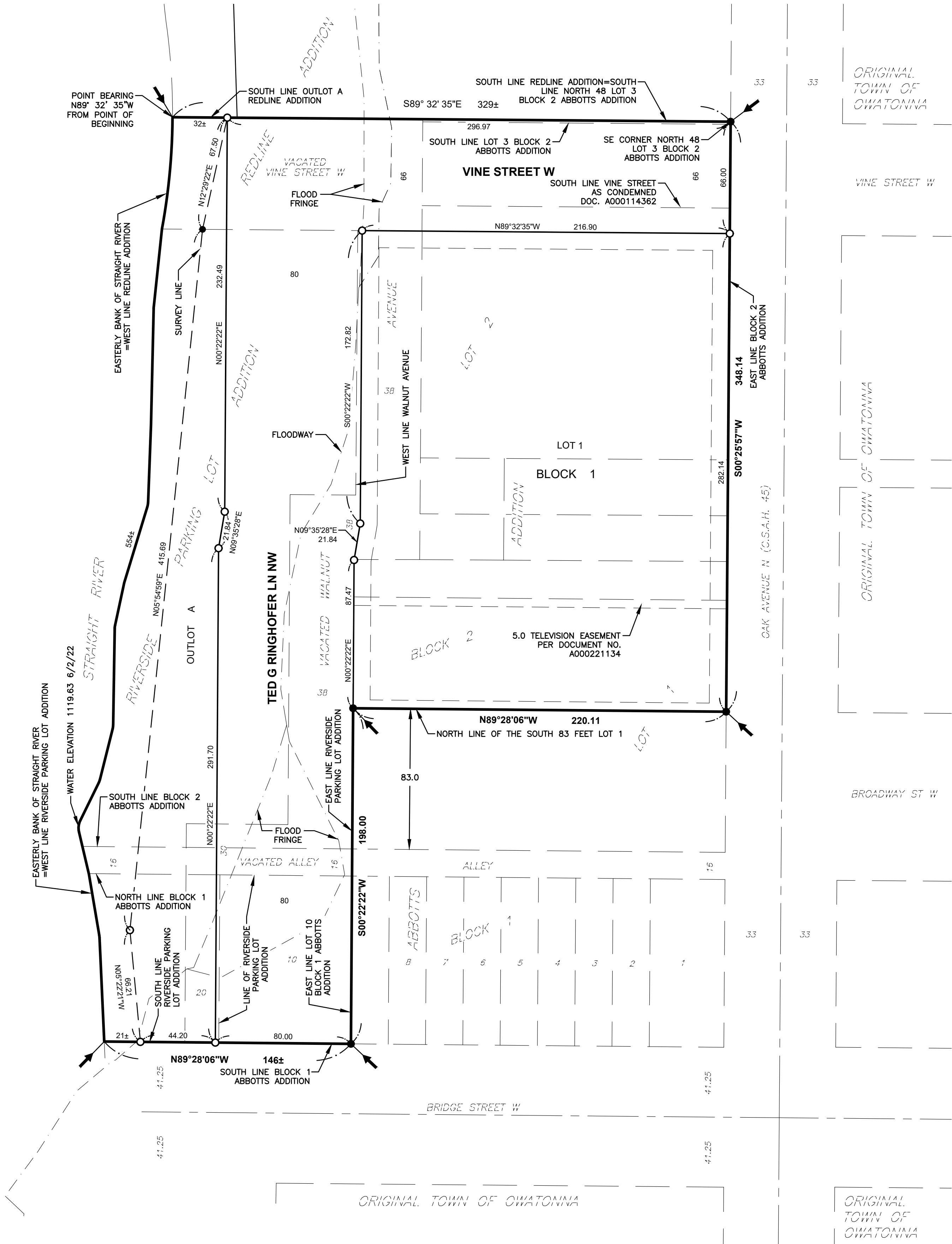
All bearings are based on the east line Block 2, Abbotts Addition being South 00° 25' 57" West

BENCHMARK:

MNDOT geodetic data point BURGER MNDT near the northeast corner of the bridge at the junction of Interstate Highway 35 and Bridge Street West.
Elevation = 1182.48

LEGEND
Drainage and Utility easements are shown thus unless otherwise noted:

- = 5/8 inch x 16 inch iron monument (capped LS 52846)-Placed
- = Iron monument - Found
- = Addition Corner



NOTES:

- The location of the Flood Fringe was determined from lines provided by Steele County as determined by the Federal Emergency Management Agency (FEMA) Flood insurance Study effective December 2, 2011. Reference Panel No. 27147C0153C. Building permitted in accordance with special requirements set forth by the City of Owatonna.

JONES, HAUGH & SMITH
PROFESSIONAL ENGINEERS & LAND SURVEYORS



- | | | | | | |
|---|-----------------------------------|---|-----------------------|---|-----------------------|
|  | = Existing Elevation Contour Line |  | = Flag Pole |  | = Gas Main Valve |
|  | = Water Main |  | = Sign |  | = Fire hydrant |
|  | = Sanitary Sewer |  | = Stop Sign |  | = Water Main Valve |
|  | = Storm Sewer |  | = Handicap Sign |  | = Water Shutoff Valve |
|  | = Gas Main |  | = Electric Meter |  | = Curb Stop |
|  | = Underground Telephone |  | = Gas Meter |  | = Catch Basin |
|  | = Overhead Telephone |  | = Fiber-Optics Box |  | = Manholes |
|  | = Fiber-Optics |  | = Telephone Pedestal |  | = Deciduous Tree |
|  | = Underground Electric |  | = AC Unit |  | = Coniferous Tree |
|  | = Overhead Electric |  | = Refrigeration Unit |  | = Bush |
|  | = Underground TV |  | = Television Pedestal | | |
|  | = Chain Link Fence |  | = Water Meter | | |
|  | = Woven Wire Fence |  | = Light Pole | | |
|  | = Gate Post |  | = Flood Lights | | |
|  | = Bollards |  | = Power Pole | | |
|  | = Soil Boring |  | = Guy Anchor | | |
|  | = Monitoring Well |  | = Electric Marker | | |
|  | = Hand Hole |  | = Gas Marker | | |
|  | = Roof Drain |  | = Fiber Optics Marker | | |

OWNER INFORMATION

REDLINE DEVELOPMENT
DARRIN STADHEIM
1330 STATE AVE NW
OWATONNA MN 55060
507-456-1471-
stadheimproperties@hotmail.com

LAND SURVEYOR

JONES HAUGH, & SMITH, INC.
SCOTT A. TUCHTENHAGEN
415 WEST NORTH STREET
OWATONNA, MN 55060
507-451-4598
SCOTT@JHSENG.COM

ZONING

EXISTING ZONE: B-3 CENTRAL BUSINESS DISTRICT
PROPOSED ZONE: B-3 CENTRAL BUSINESS DISTRICT

SETBACKS:
FRONT: 0'
REAR 12'
SIDE: 10'

PREPARED LEGAL DESCRIPTION

All that part of Lots 1-3 Block 2 and Lot 10 Block 1 Abbotts Addition to the to Owatonna, RIVERSIDE PARKING LOT ADDITION, OWATONNA, MINNESOTA, and REDLINE ADDITION as the same are platted and recorded in the office of the Steele County Recorder, Steele County, Minnesota, described as follows:

Beginning at the southeast corner of the north 48 feet of Lot 3, Block 2, of said Abbotts Addition; thence South 00° 25' 57" West a distance of 348.14 feet on the east line of said Block 2 to the north line of the south 83 feet of Lot 1 said Block 2;

thence North 89° 28' 06" West a distance of 220.11 feet, on said north line to the east line of said RIVERSIDE PARKING LOT ADDITION;

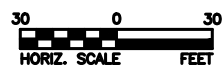
thence South 00° 22' 22" West a distance of 198.00 feet, on the east line of said RIVERSIDE PARKING LOT ADDITION and the east line of Lot 10 of said Block 2, to the south line of said Block 1, Abbotts Addition;

thence North 89° 28' 06" West a distance of 146 feet, more or less, to the west line of said RIVERSIDE PARKING LOT ADDITION;

thence northerly a distance of 554 feet, more or less on the west line of said RIVERSIDE PARKING LOT ADDITION, to a point 329.28 feet bearing North 89°32'35" West from the point of beginning on the south line of OUTLOT A, of said REDLINE ADDITION;

thence South 89°32'35" East a distance of 329.28 feet, on the south line of OUTLOT A and Block 1 of said REDLINE ADDITION, to the point of beginning.

PLATTED AREA: 3.43 ACRES



DRAWINGS ON 11x17 SHEETS ARE HALF SCALE

REV.	BY	DATE	REVISION DESCRIPTION
-	-	-	-



415 West North Street Owatonna, MN 507-451-4598

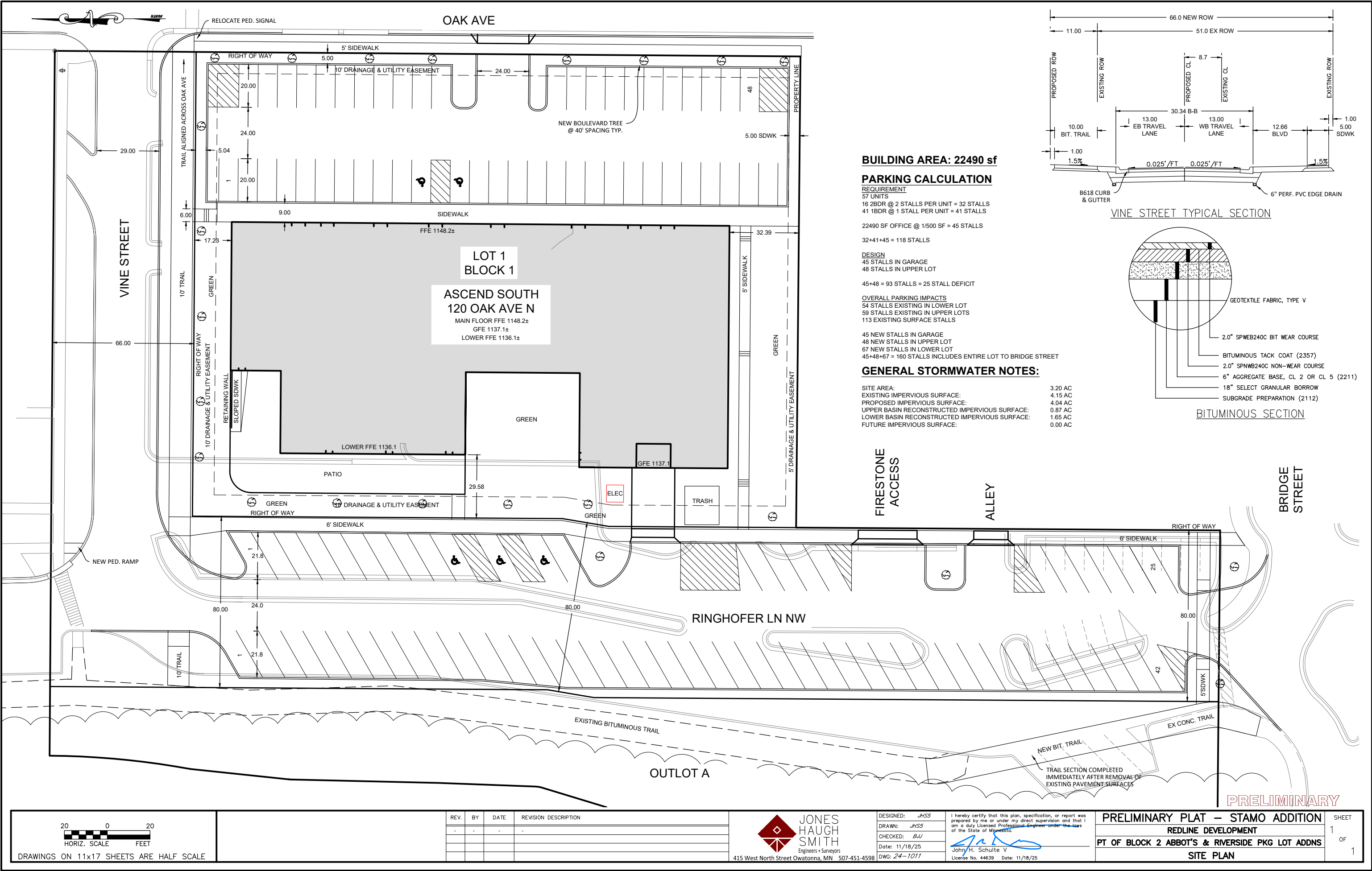
DESIGNED:	JHS5
DRAWN:	JHS5
CHECKED:	BJJ
Date:	11/18/25
DWG:	24-1011

I hereby certify that this plan, specification, or report was prepared by me or under my direct supervision and that I am a duly Licensed Professional Engineer under the laws of the State of Minnesota.

John H. Schulte V
License No. 44639 Date: 11/18/25

PRELIMINARY PLAT - STAMO ADDITION	S
REDLINE DEVELOPMENT	1
PT OF BLOCK 2 ABBOT'S & RIVERSIDE PKG LOT ADDNS	
EXISTING CONDITIONS	

SHEET
OF
1



BUILDING AREA: 22490 sf

PARKING CALCULATION

REQUIREMENT
57 UNITS
16 2BDR @ 2 STALLS PER UNIT = 32 STALLS
41 1BDR @ 1 STALL PER UNIT = 41 STALLS

22490 SF OFFICE @ 1/500 SF = 45 STALLS

32+41+45 = 118 STALLS

DESIGN
45 STALLS IN GARAGE
48 STALLS IN UPPER LOT

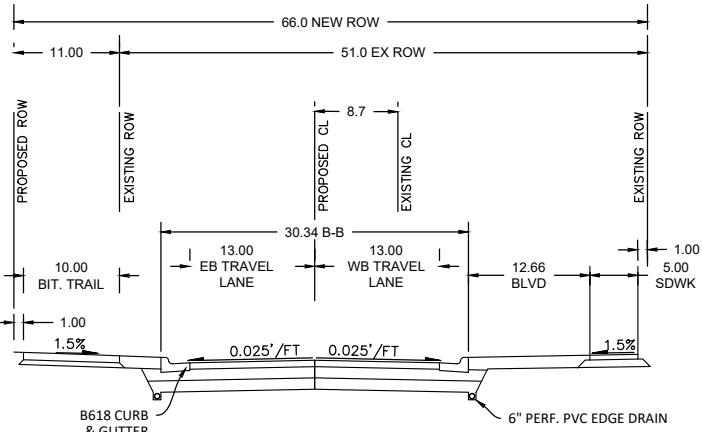
45+48 = 93 STALLS = 25 STALL DEFICIT

OVERALL PARKING IMPACTS
54 STALLS EXISTING IN LOWER LOT
59 STALLS EXISTING IN UPPER LOTS
113 EXISTING SURFACE STALLS

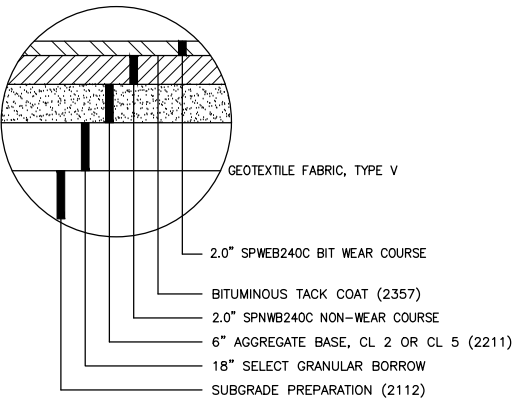
45 NEW STALLS IN GARAGE
48 NEW STALLS IN UPPER LOT
67 NEW STALLS IN LOWER LOT
45+48+67 = 160 STALLS INCLUDES ENTIRE LOT TO BRIDGE STREET

GENERAL STORMWATER NOTES:

SITE AREA:	3.20 AC
EXISTING IMPERVIOUS SURFACE:	4.15 AC
PROPOSED IMPERVIOUS SURFACE:	4.04 AC
UPPER BASIN RECONSTRUCTED IMPERVIOUS SURFACE:	0.87 AC
LOWER BASIN RECONSTRUCTED IMPERVIOUS SURFACE:	1.65 AC
FUTURE IMPERVIOUS SURFACE:	0.00 AC



VINE STREET TYPICAL SECTION



BITUMINOUS SECTION



DRAWINGS ON 11x17 SHEETS ARE HALF SCALE

REV.	BY	DATE	REVISION DESCRIPTION

JONES HAUGH SMITH
Engineers + Surveyors
415 West North Street Owatonna, MN 56045-4598

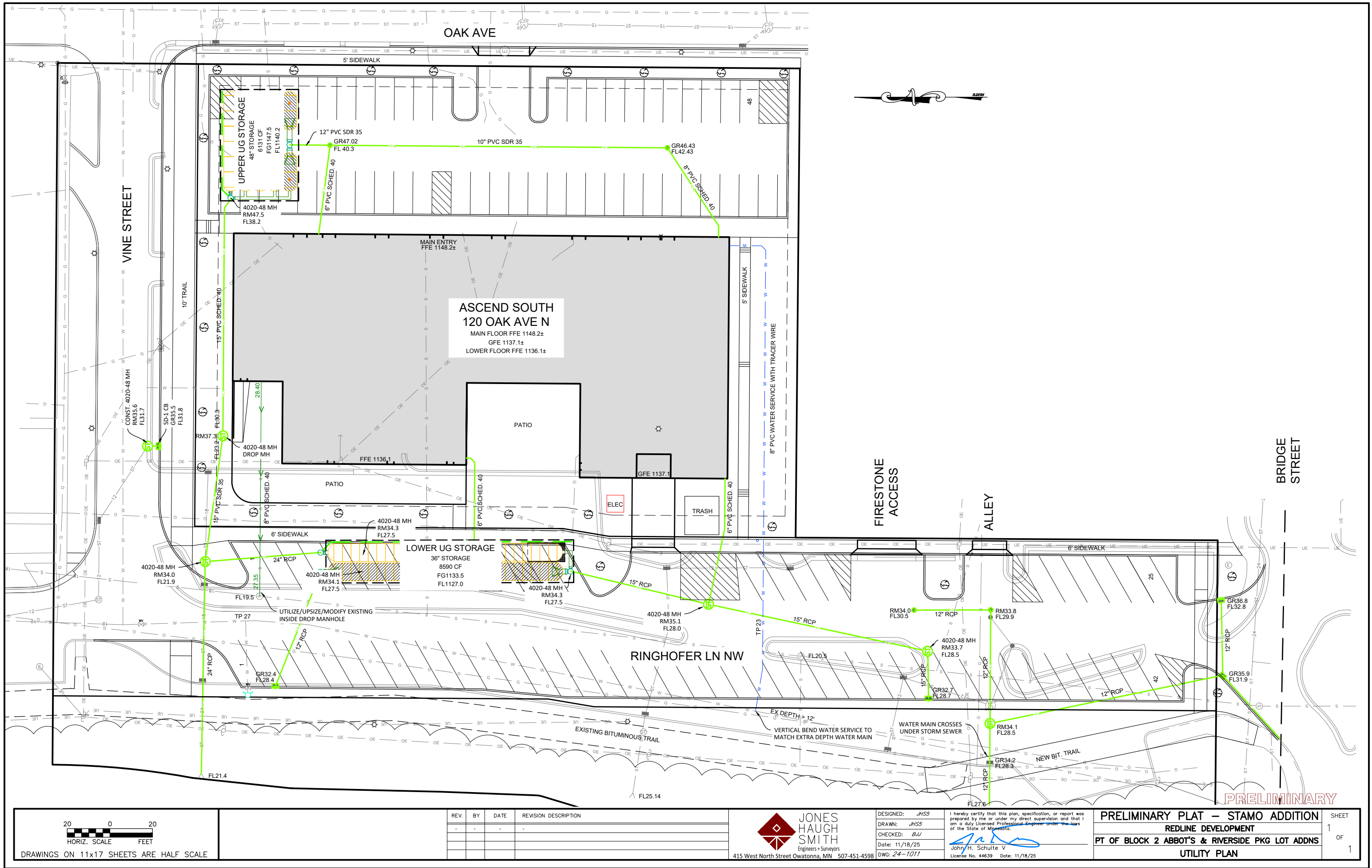
DESIGNED: JHS
DRAWN: JHS
CHECKED: BJW
Date: 11/18/25
DWG: 24-1011

I hereby certify that this plan, specification, or report was prepared by me or under my direct supervision and that I am a duly Licensed Professional Engineer under the laws of the State of Minnesota.

John H. Schulte V
John H. Schulte V
License No. 44639 Date: 11/18/25

PRELIMINARY PLAT - STAMO ADDITION
REDLINE DEVELOPMENT
PT OF BLOCK 2 ABBOT'S & RIVERSIDE PKG LOT ADDNS
SITE PLAN

SHEET
1
OF
1



REV.	BY	DATE	REVISION DESCRIPTION

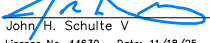


JONES
HAUGH
SMITH

Engineers + Surveyors

415 West North Street Owatonna, MN 56045-4598

DESIGNED: JHS
DRAWN: JHS
CHECKED: BW
Date: 11/18/25
DWG: 24-1011

I hereby certify that this plan, specification, or report was prepared by me or under my direct supervision and that I am a duly Licensed Professional Engineer under the laws of the State of Minnesota.

John H. Schulte V
License No. 44639 Date: 11/18/25

PRELIMINARY PLAT – STAMO ADDITION

REDLINE DEVELOPMENT

PT OF BLOCK 2 ABBOT'S & RIVERSIDE PKG LOT ADDNS

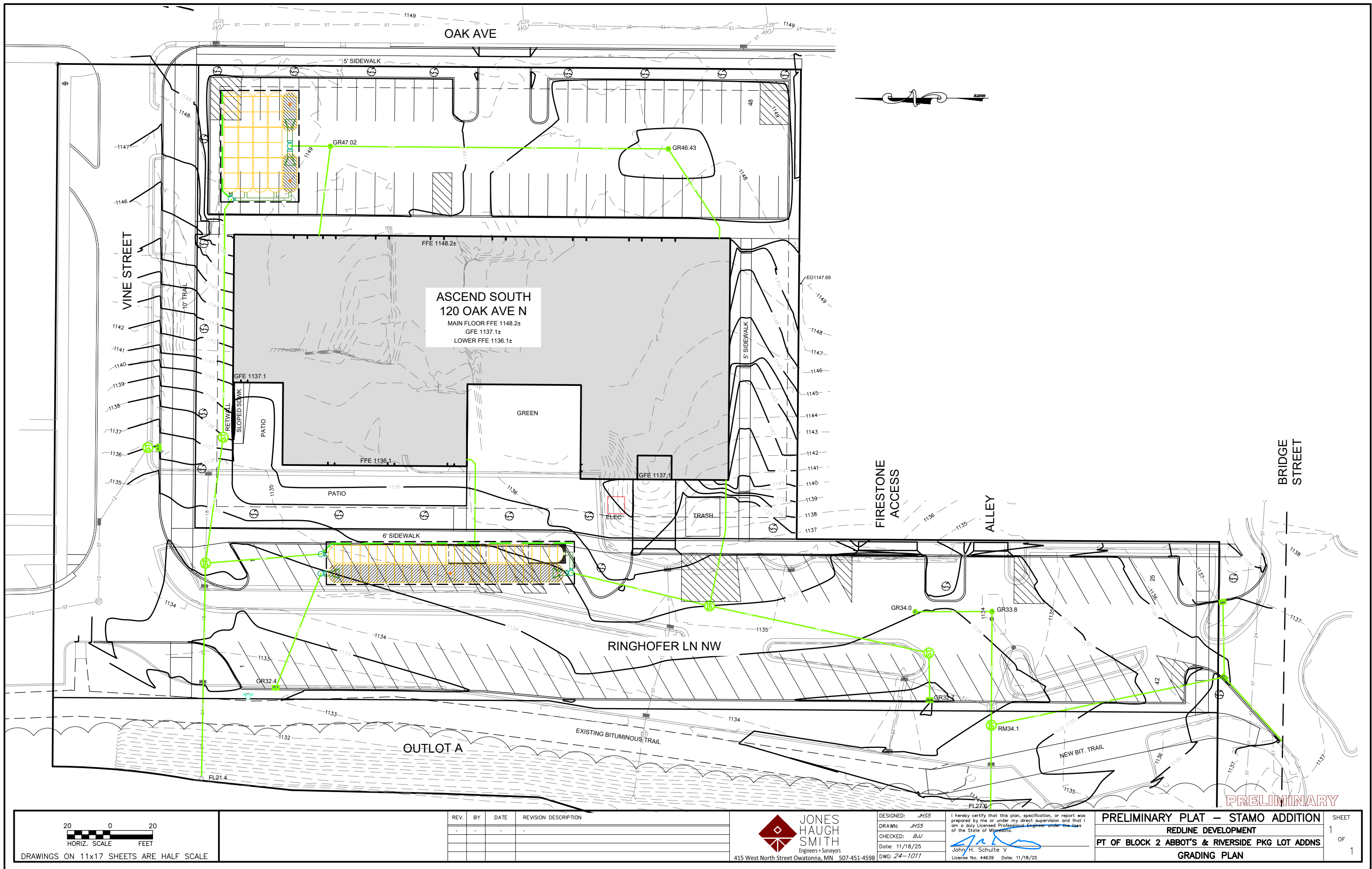
UTILITY PLAN

SHEET

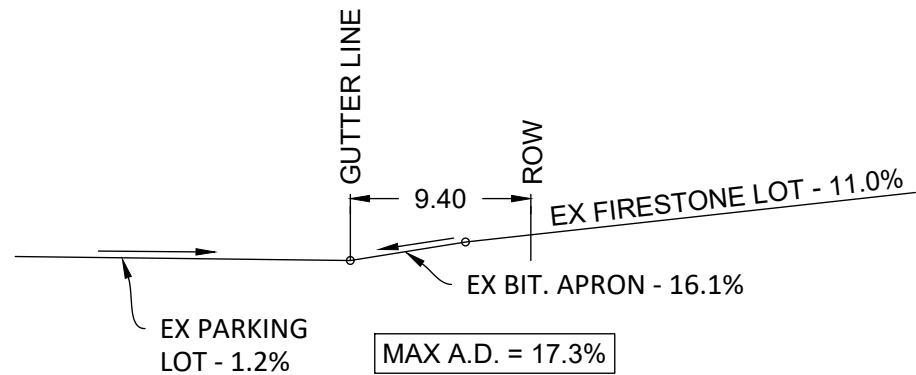
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OF

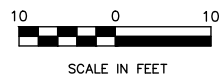
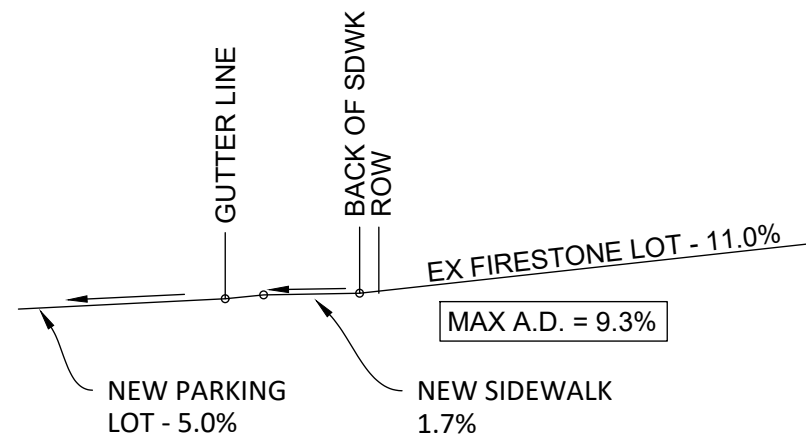
1



EXISTING CONDITIONS



PROPOSED CONSTRUCTION



JONES HAUGH SMITH
Engineers + Surveyors
415 West North Street Owatonna, MN 56001
507-451-4598

DESIGNED: JHS
DRAWN: JHS
CHECKED: JHS
DATE: 12/2/25
FILE NO: 24-1011

I hereby certify that this plan, specification, or report was prepared by me or under my direct supervision and that I am a duly Licensed Professional Engineer under the laws of the State of Minnesota.
John H. Schulte V
John H. Schulte V
License No. 44639 Dated: 12/2/25

ASCEND SOUTH
120 OAK AVE S
LOT 1 BLOCK 1 STAMO ADDITION
FIRESTONE WEST DRIVEWAY SECTION

SHEET
1
OF
1



PRINCIPALS

Steven J. Thompson, P.L.S.
Brian J. Johnson, P.E.
Steven J. Penkava, P.E.
John H. Schulte V, P.E.
Scott A. Tuchtenhagen, P.L.S.

Established 1945

Project Narrative

Stamo Addition / Ascend South

Prepared by: John H. Schulte V, PE

November 18, 2025

Ascend South proposes to reconstruct an area consisting of five underutilized mixed-use buildings in the heart of Owatonna. The goal of revitalizing the riverfront has proceeded to Ascend South following the recent success of Ascend North. The redevelopment of this area includes the purchase of an underutilized, unmaintained city parking lot to facilitate highest and best use of the block as well as adding parking along Oak Avenue for the main level tenants. The plan also eliminates multiple access points to Oak Avenue to ease traffic conflicts.

Ascend South will be an extension of sister development Ascend North (north of Vine St) consisting of five total floors. The lower level will include 42 lower-level interior parking stalls with 3000 SF of retail space on Ringhofer Ln NW street level. The main floor off Oak Avenue will consist of approximately 17,000 sf of leasable office retail space. Floors 2-5 will be 57 residential apartments in mix of 1 bedroom, 2 bedroom, and 16 Studio apartments. While styled similarly to Ascend North, this project will create even more green space on the exterior for a welcoming feel on all sides.

As arranged with the City of Owatonna, the project provides additional parking to be created through the realignment of existing Walnut Avenue from Vine Street to Bridge Avenue. The new street will be named Ringhofer Lane NW, in honor of the former City father, and will replace the street name lost during Ascend North. This improvement will increase parking availability to Ascend North and Ascend South while creating more fluid drive access for all buildings along the river and Oak Ave, increase greenspace, improve city snow removal processes while installing much needed sidewalks.

The project will also complete the Vine Street shared user trail from the Riverfront trail to Oak Avenue, providing a non-motorized connection between the Straight River and downtown.



Public Works Department

Date: 12/05/2025
Project: STAMO Addition
Final Plat Application #: FP-25-6 and Associated P&Z Applications

Staff Review Comments:

VAR-22

No Comments

VACA-25-1

Vacations are conditioned upon recording of STAMO Addition Plat.

VACA-25-2

Vacations are conditioned upon recording of STAMO Addition Plat.

FP-25-6 & PP-25-6

Engineering

1. Review the driveway approaches onto Ringhofer Lane NW. Aprons should not be within the sidewalk. The sidewalk should be continuous and meet ADA requirements throughout the path of travel.
2. Show drinking fountain that is being re-installed at the west end of Vine Street on the Utility Plan.
3. Sanitary manhole that connects the 18" from the south and the service line from the building, shall be an outside drop manhole. Inside drops are not allowed. Manhole shall be replaced.
4. Label all proposed contours on the grading plan sheets.
5. Plan, profile and typical section is required for Ringhofer Lane NW.
6. Verify that all ADA Pedestrian Ramps are meeting ADA compliance. The ramp at the NE Corner of the lot (at the intersection of Oak & Vine) appears to be out of compliance based on the current design slopes shown.
7. Provide critical spot elevations and slopes for all sidewalk to verify ADA compliance.
8. Typical Section for the Proposed Vine Street Section is shown backwards based on the plan stationing. Please correct.
9. Proposed construction profile needs to show the vertical geometry so that the design can be verified and documented correctly.
10. All sanitary sewer and storm sewer installation needs to meet current CEAM Specifications.
11. All watermain installation needs to meet current OPU Specifications.

Stormwater

12. 6" PVC drain pipe on the west side of the proposed building is currently shown as connecting into the side of the proposed underground storage system. This pipe needs to be rerouted and connect into the inlet/isolator row of the system.

PUBLIC WORKS DEPARTMENT

540 WEST HILLS CIRCLE | OWATONNA, MN 55060-4701 | OWATONNA.GOV | 507.444.4350

13. Storm MH-16 needs to have a sump and SAFL Baffle (or equivalent) for stormwater treatment.
14. Provide the Emergency Overflow Elevation for the parking lot. Based on the current plans, it appears to be 1148.10 which is only 0.1' below the FFE and does not meet current requirements. Please verify.
15. Existing and Proposed Watershed Map HydroCAD nodes do not align with the model. Review and update. Further review will be performed upon resubmittal.
16. All future development is subject to the items listed in this review document and the following provisions as applicable:
 - a. City of Owatonna Stormwater Management Code 52.00.
 - b. City of Owatonna Grading Permit and associated design requirements.
17. All construction drawings, plans, reports, and documentation used to obtain the City Grading Permit shall be prepared in accordance with the most recent design standards, checklists, and guidance documents.
18. All future construction shall provide critical elevations including:
 - a. Emergency overflow elevations, locations, directions, and routing.
 - a. 100-yr HWL for all low areas and areas of ponding water.
 - b. Elevations of nearby structure low openings.
 - c. Spot/control elevations and slope percent for all swales, ditches, and drainage paths.
19. All comments, including future comments from subsequent submittals shall be satisfied prior to Engineering signing off on Final Plat.

Please provide a written response to each review item in this document. Include the applicant's comments in distinct text color along with each comment provided by the City. All plan revisions shall be summarized, signed, and dated accordingly. When uploading new plans, the submission date shall be included in the title. It is the responsibility of your project team to review each City standard applicable to this project for inclusion and accuracy in submitted documents, plans, drawings, and application details.



Sean Murphy, PE
Director of Public Works and City Engineer



DATE: January 6, 2026
TO: Mayor and City Council
FROM: Jenna Tuma, City Administrator
SUBJECT: Resolution 10-26: Use of Local Sales Tax - Construct Community Center

Purpose:

I am requesting approval to submit a request to the Minnesota Legislature for a local sales tax increase of 0.5 cent. If the Legislature approves and enacts the special law to authorize this local sales tax, the City will place a ballot question about the community center project on the General Election ballot for local voter approval. This process will take place within two years of receiving legislative approval.

Background:

Owatonna continues to develop as a regional destination, attracting people who want to visit, work and live in a growing community with amenities to serve its residents and visitors.

Community members have expressed a strong desire for a new community center for several decades. The City has engaged residents and community partners in exploring options that reflect the community's needs and priorities. This project will yield benefits for residents and businesses in Owatonna and the surrounding region, meeting the current and future needs of this growing regional center.

The project's funding, generated by a local sales tax, will distribute the project's cost more broadly to the facility's users, including those who serve the region, such as non-City residents who visit, work, and shop in Owatonna.

The community center is estimated to cost approximately \$75 million to construct. Based on a 2025 analysis from the University of Minnesota Extension Center for Community Vitality of resident and non-resident sales tax contributions in 2022, a local sales tax of 0.5 cent would generate at least \$1.99 million in new, incremental tax proceeds annually. Minn. Stat. § 297A.99 authorizes the imposition of a general sales tax if permitted by special law of the Minnesota Legislature. Minn. Stat. § 297A.99 requires the City to pass a resolution authorizing such a local sales tax and to obtain Legislative approval of a referendum for local voters before enacting the local tax.

A scientific poll conducted by the Morris and Leatherman Company between November 17 and 25, 2025, confirmed 75% interest in a community center and a strong desire for the use of local sales tax to fund its construction.

The next step in the process is to seek approval from the Minnesota Legislature to levy a 0.5 cent local sales tax to help fund a new community center.

Budget Impact:

No direct budget impact for this action. Staff is seeking approval for a lobbyist to support this effort.

Staff Recommendation:

Staff recommends approval.

Attachments:

1. Resolution 10-26 Local Sales Tax - Construct Community Center

RESOLUTION NO. 10-26
RESOLUTION SUPPORTING THE AUTHORITY TO SEEK LEGISLATIVE
APPROVAL TO IMPOSE A LOCAL SALES TAX TO FUND THE
CONSTRUCTION OF A NEW COMMUNITY CENTER

WHEREAS, Owatonna, Minnesota continues to develop as a regional destination, attracting people who want to live, work and visit in a growing community with amenities to serve its residents and visitors; and,

WHEREAS, Owatonna, Minnesota does not have a community center and over the years the need for such a facility has only become greater; and,

WHEREAS, a diverse group of community members have expressed a strong desire for a community center in Owatonna for several decades, and the city has engaged residents and community partners in exploring options to reflect the needs and priorities of the community; and,

WHEREAS, the project will result in benefits to Owatonna residents and businesses as well as those in the surrounding region, meeting current and future needs of this growing regional center; and,

WHEREAS, funding the project(s) with a local sales tax will distribute the cost of the project more broadly to the users of the facility, which will serve the region including non-City residents who visit, work and shop in Owatonna; and,

WHEREAS, the community center is estimated to cost approximately \$75 million to construct; and,

WHEREAS, based on an analysis from the University of Minnesota Extension Center for Community Vitality of resident and non-resident sales tax contributions in 2022, a local sales tax of .5 percent would generate at least \$1.99 million in new, incremental tax proceeds annually; and,

WHEREAS, Minn. Stat. § 297A.99 authorizes the imposition of a general sales tax if permitted by special law of the Minnesota Legislature; and,

WHEREAS, Minn. Stat. § 297A.99 requires the City to pass a resolution authorizing such a local sales tax and to obtain Legislative approval of a referendum for local voters before enacting the local tax.

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

1. The City Council supports the authority to impose a general local sales tax of .5 percent for a period of up to 25 years to fund the aforementioned project;
2. Upon approval of this resolution, the City will submit the adopted resolution and

documentation of regional significance to the chairs and ranking minority members of the House and Senate Taxes committees for approval and passage of a special law authorizing the tax by January 31 of the year that it is seeking the special law.

3. Upon Legislative approval and passage of the special law authorizing the tax, the City will adopt a resolution accepting the new law, which will be filed with a local approval certificate to the Office of the Secretary of State before the following Legislative session.
4. Upon Legislative approval, the City will include detailed ballot question(s) for the community center project on a General Election ballot for local voter approval. This will be done within two years of receiving legislative authority.
5. If one or more ballot questions pass, the City will also pass an ordinance imposing the tax and notify the Commissioner of Revenue at least 90 days before the first day of the calendar quarter that the tax will be imposed.
6. Upon completion of the aforementioned requirements, the local sales tax will commence and run for 25 years or until a sum sufficient to fund the voter-approved project, including related debt costs, is raised, whichever comes first.
7. The Finance Director/City Administrator or their designee is hereby authorized to take all actions necessary or appropriate, and in accordance with applicable laws of the State of Minnesota, to prepare and submit to the Minnesota Legislature for enactment a special law authorizing the local sales tax referred to in this Resolution.

This resolution was declared passed and adopted this _____ day of _____ 2026, with the following vote:

Aye ____ ; No ____ ; Absent ____ .

Approved and signed this _____ day of _____, 2026.

Matthew Jessop, Mayor

ATTEST:

Jenna Tuma, City Administrator/City Clerk



DATE: January 6, 2026
TO: Mayor and City Council
FROM: Troy Klecker, Community Development Director
SUBJECT: Resolution 11-26: Purchase Property - 1352 South Cedar Avenue

Purpose:

Request Council approval to purchase property at 1352 South Cedar Avenue.

Background:

The City has been pursuing the realignment of Barney Street as part of a redevelopment project with the EDA. The plan is to realign Barney Street to connect with Barney Street west of Oak Avenue to Park Street east of Cedar Avenue. This is the second phase of redevelopment efforts to redevelop the old Hardees and Budget Mart properties west of Oak Avenue. The City previously purchased the former Marco building along South Oak Avenue.

This proposed property purchase is for the Kreco Car Wash directly behind the Marco building along South Cedar Avenue. The owner of the property has signed a Purchase Agreement to sell the property to the City for \$110,000. The Purchase Agreement allows the seller to remove equipment that had been installed since he purchased the building. If approved, the closing would happen before the end of February. The EDA recommends approval of this purchase.

Budget Impact:

\$110,000 paid from the EDA Land Fund which is intended for redevelopment projects. This fund is separate from the General Fund and does not impact the General Levy amount.

Staff Recommendation:

Staff recommends approval to purchase property at 1352 South Cedar Avenue.

Attachments:

1. Resolution 11-26 Purchase 1352 S Cedar Avenue
2. Map of 1352 Cedar Ave S
3. Purchase Agreement

RESOLUTION NO. 11-26

A RESOLUTION AUTHORIZING EXECUTION OF A PURCHASE AGREEMENT FOR THE
PURCHASE OF PROPERTY LOCATED AT 1352 SOUTH CEDAR AVENUE

WHEREAS, Brandon R. Nelson is owner of a certain parcel of real estate located at 1352 South Cedar Avenue, the legal description of which is set forth in Exhibit A hereto attached; and

WHEREAS, Mr. Nelson has advised the City his intent to sell the property; and

WHEREAS, the City finds and determines that it would be desirable and in the public interest to enter into an agreement to purchase the aforesaid property,

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

1. The City of Owatonna is authorized to enter into a Purchase Agreement for the purchase of the property described herein.
2. Troy Klecker, Community Development Director, is authorized to execute the Purchase Agreement and to do all other acts and things necessary and expedient to the purchase of the foregoing described property.
3. This Agreement is subject to and conditioned upon the City's determination, in its sole discretion, that the condition of the property, including the environmental condition of the property, is acceptable to the City for its intended use.

Passed and adopted this _____ day of January, 2026 with the following vote:

Aye _____; No _____; Absent _____.

Approved and signed this _____ day of January, 2026.

Matt Jessop, Mayor

ATTEST:

Jenna Tuma, City Administrator/City Clerk

EXHIBIT A
Legal Description of the Property

Parcel 1
PID #17-016-2048
Legal Description:

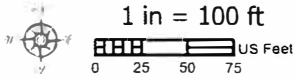
The East 151 feet of all that part of the South Half of the South Half of the Southeast Quarter of the Northeast Quarter of the Southeast Quarter (S $\frac{1}{2}$ of S $\frac{1}{2}$ of SE $\frac{1}{4}$ of NE $\frac{1}{4}$ of SE $\frac{1}{4}$) of Section Sixteen (16), Township One Hundred Seven (107), Range Twenty (20), which lies East of United States Highway #65 (a part of Lot 4 in the Southeast Quarter (SE $\frac{1}{4}$) of Section 16, Township 107, Range 20), EXCEPT the North Sixty-six (66) feet thereof.

A-1

1352 Cedar Ave S
City of Owatonna



Property
Parcel



This drawing is neither a legally recorded map nor a survey and is not intended to be used as one. This information is a compilation of records, information, and data located in various city, county, and state offices and other sources, affecting the area shown, and is to be used for reference purposes only.

December 30, 2025

**PURCHASE AGREEMENT
BETWEEN CITY OF OWATONNA**

AND

BRANDON R. NELSON

Dated: 12-23, 2025 (the "Effective Date")

1. **Parties.** The parties to this Purchase Agreement (this "Agreement") are:
 - a. Brandon R. Nelson ("Seller"), 7812 SW 82nd Ave, Ellendale, MN 56026;
and
 - b. City of Owatonna, Minnesota, a Minnesota municipal corporation ("Buyer")

Attn: Troy Klecker, Community Development Director, City of Owatonna, 540 West Hills Circle, Owatonna, MN 55060.

This Agreement sometimes refers to Seller and Buyer individually as a "Party" and collectively as the "Parties".

2. **Property.** The real property that is the subject of this Agreement is located in the City of Owatonna, Steele County, Minnesota, and is legally described on the attached Exhibit A (the "Property"). The term "Property", as used in this Agreement, will include any improvements and fixtures located on the Property and all hereditaments and appurtenances to the Property.

3. **Purchase and Sale.** For and in consideration of the sum of One Hundred and Ten Thousand and no/100ths Dollars (\$110,000.00) (the "Purchase Price") and in consideration of the mutual promises set forth herein, Seller agrees to sell the Property to Buyer pursuant to the terms of this Agreement and Buyer agrees to purchase the Property from Seller pursuant to the terms of this Agreement.

4. **Conveyance Terms.** At Closing, Seller will execute and deliver to Buyer a Warranty Deed conveying fee title to the Property to Buyer subject only to:

- a. Building, zoning and subdivision statutes, laws, ordinances and regulations;
- b. Reservations of minerals or of mineral rights in favor of the State of Minnesota, if any;
- c. Covenants, conditions, restrictions and easements of record, if any;
- d. Any defects in the marketability of Seller's actual or record title to the Property which exist as of the Date of Closing (defined below) and which Buyer does not

object to pursuant to the provisions of **Section 8** below (hereinafter, collectively, the "Permitted Encumbrances").

5. **Seller's Disclosure.** Seller will deliver to Buyer such of the following as are currently in Seller's possession or readily available to Seller at no cost within ten (10) days of the Effective Date:

a. Any documentation or reports in Seller's possession relating to the Property including any environmental reports for the Property;

b. Any unrecorded Covenants, conditions, restrictions and easements, if any.

6. **Buyer's Inspection.** At all times prior to the Date of Closing, Buyer and its agents will have the right, upon reasonable notice to Seller, to go upon the Property to inspect the Property and to determine the condition of the Property and the improvements located thereon; including, specifically, environmental testing to determine the presence or absence of hazardous substances, petroleum products and asbestos in, on, or about the Property. Buyer agrees to indemnify and defend Seller from and to hold Seller harmless against any and all claims, causes of action or expenses relating to or arising from Buyer's presence on the Property prior to the Date of Closing and, on request to provide Seller with evidence that Buyer maintains reasonably adequate liability insurance, including contractual liability endorsement or provisions insuring Buyer's potential liabilities under this **Paragraph 6**. Buyer agrees to repair any damage to the Property caused by such inspections and to return the Property to substantially the same condition as existed prior to Buyer's inspection. Buyer acknowledges that Buyer is purchasing the Property in reliance on Buyer's inspection of the Property pursuant to this Section and on Buyer's judgment regarding the sufficiency of such inspections.

7. **Title and Examination.** As quickly as reasonably possible after the date both parties have signed this Purchase Agreement:

a. Seller shall deliver any abstract of title and a copy of any owner's title insurance policy for the Property, if in Seller's possession or control, to Buyer or Buyer's designated title service provider. Any abstract of title or owner's title insurance policy provided shall be immediately returned to Seller, or licensee representing or assisting Seller, upon cancellation of this Purchase Agreement; and

b. Buyer shall obtain the title services determined necessary or desirable to Buyer or Buyer's lender, including but not limited to title searches, title examinations, abstracting, a title insurance commitment, or an attorney's title opinion at Buyer's selection and cost and provide a copy to Seller.

Seller shall use Seller's best efforts to provide marketable title by the date of closing. Seller agrees to pay all costs and fees necessary to convey marketable title including obtaining and recording all required documents, subject to the following:

In the event Seller has not provided marketable title by the date of closing, Seller shall have

an additional thirty (30) days to make title marketable, or in the alternative, Buyer may waive title defects by written notice to Seller. In addition to the thirty (30) day extension, Buyer and Seller may, by mutual agreement, further extend the closing date. Lacking such extension, either party may declare this Purchase Agreement canceled by written notice to the other party, or licensee representing or assisting the other party, in which case this Purchase Agreement is canceled. If either party declares this Purchase Agreement canceled, Buyer and Seller shall immediately sign a *Cancellation of Purchase Agreement* confirming said cancellation and directing all earnest money paid here to be refunded to Buyer.

8. **Contingencies.** It is understood and agreed by and between the parties hereto that the respective obligations of Buyer and Sellers set forth herein shall be subject to and conditional upon the satisfaction of the conditions set forth herein. Upon the failure of any condition precedent, Sellers shall refund the earnest money herein paid to Buyer and this Agreement shall thereupon terminate and be of no further force or effect. The conditions precedent are:

a. Sellers conveying marketable title to the Real Property, free and clear of all liens or encumbrances whatsoever (except as set forth in Section 4, d. herein).

b. Buyer's determination, in Buyer's sole discretion, that the environmental condition of the Property is acceptable to Buyer.

9. **Closing.** The Parties will close in escrow through the offices of Near North Title Company, 660 W Bridge St., #100, Owatonna, MN, on or before **February 27, 2026** (the "Closing Date"), or such later date as the Parties may establish at which time the closing of the purchase and sale (the "Closing") will take place, subject to the terms and conditions contained herein, including the fulfillment of the following:

a. Seller will:

(i) execute and/or deliver to the Title Company for recording in the appropriate county land records any documents necessary to establish Seller's title to the Property, subject only to Permitted Encumbrances;

(ii) execute and deliver to Buyer the Warranty Deed described in **Section 4** above;

(iii) execute and deliver to Buyer and Buyer's title insurer, if any, an appropriate Minnesota form affidavit evidencing the absence of bankruptcies, judgments, tax liens or marriage dissolution proceedings involving parties with the same or similar names as Seller and evidencing the absence of mechanic's lien rights affecting the Property, unrecorded interests affecting the Property, persons in possession of the Property and known encroachments or boundary line questions affecting the Property;

(iv) execute and deliver to Buyer a non-foreign affidavit containing such information as is required under Section 1445(b)(2) of the Internal Revenue Code and any regulations relating thereto;

(v) execute and deliver to the Title Company or other appropriate party any appropriate Federal Income Tax Reporting Forms;

(vi) execute and deliver to the closing agent a completed Minnesota Department of Health Well Disclosure Certificate or include on the deed described in **Section 4** the statement "Seller certifies that Seller does not know of any wells on the described real property" or the statement "I am familiar with the property described in this instrument and I certify that the status and number of wells on the described real property have not changed since the last previously filed well disclosure certificate"; and

b. Buyer will:

(i) tender the Purchase Price to Seller pursuant to the provisions of **Section 3**.

10. **Possession; Condition of Property at Closing; Prorations.** Upon Buyer's full performance of Buyer's obligations under this Agreement, Seller will deliver possession of the Property to Buyer. Seller will contact all utility providers, including, but not limited to electric, natural gas, sewer and water ("Utility Providers"), and arrange for final, private utility meter reading(s) on or before the Date of Closing and will arrange for Utility Providers to close all of Seller's accounts on the Date of Closing. Buyer will contact Utility Providers on the Date of Closing and transfer such utilities from Seller's name to Buyer's name.

11. **Real Estate Taxes and Special Assessments.** The Parties will pay the real estate taxes ("Real Estate Taxes"), and special assessments ("Special Assessments") as follows:

a. On or before the Date of Closing, Seller will pay Real Estate Taxes and Special Assessments, if any, and any penalties and interest thereon, due and payable with respect to the Property for all years prior to the year of Closing;

b. Buyer and Seller will pro-rate the Real Estate Taxes, if any, and installments of Special Assessments, if any, due and payable in the year of Closing, on a per-diem basis, using a calendar year, to the Date of Closing. The Parties will pro-rate these amounts using current year real estate tax information, if available, and, if current year real estate tax information is not available, using the amount of the Real Estate Taxes and Special Assessments due and payable in the year immediately preceding the year of Closing. Any such pro-rations will be final, and no subsequent adjustments, refunds or additional payments will be made; and

c. As of Closing, Buyer will pay and assume all Special Assessments pending, levied or deferred, and Buyer will pay all Real Estate Taxes and Special Assessments due and payable in the years following the year of Closing.

After Closing, Buyer acknowledges that the Property will not have tax exempt status unless Buyer takes the necessary steps to qualify the Property under the appropriate Minnesota statutes.

12. **Seller's Representations.** Seller represents to Buyer the following:

- a. Seller has the legal and corporate authority to enter into this Agreement and to sell the Property. The individuals executing this Agreement on behalf of Seller have the legal and corporate authority to execute this Agreement on behalf of Seller and to bind Seller.
- b. Seller is not a foreign person, foreign corporation, foreign partnership, foreign trust or foreign estate, as defined in Section 1445 of the Internal Revenue Code.
- c. There have been no bankruptcy or dissolution proceedings involving Seller during the time Seller has had any interest in the Property.
- d. There are no unsatisfied judgments of record against Seller.
- e. There are no state or federal tax liens filed against Seller.
- f. There has been no labor or materials furnished to the Property for which payment has not been paid.
- g. There are no unrecorded mortgages, contracts, purchase agreements, options, leases, easements or other agreements or interest relating to the Property.
- h. There are no persons in possession of any portion of the Property other than pursuant to a recorded document.
- i. To the best of Seller's actual knowledge, that there are no encroachments or boundary line questions affecting the Property.
- j. Seller is the fee owner of the Property subject only to Permitted Encumbrances.
- k. The Property has legal access to a public right of way.
- l. Seller has not received notice of any new public improvement project(s), the cost of which a governmental entity may assess against the Property.
- m. To the best of Seller's actual knowledge there is no action, litigation, governmental investigation, condemnation or administrative proceeding of any kind pending against Seller or involving any portion of the Property, and no third party has threatened Seller with commencement of any such action, litigation, investigation, condemnation or administrative proceeding.

n. Seller is not in default in the performance of any of Seller's obligations under any mortgage, contract for deed, easement agreement, covenant, condition, restriction or other instrument relating to the Property.

o. **Hazardous Materials.** To Seller's actual knowledge and except as otherwise disclosed in the Property Records, there are no Hazardous Materials on the Property in violation of law. For the purposes of this Agreement, "**Hazardous Materials**" shall mean and include any hydrocarbons substances, polychlorinated biphenyls, or any other hazardous or toxic substances, wastes or materials, asbestos or asbestos-bearing materials or other chemical substance or material which is prohibited, limited or regulated under any law, regulation or standards concerning materials or substances on or affecting the Property and known or suspected to be toxic or hazardous to health and safety, the environment or natural resources.

p. **Wells and Septic.** To Seller's knowledge, there are no "wells" on the Property within the meaning of Minn. Stat. § 103I, except for certain groundwater monitoring wells. To Seller's knowledge, there is no "subsurface sewage treatment system" within the meaning of Minn. Stat. Section 115.55 on or serving the Property. To Seller's knowledge, the sewage generated at the Property goes to a facility permitted by the Minnesota Pollution Control Agency.

q. **Storage Tanks.** To Seller's knowledge, no "aboveground storage tanks" or "underground tanks" (within the meaning of Minn. Stat. § 116.46) are located in, on or under the Property.

13. **Buyer's Representations.** Buyer hereby represents to Seller as follows:

a. Buyer represents that Buyer has the full and complete authority to enter into this Agreement and to purchase the Property. The individuals executing this Agreement on behalf of Buyer have the legal authority and the legal capacity to execute this Agreement on behalf of Buyer and to bind Buyer.

14. **Assignment.** Buyer may not assign Buyer's rights and obligations under this Agreement to a third party without the written consent of Seller. Seller may grant or withhold Seller's consent to an Assignment at Seller's sole discretion.

15. **Default.** If either Party defaults in the performance of any of such Party's obligations under this Agreement, the non-defaulting Party may, after written notice to the defaulting Party, suspend performance of its obligations under this Agreement, and the rights of the non-defaulting Party are as follows:

a. **Buyer's Default.** If Buyer defaults in the obligation to close under this Agreement or otherwise defaults in its obligation under this Agreement, Seller will have the right to:

(i) Terminate this Agreement pursuant to Minnesota Statutes, § 559.21 and retain any Earnest Money and any interest which the Earnest Money has earned as liquidated damages; or

(ii) initiate a civil action to compel Buyer's specific performance of Buyer's obligations under this Agreement provided that Seller commences the action within six (6) months of the date of Buyer's default. In any such action for specific performance, Seller may not recover Seller's attorneys' fees.

The remedies set forth in Section **16.a** are Seller's sole and exclusive remedies in the event of Buyer's failure to close.

b. **Seller's Default.** If Seller defaults in the performance of any of Seller's obligations under this Agreement, Buyer may:

(i) terminate this Agreement and Seller will deliver to Buyer any Earnest Money and the sum of \$1,000.00 as liquidated damages which Buyer will receive as compensation for Seller's default due to the difficulty and uncertainty of ascertaining Buyer's actual damages;

(ii) initiate a civil action to compel Seller's specific performance of Seller's obligations under this Agreement provided that Buyer commences such action within six (6) months of the date of Seller's default. In any such action for specific performance, Buyer may not recover Buyer's attorneys' fees.

The remedies set forth in this **Section 16.b** are Buyer's sole and exclusive remedies in the event of Seller's default.

16. **Termination.** Various sections of this Agreement allow Buyer and Seller to terminate this Agreement under certain conditions. The following procedures will govern the Parties' exercise of their termination rights:

a. A Party intending to terminate this Agreement (the "Terminating Party") will notify the non-terminating Party (the "Non-Terminating Party"), in writing, of the Terminating Party's intent to terminate this Agreement.

b. The Terminating Party's notice will recite the Section of this Agreement that authorizes the Terminating Party's termination of this Agreement and will describe the facts and circumstances which the Terminating Party asserts justify termination under the referenced Section.

c. The Terminating Party's notice of termination will be effective as of the date the Terminating Party deposits the notice of termination with the United States Postal Service, with all necessary postage paid, for delivery to the Non-Terminating Party via certified mail, return receipt requested at the address set forth in **Section 1** above. If the Terminating Party delivers a notice of termination in a different manner than described in the preceding sentence, the notice of termination will be effective as of the date the Non-Terminating Party actually receives the notice of termination. The Terminating Party will also mail a copy of the notice of termination to the Parties' respective attorneys, if applicable, as provided for in **Section 20** below.

d. If the Non-Terminating Party disputes the Terminating Party's right to terminate this Agreement, the Non-Terminating Party will so notify the Terminating Party, in writing, within five (5) business days of the Non-Terminating Party's receipt of the Terminating Party's notice of termination.

e. If the Non-Terminating Party does not dispute the Terminating Party's right to terminate this Agreement, Buyer will execute and deliver to Seller a recordable quit claim deed conveying the Property to Seller, and on the receipt of such a quit claim deed, Seller will return or instruct the Earnest Money Agent to return the Earnest Money and any interest which the Earnest Money has earned to Buyer.

f. If the Parties dispute the validity of an attempted termination of this Agreement, either Party may initiate a civil action in a court of competent jurisdiction to determine the status of this Agreement, and the Party that prevails in any such action will be entitled to recover the costs excluding attorneys' fees which such Party incurs in the action from the non-prevailing Party.

17. **Time.** Time is of the essence for all provisions of this Agreement.

18. **Survival of Terms.** The Parties' obligations under this Agreement and the representations and warranties which the Parties have recited in this Agreement will survive Closing and Seller's delivery of a deed to Buyer.

19. **Notices.** All notices provided for in this Agreement will be in writing. The notice will be effective as of the date three (3) days after the Party sending such notice deposits the notice with the United States Postal Service with all necessary postage paid, for delivery to the other Party via certified mail, return receipt requested, at the address set forth in **Section 1** above. If Party delivers a notice provided for in this Agreement in a different manner than described in the preceding sentence, notice will be effective as of the date the other Party actually receives the notice. The Party sending the notice will also mail a copy of the notice to the Parties' respective attorneys via first class United States mail at the addresses set forth below:

Seller:

Brandon Nelson
7812 SW 82nd Ave
Ellendale, MN 56026

Buyer:

City of Owatonna
540 West Hills Circle
Owatonna, MN 55060
Attn: Troy Klecker
Community Development Director

Full Agreement. The Parties acknowledge that this instrument and any and all attachments or exhibits hereto represents the full and complete agreement of the Parties relating to the purchase and sale of the Property and all matters related to the purchase and sale of the Property. This Agreement supersedes and replaces any prior agreements, either oral or written, and any amendments or modifications to this Agreement must be in writing and executed by both Parties to be effective.

20. **Governing Law.** This Agreement has been made under the laws of the State of Minnesota and such laws will control its interpretation.

21. **No Contra Proferentem Presumption.** Both Seller and Buyer have participated in the drafting of this Agreement. Each has had the advice of its own separate legal counsel. In case of any issue as to the interpretation of this Agreement the *doctrine of contra proferentem* shall not apply and there shall be no presumption against either party as the drafter of this Agreement.

22. **Other.**

(a) Seller may remove any equipment in the building, including personal property and fixtures, on or before February 27, 2026; and

(b) **This Agreement is subject to Formal approval by the City Council.**

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

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

Dated: 12-23-25

SELLER:

BRANDON NELSON

By: 

Brandon Nelson

Its: Owner

Dated: _____

BUYER:

CITY OF OWATONNA

By: _____

Troy Klecker

Its: Community Development Director

EXHIBIT A
Legal Description of the Property

Parcel 1
PID #17-016-2048

Legal Description:

The East 151 feet of all that part of the South Half of the South Half of the Southeast Quarter of the Northeast Quarter of the Southeast Quarter (S $\frac{1}{2}$ of S $\frac{1}{2}$ of SE $\frac{1}{4}$ of NE $\frac{1}{4}$ of SE $\frac{1}{4}$) of Section Sixteen (16), Township One Hundred Seven (107), Range Twenty (20), which lies East of United States Highway #65 (a part of Lot 4 in the Southeast Quarter (SE $\frac{1}{4}$) of Section 16, Township 107, Range 20), EXCEPT the North Sixty-six (66) feet thereof.



DATE: January 6, 2026
TO: Mayor and City Council
FROM: David Beaver, Airport Manager
SUBJECT: Resolution 12-26: Accept MnDOT Grant Agreement - Update Airport Zoning Ordinance

Purpose:

Request Council approval of Resolution 12-26 authorizing the acceptance of the MnDOT Grant Agreement to update the Airport Zoning Ordinance.

Background:

The Letter of Agreement with the airport consultant, SEH, Inc., to assist with this project was approved at the October 7th City Council meeting subject to receiving this MnDOT grant funding participation. The existing Airport Zoning Ordinance was approved in 1998. An updated Zoning Ordinance is needed to protect future development as shown on the approved Airport Layout Plan (ALP).

This will allow the City to stay in compliance with MN State Statutes and remain eligible for State Funding.

Budget Impact:

The MnDOT Grant offer is \$23,170 representing 70% of project costs. The anticipated local 30% cost is \$9,930.00 which is below the amount included in the approved 2026 CIP.

Staff Recommendation:

Staff recommends approval.

Attachments:

1. Resolution 12-26 Accept MnDOT Grant - Airport Zoning Update
2. State Grant Agreement-OWA-A7401-109-STATE-Airport Zoning Ordinance Update.JAK

RESOLUTION NO. 12-26

A RESOLUTION TO EXECUTE MINNESOTA DEPARTMENT OF
TRANSPORTATION GRANT AGREEMENT FOR AIRPORT
IMPROVEMENT EXCLUDING LAND ACQUISITION

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

1. That the State of Minnesota, "Grant Agreement for Airport Improvement Excluding Land Acquisition," for Agreement Number 1062036, State Project No. 7401-109 for Airport Zoning Update at the Owatonna Degner Regional Airport is hereby accepted.

2. That the Mayor and City Administrator are hereby authorized to execute this Agreement and any amendments on behalf of the City of Owatonna.

Passed and adopted this ____ day of _____, 2026, with
the following vote: Aye ____; No ____; Absent ____.

Approved and signed this ____ day of _____, 2026.

Matthew T. Jessop, Mayor

ATTEST:

Jenna L. Tuma, City Administrator/City Clerk

**STATE OF MINNESOTA
STATE AIRPORTS FUND
GRANT AGREEMENT**

This agreement is between the State of Minnesota, acting through its Commissioner of Transportation ("State"), and **The City of Owatonna, 3400 West Frontage Road, Owatonna, MN 55060** ("Grantee").

RECITALS

1. Minnesota Statutes Chapter 360 authorizes State to provide financial assistance to eligible airport sponsors for the acquisition, construction, improvement, marketing, maintenance, or operation of airports and other air navigation facilities.
2. Grantee owns, operates, controls, or desires to own an airport ("Airport") in the state system, and Grantee desires financial assistance from the State for an airport improvement project **A7401-109** ("Project").
3. Grantee represents that it is duly qualified and agrees to perform all services described in this agreement to the satisfaction of the State. Pursuant to [Minn.Stat.§16B.98](#), Subd.1, Grantee agrees to minimize administrative costs as a condition of this Agreement.

AGREEMENT TERMS

1. **Term of Agreement, Survival of Terms, Project Plans, and Incorporation of Exhibits**
 - 1.1 **Effective Date.** This Agreement will be effective on the date the State obtains all required signatures under [Minn.Stat.§16B.98](#), Subd. 5. As required by [Minn.Stat.§16B.98](#) Subd. 7, no payments will be made to Grantee until this Agreement is fully executed. Grantee must not begin work under this Agreement until it is fully executed and Grantee has been notified by the State to begin the work.
 - 1.2 **Expiration Date.** This Agreement will expire on **June 30, 2030**, or when all obligations have been satisfactorily fulfilled, whichever occurs first.
 - 1.3 **Survival of Terms.** All clauses which impose obligations continuing in their nature and which must survive in order to give effect to their meaning will survive the expiration or termination of this Agreement, including, without limitation, the following clauses: Airport Operations, Maintenance and Conveyance; Transfer of Interest; Indemnification; State Audits; Government Data Practices and Intellectual Property; Workers Compensation; Publicity and Endorsement; Governing Law, Jurisdiction and Venue; and Data Disclosure.
 - 1.4 **Project Plans, Specifications, Descriptions.** Grantee has provided the State with the plans, specifications, and a detailed description of the Project which are on file with the State's Office of Aeronautics and are incorporated into this Agreement by reference.
 - 1.5 **Exhibits.** Exhibit(s) **A** through **B** are attached and incorporated into this Agreement
2. **Grantee's Duties**
 - 2.1 **Project Completion and Changes.** Grantee will complete the Project in accordance with the plans, specifications, and detailed description of the Project. Grantee will notify State's Authorized Representative in advance of any meetings taking place relating to the Project. Any changes to the plans or specifications of the Project after the effective date of this Agreement will be valid only if made by written amendment signed by the same parties who executed the original agreement, or their successors in office.
 - 2.2 **Registered Engineer Designation.** If the Project involves construction, Grantee will designate a registered engineer to oversee the Project work. If, with the State's approval, Grantee elects not to have such services performed by a registered engineer, then Grantee will designate another responsible person to oversee such work.
 - 2.3 **Policy Compliance.** Grantee will comply with all the required grants management policies and procedures of [Minn.Stat.§16B.97](#), Subd. 4(a)(1).

- 2.4 **Publication of Grantee Contact Information.** Under Minnesota Statute § 16B.98, if a grantee has a website, the names and contact information for the grant administrator(s) and organization's leadership must be clearly published.
- 2.5 **Asset Monitoring.** If Grantee uses funds obtained through this Agreement to acquire a capital asset, the Grantee is required to use that asset for a public aeronautical purpose for the normal useful life of the asset. Grantee may not sell or change the purpose of use for the capital asset(s) obtained with grant funds under this Agreement without prior written consent of the State and an amendment to this Agreement executed and approved by the same parties who executed and approved this Agreement, or their successors in office.
- 2.6 **Airport Operations, Maintenance, and Conveyance.** Pursuant to Minnesota Statutes §360.305, subd. 4(d)(1), Grantee must operate the Airport as a licensed, municipally-owned public airport at all times of the year for a period of **20 years** from the date Grantee receives final reimbursement under this Agreement. The Airport must be maintained in a safe, serviceable manner for public aeronautical purposes only.
- 2.7 **Transfer of Interest.** Without prior written approval from the State, Grantee will not transfer, convey, encumber, assign, or abandon its interest in the Airport or in any real or personal property purchased or improved under this Agreement. If the State approves such a transfer or change in use, the State may impose, at its sole discretion, conditions and/or restrictions on such transfer, with which Grantee must comply.
3. **Time.** Grantee must comply with all the time requirements described in this Agreement. In the performance of this Agreement, time is of the essence.
4. **Cost Participation and Payment**
- 4.1 **Cost Participation.** Costs for the Project will be proportionate and allocated accordingly between the federal government, the State, and Grantee as described in Exhibit B.
- 4.1.1 **Federal Funding.** No federal funds are authorized for the Project. In the event federal reimbursement becomes available for the Project, the State will be entitled to recover from such federal funds an amount not to exceed the state funds advanced for this Project. No more than 95% of the amount due under this Agreement will be paid by the State until the State determines that Grantee has complied with all terms of this Agreement and furnished all necessary records.
- 4.2 **Sufficiency of Funds.** Pursuant to Minnesota Rule 8800.2500, Grantee certifies that: (1) it presently has sufficient unencumbered funds available to pay for its share of the Project; (2) it has the legal authority to engage in the Project as proposed; and (3) the Project will be completed without undue delay.
- 4.3 **Total Obligation.** The State's total obligation for all compensation and reimbursements to Grantee under this Agreement will not exceed **\$23,170.00**.
- 4.4 **Payment**
- 4.4.1 **Invoices.** Grantee will submit invoices for payment by credit application via email. The form Grantee will use to submit invoices can be found on the Airport development forms website: <https://www.dot.state.mn.us/aero/airportdevelopment/forms.html>. The State's Authorized Representative, as named in this Agreement, will review each invoice against the approved grant budget and grant expenditures to-date before approving payment. The State will promptly pay Grantee after Grantee presents an itemized invoice for the services actually performed and the State's Authorized Representative accepts the invoiced services. Invoices must be submitted timely and according to the following schedule: Upon completion of the services.
- 4.4.2 **All Invoices Subject to Audit.** All invoices are subject to audit, at the State's discretion.
- 4.4.3 **Expiration of Reimbursement.** Grantee must submit all final invoices for reimbursement no later than ninety (90) calendar days after the expiration date of this Agreement. Any invoices received after this 90-day period will not be eligible for payment.
- 4.4.4 **State's Payment Requirements.** The State will promptly pay all valid obligations under this Agreement as required by Minnesota Statutes §16A.124. The State will make undisputed payments no later than thirty (30) days after receiving Grantee's invoices for services performed. If an invoice is incorrect, defective or otherwise improper, the State will notify Grantee within ten (10) days of discovering the error. After the

State receives the corrected invoice, the State will pay Grantee within thirty (30) days of receipt of such invoice.

4.4.5 Grantee Payment Requirements. Grantee must pay all Project contractors promptly. Grantee will make undisputed payments no later than thirty (30) days after receiving an invoice. If an invoice is incorrect, defective, or otherwise improper, Grantee will notify the contractor within ten (10) days of discovering the error. After Grantee receives the corrected invoice, Grantee will pay the contractor within thirty (30) days of receipt of such invoice.

4.4.6 Grant Monitoring Visit and Financial Reconciliation. If the State's total obligation is greater than \$50,000.00, the State will conduct at least one monitoring visit and financial reconciliation of Grantee's expenditures. If the State's total obligation is greater than \$250,000.00, the State will conduct annual monitoring visits and financial reconciliations of Grantee's expenditures.

4.4.6.1 The State's Authorized Representative will notify Grantee's Authorized Representative where and when any monitoring visit and financial reconciliation will take place, which state employees and/or contractors will participate, and which Grantee staff members should be present. Grantee will be provided notice prior to any monitoring visit or financial reconciliation.

4.4.6.2 Following a monitoring visit or financial reconciliation, Grantee will take timely and appropriate action on all deficiencies identified by the State.

4.4.6.3 At least one monitoring visit and one financial reconciliation must be completed prior to final payment being made to Grantee.

4.4.7 Closeout. The State will determine, at its sole discretion, whether a closeout audit is required prior to final payment approval. If a closeout audit is required, final payment will be held until the audit has been completed. Monitoring of any capital assets acquired with grant funds will continue following grant closeout.

4.4.8 Closeout Deliverables. At the close of the Project, Grantee must provide the following deliverables to the State before the final payment will be released by the State:

4.4.8.1 Electronic files of construction plans as both PDF and MicroStation compatible formats.

4.4.8.2 Electronic files of as-builts as both PDF and MicroStation compatible formats.

4.4.8.3 Electronic files of planning documents, including without limitation, airport layout plans and airport zoning plans, as PDF, MicroStation and GIS compatible formats.

4.5 Contracting and Bidding Requirements. Prior to publication, Grantee will submit to the State all solicitations for work to be funded by this Agreement. Prior to execution, Grantee will submit to the State all contracts and subcontracts between Grantee and third parties to be funded by this Agreement. The State's Authorized Representative has the sole right to approve, disapprove, or modify any solicitation, contract, or subcontract submitted by Grantee. All contracts and subcontracts between Grantee and third parties must contain all applicable provisions of this Agreement. The State's Authorized Representative will respond to a solicitation, contract, or subcontract submitted by Grantee within ten (10) business days.

5. Conditions of Payment. All services provided by Grantee under this Agreement must be performed to the State's satisfaction, as determined at the sole discretion of the State's Authorized Representative and in accordance with all applicable federal, state, and local laws, ordinances, rules, and regulations. Grantee will not receive payment for work found by the State to be unsatisfactory or performed in violation of federal, state, or local law. No more than 95% of the amount due to Grantee under this Agreement will be paid by the State until it determines that Grantee has complied with all terms and conditions of this Agreement and has furnished all necessary records. In the event the Airport fails to pass any periodic inspection conducted by a representative of the State's Office of Aeronautics, Grantee will not receive payment under this Agreement until all deficiencies identified by any such inspection have been rectified to the Office of Aeronautics' satisfaction.

6. Authorized Representatives

6.1 The State's Authorized Representative is:

Luke Bourassa, South Region Airports Engineer; (luke.bourassa@state.mn.us) (651)508-0448 and/or **Brian Conklin**, Regional Airport Specialist Sr.; (brian.conklin@state.mn.us) (651)252-7658, or their successor. The State's Authorized Representative, or their designee, is responsible for monitoring Grantee's performance and is authorized to accept the services provided under this Agreement. If the services are satisfactory, the State's Authorized Representative will certify acceptance on each invoice submitted for payment.

6.2 Grantee's Authorized Representative is:

Dave Beaver, Airport Manager
(507) 774-7141, david.beaver@owatonna.gov
3400 West Frontage Road
Owatonna, MN 55060

or their successor. If Grantee's Authorized Representative changes at any time during the term of this agreement, Grantee must immediately notify the State.

7. Assignment; Amendments; Waiver; Agreement Complete; Electronic Records; Certification

7.1 Assignment. Grantee may neither assign nor transfer any rights or obligations under this Agreement without the prior written consent of the State and a fully executed Assignment Agreement, executed and approved by the same parties who executed and approved this Agreement, or their successors in office.

7.2 Amendments. Any amendment to this Agreement must be in writing and will not be effective until it has been executed and approved by the same parties who executed and approved the original agreement, or their successors in office.

7.3 Waiver. If the State fails to enforce any provision of this Agreement, that failure does not waive the provision or the State's right to subsequently enforce it.

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

7.5 Electronic Records and Signatures. The parties agree to contract by electronic means. This includes using electronic signatures and converting original documents to electronic records.

7.6 Certification. By signing this Agreement, Grantee certifies that it is not suspended or debarred from receiving federal or state awards.

8. Liability and Indemnification. Each party is responsible for its own acts, omissions, and the results thereof to the extent authorized by law and will not be responsible for the acts or omissions of others, or the results thereof. Minnesota Statutes § 3.736 and other applicable law govern liability of the State. Minnesota Statutes Chapter 466 and other applicable law govern liability of Grantee. Notwithstanding the foregoing, Grantee will indemnify, hold harmless, and defend (to the extent permitted by the Minnesota Attorney General) the State against any claims, causes of actions, damages, costs (including reasonable attorneys' fees), and expenses arising in connection with the services performed under this Agreement, asserted by, or resulting from the acts or omissions of, Grantee's contractors, consultants, agents or other third parties under the direct control of Grantee.

9. State Audits. Under Minn. Stat. § 16B.98 Subd. 8, the books, records, documents, and accounting procedures and practices of Grantee, or those of any other party relevant to this Agreement, or transactions resulting from this Agreement, are subject to examination by the State and/or the State Auditor, Legislative Auditor, or Attorney General as appropriate, for a minimum of six (6) years from: (1) the expiration or termination of this Agreement, (2) the receipt and approval of all final reports, or (3) the period of time required to satisfy all state and program retention requirements (available at: https://edocs-public.dot.state.mn.us/edocs_public/DMResultSet/download?docId=10358099), whichever is later. Grantee will take timely and appropriate action on all deficiencies identified by an audit.

10. Government Data Practices and Intellectual Property Rights

10.1 Government Data Practices. Grantee and the State must comply with the Minnesota Government Data Practices Act, [Minn. Stat. Ch. 13](#), as it applies to all data provided by the State under this Agreement, and as it

applies to all data created, collected, received, stored, used, maintained, or disseminated by Grantee under this Agreement. The civil remedies of [Minn. Stat. §13.08](#) apply to the release of the data referred to in this clause by either Grantee or the State. If Grantee receives a request to release the data referred to herein, Grantee must immediately notify the State and consult with the State as to how Grantee should respond to the request. Grantee's response to the request must comply with applicable law.

10.2 Intellectual Property Rights.

10.2.1 Ownership. The State owns all rights, title and interest in all of the intellectual property rights, including copyrights, patents, trade secrets, trademarks and service marks in the Works and Documents created and paid for under this Agreement. "Works" means all inventions, improvements, discoveries (whether or not patentable), databases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, specifications, materials, tapes and disks conceived, reduced to practice, created or originated by Grantee, its employees, agents and subcontractors, either individually or jointly with others in the performance of this Agreement. Works includes Documents. "Documents" are the originals of any databases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, specifications, materials, tapes, disks or other materials, whether in tangible or electronic forms, prepared by Grantee, its employees, agents or subcontractors, in the performance of this Agreement. The Documents will be the State's exclusive property, and Grantee must immediately return all such Documents to the State upon completion or cancellation of this Agreement. To the extent possible, those Works eligible for copyright protection under the United States Copyright Act will be deemed to be "works made for hire." Grantee assigns all right, title and interest it may have in the Works and the Documents to the State. Grantee must, at the request of the State, execute all papers and perform all other acts necessary to transfer or record the State's ownership interest in the Works and Documents.

10.2.2 Obligations

10.2.2.1 Notification. Whenever any invention, improvement or discovery (whether or not patentable) is made or conceived for the first time or actually or constructively reduced to practice by Grantee, including its employees and subcontractors, in the performance of this Agreement, Grantee will immediately give the State's Authorized Representative written notice thereof and must promptly furnish the State's Authorized Representative with complete information and/or disclosure thereon.

10.2.2.2 Representation. Grantee must perform all acts and take all steps necessary to ensure that all intellectual property rights in the Works and Documents are the sole property of the State and that neither Grantee nor its employees, agents or subcontractors retain any interest in and to the Works and Documents. Grantee represents and warrants that the Works and Documents do not and will not infringe upon any intellectual property rights of other persons or entities. Other indemnification obligations of this Agreement notwithstanding, Grantee will indemnify, defend, to the extent permitted by the Attorney General, and hold harmless the State from any action or claim brought against the State to the extent such action is based on a claim that all or part of the Works or Documents infringe upon the intellectual property rights of others. Grantee will be responsible for payment of any and all such claims, demands, obligations, liabilities, costs and damages, including but not limited to, attorneys' fees. If such a claim or action arises, or in either party's opinion is likely to arise, Grantee, at the State's discretion, must either: (1) procure for the State the right or license to use the intellectual property rights at issue, or (2) replace or modify the allegedly infringing Works or Documents as necessary and appropriate to obviate the infringement claim. This remedy of State will be in addition to and not exclusive of other remedies provided by law.

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

12. Publicity and Endorsement

12.1 **Publicity.** Any publicity regarding the subject matter of this Agreement must identify the State as the sponsoring agency and must not be released without prior written approval from the State's Authorized Representative. For purposes of this provision, publicity includes notices, informational pamphlets, press releases, research, reports, signs, and similar public notices prepared by or for Grantee individually or jointly with others, or any subcontractors, with respect to the program, publications, or services provided resulting from this Agreement. All projects primarily funded by state grant appropriation must publicly credit the State of Minnesota, including on Grantee's website when practicable.

12.2 **Endorsement.** Grantee must not claim that the State endorses its products or services.

13. **Governing Law, Jurisdiction, and Venue.** Minnesota law, without regard to its choice-of-law provisions, governs this Agreement. Venue for all legal proceedings arising out of this Agreement, or its breach, must be in the appropriate state or federal court with competent jurisdiction in Ramsey County, Minnesota.

14. Termination; Suspension

14.1 **Termination.** The State or Commissioner of Administration may unilaterally terminate this Agreement at any time, with or without cause, upon written notice to Grantee. Upon termination, Grantee will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed.

14.2 **Termination for Cause.** The State may immediately terminate this Agreement if the State finds that there has been a failure to comply with the provisions of this Agreement, that reasonable progress has not been made, that fraudulent or wasteful activity has occurred, that Grantee has been convicted of a criminal offense relating to a state grant agreement, or that the purposes for which the funds were granted have not been or will not be fulfilled. The State may take action to protect the interests of the State of Minnesota, including the refusal to disburse additional funds and requiring the return of all or part of the funds already disbursed.

14.3 **Termination for Insufficient Funding.** The State may immediately terminate this Agreement if:

14.3.1 It does not obtain funding from the Minnesota Legislature; or

14.3.2 If funding cannot be continued at a level sufficient to pay for the services contracted for under this Agreement. Termination must be by written or fax notice to Grantee. The State is not obligated to pay for any services that are performed after notice and effective date of termination. However, Grantee will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed to the extent that funds are available. The State will not be assessed any penalty if the Agreement is terminated because of the decision of the Minnesota Legislature, or other funding source, not to appropriate funds. The State will provide Grantee notice of the lack of funding within a reasonable time of the State's receiving that notice.

14.4 **Suspension.** The State may immediately suspend this Agreement:

14.4.1 In the event of a total or partial government shutdown due to its failure to pass an approved budget by the legal deadline. Asset Acquisitions completed by the Grantee during a period of suspension will be deemed unauthorized and undertaken at risk of non-payment; or

14.4.2 If funding is canceled, withdrawn, or terminated, the State may suspend its performance until funding is restored. Suspension of performance under these circumstances will be temporary until funds become available again and does not release the State from its obligations under this Agreement.

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

16. **Fund Use Prohibited.** Grantee will not utilize any funds received pursuant to this Agreement to compensate, either directly or indirectly, any contractor, corporation, partnership, or business, however organized, which is disqualified

or debarred from entering into or receiving a state contract. This restriction applies regardless of whether the disqualified or debarred party acts in the capacity of a general contractor, a subcontractor, or as an equipment or material supplier. This restriction does not prevent Grantee from utilizing these funds to pay any party who might be disqualified or debarred after Grantee has been awarded funds for the Project. For a list of disqualified or debarred vendors, see www.mmd.admin.state.mn.us/debarredreport.asp.

17. **Discrimination Prohibited by Minnesota Statutes §181.59.** Grantee will comply with the provisions of Minnesota Statutes §181.59 which requires that every contract for or on behalf of the State, or any county, city, town, township, school, school district or any other district in the state, for materials, supplies or construction will contain provisions by which Grantee agrees that:
 - 17.1 In the hiring of common or skilled labor for the performance of any work under any contract, or any subcontract, no Grantee, material supplier or vendor, will, by reason of race, creed or color, discriminate against the person or persons who are citizens of the United States or resident aliens who are qualified and available to perform the work to which the employment relates;
 - 17.2 No Grantee, material supplier, or vendor, will, in any manner, discriminate against, or intimidate, or prevent the employment of any person or persons identified herein, or on being hired, prevent or conspire to prevent, the person or persons from the performance of work under any contract on account of race, creed or color;
 - 17.3 A violation of this Section is a misdemeanor; and
 - 17.4 This Agreement may be canceled or terminated by the State, or any county, city, town, township, school, school district or any other person authorized to enter into agreements for employment, and all money due, or to become due under said agreements, may be forfeited for a second or any subsequent violation of the terms or conditions of this Agreement.
18. **Limitation.** Under this Agreement, the State is only responsible for receiving and disbursing funds. Nothing in this Agreement will be construed to make the State a principal, co-principal, partner, or joint venturer with respect to the Project(s) covered herein. The State may provide technical advice and assistance as requested by Grantee, however, Grantee will remain responsible for providing direction to its contractors and consultants and for administering its contracts with such entities. Grantee's consultants and contractors are not intended to be third party beneficiaries of this Agreement.
19. **Telecommunications Certification.** By signing this Agreement, Grantee certifies that, consistent with Section 889 of the John S. McCain National Defense Authorization Act for Fiscal Year 2019, Pub. L. 115-232 (Aug. 13, 2018), and 2 CFR 200.216, Grantee will not use funding covered by this Agreement to procure or obtain, or to extend, renew, or enter into any contract to procure or obtain, any equipment, system, or service that uses "covered telecommunications equipment or services" (as that term is defined in Section 889 of the Act) as a substantial or essential component of any system or as critical technology as part of any system. Grantee will include this certification as a flow down clause in any contract related to this Agreement.
20. **Title VI/Non-discrimination Assurances.** Grantee agrees to comply with all applicable US DOT Standard Title VI/Non-Discrimination Assurances contained in DOT Order No. 1050.2A, and in particular Appendices A and E, which can be found at: https://edocs-public.dot.state.mn.us/edocs_public/DMResultSet/download?docId=11149035. Grantee will ensure the appendices and solicitation language within the assurances are inserted into contracts as required. The State may conduct a review of Grantee's compliance with this provision. Grantee must cooperate with the State throughout the review process by supplying all requested information and documentation to the State, making Grantee staff and officials available for meetings as requested, and correcting any areas of non-compliance as determined by the State.
21. **Additional Provisions**
[Intentionally left blank.]

[The remainder of this page has intentionally been left blank.]

MnDOT ENCUMBRANCE VERIFICATION

The individual certifies funds have been encumbered as required by Minn. Stat. 16A.15 and 16C.05.

By:
Date:
SWIFT Contract # _____

SWIFT Purchase Order # _____

GRANTEE

Grantee certifies that the appropriate person(s) have executed the Agreement on behalf of Grantee as required by applicable articles, bylaws, resolutions, or ordinances.

By: _____

Title: _____

Date: _____

By: _____

Title: _____

Date: _____

**COMMISSIONER OF TRANSPORTATION
as delegated**

By:

Date:

MnDOT CONTRACT MANAGEMENT

By:

Date:



OWATONNA

Degner Regional Airport

November 25, 2025

RE: Owatonna Degner Regional Airport
SFY 2026 State Grant Request

Chris Gardner
South Region Planner
Minnesota Department of Transportation
Office of Aeronautics
395 John Ireland Blvd.
St. Paul, MN 55155

Dear Mr. Gardner:

The City of Owatonna is requesting a grant from MnDOT Aeronautics for the Owatonna Degner Regional Airport for State Fiscal Year 2026. The grant request is to update the airport zoning ordinance. This grant will assist the City of Owatonna with the airport zoning ordinance process. Associated costs with this project are as follows:

2026 Airport Zoning Update (SEH)	\$ 32,600.00
<u>Administrative Costs</u>	<u>\$ 500.00</u>
TOTAL PROJECT COSTS:	\$ 33,100.00

The City of Owatonna is requesting state participation for this project at 70 percent (\$23,170.00) and local funding for 30 percent (\$9,930.00) for a total grant request of \$33,100.00.

Please contact me if you have any questions.

Sincerely,

Dave Beaver
Airport Manager

OWATONNA DEGNER REGIONAL AIRPORT

3400 WEST FRONTAGE ROAD | OWATONNA, MN 55060 | OWATONNA.GOV | 507.774.7141

EXHIBIT "B"

Airport: Owatonna Degner Regional Airport
Ident: OWA
Sponsor: City of Owatonna
State Project: A7401-109
State Agreement #:
Description: STATE-Airport Zoning Ordinance Update
Version Date: 12/9/2025

Construction	Description	Total	State Funding Rate	State	Local
		\$ -	0%	\$ -	\$ -
		\$ -	0%	\$ -	\$ -
		\$ -	70%	\$ -	\$ -
CONSTRUCTION SUBTOTAL		\$ -		\$ -	\$ -
Engineering	Description	Total		State	Local
	2026 Airport Zoning Update (SEH)	\$ 32,600.00	70%	\$ 22,820.00	\$ 9,780.00
		\$ -	70%	\$ -	\$ -
		\$ -	70%	\$ -	\$ -
ENGINEERING SUBTOTAL		\$ 32,600.00		\$ 22,820.00	\$ 9,780.00
Administration	Description	Total		State	Local
	City of Owatonna - Administration Costs	\$ 500.00	70%	\$ 350.00	\$ 150.00
		\$ -	0%	\$ -	\$ -
		\$ -	70%	\$ -	\$ -
ADMINISTRATION SUBTOTAL		\$ 500.00		\$ 350.00	\$ 150.00
Grant Amounts		\$ 33,100.00		\$ 23,170.00	\$ 9,930.00
Grant Percentages		100.00%		70.00%	30.00%



DATE: January 6, 2026
TO: Mayor and City Council
FROM: Rachel Boss, Human Resources Director
SUBJECT: Alignment of New Wage Start Dates

Purpose:

Implement the best practice of aligning the effective date of wage changes to the City's payroll periods.

Background:

In 2024, City Council approved 2025-2027 compensation for Union and Non-Union employees, which included Jan 1 wage rate changes.

- November 6, 2024: Approval of Sergeant, Patrol, and Non-union compensation
- December 17, 2024: Approval of Local 70 and Fire compensation

The Labor Agreement specifies wage increases for calendar years 2026 and 2027. To ensure payroll accuracy and administrative efficiency, the City recommends implementing these new wages at the beginning of a payroll period rather than mid-period. This approach was advised by Abdo as a best practice to reduce errors and maintain clarity for employees.

- Wages for 2026 will begin on December 28, 2025 (start of the payroll period).
- Wages for 2027 will begin on December 27, 2026 (start of the payroll period).
- This adjustment does not alter the negotiated wage amounts; it only specifies the effective date for implementation.

Budget Impact:

Approximately \$10,000.00.

Staff Recommendation:

Staff recommends approval of non-union wages and the resolutions impacting wages within the labor agreements, four similar resolutions, one for each labor agreement.

Attachments:

None

RESOLUTION NO. 13-26

A RESOLUTION APPROVING MEMORANDUM OF UNDERSTANDING
BETWEEN THE CITY OF OWATONNA AND
MINNESOTA PUBLIC EMPLOYEES ASSOCIATION – POLICE OFFICERS

WHEREAS, Union is the exclusive representative for certain employees of the Employer in the appropriate unit (“Bargaining Unit Employees”);

WHEREAS, Employer and Union are parties to a labor agreement in force and effect from January 1, 2025 through December 31, 2027 (“Labor Agreement”);

WHEREAS, the parties have specified new wages in the Labor Agreement for calendar years 2026 and 2027;

WHEREAS, the parties reached a tentative agreement of the terms of the new labor agreement; and

WHEREAS, the Employer desires to make the begin date of the new wages align with the Employer’s payroll periods; and

WHEREAS, the Public Employment Relations Act requires that the City of Owatonna execute a labor agreement and implement it in the form of a resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF OWATONNA OF OWATONNA, MINNESOTA, AS FOLLOWS:

1. The MOU between the City of Owatonna and Minnesota Public Employees Association – Police Officers for 2026 and 2027 is approved.
2. The Mayor and the City Administrator shall execute the MOU.
3. The City of Owatonna shall implement the MOU.

Passed and adopted this ____ day of _____, 2026, with the following vote:

Aye ____; No ____; Absent ____.

Approved and signed this ____ day of _____, 2026.

Matthew Jessop, Mayor

ATTEST:

Jenna Tuma, City Administrator/City Clerk

RESOLUTION NO. 14-26

A RESOLUTION APPROVING MEMORANDUM OF UNDERSTANDING
BETWEEN THE CITY OF OWATONNA AND
MINNESOTA PUBLIC EMPLOYEES ASSOCIATION – SERGEANTS

WHEREAS, Union is the exclusive representative for certain employees of the Employer in the appropriate unit (“Bargaining Unit Employees”);

WHEREAS, Employer and Union are parties to a labor agreement in force and effect from January 1, 2025 through December 31, 2027 (“Labor Agreement”);

WHEREAS, the parties have specified new wages in the Labor Agreement for calendar years 2026 and 2027;

WHEREAS, the parties reached a tentative agreement of the terms of the new labor agreement; and

WHEREAS, the Employer desires to make the begin date of the new wages align with the Employer’s payroll periods; and

WHEREAS, the Public Employment Relations Act requires that the City of Owatonna execute a labor agreement and implement it in the form of a resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF OWATONNA OF OWATONNA, MINNESOTA, AS FOLLOWS:

1. The MOU between the City of Owatonna and Minnesota Public Employees Association – Sergeants for 2026 and 2027 is approved.
2. The Mayor and the City Administrator shall execute the MOU.
3. The City of Owatonna shall implement the MOU.

Passed and adopted this ____ day of _____, 2026, with the following vote:

Aye ____; No ____; Absent ____.

Approved and signed this ____ day of _____, 2026.

Matthew Jessop, Mayor

ATTEST:

Jenna Tuma, City Administrator/City Clerk

RESOLUTION NO. 15-26

A RESOLUTION APPROVING MEMORANDUM OF UNDERSTANDING
BETWEEN THE CITY OF OWATONNA AND
INTERNATIONAL UNION OF OPERATING ENGINEERS, LOCAL
NO. 70

WHEREAS, Union is the exclusive representative for certain employees of the Employer in the appropriate unit ("Bargaining Unit Employees");

WHEREAS, Employer and Union are parties to a labor agreement in force and effect from January 1, 2025 through December 31, 2027 ("Labor Agreement");

WHEREAS, the parties have specified new wages in the Labor Agreement for calendar years 2026 and 2027;

WHEREAS, the parties reached a tentative agreement of the terms of the new labor agreement; and

WHEREAS, the Employer desires to make the begin date of the new wages align with the Employer's payroll periods; and

WHEREAS, the Public Employment Relations Act requires that the City of Owatonna execute a labor agreement and implement it in the form of a resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF OWATONNA OF OWATONNA, MINNESOTA, AS FOLLOWS:

1. The MOU between the City of Owatonna and the International Union of Operating Engineers, Local No. 70 for 2026 and 2027 is approved.
2. The Mayor and the City Administrator shall execute the MOU.
3. The City of Owatonna shall implement the MOU.

Passed and adopted this ____ day of _____, 2026, with the following vote:

Aye ____; No ____; Absent ____.

Approved and signed this ____ day of _____, 2026.

Matthew Jessop, Mayor

ATTEST:

Jenna Tuma, City Administrator/City Clerk

RESOLUTION NO. 16-26

A RESOLUTION APPROVING MEMORANDUM OF UNDERSTANDING
BETWEEN THE CITY OF OWATONNA AND
THE INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS, LOCAL UNION NO. 1920

WHEREAS, Union is the exclusive representative for certain employees of the Employer in the appropriate unit ("Bargaining Unit Employees");

WHEREAS, Employer and Union are parties to a labor agreement in force and effect from January 1, 2025 through December 31, 2027 ("Labor Agreement");

WHEREAS, the parties have specified new wages in the Labor Agreement for calendar years 2026 and 2027;

WHEREAS, the parties reached a tentative agreement of the terms of the new labor agreement; and

WHEREAS, the Employer desires to make the begin date of the new wages align with the Employer's payroll periods; and

WHEREAS, the Public Employment Relations Act requires that the City of Owatonna execute a labor agreement and implement it in the form of a resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF OWATONNA OF OWATONNA, MINNESOTA, AS FOLLOWS:

1. The MOU between the City of Owatonna and International Association of Fire Fighters, Local Union No. 1920 for 2026 and 2027 is approved.
2. The Mayor and the City Administrator shall execute the MOU.
3. The City of Owatonna shall implement the MOU.

Passed and adopted this ____ day of _____, 2026, with the following vote:

Aye ____; No ____; Absent ____.

Approved and signed this ____ day of _____, 2026.

Matthew Jessop, Mayor

ATTEST:

Jenna Tuma, City Administrator/City Clerk



CITY OF
OWATONNA

Miscellaneous



DATE: January 6, 2026
TO: Mayor and City Council
FROM: Greg Kruschke, Community Development Manager
SUBJECT: Land Development Agreement - STAMO Addition

Purpose:

Request Council approval of the Land Development Agreement for the STAMO Addition with 130 Oak Avenue North, LLC.

Background:

The Land Development Agreement lays out the roles and responsibilities of the developer and the City in completing the necessary public improvements for the project. This agreement requires the developer to construct all the public improvements, including streets, sidewalks, trails, and utilities. The developer is required to provide a 1% engineering fee, a subdivision bond, and a warranty bond at the time of substantial completion.

The agreement requires the City to maintain the lower underground stormwater system in perpetuity. Since the system will take a small portion of private storm water for this development, the developer will be paying an annual fee of \$1,500 in exchange for their portion of maintenance costs. This fee does not replace the Stormwater Utility Fee that will be included in their monthly utility bills. The upper system is all private and will be maintained by the developer.

Budget Impact:

The developer will be responsible for construction and bonding for all the public improvements. The City will be paid a 1% engineering oversight fee. The City will also receive a \$1,500 annual payment towards maintenance of the lower system.

Staff Recommendation:

Staff recommends approval.

Attachments:

1. STAMO Addition Dev Agreement

LAND DEVELOPMENT AGREEMENT
STAMO ADDITION

THIS AGREEMENT, is made and entered into as of _____, 2026, by and between 130 Oak Avenue North, LLC, a Minnesota limited liability company (herein the “Owner”) and CITY OF OWATONNA, MINNESOTA (herein the “City”).

WHEREAS, the Owner and the City agree that this Agreement shall serve to facilitate the orderly and efficient development of the Project to the mutual benefit of the Owner and the City;

WHEREAS, The City has approved the Final Plat of STAMO Addition, attached as Exhibit A and legally described as Exhibit B, on January 6, 2026 (herein the “Property”);

WHEREAS, the City has outlined certain public improvements and/or facilities which in part provide needed infrastructure for the development of the Property;

WHEREAS, The proposed project is shown in the plans attached as Exhibit C and the Cost Estimate attached as Exhibit D.

WHEREAS, the City agrees to allow the development to proceed subject to the execution of this Agreement that addresses the impacts of the Project on the public infrastructure.

I. OWNER’S OBLIGATIONS

- A. Property Development. The Owner agrees to proceed and complete the platting process of one (1) lot and one (1) Outlot within Stamo Addition referred to as Ascend South (the “Project”), including recording the plat in accordance with the Subdivision Ordinance for the City of Owatonna prior to the completion of the infrastructure improvements.
- B. Grading, Drainage, Erosion Control, Utility Lines. The Owner agrees to complete the grading and drainage improvements and install the erosion control facilities and utilities in accordance with the construction plans and specifications prepared by Jones, Haugh, & Smith, Owner’s Engineer, and reviewed and approved by the City of Owatonna.
 - 1. The Owner shall be responsible for installing and maintaining all necessary temporary erosion and sediment control measure to be in compliance with the City of Owatonna Construction Stormwater Ordinance and the MPCA Construction Stormwater Permit and any applicable rules and regulations.
 - 2. The Owner shall be responsible for construction of all required permanent stormwater control measures at the time of project commencement as per the approved Plan The stormwater control measures shall be in accordance with City, MPCA and any other applicable standards.

a. A permanent access easement for inspection of stormwater control and treatment measures to the Property shall be granted to the City of Owatonna for inspection. If the stormwater control and treatment measures are found to be out of compliance, the City may repair the measures at the property owner's expense.

b. The permanent stormwater improvements within the Ted G Ringhofer Lane NW right of way will be designed, inspected, and constructed by the Owner. The City and the Owner agree that this facility treats public and private water. Due to the small percentage of private stormwater in the system the City has agreed to maintain the system in perpetuity. In exchange for the ongoing maintenance the Owner will submit an annual fee to the City of \$1500 due on July 1st annually with the exception of the year of this agreement. This payment shall be submitted annually for the life of the Project. This fee does not replace the stormwater utility fee included in the monthly utility billing.

c. The permanent stormwater improvements on Lot 1 will be privately owned. A stormwater easement and maintenance agreement shall be recorded describing the responsibility for the operation and maintenance of the stormwater improvements.

1. The Owner will be responsible for the design and construction of all utility improvements, including but not limited to: sanitary sewer, watermain, storm sewer, etc. in accordance with City of Owatonna regulations and all applicable rules and regulations.
2. The Owner shall provide the City Engineer with copies of utility layout plans, as provided by the electrical, internet, telephone, gas, and cable companies before construction.

C. Roadway Improvements. The Owner will construct all public roadways within the Project in accordance with the design standards set forth by the City of Owatonna.

1. The Owner shall dedicate through the platting process the public right-of-way for Vine Street W and Ted G Ringhofer Lane NW as contained in the plat of STAMO Addition.

2. The Owner will dedicate all easements shown on the plat of STAMO Addition.

3. Walnut Avenue adjacent to the site is being vacated. This will be rededicated as Ted G Ringhofer Lane NW containing an eighty (80) foot wide right-of-way.

a. Ted G Ringhofer Lane NW will be constructed with a 67.5'

face-to-face street width and MnDOT B618 concrete curb and gutter.

- b. The street section will contain two 12' wide driving lanes along with a 21.8' angled parking lane on each side of the street.
 - c. A 6' wide concrete sidewalk will be constructed on the east side of the street along the back of the curb.
 - d. A 5' wide sidewalk will be constructed at the south end of Ted G Ringhofer Lane NW running perpendicular to the street and connecting to the trail.
4. Vine Street W will have the remainder of the public right-of-way dedicated and be reconstructed from the west end to Oak Avenue in order to create a centered street section.
- a. Vine Street W will contain a 66' wide right-of-way.
 - b. Vine Street W will be constructed with a 30.34' back to back of curb width along with a 10' wide bituminous trail located on the south side of the road.
 - c. The existing 5' sidewalk on the north side of the street will remain within the 66' wide public right-of-way.
 - d. The street section will contain B618 concrete curbing with two 13.00' paved lanes. The curb back-to-back width dimension will be 30.34'.
 - e. Both sides of the street will be signed No Parking.
5. A portion of the Bituminous Trail will be removed, relocated and replaced in the SW corner of the Project. This section shall be completed as soon as possible after the removals of the existing street. This section of trail is located within Outlot A.
6. The Owner and its contractors are hereby granted a temporary construction easement in order to perform any demolition and other work necessary within Outlot A and the new Vine Street West Right of Way as proposed within Exhibit C.
7. Owatonna Public Utilities will install and pay for all public street lights.
8. The Owner shall reinstall the water fountain at the western end of Vine Street W.
9. The Owner shall pay for all street signs, within the Project as required by the Ordinance for the City of Owatonna and Minnesota Uniform Traffic Control Manual. The following signs are expected but not limited to:
- a. Street naming signs at the intersection of Vine Street W and

Ted G Ringhofer Lane NW.

- b. Stop sign will be installed on Vine Street W at the Oak Avenue Intersection and on Ted G Ringhofer Lane NW at Bridge Street W.
 - 10. The pedestrian signal located on Oak Avenue at the Vine Street crossing shall be salvaged and reinstalled by the Owner. Any damage or additional work required is the sole responsibility of the Owner.
 - 11. The Owner shall disconnect all unused sanitary and water services from the main in Vine Street. The Owner acknowledges responsibility for the services in Oak Avenue that will be permitted to be cut off at the property line until such time as they can be removed with a street project.
 - 12. The Owner plans to replace a significant portion of the curb line in Oak Avenue. This work shall be permitted by Steele County and inspected by the consultant listed in Section I.L below.
 - 13. The sidewalk along Oak Avenue will be replaced through the Project. This sidewalk shall be permitted by Steele County, meet all ADA requirements, be inspected by the consultant listed in Section I.L below.

D. Development Plans. The project shall be developed and constructed in accordance with the plans and specifications prepared by Jones, Haugh, and Smith and attached as Exhibit C, and as approved by the City Engineer of the City of Owatonna. No work shall begin until the plan for the proposed improvements are approved by the City Engineer in writing. The plans are required to be reviewed and approved as follows:

- 1. Construction of Vine Street W and Ted G Ringhofer Lane NW. The Owner shall be responsible for all grading, construction, and surfacing of the above listed streets.
 - a. Construction observation shall be completed by an individual with the appropriate MNDOT Certifications, including but not limited to; grading and base, aggregate production, concrete I & II, etc.
 - b. Test results in accordance with the Minnesota Department of Transportation State Aid for Local Transportation (SALT) Schedule of Materials control shall be performed by a qualified testing agency and shall be submitted to the City.
 - c. Testing as required for utilities shall be submitted to the City, including but not limited to: sanitary sewer pressure and mandrel

testing along with video inspection as outlined in the latest version of the City Engineers Association of Minnesota (CEAM) specifications, watermain bacteria testing and pressure testing.

- d. Construction schedule shall be submitted to the City and updated as changes occur.
2. A private Storm Sewer System will be constructed throughout the westerly side of the project and drain to a private underground system located within the public right-of-way of Ted G Ringhofer Lane NW. The Owner shall be responsible for the construction of this entire facility.
3. A fee of 1% of the total construction cost of street and utility installation costs as provided in Exhibit D shall be submitted to the City Engineer for City oversight of the public infrastructure prior to commencing construction.
4. Any variation from the approved construction plans shall be approved in writing by the City Engineer prior to making any changes.

D. Access.

1. The Owner has been granted access from Ted G Ringhofer Lane NW from the City of Owatonna.
2. The Oak Avenue access to the project is permitted by Steele County. All Steele County requirements shall be met.

E. Stormwater. The Owner acknowledges that the City has stormwater requirements that need to be met for all development projects. Stormwater responsibilities will all be constructed and maintained by the Owner, except as otherwise noted in this agreement.

F. Wetlands. There are no wetlands within the Project.

G. Permits. The Owner shall obtain all necessary permits for the construction within the property.

H. Recording Fee. The Owner shall pay the recording fee for the recording of this Agreement at the Steele County Recorder's office.

I. License. The Owner hereby grants the City, its agent, and employees a license to enter the project to perform periodic inspections or observations of the work as deemed appropriate by the City.

J. Warranty. The Owner warrants all work to be performed in the public right-of-way and within the public utility easements against poor material and faulty

workmanship for a period of three (3) years after its completion. A warranty bond shall be submitted on the date of substantial completion being declared by the City Council.

- K. Inspection. Owner agrees to hire Jones, Haugh, and Smith or other suitably qualified consultant to inspect and test the construction of the public improvements on a regular and routine basis including the sewage collection system, water distribution, roadways and stormwater systems. Material testing to be paid for by the owner and completed by a certified testing agency.

Owner agrees to hire Jones, Haugh, and Smith to provide construction staking for the construction of all improvements.

Owner agrees to hire Jones, Haugh, and Smith to provide as-built construction drawings for completion of the roadway, stormwater, and utility work. This will be required prior to the City accepting the public improvements from the Owner.

The Owner hereby grants the City, its agents, officials, and engineers, license to enter onto the Property for purposes of undertaking its own inspections at the City's discretion, and at the City's sole expense. City agrees to indemnify Owner, their Governors, Managers, Members and Agents including but not limited to Jones, Haugh, and Smith and hold them harmless from any and all claims, demands, actions, causes of action, suits, proceedings, costs, expenses, damages, and liabilities, including attorney fees, arising out of any entry authorized by City onto Owner's real property except if the claim arises from negligence caused by the Owner.

- L. Security. Prior to commencement of the project, Owner shall deliver to City a Subdivision Bond or other acceptable financial surety to ensure project completion, as estimated by Jones, Haugh, and Smith and attached as Exhibit D, as principal and the City of Owatonna as obligee in the amount of 125% of the estimate attached as Exhibit D. Said surety will be released by the City once the improvements have been accepted by the City Council.

The City agrees that upon substantial completion the original subdivision bond can be replaced with a new subdivision bond that covers 125% of the remaining improvements that will include the sidewalks, boulevard trees, driveway aprons and approaches and final seeding or sodding of the boulevard areas. The Owner agrees that the new bond will be provided prior to substantial completion being granted. Sidewalks will be poured in sequential order and will not be piecemealed together.

The City is hereby granted the option, but not the obligation, to complete or cause completion in whole or part of all of the Owner's obligations under this Agreement for which a bond, letter of credit, cash deposit or other security (hereinafter referred to as the "Security") is required if the Owner defaults with respect to any term or condition in this Agreement for which Security is required and fails to cure such default(s) within sixty (60) days after receipt of written notice thereof from

the City; provided however if the nature of the cure is such that it is not possible to complete the cure within sixty (60) days, it shall be sufficient if the Owner has initiated and is diligently pursuing such cure and completes the cure within a reasonable time as determined by the City Engineer. The Owner acknowledges that the City does not assume any obligations or duties of the Owner with respect to any such contract agreements unless the City shall agree in writing to do so.

The City may make a claim against the Security, as appropriate, after the notice and cure period set forth in the foregoing paragraph, for any violation of the terms of this Agreement or if the Security is allowed to lapse prior to the end of the required term.

- M. Survey Monuments. Survey Monuments of a permanent character shall be placed at the corners of all lots created by the subdivision and located as required by Minnesota Statute 505.02. Building permits will not be issued until such monuments are placed. The Owner's licensed land surveyor shall submit an affidavit to the City stating all monuments have been placed.
- N. Owner's Responsibility for Code Violations. In the event of a violation of City Code relating to use of the property construction thereon or failure to fulfill an obligation imposed upon the Owner pursuant to this Agreement, City shall give the Owner written notice after which the Owner shall have 30 days within which to cure such violation, provided however, City need not issue a building or occupancy permit for construction or occupancy on the Land while such a violation is continuing, unless waived in writing by City.
- O. Owner's Responsibility for its Contractors. Owner shall release, defend and indemnify City, its elected and appointed officials, employees and agents from and against any and all claims, demands, lawsuits, complaints, loss, costs (including attorneys' fees), damages and injunctions relating to any acts, failures to act, errors, omissions of Owner or Owner's consultants, contractors, subcontractors, suppliers and agents. Owner shall not be released from its responsibilities to release, defend and indemnify to the extent provided in this Agreement because of any inspection, review or approval by City.

II. CITY'S OBLIGATIONS

- A. The City shall consider the Project/plat under the process outlined in the Zoning and Subdivision Ordinance for the City of Owatonna. The City shall allow the Owner to proceed and complete the platting process including plat recording for the Property prior to completion of the infrastructure.
- B. Building permits will be allowed to be issued prior to the public improvements being completed.
- C. No Certificate of Occupancies will be issued until all public improvements have been deemed substantially complete by the City Council of the City of Owatonna.

III. GENERAL PROVISIONS

- A. Waiver and Amendment. This Agreement will not be altered, modified, supplemented, or amended in any manner whatsoever except by written agreement signed by both parties.
- B. Entire Agreement. This Agreement constitutes the entire agreement between the parties. There are no understandings, agreements, or representations, oral or written, beyond those specified in this agreement.
- C. Successors and Assigns. This Agreement shall be binding upon the parties, their heirs, successors and/or assigns.
- D. Ordinances. Except as otherwise expressly provided herein, the Owner and the City acknowledge that they will remain subject to all applicable City ordinances, policies, and other governmental regulations.
- E. Enforcements
 - 1. In the event of either party's default which is not cured within thirty (30) days after written notice thereof, that party shall be deemed to be in default, provided however if the nature of the cure is such that it is not possible to complete the cure within thirty (30) days it shall be sufficient if the party has initiated and is diligently pursuing such cure and completes the cure within a reasonable time as determined by the City Engineer. If the defaulting party fails to cure the default, the City shall send notice describing with specificity the nature of the default asserted, to the defaulting party and the non-defaulting party shall have all rights and remedies available under law or equity with respect to the default either to restrain any violation or recover damages, or both. In addition, and without limitation, the parties shall have the following specific rights and remedies.
 - a. With respect to matters that are capable of being corrected by the non-defaulting party, a non-defaulting party may, at its option enter upon the Property for the purpose of correcting the default and the non-defaulting party's reasonable costs in correcting same, plus interest as provided in Subsection 3 below, shall be paid by the defaulting party to the non-defaulting party immediately upon demand;
 - 1. Reimbursement. Each party shall be responsible for their

own Attorney's fees.

2. Interest. Interest shall accrue on all amounts required to be reimbursed by the defaulting party to the non-defaulting party pursuant to this Section III,E . at the rate of Prime Rate as established from time to time by U.S. Bank, Rochester, Minnesota, plus two percent per annum from the date of payment by the defaulting party until the date reimbursed in full with accrued interest.
 3. Remedies are Cumulative. All remedies provided herein shall be cumulative and the exercise of one remedy shall not preclude the use of any other or all of said remedies.
 4. Failure to Enforce not a Waiver. Failure of any party to enforce any provisions contained herein shall not be deemed a waiver of that party's rights to enforce such provision or any other provision in the event of a subsequent default.
- F. Severability. Invalidation of any of the provisions in the Agreement by judgment or court order shall in no way effect any of the other provisions, which other provision shall remain in full force and effect.
- G. Force Majeure. If either party fails to perform under this Agreement because of any delays caused by fire, flood, explosion, hurricane, earthquake, tornado, wind storm, heavy rain storm, unusually inclement weather, or other casualty, strikes, walk-outs, labor disputes, governmental laws or regulations, unavailability of labor or materials, contractor delays, or other similar causes beyond either parties control, performance by such party will be extended for the period of time attributable to such causes.
- H. Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of Minnesota.
- I. Notices. Any notice or election herein required or permitted to be given or serviced by any party hereto upon the other will be in writing and delivered in person, by facsimile, recognized overnight delivery service (i.e., Federal Express, UPS, etc.), or sent by United States certified or registered mail, postage prepaid, addressed as follows:

If to Owner:

130 Oak Avenue North, LLC

If to the City:

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

Any such communication, if mailed as provided herein, will be deemed to have been received on the expiration of five (5) business days after mailing. Any such communication, if sent by recognized overnight delivery service (i.e., Federal Express, UPS, etc.) will be deemed to have been received on the first business day after the communication is sent by such means. Any communication personally delivered will be deemed to have been given upon delivery thereof in the manner above provided on the date delivered. If the last day of a period within which either party is required or allowed to provide a notice, demand, offer, election, acceptance or other communication hereunder should fall upon a Saturday, Sunday or legal holiday then, the next full business day will be included in such period and such notice, offer, demand, request or communication may be made and given on such next full business day.

J. No Third-Party Beneficiaries

The terms and provisions of the Agreement are intended solely for the benefit of each party hereto and their respective successors or permitted assigns, and it is not intended to confer third-party beneficiary rights upon any other person.

IN WITNESS WHEREOF, the parties set their hands and seals as of the date and year first above written.

CITY OF OWATONNA, a Minnesota
Municipal Corporation

Owner:
130 Oak Avenue North, LLC. a
Minnesota limited liability company

By _____
Its Mayor

By: _____
Its: Authorized Representative

Attest: _____
Its City Administrator

Its: _____

STATE OF MINNESOTA)
) ss
COUNTY OF STEELE)

The foregoing instrument was acknowledged before me this ____ day of _____, 2026,
by _____ and _____, the Mayor
and City Clerk, respectively, of the City of Owatonna, a Minnesota municipal corporation, on
behalf of the corporation.

Notary Public

My commission expires _____.

STATE OF MINNESOTA)
) ss
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2026,
by _____, the _____, of 130 Oak
Avenue North, LLC, a Minnesota limited liability company, on behalf of the company.

Notary Public

My commission expires _____.

Exhibit A

(Final Plat)

Exhibit B

Lot 1, Block 1, STAMO Addition,
Steele County, Minnesota

Exhibit C

(Construction Plans)

Exhibit D

(Cost Estimate)



DATE: January 6, 2026
TO: Mayor and City Council
FROM: David Beaver, Airport Manager
SUBJECT: Amendment #1 & Mutual Agreement to Cancel Airport Commercial Use Hangar Land Leases

Purpose:

Request approval of Amendment One to the Airport Commercial Use Land Lease Agreement with NavFleet Holdings and Fountain Aviation, LLC and the Mutual Agreement to Cancel the Airport Commercial Use Hangar Land Lease with John Klatt Airshows, Inc, and NavFlet Holdings, LLC.

Background:

Accelerated Aviation has been operating a commercial flight school at the airport since February of 2020. In 2021, the company under the name NavFleet Holdings entered into a five-year Sublease with John Klatt Airshows (JKAI) for the use of the Hangar on airport Lot #27. A thirty-year Commercial Land Lease was then also entered into with NavFleet Holdings with an effective date of January 2, 2026.

In October of this year, the City, JKAI, and NavFleet amended the five-year Sublease to include commercial service of repair and maintenance of based and transient aircraft (Amendment One to Sublease). At this time the City, JKAI, NavFleet, and Fountain Aviation also amended the Sublease assigning the NavFleet Sublease to Fountain Aviation with the consent of the parties (Amendment Two to Sublease). This requires Fountain Aviation to comply with the terms of the Lease, Sublease, and Amendments. All three business entities (Accelerated, NavFleet, and Fountain) are controlled by the same owners.

The Sublease between and among the City, JKAI, NavFleet, and Fountain expires on January 2, 2026. Because the previously approved new thirty-year lease with NavFleet effective on January 2, 2026, was executed before the October 2025 amendments were entered into, this Amendment One to the new thirty-year Commercial Use Land Lease includes the terms allowing for the added commercial service of repair and maintenance of based and transient aircraft and adjusts the insurance requirements as required.

To accomplish this process, the following actions are required:

1. Approve Amendment One to Airport Commercial Use Hangar Land Lease – City, NavFleet Holdings, and Fountain Aviation
2. Approve Mutual Agreement to Cancel Airport Commercial Use Hangar Land Lease –

This allows the parties (City, Klatt, NavFleet, and Fountain) to mutually agree that the original 2008 Lease with John Klatt Airshows (JKAI) is to be cancelled effective on January 2, 2026. The new thirty-year lease with NavFleet can then become effective on this date.

The City Attorney has reviewed and prepared the required documents.

Budget Impact:

Amendment One does not change the agreed upon rent under the previously approved thirty-year agreement that is to take effect on January 2, 2026. The current annual Land Lease Rental Amount due is at \$3,460. The annual rental rate per square foot thereafter is adjusted utilizing a CPI escalator calculation.

Staff Recommendation:

Staff recommends approval of both Amendment One and the Mutual Agreement to Cancel of these respective Airport Commercial Use Hangar Land Leases.

Attachments:

1. Amendment One - Airport Commercial Use Hangar Lease
2. Cancellation of Contract - Airport Commercial Use Hangar Lease

AMENDMENT ONE TO AIRPORT COMMERCIAL USE HANGAR LEASE

THIS AMENDMENT ONE to the Airport Commercial Use Hangar Lease, dated February 9, 2021, with an Effective Date of January 2, 2026, between the City of Owatonna (City) and NavFleet Holdings, LLC, a Minnesota Limited Liability Company (NavFleet), and Fountain Aviation, LLC, a Minnesota Limited Liability Company (Fountain or Lessee).

RECITALS

1. On August 20, 2008, City and John Klatt Airshows, Inc., a Minnesota Corporation, (Klatt), entered into a Hangar Lease for 30 years, expiring August 14, 2038, for Lot 27, Airport Subdivision No. 1, as depicted in Exhibit A hereto attached and incorporated herein.
2. On February 2, 2021, Klatt entered into a Sublease with NavFleet Holdings, LLC, a Minnesota Limited Liability Company, (NavFleet), for a term of 5 years expiring January 2, 2026.
3. On October 17, 2025, City, Klatt and NavFleet entered into Amendment One which amended the Sublease to include commercial service of repair and maintenance of based in transit aircraft as outlined in Amendment One.
4. On October 17, 2025, City, Klatt, and NavFleet and Fountain Aviation, LLC, a Minnesota Limited Liability Company, (Fountain), entered into Amendment Two by which NavFleet assigned its Sublease to Fountain with the consent of Klatt and the City and, thereafter, Fountain agreed to comply with all the requirements set forth by the City in the original Lease, the Sublease from Klatt to NavFleet, and Amendment One and Amendment Two.
5. The Sublease between and among the City, Klatt, NavFleet and Fountain expires January 2, 2026.
6. On February 9, 2021, City and NavFleet executed a New Lease, (New Lease), to the premises above described with an Effective Date of January 2, 2026. The New Lease was executed before Amendment One and Amendment Two were executed.

COVENANTS

NOW, THEREFORE, City and Fountain agree that the New Lease is amended as follows:

A. That the following Use shall be added to Section 5, “Use Of Premises”:

Commercial Service of Repair and Maintenance. Fountain shall provide commercial service of repair and maintenance of based and transient aircraft and agrees to maintain and operate an aircraft repair shop employing one or more A&P mechanic(s) and a designated airworthiness inspector. In connection therewith Fountain services will include but not be limited to:

- (1) Providing commercial service of repair and maintenance of based and transient aircraft.
- (2) Maintaining and operating an aircraft repair shop employing one or more A&P mechanic(s) and a designated airworthiness inspector, with repair and service times generally from 8:00 AM to 5:00 PM, Monday through Friday, and on an as requested basis.
- (3) Prohibiting the following activities within the hangar without express written permission from the City:
 - Doping
 - Hot work, including welding and torching
 - Fuel transfers
 - Fuel tank maintenance or repair unless aircraft are defueled
 - Aircraft painting and spray finishing
 - Total fuel capacity of all aircraft within the hangar exceeding 1,600 gallons
- (4) Ensuring no explosives or combustible materials are permitted within or about the Premises, except for fuel in aircraft tanks or small containers of lubricants, cleaning material, and other aviation-related material stored in approved containers.
- (5) Utilizing a remote system for any liquid capture, collections, and separation.

(6) Abiding by all State, Federal, and local laws regulating the storage and transportation of flammable liquids, gases, and liquids stored in cylinders, and protection of the environment.

- B. That Section 13, “Insurance” is amended as follows: (The new language is underlined)

Insurance. Lessee shall maintain the following insurance coverages:

- (1) Commercial General Liability Insurance. Commercial General Liability Insurance, insuring Lessee against any liability arising out of this lease agreement, or the use, occupancy, or maintenance of the demised premises and all areas appurtenant to the demised premises and Product liability-Completed operations coverage for bodily injury and property damages arising out of the sale, distribution or service involving products or services that are provided. Such insurance shall be in the amount of not less than Two Million Dollars (\$2,000,000.00) per occurrence and Three Million Dollars (\$3,000,000.00) annual aggregate for bodily injuries or deaths of persons or property damage occurring in and about the premises, not necessarily caused by aircraft, or in or about the Airport if caused by the act or omission of Lessee or those for whom Lessee is responsible. The insurance policy shall insure the hazards of the demised premises and operations conducted in and on the demised premises, independent contractors and contractual liability (covering the indemnity included in this lease agreement).

The CGL policy shall not contain any exclusion for aircraft, aircraft products, aircraft maintenance or repair, fueling, airport operations, aviation activities, or any other exclusion that would limit or bar coverage for claims arising out of or related to the Lessee’s operations at the airport. Any endorsement or exclusion that has the effect of restricting coverage for aircraft or airport-related claims shall be prohibited.

- (2) Hangar Keeper’s Liability. Lessee shall maintain Hangar Keeper’s Liability Insurance in the minimum amount of \$150,000 per aircraft and \$300,000 per occurrence for damage to aircraft stored by Lessee.

In the event Lessee does not use the premises for storage of aircraft owned by others, upon written notice to Lessor, the requirement of Hangar Keeper’s Liability Coverage will be deleted and the Lease will be amended accordingly.

- C. No Other Changes: Except as modified herein, all other terms and conditions of the New Lease dated February 9, 2021 with the Effective date of January 2, 2026, shall remain in full force and effect.

IN WITNESS WHEREOF, each party has signed this Amendment on the date beneath its signature.

This Amendment shall be effective on the date of the last party to sign the name.

CITY OF OWATONNA, MINNESOTA,
A MUNICIPAL CORPORATION, LESSOR

By: _____
Matt T. Jessop, Mayor Date _____

By: _____
Jenna L. Tuma, City Administrator Date: _____

ACKNOWLEDGEMENT

[illegible]

The foregoing instrument was acknowledged before me this _____ day of _____, 20____, by Matt T. Jessop and Jenna L. Tuma, the Mayor and City Administrator of the City of Owatonna, Minnesota, a municipal corporation under the laws of the State of Minnesota, on behalf of the corporation.

Notary Public

By: _____
Clayton Petersen, its Manager/Member Date _____

[illegible]

Notary Public

Page 250 of 376

By: _____
Clayton Petersen, its Manager/Member Date _____

STATE OF MINNESOTA)
)ss.
COUNTY OF _____)

Notary Public

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MUTUAL AGREEMENT TO CANCEL AIRPORT COMMERCIAL USE HANGAR LEASE

THIS MUTUAL AGREEMENT to the Airport Commercial Use Hangar Lease, by, between, and among the City of Owatonna (City), John Klatt Airshows, Inc. (Klatt), NavFleet Holdings, LLC. (NavFleet), and Fountain Aviation, LLC. (Fountain).

RECITALS

1. On August 20, 2008, City and John Klatt Airshows, Inc., a Minnesota Corporation, (Klatt), entered into a Hangar Lease for 30 years, expiring August 14, 2038, for Lot 27, Airport Subdivision No. 1, as depicted in Exhibit A hereto attached and incorporated herein.
2. On February 2, 2021, Klatt entered into a Sublease with NavFleet Holdings, LLC, a Minnesota Limited Liability Company, (NavFleet), for a term of 5 years expiring January 2, 2026.
3. On February 9, 2021, City and NavFleet executed a lease (New Lease) to the premises with an Effective Date of January 2, 2026.
4. On October 17, 2025, City, Klatt and NavFleet entered into Amendment One which amended the Sublease to include commercial service of repair and maintenance of based in transit aircraft as outlined in Amendment One.
5. On October 17, 2025, City, Klatt, NavFleet and Fountain Aviation, LLC, a Minnesota Limited Liability Company, (Fountain), entered into Amendment Two by which NavFleet assigned its Sublease to Fountain with the consent of Klatt and the City, and Fountain agreed to comply with all the requirements set forth by the City in the original Lease the Sublease from Klatt to NavFleet, and Amendment One and Amendment Two.
6. The Sublease between and among the City, Klatt, NavFleet and Fountain expires January 2, 2026. The term of the New Lease is 30 years commencing January 2, 2026, and terminating on January 1, 2056.
7. Because the term of the 2008 Lease overlaps with the term of the New Lease, the parties mutually agree that the 2008 Lease shall be cancelled effective January 2, 2026.

COVENANTS

NOW, THEREFORE, City, Klatt, NavFleet, and Fountain mutually agree as follows:

1. That the 2008 Lease shall be deemed cancelled effective at 12 AM January 2, 2026.

IN WITNESS WHEREOF, each party has signed this Amendment on the date beneath its signature.

This Amendment shall be effective on the date of the last party to sign the name.

CITY OF OWATONNA, MINNESOTA,
A MUNICIPAL CORPORATION, LESSOR

By: _____
Matt T. Jessop, Mayor Date

By: _____
Jenna L. Tuma, City Administrator Date

ACKNOWLEDGEMENT

STATE OF MINNESOTA)
)ss.
COUNTY OF STEELE)

The foregoing instrument was acknowledged before me this _____ day of _____, 20____, by Matt T. Jessop and Jenna L. Tuma, the Mayor and City Administrator of the City of Owatonna, Minnesota, a municipal corporation under the laws of the State of Minnesota, on behalf of the corporation.

Notary Public

JOHN KLATT AIRSHOWS, INC.,
LESSEE

By: _____
John R. Klatt, its President Date

ACKNOWLEDGEMENT

STATE OF MINNESOTA)
)ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 20____, by John R. Klatt, the President of Klatt Airshows, Inc., a Minnesota corporation under the laws of the State of Minnesota, on behalf of the corporation.

Notary Public

(remainder of this page intentionally left blank)

NAVFLEET HOLDINGS, LLC,
SUBLESSEE

By: _____
Clayton Petersen, its Manager/Member Date _____

ACKNOWLEDGEMENT

STATE OF MINNESOTA)
)ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 20____, by Clayton Petersen, a Member/Manager of NavFleet Holdings, LLC, a Limited Liability Company under the laws of the State of Minnesota, on behalf of the company.

Notary Public

(remainder of this page intentionally left blank)

By: _____
Clayton Petersen, its Manager/Member Date _____

[illegible]

Notary Public

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DATE: January 6, 2026
TO: Mayor and City Council
FROM: Jenna Tuma, City Administrator
SUBJECT: Professional Service Agreements - Police and Fire Facilities - ICS

Purpose:

To approve the updated ICS agreement, which includes the design of two facilities, (1) Police and (1) Fire Facilities, as well as the bidding process and construction oversight for both of the projects.

Background:

Owatonna is growing, and the demands on public safety are increasing. As our community changes, our dedication to keeping the community safe remains strong. Owatonna's police and fire department facilities have served our community well, but are aging and no longer meet the needs of our first responders and the essential services they provide.

Over the past three years, the City has been reviewing and planning for its Police and Fire facilities. This process included conducting detailed assessments of existing facilities, touring public safety establishments in other cities, and evaluating various options regarding project scope and projected costs for investments in Police and Fire. The staff gave the Council updates over five study sessions during the process.

In April of 2024, the Facilities Steering Committee and City Council reviewed initial information on city-owned facilities' conditions (including Police and Fire facilities). It was recommended that a Police and Fire Task Force be assembled at that time to perform the following tasks:

- Further identify facility and programmatic deficiencies at the existing Fire and Police facilities
- Identify the scope of improvements (renovation or new) required to provide facilities that serve Owatonna's citizens now and in the future.

The City has evaluated several options to address the needs of the Police and Fire facilities. This includes renovating existing facilities, building new facilities for each department or creating a new shared facility for the police and fire departments.

In 2025, the Task Force visited more than six police and fire facilities in the metro area, gathering valuable lessons to design the best police and fire stations for Owatonna, ensuring they serve the community for many decades to come.

Several locations were evaluated to determine the most suitable sites. Some were privately owned, while others were owned by the city. Ultimately, the decision resulted in two separate facilities: the Fire Station will remain in the downtown area to ensure optimal response times, and the Police Station will be located at the West Hills campus. Both facilities will be built on City-owned property.

ICS and Rapp Strategies have been leading the City through this multi-year process. This agreement formalizes the decision to build separate fire and police facilities, in lieu of the original scope of a combined public safety center housing both the fire and police departments. This agreement adjusts and extends the current contract for design efforts (Schematic Design through Construction Documents) to include Bidding, Construction, and Commissioning of the new separate Police and Fire facilities. These agreements will bring us to the full completion of the projects.

Compensation:

Phase II — Design(Schematic Design SD) — Construction Documents (CD)

- \$2,946,315 — Original contract amount — Program Management & Design (December 2024)
- \$1,353,425 — Additional Fees — Program Management & Design (Two (2) separate facilities (Police & Fire) SD-CD Phases

Phase III

- \$238,850 — Bidding & Construction Administration
- \$1,014,000 — Construction Management Fee
- \$126,750 - Code required commissioning
- \$2,737,900 — Construction site services and Reimbursables

Total Fees \$8,417,240

These professional services are included in the overall project budget of \$61 million.

Budget Impact:

These fees are included in the overall project budget and will be covered by bonding.

Staff Recommendation:

Staff recommends approval.

Attachments:

1. City of Owatonna Public Safety B132-2019
2. City of Owatonna Public Safety C132-2019



AIA[®] Document B132[™] – 2019

Standard Form of Agreement Between Owner and Architect, Construction Manager as Adviser Edition

AGREEMENT made as of the First day of January in the year Two Thousand Twenty-Five
(In words, indicate day, month, and year.)

BETWEEN ICS Consulting, LLC's ("ICS") client identified as the Owner:
(Name, legal status, address, and other information)

City of Owatonna
540 West Hills Circle
Owatonna, MN 55060

and ICS:
(Name, legal status, address, and other information)

ICS Consulting, LLC
1331 Tyler Street N.E., Suite 101
Minneapolis, MN 55413

for the following Project:
(Name, location, and detailed description)

New Public Safety Facilities (Fire & Police)

New Fire Department
To be located at the current Law Enforcement Center (LEC) site:
204 East Pearl Street
Owatonna, MN 55060

New Police Department
To be located at the current West Hills Campus site:
540 West Hills Circle
Owatonna, MN 55060

The Owner and ICS agree as follows.

ADDITIONS AND DELETIONS:

The author of this document has added information needed for its completion. The author may also have revised the text of the original AIA standard form. An *Additions and Deletions Report* that notes added information as well as revisions to the standard form text is available from the author and should be reviewed. A vertical line in the left margin of this document indicates where the author has added necessary information and where the author has added to or deleted from the original AIA text.

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

This document is intended to be used in conjunction with AIA Documents A132[™]–2019, Standard Form of Agreement Between Owner and Contractor, Construction Manager as Adviser Edition; A232[™]–2019, General Conditions of the Contract for Construction, Construction Manager as Adviser Edition; and C132[™]–2019, Standard Form of Agreement Between Owner and Construction Manager as Adviser. AIA Document A232[™]–2019 is adopted in this document by reference. Do not use with other general conditions unless this document is modified.

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ARTICLE 1 INITIAL INFORMATION

§ 1.1 This Agreement is entered into between Owner and ICS, a professional Owner's Representative and Construction Management firm and is based on the Initial Information set forth in this Section 1.1 and Exhibit A to this Agreement, entitled AIA Document C132™ - 2019, Standard Form of Agreement Between Owner and Construction Manager as Adviser. Exhibit A is expressly incorporated into this Agreement as if fully set forth herein.

All references to "Architect" shall mean ICS and its consultants. The term "Architect of Record" shall mean the architectural firm serving as a consultant to ICS for the Project.

(For each item in this section, insert the information or a statement such as "not applicable," or "unknown at time of execution".)

§ 1.1.1 The Owner's program for the Project:

(Insert the Owner's program, identify documentation that establishes the Owner's program, or state the manner in which the program will be developed.)

Refer to attached programming documents – Exhibit A.

§ 1.1.2 The Project's physical characteristics:

(Identify or describe pertinent information about the Project's physical characteristics, such as size; location; dimensions; geotechnical reports; site boundaries; topographic surveys; traffic and utility studies; availability of public and private utilities and services; legal description of the site; etc.)

New Public Safety Facilities (Fire & Police)

New 40,500 square foot Fire Department to be located at the current Law Enforcement Center (LEC) site:
204 East Pearl Street
Owatonna, MN 55060

New 58,000 square foot Police Department to be located at the current West Hills Campus site:
540 West Hills Circle
Owatonna, MN 55060

§ 1.1.3 The Owner's budget for the Cost of the Work, as defined in Section 6.1:
(Provide total and, if known, a line item breakdown.)

\$61,500,000.00

§ 1.1.4 The Owner's anticipated design and construction milestone dates:

.1 Design phase milestone dates, if any:

January 2025 – June 2026

.2 Construction commencement date:

July 2026 – March 2028

.3 Substantial Completion date or dates:

March 2028

.4 Other milestone dates:

N/A

§ 1.1.5 The Owner intends the following procurement method for the Project:
(Identify method such as competitive bid or negotiated contract.)

Publicly Bid Multiple Prime Contracts

§ 1.1.6 The Owner's requirements for accelerated or fast-track design and construction, multiple bid packages, or phased construction are set forth below:
(Identify any requirements for fast-track scheduling or phased construction and, if applicable, list number and type of bid/procurement packages.)

N/A

§ 1.1.7 Intentionally omitted as it is not applicable.

§ 1.1.7.1 Intentionally omitted as it is not applicable.

§ 1.1.8 The Owner identifies the following representative in accordance with Section 5.4:
(List name, address, and other contact information.)

Jenna Tuma, City Administrator
City of Owatonna
540 West Hill Circle
Owatonna, MN 55060
jenna.tuma@owatonna.gov

§ 1.1.9 The persons or entities, in addition to the Owner's representative, who are required to review the ICS's submittals to the Owner are as follows:
(List name, address, and other contact information.)

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The Owner's representative identified in Section 1.1.8 shall obtain any necessary approvals of the Owner's City Council to the extent specifically required by law. ICS and Owner will develop a protocol to ensure that any expenditure or other item that must be approved by the City Council under Minnesota law is promptly presented to the City Council for approval without causing unnecessary or avoidable delays. Owner will be responsible for ensuring that any legally required City Council approvals are obtained.

§ 1.1.10 The Owner shall retain the following consultants and Contractors:

(List name, legal status, address, and other contact information.)

.1 Construction Manager:

ICS

.2 Land Surveyor:

N/A – Carried under ICS's Basic Services by Design Tree Engineering

.3 Geotechnical Engineer:

Braun Intertec
2120 Howard Drive West, Suite B
North Mankato, MN 56003

.4 Civil Engineer:

N/A – Carried under ICS's Basic Services by Design Tree Engineering

.5 Other consultants and Contractors:

(List any other consultants and Contractors retained by the Owner.)

TBD

§ 1.1.11 ICS identifies the following representative in accordance with Section 2.4:

(List name, address, and other contact information.)

Chris Ziemer, Project Development Director
ICS
1331 Tyler Street NE, Suite 101
Minneapolis, MN 55413
chris.ziemer@ics-builds.com

§ 1.1.12 ICS shall retain the consultants identified in Sections 1.1.12.1 and 1.1.12.2:

(List name, legal status, address, and other contact information.)

§ 1.1.12.1 Consultants retained under Basic Services:

.1 Civil Engineer:

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Design Tree Engineering
800 North Washington Avenue
Suite 601
Minneapolis, MN 55401

.2 Structural Engineer:

Design Tree Engineering
800 North Washington Avenue
Suite 601
Minneapolis, MN 55401

.3 Architect:

Wold Architects and Engineers
50 South 6th Street
Suite 2250
Minneapolis, MN 55402

.4 Mechanical Engineer:

Design Tree Engineering
800 North Washington Avenue
Suite 601
Minneapolis, MN 55401

.5 Electrical Engineer:

Design Tree Engineering
801 North Washington Avenue
Suite 601
Minneapolis, MN 55401

§ 1.1.12.2 Consultants retained under Supplemental Services:

N/A

§ 1.1.13 Other Initial Information on which the Agreement is based:

N/A

§ 1.2 The Owner and ICS may rely on the Initial Information. Both parties, however, recognize that the Initial Information may materially change and, in that event, the Owner and ICS shall appropriately adjust the ICS's services, schedule for ICS's services, and ICS's compensation. The Owner shall adjust the Owner's budget for the Cost of the Work and the Owner's anticipated design and construction milestones, as necessary, to accommodate material changes in the Initial Information.

§ 1.3 The parties shall agree upon written protocols governing the transmission and use of, and reliance on, Instruments of Service or any other information or documentation in digital form.

§ 1.3.1 Any use of, or reliance on, all or a portion of a building information model without agreement to written protocols governing the use of, and reliance on, the information contained in the model shall be at the using or relying

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party's sole risk and without liability to the other party and its contractors or consultants, the authors of, or contributors to, the building information model, and each of their agents and employees.

§ 1.4 The term "Contractors" refers to persons or entities who perform Work under contracts with the Owner that are administered by ICS. The term "Contractors" is used to refer to such persons or entities, whether singular or plural. The term does not include the Owner's own forces, or Separate Contractors, which are persons or entities who perform construction under separate contracts with the Owner not administered by ICS.

ARTICLE 2 ARCHITECT'S RESPONSIBILITIES

§ 2.1 ICS shall provide professional services as set forth in this Agreement and Exhibit A. The parties understand and agree that ICS and its consultants will provide design, engineering and construction management services for the Project. The parties understand and agree that the architect and engineers of record for the Project are consultants to ICS and that ICS shall not perform architectural or engineering services for which it is not licensed.

§ 2.2 ICS shall perform its services consistent with the professional skill and care ordinarily provided by engineers practicing in the same or similar locality under the same or similar circumstances. ICS shall perform its services as expeditiously as is consistent with such professional skill and care and the orderly progress of the Project.

§ 2.3 ICS shall provide its services in conjunction with the services described in AIA Document C132™–2019, Standard Form of Agreement Between Owner and Construction Manager as Adviser, as amended for the Project.

§ 2.4 ICS shall identify a representative authorized to act on behalf of ICS with respect to the Project.

§ 2.5 Except with the Owner's knowledge and consent, ICS shall not engage in any activity, or accept any employment, interest or contribution that would reasonably appear to compromise ICS's professional judgment with respect to this Project.

§ 2.6 ICS shall purchase and maintain such insurance including professional liability insurance as will protect ICS from all claims which may arise from ICS's performance of its services under this Agreement. Prior to commencing the work, ICS shall provide a certificate of insurance to the Owner showing its insurance coverages, and ICS shall maintain such insurance in full force and effect at all times until the Work has been completed, in the following amounts:

COVERAGES	LIMITS OF LIABILITY
Workers' Compensation, including Employer's Liability Insurance	Statutory
Comprehensive General Bodily Injury Liability Insurance, including Contractual	\$1,000,000
Comprehensive General Property Damage Liability Insurance, including Contractual	\$1,000,000 Per Claim \$2,000,000 Aggregate
Comprehensive Automobile Injury Liability Insurance	\$500,000 Per Claim \$500,000 Aggregate
Comprehensive Automobile Property Damage Liability Insurance	\$500,000
Professional Liability Insurance	\$5,000,000 Per Claim \$5,000,000 Aggregate
Umbrella Liability Coverage	\$5,000,000

(Paragraphs deleted)

ARTICLE 3 SCOPE OF ARCHITECT'S BASIC SERVICES

§ 3.1 ICS shall provide design services through licensed consultants, including customary architectural, structural, mechanical, civil and electrical engineering services, and other services necessary to produce a complete set of Construction Documents. The parties agree and understand that all other architectural and engineering services shall be provided by the Architect of Record or engineer of record as a consultant to ICS. It is expressly understood by the Owner and ICS that contracts for such professional services are not subject to competitive bidding requirements. All

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professionals providing such services whether directly by ICS or under a consultant contract with ICS shall be qualified, and where required, properly licensed and/or certified to perform these services. Upon the Owner's request, ICS shall furnish copies of the scope of consulting services in the contract between ICS and ICS's consultants.

§ 3.1.1 ICS shall manage ICS's professional services, research applicable design criteria, attend Project meetings, communicate with members of the Project team, and report progress to the Owner.

§ 3.1.2 ICS shall coordinate its services with those services provided by the Owner, the Construction Manager, and the Owner's other consultants. ICS shall be entitled to rely on, and shall not be responsible for, the accuracy, completeness, and timeliness of, services and information furnished by the Owner, and the Owner's other consultants. ICS shall provide prompt written notice to the Owner if ICS becomes aware of any error, omission or inconsistency, in such services or information.

§ 3.1.3 As soon as practicable after the date of this Agreement, ICS shall submit, for the Owner's approval, a schedule for the performance of ICS's services. The schedule shall include design phase milestone dates, as well as the anticipated dates for the commencement of construction and for Substantial Completion of the Work as set forth in the Initial Information. This schedule shall include allowances for periods of time required for the Owner's review, for the performance of the Owner's consultants, and for approval of submissions by authorities having jurisdiction over the Project. Once approved by the Owner, time limits established by the schedule shall not, except for reasonable cause, be exceeded by ICS or Owner. With the Owner's approval, ICS shall adjust the schedule, if necessary, as the Project proceeds until the commencement of construction.

§ 3.1.4 ICS shall participate in developing and revising the Project schedule as it relates to the ICS's services. ICS shall review and approve, or take other appropriate action upon, the portion of the Project schedule relating to the performance of ICS's services.

§ 3.1.5 ICS shall not be responsible for an Owner's or Construction Manager's directive or substitution, or for the Owner's acceptance of non-conforming Work, made or given without ICS's written pre-approval.

§ 3.1.6 ICS shall, contact governmental authorities required to approve the Construction Documents and entities providing utility services to the Project. ICS, through its consultants, shall respond to applicable design requirements imposed by those authorities and entities.

§ 3.1.7 ICS shall assist the Owner in connection with the Owner's responsibility for filing documents required for the approval of governmental authorities having jurisdiction over the Project.

§ 3.2 Schematic Design Phase Services

§ 3.2.1 ICS shall review the program and other information furnished by the Owner, and shall review laws, codes, and regulations applicable to ICS's services.

§ 3.2.2 ICS shall prepare a preliminary evaluation of the Owner's program, schedule, budget for the Cost of the Work, Project site, and the proposed procurement and delivery method, and other Initial Information, each in terms of the other, to ascertain the requirements of the Project. ICS shall notify the Owner of (1) any inconsistencies discovered in the information, and (2) other information or consulting services that may be reasonably needed for the Project.

§ 3.2.3 ICS shall present its preliminary evaluation to the Owner and shall discuss with the Owner alternative approaches to design and construction of the Project. ICS shall reach an understanding with the Owner regarding the requirements of the Project.

§ 3.2.4 Based on the Project requirements agreed upon with the Owner, ICS, through its consultants, shall prepare and present, for the Owner's approval, a preliminary design illustrating the scale and relationship of the Project components.

§ 3.2.5 Based on the Owner's approval of the preliminary design, ICS, through its consultants, shall prepare Schematic Design Documents for the Owner's approval. The Schematic Design Documents shall consist of drawings and other documents including a site plan, if appropriate, and preliminary building plans, sections and elevations; and may include

some combination of study models, perspective sketches, or digital representations. Preliminary selections of major building systems and construction materials shall be noted on the drawings or described in writing.

§ 3.2.5.1 ICS, through its consultants, shall consider sustainable design alternatives, such as material choices and building orientation, together with other considerations based on program and aesthetics, in developing a design that is consistent with the Owner's program, schedule and budget for the Cost of the Work.

§ 3.2.5.2 ICS shall consider with the Owner the value of alternative materials, building systems and equipment, together with other considerations based on program and aesthetics, in developing a design for the Project that is consistent with the Owner's program, schedule, and budget for the Cost of the Work.

§ 3.2.6 ICS, through its consultants, shall submit the Schematic Design Documents to the Owner.

§ 3.2.7 Upon receipt of review comments and cost estimate at the conclusion of the Schematic Design Phase, ICS shall take action as required under Section 6.4, and request the Owner's approval of the Schematic Design Documents. If revisions to the Schematic Design Documents are required to comply with the Owner's budget for the Cost of the Work at the conclusion of the Schematic Design Phase, ICS shall incorporate such revisions in the Design Development Phase.

§ 3.2.8 In the further development of the Drawings and Specifications during this and subsequent phases of design, ICS shall be entitled to rely on the accuracy of the estimates of the Cost of the Work, which are to be provided by the Construction Manager under the Construction Manager's agreement with the Owner.

§ 3.3 Design Development Phase Services

§ 3.3.1 Based on the Owner's approval of the Schematic Design Documents, and on the Owner's authorization of any adjustments in the Project requirements and the budget for the Cost of the Work, ICS, through its consultants, shall prepare Design Development Documents for the Owner's approval illustrating and describing the development of the approved Schematic Design Documents and shall consist of drawings and other documents including plans, sections, elevations, typical construction details, and diagrammatic layouts of building systems to fix and describe the size and character of the Project as to architectural, structural, mechanical and electrical systems, and other appropriate elements. The Design Development Documents shall also include outline specifications that identify major materials and systems and establish in general their quality levels.

§ 3.3.2 Prior to the conclusion of the Design Development Phase, ICS, through its consultants, shall submit the Design Development Documents to the Owner, take action as required under Sections 6.5 and 6.6 and request the Owner's approval of the Design Development Documents.

§ 3.3.3 Intentionally omitted as it is not applicable.

§ 3.4 Construction Documents Phase Services

§ 3.4.1 Based on the Owner's approval of the Design Development Documents, and on the Owner's authorization of any adjustments in the Project requirements and the budget for the Cost of the Work, ICS, through its consultants, shall prepare Construction Documents for the Construction Manager's review and the Owner's approval. The Construction Documents shall illustrate and describe the further development of the approved Design Development Documents and shall consist of Drawings and Specifications setting forth in detail the quality levels and performance criteria of materials and systems and other requirements for the construction of the Work. The Owner and ICS acknowledge that, in order to perform the Work, the Contractor will provide additional information, including Shop Drawings, Product Data, Samples and other similar submittals, which ICS shall review in accordance with Section 3.6.4.

§ 3.4.2 ICS shall incorporate the design requirements of governmental authorities having jurisdiction over the Project into the Construction Documents.

§ 3.4.3 During the development of the Construction Documents, if requested by the Owner, ICS shall assist the Owner in the development and preparation of (1) procurement information that describes the time, place, and conditions of bidding, including bidding or proposal forms; (2) the form of agreements between the Owner and Contractors; and (3) the Conditions of the Contracts for Construction (General, Supplementary and other Conditions); and (4) a project

manual that includes the Conditions of the Contracts for Construction and Specifications, and may include bidding requirements and sample forms.

§ 3.4.4 Prior to the conclusion of the Construction Documents Phase, ICS shall submit the Construction Documents to the Owner, take action as required under Section 6.5, and request the Owner's approval of the Construction Documents.

§ 3.4.5 Intentionally omitted as it is not applicable.

§ 3.5 Procurement Phase Services

§ 3.5.1 General

ICS shall assist the Owner in establishing a list of prospective contractors. Following the Owner's approval of the Construction Documents, ICS shall assist the Owner in (1) obtaining either competitive bids or negotiated proposals; (2) confirming responsiveness of bids or proposals; (3) determining the successful bid or proposal, if any; and (4) awarding and preparing Contracts for Construction.

§ 3.5.2 Competitive Bidding

§ 3.5.2.1 Bidding Documents shall consist of bidding requirements and proposed Contract Documents.

§ 3.5.2.2 ICS shall assist the Owner in bidding the Project by

- .1 facilitating the distribution of Bidding Documents to prospective bidders;
- .2 organizing and conducting a pre-bid conference for prospective bidders;
- .3 preparing responses to questions from prospective bidders and providing clarifications and interpretations of the Bidding Documents to the prospective bidders in the form of addenda; and
- .4 organizing and conducting the opening of bids, and subsequently documenting and distributing the bidding results, as directed by the Owner.

§ 3.5.2.3 If the Bidding Documents permit substitutions, upon the Owner's written authorization, ICS shall, as an Additional Service, consider requests for substitutions, and prepare and distribute addenda identifying approved substitutions to all prospective bidders.

§ 3.5.3 Negotiated Proposals

§ 3.5.3.1 Proposal Documents shall consist of proposal requirements, and proposed Contract Documents.

§ 3.5.3.2 ICS shall assist the Owner in obtaining proposals by:

- .1 facilitating the distribution of Proposal Documents for distribution to prospective Contractors, and requesting their return upon completion of the negotiation process;
- .2 organizing and participating in selection interviews with prospective Contractors;
- .3 preparing responses to questions from prospective Contractors and providing clarifications and interpretations of the Proposal Documents to the prospective Contractors in the form of addenda; and
- .4 participating in negotiations with prospective Contractors, and subsequently preparing a summary report of the negotiation results, as directed by the Owner.

§ 3.5.3.3 If the Proposal Documents permit substitutions, upon the Owner's written authorization, ICS shall, as an Additional Service, consider requests for substitutions, and prepare and distribute addenda identifying approved substitutions to all prospective contractors.

§ 3.6 Construction Phase Services

§ 3.6.1 General

§ 3.6.1.1 ICS shall provide administration of the Contract between the Owner and the Contractor as set forth below and in AIA Document A232™-2019, General Conditions of the Contract for Construction, Construction Manager as Adviser Edition, as amended for the Project.

§ 3.6.1.2 ICS shall advise and consult with the Owner during the Construction Phase Services. ICS shall have authority to act on behalf of the Owner only to the extent provided in this Agreement. ICS shall not have control over, charge of, or responsibility for the construction means, methods, techniques, sequences or procedures, or for safety precautions and programs in connection with the Work, nor shall ICS be responsible for the Contractors' failure to perform the

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Work in accordance with the requirements of the Contract Documents. ICS shall be responsible for its negligent acts or omissions, but shall not have control over or charge of, and shall not be responsible for acts or omissions of the Contractors or of any other persons or entities performing portions of the Work.

§ 3.6.1.3 Subject to Section 4.2, and except as provided in Section 3.6.6.5, ICS's responsibility to provide Construction Phase Services commences with the award of the initial Contract for Construction and terminates on the date the Architect of Record issues the final Certificate for Payment.

§ 3.6.2 Observations of the Work

§ 3.6.2.1 ICS, through its consultants, shall visit the site at intervals appropriate to the stage of construction, or as otherwise required in Section 4.2.3, to become generally familiar with the progress and quality of the portion of the Work completed, and to determine, in general, if the Work observed is being performed in a manner indicating that the Work, when fully completed, will be in accordance with the Contract Documents. However, ICS shall not be required to make exhaustive or continuous on-site inspections to check the quality or quantity of the Work. On the basis of the site visits, ICS shall keep the Owner reasonably informed about the progress and quality of the portion of the Work completed, and promptly report to the Owner (1) known deviations from the Contract Documents, (2) known deviations from the most recent construction schedule submitted by the Contractor, and (3) defects and deficiencies observed in the Work.

§ 3.6.2.2 ICS has the authority to reject Work that does not conform to the Contract Documents and shall notify the Owner about the rejection. Whenever ICS considers it necessary or advisable, ICS, upon written authorization from the Owner, shall have the authority to require inspection or testing of the Work in accordance with the provisions of the Contract Documents, whether or not the Work is fabricated, installed or completed. However, neither this authority of ICS nor a decision made in good faith either to exercise or not to exercise such authority shall give rise to a duty or responsibility of ICS to the Contractors, Subcontractors, suppliers, their agents or employees, or other persons or entities performing portions of the Work.

§ 3.6.2.3 ICS, through its consultants, shall interpret and decide matters concerning performance under, and requirements of, the Contract Documents on written request of the Owner or Contractors. ICS's response to such requests shall be made in writing within any time limits agreed upon or otherwise with reasonable promptness.

§ 3.6.2.4 Interpretations and decisions of ICS shall be consistent with the intent of, and reasonably inferable from, the Contract Documents and shall be in writing or in the form of drawings. When making such interpretations and decisions, ICS shall endeavor to secure faithful performance by the Owner and Contractors, shall not show partiality to either, and shall not be liable for results of interpretations or decisions rendered in good faith. ICS's decisions on matters relating to aesthetic effect shall be final if consistent with the intent expressed in the Contract Documents.

§ 3.6.2.5 ICS shall render initial decisions on Claims between the Owner and Contractors as provided in the Contract Documents.

§ 3.6.3 Certificates for Payment to Contractor

§ 3.6.3.1 Not more frequently than monthly, the Architect of Record, as a consultant to ICS, shall review and certify an application for payment. Within seven days after the Architect of Record receives an application for payment the Architect of Record shall review and certify the application as follows:

- .1 Where there is only one Contractor responsible for performing the Work, the Architect of Record shall review the Contractor's Application and Certificate for Payment and certify the amount due the Contractor and shall issue a Certificate for Payment in such amount.
- .2 Where there is more than one Contractor responsible for performing different portions of the Project, the Architect of Record shall review the Project Application and Project Certificate for Payment, with the Summary of Contractors' Applications for Payment, and shall certify the total amount due all Contractors collectively and shall issue a Project Certificate for Payment in the total of such amounts.

§ 3.6.3.2 The Architect of Record's certification for payment shall constitute a representation to the Owner, based on (1) the Architect of Record's evaluation of the Work as provided in Section 3.6.2, (2) the data comprising the Contractor's Application for Payment or the data comprising the Project Application for Payment, and (3) that, to the best of the Architect of Record's knowledge, information and belief, the Work has progressed to the point indicated, the quality of the Work is in accordance with the Contract Documents, and that the Contractors are entitled to payment

in the amount certified. The foregoing representations are subject to (1) an evaluation of the Work for conformance with the Contract Documents upon Substantial Completion, (2) results of subsequent tests and inspections, (3) correction of minor deviations from the Contract Documents prior to completion, and (4) specific qualifications expressed by the Architect of Record.

§ 3.6.3.3 The issuance of a Certificate for Payment or a Project Certificate for Payment shall not be a representation that the Architect of Record has (1) made exhaustive or continuous on-site inspections to check the quality or quantity of the Work, (2) reviewed construction means, methods, techniques, sequences or procedures, (3) reviewed copies of requisitions received from Subcontractors and suppliers and other data requested by the Owner to substantiate each Contractor's right to payment, or (4) ascertained how or for what purpose that Contractor has used money previously paid on account of the Contract Sum.

§ 3.6.3.4 The Architect of Record shall maintain a record of the Applications and Certificates for Payment.

§ 3.6.4 Submittals

§ 3.6.4.1 ICS shall review the Contractor's Project submittal schedule and shall not unreasonably delay or withhold approval of the schedule. ICS's action in reviewing submittals shall be taken in accordance with the approved submittal schedule or, in the absence of an approved submittal schedule, with reasonable promptness while allowing sufficient time, in ICS's professional judgment, to permit adequate review.

§ 3.6.4.2 The Architect of Record, as a consultant to ICS, shall review and approve, or take other appropriate action upon, the Contractors' submittals such as Shop Drawings, Product Data and Samples, transmitted to the Architect of Record. The Architect of Record's review of the submittals shall only be for the limited purpose of checking for conformance with information given and the design concept expressed in the Contract Documents. Review of such submittals is not for the purpose of determining the accuracy and completeness of other information such as dimensions, quantities, and installation or performance of equipment or systems, which are the Contractors' responsibilities. The Architect of Record's review shall not constitute approval of safety precautions or construction means, methods, techniques, sequences or procedures. The Architect of Record's approval of a specific item shall not indicate approval of an assembly of which the item is a component.

§ 3.6.4.3 If the Contract Documents specifically require the Contractors to provide professional design services or certifications by a design professional related to systems, materials or equipment, the Architect of Record shall specify the appropriate performance and design criteria that such services must satisfy. The Architect of Record shall review and take appropriate action on Shop Drawings and other submittals related to the Work designed or certified by the Contractors' design professionals, provided the submittals bear such professionals' seal and signature when submitted to the Architect of Record. The Architect of Record's review shall be for the limited purpose of checking for conformance with information given and the design concept expressed in the Contract Documents. ICS and the Architect of Record shall be entitled to rely upon, and shall not be responsible for, the adequacy and accuracy of the services, certifications, and approvals performed or provided by such design professionals.

§ 3.6.4.4 Subject to the provisions of Section 4.2, ICS shall review and respond to requests for information about the Contract Documents. ICS shall set forth in the Contract Documents the requirements for requests for information. Requests for information shall include, at a minimum, a detailed written statement that indicates the specific Drawings or Specifications in need of clarification and the nature of the clarification requested. ICS's response to such requests shall be made in writing within any time limits agreed upon, or otherwise with reasonable promptness. If appropriate, the Architect of Record shall prepare and issue supplemental Drawings and Specifications in response to the requests for information.

§ 3.6.4.5 ICS shall maintain a record of submittals and copies of submittals transmitted by the Construction Manager in accordance with the requirements of the Contract Documents.

§ 3.6.5 Changes in the Work

§ 3.6.5.1 ICS shall prepare, review and sign, or take other appropriate action, on Change Orders and Construction Change Directives for the Owner's approval and execution in accordance with the Contract Documents.

§ 3.6.5.2 ICS may order minor changes in the Work that are consistent with the intent of the Contract Documents and do not involve an adjustment in the Contract Sum or an extension of the Contract Time. Such changes shall be effected by written order issued by ICS.

§ 3.6.5.3 ICS shall maintain records relative to changes in the Work.

§ 3.6.5.4 If ICS determines that implementation of the requested changes would result in a material change to the Contract that may cause an adjustment in the Contract Time or Contract Sum, ICS shall make a recommendation to the Owner, who may authorize further investigation of such change. Upon such authorization, and based upon information furnished by the Contractor, if any, ICS shall estimate the additional cost and time that might result from such change, including any additional costs attributable to a Change in Services of ICS. With the Owner's approval, ICS shall incorporate those estimates into a Change Order or other appropriate documentation for the Owner's execution or negotiation with the Contractor.

§ 3.6.6 Project Completion

§ 3.6.6.1 The Architect of Record, as a consultant to ICS, shall:

- .1 conduct inspections to determine the date of Substantial Completion and the date of final completion;
- .2 issue a Certificate of Substantial Completion;
- .3 review written warranties and related documents required by the Contract Documents and received from the Contractors; and
- .4 after receipt of a final Contractor's Application and Certificate for Payment or a final Project Application and Project Certificate for Payment, issue a final Certificate for Payment based upon a final inspection indicating that, to the best of the Architect of Record's knowledge, information, and belief, the Work complies with the requirements of the Contract Documents.

§ 3.6.6.2 ICS's observations shall be conducted to (1) check conformance of the Work with the requirements of the Contract Documents and (2) verify the accuracy and completeness of the lists submitted by the Contractors of Work to be completed or corrected.

§ 3.6.6.3 When Substantial Completion has been achieved, ICS shall inform the Owner about the balance of the Contract Sum remaining to be paid each of the Contractors, including the amount to be retained from the Contract Sum, if any, for final completion or correction of the Work.

§ 3.6.6.4 ICS shall forward to the Owner the following information received from the Contractors: (1) consent of surety or sureties, if any, to reduction in or partial release of retainage or the making of final payment; (2) affidavits, receipts, releases and waivers of liens, or bonds indemnifying the Owner against liens; and (3) any other documentation required of the Contractors under the Contract Documents.

§ 3.6.6.5 Upon request of the Owner, and prior to the expiration of one year from the date of Substantial Completion, ICS shall, without additional compensation, conduct a meeting with the Owner to review the facility operations and performance.

ARTICLE 4 ADDITIONAL SERVICES

§ 4.1 The Additional Services listed below are included in ICS's Basic Services if identified as ICS's responsibility. Other additional services may be required for the Project that are not being provided as part of ICS's Basic Services. ICS shall provide the other listed Additional Services (list as Not Provided) in the table below as ICS's responsibility, if mutually agreed upon in writing, and the Owner shall compensate ICS for such Additional Services as provided in this Agreement. Unless otherwise specifically addressed in this Agreement, if neither the Owner nor ICS is designated, the parties agree that the listed Additional Service is not being provided for the Project.

Additional Services	Responsibility (ICS, Owner or Not Provided)
§ 4.1.1.1 Assistance with selection of Construction Manager	ICS
§ 4.1.1.2 Programming	ICS
§ 4.1.1.3 Multiple preliminary designs	ICS

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§ 4.1.1.4	Measured drawings	ICS
§ 4.1.1.5	Existing facilities surveys	Owner
§ 4.1.1.6	Site evaluation and planning	ICS
§ 4.1.1.7	Building Information Model management responsibilities	Not Provided
§ 4.1.1.8	Development of Building Information Models for post construction use	Not Provided
§ 4.1.1.9	Civil engineering	ICS
§ 4.1.1.10	Landscape design	ICS
§ 4.1.1.11	Architectural interior design	ICS
§ 4.1.1.12	Value analysis	ICS
§ 4.1.1.13	Cost estimating	ICS
§ 4.1.1.14	On-site project representation	ICS
§ 4.1.1.15	Conformed documents for construction	Not Provided
§ 4.1.1.16	As-designed record drawings	ICS
§ 4.1.1.17	As-constructed record drawings	Contractor
§ 4.1.1.18	Post-occupancy evaluation	Not Provided
§ 4.1.1.19	Facility support services	Not Provided
§ 4.1.1.20	Tenant-related services	Not Provided
§ 4.1.1.21	ICS's coordination of the Owner's consultants	ICS
§ 4.1.1.22	Telecommunications/data design	ICS
§ 4.1.1.23	Security evaluation and planning	Not Provided
§ 4.1.1.24	Commissioning	ICS
§ 4.1.1.25	Sustainable Project Services pursuant to Section 4.1.3	Not Provided
§ 4.1.1.26	Historic preservation	Not Provided
§ 4.1.1.27	Furniture, furnishings, and equipment design	ICS
§ 4.1.1.28	Other services provided by specialty Consultants	Not Provided
§ 4.1.1.29	Other Supplemental Services	Not Provided

(Paragraphs deleted)

(Table deleted)

(Paragraphs deleted)

§ 4.2 Additional Services may be provided after execution of this Agreement, if mutually agreed upon in writing, without invalidating the Agreement. ICS shall notify the Owner in writing of the need for the Additional Services prior to providing such services. If the Owner deems that all or a part of such Additional Services are not required, the Owner shall give prompt written notice to ICS, and ICS shall have no obligation to provide those services. Except for services required due to the sole fault of ICS, any Additional Services provided in accordance with this Section 4.2 shall entitle ICS to compensation pursuant to this Agreement.

§ 4.2.1 Upon recognizing the need to perform the following Additional Services, ICS shall notify the Owner with reasonable promptness and explain the facts and circumstances giving rise to the need. ICS shall not proceed to provide the following Additional Services until ICS receives the Owner's written authorization:

1. Services necessitated by a change in the Initial Information, previous instructions or approvals given by the Owner, or a material change in the Project including size, quality, complexity, the Owner's schedule or budget for Cost of the Work, or procurement or delivery method;

- .2 Services necessitated by enactment or revision of codes, laws, or regulations, including changing or editing previously prepared Instruments of Service ;
- .3 Changing or editing previously prepared Instruments of Service necessitated by official interpretations of applicable codes, laws or regulations that are either (a) contrary to specific interpretations by the applicable authorities having jurisdiction made prior to the issuance of the building permit, or (b) contrary to requirements of the Instruments of Service when those Instruments of Service were prepared in accordance with the applicable standard of care;
- .4 Services necessitated by decisions of the Owner not rendered in a timely manner or any other failure of performance on the part of the Owner or the Owner's other consultants or contractors;
- .5 Preparing digital models or other design documentation for transmission to the Owner's consultants and contractors, or to other Owner-authorized recipients;
- .6 Preparation of design and documentation for alternate bid or proposal requests proposed by the Owner;
- .7 Preparation for, and attendance at, a public presentation, meeting or hearing;
- .8 Preparation for, and attendance at, a dispute resolution proceeding or legal proceeding, except where ICS is party thereto;
- .9 Evaluation of the qualifications of entities providing bids or proposals;
- .10 Consultation concerning replacement of Work resulting from fire or other cause during construction; or
- .11 Assistance to the Initial Decision Maker, if other than ICS.

§ 4.2.2 To avoid delay in the Construction Phase, ICS shall provide the following Additional Services, notify the Owner with reasonable promptness, and explain the facts and circumstances giving rise to the need. If, upon receipt of ICS's notice, the Owner determines that all or parts of the services are not required, the Owner shall give prompt written notice to ICS of the Owner's determination. The Owner shall compensate ICS for the services provided prior to ICS's receipt of the Owner's notice:

- .1 Reviewing a Contractor's submittal out of sequence from the Project submittal schedule approved by ICS;
- .2 Responding to the Contractors' requests for information that are not prepared in accordance with the Contract Documents or where such information is available to the Contractors from a careful study and comparison of the Contract Documents, field conditions, other Owner-provided information, Contractor-prepared coordination drawings, or prior Project correspondence or documentation;
- .3 Preparing Change Orders, and Construction Change Directives that require evaluation of Contractors' proposals and supporting data, or the preparation or revision of Instruments of Service;
- .4 Evaluating an extensive number of Claims as the Initial Decision Maker; or
- .5 Evaluating substitutions proposed by the Owner, or Contractors and making subsequent revisions to Instruments of Service resulting therefrom.

§ 4.2.3 ICS shall provide Construction Phase Services exceeding the limits set forth below as Additional Services. When the limits below are reached, ICS shall notify the Owner:

- .1 Thirty (30) visits to the site by the design team over the duration of the Project during construction.
- .2 Reasonable observations for any portion of the Work to determine whether such portion of the Work is substantially complete in accordance with the requirements of the Contract Documents.
- .3 Reasonable observations for any portion of the Work to determine final completion.

§ 4.2.4 Except for services required under Section 3.6.6.5 and those services that do not exceed the limits set forth in Section 4.2.3, Construction Phase Services provided more than 60 days after (1) the date of Substantial Completion of the Work, or (2) the initial date of Substantial Completion identified in the agreement between the Owner and Contractor, whichever is earlier, shall be compensated as Additional Services to the extent ICS incurs additional cost in providing those Construction Phase Services.

§ 4.2.5 If the services covered by this Agreement have not been completed by March 31, 2028 , through no fault of ICS, extension of ICS's services beyond that time shall be compensated as Additional Services.

ARTICLE 5 OWNER'S RESPONSIBILITIES

§ 5.1 Unless otherwise provided for under this Agreement, the Owner shall provide information in a timely manner regarding requirements for and limitations on the Project, including a written program which shall set forth the

Owner's objectives, schedule, constraints and criteria, including space requirements and relationships, flexibility, expandability, special equipment, systems and site requirements.

§ 5.2 The Owner shall retain a Construction Manager to provide services, duties and responsibilities as described in AIA Document C132–2019, Standard Form of Agreement Between Owner and Construction Manager as Adviser, as amended for the Project.

§ 5.3 The Owner shall establish the Owner's budget for the Project, including (1) the budget for the Cost of the Work as defined in Section 6.1; (2) the Owner's other costs; and (3) reasonable contingencies related to all of these costs. The Owner shall update the Owner's budget for the Project as necessary throughout the duration of the Project until final completion. If the Owner significantly increases or decreases the Owner's budget for the Cost of the Work, the Owner shall notify ICS. The Owner and ICS shall thereafter agree to a corresponding change in the Project's scope and quality.

§ 5.3.1 The Owner acknowledges that accelerated, phased or fast-track scheduling provides a benefit, but also carries with it associated risks. Such risks include the Owner incurring costs for ICS to coordinate and redesign portions of the Project affected by procuring or installing elements of the Project prior to the completion of all relevant Construction Documents, and costs for the Contractors to remove and replace previously installed Work. If the Owner selects accelerated, phased or fast-track scheduling, the Owner agrees to include in the budget for the Project sufficient contingencies to cover such costs.

§ 5.4 The Owner shall identify a representative authorized to act on the Owner's behalf with respect to the Project. The Owner shall render decisions and approve ICS's submittals in a timely manner in order to avoid unreasonable delay in the orderly and sequential progress of ICS's services.

§ 5.5 The Owner shall furnish surveys to describe physical characteristics, legal limitations and utility locations for the site of the Project, and a written legal description of the site. The surveys and legal information shall include, as applicable, grades and lines of streets, alleys, pavements and adjoining property and structures; designated wetlands; adjacent drainage; rights-of-way, restrictions, easements, encroachments, zoning, deed restrictions, boundaries and contours of the site; locations, dimensions, and other necessary data with respect to existing buildings, other improvements and trees; and information concerning available utility services and lines, both public and private, above and below grade, including inverts and depths. All the information on the survey shall be referenced to a Project benchmark.

§ 5.6 The Owner shall furnish services of geotechnical engineers, which may include test borings, test pits, determinations of soil bearing values, percolation tests, evaluations of hazardous materials, seismic evaluation, ground corrosion tests and resistivity tests, including necessary operations for anticipating subsoil conditions, with written reports and appropriate recommendations.

§ 5.7 The Owner shall provide the Supplemental Services designated as the Owner's responsibility in Section 4.1.1.

§ 5.8 If the Owner identified a Sustainable Objective in Article 1, the Owner shall fulfill its responsibilities as required in AIA Document E235™–2019, Sustainable Projects Exhibit, Construction Manager as Adviser Edition, attached to this Agreement.

§ 5.9 The Owner shall coordinate the services of its own consultants with those services provided by ICS. Upon ICS's request, the Owner shall furnish copies of the scope of services in the contracts between the Owner and the Owner's consultants. The Owner shall furnish the services of consultants other than those designated as the responsibility of ICS in this Agreement, or authorize ICS to furnish them as an Additional Service, when ICS requests such services and demonstrates that they are reasonably required by the scope of the Project. The Owner shall require that its consultants and contractors maintain insurance, including professional liability insurance, as appropriate to the services or work provided.

§ 5.10 The Owner shall furnish tests, inspections and reports required by law or the Contract Documents, such as structural, mechanical, and chemical tests, tests for air and water pollution, and tests for hazardous materials.

§ 5.11 The Owner shall furnish all legal, insurance and accounting services, including auditing services, that may be reasonably necessary at any time for the Project to meet the Owner's needs and interests.

§ 5.12 The Owner shall provide prompt written notice to ICS if the Owner becomes aware of any fault or defect in the Project, including errors, omissions or inconsistencies in ICS's Instruments of Service.

§ 5.13 The Owner shall communicate with the Contractors and ICS about matters arising out of or relating to the Contract Documents. The Owner shall promptly notify ICS of the substance of any direct communications between the Owner and the Contractors otherwise relating to the Project. Communications by and with ICS's consultants shall be through ICS.

§ 5.14 Before executing the Contracts for Construction, the Owner shall coordinate ICS's duties and responsibilities set forth in the Contracts for Construction with ICS's services set forth in this Agreement. The Owner shall provide ICS a copy of the executed agreements between the Owner and Contractors, including the General Conditions of the Contracts for Construction.

§ 5.15 The Owner shall provide ICS access to the Project site prior to commencement of the Work and shall obligate the Contractors to provide ICS access to the Work wherever it is in preparation or progress.

§ 5.16 Within 15 days after receipt of a written request from ICS, the Owner shall furnish the requested information as necessary and relevant for ICS to evaluate, give notice of, or enforce lien rights.

ARTICLE 6 COST OF THE WORK

§ 6.1 For purposes of this Agreement, the Cost of the Work shall be the total cost to the Owner to construct all elements of the Project designed or specified by ICS and shall include the Contractors' general conditions costs, overhead and profit. The Cost of the Work also includes the reasonable value of labor, materials, and equipment, donated to, or otherwise furnished by, the Owner. The Cost of the Work does not include the compensation of ICS; the costs of the land, rights-of-way, financing, or contingencies for changes in the Work; or other costs that are the responsibility of the Owner.

§ 6.2 The Owner's budget for the Cost of the Work is provided in Initial Information, and shall be adjusted throughout the Project as required under Sections 5.3 and 6.4. Evaluations of the Owner's budget for the Cost of the Work represent ICS's judgment as a professional engineer. It is recognized, however, that neither ICS nor the Owner has control over the cost of labor, materials, or equipment; the Contractor's methods of determining bid prices; or competitive bidding, market, or negotiating conditions. Accordingly, ICS cannot and does not warrant or represent that bids or negotiated prices will not vary from the Owner's budget for the Cost of the Work, or from any estimate of the Cost of the Work, or evaluation, prepared or agreed to by ICS.

§ 6.3 Intentionally omitted as it is not applicable.

§ 6.3.1 In preparing estimates of the Cost of Work, ICS shall be permitted to include contingencies for design, bidding, and price escalation; to determine what materials, equipment, component systems, and types of construction are to be included in the Contract Documents; to recommend reasonable adjustments in the program and scope of the Project; and to include design alternates as may be necessary to adjust the estimated Cost of the Work to meet the Owner's budget. ICS's estimate of the Cost of the Work shall be based on current area, volume or similar conceptual estimating techniques. If the Owner requires a detailed estimate of the Cost of the Work, ICS shall provide and be compensated for such an estimate as an Additional Service under this Agreement.

§ 6.4 If, through no fault of ICS, the Procurement Phase has not commenced within 90 days after ICS submits the Construction Documents to the Owner, the Owner's budget for the Cost of the Work shall be adjusted to reflect changes in the general level of prices in the applicable construction market.

§ 6.5 If at any time ICS's estimate of the Cost of the Work exceeds the Owner's budget for the Cost of the Work, *(Paragraphs deleted)*
ICS shall make appropriate recommendations to the Owner to adjust the Project's size, quality, or budget for the Cost of the Work, and the Owner shall cooperate with ICS in making such adjustments.

§ 6.6 If the Owner's budget for the Cost of the Work at the conclusion of the Construction Documents Phase Services is exceeded by the lowest bona fide bid or negotiated proposal, the Owner shall:

- .1 give written approval of an increase in the budget for the Cost of the Work;
- .2 authorize rebidding or renegotiating of the Project within a reasonable time;
- .3 terminate in accordance with this Agreement;
- .4 in consultation with ICS, revise the Project program, scope, or quality as required to reduce the Cost of the Work; or,
- .5 implement any other mutually acceptable alternative.

(Paragraph deleted)

ARTICLE 7 COPYRIGHTS AND LICENSES

§ 7.1 ICS and the Owner warrant that in transmitting Instruments of Service, or any other information, the transmitting party is the copyright owner of such information or has permission from the copyright owner to transmit such information for its use on the Project.

§ 7.2 ICS and its consultants shall be deemed the authors and owners of their respective Instruments of Service, including the Drawings and Specifications, and shall retain all common law, statutory and other reserved rights, including copyrights. Submission or distribution of Instruments of Service to meet official regulatory requirements or for similar purposes in connection with the Project is not to be construed as publication in derogation of the reserved rights of ICS and its consultants.

§ 7.3 ICS grants to the Owner a nonexclusive license to use ICS's Instruments of Service solely and exclusively for purposes of constructing, using, maintaining, altering and adding to the Project, provided that the Owner substantially performs its obligations under this Agreement, including prompt payment of all sums due pursuant to Article 9 and Article 11. ICS shall obtain similar nonexclusive licenses from ICS's consultants consistent with this Agreement. The license granted under this section permits the Owner to authorize the Contractors, Construction Manager, Subcontractors, Sub-subcontractors, and suppliers, as well as the Owner's consultants and Separate Contractors, to reproduce applicable portions of the Instruments of Service, subject to any protocols established pursuant to Section 1.3, solely and exclusively for use in performing services or construction for the Project. If ICS rightfully terminates this Agreement for cause as provided in Section 9.4, the license granted in this Section 7.3 shall terminate.

§ 7.3.1 In the event the Owner uses the Instruments of Service without retaining the authors of the Instruments of Service, the Owner releases ICS and its consultant(s) from all claims and causes of action arising from such uses. The Owner, to the extent permitted by law, further agrees to indemnify and hold harmless ICS and its consultants from all costs and expenses, including the cost of defense, related to claims and causes of action asserted by any third person or entity to the extent such costs and expenses arise from the Owner's use of the Instruments of Service under this Section 7.3.1. The terms of this Section 7.3.1 shall not apply if the Owner rightfully terminates this Agreement for cause under Section 9.4.

§ 7.4 Except for the licenses granted in this Article 7, no other license or right shall be deemed granted or implied under this Agreement. The Owner shall not assign, delegate, sublicense, pledge or otherwise transfer any license granted herein to another party without the prior written agreement of ICS. Any unauthorized use of the Instruments of Service shall be at the Owner's sole risk and without liability to ICS and ICS's consultants.

§ 7.5 Except as otherwise stated in Section 7.3, the provisions of this Article 7 shall survive the termination of this Agreement.

ARTICLE 8 CLAIMS AND DISPUTES

§ 8.1 General

§ 8.1.1 The Owner and ICS shall commence all claims and causes of action against the other and arising out of or related to this Agreement, whether in contract, tort, or otherwise, in accordance with the requirements of the binding dispute resolution method selected in this Agreement and within the period specified by applicable law, but in any case not more than 10 years after the date of Substantial Completion of the Work. The Owner and ICS waive all claims and causes of action not commenced in accordance with this Section 8.1.1.

§ 8.1.2 To the extent damages are covered by property insurance, the Owner and ICS waive all rights against each other and against the contractors, consultants, agents and employees of the other for damages, except such rights as they may have to the proceeds of such insurance as set forth in AIA Document A232–2019, General Conditions of the Contract for Construction, as amended for the Project. The Owner or ICS, as appropriate, shall require of contractors, consultants, agents and employees of any of them, similar waivers in favor of the other parties enumerated herein.

§ 8.1.3 The Architect shall indemnify and hold the Owner and the Owner's officers and employees harmless from and against damages, losses and judgments arising from claims by third parties, including reasonable attorneys' fees and expenses recoverable under applicable law, but only to the extent they are caused by the negligent acts or omissions of the Architect, its employees and its consultants in the performance of professional services under this Agreement. The Architect's obligation to indemnify and hold the Owner and the Owner's officers and employees harmless does not include a duty to defend. The Architect's duty to indemnify the Owner under this Section 8.1.3 shall be limited to the available proceeds of the insurance coverage required by this Agreement.

§ 8.1.4 ICS and Owner waive consequential damages for claims, disputes or other matters in question arising out of or relating to this Agreement. This mutual waiver is applicable, without limitation, to all consequential damages due to either party's termination of this Agreement, except as specifically provided in Section 9.7.

§ 8.2 Mediation

§ 8.2.1 Any claim, dispute, or other matter in question arising out of or related to this Agreement shall be subject to mediation. The parties agree that mediation through a private mediator shall be held within six (6) months after notice of the claim, dispute or other matter in question is provided to the other party, or within thirty (30) days before the hearing date for any dispositive motion, whichever is earlier. The parties shall mutually select the mediator within seven (7) days of the delivery of a mediation demand to the other party to this Agreement, or if the parties do not agree the mediator shall be appointed by the district court in the jurisdiction where the Project is located.

(Paragraph deleted)

§ 8.2.2 Intentionally omitted as it is not applicable.

§ 8.2.3 The parties shall share the mediator's fee and any filing fees equally. The mediation shall be held in the place where the Project is located, unless another location is mutually agreed upon. Agreements reached in mediation shall be enforceable as settlement agreements in any court having jurisdiction thereof.

§ 8.2.4 If the parties do not resolve a dispute through mediation pursuant to this Section 8.2, the method of binding dispute resolution shall be the following:

(Check the appropriate box.)

☒ [X] Litigation in a court of competent jurisdiction

If the Owner and ICS do not select a method of binding dispute resolution, or do not subsequently agree in writing to a binding dispute resolution method other than litigation, the dispute will be resolved in a court of competent jurisdiction.

(Paragraphs deleted)

ARTICLE 9 TERMINATION OR SUSPENSION

§ 9.1 If the Owner fails to make payments to ICS in accordance with this Agreement, such failure shall be considered substantial nonperformance and cause for termination or, at ICS's option, cause for suspension of performance of services under this Agreement. If ICS elects to suspend services, ICS shall give seven days' written notice to the Owner before suspending services. In the event of a suspension of services, ICS shall have no liability to the Owner for delay or damage caused the Owner because of such suspension of services. Before resuming services, the Owner shall pay ICS all sums due prior to suspension and any expenses incurred in the interruption and resumption of ICS's services. ICS's fees for the remaining services and the time schedules shall be equitably adjusted.

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§ 9.2 If the Owner suspends the Project, ICS shall be compensated for services performed prior to notice of such suspension. When the Project is resumed, ICS shall be compensated for expenses incurred in the interruption and resumption of ICS's services. ICS's fees for the remaining services and the time schedules shall be equitably adjusted.

§ 9.3 If the Owner suspends the Project for more than 90 cumulative days for reasons other than the fault of ICS, ICS may terminate this Agreement by giving not less than seven days' written notice.

§ 9.4 Either party may terminate this Agreement upon not less than seven days' written notice should the other party fail substantially to perform in accordance with the terms of this Agreement through no fault of the party initiating the termination.

§ 9.5 The Owner may terminate this Agreement upon not less than seven days' written notice to ICS for the Owner's convenience and without cause.

§ 9.6 If the Owner terminates this Agreement for its convenience pursuant to Section 9.5, or terminates this Agreement through no fault of ICS, or if ICS terminates this Agreement pursuant to Section 9.1, 9.3 or 9.4, the Owner shall compensate ICS for services performed prior to termination, Reimbursable Expenses incurred, and costs attributable to termination, including the costs attributable to ICS's termination of consultant agreements.

§ 9.7 In addition to any amounts paid under Section 9.6, if the Owner terminates this Agreement for its convenience pursuant to Section 9.5, or ICS terminates this Agreement pursuant to Section
(Paragraphs deleted)
9.1, 9.3 or 9.4, the Owner shall pay to ICS the following Termination Fees:

Twenty-Five percent (25 %), of total unbilled fees

§ 9.8 Except as otherwise expressly provided herein, this Agreement shall terminate one year from the date of Substantial Completion.

§ 9.9 The Owner's rights to use ICS's Instruments of Service in the event of a termination of this Agreement are set forth in Article 7 and Section 9.7.

ARTICLE 10 MISCELLANEOUS PROVISIONS

§ 10.1 This Agreement shall be governed by the law of the place where the Project is located, excluding that jurisdiction's choice of law rules.

§ 10.2 Terms in this Agreement shall have the same meaning as those in AIA Document A232–2019, General Conditions of the Contract for Construction, Construction Manager as Adviser Edition, as amended for the Project, except for purposes of this Agreement, the term "Work" shall include the work of all Contractors under the administration of the Architect and Construction Manager.

§ 10.3 The Owner and ICS, respectively, bind themselves, their agents, successors, assigns, and legal representatives to this Agreement. Neither the Owner nor ICS shall assign this Agreement without the written consent of the other, except that the Owner may assign this Agreement to a lender providing financing for the Project if the lender agrees to assume the Owner's rights and obligations under this Agreement, and including any payments due to ICS by the Owner prior to the assignment.

§ 10.4 If the Owner requests ICS to execute certificates, the proposed language of such certificates shall be submitted to ICS for review at least 14 days prior to the requested dates of execution. If the Owner requests ICS to execute consents reasonably required to facilitate assignment to a lender, ICS shall execute all such consents that are consistent with this Agreement, provided the proposed consent is submitted to ICS for review at least 14 days prior to execution. ICS shall not be required to execute certificates or consents that would require knowledge, services, or responsibilities beyond the scope of this Agreement.

§ 10.5 Nothing contained in this Agreement shall create a contractual relationship with, or a cause of action in favor of, a third party against either the Owner or ICS. There shall be no third-party beneficiaries of, from arising out of or relating to this Agreement.

§ 10.6 ICS shall have no responsibility for the discovery, presence, handling, removal or disposal of, or exposure of persons to, hazardous materials or toxic substances in any form at the Project site.

§ 10.7 ICS shall have the right to include photographic or artistic representations of the design of the Project among ICS's promotional and professional materials. ICS shall be given reasonable access to the completed Project to make such representations. However, ICS's materials shall not include the Owner's confidential or proprietary information if the Owner has previously advised ICS in writing of the specific information considered by the Owner to be confidential or proprietary. The Owner shall provide professional credit for ICS in the Owner's promotional materials for the Project. This Section 10.7 shall survive the termination of this Agreement unless the Owner terminates this Agreement for cause pursuant to Section 9.4.

§ 10.8 If ICS or Owner receives information specifically designated as "confidential" or "business proprietary," the receiving party shall keep such information strictly confidential and shall not disclose it to any other person except as set forth in Section 10.8.1. This Section 10.8 shall survive the termination of this Agreement.

§ 10.8.1 The receiving party may disclose "confidential" or "business proprietary" information after 7 days' notice to the other party, when required by law, arbitrator's order, or court order, including a subpoena or other form of compulsory legal process issued by a court or governmental entity, or to the extent such information is reasonably necessary for the receiving party to defend itself in any dispute. The receiving party may also disclose such information to its employees, consultants, or contractors in order to perform services or work solely and exclusively for the Project, provided those employees, consultants and contractors are subject to the restrictions on the disclosure and use of such information as set forth in this Section 10.8.

§ 10.9 The invalidity of any provision of the Agreement shall not invalidate the Agreement or its remaining provisions. If it is determined that any provision of the Agreement violates any law, or is otherwise invalid or unenforceable, then that provision shall be revised to the extent necessary to make that provision legal and enforceable. In such case the Agreement shall be construed, to the fullest extent permitted by law, to give effect to the parties' intentions and purposes in executing the Agreement.

§ 10.10 ICS and the Owner each acknowledge that they have reviewed and familiarized themselves with this Agreement, including Exhibit A and all attachments, that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party or by anyone acting on behalf of any party which are not embodied in this Agreement, that any agreement, statement or promise that is not contained in this Agreement shall not be valid or binding on any party and shall not have any force or effect, and that ICS and Owner agree to be bound by the terms and conditions contained therein.

§ 10.11 ICS and the Owner specifically understand and agree that at all times pertinent to this Agreement ICS and ICS's consultants shall be independent professionals and shall not be considered employees of the Owner.

§ 10.12 Notice Pursuant to Minnesota Statute 13.05

(a) If a government entity enters into a contract with a private person to perform any of its functions, all of the data created, collected, received, stored, used, maintained, or disseminated by the private person in performing those functions, is subject to the requirements of this chapter and the private person must comply with those requirements as if it were a government entity. All contracts entered into by a government entity must include a notice that the requirements of this subdivision apply to the contract. Failure to include the notice in the contract does not invalidate the application of this subdivision. The remedies in Section 13.08 apply to the private person under this subdivision.

(b) This subdivision does not create a duty on the part of the private person to provide access to public data to the public if the public data are available from the government entity, except as required by the terms of the contract.

§ 10.13 Notice Pursuant to Minnesota Statute, Section 16C.05

The books, records, documents, and accounting procedures and practices of ICS that are relevant to the Agreement are subject to examination by the Owner and either the legislative auditor or the state auditor, as appropriate, for a minimum of six years. If the Owner requests that the state auditor examine the books, records, documents, and accounting procedures and practices of ICS, the Owner shall be liable for the cost of the examination.

§ 10.14 This Agreement can only be amended or modified by a writing signed by authorized representatives of the Owner and ICS.

§ 10.15 **No Waiver** Unless otherwise specified in the Agreement, any Party's failure in any one or more instances to insist upon strict performance of any of the terms and conditions of this Agreement or to exercise any right herein conferred shall not be construed as a waiver or relinquishment of that right or of that Party's right to assert or rely upon the terms and conditions of this Agreement. Any express waiver of a term of this Agreement shall not be binding and effective unless made in writing and properly executed by the waiving Party.

ARTICLE 11 COMPENSATION

§ 11.1 For ICS's Basic Services described under Article 3, the Owner shall compensate ICS as follows:

.1 Stipulated Sum

Phase II – Design (Schematic Design (SD) – Construction Documents (CD):

\$2,946,315.00 – Original Contract Amount (Combined Public Safety Center SD-CD)

-Already under contract

\$1,353,425.00 – Additional Fees (Two (2) Separate Facilities (Fire & Police) SD-CD Phases

Phase III – Bidding and Construction:

\$238,850.00 – Bidding & Construction Administration – Phase III: Bidding & Construction (Two (2) Separate Facilities (Fire & Police))

\$1,014,000.00 – Construction Management Fee – Phase III: Bidding & Construction (Two (2) Separate Facilities (Fire & Police))

\$126,750.00 – Code Required Commissioning (Two (2) Separate Facilities (Fire & Police))

\$2,737,900.00 – Site Services & Reimbursables (Two (2) Separate Facilities (Fire & Police))

\$8,417,240.00 – Total Fees

§ 11.2 Intentionally omitted as it is not applicable.

§ 11.3 For Additional Services that may arise during the course of the Project, including those under Section 4.1 and 4.2, the Owner shall compensate ICS as follows:

(Insert amount of, or basis for, compensation.)

The amount invoiced to ICS plus Ten percent (10%)

§ 11.4 Compensation for Supplemental and Additional Services of ICS's consultants when not included in Section, shall be the amount invoiced to ICS plus ten percent (10 %), or as follows:

(Insert amount of, or basis for computing, Architect's consultants' compensation for Supplemental or Additional Services.)

§ 11.5 When compensation for Basic Services is based on a stipulated sum or a percentage basis, the proportion of compensation for each phase of services shall be as follows:

Contract Execution	Ten	percent (	10	%)
Schematic Design	Fifteen	percent (	15	%)
Design Development Phase	Fifteen	percent (	15	%)
Construction Documents Phase	Thirty-Five	percent (	35	%)
Bidding / Procurement Phase	Five	percent (	5	%)
Construction Phase	Twenty	percent (	20	%)
<i>(Row deleted)</i>				
Total Basic Compensation	One Hundred	percent (	100	%)

The Owner acknowledges that with an accelerated Project delivery or multiple bid package process, ICS may be providing its services in multiple Phases simultaneously. Therefore, ICS shall be permitted to invoice monthly in proportion to services performed in each Phase of Services, as appropriate.

§ 11.6 When compensation identified in Section 11.1 is on a percentage basis, progress payments for each phase of Basic Services shall be calculated by multiplying the percentages identified in this Article by the Owner's most recent budget for the Cost of the Work. Compensation paid in previous progress payments shall not be adjusted based on subsequent updates to the Owner's budget for the Cost of the Work.

§ 11.6.1 When compensation is on a percentage basis and any portions of the Project are deleted or otherwise not constructed, compensation for those portions of the Project shall be payable to the extent services are performed on those portions. ICS shall be entitled to compensation in accordance with this Agreement for all services performed whether or not the Construction Phase is commenced.

§ 11.7 The 2025 hourly billing rates for services of ICS and ICS's consultants are set forth below. The rates shall be adjusted in accordance with ICS and ICS's consultants' normal review practices on an annual basis.
(If applicable, attach an exhibit of hourly billing rates or insert them below.)

Personnel Description	Rate / Hour
Construction Executive	\$185.00
Project Director	\$155.00
Safety Director	\$140.00
Senior Project Manager	\$145.00
Project Manager	\$135.00
General Superintendent	\$145.00
Site Superintendent	\$130.00
Project Engineer	\$100.00
Clerical / Accounting	\$75.00

Flat Rates for Reimbursable Items	Rate Monthly / Weekly
<i>(Row deleted)</i>	
Site Trailer	\$1,650.00 per month
Office Supplies / Equipment	\$300.00 per month
Phones / Internet / Technology	\$550.00 per month
Superintendent Truck	\$1,400.00 per month
Project Construction Mileage	\$1,000.00 per month
Safety Supplies and Signage	\$350.00 per month
Pre-Construction Mileage	\$250.00 per month
Superintendent Lodging / Meals	\$1,000.00 per week

§ 11.8 Compensation for Reimbursable Expenses

§ 11.8.1 Reimbursable Expenses are in addition to compensation for Basic, Supplemental, and Additional Services and include expenses incurred by ICS and ICS's consultants directly related to the Project, as follows:

.1

(Paragraphs deleted)

Fees paid for securing approval of authorities having jurisdiction over the Project;

(Paragraphs deleted)

- .2 Expense of overtime work requiring higher than regular rates, if authorized in advance by the Owner;
- .3 Renderings, physical models, mock-ups, professional photography, and presentation materials requested by the Owner or required for the Project;
- .4 ICS Consultant's expense of professional liability insurance dedicated exclusively to this Project, or the expense of additional insurance coverage or limits if the Owner requests such insurance in excess of that normally carried by ICS Consultant's;
- .5 All taxes levied on professional services and on reimbursable expenses;
- .6 Professional services of consultants other than architecture, mechanical, electrical, civil and structural;
- .7 All site related services including project manager, site superintendent, general superintendent, trailer, office supplies and equipment, etc.;
- .8 Transportation and authorized out-of-town travel and subsistence;
- .9 Long distance services, dedicated data and communication services, teleconferences, Project web sites and extranets;
- .10 Printing, reproduction, plots, standard form documents; and
- .11 Postage, handling and delivery.
- .12 General liability, professional liability and umbrella liability insurance at a rate of 0.99% of the cost of the Construction Manager's Preconstruction and Construction Phase services, and
- .13 Coordination of warranty work required to be performed by the Contractors after substantial completion of the Project at a rate of Fifteen-Hundredths percent (0.15%) of the Cost of the Work defined in Article 6.

§ 11.8.2 For Reimbursable Expenses the compensation shall be the expenses incurred by ICS and ICS's consultants plus ten percent (10 %) of the expenses incurred.

§ 11.8.3 General Conditions are in addition to the compensation for ICS professional services under Article 3 and include expenses incurred by ICS and ICS's sub consultants directly related to the Project, as follows:

- .1 All site related contracted services including temporary sanitation, temporary utilities, construction cleaning/waste management, testing, fencing/security, temporary enclosures, snow plowing, temporary roads, winter conditions, etc.

§ 11.8.4 For General Conditions, the compensation shall be out of pocket expenses incurred by ICS and ICS's consultants plus an administrative fee of zero percent (0%) of the expenses incurred.

§ 11.9 ICS's Insurance

If the types and limits of coverage required in Section 2.6 are in addition to the types and limits ICS normally maintains, the Owner shall pay ICS for the additional costs incurred by ICS for the additional coverages as set forth below:

§ 11.10 Payments to the Architect

§ 11.10.1 Initial Payments

§ 11.10.1.1 An initial payment of TBD () shall be made upon execution of this Agreement and is the minimum payment under this Agreement.

§ 11.10.1.2 Intentionally omitted as it is not applicable.

§ 11.10.2 Progress Payments

§ 11.10.2.1 Unless otherwise agreed, payments for services shall be made monthly in proportion to services performed. Payments are due and payable upon presentation of ICS's invoice. Amounts unpaid Forty-Five (45) days after the invoice date shall bear interest at the rate entered below, or in the absence thereof at the legal rate prevailing from time to time at the principal place of business of the ICS.
(Insert rate of monthly or annual interest agreed upon.)

5 % Five percent

§ 11.10.2.2 The Owner shall not withhold amounts from ICS's compensation to impose a penalty or liquidated damages on ICS, or to offset sums requested by or paid to Contractors for the cost of changes in the Work, unless the ICS agrees or has been found liable for the amounts in a binding dispute resolution proceeding.

§ 11.10.2.3 Records of Reimbursable Expenses, expenses pertaining to Supplemental and Additional Services, and services performed on the basis of hourly rates shall be available to the Owner at mutually convenient times. Reimbursable and General Conditions expenses will be estimated during Schematic Design, Design Development and Construction Documents phases.

ARTICLE 12 SPECIAL TERMS AND CONDITIONS

Contingency

The Owner shall include "reasonable contingencies" in the budget for the project. The Owner agrees to provide a reasonable construction contingency and further acknowledges that this contingency allowance is to cover funding of unpredictable changes in the work or items of work during the construction phase, serving three core purposes:
(Include other terms and conditions applicable to this Agreement.)

- .1 to account for coordination issues in the Construction Documents, including errors and omissions
- .2 to modify or change the scope of the project
- .3 to accommodate unknown conditions

ARTICLE 13 SCOPE OF THE AGREEMENT

§ 13.1 This Agreement represents the entire and integrated agreement between the Owner and the ICS and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by written instrument signed by both the Owner and ICS.

§ 13.2 This Agreement is comprised of the following documents identified below:

- .1 AIA Document B132™–2019, Standard Form Agreement Between Owner and ICS, Construction Manager as Adviser Edition, dated January 1, 2025, as amended for the Project.
- .2 Building Information Modeling Exhibit, if completed:

N/A

.3

(Paragraphs deleted)

AIA Document C132™–2019, Standard Form Agreement Between Owner and ICS, where ICS provides Construction Manager Services as an Adviser to the Owner, dated January 1, 2025, as amended for the Project.

- .4 Exhibit ICS_2023_EEO_AAP_Letter_V1

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.5 Exhibit A – Space Program for Fire and Police

This Agreement is entered into as of the day and year first written above.

(Row deleted)

CITY OF OWATONNA*(Signature)*

Jenna Tuma, City Administrator

(Printed name and title)

ICS*(Signature)*

Andy Faulkner, President

(Printed name, title, and license number, if applicable)

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(1363555905)



AIA® Document C132® – 2019

Standard Form of Agreement Between Owner and Construction Manager as Adviser

AGREEMENT made as of the First day of January in the year Two Thousand Twenty-Five
(In words, indicate day, month and year.)

BETWEEN the Owner:
(Name, legal status, address, and other information)

City of Owatonna
540 West Hills Circle
Owatonna, MN 55060

and ICS Consulting, LLC ("ICS"), the Construction Manager:
(Name, legal status, address, and other information)

ICS Consulting, LLC
1331 Tyler Street N.E., Suite 101
Minneapolis, MN 55413

for the following Project:
(Name, location, and detailed description)

New Public Safety Facilities (Fire & Police)

New Fire Department
To be located at the current Law Enforcement Center (LEC) site:
204 East Pearl Street
Owatonna, MN 55060

New Police Department
To be located at the current West Hills Campus site:
540 West Hills Circle
Owatonna, MN 55060

The Owner and ICS agree as follows.

ADDITIONS AND DELETIONS:

The author of this document has added information needed for its completion. The author may also have revised the text of the original AIA standard form. An *Additions and Deletions Report* that notes added information as well as revisions to the standard form text is available from the author and should be reviewed. A vertical line in the left margin of this document indicates where the author has added necessary information and where the author has added to or deleted from the original AIA text.

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

This document is intended to be used in conjunction with AIA Documents A132™–2019, Standard Form of Agreement Between Owner and Contractor, Construction Manager as Adviser Edition; A232™–2019, General Conditions of the Contract for Construction, Construction Manager as Adviser Edition; and B132™–2019, Standard Form of Agreement Between Owner and Architect, Construction Manager as Adviser Edition. AIA Document A232™–2019 is adopted in this document by reference. Do not use with other general conditions unless this document is modified.

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ARTICLE 1 INITIAL INFORMATION

§ 1.1 This Agreement is based on the Initial Information set forth in this Section 1.1. All references to "Construction Manager" shall mean ICS and its consultants. The term "Architect" shall mean the architectural firm serving as a consultant to ICS for the Project.

(For each item in this section, insert the information or a statement such as "not applicable" or "unknown at time of execution.")

§ 1.1.1 The Owner's program for the Project:

(Insert the Owner's program, identify documentation that establishes the Owner's program, or state the manner in which the program will be developed.)

Refer to attached programming documents – Exhibit A..

§ 1.1.2 The Project's physical characteristics:

(Identify or describe pertinent information about the Project's physical characteristics, such as size; location; dimensions; geotechnical reports; site boundaries; topographic surveys; traffic and utility studies; availability of public and private utilities and services; legal description of the site, etc.)

New Public Safety Facilities (Fire & Police)

New 40,500 square foot Fire Department to be located at the current Law Enforcement Center (LEC) site:
204 East Pearl Street
Owatonna, MN 55060

New 58,000 square foot Police Department to be located at the current West Hills Campus site:
540 West Hills Circle
Owatonna, MN 55060

§ 1.1.3 The Owner's budget for the Cost of the Work, as defined in Section 6.1:

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(Provide total and, if known, a line item breakdown.)

\$61,100,000.00

§ 1.1.4 The Owner's anticipated design and construction milestone dates:

.1 Design phase milestone dates, if any:

January 2025 – June 2026

.2 Construction commencement date:

July 2026 – March 2028

.3 Substantial Completion date or dates:

March 2028

.4 Other milestone dates:

N/A

§ 1.1.5 The Owner intends the following procurement method for the Project:

(Identify method such as competitive bid or negotiated contract.)

Publicly Bid Multiple Prime Contracts

§ 1.1.6 The Owner's requirements for accelerated or fast-track design and construction, multiple bid packages, or phased construction are set forth below:

N/A

§ 1.1.7

(Paragraphs deleted)

Intentionally omitted as it is not applicable.

(Paragraph deleted)

§ 1.1.8 Other Project information:

(Identify special characteristics or needs of the Project not provided elsewhere.)

N/A

§ 1.1.9 The Owner identifies the following representative in accordance with Section 5.5:

(List name, address, and other contact information.)

Jenna Tuma, City Administrator
City of Owatonna
540 West Hill Circle
Owatonna, MN 55060

§ 1.1.10 The persons or entities, in addition to the Owner's representative, who are required to review the Construction Manager's submittals to the Owner are as follows:

(Paragraph deleted)

The Owner's representative, identified in Article 1.1.9 shall obtain any necessary approvals of the Owner's City Council to the extent specifically required by law. ICS and Owner will develop a protocol to ensure that any expenditure or other item that must be approved by the City Council under Minnesota law is promptly presented to the City Council for approval without causing unnecessary or avoidable delays. Owner will be responsible for ensuring that any legally required City Council approvals are obtained.

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§ 1.1.11 The Owner shall retain the following consultants and Contractors:
(List name, legal status, address, and other contact information.)

.1 Land Surveyor:

N/A – Carried under ICS’s Basic Services by Design Tree Engineering

.2 Geotechnical Engineer:

Braun Intertec
2120 Howard Drive West, Suite B
North Mankato, MN 56003

.3 Civil Engineer:

N/A – Carried under ICS’s Basic Services

.4 Contractors, as defined in Section 1.4:

.5 Separate Contractors, as defined in Section 1.4:

.6 Other, if any:
(List any other consultants retained by the Owner.)

§ 1.1.12 The Construction Manager identifies the following representative in accordance with Section 2.5:
(List name, address, and other contact information.)

Chris Ziemer, Project Development Director
ICS
1331 Tyler Street NE, Suite 101
Minneapolis, MN 55413

§ 1.1.13
(Paragraphs deleted)

Intentionally omitted as it is not applicable

§ 1.1.14 The Construction Manager’s consultants retained under Basic Services, if any:
(List name, legal status, address, and other contact information of any consultants.)

N/A

§ 1.1.15 Intentionally omitted as it is not applicable

§ 1.1.16 Other Initial Information on which this Agreement is based:

N/A

§ 1.2 The Owner and Construction Manager may rely on the Initial Information. Both parties, however, recognize that the Initial Information may materially change and, in that event, the Owner and the Construction Manager shall appropriately adjust the Construction Manager's services, schedule for the Construction Manager's services, and the Construction Manager's compensation. The Owner shall adjust the Owner's budget for the Cost of the Work and the Owner's anticipated design and construction milestones, as necessary, to accommodate material changes in the Initial Information.

§ 1.3 The parties shall develop protocols governing the transmission and use of Instruments of Service or any other information or documentation in digital form.

§ 1.3.1 Any use of, or reliance on, all or a portion of a building information model without agreement to protocols governing the use of, and reliance on, the information contained in the model shall be at the using or relying party's sole risk and without liability to the other party and its contractors or consultants, the authors of, or contributors to, the building information model, and each of their agents and employees.

§ 1.4 The term "Contractors" refers to persons or entities who perform Work under contracts with the Owner that are administered by the Construction Manager. The term "Contractors" is used to refer to such persons or entities, whether singular or plural. The term does not include the Owner's own forces, or Separate Contractors, which are persons or entities who perform construction under separate contracts with the Owner not administered by the Construction Manager.

ARTICLE 2 CONSTRUCTION MANAGER'S RESPONSIBILITIES

§ 2.1 The Construction Manager shall provide the services as set forth in this Agreement.

§ 2.2 The Construction Manager shall perform its services consistent with the skill and care ordinarily provided by skilled and experienced construction managers practicing in the same or similar locality under the same or similar circumstances. The Construction Manager shall perform its services as expeditiously as is consistent with such skill and care and the orderly progress of the Project. The Construction Manager shall use reasonable efforts to complete its duties in a timely manner. The Construction Manager shall not be responsible for delays caused by factors beyond its control or that could not be reasonably foreseen at the time of execution of this Agreement.

§ 2.3 The Construction Manager shall provide its services in conjunction with the services as described in AIA Document B132™–2019, Standard Form of Agreement Between Owner and Architect, Construction Manager as Adviser Edition, as amended for the Project.

§ 2.4 The Construction Manager shall coordinate its services with those services provided by the Owner, the Architect, the Contractors, and the Owner's other consultants and Separate Contractors. The Construction Manager shall be entitled to rely on, and shall not be responsible for, the accuracy and completeness of services and information furnished by the Owner, the Architect, and the Owner's other consultants and Separate Contractors. The Construction Manager shall provide prompt written notice to the Owner if the Construction Manager becomes aware of any error, omission, or inconsistency in such services or information.

§ 2.5 The Construction Manager shall identify a representative authorized to act on behalf of the Construction Manager with respect to the Project.

§ 2.6 The Construction Manager, as soon as practicable after execution of the Agreement, shall notify the Owner in writing of the names and qualifications of its proposed key staff members. Within 14 days of receipt of the names and qualifications of the Construction Manager's proposed key staff members, the Owner may reply to the Construction Manager in writing, stating (1) whether the Owner has reasonable objection to a proposed key staff member or (2) that the Owner requires additional time to review. Failure of the Owner to reply within the 14-day period shall constitute notice of no reasonable objection. The Construction Manager shall not staff any employees on the Project to whom the

Owner has made reasonable and timely objection. The Construction Manager shall not change its key staff members without the Owner's consent, which shall not be unreasonably withheld or delayed.

§ 2.7 Except with the Owner's knowledge and consent, the Construction Manager shall not engage in any activity, or accept any employment, interest or contribution that would reasonably appear to compromise the Construction Manager's judgment with respect to this Project.

§ 2.8 The Construction Manager shall maintain the following insurance until termination of this Agreement as will protect ICS from all claims which may arise from ICS's performance of its services under this Agreement. Prior to commencing the work, ICS shall provide a certificate of insurance to the Owner showing its insurance coverages and ICS shall maintain such insurance in full force and effect at all times until the Work has been completed. If any of the requirements set forth below are in addition to the types and limits the Construction Manager normally maintains, the Owner shall pay the Construction Manager as set forth in section 11.1.

COVERAGES	LIMITS OF LIABILITY
Workers' Compensation, including Employer's Liability Insurance	Statutory
Comprehensive General Bodily Injury Liability Insurance, including Contractual	\$1,000,000
Comprehensive General Property Damage Liability Insurance, including Contractual	\$1,000,000 Per Claim \$2,000,000 Aggregate
Comprehensive Automobile Injury Liability Insurance	\$500,000 Per Claim \$500,000 Aggregate
Comprehensive Automobile Property Damage Liability Insurance	\$500,000
Professional Liability Insurance	\$5,000,000 Per Claim \$5,000,000 Aggregate
Umbrella Liability Coverage	\$5,000,000

§ 2.8.1 - § 2.8.5 Intentionally omitted as they are not applicable

§ 2.8.6 Additional Insured Obligations. To the fullest extent permitted by law, the Construction Manager shall cause the policies for Commercial General Liability and Automobile Liability to include the Owner as an additional insured for claims caused in whole or in part by the Construction Manager's negligent acts or omissions.

§ 2.8.7 Intentionally omitted as it is not applicable

§ 2.9 Intentionally omitted as it is not applicable

§ 2.10

(Paragraphs deleted)

Intentionally omitted as it is not applicable

§ 2.11 The Construction Manager shall retain all Project related documents and information it receives, and the Owner and Architect shall have access to the documents and information. The Construction Manager shall transmit the documents and information to the Owner at final completion.

ARTICLE 3 SCOPE OF CONSTRUCTION MANAGER'S BASIC SERVICES

§ 3.1 Definition

The Construction Manager's Basic Services consist of those described in this Article 3 and include usual and customary Preconstruction and Construction Phase Services. Services not set forth in this Article 3 are Supplemental or Additional Services. The Owner, Construction Manager, and Contractors may agree, for the Construction Phase to commence prior to completion of the Preconstruction Phase, in which case, both phases will proceed concurrently.

§ 3.2 Preconstruction Phase

§ 3.2.1 The Construction Manager shall review the program furnished by the Owner to ascertain the requirements of the Project and shall arrive at a mutual understanding of such requirements with the Owner.

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§ 3.2.2 The Construction Manager shall provide a preliminary evaluation of the Owner's program, schedule and construction budget requirements, each in terms of the other.

§ 3.2.3 The Construction Manager shall prepare: (1) preliminary evaluations required in Section 3.2.2, (2) a Project schedule, (3) cost estimates, (4) recommendations for Project delivery method, and (5) Contractors' scopes of Work. The Construction Manager shall periodically update the information over the course of the Project.

§ 3.2.4 The Construction Manager shall prepare and periodically update the Project schedule for the Owner's acceptance. The Project schedule shall coordinate and integrate the Construction Manager's services, the Architect's services, other Owner consultants' services, and the Owner's responsibilities and highlight items that affect the Project's timely completion.

§ 3.2.5 The Construction Manager shall update the Project schedule to include the components of the Work, including phasing of construction, times of commencement and completion required of each Contractor, ordering and delivery of products, including those that must be ordered in advance of construction, obtaining the required reviews and approvals of authorities having jurisdiction over the Project, and the occupancy requirements of the Owner.

§ 3.2.6 Based on the preliminary design and information prepared or provided by the Architect and other Owner consultants, the Construction Manager shall prepare, for the Owner's approval, preliminary estimates of the Cost of the Work or the cost of program requirements using area, volume or similar conceptual estimating techniques, including the establishment of sufficient contingency to reasonably anticipate the development of the Project's design documents.

§ 3.2.7 The Construction Manager shall review design documents during their development and advise the Owner on proposed site use and improvements, selection of materials, building systems, and equipment. The Construction Manager shall also provide recommendations to the Owner, consistent with the Project requirements, on constructability; availability of materials and labor; sequencing for phased construction; time requirements for procurement, installation and construction; and factors related to construction cost including, but not limited to, costs of alternative designs or materials, preliminary budgets, life-cycle data, and possible cost reductions.

§ 3.2.8 The Construction Manager shall review recommendations for systems, materials, or equipment for the impact upon cost, schedule, sequencing, constructability, and coordination among the Contractors. The Construction Manager shall discuss its findings with the Owner, and coordinate resolution, as necessary, of any such impacts.

§ 3.2.9 As the preparation of the Schematic Design, Design Development and Construction Documents progresses, the Construction Manager shall prepare and update, at appropriate intervals agreed to by the Owner and the Construction Manager, an estimate of the Cost of the Work with increasing detail and refinement. The Construction Manager shall include in the estimate those costs to allow for further development of the design, bidding or negotiating, price escalation, and market conditions. The estimate shall be provided for the Owner's approval. The Construction Manager shall inform the Owner in the event that the estimate of Cost of the Work exceeds the latest approved Project budget, and make recommendations for corrective action.

§ 3.2.10 As the preparation of the Schematic Design, Design Development and Construction Documents progresses, the Construction Manager shall consult with the Owner and make recommendations whenever the Construction Manager determines that the design, or details, adversely affect cost, scope, schedule, constructability, or quality of the Project.

§ 3.2.11 The Construction Manager shall provide recommendations and information to the Owner regarding the assignment of responsibilities for temporary Project facilities and equipment, materials and services for common use of the Contractors. The Construction Manager shall verify that such requirements and assignment of responsibilities are included in the proposed Contract Documents.

§ 3.2.12 The Construction Manager shall provide recommendations and information to the Owner regarding the allocation of responsibilities for safety programs among the Contractors.

§ 3.2.13 The Construction Manager shall coordinate the division of the Project into individual contracts for the construction of various categories of Work. Because multiple contracts are to be awarded where possible, the Construction Manager shall review the Drawings and Specifications and prepare scopes of Work to provide that (1) the Work of the Contractors is coordinated, (2) all requirements for the Project are assigned to the appropriate Contract, (3) the likelihood of jurisdictional disputes is minimized, and (4) proper coordination is provided for phased construction. The Construction Manager shall keep the Owner apprised of Construction Manager proposed Work scopes prior to finalizing the divisions of Work with the Prime Contractors.

§ 3.2.14 The Construction Manager shall make recommendations about, and coordinate the ordering and delivery of, materials in support of the schedule, including those that must be ordered in advance of construction.

§ 3.2.15 The Construction Manager shall assist the Owner in selecting, retaining, and coordinating the professional services of surveyors, geotechnical engineers, special consultants, and construction materials testing required for the Project.

§ 3.2.16 The Construction Manager shall determine the types and quantities of labor required for the Project and review the availability of appropriate categories of labor required for critical phases. The Construction Manager shall make recommendations for actions designed to assist in minimizing the adverse effects of labor shortages.

§ 3.2.17 The Construction Manager shall assist the Owner in obtaining information regarding applicable requirements for equal employment opportunity programs, and other programs as may be required by governmental and quasi-governmental authorities for inclusion in the Contract Documents.

§ 3.2.18 Following the Owner's approval of the Drawings and Specifications, the Construction Manager shall update and submit the latest estimate of the Cost of the Work and the Project schedule for the Owner's approval.

§ 3.2.19 The Construction Manager, in consultation with the Owner, shall develop bidders' interest in the Project and establish bidding schedules in accordance with applicable law. The Construction Manager shall assist the Owner with the development of the Bidding Documents, which consist of bidding requirements and proposed Contract Documents. The Construction Manager shall issue Bidding Documents to bidders and conduct pre-bid conferences with prospective bidders. The Construction Manager shall issue the current Project schedule with each set of Bidding Documents, and shall assist the Owner with regard to questions from bidders and with the issuance of addenda.

§ 3.2.20 The Construction Manager shall submit a list of prospective bidders for the Owner's approval.

§ 3.2.21 The Construction Manager shall review bids, and prepare bid analyses, and make recommendations to the Owner for the Owner's award of Contracts for Construction or rejection of bids.

§ 3.2.22 The Construction Manager shall assist the Owner in preparing Contracts for Construction. The Construction Manager shall advise the Owner on the acceptability of Subcontractors and material suppliers proposed by Contractors.

§ 3.2.23 The Construction Manager shall assist the Owner in obtaining building permits and special permits for permanent improvements, except for permits required to be obtained directly by the Contractors. The Construction Manager shall verify that the Owner has paid applicable fees and assessments. The Construction Manager shall assist the Owner in connection with the Owner's responsibility for filing documents required for the approvals of governmental authorities having jurisdiction over the Project.

§ 3.2.24 If the Owner identified a Sustainable Objective in Article 1, the Construction Manager shall fulfill its Preconstruction Phase responsibilities as required in AIA Document E235™–2019, Sustainable Projects Exhibit, Construction Manager as Adviser Edition, attached to this Agreement.

§ 3.3 Construction Phase

§ 3.3.1 The Construction Manager shall provide on-site administration of the Contracts for Construction in cooperation with the Architect as set forth below and in AIA Document A232™–2019, General Conditions of the Contract for Construction, Construction Manager as Adviser Edition, as amended for the Project.

§ 3.3.2 Subject to Section 4.2 and except as provided in Section 3.3.30, the Construction Manager's responsibility to provide Construction Phase Services commences with the award of the initial Contract for Construction and terminates on the date the Architect issues the final Certificate for Payment.

§ 3.3.3 The Construction Manager shall provide a staffing plan to include one or more representatives who shall be in attendance at the Project site whenever the Work is being performed.

§ 3.3.4 The Construction Manager shall provide administrative, management and related services to coordinate scheduled activities and responsibilities of the Contractors with each other and with those of the Construction Manager, the Owner and the Architect. The Construction Manager shall coordinate the activities of the Contractors in accordance with the latest approved Project schedule and the Contract Documents.

§ 3.3.5 The Construction Manager shall review and analyze the construction schedules provided by the Contractors to update the Project schedule, incorporating the activities of the Owner, Architect, and Contractors on the Project, including activity sequences and durations, allocation of labor and materials, processing of Shop Drawings, Product Data and Samples, and delivery and procurement of products, including those that must be ordered in advance of construction. The Project schedule shall include the Owner's occupancy requirements showing portions of the Project having occupancy priority. The Construction Manager shall update and reissue the Project schedule as required to show current conditions. If an update indicates that the previously approved Project schedule may not be met, the Construction Manager shall recommend corrective action to the Owner.

§ 3.3.6 The Construction Manager shall schedule and conduct meetings to discuss matters such as procedures, progress, coordination, and scheduling of the Work, and to develop solutions to issues identified. The Construction Manager shall prepare and promptly distribute minutes to the Owner, Architect and Contractors.

§ 3.3.7 In accordance with the Contract Documents and the latest approved Project schedule, and utilizing information from the Contractors, the Construction Manager shall review, analyze, schedule and coordinate the overall sequence of construction and assignment of space in areas where the Contractors are performing Work.

§ 3.3.8 The Construction Manager shall assist the Owner in coordinating all tests and inspections required by the Contract Documents or governmental authorities, observe the on-site testing and inspections, and arrange for the delivery of test and inspection reports to the Owner.

§ 3.3.9 The Construction Manager shall endeavor to obtain satisfactory performance from each of the Contractors. The Construction Manager shall recommend courses of action to the Owner when requirements of a Contract are not being fulfilled.

§ 3.3.10 The Construction Manager shall monitor and evaluate actual costs for activities in progress and estimates for uncompleted tasks and advise the Owner as to variances between actual costs and budgeted or estimated costs. If a Contractor is required to submit a Control Estimate, the Construction Manager shall meet with the Owner and Contractor to review the Control Estimate. The Construction Manager shall promptly notify the Contractor if there are any inconsistencies or inaccuracies in the information presented. The Construction Manager shall also report the Contractor's cost control information to the Owner.

§ 3.3.11 The Construction Manager shall develop cash flow reports and forecasts for the Project and include them in the Construction Manager's progress reports.

§ 3.3.12 The Construction Manager shall maintain accounting records on authorized Work performed under unit costs, additional Work performed on the basis of actual costs of labor and materials, and other Work requiring accounting records.

§ 3.3.12.1 The Construction Manager shall develop and implement procedures for the review and processing of Applications for Payment by Contractors for progress and final payments.

§ 3.3.12.2 Not more frequently than monthly, the Construction Manager shall review and certify the amounts due the respective Contractors as follows:

- .1 Where there is only one Contractor responsible for performing the Work, the Construction Manager shall, within seven days after the Construction Manager receives the Contractor's Application for Payment, review the Application, certify the amount the Construction Manager determines is due the Contractor, and forward the Contractor's Application and Certificate for Payment to the Architect.
- .2 Where there is more than one Contractor responsible for performing different portions of the Project, the Construction Manager shall, within seven days after the Construction Manager receives each Contractor's Application for Payment: (1) review the Applications and certify the amount the Construction Manager determines is due each Contractor; (2) prepare a Summary of Contractors' Applications for Payment by summarizing information from each Contractor's Application for Payment; (3) prepare a Project Application and Certificate for Payment; (4) certify the total amount the Construction Manager determines is due all Contractors collectively; and (5) forward the Summary of Contractors' Applications for Payment and Project Application and Certificate for Payment to the Architect.

§ 3.3.12.3 The Construction Manager's certification for payment shall constitute a representation to the Owner, based on the Construction Manager's evaluations of the Work and on the data comprising the Contractors' Applications for Payment, that, to the best of the Construction Manager's knowledge, information and belief, the Work has progressed to the point indicated, the quality of the Work is in accordance with the Contract Documents, and the Contractors are entitled to payment in the amount certified. The foregoing representations are subject to (1) an evaluation of the Work for conformance with the Contract Documents upon Substantial Completion; (2) results of subsequent tests and inspections; (3) correction of minor deviations from the Contract Documents prior to completion; and (4) specific qualifications expressed by the Construction Manager. The issuance of a Certificate for Payment shall further constitute a recommendation to the Owner that the Contractor be paid the amount certified.

§ 3.3.12.4 The certification of an Application for Payment or a Project Application for Payment by the Construction Manager shall not be a representation that the Construction Manager has (1) made exhaustive or continuous on-site inspections to check the quality or quantity of the Work; (2) reviewed construction means, methods, techniques, procedures, or sequences for a Contractor's own Work; (3) reviewed copies of requisitions received from Subcontractors and suppliers and other data requested by the Owner to substantiate each Contractor's right to payment; or (4) ascertained how or for what purpose that Contractor has used money previously paid on account of the Contract Sum. The certification of an application for payment shall constitute the Construction Manager's representation to the Owner that the Construction Manager has reported to the Owner all defects in the Work or deviations from the Contract Documents that have been observed by or reported to the Construction Manager.

§ 3.3.13 The Construction Manager shall obtain and review the safety programs developed by each Contractor solely and exclusively for purposes of coordinating the safety programs with those of the other Contractors and for making recommendations for any additional safety measures to be considered in the Work of the Contractors. The Construction Manager's responsibilities for coordination of safety programs shall not extend to direct control over or charge of the acts or omissions of the Contractors, Subcontractors, agents or employees of the Contractors or Subcontractors, or any other persons performing portions of the Work and not directly employed by the Construction Manager.

§ 3.3.14 The Construction Manager shall determine in general that the Work of each Contractor is being performed in accordance with the requirements of the Contract Documents and notify the Owner, Contractor and Architect of defects and deficiencies in the Work. The Construction Manager shall have the authority to reject Work that does not conform to the Contract Documents and shall notify the Architect about the rejection. The failure of the Construction Manager to reject Work shall not constitute acceptance of the Work. The Construction Manager shall record any rejection of Work in its daily log and include information regarding the rejected Work in its progress reports to the Architect and Owner pursuant to Section 3.3.22.1. Upon written authorization from the Owner, the Construction Manager may require and make arrangements for additional inspection or testing of the Work in accordance with the provisions of the Contract Documents, whether or not the Work is fabricated, installed or completed, and the Construction Manager shall give timely notice to the Architect of when and where the tests and inspections are to be made so that the Architect may be present for such procedures.

§ 3.3.15 The Construction Manager shall advise and consult with the Owner during the performance of its Construction Phase Services. The Construction Manager shall have authority to act on behalf of the Owner only to the extent provided in this Agreement. The Construction Manager shall not have control over, charge of, or responsibility

for the construction means, methods, techniques, sequences or procedures, or for safety precautions and programs in connection with the Work of each of the Contractors, since these are solely the Contractor's rights and responsibilities under the Contract Documents. The Construction Manager shall not be responsible for a Contractor's failure to perform the Work in accordance with the requirements of the Contract Documents. The Construction Manager shall be responsible for the Construction Manager's negligent acts or omissions, but shall not have control over or charge of, and shall not be responsible for, acts or omissions of the Contractors, Subcontractors, or their agents or employees, or any other persons or entities performing portions of the Work.

§ 3.3.16 The Construction Manager shall transmit to the Architect requests for interpretations, and requests for information of the meaning and intent of the Drawings and Specifications, and provide its written recommendation. The Construction Manager shall assist in the resolution of questions that may arise.

§ 3.3.17 The Construction Manager shall review requests for changes, assist in negotiating Contractors' proposals, submit recommendations to the Architect and Owner, and, if the proposed changes are accepted or required by the Owner, prepare Change Orders or Construction Change Directives that incorporate the Architect's modifications to the Contract Documents.

§ 3.3.18 The Construction Manager shall assist the Initial Decision Maker in the review, evaluation and documentation of Claims, subject to Section 4.2.2.7.

§ 3.3.19 Utilizing the submittal schedules provided by each Contractor, the Construction Manager shall prepare, and revise as necessary, a Project submittal schedule incorporating information from the Owner, Owner's consultants, Owner's Separate Contractors and vendors, governmental agencies, and participants in the Project under the management of the Construction Manager.

§ 3.3.20 The Construction Manager shall promptly review all Shop Drawings, Product Data, Samples, and other submittals from the Contractors for compliance with the submittal requirements of the Contract, coordinate submittals with information contained in related documents, and transmit to the Architect those that the Construction Manager recommends for approval. The Construction Manager's actions shall be taken in accordance with the Project submittal schedule approved by the Architect, or in the absence of an approved Project submittal schedule, with such reasonable promptness as to cause no delay in the Work or in the activities of the Contractors, the Owner, or the Architect.

§ 3.3.20.1 If professional design services or certifications by a design professional related to systems, materials, or equipment are specifically required of the Contractors by the Contract Documents, the Construction Manager shall review those submittals for sequencing, constructability, and coordination impacts on the other Contractors. The Construction Manager shall discuss its findings with the Owner and the Architect, and coordinate resolution, as necessary, of any such impacts.

§ 3.3.21 The Construction Manager shall keep a log containing a record of weather, each Contractor's Work on the site, number of workers, identification of equipment, Work accomplished, problems encountered, and other similar relevant data as the Owner may require.

§ 3.3.21.1 The Construction Manager shall collect, review for accuracy, and compile the Contractors' daily logs; and include them in the Construction Manager's reports prepared and submitted in accordance with section 3.3.21.2.

§ 3.3.21.2 The Construction Manager shall record the progress of the Project. On a monthly basis, or otherwise as agreed to by the Owner, the Construction Manager shall submit written progress reports to the Owner and Architect, showing percentages of completion and other information identified below:

- .1 Work completed for the period;
- .2 Project schedule status;
- .3 Submittal schedule and status report, including a summary of remaining and outstanding submittals;
- .4 Request for information, Change Order, and Construction Change Directive status reports;
- .5 Tests and inspection reports;
- .6 Status report of nonconforming and rejected Work;
- .7 Daily logs;
- .8 Summary of all Contractors' Applications for Payment;

- .9 Cumulative total of the Cost of the Work to date including the Construction Manager's compensation and reimbursable expenses at the job site, if any;
- .10 Cash-flow and forecast reports;
- .11 Photographs to document the progress of the Project;
- .12 Status reports on permits and approvals of authorities having jurisdiction; and
- .13 Any other items the Owner may require:

§ 3.3.21.3 In addition, for Projects constructed on the basis of the Cost of the Work, the Construction Manager shall include the following additional information in its updates:

- .1 Contractors' work force reports;
- .2 Equipment utilization report;
- .3 Cost summary, comparing actual costs to updated cost estimates; and
- .4 Any other items as the Owner may require:

§ 3.3.22 Utilizing the documents provided by the Contractors, the Construction Manager shall make available, at the Project site, the Contract Documents, including Change Orders, Construction Change Directives, and other Modifications, in good order and marked currently to indicate field changes and selections made during construction, and the approved Shop Drawings, Product Data, Samples, and similar required submittals. These shall be in electronic form or paper copy, available to the Owner, Architect, and Contractors. Upon completion of the Project, the Construction Manager shall deliver them to the Owner.

§ 3.3.23 The Construction Manager shall arrange for the delivery, storage, protection and security of Owner-purchased materials, systems and equipment that are a part of the Project until such items are incorporated into the Work.

§ 3.3.24 With the Owner's maintenance personnel, the Construction Manager shall observe the Contractors' final testing and start-up of utilities, operational systems and equipment and observe any commissioning as the Contract Documents may require.

§ 3.3.25 When the Construction Manager considers each Contractor's Work or a designated portion thereof substantially complete, the Construction Manager shall, jointly with that Contractor, prepare for the Architect a list of incomplete or unsatisfactory items and a schedule for their completion. The Construction Manager shall assist the Architect in conducting inspections to determine whether the Work or designated portion thereof is substantially complete.

§ 3.3.26 When the Work of all of the Contractors, or designated portion thereof, is substantially complete, the Construction Manager shall prepare, and the Construction Manager and Architect shall execute, a Certificate of Substantial Completion. The Construction Manager shall submit the executed Certificate to the Owner and Contractors. The Construction Manager shall coordinate the correction and completion of the Work. Following issuance of a Certificate of Substantial Completion of the Work or a designated portion thereof, the Construction Manager shall perform an inspection to confirm the completion of the Work of the Contractors and make recommendations to the Architect when the Work of all of the Contractors is ready for final inspection. The Construction Manager shall assist the Architect in conducting the final inspection.

§ 3.3.27 The Construction Manager shall forward to the Owner, with a copy to the Architect, the following information received from the Contractors: (1) certificates of insurance ; (2) consent of surety or sureties, if any, to reduction in or partial release of retainage or the making of final payment; (3) affidavits, receipts, releases and waivers of liens or bonds indemnifying the Owner against liens; and (4) any other documentation required of the Contractors under the Contract Documents, including warranties and similar submittals.

§ 3.3.28 The Construction Manager shall coordinate receipt, and delivery to the Owner, of other items provided by the Contractors, such as keys, manuals, and record drawings. The Construction Manager shall forward to the Architect a final Project Application for Payment and Project Certificate for Payment, or a final Application for Payment and final Certificate for Payment, upon the Contractors' compliance with the requirements of the Contract Documents.

§ 3.3.29 Duties, responsibilities and limitations of authority of the Construction Manager as set forth in the Contract Documents shall not be restricted, modified or extended without written consent of the Owner and Construction Manager. Consent shall not be unreasonably withheld.

§ 3.3.30 Upon request of the Owner, and prior to the expiration of one year from the date of Substantial Completion, the Construction Manager shall, without additional compensation, conduct a meeting with the Owner and Architect to review the facility operations and performance.

§ 3.3.31 To the extent not addressed in the foregoing, the following shall be included as Basic Services by the Construction Manager. To the extent these address the same item described in the foregoing provisions, the duties will be read in combination. If they cannot be read consistently, the more specific provision will prevail. If an ambiguity or inconsistency remains, the following provisions shall prevail. Construction Manager shall:

1. Interact with the Owner and Architect during the course of the design process to provide advice regarding constructability, value engineering, and evaluation of design options.
2. Provide periodic updates of detailed construction estimate as design progresses to the Owner and Architect.
3. Develop construction phasing schedule and detailed construction schedule.
4. Determine the bid package organization for the Project.
5. Prepare a detailed scope of Work document to clarify the Work required for each individual bid package.
6. Perform final review of and assemble all the necessary bid package documents. Make bid packages available for bidders.
7. Handle pre-bid conferences, questions, site visits, etc. during the bid process.
8. Assist Owner in bid opening process and bid evaluation. Construction Manager shall review bids and make recommendations to the Owner. The Owner, in its discretion, may accept or reject any or all bids.
9. Manage, coordinate and oversee all construction activity and construction scheduling.
10. Administrate the Project Contracts, including the review and certification of all Applications for Payment.
11. Have a qualified Project Superintendent present on job site during all construction activity.
12. Collect and compile maintenance and operation manuals and information sheets for all as-installed equipment and fixtures.
13. Provide written status reports to Owner and Architect on a mutually agreed schedule.
14. Interact and meet frequently with Owner and Architect representatives during both pre-construction and construction phases.
15. Attend meetings to assist Owner, if requested by Owner.
16. Manage, coordinate, apply for, and arrange for Owner to purchase all applicable construction permitting except any permits which the contractors are required to obtain directly.

ARTICLE 4 SUPPLEMENTAL AND ADDITIONAL SERVICES

§ 4.1 Supplemental Services

§ 4.1.1 The services listed below are not included in Basic Services but may be required for the Project. The Construction Manager shall provide the listed Supplemental Services only if specifically designated in the table below as the Construction Manager's responsibility, and the Owner shall compensate the Construction Manager as provided in Section 11.3. Unless otherwise specifically addressed in this Agreement, if neither the Owner nor the Construction Manager is designated, the parties agree that the listed Supplemental Service is not being provided for the Project.

Supplemental Services	Responsibility (Construction Manager, Owner or not provided)
§ 4.1.1.1 Measured drawings	ICS
§ 4.1.1.2 Tenant-related services	Not Provided
§ 4.1.1.3 Commissioning	ICS
§ 4.1.1.4 Development of a commissioning plan	ICS
§ 4.1.1.5 Sustainable Project Services pursuant to Section 4.1.3	Not Provided
§ 4.1.1.6 Furniture, furnishings and equipment delivery, and installation coordination	Not Provided
§ 4.1.1.7 Furniture, furnishings and equipment procurement assistance	Not Provided
§ 4.1.1.8 Assistance with site selection	Not Provided

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§ 4.1.1.9	Assistance with selection of the Architect	ICS
§ 4.1.1.10	Furnish land survey	Owner
§ 4.1.1.11	Furnish geotechnical engineering services	Owner
§ 4.1.1.12	Provide insurance advice	ICS
§ 4.1.1.13	Provide supplemental Project risk analysis and mitigation strategies	Not Provided
§ 4.1.1.14	Stakeholder relationships management	Not Provided
§ 4.1.1.15	Owner moving coordination	ICS
§ 4.1.1.16	Coordination of Owner's Separate Contractors	Owner
§ 4.1.1.17	Other Supplemental Services	Not Provided

§ 4.1.2 Description of Supplemental Services

§ 4.1.2.1 A description of each Supplemental Service identified in Section 4.1.1 as the Construction Manager's responsibility is provided below.

(Describe in detail the Construction Manager's Supplemental Services identified in Section 4.1.1 or, if set forth in an exhibit, identify the exhibit.)

TBD

§ 4.1.2.2 A description of each Supplemental Service identified in Section 4.1.1 as the Owner's responsibility is provided below.

(Describe in detail the Owner's Supplemental Services identified in Section 4.1.1 or, if set forth in an exhibit, identify the exhibit.)

TBD

§ 4.1.3 If the Owner identified a Sustainable Objective in Article 1, the Construction Manager shall provide, as a Supplemental Service, the Sustainability Services required in AIA Document E235™–2019, Sustainable Projects Exhibit, Construction Manager as Adviser Edition, attached to this Agreement. The Owner shall compensate the Construction Manager as provided in Section 11.3.

§ 4.2 Construction Manager's Additional Services

§ 4.2.1 The Construction Manager may provide Additional Services after execution of this Agreement, without invalidating this Agreement. Except for services required due to the fault of the Construction Manager, any Additional Services provided in accordance with this Section 4.2 shall entitle the Construction Manager to compensation pursuant to Section 11.3.

§ 4.2.2 Upon recognizing the need to perform the following Additional Services, the Construction Manager shall notify the Owner with reasonable promptness and explain the facts and circumstances giving rise to the need. The Construction Manager shall not proceed to provide the following Additional Services until the Construction Manager receives the Owner's written authorization:

- .1 Services necessitated by a change in the Initial Information, previous instructions or approvals given by the Owner, or a material change in the Project including size, quality, complexity, the Owner's schedule or budget for Cost of the Work, or procurement or delivery method, or bid packages in addition to those listed in Section 1.1.6. Services necessitated by sections 6.4 and 6.6 shall not be considered additional services;
- .2 Services necessitated by the enactment or revision of codes, laws, regulations or official interpretations after the date of this Agreement;
- .3 Services necessitated by decisions of the Owner not rendered in a timely manner or any other failure of performance on the part of the Owner or the Owner's other consultants or contractors;
- .4 Preparation of documentation for alternate bid or proposal requests proposed by the Owner;
- .5 Preparation for, and attendance at, a public presentation, meeting or hearing;
- .6 Preparation for, and attendance at, a dispute resolution proceeding or legal proceeding, except where the Construction Manager is party thereto;
- .7 Consultation concerning replacement of Work resulting from fire or other cause during construction and furnishing services required in connection with the replacement of such Work; or

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.8 Assistance to the Initial Decision Maker.

§ 4.2.3 To avoid delay in the Construction Phase, the Construction Manager shall provide the following Additional Services, notify the Owner with reasonable promptness, and explain the facts and circumstances giving rise to the need. If, upon receipt of the Construction Manager's notice, the Owner determines that all or parts of the services are not required, the Owner shall give prompt written notice to the Construction Manager of the Owner's determination. The Owner shall compensate the Construction Manager for the services provided prior to the Construction Manager's receipt of the Owner's notice:

- .1** Initial Decision Maker services in evaluating an extensive number of Claims submitted by a Contractor or others in connection with the Work.
- .2** Services required in an emergency to coordinate the activities of a Contractor or Contractors in the event of risk of personal injury or serious property damage, consistent with Section 3.3.15.

§ 4.2.4 Except for services required under Section 3.3.30, Construction Phase Services provided more than 60 days after (1) the date of Substantial Completion of the Work, or (2) the anticipated date of Substantial Completion identified in the Initial Information, whichever is earlier, shall be compensated as Additional Services to the extent the Construction Manager incurs additional cost in providing those Construction Phase Services.

§ 4.2.5 If the services covered by this Agreement have not been completed by March 31, 2028, through no fault of the Construction Manager, extension of the Construction Manager's services beyond that time shall be compensated as Additional Services.

ARTICLE 5 OWNER'S RESPONSIBILITIES

§ 5.1 Unless otherwise provided for under this Agreement, the Owner shall provide information in a timely manner regarding requirements for and limitations on the Project, including a written program, which shall set forth the Owner's objectives; schedule; constraints and criteria; special equipment; systems; and site requirements.

§ 5.2 The Owner shall establish the Owner's budget for the Project, including (1) the budget for the Cost of the Work as defined in Section 6.1; (2) the Owner's other costs; and (3) reasonable contingencies related to all of these costs. The Owner shall update the Owner's budget for the Project as necessary throughout the duration of the Project until final completion. If the Owner significantly increases or decreases the Owner's budget for the Cost of the Work, the Owner shall notify the Construction Manager. The Owner and the Construction Manager shall thereafter agree to a corresponding change in the Project's scope and quality.

§ 5.3 The Owner acknowledges that accelerated, phased, or fast-track design and construction provide a benefit, but also carries with it the risk of additional costs. If the Owner selects accelerated, phased or fast-track scheduling, the Owner agrees to include in the budget for the Project sufficient contingencies to cover such costs.

§ 5.4 The Owner shall retain an Architect to provide services, duties and responsibilities as described in AIA Document B132–2019, Standard Form of Agreement Between Owner and Architect, Construction Manager as Adviser Edition. The Owner shall provide the Construction Manager with a copy of the scope of services in the agreement executed between the Owner and Architect, and any further modifications to the Architect's scope of services in the agreement.

§ 5.5 The Owner shall identify a representative authorized to act on the Owner's behalf with respect to the Project. In no event shall the Owner's representative have authority to agree to any adjustments in the Contract Sum or Contract Time. All adjustments to the Contract Sum or Contract Time require approval by the Owner's Board unless the Board expressly delegates in writing to the representative, defined authority to approve specified sums or times. The Owner shall render decisions pertaining to documents the Construction Manager submits in a timely manner in order to avoid unreasonable delay in the orderly and sequential progress of the Construction Manager's services.

§ 5.6 Unless provided by the Construction Manager, the Owner shall furnish surveys to describe physical characteristics, legal limitations and utility locations for the site of the Project, and a written legal description of the site. The surveys and legal information shall include, as applicable, grades and lines of streets, alleys, pavements and adjoining property and structures; designated wetlands; adjacent drainage; rights-of-way, restrictions, easements, encroachments, zoning, deed restrictions, boundaries, and contours of the site; locations, dimensions, and other necessary data with respect to existing buildings, other improvements and trees; and information concerning available

utility services and lines, both public and private, above and below grade, including inverts and depths. All the information on the survey shall be referenced to a Project benchmark.

§ 5.7 Unless provided by the Construction Manager, the Owner shall furnish services of geotechnical engineers, which may include test borings, test pits, determinations of soil bearing values, percolation tests, evaluations of hazardous materials, seismic evaluation, ground corrosion tests and resistivity tests, including necessary operations for anticipating subsoil conditions, with written reports and appropriate recommendations.

§ 5.8 The Owner shall provide the Supplemental Services designated as the Owner's responsibility in Section 4.1.1.

§ 5.9 If the Owner identified a Sustainable Objective in Article 1, the Owner shall fulfill its responsibilities as required in AIA Document E235™–2019, Sustainable Projects Exhibit, Construction Manager as Adviser Edition, attached to this Agreement.

§ 5.10 The Owner shall coordinate the services of its own consultants with those services provided by the Construction Manager. Upon the Construction Manager's request, the Owner shall furnish copies of the scope of services in the contracts between the Owner and the Owner's consultants. The Owner shall furnish the services of consultants other than those designated as the responsibility of the Construction Manager in this Agreement, or authorize the Construction Manager to furnish them as an Additional Service, when the Construction Manager requests such services and demonstrates that they are reasonably required by the scope of the Project. The Owner shall require that its consultants and contractors maintain insurance, including professional liability insurance, as appropriate to the services or work provided.

§ 5.11 The Owner shall furnish tests, inspections and reports required by law or the Contract Documents, such as structural, mechanical, and chemical tests, tests for air and water pollution, and tests for hazardous materials.

§ 5.12 The Owner shall furnish all legal, insurance and accounting services, including auditing services, that may be reasonably necessary at any time for the Project to meet the Owner's needs and interests.

§ 5.13 The Owner shall provide prompt written notice to the Construction Manager and Architect if the Owner becomes aware of any fault or defect in the Project, including errors, omissions or inconsistencies in the Architect's Instruments of Service or any fault or defect in the Construction Manager's services.

§ 5.14 The Owner reserves the right to perform construction and operations related to the Project with the Owner's own forces, and to award contracts in connection with the Project which are not part of the Construction Manager's responsibilities under this Agreement. The Construction Manager shall notify the Owner if any such independent action will interfere with the Construction Manager's ability to perform the Construction Manager's responsibilities under this Agreement. When performing construction or operations related to the Project, the Owner agrees to be subject to the same obligations and to have the same rights as the Contractors.

§ 5.15 The Owner shall communicate with the Contractors and the Construction Manager's consultants through the Construction Manager about matters arising out of or relating to the Contract Documents.

§ 5.16 Before executing the Contracts for Construction, the Owner shall coordinate the Construction Manager's duties and responsibilities set forth in the Contracts for Construction with the Construction Manager's services set forth in this Agreement. The Owner shall provide the Construction Manager a copy of the executed agreements between the Owner and Contractors, including the General Conditions of the Contracts for Construction.

§ 5.17 The Owner shall provide the Construction Manager access to the Project site prior to commencement of the Work and shall obligate the Contractors to provide the Construction Manager access to the Work wherever it is in preparation or progress.

§ 5.18 Within 15 days after receipt of a written request from the Construction Manager, the Owner shall furnish the requested information as necessary and relevant for the Construction Manager to evaluate, give notice of, or enforce lien rights.

ARTICLE 6 COST OF THE WORK

§ 6.1 For purposes of this Agreement, the Cost of the Work shall be the total cost to the Owner to construct all elements of the Project designed or specified by the Architect and shall include the Contractors' general conditions costs, overhead and profit. The Cost of the Work also includes the reasonable value of labor, materials, and equipment, donated to, or otherwise furnished by, the Owner. The Cost of the Work includes the compensation of the Construction Manager and Construction Manager's Consultants during the Construction Phase only, including compensation for reimbursable expenses at the job site, if any. The Cost of the Work does not include the compensation of the Architect; the costs of the land, rights-of-way, financing, or contingencies for changes in the Work; or other costs that are the responsibility of the Owner.

§ 6.2 The Owner's budget for the Cost of the Work is provided in Initial Information, and shall be adjusted throughout the Project as required under Sections 5.2 and 6.4. Evaluations of the Owner's budget for the Cost of the Work, and the estimates of the Cost of the Work prepared by the Construction Manager, represent the Construction Manager's judgment as a person or entity familiar with the construction industry. It is recognized, however, that neither the Construction Manager nor the Owner has control over the cost of labor, materials; or equipment; the Contractors' methods of determining bid prices; or competitive bidding, market, or negotiating conditions. Accordingly, the Construction Manager cannot and does not warrant or represent that bids or negotiated prices will not vary from the Owner's budget for the Cost of the Work, or from any estimate of the Cost of the Work, or evaluation, prepared or agreed to by the Construction Manager.

§ 6.3 If the Architect is providing cost estimating services as a Supplemental Service, and a discrepancy exists between the Construction Manager's cost estimates and the Architect's cost estimates, the Construction Manager and the Architect shall work together to reconcile the cost estimates.

§ 6.4 If the Construction Manager's estimate of the Cost of the Work exceeds the Owner's budget for the Cost of the Work, the Construction Manager, in consultation with the Architect, shall make appropriate recommendations to the Owner to adjust the Project's size, quality, or budget for the Cost of the Work, and the Owner shall cooperate with the Construction Manager and Architect in making such adjustments.

§ 6.5 If the Construction Manager's estimate of the Cost of the Work exceeds the Owner's budget for the Cost of the Work, the Owner shall

- .1 give written approval of an increase in the budget for the Cost of the Work;
- .2 terminate in accordance with Section 9.5;
- .3 in consultation with the Construction Manager and Architect, revise the Project program, scope, or quality as required to reduce the Cost of the Work; or
- .4 implement any other mutually acceptable alternative.

§ 6.6 If the Owner chooses to revise the Project program, scope, or quality to reduce the Cost of the Work pursuant to Section 6.5.3, or if the bids or proposals received from the prospective Contractors, in the aggregate, exceed the Owner's budget for the Cost of the Work, and the Owner chooses to revise the Project program, scope, or quality to reduce the Cost of the Work, the Construction Manager shall cooperate with the Owner and Architect to develop the necessary revisions, update the cost estimate, and obtain additional bids. The Construction Manager will perform the services described in Sections 6.4 and 6.6 without additional compensation.

ARTICLE 7 COPYRIGHTS AND LICENSES

The Owner and the Construction Manager agree that the work product the Construction Manager creates during its performance of this Agreement is proprietary information and may be copyrighted by the Construction Manager. The Owner shall not sell, share, or distribute the Construction Manager's work product to any party, individual or entity. The Owner has no right or title to the work product and shall not use the work product for any purpose other than those purposes directly benefitting the Project. The Construction Manager has the right to use, reproduce, and to make derivative works from documents and other data generated or collected during the performance of its services. If the Construction Manager seeks to use information collected during its performance of this Contract that is specific to the Owner and that is classified as public, or private, or confidential information under the Minnesota Government Data Practices Act (MGPDA), the consent of the Owner and, as to private or confidential data, the consent of the subject of the data shall be required to use such information, and the Owner or the subject of the data may elect not to provide consent to the Construction Manager. The Owner is entitled to keep electronic and hard copies of the Construction Manager's work product, including plans, specifications, and construction documents, created pursuant to the

Agreement Contract. The Owner may, after receiving the Construction Manager's written approval, provide such documents to other professional service providers the Owner may retain after the Construction Manager's services under this Agreement are completed to assist with the construction, repair, maintenance, and preservation of its properties.

ARTICLE 8 CLAIMS AND DISPUTES

§ 8.1 General

§ 8.1.1 The Owner and Construction Manager shall commence all claims and causes of action against the other and arising out of or related to this Agreement, whether in contract, tort, or otherwise, in accordance with the requirements of the binding dispute resolution method selected in this Agreement and within the period specified by applicable law, but in any case not more than 10 years after the date of Substantial Completion of the Work. The Owner and Construction Manager waive all claims and causes of action not commenced in accordance with this Section 8.1.1.

§ 8.1.2 To the extent damages are covered by property insurance, the Owner and Construction Manager waive all rights against each other and against the contractors, consultants, agents, and employees of the other for damages, except such rights as they may have to the proceeds of such insurance as set forth in AIA Document A232-2019, General Conditions of the Contract for Construction. The Owner or the Construction Manager, as appropriate, shall require of the contractors, consultants, agents, and employees of any of them, similar waivers in favor of the other parties enumerated herein.

§ 8.1.3 The Construction Manager shall indemnify, defend and hold the Owner and the Owner's officers and employees harmless from and against damages, losses and judgments arising from claims by third parties, including reasonable attorneys' fees and expenses recoverable under applicable law, but only to the extent they are caused by the negligent, intentional or otherwise wrongful acts or omissions of the Construction Manager, its employees and its consultants in the performance of professional services under this Agreement. All indemnification obligations shall survive termination, expiration or cancellation of this Agreement. The Construction Manager agrees, that in order to protect itself and the Owner under the indemnity provisions set forth above, it will at all times during the term of this Agreement keep in force policies of insurances required by this Agreement. Nothing in this Agreement shall be construed to waive any immunities of limitations to which Owner is entitled under Minnesota Statute, Chapter 466 or otherwise.

§ 8.1.3.1 To the extent permitted by law, the Owner shall indemnify, defend and hold the Construction Manager and the Construction Manager's officers and employees harmless from and against damages, losses and judgments arising from claims by third parties, including reasonable attorneys' fees and expenses recoverable under applicable law, but only to the extent they are caused by the negligent, intentional or otherwise wrongful acts or omissions of the Owner and its employees, consultants or contractors in the performance of the Owner's obligations under this Agreement. All indemnification obligations shall survive termination, expiration or cancellation of this Agreement. The Owner agrees, that in order to protect itself and the Construction Manager under the indemnity provisions set forth above, it will at all times during the term of this Contract keep in force policies of insurance required in this Agreement. Nothing in this Agreement shall be construed to waive any immunities or limitations to which Owner is entitled under Minnesota Statute, Chapter 466 or otherwise.

§ 8.1.4 The Construction Manager and Owner waive consequential damages for claims, disputes, or other matters in question, arising out of or relating to this Agreement. This mutual waiver is applicable, without limitation, to all consequential damages due to either party's termination of this Agreement, except as specifically provided in Section 9.7.

§ 8.2 Mediation

§ 8.2.1 Any claim, dispute or other matter in question arising out of or related to this Agreement shall be subject to mediation. The parties agree that mediation through a private mediator shall be held within six (6) months after notice of the claim, dispute or other matter in question is provided to the other party, or within thirty (30) days before the hearing date for any dispositive motion, whichever is earlier. The parties shall mutually select the mediator within seven (7) days of the delivery of a mediation demand to the other party to this Agreement, or if the parties do not agree the mediator shall be appointed by the district court in the jurisdiction where the Project is located.

§ 8.2.2 Intentionally omitted as it is not applicable

§ 8.2.3 The parties shall share the mediator's fee and any filing fees equally. The mediation shall be held in the place where the Project is located, unless another location is mutually agreed upon. Agreements reached in mediation shall be enforceable as settlement agreements in any court having jurisdiction thereof.

§ 8.2.4 If the parties do not resolve a dispute through mediation pursuant to this Section 8.2, the method of binding dispute resolution shall be the following:

(Check the appropriate box.)

☒ [X] Litigation in a court of competent jurisdiction
(Paragraphs deleted)

If the Owner and Construction Manager do not select a method of binding dispute resolution, or do not subsequently agree in writing to a binding dispute resolution method other than litigation, the dispute will be resolved in a court of competent jurisdiction.

§ 8.3 Intentionally omitted as it is not applicable

(Paragraphs deleted)

§ 8.4 Intentionally omitted as it is not applicable

ARTICLE 9 TERMINATION OR SUSPENSION

§ 9.1 If the Owner fails to make payments to the Construction Manager in accordance with this Agreement, such failure shall be considered substantial nonperformance and cause for termination or, at the Construction Manager's option, cause for suspension of performance of services under this Agreement. If the Construction Manager elects to suspend services, the Construction Manager shall give seven days' written notice to the Owner before suspending services. In the event of a suspension of services, the Construction Manager shall have no liability to the Owner for delay or damage caused the Owner because of such suspension of services. Before resuming services, the Owner shall pay the Construction Manager all sums due prior to suspension and any expenses incurred in the interruption and resumption of the Construction Manager's services. The Construction Manager's fees for the remaining services and the time schedules shall be equitably adjusted.

§ 9.2 If the Owner suspends the Project, the Construction Manager shall be compensated for services performed prior to notice of such suspension. When the Project is resumed, the Construction Manager shall be compensated for expenses incurred in the interruption and resumption of the Construction Manager's services. The Construction Manager's fees for the remaining services and the time schedules shall be equitably adjusted.

§ 9.3 If the Owner suspends the Project for more than 90 cumulative days for reasons other than the proven fault of the Construction Manager, the Construction Manager may terminate this Agreement by giving not less than seven days' written notice.

§ 9.4 Either party may terminate this Agreement upon not less than seven days' written notice should the other party fail substantially to perform in accordance with the terms of this Agreement through no fault of the party initiating the termination.

§ 9.5 The Owner may terminate this Agreement upon not less than seven days' written notice to the Construction Manager for the Owner's convenience and without cause.

§ 9.6 If the Owner terminates this Agreement for its convenience pursuant to Section 9.5, or the Construction Manager terminates this Agreement through no fault of ICS, or pursuant to Section 9.1, 9.3, or 9.4, the Owner shall compensate the Construction Manager for services performed prior to termination, Reimbursable Expenses incurred, and costs attributable to termination, including the costs attributable to the Construction Manager's termination of consultant agreements.

§ 9.7 In addition to any amounts paid under Section 9.6, if the Owner terminates this Agreement for its convenience pursuant to Section 9.5, or the Construction Manager terminates this Agreement pursuant to Section 9.1, 9.3 or 9.4, the Owner shall pay to the Construction Manager the following termination fee:

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User Notes:

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(Paragraphs deleted)

Termination Fee: 25% of total unbilled fees.

§ 9.8 Except as otherwise expressly provided herein, this Agreement shall terminate one year from the date of Substantial Completion.

ARTICLE 10 MISCELLANEOUS PROVISIONS

§ 10.1 This Agreement shall be governed by the law of the place where the Project is located, excluding that jurisdiction's choice of law rules.

§ 10.2 Terms in this Agreement shall have the same meaning as those in AIA Document A232–2019, General Conditions of the Contract for Construction, as amended for the Project. Except for purposes of this Agreement, the term "Work" shall include the work of all Contractors under the administration of the Construction Manager and the Architect.

§ 10.3 The Owner and Construction Manager, respectively, bind themselves, their agents, successors, assigns, and legal representatives to this Agreement. Neither the Owner nor the Construction Manager shall assign this Agreement without the written consent of the other, except that the Owner may assign this Agreement to a lender providing financing for the Project if the lender agrees to assume the Owner's rights and obligations under this Agreement, including any payments due to the Construction Manager by the Owner prior to the assignment.

§ 10.4 If the Owner requests the Construction Manager to execute certificates, the proposed language of such certificates shall be submitted to the Construction Manager for review at least 14 days prior to the requested dates of execution. If the Owner requests the Construction Manager to execute consents reasonably required to facilitate assignment to a lender, the Construction Manager shall execute all such consents that are consistent with this Agreement, provided the proposed consent is submitted to the Construction Manager for review at least 14 days prior to execution. The Construction Manager shall not be required to execute certificates or consents that would require knowledge, services, or responsibilities beyond the scope of this Agreement.

§ 10.5 Nothing contained in this Agreement shall create a contractual relationship with, or a cause of action in favor of, a third party against either the Owner or Construction Manager.

§ 10.6 Unless otherwise required in this Agreement, the Construction Manager shall have no responsibility for the discovery, presence, handling, removal or disposal of, or exposure of persons to, hazardous materials or toxic substances in any form at the Project site.

§ 10.7 The Construction Manager shall have the right to include photographic or artistic representations of the design of the Project among the Construction Manager's promotional and professional materials. The Construction Manager shall provide professional credit for the Architect and the Contractors in the Construction Manager's promotional materials for the Project. The Construction Manager shall be given reasonable access to the completed Project to make such representations. However, the Construction Manager's materials shall not include the Owner's confidential or proprietary information if the Owner has previously advised the Construction Manager in writing of the specific information considered by the Owner to be confidential or proprietary. The Owner shall provide professional credit for the Construction Manager in the Owner's promotional materials for the Project. This Section 10.7 shall survive the termination of this Agreement unless the Owner terminates this Agreement for cause pursuant to Section 9.4.

§ 10.8 If the Construction Manager or Owner receives information specifically designated as "confidential" or "business proprietary," the receiving party shall keep such information strictly confidential and shall not disclose it to any other person except as set forth in Section 10.8.1. This Section 10.8 shall survive the termination of this Agreement.

§ 10.8.1 The receiving party may disclose "confidential" or "business proprietary" information after 7 days' notice to the other party, when required by law, arbitrator's order, or court order, including a subpoena or other form of compulsory legal process issued by a court or governmental entity, or to the extent such information is reasonably necessary for the receiving party to defend itself in any dispute. The receiving party may also disclose such information to its employees, consultants, or contractors in order to perform services or work solely and exclusively

for the Project, provided those employees, consultants and contractors are subject to the restrictions on the disclosure and use of such information as set forth in this Section 10.8.

§ 10.9 The invalidity of any provision of the Agreement shall not invalidate the Agreement or its remaining provisions. If it is determined that any provision of the Agreement violates any law, or is otherwise invalid or unenforceable, then that provision shall be revised to the extent necessary to make that provision legal and enforceable. In such case the Agreement shall be construed, to the fullest extent permitted by law, to give effect to the parties' intentions and purposes in executing the Agreement.

§ 10.10 The Construction Manager and the Owner each acknowledge that they have reviewed and familiarized themselves with this Agreement and all attachments, that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party or by anyone acting on behalf of any party which are not embodied in this Agreement, that any agreement, statement or promise that is not contained in this Agreement shall not be valid or binding on any party and shall not have any force or effect, and that the Construction Manager and Owner agree to be bound by the terms and conditions contained therein.

§ 10.11 The Construction Manager and the Owner specifically understand and agree that at all times pertinent to this Agreement the Construction Manager and its consultants shall be independent professionals and shall not be considered employees of the Owner.

§ 10.12 This Agreement can only be amended or modified by a writing signed by authorized representatives of the Owner and the Construction Manager.

§ 10.13 Notice Pursuant to Minnesota Statutes, Section 16C.05, subd. 5,

The books, records, documents, and accounting procedures and practices of the Construction Manager that are relevant to the Contract are subject to examination by the Owner and either the legislative auditor or the state auditor, as appropriate, for a minimum of six years. If the Owner requests that the state auditor examine the books, records, documents, and accounting procedures and practices of the Construction Manager, the Owner shall be liable for the cost of the examination.

§ 10.14 Notice Pursuant to Minnesota Statutes, Section 181.59.

The Owner and Construction Manager agree that the contractual agreement(s) between the Owner and any Contractor performing work on a Project pursuant to this Contract shall contain provisions by which the Contractor agrees:

- (1) That, in the hiring of common or skilled labor for the performance of any work under any contract, or any subcontract, no contractor, material supplier, or vendor, shall, by reason of race, creed, or color, discriminate against the person or persons who are citizens of the United States or resident aliens who are qualified and available to perform the work to which the employment relates;
- (2) That no contractor, material supplier, or vendor, shall, in any manner, discriminate against, or intimidate, or prevent the employment of any person or persons identified in clause (1) of this section, or on being hired, prevent, or conspire to prevent, the person or persons from the performance of work under any contract on account of race, creed, or color;
- (3) That a violation of this section is a misdemeanor; and
- (4) That this contract may be canceled or terminated by the state, county, city, town, school board, or any other person authorized to grant the contracts for employment, and all money due, or to become due under the contract, may be forfeited for a second or any subsequent violation of the terms or conditions of this contract.

§ 10.15 Notice Pursuant to Minnesota Statute 13.05, subd. 11:

- (a) If a government entity enters into a contract with a private person to perform any of its functions, all of the data created, collected, received, stored, used, maintained, or disseminated by the private person in

performing those functions is subject to the requirements of this chapter and the private person must comply with those requirements as if it were a government entity. All contracts entered into by a government entity must include a notice that the requirements of this subdivision apply to the contract. Failure to include the notice in the contract does not invalidate the application of this subdivision. The remedies in section 13.08 apply to the private person under this subdivision.

- (b) This subdivision does not create a duty on the part of the private access to public data to the public if the public data are available from the government entity, except as required by the terms of the contract.

§ 10.16 No Waiver. Unless otherwise specified in the Agreement, any Party's failure in any one or more instances to insist upon strict performance of any of the terms and conditions of this Agreement or to exercise any right herein conferred shall not be construed as a waiver or relinquishment of that right or of that Party's right to assert or rely upon the terms and conditions of this Agreement. Any express waiver of a term of this Agreement shall not be binding and effective unless made in writing and properly executed by the waiving Party.

ARTICLE 11 COMPENSATION

§ 11.1 The Owner shall compensate the Construction Manager as set forth in Article 11 (Compensation) in AIA Document B132™–2019 Standard Form Agreement Between Owner and Architect, Construction Manager as Adviser Edition signed by the Owner and ICS effective November 11, 2025.

§ 11.1.1

(Paragraphs deleted)

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(Paragraphs deleted)

(Table deleted)

(Paragraphs deleted)

(Paragraphs deleted)

(Paragraphs deleted)

§ 11.8.2.3 Intentionally omitted as they are not applicable

ARTICLE 12 SPECIAL TERMS AND CONDITIONS

Contingency The Owner shall include "reasonable contingencies" in the budget for the project. The Owner agrees to provide a reasonable construction contingency and further acknowledges that this contingency allowance is to cover funding of unpredictable changes in the work or items of work during the construction phase, serving three core purposes:

(Include other terms and conditions applicable to this Agreement.)

- .1 to account for coordination issues in the Construction Documents, including errors and omissions
- .2 to modify or change the scope of the project
- .3 to accommodate unknown conditions

ARTICLE 13 SCOPE OF THE AGREEMENT

§ 13.1 This Agreement represents the entire and integrated agreement between the Owner and the Construction Manager and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by written instrument signed by both the Owner and Construction Manager.

§ 13.2 This Agreement is comprised of the following documents identified below:

- .1 AIA Document C132™–2019, Standard Form Agreement Between Owner and Construction Manager as

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(Paragraphs deleted)

Adviser, dated January 1, 2025, as amended for the Project.

.2 AIA Document B132™–2019, Standard Form Agreement Between Owner and ICS, Construction Manager as Adviser Edition, dated January 1, 2025, as amended for the Project.

.3 Exhibit ICS_2023_EEO_AAP_Letter_V1

(Paragraphs deleted)

.4 Exhibit A – Space Program for "Dig Once" Option including program space for Criminal Justice Network (CJN)

This Agreement is entered into as of the day and year first written above.

CITY OF OWATONNA (Signature)

Jenna Tuma, City Administrator
(Printed name and title)

ICS (Signature)

Andy Faulkner, President
(Printed name and title)



DATE: January 6, 2026
TO: Mayor and City Council
FROM: Jeffrey Mundale, Police Chief
SUBJECT: Master Service and Purchase Agreement (MSPA) - Law Enforcement
Technology Package - Axon Enterprises

Purpose:

To requisition the Axon Enterprises Law Enforcement Technology Package through Minnesota Cooperative Purchasing, consistent with Chapter 20 of the City of Owatonna Policy and Procedures Manual and Minn. State Stat. §471.345, subd.15.

Background:

Owatonna Police Department (OPD) launched its first body-worn camera (BWC) program in December 2019. The current hardware and operating platform has marked deficiencies and reached its usable lifespan. OPD staff have field tested and is recommending Axon Enterprises as our next generation of recording systems (body, in-car, interview room, and headset), conductive energy weapons & cartridges (i.e. Tasers), Virtual Reality (VR) training simulator, enhanced video clarity, improved officer safety, work process efficiencies, unlimited CJIS compliant cloud storage (evidence.com), case management, Draft One - AI generated report writing technology and language interpretation through the BWC.

Budget Impact:

\$204,384.44 annual subscription fee (5-year contract):
State bidding contract: Sourcewell contract #101223-AXN

Staff Recommendation:

Staff recommends approval of the Axon Technology Package.

Attachments:

1. Master Services and Purchase Agreement - AXON
2. Quote - December 19, 2025

This Master Services and Purchasing Agreement ("**Agreement**") is between Axon Enterprise, Inc. ("**Axon**"), and the Customer listed below or, if no Customer is listed below, the customer on the Quote (as defined below) ("**Customer**"). This Agreement is effective as of the later of the (a) last signature date on this Agreement or (b) date of acceptance of the Quote ("**Effective Date**"). Axon and Customer are each a "**Party**" and collectively "**Parties**". This Agreement governs Customer's purchase and use of the Axon Devices and Services detailed in the Quote. It is the intent of the Parties that this Agreement will govern all subsequent purchases by Customer for the same Axon Devices and Services in the Quote, and all such subsequent quotes accepted by Customer shall be also incorporated into this Agreement by reference as a Quote. The Parties agree as follows:

1. **Definitions.**

- 1.1. "**Axon Cloud Services**" means Axon's web services, including, but not limited to, Axon Evidence, Axon Records, Axon Dispatch, FUSUS services, and interactions between Axon Evidence and Axon Devices or Axon client software. Axon Cloud Service excludes third-party applications, hardware warranties, and my.evidence.com.
- 1.2. "**Axon Device**" means all hardware provided by Axon under this Agreement. Axon-manufactured Devices are a subset of Axon Devices.
- 1.3. "**Quote**" means an offer to sell and is only valid for devices and services on the offer at the specified prices. Any inconsistent or supplemental terms within Customer's purchase order in response to a Quote will be void. Orders are subject to prior credit approval. Changes in the deployment estimated ship date may change charges in the Quote. Shipping dates are estimates only. Axon is not responsible for typographical errors in any Quote by Axon, and Axon reserves the right to cancel any orders resulting from such errors.
- 1.4. "**Services**" means all services provided by Axon under this Agreement, including software, Axon Cloud Services, and professional services.

2. **Term.** This Agreement begins on the Effective Date and continues until all subscriptions hereunder have expired or have been terminated ("**Term**").

- 2.1. All subscriptions including Axon Evidence, Axon Fleet, Officer Safety Plans, Technology Assurance Plans, and TASER 7 or TASER 10 plans begin on the date stated in the Quote. Each subscription term ends upon completion of the subscription stated in the Quote ("**Subscription Term**").
- 2.2. Upon completion of the Subscription Term, the Subscription Term will automatically renew for an additional 5 year term ("**Renewal Term**"). For purchase of TASER 7 or TASER 10 as a standalone, Axon may increase pricing to its then-current list pricing for any Renewal Term. New devices and services may require additional terms. Axon will not authorize new services until Axon receives a signed Quote or accepts a purchase order, whichever is first.

3. **Payment.** Axon invoices for Axon Devices upon shipment, or on the date specified within the invoicing plan in the Quote. Payment is due net 30 days from the invoice date. Axon invoices for Axon Cloud Services on an upfront annual basis prior to the beginning of the Subscription Term and upon the anniversary of the Subscription Term. Payment obligations are non-cancelable. Unless otherwise prohibited by law, Customer will pay interest on all past-due sums at the lower of one-and-a-half percent (1.5%) per month or the highest rate allowed by law. Customer will pay invoices without setoff, deduction, or withholding. If Axon sends a past due account to collections, Customer is responsible for collection and attorneys' fees.

4. **Taxes.** Customer is responsible for sales and other taxes associated with the order unless Customer provides Axon a valid tax exemption certificate.

5. **Shipping.** Axon may make partial shipments and ship Axon Devices from multiple locations. All shipments are EXW (Incoterms 2020) via common carrier. Title and risk of loss pass to Customer upon Axon's delivery to the common carrier. Customer is responsible for any shipping charges in the Quote.

6. **Returns.** All sales are final. Axon does not allow refunds or exchanges, except warranty returns or as provided by state or federal law.

7. **Warranty.**

- 7.1. **Limited Warranty.** Axon warrants that Axon-manufactured Devices, except for TASER devices covered under the TASER Appendix, are free from defects in workmanship and materials for one (1) year from the date of Customer's receipt, except Signal Sidearm which Axon warrants for thirty (30) months from Customer's receipt and Axon-manufactured accessories, which Axon warrants for ninety (90) days from Customer's receipt, respectively, from the date of Customer's receipt. Extended warranties run from the expiration of the one- (1-) year hardware warranty through the extended warranty term purchased.

- 7.2. **Disclaimer.** All software and Axon Cloud Services are provided "AS IS," without any warranty of any kind, either express or implied, including without limitation the implied warranties of merchantability, fitness for a particular purpose and non-infringement. Axon Devices and Services that are not manufactured, published or performed by Axon ("Third-Party Products") are not covered by Axon's warranty and are only subject to the warranties of the third-party provider or manufacturer. If Customer purchases Axon Loki, Customer acknowledges the Loki device is designed for operation in enclosed, controlled environments and must be used in compliance with all applicable laws and safety guidelines. Operation in open or unapproved areas may result in signal interference, loss of control, or damage, and Axon assumes no liability for improper use, including any resulting harm or regulatory violations.
- 7.3. **Claims.** If Axon receives a valid warranty claim for an Axon-manufactured Device during the warranty term, Axon's sole responsibility is to repair or replace the Axon-manufactured Device with the same or like Axon-manufactured Device, at Axon's option. A replacement Axon-manufactured Device will be new or like new. Axon will warrant the replacement Axon-manufactured Device for the longer of (a) the remaining warranty of the original Axon-manufactured Device or (b) ninety (90) days from the date of repair or replacement.
- 7.3.1. If Customer exchanges an Axon Device or part, the replacement item becomes Customer's property, and the replaced item becomes Axon's property. Before delivering an Axon-manufactured Device for service, Customer must upload Axon-manufactured Device data to Axon Evidence or download it and retain a copy. Axon is not responsible for any loss of software, data, or other information contained in storage media or any part of the Axon-manufactured Device sent to Axon for service.
- 7.4. **Spare Axon Devices.** At Axon's reasonable discretion, Axon may provide Customer a predetermined number of spare Axon Devices as detailed in the Quote ("**Spare Axon Devices**"). Spare Axon Devices are intended to replace broken or non-functioning units while Customer submits the broken or non-functioning units, through Axon's warranty return process. Axon will repair or replace the unit with a replacement Axon Device. Title and risk of loss for all Spare Axon Devices shall pass to Customer in accordance with shipping terms of this Agreement. Axon assumes no liability or obligation in the event Customer does not utilize Spare Axon Devices for the intended purpose.
- 7.5. **Limitations.** Axon's warranty excludes damage related to: (a) failure to follow Axon Device use instructions; (b) Axon Devices used with equipment not manufactured or recommended by Axon; (c) abuse, misuse, or intentional damage to Axon Device; (d) force majeure; (e) Axon Devices repaired or modified by persons other than Axon without Axon's written permission; or (f) Axon Devices with a defaced or removed serial number. Axon's warranty will be void if Customer resells Axon Devices.
- 7.5.1. **To the extent permitted by law, the above warranties and remedies are exclusive. Axon disclaims all other warranties, remedies, and conditions, whether oral, written, statutory, or implied. If statutory or implied warranties cannot be lawfully disclaimed, then such warranties are limited to the duration of the warranty described above and by the provisions in this Agreement. Customer confirms and agrees that, in deciding whether to sign this Agreement, Customer has not relied on any statement or representation by Axon or anyone acting on behalf of Axon related to the subject matter of this Agreement that is not in this Agreement.**
- 7.5.2. **Axon's cumulative liability to any party for any loss or damage resulting from any claim, demand, or action arising out of or relating to this Agreement will not exceed the purchase price paid to Axon for the Axon Device, or if for Services, the amount paid for such Services over the twelve (12) months preceding the claim. Neither Party will be liable for special, indirect, incidental, punitive or consequential damages, however caused, whether for breach of warranty or contract, negligence, strict liability, tort or any other legal theory.**
- 7.6. **Online Support Platforms.** Use of Axon's online support platforms (e.g., Axon Academy and MyAxon) is governed by the Axon Online Support Platforms Terms of Use Appendix available at www.axon.com/sales-terms-and-conditions.
- 7.7. **Third-Party Hardware, Software and Services.** Use of hardware, software, or services other than those provided by Axon is governed by the terms, if any, entered into between Customer and the respective third-party provider, including, without limitation, the terms applicable to such software or services located at www.axon.com/sales-terms-and-conditions, if any.

7.8. **Axon Aid.** Upon mutual agreement between Axon and Customer, Axon may provide certain products and services to Customer, as a charitable donation under the Axon Aid program. In such event, Customer expressly waives and releases any and all claims, now known or hereafter known, against Axon and its officers, directors, employees, agents, contractors, affiliates, successors, and assigns (collectively, "**Releasees**"), including but not limited to, on account of injury, death, property damage, or loss of data, arising out of or attributable to the Axon Aid program whether arising out of the negligence of any Releasees or otherwise. Customer agrees not to make or bring any such claim against any Releasee, and forever release and discharge all Releasees from liability under such claims. Customer expressly allows Axon to publicly announce its participation in Axon Aid and use its name in marketing materials. Axon may terminate the Axon Aid program without cause immediately upon notice to the Customer.

8. **Free Trial.**

8.1. **Trial Period and License.** At any time during the Term, Customer and Axon may elect to enter a free trial of Axon Devices and Services new to the Customer for a designated period ("**Trial Period**") as described in a quote issued ("**Trial Quote**"). During the Trial Period, Axon grants Customer a nonexclusive, terminable, non-transferable, license to use new Axon Devices and Services provided for trial to the Customer ("**Trial Products**"). Trial Products may include Axon beta software or firmware which additional terms may be required and included within the Trial Quote. Axon may limit the number of Trial Products Customer receives within the Trial Quote. Axon may supply refurbished Trial Products. ALL FREE TRIAL PRODUCTS INCLUDING, WITHOUT LIMITATION, AXON CLOUD SERVICES, ARE PROVIDED "AS IS" AND TO THE EXTENT NOT PROHIBITED BY LAW, AXON DISCLAIMS ALL LIABILITY REGARDLESS OF THE CLAIM.

8.2. **Trial Quote Termination.** Upon at least 10 business days' prior written notice to Axon at any time prior to the end of the Trial Period, Customer may as its sole option, terminate the free Trial Period and underlying Trial Quote associated with the Trial Products for convenience. Customer's rights to the Trial Products will immediately terminate at the end of the Trial Period, and Customer will return any Trial Products hardware to Axon within 10 days after the effective date of such termination or at the end of the Trial Period, excluding used CEW cartridges. If any individual component of the Trial Products is not returned, Axon will invoice Customer the MSRP of the unreturned items. Customer agrees to pay the invoice along with any applicable taxes and shipping. Customer will return the Trial Products to Axon in good working condition, minus normal wear and tear. Axon may charge Customer if there is damage beyond normal wear and tear. Any Customer Content shall be stored and returned pursuant to the Axon Cloud Services Terms of Use Appendix

9. **Statement of Work.** Certain Axon Devices and Services, including, but not limited to, Axon Interview Room, Axon Channel Services, Axon Justice Implementation, FUSUS, and Axon Fleet, may require a Statement of Work that details Axon's Service deliverables ("**SOW**"). In the event Axon provides an SOW to Customer, Axon is only responsible for the performance of Services described in the SOW. Additional services outside of the SOW, Quote, or this Agreement are out of scope. The Parties must document scope changes in a written and signed change order. Changes may require an equitable adjustment in fees or schedule. Any applicable SOW is incorporated into this Agreement by reference.

10. **Axon Device Warnings.** See www.axon.com/legal for the most current Axon Device warnings.

11. **Design Changes.** Axon may make design or feature changes to any Axon Device or Service without notifying Customer or making the same change to Axon Devices and Services previously purchased by Customer.

12. **Combined Offerings.** Some offerings in a Quote combine existing and pre-released Axon Devices or Services. Some offerings may not be available at the time of Customer's purchase. Axon will not provide a refund, credit, or additional discount beyond what is in the Quote due to delay of availability or Customer's choice not to utilize any portion of a combined offering.

13. **Insurance.** Axon will maintain General Liability, Workers' Compensation, and Automobile Liability insurance. Upon request, Axon will supply certificates of insurance.

14. **IP Rights.** Axon owns and reserves all right, title, and interest in Axon-manufactured Devices and Services and suggestions to Axon, including all related intellectual property rights. Customer will not cause any Axon proprietary rights to be violated.

15. **IP Indemnification.** Axon will indemnify Customer against all claims, losses, and reasonable expenses from any third-party claim alleging that the use of Axon-manufactured Devices, Axon Cloud Services or Axon software ("**Axon Products**") infringes or misappropriates the third-party's intellectual property rights. Customer must promptly provide Axon with written notice of such claim, tender to Axon the defense or settlement of such claim at Axon's expense and cooperate fully with Axon in the defense or settlement of such claim. Axon's IP indemnification obligations do not apply to claims based on (a) modification of Axon Products by Customer or a third-party not approved by Axon; (b)

use of Axon Products in combination with hardware or services not approved by Axon; (c) use of Axon Products other than as permitted in this Agreement; or (d) use of Axon Products that is not the most current software release provided by Axon.

16. **Customer Responsibilities.** Customer is responsible for (a) Customer's use of Axon Devices; (b) Customer or a Customer-authorized user's breach of this Agreement or violation of applicable law; (c) disputes between Customer and a third-party over Customer's use of Axon Devices; (d) secure and sustainable destruction and disposal of Axon Devices at Customer's cost; and (e) any regulatory violations or fines, as a result of improper destruction or disposal of Axon Devices.
17. **Termination.**
- 17.1. **For Breach.** A Party may terminate this Agreement for cause if it provides thirty (30) days written notice of the breach to the other Party, and the breach remains uncured thirty (30) days after written notice. If Customer terminates this Agreement due to Axon's uncured breach, Axon will refund prepaid amounts on a prorated basis based on the effective date of termination.
- 17.2. **By Customer.** If sufficient funds are not appropriated or otherwise legally available to pay the fees, Customer may terminate this Agreement. Customer will deliver notice of termination under this section as soon as reasonably practicable.
- 17.3. **Effect of Termination.** Upon termination of this Agreement, Customer rights immediately terminate. Customer remains responsible for all fees incurred before the effective date of termination. If Customer purchases Axon Devices for less than the manufacturer's suggested retail price ("**MSRP**") and this Agreement terminates before the end of the Term, Axon will invoice Customer the difference between the MSRP for Axon Devices procured, including any Spare Axon Devices, and amounts paid towards those Axon Devices. Only if terminating for non-appropriation, Customer may return Axon Devices to Axon within thirty (30) days of termination. MSRP is the standalone price of the individual Axon Device at the time of sale. For multiple Axon Devices that may be combined as a single offering on a Quote, MSRP is the standalone price of all individual components.
18. **Confidentiality. "Confidential Information"** means nonpublic information designated as confidential or, given the nature of the information or circumstances surrounding disclosure, should reasonably be understood to be confidential. Each Party will take reasonable measures to avoid disclosure, dissemination, or unauthorized use of the other Party's Confidential Information. Unless required by law, neither Party will disclose the other Party's Confidential Information during the Term and for five (5) years thereafter. To the extent permissible by law, Axon pricing is Confidential Information and competition sensitive. If Customer receives a public records request to disclose Axon Confidential Information, to the extent allowed by law, Customer will provide notice to Axon before disclosure. Axon may publicly announce information related to this Agreement.
19. **General.**
- 19.1. **Force Majeure.** Neither Party will be liable for any delay or failure to perform due to a cause beyond a Party's reasonable control.
- 19.2. **Independent Contractors.** The Parties are independent contractors. Neither Party has the authority to bind the other. This Agreement does not create a partnership, franchise, joint venture, Customer, fiduciary, or employment relationship between the Parties.
- 19.3. **Third-Party Beneficiaries.** There are no third-party beneficiaries under this Agreement.
- 19.4. **Non-Discrimination.** Neither Party nor its employees will discriminate against any person based on race; religion; creed; color; sex; gender identity and expression; pregnancy; childbirth; breastfeeding; medical conditions related to pregnancy, childbirth, or breastfeeding; sexual orientation; marital status; age; national origin; ancestry; genetic information; disability; veteran status; or any class protected by local, state, or federal law.
- 19.5. **Compliance with Laws.** Each Party will comply with all applicable federal, state, and local laws, including without limitation, import and export control laws and regulations as well as firearm regulations and the Gun Control Act of 1968. Customer acknowledges that Axon Devices and Services are subject to U.S. and international export control laws, including the U.S. Export Administration Regulations (EAR) and International Traffic in Arms Regulations (ITAR). Customer represents and warrants that neither it nor any End User is a "Restricted Person," meaning any individual or entity that (1) is subject to U.S. sanctions or trade restrictions, (2) appears on any U.S. government restricted party list, (3) engages in prohibited weapons proliferation activities, or (4) is owned or controlled by, or acting on behalf of, such persons or entities. Customer must promptly notify Axon of any change in status, and Axon may terminate this Agreement if Customer or any End User becomes a Restricted Person or violates export laws.

- 19.6. **Assignment.** Neither Party may assign this Agreement without the other Party's prior written consent. Axon may assign this Agreement, its rights, or obligations without consent: (a) to an affiliate or subsidiary; or (b) for purposes of financing, merger, acquisition, corporate reorganization, or sale of all or substantially all its assets. This Agreement is binding upon the Parties respective successors and assigns.
- 19.7. **Waiver.** No waiver or delay by either Party in exercising any right under this Agreement constitutes a waiver of that right.
- 19.8. **Severability.** If a court of competent jurisdiction holds any portion of this Agreement invalid or unenforceable, the remaining portions of this Agreement will remain in effect.
- 19.9. **Survival.** The following sections will survive termination: Payment, Warranty, Axon Device Warnings, Indemnification, IP Rights, Customer Responsibilities and any other Sections detailed in the survival sections of the Appendices.
- 19.10. **Governing Law.** The laws of the country, state, province, or municipality where Customer is physically located, without reference to conflict of law rules, govern this Agreement and any dispute arising from it. The United Nations Convention for the International Sale of Goods does not apply to this Agreement.
- 19.11. **Notices.** All notices must be in English. Notices posted on Customer's Axon Evidence site are effective upon posting. Notices by email are effective on the sent date of the email. Notices by personal delivery are effective immediately. Notices to Customer shall be provided to the address on file with Axon. Notices to Axon shall be provided to Axon Enterprise, Inc. Attn: Legal, 17800 North 85th Street, Scottsdale, Arizona 85255 with a copy to legal@axon.com.
- 19.12. **Entire Agreement.** This Agreement, the Appendices, including any applicable Appendices not attached herein for the products and services purchased, which are incorporated by reference and located in the Master Purchasing and Services Agreement located at <https://www.axon.com/sales-terms-and-conditions>, Quote and any SOW(s), represents the entire agreement between the Parties. This Agreement supersedes all prior agreements or understandings, whether written or verbal, regarding the subject matter of this Agreement. This Agreement may only be modified or amended in a writing signed by the Parties.

Each Party, by and through its respective representative authorized to execute this Agreement, has duly executed and delivered this Agreement as of the date of signature.

AXON:**Axon Enterprise, Inc.**

Signature: _____

Name: _____

Title: _____

Date: _____

CUSTOMER:

Signature: _____

Name: _____

Title: _____

Date: _____

Axon Cloud Services Terms of Use Appendix

1. **Definitions.**

- 1.1. **"Data Controller"** means the natural or legal person, public authority, or any other body which alone or jointly with others determines the purposes and means of the processing of Personal Data.
- 1.2. **"Data Processor"** means a natural or legal person, public authority or any other body which processes Personal Data on behalf of the Data Controller.
- 1.3. **"Customer Content"** is data uploaded into, ingested by, or created in Axon Cloud Services within Customer's tenant, including media or multimedia uploaded into Axon Cloud Services by Customer. Customer Content includes Evidence but excludes Non-Content Data.
- 1.4. **"Evidence"** is media or multimedia uploaded into Axon Evidence as 'evidence' by Customer. Evidence is a subset of Customer Content.
- 1.5. **"End User"** means the natural person subject to Customer's authorized license grant who ultimately uses the Cloud Services as provided under this Agreement. End Users must adhere to the terms of use and are subject to any usage restrictions or limitations specified in this Agreement.
- 1.6. **"Non-Content Data"** is data, configuration, and usage information about Customer's Axon Cloud Services tenant, Axon Devices and client software, and users that is transmitted or generated when using Axon Devices. Non-Content Data includes data about users captured during account management and customer support activities. Non-Content Data does not include Customer Content.
- 1.7. **"Personal Data"** means any information relating to an identified or identifiable natural person. An identifiable natural person is one who can be identified, directly or indirectly, in particular by reference to an identifier such as a name, an identification number, location data, an online identifier or to one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of that natural person.
- 1.8. **"Provided Data"** means de-identified, de-personalized, data derived from Customer's TASER energy weapon deployment reports, related TASER energy weapon logs, body-worn camera footage, and incident reports.
- 1.9. **"Subprocessor"** means any third party engaged by the Data Processor to assist in data processing activities that the Data Processor is carrying out on behalf of the Data Controller.
- 1.10. **"Transformed Data"** means the Provided Data used for the purpose of quantitative evaluation of the performance and effectiveness of TASER energy weapons in the field across a variety of circumstances.

2. **Access.** Upon Axon granting Customer a subscription to Axon Cloud Services, Customer may access and use Axon Cloud Services to store and manage Customer Content. Customer may not exceed the total number of End Users specified in the Quote. Axon Air requires an Axon Evidence subscription for each drone operator. For Axon Evidence access granted solely for TASER, Customer may access and use Axon Evidence only to store and manage TASER CEW data ("TASER Data") and Customer may not upload non-TASER Data to Axon Evidence.
3. **Customer Owns Customer Content.** Customer controls and owns all rights, title, and interest in Customer Content. Except as outlined herein, Axon obtains no interest in Customer Content, and Customer Content is not Axon's business records. Customer is solely responsible for uploading, sharing, managing, and deleting Customer Content. Axon will only have access to Customer Content for the limited purposes set forth herein. Customer agrees to allow Axon access to Customer Content to (a) perform troubleshooting, maintenance, or diagnostic screenings; and (b) enforce this Agreement or policies governing use of the Axon products.
4. **Security.** Axon will implement commercially reasonable and appropriate measures to secure Customer Content against accidental or unlawful loss, access or disclosure. Axon will maintain a comprehensive information security program to protect Axon Cloud Services and Customer Content including logical, physical access, vulnerability, risk, and configuration management; incident monitoring and response; encryption of uploaded digital evidence; security education; and data protection. Axon agrees to the Federal Bureau of Investigation Criminal Justice Information Services Security Addendum for its digital evidence or records management systems.
5. **Customer Responsibilities.** Customer is responsible for (a) ensuring Customer owns Customer Content or has the necessary rights to use Customer Content (b) ensuring no Customer Content or Customer End User's use of Customer Content or Axon Cloud Services violates this Agreement or applicable laws; (c) maintaining necessary

computer equipment and Internet connections for use of Axon Cloud Services and (d) verify the accuracy of any auto generated or AI-generated reports. If Customer becomes aware of any violation of this Agreement by an End User, Customer will immediately terminate that End User's access to Axon Cloud Services.

- 5.1 Customer will also maintain the security of End User usernames and passwords and security and access by end users to Customer Content. Customer is responsible for ensuring the configuration and utilization of Axon Cloud Services meet applicable Customer regulation and standards. Customer may not sell, transfer, or sublicense access to any other entity or person. If Customer provides access to unauthorized third-parties, Axon may assess additional fees along with suspending Customer's access. Customer shall contact Axon immediately if an unauthorized party may be using Customer's account or Customer Content, or if account information is lost or stolen.
- 5.2 To the extent Customer uses the Axon Cloud Services to interact with YouTube®, such use may be governed by the YouTube Terms of Service, available at <https://www.youtube.com/static?template=terms>.
6. **Privacy.** Customer's use of Axon Cloud Services is subject to the Axon Cloud Services Privacy Policy, a current version of which is available at <https://www.axon.com/legal/cloud-services-privacy-policy>. Customer agrees to allow Axon access to Non-Content Data from Customer to (a) perform troubleshooting, maintenance, or diagnostic screenings; (b) provide, develop, improve, and support current and future Axon products and related services; and (c) enforce this Agreement or policies governing the use of Axon products.
7. **Axon Body Wi-Fi Positioning.** Axon Body cameras may offer a feature to enhance location services where GPS/GNSS signals may not be available, for instance, within buildings or underground. Customer administrators can manage their choice to use this service within the administrative features of Axon Cloud Services. If Customer chooses to use this service, Axon must also enable the usage of the feature for Customer's Axon Cloud Services tenant. Customer will not see this option with Axon Cloud Services unless Axon has enabled Wi-Fi Positioning for Customer's Axon Cloud Services tenant.
8. **Storage.** For Axon Unlimited Device Storage subscriptions, Customer may store unlimited data in Customer's Axon Evidence account only if the Axon Device data is shared to Customer through Axon Evidence from a partner agency using Axon Evidence, or the data originates from Axon Capture or an Axon Device. Axon may charge Customer additional fees for exceeding purchased storage amounts. Axon may place Customer Content that Customer has not viewed or accessed for six (6) months into archival storage. Customer Content in archival storage will not have immediate availability and may take up to twenty-four (24) hours to access.
- 8.1. **Third-Party Unlimited Storage.** For Third-Party Unlimited Storage the following restrictions apply: (i) it may only be used in conjunction with a valid Axon Evidence user license; (ii) is limited to data of the law enforcement Customer that purchased the Third-Party Unlimited Storage and the Axon Evidence End User; (iii) Customer is prohibited from storing data for other customers or law enforcement agencies; and (iv) Customer may only upload and store data that is directly related to (1) the investigation of, or the prosecution or defense of a crime, (2) common law enforcement activities, or (3) any Customer Content created by Axon Devices or Axon Evidence.
- 8.2. **Location of Storage.** Axon may transfer Customer Content to third-party subcontractors for storage. Axon will determine the locations of data centers for storage of Customer Content. If Customer is located in the United States, Canada, or Australia, Axon will ensure all Customer Content stored in Axon Cloud Services remains in the country where Customer is located. Ownership of Customer Content remains with Customer.
9. **Suspension.** Axon may temporarily suspend Customer's or any End User's right to access or use any portion or all of Axon Cloud Services immediately upon notice, if Customer or End User's use of or registration for Axon Cloud Services may (a) pose a security risk to Axon Cloud Services or any third-party; (b) adversely impact Axon Cloud Services, the systems, or content of any other customer; (c) subject Axon, Axon's affiliates, or any third-party to liability; or (d) be fraudulent. Customer remains responsible for all fees incurred through suspension. Axon will not delete Customer Content because of suspension, except as specified in this Agreement.
10. **Axon Cloud Services Warranty.** Axon disclaims any warranties or responsibility for data corruption or errors before Customer uploads data to Axon Cloud Services. Service Offerings will be subject to the Axon Cloud Services Service Level Agreement, a current version of which is available at <https://www.axon.com/products/axon-evidence/sla>.
11. **Roles of the Parties.** To the extent that Customer is the Data Controller of Personal Data, Axon is its Data Processor. To the extent that Customer is a Data Processor of Personal Data, Axon is its Subprocessor. Notwithstanding the foregoing, to the extent any usage data (including query logs and metadata) and/or operations data (including billing

and support data) in connection with Customer's use of the Services (collectively "Usage and Operations Data") is considered Personal Data, Axon is an independent Data Controller and shall Process such data in accordance with the Agreement and applicable data protection laws to develop, improve, support, and operate its products and services. For the avoidance of doubt, Axon will not disclose any Usage and Operations Data that includes confidential information with a third party except (a) in accordance with the relevant confidentiality provisions in the Agreement, or (b) to the extent the Usage and Operations Data is, in accordance with applicable data protection laws, anonymized, de-identified, and/or aggregated such that it can no longer directly or indirectly identify Customer or any particular individual.

12. **TASER Data Science Program.** Axon will provide a quantitative evaluation on the performance and effectiveness of TASER energy weapons in the field across a variety of circumstances.

12.1. If Customer purchases the TASER Data Science Program, Customer grants Axon, its affiliates, and assignees an irrevocable, perpetual, fully paid, royalty-free, and worldwide right and license to use Provided Data solely for the purposes of this Agreement and to create Transformed Data. Customer shall own all rights and title to Provided Data. Axon shall own all rights and title to Transformed Data and any derivatives of Transformed Data.

12.2. Axon grants to Customer an irrevocable, perpetual, fully paid, royalty-free, license to use to TASER Data Science report provided to Customer for its own internal purposes. The Data Science report is provided "as is" and without any warranty of any kind.

12.3. In the event Customer seeks Axon's deletion of Provided Data, it may submit a request to privacy@axon.com. Where reasonably capable of doing so, Axon will implement the request but at a minimum will not continue to collect Provided Data from Customer.

13. **Axon Records.** The following terms apply to Axon Records. Customers may purchase Axon Records either as part of an OSP 7 or OSP 10 plan or individually through a Quote.

13.1. Axon Record subscription begins on the later of the (1) start date of the Quote, or (2) the date Axon provisions Axon Records to Customer. The Axon Records Subscription Term will end upon the completion of the Axon Records Subscription as documented in the Quote, or if purchased as part of an OSP 7 or OSP 10 plan, upon completion of the OSP 7 or OSP 10 Term ("Axon Records Subscription Term").

13.2. An "Update" is a generally available release of Axon Records that Axon makes available from time to time. An "Upgrade" includes (i) new versions of Axon Records that enhance features and functionality, as solely determined by Axon; and/or (ii) new versions of Axon Records that provide additional features or perform additional functions. Upgrades exclude new products that Axon introduces and markets as distinct products or applications. During the Customer's Axon Records Subscription Term Axon will provide Update and Upgrade releases to the Customer on an if-and-when available basis.

13.3. New or additional Axon products and applications, as well as any Axon professional services needed to configure Axon Records, are not included as part of the Axon Records Subscription.

13.4. End Users of Axon Records may upload files to entities (incidents, reports, cases, etc.) in Axon Records with no limit to the number of files and amount of storage. Notwithstanding the foregoing, Axon may limit usage should the Customer exceed an average rate of one-hundred (100) GB per user per year of uploaded files. Axon will not bill for overages.

14. **FUSUS.** If Customer purchases a subscription to FUSUS, the following terms apply:

14.1. **License and Storage.** The specific license number(s) and associated data storage terms for FUSUS subscription and Axon Devices shall be set forth in the applicable Quote provided by Axon.

14.2. **Third party Components.** Customer is responsible for use of any internet access devices and/or all third-party hardware, software, services, telecommunication services (including Internet connectivity), or other items used by Customer to access the service ("Third-Party Components") are the sole and exclusive responsibility of Customer, and Axon has no responsibility for such Third-party Components, FUSUS cloud services, or Customer relationships with such third parties. Customer agrees to at all times comply with the lawful terms and conditions of agreements with such third parties. Axon does not represent or warrant that the FUSUS cloud services and the Customer Content are compatible with any specific third-party hardware or software or any other Third-Party Components. Customer is responsible for providing and maintaining an operating environment as reasonably necessary to accommodate and access the FUSUS cloud services.

- 14.3. **Data Privacy.** Axon may collect, use, transfer, disclose and otherwise process Customer Content in the context of facilitating communication of data with Customer through their use of FUSUS cloud services FUSUS app (iOS or Android interface), complying with legal requirements, monitoring the Customer's use of FUSUS systems, and undertaking data analytics.
15. **Axon Community Request Storage.** If Community Request is included as part of Customer's Quote or combined offering, Customer may store an unlimited amount of data submitted through the public portal ("Portal Content"), within Customer's Axon Evidence instance. The post-termination provisions outlined in the Axon Cloud Services Terms of Use Appendix also apply to Portal Content.
16. **Performance Auto-Tagging Data.** If Axon Performance is included in Customer's Quote or a combined offering, Axon will store call for service data from Customer's CAD or RMS in order to provide services and features of Axon Performance to Customer.
17. **Axon Cloud Services Restrictions.** Customer and Customer End Users (including employees, contractors, agents, officers, volunteers, and directors), may not, or may not attempt to:
- 17.1. copy, modify, tamper with, repair, or create derivative works of any part of Axon Cloud Services;
 - 17.2. reverse engineer, disassemble, or decompile Axon Cloud Services or apply any process to derive any source code included in Axon Cloud Services, or allow others to do the same;
 - 17.3. access or use Axon Cloud Services with the intent to gain unauthorized access, avoid incurring fees or exceeding usage limits or quotas;
 - 17.4. use trade secret information contained in Axon Cloud Services, except as expressly permitted in this Agreement;
 - 17.5. access Axon Cloud Services to build a competitive device or service or copy any features, functions, or graphics of Axon Cloud Services;
 - 17.6. remove, alter, or obscure any confidentiality or proprietary rights notices (including copyright and trademark notices) of Axon's or Axon's licensors on or within Axon Cloud Services; or
 - 17.7. use Axon Cloud Services to store or transmit infringing, libelous, or other unlawful or tortious material; material in violation of third-party privacy rights; or malicious code.
18. **After Termination.** Axon will not delete Customer Content for ninety (90) days following termination. Axon Cloud Services will not be functional during these ninety (90) days other than the ability to retrieve Customer Content. Customer will not incur additional fees if Customer downloads Customer Content from Axon Cloud Services during this time. Axon has no obligation to maintain or provide Customer Content after these ninety (90) days and will thereafter, unless legally prohibited, delete all Customer Content. Upon request, Axon will provide written proof that Axon successfully deleted and fully removed all Customer Content from Axon Cloud Services.
19. **Post-Termination Assistance.** Axon will provide Customer with the same post-termination data retrieval assistance that Axon generally makes available to all customers. Requests for Axon to provide additional assistance in downloading or transferring Customer Content, including requests for Axon's data egress service, will result in additional fees and Axon will not warrant or guarantee data integrity or readability in the external system.
20. **U.S. Government Rights.** If Customer is a U.S. Federal department or using Axon Cloud Services on behalf of a U.S. Federal department, Axon Cloud Services is provided as a "commercial item," "commercial computer software," "commercial computer software documentation," and "technical data", as defined in the Federal Acquisition Regulation and Defense Federal Acquisition Regulation Supplement. If Customer is using Axon Cloud Services on behalf of the U.S. Government and these terms fail to meet the U.S. Government's needs or are inconsistent in any respect with federal law, Customer will immediately discontinue use of Axon Cloud Services.
21. **Survival.** Upon any termination of this Agreement, the following sections in this Appendix will survive: Customer Owns Customer Content, Privacy, Storage, Axon Cloud Services Warranty, Customer Responsibilities and Axon Cloud Services Restrictions.

AI Technology Appendix

This AI Technology Appendix shall only apply to Customers who license Axon Cloud Services in a Quote that specifically utilizes AI Technology. Unless explicitly defined otherwise, capitalized terms used in this Appendix have the same meaning as those in the Agreement.

1. Definitions.

- 1.1. **AI Technology.** Refers to artificial intelligence functionalities embedded in Axon's Cloud Services, which may include: (a) Enhanced Evidence Management; (b) AI-powered redaction tools; (c) Large Language Model-based tools (e.g., "Draft One" "Policy Chat"); (d) Predictive Analytics for operational insights; or (e) Natural Language Processing (NLP) for text and speech analysis.
- 1.2. **Model Drift.** The degradation of AI model performance due to changes in input data or external conditions, requiring retraining or updates.
- 1.3. **Bias Mitigation.** Strategies and techniques used to identify, measure, and minimize bias in AI Technology.

2. Scope and Usage.

- 2.1. **Integration.** Axon AI Technology is intended to improve public safety, streamline operations, and ensure data accuracy. The AI functionalities will only be used as described in the Agreement or applicable documentation.
- 2.2. **Data Use.** Axon acts as a Data Processor for AI Technology. All inquiries submitted are processed solely to provide accurate responses based on Customer Content submitted. Customer remains the Data Controller of all Customer Content. Axon and Axon's subprocessors do not train their models on Customer Content. Customers who elect to participate in Axon's ACEIP program can enter into custom agreements to assist in product development efforts like AI model training. Even in those cases, Axon operates carefully on redacted data and not on Customer Content.
- 2.3. **Automatic Data Collection.** AI Technology may automatically collect Non-Content Data about user interactions with the service and their devices to enhance the functionality and security of the system. The details collected include, but are not limited to, the following:
 - 2.3.1. **User Engagement and Activity Metrics.** AI Technology may track key engagement statistics, including Daily Active Users (DAUs), Weekly Active Users (WAUs), and Monthly Active Users (MAUs). Additional metrics include new user activations, repeat usage rates, total queries submitted, follow-up query volume, session lengths, retention rates, and user satisfaction ratings (e.g., thumbs up/down feedback).
 - 2.3.2. **Sales and Adoption Tracking.** Axon monitors the number of licenses and agencies purchasing the service, including those in trial phases, fully deploying the service, and conversion rates from trials to paid subscriptions.
 - 2.3.3. **End User inputs.** Axon may process de-identified end-user inputs to the AI Technology, excluding Customer Content or any data that directly or indirectly identifies individuals.

3. Axon Responsibilities.

- 3.1. **Ethical AI Development.** Axon shall: (a) Follow its responsible innovation framework; (b) Engage with the Ethics and Equity Advisory Council (EEAC) for feedback; (c) Conduct testing to minimize bias and ensure reliability; and (d) Implement Bias Mitigation techniques in model development and deployment.
- 3.2. **Security Program.** Axon will maintain a comprehensive information security program, including logical and physical access, vulnerability, risk, and configuration management; incident monitoring and response; encryption of digital evidence; and security education.
- 3.3. **Transparency.** Axon will provide documentation describing AI functionalities and their intended use and disclose any material limitations, risks, or Model Drift incidents.
- 3.4. **Incident Response.** Axon will promptly address and rectify anomalies in AI functionalities, as outlined in its incident management procedures.
- 3.5. **Compliance.** Axon will ensure compliance with applicable laws, regulations, and standards, including but not limited to the EU AI Act, NIST AI standards, and ISO/IEC 27001.

4. Customer Responsibilities.

- 4.1. **Ownership of Customer Content.** Customer controls and owns all rights, title, and interest in Customer Content. Axon obtains no interest in Customer Content and will only access Customer Content for limited purposes as outlined in the Agreement.
- 4.2. **Use of AI Technologies.** Customer must: (a) review AI-generated outputs to ensure accuracy and appropriateness; (b) maintain control over Customer Content shared with AI Technologies (c) comply with applicable laws when using Axon AI Technology and Axon Services; (d) monitor for potential issues with AI outputs, including false positives or negatives; (e) actively opt-in for programs involving data sharing through Axon's ACEIP program; and (f) provide timely feedback on Axon AI Technology performance.
- 4.3. **Restrictions.** AI Technology is not designed for emergencies, and in such cases, users should contact appropriate emergency services directly. Axon disclaims liability for queries containing prohibited content, such as hate, sexual material, or violence, and reserves the right to restrict such usage.

5. Policy Chat. This section outlines the specific terms and conditions related to the use of Policy Chat by the Customer. By utilizing Policy Chat, the Customer agrees to comply with the following provisions:

- 5.1. **License and Content Restrictions.** Any uploads beyond 5,000 pages may be limited by Axon. It is the Customer's responsibility to manage uploads to ensure system efficiency and compliance with these terms.
- 5.2. **Data Processing.** Inquiries submitted to Policy Chat are processed solely to provide accurate responses based on existing policy documents provided by the Customer. The Customer remains the Data Controller of all policy content, and Axon's role is strictly limited to facilitating access to this information through Policy Chat.
- 5.3. **Policy Chat Restrictions.** The information provided by Policy Chat is for informational purposes only and is based on the policy documents uploaded by the Customer. **Axon does not guarantee the accuracy, completeness, or timeliness of the information, and disclaims all liability for any reliance placed on such information.** Policy Chat is not a substitute for official policy documents, legal advice, or comprehensive training. Users should consult their supervisors, legal advisors, or official sources for the most accurate and up-to-date policy guidance. Changes to policies may not be reflected immediately, and it is the Customer's responsibility to ensure data integrity by uploading the most current documents and removing outdated versions.

6. Draft One. Specifically for Customers who utilize Draft One, Axon may impose usage restrictions if a single user generates more than three hundred (300) reports per month for two or more consecutive months.**7. Brief One.** Brief One includes automatic summarization of all products that can be transcribed. If Customer subscribes to Brief One, Customer may utilize Brief One with no limit on the number of pieces of evidence or cases. Notwithstanding the foregoing, Axon may limit evidence and case summaries for cases with over one thousand (1000) pieces of evidence or after three hundred (300) cases per End User per month for two (2) consecutive months in a row.**8. Auto-Transcribe.** This section outlines licensing terms for Customer's subscription of Auto-Transcribe:

- 8.1. **A-La-Carte Minutes.** Upon Axon granting Customer a set number of minutes, Customer may utilize Axon Auto-Transcribe, subject to the number of minutes allowed on the Quote. Customers cannot roll over unused minutes to future Auto-Transcribe terms. Axon may charge Customer additional fees for exceeding the number of purchased minutes. Axon Auto-Transcribe minutes expire one year after being provisioned to Customer by Axon.
- 8.2. **Axon Unlimited Transcribe.** Upon Axon granting Customer an Unlimited Transcribe subscription to Axon Auto-Transcribe, Customer may utilize Axon Auto-Transcribe with no limit on the number of minutes. Unlimited Transcribe includes automatic transcription of all Axon BWC and Axon Capture footage. With regard to Axon Interview Room, Axon Fleet, Axon Community Request, or third-party transcription, transcription must be requested on demand. Notwithstanding the foregoing, Axon may limit usage after 5,000 minutes per user per month for multiple months in a row. Axon will not bill for overages.

9. Amendments. Axon reserves the right to amend this Appendix to reflect changes in applicable laws or improvements in AI Technologies. Axon will provide at least 30 days' notice for any substantive changes. Continued use of Axon Devices and Services after the effective date constitutes acceptance of the updated terms.

Axon Customer Experience Improvement Program Appendix

The ACEIP is designed to accelerate Axon's development of technology, such as building and supporting automated features, aiming to increase safety within communities and efficiency in public safety. Axon may make limited use of Customer Content from participating customers to provide, develop, improve, and support current and future Axon products (collectively, "ACEIP Purposes"). ACEIP has 2 modes of participation, Basic and Custom. Customer is enrolled in ACEIP Basic by default. If Customer does not want to participate in ACEIP Basic, ACEIP Custom, or both, Customer can revoke its consent at any time via email to aceip@axon.com.

Axon Obligations

ACEIP Basic

When Axon uses Customer Content for ACEIP Purposes, Axon will:

- Use Customer Content only for ACEIP Purposes.
- Prohibit direct human access to Customer Content, including by Axon personnel and subprocessors, except as needed to perform or validate deletion.
- Retain Customer Content only as long as needed to create Transformed Content (defined below) and validate the transformations.
- Apply privacy-preserving transformations that remove identifying information appropriate to the use case ("Transformed Content"). AI model weights and similar insights that do not contain Customer Content are Transformed Content. Transformed Content is not Customer Content.
- Retain and permit direct human access to Transformed Content for ACEIP Purposes.
- Maintain security, privacy, and data governance programs as described in the Axon Cloud Services Terms Appendix, and apply them to ACEIP.

Transparency Portal Publication

Before activating a use case, Axon will publish it on the Axon Transparency Portal, including the product development purpose, data types involved, and privacy-preserving techniques used. Axon will also notify ACEIP participants when the Transparency Portal is updated with a new or materially changed use case. Fifteen (15) calendar days after notification, Axon may activate the use case for all Basic participants.

Opt Out

Customer may opt out of ACEIP Basic at any time via aceip@axon.com. Axon endeavors to implement opt outs within fifteen (15) calendar days. Transformations of Customer Content cease when Axon implements the opt out. Axon may retain Transformed Content created before it implemented the opt out request.

ACEIP Custom

Custom use cases may be governed by separate written terms between Axon and Customer. Those terms will control that use case. Please direct inquiries regarding Custom participation to aceip@axon.com.

Professional Services Appendix

If any of the Professional Services specified below are included on the Quote, this Appendix applies.

1. **Utilization of Services.** Customer must use professional services as outlined in the Quote and this Appendix within six (6) months of the Effective Date.
2. **Axon Full Service (Axon Full Service).** Axon Full Service includes advance remote project planning and configuration support and up to four (4) consecutive days of on-site service and a professional services manager to work with Customer to assess Customer's deployment and determine which on-site services are appropriate. If Customer requires more than four (4) consecutive on-site days, Customer must purchase additional days. Axon Full-Service options include:

System set up and configuration

- Instructor-led setup of Axon View on smartphones (if applicable)
- Configure categories and custom roles based on Customer need
- Register cameras to Customer domain
- Troubleshoot IT issues with Axon Evidence and Axon Dock ("Dock") access
- One on-site session included

Dock configuration

- Work with Customer to decide the ideal location of Docks and set configurations on Dock
- Authenticate Dock with Axon Evidence using admin credentials from Customer
- On-site assistance, not to include physical mounting of docks

Best practice implementation planning session

- Provide considerations for the establishment of video policy and system operations best practices based on Axon's observations with other customers
- Discuss the importance of entering metadata in the field for organization purposes and other best practices for digital data management
- Provide referrals of other customers using the Axon camera devices and Axon Evidence
- Recommend rollout plan based on review of shift schedules

System Admin and troubleshooting training sessions

Step-by-step explanation and assistance for Customer's configuration of security, roles & permissions, categories & retention, and other specific settings for Axon Evidence

Axon instructor training (Train the Trainer)

Training for Customer's in-house instructors who can support Customer's Axon camera and Axon Evidence training needs after Axon has fulfilled its contractual on-site obligations

Evidence sharing training

Tailored workflow instruction for Investigative Units on sharing cases and evidence with local prosecuting agencies

Users go-live training and support sessions

- Assistance with device set up and configuration
- Training on device use, Axon Evidence, and Evidence Sync

[Implementation document packet](#)

Axon Evidence administrator guides, camera implementation guides, network setup guide, sample policies, and categories & roles guide

Post go-live review

3. **Body-Worn Camera Starter Service (Axon Starter).** Axon Starter includes advance remote project planning and configuration support and one (1) day of on-site Services and a professional services manager to work closely with Customer to assess Customer's deployment and determine which Services are appropriate. If Customer requires more than one (1) day of on-site Services, Customer must purchase additional on-site Services. The Axon Starter options include:

System set up and configuration (Remote Support)

- Instructor-led setup of Axon View on smartphones (if applicable)
- Configure categories & custom roles based on Customer need

- Troubleshoot IT issues with Axon Evidence and Dock access

Dock configuration

- Work with Customer to decide the ideal location of Dock setup and set configurations on Dock
- Authenticate Dock with Axon Evidence using "Administrator" credentials from Customer
- Does not include physical mounting of docks

Axon instructor training (Train the Trainer)

Training for Customer's in-house instructors who can support Customer's Axon camera and Axon Evidence training needs after Axon's has fulfilled its contracted on-site obligations

User go-live training and support sessions

- Assistance with device set up and configuration
- Training on device use, Axon Evidence, and Evidence Sync

[Implementation document packet](#)

Axon Evidence administrator guides, camera implementation guides, network setup guide, sample policies, and categories & roles guide

4. **Body-Worn Camera Virtual 1-Day Service (Axon Virtual).** Axon Virtual includes all items in the BWC Starter Service Package, except one (1) day of on-site services.
5. **CEW Services Packages.** CEW Services Packages are detailed below:

System set up and configuration

- Configure Axon Evidence categories & custom roles based on Customer need.
- Troubleshoot IT issues with Axon Evidence.
- Register users and assign roles in Axon Evidence.
- **For the CEW Full-Service Package:** On-site assistance included
- **For the CEW Starter Package:** Virtual assistance included

Dedicated Project Manager

Assignment of specific Axon representative for all aspects of planning the rollout (Project Manager). Ideally, Project Manager will be assigned to Customer 4–6 weeks before rollout

Best practice implementation planning session to include:

- Provide considerations for the establishment of CEW policy and system operations best practices based on Axon's observations with other customers
- Discuss the importance of entering metadata and best practices for digital data management
- Provide referrals to other customers using TASER CEWs and Axon Evidence
- **For the CEW Full-Service Package:** On-site assistance included
- **For the CEW Starter Package:** Virtual assistance included

System Admin and troubleshooting training sessions

On-site sessions providing a step-by-step explanation and assistance for Customer's configuration of security, roles & permissions, categories & retention, and other specific settings for Axon Evidence

Axon Evidence Instructor training

- Provide training on the Axon Evidence to educate instructors who can support Customer's subsequent Axon Evidence training needs.
- **For the CEW Full-Service Package:** Training for up to 3 individuals at Customer
- **For the CEW Starter Package:** Training for up to 1 individual at Customer

TASER CEW inspection and device assignment

Axon's on-site professional services team will perform functions check on all new TASER CEW Smart weapons and assign them to a user on Axon Evidence.

Post go-live review

For the CEW Full-Service Package: On-site assistance included.
For the CEW Starter Package: Virtual assistance included.

6. **Smart Weapon Transition Service.** The Smart Weapon Transition Service includes:

Archival of CEW Firing Logs

Axon's on-site professional services team will upload CEW firing logs to Axon Evidence from all TASER CEW Smart Weapons that Customer is replacing with newer Smart Weapon models.

Return of Old Weapons

Axon's on-site professional service team will ship all old weapons back to Axon's headquarters. Axon will provide Customer with a Certificate of Destruction

*Note: CEW Full-Service packages for TASER 7 or TASER 10 include Smart Weapon Transition Service instead of 1-Day Device Specific Instructor Course.

7. **VR Services Package.** VR Service includes advance remote project planning and configuration support and one (1) day of on-site service and a professional services manager to work with Customer to assess Customer's deployment and determine which Services are appropriate. The VR Service training options include:

System set up and configuration (Remote Support)

- Instructor-led setup of Axon VR headset content
- Configure Customer settings based on Customer need
- Troubleshoot IT issues with Axon VR headset

Axon instructor training (Train the Trainer)

Training for up to five (5) Customer's in-house instructors who can support Customer's Axon VR CET and SIM training needs after Axon has fulfilled its contracted on-site obligations

Classroom and practical training sessions

Step-by-step explanation and assistance for Customer's configuration of Axon VR CET and SIM functionality, basic operation, and best practices

8. **Axon Air, On-Site Training.** Axon Air, On-Site training includes advance remote project planning and configuration support and one (1) day of on-site Services and a professional services manager to work closely with Customer to assess Customer's deployment and determine which Services are appropriate. If Customer requires more than one (1) day of on-site Services, Customer must purchase additional on-site Services. The Axon Air, On-Site training options include:

System set up and configuration (Remote Support)

- Instructor-led setup of Axon Air App (ASDS)
- Configure Customer settings based on Customer need
- Configure drone controller
- Troubleshoot IT issues with Axon Evidence

Axon instructor training (Train the Trainer)

Training for Customer's in-house instructors who can support Customer's Axon Air and Axon Evidence training needs after Axon's has fulfilled its contracted on-site obligations

Classroom and practical training sessions

Step-by-step explanation and assistance for Customer's configuration of Axon Respond+ livestreaming functionality, basic operation, and best practices

9. **Axon Air, Virtual Training.** Axon Air, Virtual training includes all items in the Axon Air, On-Site Training Package, except the practical training session, with the Axon Instructor training for up to four hours virtually.

10. **Signal Sidearm Installation Service.**

- Purchases of 50 SSA units or more:** Axon will provide one (1) day of on-site service and one professional services manager and will provide train the trainer instruction, with direct assistance on the first of each unique holster/mounting type. Customer is responsible for providing a suitable work/training area.
- Purchases of less than 50 SSA units:** Axon will provide a 1-hour virtual instruction session on the basics of installation and device calibration.

11. **Axon Justice Implementation.** Axon Justice Implementation includes advanced remote project planning, configuration support, and training. Axon Justice Implementation includes:

System set up and configuration

- Axon performs discovery to understand and document the Agency's needs.
- Axon collaborates with the Client to configure workflows, permissions, and privileges within Axon Evidence based on the Client's needs.
- Axon will facilitate a workflow discussion with the core admin team.

Disclosures

- Axon enables the Client to share digital evidence to the defense through the following methods as determined by Client and Axon:
 1. Public Defender Case Sharing
 2. Disclosure Portal
 3. Download Links

Training

- Agency Trainers. Axon works with the Agency to identify the Agency trainers receiving instruction on the product. Axon provides a training guide that outlines the covered topics, intended audience, facility needs, and duration of the training. Axon will schedule a cadence of remote training sessions as needed, which are not to exceed three (3) 2-hour training sessions for Agency staff. Each session can accommodate up to 20 users and will train them in full system functionality. Training sessions provided by Axon are conducted on consecutive weekdays (Tuesday-Thursday) during normal business hours (9am-6pm with an hour break in between sessions). After the initial training, is responsible for any future training. Axon provides all training materials for successful training.
- Partner Agencies: Axon will provide Train the Trainer training to the Agency so that it is equipped to train and support their partner agencies. Ensuring the partner agencies are trained to follow the ingestion method is the Agency's responsibility.

Go-Live Plan

- Axon works in partnership with the Agency to build, coordinate, and execute a Go-Live plan to ensure successful system acceptance. Axon coordinates the Go-Live event.

Implementation document packet

- Axon Evidence administrator guides, camera implementation guides, network setup guide, sample policies, and categories & roles guide

Post go-live review

12. **Out of Scope Services.** Axon is only responsible to perform the professional services described in the Quote, this Appendix, and any applicable SOW. Any additional professional services are out of scope. The Parties must document scope changes in a written and signed change order. Changes may require an equitable adjustment in the charges or schedule.
13. **Delivery of Services.** Axon personnel will work Monday through Friday, 8:30 a.m. to 5:30 p.m., except holidays. Axon will perform all on-site tasks over a consecutive timeframe. Axon will not charge Customer travel time by Axon personnel to Customer premises as work hours.
14. **Access Computer Systems to Perform Services.** Customer authorizes Axon to access relevant Customer computers and networks, solely for performing the Services. Axon will work to identify as soon as reasonably practicable resources and information Axon expects to use and will provide an initial itemized list to Customer. Customer is responsible for and assumes the risk of any problems, delays, losses, claims, or expenses resulting from the content, accuracy, completeness, and consistency of all data, materials, and information supplied by Customer.
15. **Site Preparation.** Axon will provide a hardcopy or digital copy of current user documentation for the Axon Devices ("User Documentation"). User Documentation will include all required environmental specifications for the professional services and Axon Devices to operate per the Axon Device User Documentation. Before installation of Axon Devices (whether performed by Customer or Axon), Customer must prepare the location(s) where Axon Devices are to be installed ("Installation Site") per the environmental specifications in the Axon Device User Documentation. Following installation, Customer must maintain the Installation Site per the environmental specifications. If Axon modifies Axon Device User Documentation for any Axon Devices under this Agreement, Axon will provide the update to Customer when Axon generally releases it.
16. **Acceptance.** When Axon completes professional services, Axon will present an acceptance form ("Acceptance Form") to Customer. Customer will sign the Acceptance Form acknowledging completion. If Customer reasonably believes Axon did not complete the professional services in substantial conformance with this Agreement, Customer must notify Axon in writing of the specific reasons for rejection within seven (7) calendar days from delivery of the Acceptance Form. Axon will address the issues and re-present the Acceptance Form for signature. If Axon does not receive the signed Acceptance Form or written notification of reasons for rejection within seven (7) calendar days of



delivery of the Acceptance Form, the professional services will be deemed accepted by Customer.

17. **Customer Network**. For work performed by Axon transiting or making use of Customer's network, Customer is solely responsible for maintenance and functionality of the network. In no event will Axon be liable for loss, damage, or corruption of Customer's network from any cause.

Technology Assurance Plan Appendix

If Technology Assurance Plan ("TAP") or a combined offering including TAP is on the Quote, this appendix applies.

1. **TAP Warranty.** The TAP specific warranty is an extended warranty that starts at the end of the one- (1-) year hardware limited warranty.
2. **Officer Safety Plan.** If Customer purchases an Officer Safety Plan ("OSP"), Customer will receive the deliverables detailed in the Quote. Customer must accept delivery of the TASER CEW and accessories as soon as available from Axon.
3. **OSP 7 or OSP 10 Term.** OSP 7 or OSP 10 begins on the date specified in the Quote ("OSP Term").
4. **TAP Refresh.** If Customer has no outstanding payment obligations and purchased TAP, Axon will provide Customer a new Axon Device ("**Device Refresh**") as scheduled in the Quote. If Customer purchased TAP, Axon will provide a Device Refresh that is the same or like Axon Device, at Axon's option. Axon makes no guarantee the Device Refresh will utilize the same accessories or Axon Dock.
5. **TAP Dock Refresh.** If Customer has no outstanding payment obligations and purchased TAP, Axon will provide Customer a new Axon Dock as scheduled in the Quote ("**Dock Refresh**"). Accessories associated with any Dock Refreshes are subject to change at Axon discretion. Dock Refreshes will only include a new Axon Dock Bay configuration unless a new Axon Dock core is required for Axon Device compatibility. If Customer originally purchased a single-bay Axon Dock, the Dock Refresh will be a single-bay Axon Dock model that is the same or like Axon Device, at Axon's option. If Customer originally purchased a multi-bay Axon Dock, the Dock Refresh will be a multi-bay Axon Dock that is the same or like Axon Device, at Axon's option.
6. **Refresh Delay.** Axon may ship the Axon Device and Dock Refreshes as scheduled in the Quote without prior confirmation from Customer unless the Parties agree in writing otherwise at least ninety (90) days in advance. Axon may ship the final Axon Device and Dock Refreshes as scheduled in the Quote sixty (60) days before the end of the Subscription Term without prior confirmation from Customer.
7. **Upgrade Change.** If Customer wants to upgrade Axon Device models from the current Axon Device to an upgraded Axon Device, Customer must pay the price difference between the MSRP for the current Axon Device and the MSRP for the upgraded Axon Device. If the model Customer desires has an MSRP less than the MSRP of the offered Axon Device Refreshes or Dock Refresh, Axon will not provide a refund. The MSRP is the MSRP in effect at the time of the upgrade.
8. **Return of Original Axon Device.** Within thirty (30) days of receiving a BWC or Dock Refresh, Customer must return the original Axon Devices to Axon or destroy the Axon Devices and provide a certificate of destruction to Axon including serial numbers for the destroyed Axon Devices. If Customer does not return or destroy the Axon Devices, Axon will deactivate the serial numbers for the Axon Devices received by Customer.
9. **Termination.** If TAP or OSP terminates or expires:
 - 9.1. TAP and OSP coverage terminate as of the date of termination and no refunds will be given.
 - 9.2. Axon will not and has no obligation to provide the Upgrade Models.
 - 9.3 Customer must make any missed payments due to the termination before Customer may purchase any future TAP or OSP.

TASER Device Appendix

This TASER Device Appendix applies to Customer's TASER 7, TASER 10, OSP 7, OSP 10, OSP Plus, OSP 7 Plus Premium and OSP 10 Plus Premium purchase from Axon, if applicable.

1. **Duty Cartridge Replenishment Plan.** If the Quote includes "**Duty Cartridge Replenishment Plan**", Customer must purchase the plan for each CEW user. A CEW user includes officers that use a CEW in the line of duty and those that only use a CEW for training. Customer may not resell cartridges received. Axon will only replace cartridges used in the line of duty.
 2. **Training.** If the Quote includes a TASER On Demand Certification subscription, Customer will have on-demand access to TASER Instructor and TASER Master Instructor courses only for the duration of the TASER Subscription Term. Axon will issue a maximum of ten (10) TASER Instructor vouchers and ten (10) TASER Master Instructor vouchers for every thousand TASER Subscriptions purchased. Customer shall utilize vouchers to register for TASER courses at their discretion; however, Customer may incur a fee for cancellations less than 10 business days prior to a course date or failure to appear to a registered course. The voucher has no cash value. Customer cannot exchange voucher for any other Device or Service. Any unused vouchers at the end of the Term will be forfeited. A voucher does not include any travel or other expenses that might be incurred related to attending a course.
 3. **Limited Warranty.**
 - 3.1. **"Deployment"** means use of the TASER weapon resulting in the discharge of the conducted energy weapon ("CEW") cartridge probe. For TASER 10 each probe discharged is consider one Deployment and for TASER 7 the dual probe discharged is considered one Deployment.
 - 3.2. **Single User Warranty.** If the TASER Device is assigned and used by a single user, Axon warrants that Axon-manufactured TASER Device is free from defects in workmanship and materials for the earlier of: (i) one (1) year from the date of Customer's receipt or (ii) 100 Deployments per year or a total of 500 Deployments over 5 years.
 - 3.3. **Pooled User Warranty.** If the TASER Device is assigned and used by multiple users, Axon warrants that Axon-manufactured TASER Device is free from defects in workmanship and materials for the earlier of: (i) one (1) year from the date of Customer's receipt or (ii) 100 Deployments per year or a total of 500 Deployments over 5 years.
 - 3.4. **Training User Devices.** If the TASER Device is used for training, Axon warrants that Axon-manufactured TASER Device is free from defects in workmanship and materials for the earlier of: (i) one (1) year from the date of Customer's receipt or (ii) 100 Deployments per year or a total of 500 Deployments over 5 years.
 - 3.5. **CEW Cartridges.** Used CEW cartridges are deemed to have operated properly.
 - 3.6. **Remaining Terms.** The remaining Warranty terms of the Agreement including Disclaimer, Claims, Spare Axon Devices and Limitations shall apply to this TASER Device Appendix
 - 3.7. **Registration.** Prior to use of the TASER Device, Customer must register each TASER Device in TASER Device Axon Evidence tenancy as a single user, pooled or training device. Failure to properly register the TASER Device prior to its use may void the warranty at Axon's sole discretion.
 4. **Extended Warranty.** If the Quote includes an extended warranty, the extended warranty coverage period begins upon the expiration of the Limited Warranty. Each additional year of the warranty purchased will be in accordance with the applicable Limited Warranty category above. The maximum warranty period for an individual TASER Device will be five (5) years including the initial Limited Warranty.
 5. **Upgrade Change.** If Customer wants to upgrade TASER Device from the current TASER Device to an upgraded Axon TASER Device that was not available at the time the parties entered into the original Quote, Customer must pay the price difference between the MSRP for the current TASER Device and the MSRP for the upgraded TASER Device. If the model Customer desires has an MSRP less than the MSRP of the offered new TASER Device, Axon will not provide a refund. The MSRP is the MSRP in effect at the time of the upgrade.
 6. **Trade-in.** If the Quote contains a discount on CEW-related line items and that discount is contingent upon the trade-in of hardware, Customer must return used hardware and accessories associated with the discount ("**Trade-In Units**") to Axon within the below prescribed timeline. Customer must ship batteries via ground shipping. Axon will provide Customer with a pre-paid shipping label for the return of the Trade-In Units. If Axon does not receive Trade-In Units within the timeframe below, Axon will invoice Customer the value of the trade-in credit. Customer may not destroy Trade-In Units and receive a trade-in credit.
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<u>Customer Size</u>	<u>Days to Return from Start Date of TASER 10 Subscription</u>
Less than 100 officers	60 days
100 to 499 officers	90 days
500+ officers	180 days

7. **Customer Warranty.** If Customer is located in the US, Customer warrants and acknowledges that TASER 10 is classified as a firearm and is being acquired for official Customer use pursuant to a law enforcement agency transfer under the Gun Control Act of 1968.
8. **Purchase Order.** To comply with applicable laws and regulations, Customer must provide a purchase order to Axon prior to shipment of TASER 10.
9. **Apollo Grant (US only).** If Customer has received an Apollo Grant from Axon, Customer must pay all fees in the Quote prior to upgrading to any new TASER Device offered by Axon.
10. **Termination.** If payment for TASER Device is more than thirty (30) days past due, Axon may terminate Customer's TASER Device plan by notifying Customer. Upon termination for any reason, then as of the date of termination:
- 10.1. TASER Device extended warranties and access to Training Content will terminate. No refunds will be given.
- 10.2. Customer will be responsible for payment of any missed payments due to the termination before being allowed to purchase any future TASER Device plan.
- 10.3. Axon will invoice Customer the remaining MSRP for TASER Devices received before termination. If terminating for non-appropriation, Axon will not invoice Customer if Customer returns the TASER Device, rechargeable battery, holster, dock, core, training suits, and unused cartridges to Axon within thirty (30) days of the date of termination.

Axon Auto-Tagging Appendix

If Auto-Tagging is included on the Quote, this Appendix applies.

1. **Scope.** Axon Auto-Tagging consists of the development of a module to allow Axon Evidence to interact with Customer's Computer-Aided Dispatch ("**CAD**") or Records Management Systems ("**RMS**"). This allows End Users to auto-populate Axon video meta-data with a case ID, category, and location-based on data maintained in Customer's CAD or RMS.
2. **Support.** For thirty (30) days after completing Auto-Tagging Services, Axon will provide up to five (5) hours of remote support at no additional charge. Axon will provide free support due to a change in Axon Evidence, if Customer maintains an Axon Evidence and Auto-Tagging subscription. Axon will not provide support if a change is required because Customer changes its CAD or RMS.
3. **Changes.** Axon is only responsible to perform the Services in this Appendix for Auto-Tagging and any applicable SOW. Any additional Services are out of scope. The Parties must document scope changes in a written and signed change order. Changes may require an equitable adjustment in fees or schedule.
4. **Customer Responsibilities.** Axon's performance of Auto-Tagging Services requires Customer to:
 - 4.1. Make available relevant systems, including Customer's current CAD or RMS, for assessment by Axon (including remote access if possible);
 - 4.2. Make required modifications, upgrades or alterations to Customer's hardware, facilities, systems and networks related to Axon's performance of Auto-Tagging Services;
 - 4.3. Provide access to the premises where Axon is performing Auto-Tagging Services, subject to Customer safety and security restrictions, and allow Axon to enter and exit the premises with laptops and materials needed to perform Auto-Tagging Services;
 - 4.4. Provide all infrastructure and software information (TCP/IP addresses, node names, network configuration) necessary for Axon to provide Auto-Tagging Services;
 - 4.5. Promptly install and implement any software updates provided by Axon;
 - 4.6. Ensure that all appropriate data backups are performed;
 - 4.7. Provide assistance, participation, and approvals in testing Auto-Tagging Services;
 - 4.8. Provide Axon with remote access to Customer's Axon Evidence account when required;
 - 4.9. Notify Axon of any network or machine maintenance that may impact the performance of the module at Customer; and
 - 4.10. Ensure reasonable availability of knowledgeable staff and personnel to provide timely, accurate, complete, and up-to-date documentation and information to Axon.
5. **Access to Systems.** Customer authorizes Axon to access Customer's relevant computers, network systems, and CAD or RMS solely for performing Auto-Tagging Services. Axon will work diligently to identify the resources and information Axon expects to use and will provide an initial list to Customer. Customer is responsible for and assumes the risk of any problems, delays, losses, claims, or expenses resulting from the content, accuracy, completeness, and consistency of all data, materials, and information supplied by Customer.

Axon ALPR Appendix

If Axon Fleet 2, Axon Fleet 3, or any future generation of Axon Fleet (collectively, "**Axon Fleet**") or Axon Outpost or Axon Lightpost (collectively all "ALPR Products") is included on the Quote, this Appendix applies.

1. **Customer Responsibilities.**

- 1.1. Customer must ensure its infrastructure and vehicles adhere to the minimum requirements to operate Axon ALPR Products as established by Axon during the qualifier call and on-site assessment at Customer and in any technical qualifying questions. If Customer's representations are inaccurate, the Quote is subject to change.
- 1.2. Customer is responsible for providing a suitable work area for Axon or Axon third-party providers to install Axon ALPR Products into Customer vehicles and/or at designated installation location(s).s Customer is responsible for making available all vehicles for which installation services were purchased and preparing all installation sites, during the agreed upon onsite installation dates, Failure to make vehicles available or prepare installation sites may require an equitable adjustment in fees or schedule

2. **Third-party Installer.** Axon will not be liable for the failure of Axon Fleet, Axon Outpost, or Axon Lightpost hardware to operate per specifications if such failure results from installation not performed by, or as directed by Axon.

3. **Upgrade.** If Customer has no outstanding payment obligations and has purchased the "Fleet Technology Assurance Plan" (Fleet TAP) or "Outpost Technology Assurance Plan" (Outpost TAP) or any lightpost extended warranty or refresh, Axon will provide Customer with the same or like model of applicable Axon Devices included in the applicable TAP ("Axon Upgrade") as scheduled on the Quote.

- 3.1. If Customer would like to change models for the Axon Upgrade, Customer must pay the difference between the MSRP for the offered Axon Upgrade and the MSRP for the model desired. The MSRP is the MSRP in effect at the time of the upgrade. Customer is responsible for the removal of previously installed hardware and installation of the Axon Upgrade.
- 3.2. Within thirty (30) days of receiving the Axon Upgrade, Customer must return the original Axon Devices to Axon or destroy the Axon Devices and provide a certificate of destruction to Axon, including serial numbers of the destroyed Axon Devices. If Customer does not destroy or return the Axon Devices to Axon, Axon will deactivate the serial numbers for the Axon Devices received by Customer.

4. **Axon Fleet Specific Terms.**

- 4.1. **Cradlepoint.** If Customer purchases Cradlepoint hardware, software, or services, Customer will comply with Cradlepoint's end user license agreement. The term of the Cradlepoint license may differ from the Axon Evidence Subscription. If Customer requires Cradlepoint support, Customer will contact Cradlepoint directly. By accepting a Quote including Cradlepoint products, Customer designates and authorizes Axon as its partner of record for purposes of Cradlepoint product renewals, support coordination, and other relevant functions. This designation applies to all Cradlepoint products acquired by Customer during the Subscription Term of the applicable Quote whether directly from Cradlepoint, through Axon, or through any third-party vendor or distributor. Axon shall have no liability to Customer or any third party arising out of or relating to Axon's acts or omissions as the Partner of Record. Customer has the right to opt out of this authorization at any time by providing prior written notification to both Axon and Cradlepoint. Upon such notification, the designation will be removed. This authorization remains effective until formally removed in accordance with this section or as otherwise agreed between the parties in the Agreement.
- 4.2. **Axon Vehicle Software License.** Axon grants Customer a non-exclusive, royalty-free, worldwide, perpetual license to use ViewXL or Dashboard (collectively, "Axon Vehicle Software".) "Use" means storing, loading, installing, or executing Axon Vehicle Software solely for data communication with Axon Devices. The Axon Vehicle Software term begins upon the start of the Axon Evidence Subscription
- 4.3. **Restrictions.** Customer may not: (a) modify, alter, tamper with, repair, or create derivative works of Axon Vehicle Software; (b) reverse engineer, disassemble, or decompile Axon Vehicle Software, apply any process to derive the source code of Axon Vehicle Software, or allow others to do so; (c) access or use Axon Vehicle Software to avoid incurring fees or exceeding usage limits; (d) copy Axon Vehicle Software in whole or part; (e) use trade secret information contained in Axon Vehicle Software; (f) resell, rent, loan or sublicense Axon Vehicle Software; (g) access Axon Vehicle Software to build a competitive device or

service or copy any features, functions or graphics of Axon Vehicle Software; or (h) remove, alter or obscure any confidentiality or proprietary rights notices (including copyright and trademark notices) of Axon or Axon's licensors on or within Axon Vehicle Software.

5. **Axon Outpost Specific Terms.**

- 5.1. **Outpost License and Permits.** Customers will obtain, maintain all legally required permits, authorizations, and/or licensing in order to place, maintain, and/or remove the Axon Outpost device at the installation location including licenses or permits for fixed installation of poles. If mutually agreed by the parties, Axon or an Axon authorized subcontractor may assist with obtaining the necessary local, state, or Federal approvals before installing Axon Outpost.
- 5.2. **Installation.** Customer will adhere to the installation requirements as agreed in the Outpost SOW.

6. **Axon Lightpost Specific Terms.**

- 6.1. **Ubicquia.** If Customer purchases Lightpost hardware and installation services, any warranties for the hardware are provided exclusively by the third-party manufacturer Ubicquia. All hardware-related support or warranty claims must be directed to the respective third-party provider. Axon is not responsible for servicing or replacing hardware. Axon will provide and support software components in accordance with the applicable Quote.
- 6.2. **Installation.** Installation of Axon Lightpost equipment will be performed by a third-party service provider authorized by Axon. Axon does not directly perform installation services.
- 6.3. **Power.** Customer agrees to supply a power source, in compliance with Lightpost requirements, at each site where a Lightpost device is installed. The power must be available on a 24-hour, 7 days per week (24/7) basis.

7. **Wireless Offload Server**

- 7.1 **License Grant.** Axon grants Customer a non-exclusive, royalty-free, worldwide, perpetual license to use Wireless Offload Server ("**WOS**"). "Use" means storing, loading, installing, or executing WOS solely for data communication with Axon Devices for the number of licenses purchased. The WOS term begins upon the start of the Axon Evidence Subscription.
- 7.2 **Restrictions.** Customer may not: (a) modify, alter, tamper with, repair, or create derivative works of WOS; (b) reverse engineer, disassemble, or decompile WOS, apply any process to derive the source code of WOS, or allow others to do so; (c) access or use WOS to avoid incurring fees or exceeding usage limits; (d) copy WOS in whole or part; (e) use trade secret information contained in WOS; (f) resell, rent, loan or sublicense WOS; (g) access WOS to build a competitive device or service or copy any features, functions or graphics of WOS; or (h) remove, alter or obscure any confidentiality or proprietary rights notices (including copyright and trademark notices) of Axon or Axon's licensors on or within WOS.
- 7.3 **Updates.** If Customer purchases WOS maintenance, Axon will make updates and error corrections to WOS ("**WOS Updates**") available electronically via the Internet or media as determined by Axon. Customer is responsible for establishing and maintaining adequate Internet access to receive WOS Updates and maintaining computer equipment necessary for use of WOS. The Quote will detail the maintenance term.
- 7.4 **WOS Support.** Upon request by Axon, Customer will provide Axon with access to Customer's store and forward servers solely for troubleshooting and maintenance.
8. **Acceptance Checklist.** If Axon provides Services to Customer pursuant to any statement of work in connection with Axon ALPR Products, within seven (7) days of the date on which Customer retrieves Customer's vehicle(s) from the Axon installer or Axon Outpost or Axon Lightpost installation is complete, said ALPR Products having been installed and configured with tested and fully and properly operational hardware and software identified above, Customer will receive a Professional Services Acceptance Checklist to submit to Axon indicating acceptance or denial of said deliverables. In the event Customer does not respond to the Professional Services Acceptance Checklist within seven (7) business days, the installation of the ALPR Products and services shall be deemed accepted.

Axon Respond Appendix

This Axon Respond Appendix applies to Axon Respond, Axon Respond Device Plus, and Device Connectivity if any are included on the Quote.

1. **Axon Respond Subscription Term.** If Customer purchases Axon Respond as part of a combined offering on a Quote, the Axon Respond subscription begins on the later of the (1) start date of that offering within the Quote, or (2) date Axon provisions Axon Respond to Customer. If Customer purchases Axon Respond as a standalone, the Axon Respond subscription begins the later of the (1) date Axon provisions Axon Respond to Customer, or (2) first day of the month following the Effective Date. The Axon Respond subscription term will end upon the completion of the Axon Evidence Subscription associated with Axon Respond.
2. **Scope of Axon Respond.** The scope of Axon Respond is to assist Customer with real-time situational awareness during critical incidents to improve officer safety, effectiveness, and awareness. In the event Customer uses Axon Respond outside this scope, Axon may initiate good-faith discussions with Customer on upgrading Customer's Axon Respond to better meet Customer's needs.
3. **Axon Body LTE Requirements.** Axon Respond is only available and usable with an LTE enabled body-worn camera. Axon is not liable if Customer utilizes the LTE device outside of the coverage area or if the LTE carrier is unavailable. LTE coverage is available in the United States including U.S. territories. Additional verification will be required for use in select international regions. Axon may utilize a carrier of Axon's choice to provide LTE service. Axon may change LTE carriers during the Term without Customer's consent.
4. **Axon Fleet LTE Requirements.** Axon Respond is only available and usable with a Fleet 3 system configured with LTE modem and service. Customer is responsible for providing LTE service for the modem. Coverage and availability of LTE service is subject to Customer's LTE carrier.
5. **Axon Respond Service Limitations.** Customer acknowledges that LTE service is made available only within the operating range of the networks. Service may be temporarily refused, interrupted, or limited because of: (a) facilities limitations; (b) transmission limitations caused by atmospheric, terrain, other natural or artificial conditions adversely affecting transmission, weak batteries, system overcapacity, movement outside a service area or gaps in coverage in a service area, and other causes reasonably outside of the carrier's control such as intentional or negligent acts of third parties that damage or impair the network or disrupt service; or (c) equipment modifications, upgrades, relocations, repairs, and other similar activities necessary for the proper or improved operation of service.
 - 5.1. With regard to Axon Body, Partner networks are made available as-is and the carrier makes no warranties or representations as to the availability or quality of roaming service provided by carrier partners, and the carrier will not be liable in any capacity for any errors, outages, or failures of carrier partner networks. Customer expressly understands and agrees that it has no contractual relationship whatsoever with the underlying wireless service provider or its affiliates or contractors and Customer is not a third-party beneficiary of any agreement between Axon and the underlying carrier.
6. **Termination.** Upon termination of this Agreement, or if Customer stops paying for Axon Respond or combined offerings that include Axon Respond, Axon will end Axon Respond services, including any Axon-provided LTE service.

Axon Virtual Reality Content Terms of Use Appendix

If Virtual Reality is included on the Quote, this Appendix applies.

1. **Term.** The Quote will detail the products and license duration, as applicable, of the goods, services, and software, and contents thereof, provided by Axon to Customer related to virtual reality (collectively, "**Virtual Reality Media**").
2. **Headsets.** Customer may purchase additional virtual reality headsets from Axon. In the event Customer decides to purchase additional virtual reality headsets for use with Virtual Reality Media, Customer must purchase those headsets from Axon.
3. **License Restrictions.** All licenses will immediately terminate if Customer does not comply with any term of this Agreement. If Customer utilizes more users than stated in this Agreement, Customer must purchase additional Virtual Reality Media licenses from Axon. Customer may not use Virtual Reality Media for any purpose other than as expressly permitted by this Agreement. Customer may not:
 - 3.1. modify, tamper with, repair, or otherwise create derivative works of Virtual Reality Media;
 - 3.2. reverse engineer, disassemble, or decompile Virtual Reality Media or apply any process to derive the source code of Virtual Reality Media, or allow others to do the same;
 - 3.3. copy Virtual Reality Media in whole or part, except as expressly permitted in this Agreement;
 - 3.4. use trade secret information contained in Virtual Reality Media;
 - 3.5. resell, rent, loan or sublicense Virtual Reality Media;
 - 3.6. access Virtual Reality Media to build a competitive device or service or copy any features, functions, or graphics of Virtual Reality Media; or
 - 3.7. remove, alter, or obscure any confidentiality or proprietary rights notices (including copyright and trademark notices) of Axon or Axon's licensors on or within Virtual Reality Media or any copies of Virtual Reality Media.
4. **Privacy.** Customer's use of the Virtual Reality Media is subject to the Axon Virtual Reality Privacy Policy, a current version of which is available at <https://www.axon.com/axonvrprivacypolicy>.
5. **Termination.** Axon may terminate Customer's license immediately for Customer's failure to comply with any of the terms in this Agreement.

Axon Evidence Local Software Appendix

This Appendix applies if Axon Evidence Local is included in the Quote.

1. **License.** Axon owns all executable instructions, images, icons, sound, and text in Axon Evidence Local. All rights are reserved to Axon. Axon grants a non-exclusive, royalty-free, worldwide right and license to use Axon Evidence Local. "Use" means storing, loading, installing, or executing Axon Evidence Local exclusively for data communication with an Axon Device. Customer may use Axon Evidence Local in a networked environment on computers other than the computer it installs Axon Evidence Local on, so long as each execution of Axon Evidence Local is for data communication with an Axon Device. Customer may make copies of Axon Evidence Local for archival purposes only. Customer shall retain all copyright, trademark, and proprietary notices in Axon Evidence Local on all copies or adaptations.
2. **Term.** The Quote will detail the duration of the Axon Evidence Local license, as well as any maintenance. The term will begin upon installation of Axon Evidence Local.
3. **License Restrictions.** All licenses will immediately terminate if Customer does not comply with any term of this Agreement. Customer may not use Axon Evidence Local for any purpose other than as expressly permitted by this Agreement. Customer may not:
 - 3.1. modify, tamper with, repair, or otherwise create derivative works of Axon Evidence Local;
 - 3.2. reverse engineer, disassemble, or decompile Axon Evidence Local or apply any process to derive the source code of Axon Evidence Local, or allow others to do the same;
 - 3.3. access or use Axon Evidence Local to avoid incurring fees or exceeding usage limits or quotas;
 - 3.4. copy Axon Evidence Local in whole or part, except as expressly permitted in this Agreement;
 - 3.5. use trade secret information contained in Axon Evidence Local;
 - 3.6. resell, rent, loan or sublicense Axon Evidence Local;
 - 3.7. access Axon Evidence Local to build a competitive device or service or copy any features, functions, or graphics of Axon Evidence Local; or
 - 3.8. remove, alter, or obscure any confidentiality or proprietary rights notices (including copyright and trademark notices) of Axon or Axon's licensors on or within Axon Evidence Local or any copies of Axon Evidence Local.
4. **Support.** Axon may make available updates and error corrections ("**Updates**") to Axon Evidence Local. Axon will provide Updates electronically via the Internet or media as determined by Axon. Customer is responsible for establishing and maintaining adequate access to the Internet to receive Updates. Customer is responsible for maintaining the computer equipment necessary to use Axon Evidence Local. Axon may provide technical support of a prior release/version of Axon Evidence Local for six (6) months from when Axon made the subsequent release/version available.
5. **Termination.** Axon may terminate Customer's license immediately for Customer's failure to comply with any of the terms in this Agreement. Upon termination, Axon may disable Customer's right to login to Axon Evidence Local.

Axon Application Programming Interface Appendix

This Appendix applies if Axon's API Services or a subscription to Axon Cloud Services are included on the Quote.

1. **Definitions.**

- 1.1. **"API Client"** means the software that acts as the interface between Customer's computer and the server, which is already developed or to be developed by Customer.
- 1.2. **"API Interface"** means software implemented by Customer to configure Customer's independent API Client Software to operate in conjunction with the API Service for Customer's authorized Use.
- 1.3. **"Axon Evidence Partner API, API or Axon API"** (collectively **"API Service"**) means Axon's API which provides a programmatic means to access data in Customer's Axon Evidence account or integrate Customer's Axon Evidence account with other systems.
- 1.4. **"Use"** means any operation on Customer's data enabled by the supported API functionality.

2. **Purpose and License.**

- 2.1. Customer may use API Service and data made available through API Service, in connection with an API Client developed by Customer. Axon may monitor Customer's use of API Service to ensure quality, improve Axon devices and services, and verify compliance with this Agreement. Customer agrees to not interfere with such monitoring or obscure from Axon Customer's use of API Service. Customer will not use API Service for commercial use.
- 2.2. Axon grants Customer a non-exclusive, non-transferable, non-sublicensable, worldwide, revocable right and license during the Term to use API Service, solely for Customer's Use in connection with Customer's API Client.
- 2.3. Axon reserves the right to set limitations on Customer's use of the API Service, such as a quota on operations, to ensure stability and availability of Axon's API. Axon will use reasonable efforts to accommodate use beyond the designated limits.

3. **Configuration.** Customer will work independently to configure Customer's API Client with API Service for Customer's applicable Use. Customer will be required to provide certain information (such as identification or contact details) as part of the registration. Registration information provided to Axon must be accurate. Customer will inform Axon promptly of any updates. Upon Customer's registration, Axon will provide documentation outlining API Service information.

4. **Customer Responsibilities.** When using API Service, Customer and its End Users shall not:

- 4.1. use API Service in any way other than as expressly permitted under this Agreement;
- 4.2. use in any way that results in, or could result in, any security breach to Axon;
- 4.3. perform an action with the intent of introducing any virus, worm, defect, Trojan horse, malware, or any item of a destructive nature to Axon Devices and Services;
- 4.4. interfere with, modify, disrupt or disable features or functionality of API Service or the servers or networks providing API Service;
- 4.5. reverse engineer, decompile, disassemble, or translate or attempt to extract the source code from API Service or any related software;
- 4.6. create an API Interface that functions substantially the same as API Service and offer it for use by third parties;
- 4.7. provide use of API Service on a service bureau, rental or managed services basis or permit other individuals or entities to create links to API Service;
- 4.8. frame or mirror API Service on any other server, or wireless or Internet-based device;
- 4.9. make available to a third-party, any token, key, password or other login credentials to API Service;
- 4.10. take any action or inaction resulting in illegal, unauthorized or improper purposes; or
- 4.11. disclose Axon's API manual.

5. **API Content.** All content related to API Service, other than Customer Content or Customer's API Client content, is considered Axon's API Content, including:

- 5.1. the design, structure and naming of API Service fields in all responses and requests;
 - 5.2. the resources available within API Service for which Customer takes actions on, such as evidence, cases, users, or reports;
 - 5.3. the structure of and relationship of API Service resources; and
 - 5.4. the design of API Service, in any part or as a whole.
6. **Prohibitions on API Content.** Neither Customer nor its End Users will use API content returned from the API Interface to:
- 6.1. scrape, build databases, or otherwise create permanent copies of such content, or keep cached copies longer than permitted by the cache header;
 - 6.2. copy, translate, modify, create a derivative work of, sell, lease, lend, convey, distribute, publicly display, or sublicense to any third-party;
 - 6.3. misrepresent the source or ownership; or
 - 6.4. remove, alter, or obscure any confidentiality or proprietary rights notices (including copyright and trademark notices).
7. **API Updates.** Axon may update or modify the API Service from time to time ("**API Update**"). Customer is required to implement and use the most current version of API Service and to make any applicable changes to Customer's API Client required as a result of such API Update. API Updates may adversely affect how Customer's API Client access or communicate with API Service or the API Interface. Each API Client must contain means for Customer to update API Client to the most current version of API Service. Axon will provide support for one (1) year following the release of an API Update for all depreciated API Service versions.

Axon Channel Services Appendix

This Appendix applies if Customer purchases Axon Channel Service, as set forth on the Quote.

1. **Definitions.**

- 1.1. **"Axon Digital Evidence Management System"** means Axon Evidence or Axon Evidence Local, as specified in the attached Channel Services Statement of Work.
- 1.2. **"Active Channel"** means a third-party system that is continuously communicating with an Axon Digital Evidence Management System.
- 1.3. **"Inactive Channel"** means a third-party system that will have a one-time communication to an Axon Digital Evidence Management System.

2. **Scope.** Customer currently has a third-party system or data repository from which Customer desires to share data with Axon Digital Evidence Management. Axon will facilitate the transfer of Customer's third-party data into an Axon Digital Evidence Management System or the transfer of Customer data out of an Axon Digital Evidence Management System as defined in the Channel Services Statement of Work ("**Channel Services SOW**"). Channel Services will not delete any Customer Content. Customer is responsible for verifying all necessary data is migrated correctly and retained per Customer policy.

3. **Changes.** Axon is only responsible to perform the Services described in this Appendix and Channel Services SOW. Any additional services are out of scope. The Parties must document scope changes in a written and signed change order. Changes may require an equitable adjustment in the charges or schedule.

4. **Purpose and Use.** Customer is responsible for verifying Customer has the right to share data from and provide access to third-party system as it relates to the Services described in this Appendix and the Channel Services SOW. For Active Channels, Customer is responsible for any changes to a third-party system that may affect the functionality of the channel service. Any additional work required for the continuation of the Service may require additional fees. An Axon Field Engineer may require access to Customer's network and systems to perform the Services described in the Channel Services SOW. Customer is responsible for facilitating this access per all laws and policies applicable to Customer.

5. **Project Management.** Axon will assign a Project Manager to work closely with Customer's project manager and project team members and will be responsible for completing the tasks required to meet all contract deliverables on time and budget.

6. **Warranty.** Axon warrants that it will perform the Channel Services in a workmanlike manner.

7. **Monitoring.** Axon may monitor Customer's use of Channel Services to ensure quality, improve Axon devices and services, prepare invoices based on the total amount of data migrated, and verify compliance with this Agreement. Customer agrees not to interfere with such monitoring or obscure from Axon Customer's use of channel services.

8. **Customer's Responsibilities.** Axon's successful performance of the Channel Services requires Customer:

- 8.1. Make available its relevant systems for assessment by Axon (including making these systems available to Axon via remote access);
 - 8.2. Provide access to the building facilities and where Axon is to perform the Channel Services, subject to safety and security restrictions imposed by the Customer (including providing security passes or other necessary documentation to Axon representatives performing the Channel Services permitting them to enter and exit Customer premises with laptop personal computers and any other materials needed to perform the Channel Services);
 - 8.3. Provide all necessary infrastructure and software information (TCP/IP addresses, node names, and network configuration) for Axon to provide the Channel Services;
 - 8.4. Ensure all appropriate data backups are performed;
 - 8.5. Provide Axon with remote access to the Customer's network and third-party systems when required for Axon to perform the Channel Services;
 - 8.6. Notify Axon of any network or machine maintenance that may impact the performance of the Channel Services; and
 - 8.7. Ensure the reasonable availability by phone or email of knowledgeable staff, personnel, system administrators, and operators to provide timely, accurate, complete, and up-to-date documentation and information to Axon (these contacts are to provide background information and clarification of information required to perform the Channel Services).
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Axon Technical Account Manager Appendix

1. The Parties agree that Axon will provide a Axon Records Regional Technical Account Manager (TAM) for the first (2) years of this agreement. The assigned Axon Records Regional Technical Account Manager (TAM) will be limited to supporting Boulder PD and (1) other agency for the first 12 months of the agreement.
2. **Axon Technical Account Manager Payment.** Axon will invoice for Axon Technical Account Manager ("TAM") services, as outlined in the Quote, when the TAM commences work on-site at Customer.
3. **Full-Time TAM Scope of Services.**
 - 3.1. A Full-Time TAM will work on-site four (4) days per week, unless an alternate schedule or reporting location is mutually agreed upon by Axon and Customer.
 - 3.2. Customer's Axon sales representative and Axon's Customer Success team will work with Customer to define its support needs and ensure the Full-Time TAM has skills to align with those needs. There may be up to a six- (6-) month waiting period before the Full-Time TAM can work on-site, depending upon Customer's needs and availability of a Full-Time TAM.
 - 3.3. The purchase of Full-Time TAM Services includes two (2) complimentary Axon Accelerate tickets per year of the Agreement, so long as the TAM has started work at Customer, and Customer is current on all payments for the Full-Time TAM Service.
 - 3.4. The Full-Time TAM **Service options are listed below:**

Ongoing System Set-up and Configuration

Assisting with assigning cameras and registering docks

Maintaining **Customer's Axon Evidence account**

Connecting Customer to "Early Access" programs for new devices

Account Maintenance

Conducting on-site training on new features and **devices for Customer leadership team(s)**

Thoroughly documenting issues and workflows and suggesting new workflows to improve **the effectiveness of the Axon program**

Conducting weekly meetings to cover current issues and program status

Data Analysis

Providing on-demand Axon usage data to identify trends and insights for improving daily workflows

Comparing **Customer's Axon usage and trends to peers to establish best practices**

Proactively monitoring the health of Axon equipment and coordinating returns when needed

Direct Support

Providing on-site, Tier 1 and Tier 2 (as defined in Axon's Service Level Agreement) technical support for Axon Devices

Proactively monitoring the health of **Axon equipment**

Creating and monitoring RMAs **on-site**

Providing Axon app support

Monitoring and testing new firmware and workflows before they are released to Customer's production environment

Customer Advocacy

Coordinating **bi-annual voice of customer meetings with Axon's Device Management team**

Recording and tracking Customer feature requests and major bugs

4. **Regional TAM Scope of Services.**
 - 4.1. A Regional TAM will work on-site for three (3) consecutive days per quarter. Customer must schedule the on-site days at least two (2) weeks in advance. The Regional TAM will also be available by phone and email during regular business hours up to eight (8) hours per week.
 - 4.2. There may be up to a six- (6-) month waiting period before Axon assigns a Regional TAM to Customer, depending upon the availability of a Regional TAM.
 - 4.3. The purchase of Regional TAM Services includes two (2) complimentary Axon Accelerate tickets per year of the Agreement, so long as the TAM has started work at Customer and Customer is current on all payments for the Regional TAM Service.
 - 4.4. The Regional TAM service options are listed below:

Account Maintenance

Conducting remote training on new features and **devices for Customer's leadership**

Thoroughly documenting issues and workflows and suggesting new **workflows to improve the effectiveness of the Axon program**

Conducting weekly conference calls to cover **current issues and program status**

Visiting Customer quarterly (up to 3 consecutive days) to perform a quarterly business review, discuss Customer's goals for your Axon program, and continue to ensure a successful deployment of Axon Devices

Direct Support

Providing remote, Tier 1 and Tier 2 (As defined Axon's Service Level Agreement) technical support for Axon Devices

Creating and monitoring RMAs remotely

Data Analysis

Providing quarterly Axon **usage data to identify trends and program efficiency opportunities**

Comparing **Customer's Axon usage and trends to peers to establish best practices**

Proactively monitoring the health of Axon equipment and coordinating returns when needed

Customer Advocacy

Coordinating bi-yearly Voice of **Customer meetings with Device Management team**

Recording and tracking Customer feature requests and major bugs

5. **Out of Scope Services.** The TAM is responsible to perform only the Services described in this Appendix. Any additional Services discussed or implied that are not defined explicitly in this Appendix will be considered out of the scope.
6. **TAM Leave Time.** The TAM will be allowed up to seven (7) days of sick leave and up to fifteen (15) days of vacation time per each calendar year. The TAM will work with Customer to coordinate any time off and will provide Customer with at least two (2) weeks' notice before utilizing any vacation days.

Axon Investigate Appendix

If the Quote includes Axon's On Prem Video Suite known as Axon Investigate or Third-Party Video Support License, the following appendix shall apply.

1. **License Grant.** Subject to the terms and conditions specified below and upon payment of the applicable fees set forth in the Quote, Axon grants to Customer a nonexclusive, nontransferable license to install, use, and display the Axon Investigate software ("**Software**") solely for its own internal use only and for no other purpose, for the duration of subscription term set forth in the Quote. This Agreement does not grant Customer any right to enhancements or updates, but if such are made available to Customer and obtained by Customer, they shall become part of the Software and governed by the terms of this Agreement.
2. **Third-Party Licenses.** Axon licenses several third-party codecs and applications that are integrated into the Software. Users with an active support contract with Axon are granted access to these additional features. By accepting this agreement, Customer agrees to and understands that an active support contract is required for all of the following features: DNxHD output formats, decoding files via the "fast indexing" method, proprietary file metadata, telephone and email support, and all future updates to the software. If Customer terminates the annual support contract with Axon, the features listed above will be disabled within the Software. It is recommended that users remain on an active support contract to maintain the full functionality of the Software.
3. **Restrictions on Use.** Customer may not permit any other person to use the Software unless such use is in accordance with the terms of this Agreement. Customer may not modify, translate, reverse engineer, reverse compile, decompile, disassemble or create derivative works with respect to the Software, except to the extent applicable laws specifically prohibit such restrictions. Customer may not rent, lease, sublicense, grant a security interest in or otherwise transfer Customer's rights to or to use the Software. Any rights not granted are reserved to Axon.
4. **Title.** Axon and its licensors shall have sole and exclusive ownership of all right, title, and interest in and to the Software and all changes, modifications, and enhancements thereof (including ownership of all trade secrets and copyrights pertaining thereto), regardless of the form or media in which the original or copies may exist, subject only to the rights and privileges expressly granted by Axon. This Agreement does not provide Customer with title or ownership of the Software, but only a right of limited use.
5. **Copies.** The Software is copyrighted under the laws of the United States and international treaty provisions. Customer may not copy the Software except for backup or archival purposes, and all such copies shall contain all Axon's notices regarding proprietary rights as contained in the Software as originally provided to Customer. If Customer receives one copy electronically and another copy on media, the copy on media may be used only for archival purposes and this license does not authorize Customer to use the copy of media on an additional server.
6. **Actions Required Upon Termination.** Upon termination of the license associated with this Agreement, Customer agrees to destroy all copies of the Software and other text and/or graphical documentation, whether in electronic or printed format, that describe the features, functions and operation of the Software that are provided by Axon to Customer ("**Software Documentation**") or return such copies to Axon. Regarding any copies of media containing regular backups of Customer's computer or computer system, Customer agrees not to access such media for the purpose of recovering the Software or online Software Documentation.
7. **Export Controls.** None of the Software, Software Documentation or underlying information may be downloaded or otherwise exported, directly or indirectly, without the prior written consent, if required, of the office of Export Administration of the United States, Department of Commerce, nor to any country to which the U.S. has embargoed goods, to any person on the U.S. Treasury Department's list of Specially Designated Nations, or the U.S. Department of Commerce's Table of Denials.
8. **U.S. Government Restricted Rights.** The Software and Software Documentation are Commercial Computer Software provided with Restricted Rights under Federal Acquisition Regulations and Customer supplements to them. Use, duplication or disclosure by the U.S. Government is subject to restrictions as set forth in subparagraph (c)(1)(ii) of the Rights in Technical Data and Computer Software clause at DFAR 255.227-7013 et. Seq. or 252.211-7015, or subparagraphs (a) through (d) of the Commercial Computer Software Restricted Rights at FAR 52.227-19, as applicable, or similar clauses in the NASA FAR Supplement. Contractor/manufacturer is Axon Enterprise, Inc., 17800 North 85th Street, Scottsdale, Arizona 85255.

My90 Terms of Use Appendix

1. Definitions.

- 1.1. **"My90"** means Axon's proprietary platform and methodology to obtain and analyze feedback, and other related offerings, including, without limitation, interactions between My90 and Axon products.
 - 1.2. **"Recipient Contact Information"** means contact information, as applicable, including phone number or email address (if available) of the individual whom Customer would like to obtain feedback.
 - 1.3. **"Customer Data"** means
 - 1.3.1. "My90 Customer Content" which means data, including Recipient Contact Information, provided to My90 directly by Customer or at their direction, or by permitting My90 to access or connect to an information system or similar technology. My90 Customer Content does not include My90 Non-Content Data.
 - 1.3.2. "My90 Non-Content Data" which means data, configuration, and usage information about Customer's My90 tenant, and client software, users, and survey recipients that is Processed (as defined in Section 1.6 of this Appendix) when using My90 or responding to a My90 Survey. My90 Non-Content Data includes data about users and survey recipients captured during account management and customer support activities. My90 Non-Content Data does not include My90 Customer Content.
 - 1.3.3. "Survey Response" which means survey recipients' response to My90 Survey.
 - 1.4. **"My90 Data"** means
 - 1.4.1. "My90 Survey" which means surveys, material(s) or content(s) made available by Axon to Customer and survey recipients within My90.
 - 1.4.2. "Aggregated Survey Response" which means Survey Response that has been de-identified and aggregated or transformed so that it is no longer reasonably capable of being associated with, or could reasonably be linked directly or indirectly to, a particular individual.
 - 1.5. **"Personal Data"** means any information relating to an identified or identifiable natural person. An identifiable natural person is one who can be identified, directly or indirectly, in particular by reference to an identifier such as a name, an identification number, location data, an online identifier or to one or more factors specific to the physical, physiological, genetic, mental, economic, cultural, or social identity of that natural person.
 - 1.6. **"Processing"** means any operation or set of operations which is performed on data or on sets of data, whether or not by automated means, such as collection, recording, organization, structuring, storage, adaptation or alteration, retrieval, consultation, use, disclosure by transmission, dissemination or otherwise making available, alignment or combination, restriction, erasure, or destruction.
 - 1.7. **"Sensitive Personal Data"** means Personal Data that reveals an individual's health, racial or ethnic origin, sexual orientation, disability, religious or philosophical beliefs, or trade union membership.
2. **Access.** Upon Axon granting Customer a subscription to My90, Customer may access and use My90 to store and manage My90 Customer Content, and applicable My90 Surveys and Aggregated Survey Responses. This Appendix is subject to the Terms and Conditions of Axon's Master Service and Purchasing Agreement or in the event you and Axon have entered into a prior agreement to govern all future purchases, that agreement shall govern.
 3. **IP address.** Axon will not store survey respondents' IP address.
 4. **Customer Owns My90 Customer Content.** Customer controls or owns all rights, titles, and interests in My90 Customer Content. Except as outlined herein, Axon obtains no interest in My90 Customer Content, and My90 Customer Content is not Axon's business records. Except as set forth in this Agreement, Customer is responsible for uploading, sharing, managing, and deleting My90 Customer Content. Axon will only have access to My90 Customer Content for the limited purposes set forth herein. Customer agrees to allow Axon access to My90 Customer Content to (a) perform troubleshooting, maintenance, or diagnostic screenings; and (b) enforce this Agreement or policies governing use of My90 and other Axon products.
 5. **Details of the Processing.** The nature and purpose of the Processing under this Appendix are further specified
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in Schedule 1 Details of the Processing, to this Appendix.

6. **Security.** Axon will implement commercially reasonable and appropriate measures to secure Customer Data against accidental or unlawful loss, access, or disclosure. Axon will maintain a comprehensive information security program to protect Customer Data including logical, physical access, vulnerability, risk, and configuration management; incident monitoring and response; security education; and data protection. Axon will not treat Customer Data in accordance with FBI CJIS Security Policy requirements and does not agree to the CJIS Security Addendum for this engagement or any other security or privacy related commitments that have been established between Axon and Customer, such as ISO 27001 certification or SOC 2 Reporting.
7. **Privacy.** Customer use of My90 is subject to the My90 Privacy Policy, a current version of which is available at <https://www.axon.com/legal/my90privacypolicy>. Customer agrees to allow Axon access to My90 Non-Content Data from Customer to (a) perform troubleshooting, maintenance, or diagnostic screenings; (b) provide, develop, improve, and support current and future Axon products including My90 and related services; and (c) enforce this Agreement or policies governing the use of My90 or other Axon products.
8. **Location of Storage.** Axon may transfer Customer Data to third-party subcontractors for Processing. Axon will determine the locations for Processing of Customer Data. For all Customer, Axon will Process and store Customer Data within the country in which Customer is located. Ownership of My90 Customer Content remains with Customer.
9. **Required Disclosures.** Axon will not disclose Customer Data that Customer shares with Axon except as compelled by a court or administrative body or required by any law or regulation. Axon will notify Customer if any disclosure request is received for Customer Data so Customer may file an objection with the court or administrative body, unless prohibited by law.
10. **Data Sharing.** Axon may share data only with entities that control or are controlled by or under common control of Axon, and as described below:
 - 10.1. Axon may share Customer Data with third parties it employs to perform tasks on Axon's behalf to provide products or services to Customer.
 - 10.2. Axon may share Aggregated Survey Response with third parties, such as other Axon customers, local city agencies, private companies, or members of the public that are seeking a way to collect analysis on general policing and community trends. Aggregated Survey Response will not be reasonably capable of being associated with or reasonably linked directly or indirectly to a particular individual.
11. **License and Intellectual Property.** Customer grants Axon, its affiliates, and assignees the irrevocable, perpetual, fully paid, royalty-free, and worldwide right and license to use Customer Data for internal use including but not limited to analysis and creation of derivatives. Axon may not release Customer Data to any third party under this right that is not aggregated and de-identified. Customer acknowledges that Customer will have no intellectual property right in any media, good or service developed or improved by Axon. Customer acknowledges that Axon may make any lawful use of My90 Data and any derivative of Customer Data including, without limitation, the right to monetize, redistribute, make modification of, and make derivatives of the surveys, survey responses and associated data, and Customer will have no intellectual property right in any good, service, media, or other product that uses My90 Data.
12. **Customer Use of Aggregated Survey Response.** Axon will make available to Customer Aggregated Survey Response and rights to use for any Customer purpose.
13. **Data Subject Rights.** Taking into account the nature of the Processing, Axon shall assist Customer by appropriate technical and organizational measures, insofar as this is reasonable, for the fulfilment of Customer's obligation to respond to a Data Subject Request regarding any Personal Data contained within My90 Customer Content. If in regard to My90 Customer Content, Axon receives a Data Subject Request from Customer's data subject to exercise one or more of its rights under applicable Data Protection Law, Axon will redirect the data subject within seventy-two (72) hours, to make its request directly to Customer. Customer will be responsible for responding to any such request.
14. **Assistance with Requests Related to My90 Customer Content.** With regard to the processing of My90 Customer Content, Axon shall, if not prohibited by applicable law, notify Customer without delay after receipt, if Axon: (a) receives a request for information from the Supervisory Authority or any other competent authority regarding My90 Customer Content; (b) receives a complaint or request from a third party regarding the obligations of Customer or Axon under applicable Data Protection Law; or (c) receives any other communication which directly or indirectly pertains to My90 Customer Content or the Processing or protection of My90 Customer Content. Axon

shall not respond to such requests, complaints, or communications, unless Customer has given Axon written instructions to that effect or if such is required under a statutory provision. In the latter case, prior to responding to the request, Axon shall notify Customer of the relevant statutory provision and Axon shall limit its response to what is necessary to comply with the request.

15. **Axon Evidence Partner Sharing.** If Axon Evidence partner sharing is used to share My90 Customer Content, Customer will manage the data sharing partnership with Axon and access to allow only for authorized data sharing with Axon. Customer acknowledges that any applicable audit trail on the original source data will not include activities and processing performed against the instances, copies or clips that has been shared with Axon. Customer also acknowledges that the retention policy from the original source data is not applied to any data shared with Axon. Except as provided herein, data shared with Axon may be retained indefinitely by Axon.
16. **Data Retention.** Phone numbers provided to Axon directly by Customer or at their direction, or by permitting My90 to access or connect to an information system or similar technology will be retained for twenty-four (24) hours. Axon will not delete Aggregated Survey Response for four (4) years following termination of this Agreement. There will be no functionality of My90 during these four (4) years other than the ability to submit a request to retrieve Aggregated Survey Response. Axon has no obligation to maintain or provide Aggregated Survey Response after these four years and may thereafter, unless legally prohibited, delete all Aggregated Survey Response.
17. **Termination.** Termination of an My90 Agreement will not result in the removal or modification of previously shared My90 Customer Content or the potential monetization of Survey Response and Aggregated Survey Response.
18. **Managing Data Shared.** Customer is responsible for:
 - 18.1. Ensuring My90 Customer Content is appropriate for use in My90. This includes, prior to sharing: (a) applying any and all required redactions, clipping, removal of metadata, logs, etc. and (b) coordination with applicable public disclosure officers and related legal teams;
 - 18.2. Ensuring that only My90 Customer Content that is authorized to be shared for the purposes outlined is shared with Axon. Customer will periodically monitor or audit this shared data;
 - 18.3. Using an appropriately secure data transfer mechanism to provide My90 Customer Content to Axon;
 - 18.4. Immediately notify Axon if My90 Customer Content that is not authorized for sharing has been shared. Axon may not be able to immediately retrieve or locate all instances, copies or clips of My90 Customer Content in the event Customer requests to un-share previously shared My90 Customer Content;
19. **Prior to enrollment in My90.** Prior to enrolling in My90, Customer will:
 - 19.1. determine how to use My90 in accordance with applicable laws and regulations including but not limited to consents, use of info or other legal considerations;
 - 19.2. develop a set of default qualification criteria of what My90 Customer Content may be shared with Axon; and
 - 19.3. assign responsibilities for managing what My90 Customer Content is shared with Axon and educate users on what data may or not be shared with Axon.
20. **Customer Responsibilities.** Customer is responsible for:
 - 20.1. ensuring no My90 Customer Content or Customer End User's use of My90 Customer Content or My90 violates this Agreement or applicable laws;
 - 20.2. providing, and will continue to provide, all notices and has obtained, and will continue to obtain, all consents and rights necessary under applicable laws for Axon to process Customer Data in accordance with this Agreement; and
 - 20.3. maintaining necessary computer equipment and Internet connections for use of My90. If Customer becomes aware of any violation of this Agreement by an End User, Customer will immediately terminate that End User's access to My90. Customer will also maintain the security of End User's usernames and passwords and security and access by End Users to My90 Customer Content. Customer is responsible for ensuring the configuration and utilization of My90 meets applicable Customer regulations and standards. Customer may not sell, transfer, or sublicense access to any other entity or person. Customer shall contact Axon immediately if an unauthorized party may be using Customer's account or My90 Customer Content or if account information is lost or stolen.

21. **Suspension.** Axon may temporarily suspend Customer's or any End User's right to access or use any portion or all of My90 immediately upon notice, if Customer or End User's use of or registration for My90 may (a) pose a security risk to Axon products including My90, or any third-party; (b) adversely impact My90, the systems, or content of any other customer; (c) subject Axon, Axon's affiliates, or any third-party to liability; or (d) be fraudulent. Customer remains responsible for all fees, if applicable, incurred through suspension. Axon will not delete My90 Customer Content or Aggregated Survey Response because of suspension, except as specified in this Agreement.
22. **My90 Restrictions.** Customer and Customer End Users, may not, or may not attempt to:
- 22.1. copy, modify, tamper with, repair, or create derivative works of any part of My90;
 - 22.2. reverse engineer, disassemble, or decompile My90 or apply any process to derive any source code included in My90, or allow others to do the same;
 - 22.3. access or use My90 with the intent to gain unauthorized access, avoid incurring fees or exceeding usage limits or quotas;
 - 22.4. use trade secret information contained in My90, except as expressly permitted in this Agreement;
 - 22.5. access My90 to build a competitive product or service or copy any features, functions, or graphics of My90;
 - 22.6. remove, alter, or obscure any confidentiality or proprietary rights notices (including copyright and trademark notices) of Axon's or Axon's licensors on or within My90; or
 - 22.7. use My90 to store or transmit infringing, libelous, or other unlawful or tortious material; to store or transmit material in violation of third-party privacy rights; or to store or transmit malicious code.

Schedule 1- Details of the Processing

1. **Nature and Purpose of the Processing.** To help Customer obtain feedback from individuals, such as members of their community, staff, or officers. Features of My90 may include:
- 1.1. Survey Tool where Customer may create, distribute, and analyze feedback from individuals it designates. Customer may designate members of the community, staff or officers from whom they would like to obtain feedback;
 - 1.2. Creation of custom forms for surveys. Customer may select questions from a list of pre-drafted questions or create their own;
 - 1.3. Distribution of survey via multiple distribution channels such as text message;
 - 1.4. Ability to access and analyze Survey Response. Axon may also provide Customer Aggregated Survey Responses which contain analysis and insights from the Survey Response;
 - 1.5. Direct integration into information systems including Computer Aided Dispatch ("**CAD**"). This will enable Customer to share contact information easily and quickly with Axon of any individuals from whom it wishes to obtain feedback, enabling Axon to communicate directly with these individuals;
 - 1.6. Data Dashboard Beta Test ("**Data Dashboard**") where Survey Response and Aggregated Survey Response will be displayed for Customer use. Customer will be able to analyze, interpret, and share results of the Survey Response. My90 may provide beta versions of the Data Dashboard that are specifically designed for Customer to test before they are publicly available;
 - 1.7. Survey Responses will be aggregated and de-identified and may be subsequently distributed and disclosed through various mediums to: (1) Customer; (2) other Axon Customer; (3) private companies; and (4) members of the public. The purpose of disclosure is to provide ongoing insights and comparisons on general policing and community trends. Prior to disclosing this information, Axon will ensure that the Survey Response has been de-identified and aggregated or transformed so that it is no longer reasonably capable of being associated with, or could reasonably be linked directly or indirectly to a particular individual; and
 - 1.8. Provide services and materials to engage Customer stakeholders, market the partnership to the public, and facilitate training.

Axon Event Offer Appendix

If the Agreement includes the provision of, or Axon otherwise offers, ticket(s), travel and/or accommodation for select events hosted by Axon ("Axon Event"), the following shall apply:

1. **General.** Subject to the terms and conditions specified below and those in the Agreement, Axon may provide Customer with one or more offers to fund Axon Event ticket(s), travel and/or accommodation for Customer-selected employee(s) to attend one or more Axon Events. By entering into the Agreement, Customer warrants that it is appropriate and permissible for Customer to receive the referenced Axon Event offer(s) based on Customer's understanding of the terms and conditions outlined in this Axon Event Offer Appendix.
2. **Attendee/Employee Selection.** Customer shall have sole and absolute discretion to select the Customer employee(s) eligible to receive the ticket(s), travel and/or accommodation that is the subject of any Axon Event offer(s).
3. **Compliance.** It is the intent of Axon that any and all Axon Event offers comply with all applicable laws, regulations and ethics rules regarding contributions, including gifts and donations. Axon's provision of ticket(s), travel and/or accommodation for the applicable Axon Event to Customer is intended for the use and benefit of Customer in furtherance of its goals, and not the personal use or benefit of any official or employee of Customer. Axon makes this offer without seeking promises or favoritism for Axon in any bidding arrangements. Further, no exclusivity will be expected by either party in consideration for the offer. Axon makes the offer with the understanding that it will not, as a result of such offer, be prohibited from any procurement opportunities or be subject to any reporting requirements. If Customer's local jurisdiction requires Customer to report or disclose the fair market value of the benefits provided by Axon, Customer shall promptly contact Axon to obtain such information, and Axon shall provide the information necessary to facilitate Customer's compliance with such reporting requirements.
4. **Assignability.** Customer may not sell, transfer, or assign Axon Event ticket(s), travel and/or accommodation provided under the Agreement.
5. **Availability.** The provision of all offers of Axon Event ticket(s), travel and/or accommodation is subject to availability of funds and resources. Axon has no obligation to provide Axon Event ticket(s), travel and/or accommodation.
6. **Revocation of Offer.** Axon reserves the right at any time to rescind the offer of Axon Event ticket(s), travel and/or accommodation to Customer if Customer or its selected employees fail to meet the prescribed conditions or if changes in circumstances render the provision of such benefits impractical, inadvisable, or in violation of any applicable laws, regulations, and ethics rules regarding contributions, including gifts and donations.

Axon Training Pod Appendix

1. **Customer Responsibilities.** Customer is responsible for: (i) all permits to use the Axon Training Pod; (ii) complying with all applicable laws pertaining to the use of the Axon Training Pod; (iii) any maintenance required for the Axon Training Pod; and (iv) disposal of the Axon Training Pod.
2. **Warranties.** TO THE EXTENT NOT PROHIBITED BY LAW, AXON TRAINING POD IS SOLD “AS IS” WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT.
3. **Placement.** Axon will make its best efforts to work with Customer on the initial placement of the Axon Training Pod. After the initial placement, it is the Customer’s responsibility to make any adjustments to the Axon Training Pod’s placement.
4. **Deemed Acceptance.** The Axon Training Pod will be deemed accepted by Customer upon delivery. Customer waives any right to reject the Axon Training Pod except in the event of damage during shipment, which must be reported to Axon in writing within five (5) business days of delivery.

Dedrone Product Appendix

If the Quote includes Dedrone Hardware, Dedrone Software, and/or Airspace Security as a Service (collectively, "Dedrone Products"), this Dedrone Product Appendix shall apply.

1. Definitions.

- 1.1 **"Dedrone Data"** means data that Axon maintains regarding a wide variety of drone models and manufacturers in the marketplace ("DedroneDNA", formerly "DroneDNA"), as well as usability information that Axon collects regarding the performance of the Dedrone Software and Dedrone Hardware, aggregate or de-identified Collected Data compiled or used by Axon in accordance with Section 4.2, and any other information that Axon makes available to Customer by means of the Dedrone Software
- 1.2 **"Dedrone Hardware"** means the Axon drone detection hardware sensor or mitigation products set forth on a Quote and does not include any Third-Party Hardware.
- 1.3 **"Sensor"** means a radio frequency, video, radar or other hardware sensor for drone detection purchased by Customer from Axon or obtained from any third-party vendor.
- 1.4 **"Dedrone Software"** means (i) Axon's proprietary drone-tracking software, known as DedroneTracker (formerly DroneTracker), whether deployed on-premise or hosted by Axon as a cloud-based solution, (ii) Axon's video analytics software (currently known as Analytics Server), and/or (iii) software and/or firmware deployed or installed on the Dedrone Hardware or available for download and installation onto Customer's Third-Party Hardware.
- 1.5 **"Third-Party Hardware"** means hardware products owned by Customer or purchased by Customer from third parties that are used by Customer in conjunction with the Software.

2. Customer License.

- 2.1 **Software License.** Subject to the terms of this Agreement, Axon grants Customer a royalty-free, nonexclusive, nontransferable, worldwide right during each Quote Term to use the Dedrone Software, including the Dedrone Data and Collected Data, subject to the terms of the Agreement and this Appendix (the "License"). Customer must purchase a License to the Software for each unit of Dedrone Hardware and/or Third-Party Hardware using Dedrone Software. Accordingly, Customer may only use the Software quantity and type of Hardware and/or Third-Party Hardware units specified on the applicable Quote. If Customer purchases additional Licenses during a current Term, the Term of the new License(s) will be pro-rated to terminate at the end of the then-current License Term. Use of the Dedrone Software is subject to the terms of the Agreement between the parties
- 2.2 **Restrictions.** Customer will not: (i) use (or allow a third party to use) the Dedrone Products in order to monitor the availability, security, performance, or functionality of the Dedrone Products, or for any other benchmarking or competitive purposes; (ii) market, sublicense, resell, lease, loan, transfer, or otherwise commercially exploit the Dedrone Products; (iii) modify, create derivative works, decompile, reverse engineer, attempt to gain access to the source code, or copy the Dedrone Products or any of their components; (iv) use the Dedrone Products to conduct any fraudulent, malicious, or illegal activities; or (v) use the Dedrone Products in contravention of any applicable laws or regulations (each of (i) through (v), a "Prohibited Use").

3. Customer Obligations.

- 3.1 **Compliance.** Customer will use the Dedrone Products only in accordance with applicable specifications (the "Specifications") and in compliance with all applicable laws, including all applicable export laws and regulations of the United States or any other country. Customer acknowledges that due to the nascent nature of drone detection and mitigation technologies applicable laws and regulations may be changing or emerging over time, and agrees that it is Customer's responsibility to keep itself aware and remain compliant with the current laws and regulations that may apply, including but not limited to those that may apply to advanced features available at Customer's option in the Dedrone Software. Customer will ensure that none of the

Dedrone Products are directly or indirectly exported, re-exported, or used to provide services in violation of such export laws and regulations. Axon reserves the right to suspend use of any Dedrone Products operating in violation of such laws, following written notice to Customer. If Customer uses a radio jammer, or any other controlled device, in connection with the Dedrone Software, Customer represents to Axon that it is authorized to do so by the relevant authorities, that it will do so only in accordance with such authorization, and it will provide supporting documentation regarding such authorization upon request. Customer may be required to obtain legal authorization before any purchase or use of hardware sold by third parties. Axon shall not be liable if any government export authorization is delayed, denied, revoked, restricted or not renewed, nor shall any such delay, denial, revocation, restriction or non-renewal shall not constitute a breach of the Agreement by Axon.

3.2 **Computing Environment.** Customer is responsible for the maintenance and security of its own network and computing environment that it uses to host and/or access the Dedrone Products and for ensuring that any Third-Party Hardware meets the necessary specifications for use with the Dedrone Software.

4. Data Protection.

4.1 **Data.** If Customer licenses Dedrone Software, as part of its operation, the Dedrone Software may collect and send to servers owned, operated or controlled by Axon data or other information regarding Customer's use of the Dedrone Software, which may include (i) information generated by each Sensor deployed by Customer, including information related to the date, time, and duration of the detection of the drone, as well as the locations of the detected drones and remote controls and of the Sensor itself (collectively, "Sensor Data"), and (ii) video recording of the detected drones, including flight path ("Video Data") (Sensor Data and Video Data are collectively referred to as "Collected Data").

4.2 **Use of Collected Data.** Axon has the right to use Collected Data for any purpose, including: (i) improving any Dedrone Product; (ii) analyzing any Dedrone Product or the performance of any Dedrone Product; or (iii) compiling or using aggregate or de-identified Collected Data with other customers, or government and law enforcement entities, with or without compensation. Customer acknowledges that Axon may learn from the performance or use of any Dedrone Product, and Axon shall have the sole right to exploit any modification, enhancement or improvement of any Dedrone Product resulting from such learning.

4.3 **User Data.** To the extent Axon uses User login information, including name, email, username, and password (collectively, "User Data") for any purpose other than to provide services to the Customer, such User Data will be deidentified and anonymized, and will not be identified as having come from Customer, except that Axon may disclose User Data where Axon, in good faith, believes that the law or legal process (such as a court order, search warrant or subpoena) requires Axon to do so.

4.4 **Security.** Axon maintains industry standard physical, technical, and administrative safeguards (the "Security Measures") to protect Collected Data.

4.5 **No Access.** Except for User Data, Axon does not (and will not) collect, process, store, or otherwise have access to any personal information, about End Users or users of Customer's products or services.

5. Ownership.

5.1 **Axon Property.** Axon owns and retains all rights, title, and interest in and to the Dedrone Data, Collected Data, the Dedrone Software, and all intellectual property embodied in the Dedrone Hardware, if the Dedrone Hardware is provided by Axon. Except for the limited license granted to Customer in Section 2.1, Axon does not by means of this Agreement or otherwise transfer or license any rights in the Dedrone Products to Customer, whether by implication, estoppel or otherwise. To the maximum extent permitted by applicable law Customer will take no action inconsistent with Axon intellectual property rights in the Dedrone Products or any Dedrone Data.

5.2 **Customer Property.** Customer owns and retains all right, title, and interest in and to the User

Data and does not by means of this Agreement or otherwise transfer any rights in the User Data to Axon, except for the limited rights set forth in Section 4.3.

6. **Government Restricted Rights.** To the extent that Customer is an agency or instrumentality of the U.S. government, the parties agree that the Dedrone Software and documentation are commercial computer software and commercial computer software documentation, respectively, and Customer's rights therein are as specified in this License, per FAR 12.212 and DFARS 227.7202-3, as applicable, or in the case of NASA, subject to NFS 1852.22.
7. **Updates.** The Dedrone Software may include functionality that allows it to automatically download updates that may be made available by Axon. Customer consents to the installation of such functionality.



Axon Enterprise, Inc.
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Q-703321-46010AA

Issued: 12/19/2025

Quote Expiration: 12/31/2025

Estimated Contract Start Date: 03/01/2026

Account Number: 108530

Payment Terms: N30

Mode of Delivery: UPS-GND

Credit/Debit Amount: \$0.00

SHIP TO	BILL TO
Owatonna Police Dept. - MN 204 E Pearl St Owatonna, MN 55060-2422 USA	Owatonna Police Dept. - MN 204 E Pearl St Owatonna MN 55060-2422 USA Email:

SALES REPRESENTATIVE	PRIMARY CONTACT
Kevin Pirehpour Phone: Email: kpirehpour@axon.com Fax:	Josh Sorenson Phone: 507-774-7189 Email: joshua.sorensen@ci.owatonna.mn.us Fax:

Quote Summary

Program Length	60 Months
TOTAL COST	\$1,021,922.19
ESTIMATED TOTAL W/ TAX	\$1,021,922.19

Discount Summary

Average Savings Per Year	\$94,616.11
TOTAL SAVINGS	\$473,080.54

Payment Summary

Date	Subtotal	Tax	Total
Feb 2026	\$204,384.43	\$0.00	\$204,384.43
Feb 2027	\$204,384.44	\$0.00	\$204,384.44
Feb 2028	\$204,384.44	\$0.00	\$204,384.44
Feb 2029	\$204,384.44	\$0.00	\$204,384.44
Feb 2030	\$204,384.44	\$0.00	\$204,384.44
Total	\$1,021,922.19	\$0.00	\$1,021,922.19

Quote Unbundled Price:	\$1,495,004.40
Quote List Price:	\$1,159,256.40
Quote Subtotal:	\$1,021,922.19

Pricing

All deliverables are detailed in Delivery Schedules section lower in proposal

Item	Description	Qty	Term	Unbundled	List Price	Net Price	Subtotal	Tax	Total
Program									
100552	TRANSFER BALANCE - GOODS	1			\$1.00	(\$792.83)	(\$792.83)	\$0.00	(\$792.83)
100553	TRANSFER BALANCE - SOFTWARE AND SERVICES	1			\$1.00	(\$564.98)	(\$564.98)	\$0.00	(\$564.98)
Fleet3B+TAP	Fleet 3 Basic + TAP	12	60	\$233.42	\$210.15	\$207.91	\$149,695.20	\$0.00	\$149,695.20
IR2CB	Interview Room 2 Camera Essential	2	60	\$524.14	\$421.93	\$0.00	\$0.00	\$0.00	\$0.00
S00007	AXON AI - AI ERA LEADERS	31	60	\$271.23	\$161.41	\$199.00	\$370,140.00	\$0.00	\$370,140.00
M00033	BUNDLE - OFFICER SAFETY PLAN 10 PLUS	28	60	\$396.80	\$335.81	\$275.02	\$462,033.60	\$0.00	\$462,033.60
A la Carte Hardware									
H00001	AB4 Camera Bundle	28			\$899.00	\$0.00	\$0.00	\$0.00	\$0.00
H00002	AB4 Multi Bay Dock Bundle	4			\$1,638.90	\$43.90	\$175.60	\$0.00	\$175.60
H00004	AB4 FLEX POV HARDWARE BUNDLE	5			\$299.00	\$0.00	\$0.00	\$0.00	\$0.00
A la Carte Software									
ProLicense	Pro License Bundle	14	60		\$48.82	\$48.75	\$40,950.00	\$0.00	\$40,950.00
A la Carte Services									
101208	AXON TASER 10 - 2 DAY INSTRUCTOR COURSE - INSIDE SALES	1			\$2,700.00	\$0.00	\$0.00	\$0.00	\$0.00
20379	AXON VR - PSO - FULL INSTALLATION - INSIDE SALES	1			\$6,000.00	\$0.00	\$0.00	\$0.00	\$0.00
85144	AXON BODY - PSO - STARTER	1			\$10,000.00	\$285.60	\$285.60	\$0.00	\$285.60
Total							\$1,021,922.19	\$0.00	\$1,021,922.19

Delivery Schedule

Hardware

Bundle	Item	Description	QTY	Shipping Location	Estimated Delivery Date
AB4 Camera Bundle	100147	AXON BODY 4 - CAMERA - NA US FIRST RESPONDER BLK RAPIDLOCK	28	1	02/01/2026
AB4 Camera Bundle	100466	AXON BODY 4 - CABLE - USB-C TO USB-C	31	1	02/01/2026
AB4 Camera Bundle	100775	AXON BODY 4 - MAGNETIC DISCONNECT CABLE	31	1	02/01/2026
AB4 Camera Bundle	100974	AXON BODY - MOUNT - MOLLE HIGH TORQUE DOUBLE RAPIDLOCK	31	1	02/01/2026
AB4 FLEX POV HARDWARE BUNDLE	100200	AXON BODY 4 - FLEX POV MODULE	5	1	02/01/2026
AB4 FLEX POV HARDWARE BUNDLE	100852	AXON BODY 4 - C-CLIP - POV	5	1	02/01/2026
AB4 FLEX POV HARDWARE BUNDLE	100856	AXON BODY 4 - MOUNT - POV BALLCAP	6	1	02/01/2026
AB4 FLEX POV HARDWARE BUNDLE	100858	AXON BODY 4 - HELMET MOUNT - UNIVERSAL POV	6	1	02/01/2026
AB4 FLEX POV HARDWARE BUNDLE	100958	AXON BODY 4 - FLEX POV MODULE CABLE 48 IN	5	1	02/01/2026
AB4 Multi Bay Dock Bundle	100206	AXON BODY 4 - 8 BAY DOCK	4	1	02/01/2026
AB4 Multi Bay Dock Bundle	70033	AXON - DOCK WALL MOUNT - BRACKET ASSY	4	1	02/01/2026
AB4 Multi Bay Dock Bundle	71019	AXON BODY - DOCK POWERCORD - NORTH AMERICA	4	1	02/01/2026

Hardware

Bundle	Item	Description	QTY	Shipping Location	Estimated Delivery Date
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	100126	AXON VR - TACTICAL BAG	2	1	02/01/2026
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	100390	AXON TASER 10 - HANDLE - YELLOW CLASS 3R	28	2	02/01/2026
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	100394	AXON TASER 10 - MAGAZINE - HALT TRAINING BLUE	4	1	02/01/2026
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	100396	AXON TASER 10 - MAGAZINE - INERT RED	1	1	02/01/2026
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	100399	AXON TASER 10 - CARTRIDGE - LIVE	560	1	02/01/2026
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	100400	AXON TASER 10 - CARTRIDGE - HALT	280	1	02/01/2026
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	100401	AXON TASER 10 - CARTRIDGE - INERT	20	1	02/01/2026
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	100591	AXON TASER - CLEANING KIT	1	1	02/01/2026
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	100611	AXON TASER 10 - SAFARILAND HOLSTER - RH	28	1	02/01/2026
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	100623	ENHANCED HOOK-AND-LOOP TRAINING (HALT) SUIT (V2)	1	1	02/01/2026
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	100748	AXON VR - CONTROLLER - TASER 10	2	1	02/01/2026
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	100832	AXON VR - CONTROLLER - HANDGUN VR19H	2	1	02/01/2026
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	101122	AXON VR - HOLSTER - T10 SAFARILAND GRAY - RH	2	1	02/01/2026
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	101294	AXON VR - TABLET	2	1	02/01/2026
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	101300	AXON VR - TABLET CASE	2	1	02/01/2026
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	101455	AXON TASER 10 - REPLACEMENT TOOL KIT - INTERPOSER BUCKET	1	1	02/01/2026
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	101456	AXON TASER 10 - REPLACEMENT INTERPOSER BUCKET	1	1	02/01/2026
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	101751	AXON VR - HEADSET - HTC FOCUS VISION	2	1	02/01/2026
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	101755	AXON TASER 10 - MAGAZINE - LIVE DUTY BLACK V2	28	1	02/01/2026
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	101757	AXON TASER 10 - MAGAZINE - LIVE TRAINING PURPLE V2	3	1	02/01/2026
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	101886	SIGNAL SENSOR	28	1	02/01/2026
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	102389	AXON VR - MULTI-USER ROOM MARKER	2	1	02/01/2026
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	20018	AXON TASER - BATTERY PACK - TACTICAL	28	1	02/01/2026
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	20018	AXON TASER - BATTERY PACK - TACTICAL	6	1	02/01/2026
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	70033	AXON - DOCK WALL MOUNT - BRACKET ASSY	1	1	02/01/2026
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	71019	AXON BODY - DOCK POWERCORD - NORTH AMERICA	1	1	02/01/2026
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	74200	AXON TASER - DOCK - SIX BAY PLUS CORE	1	1	02/01/2026
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	80087	AXON TASER - TARGET - CONDUCTIVE PROFESSIONAL RUGGEDIZED	1	1	02/01/2026
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	80090	AXON TASER - TARGET FRAME - PROFESSIONAL 27.5 IN X 75 IN	1	1	02/01/2026
Fleet 3 Basic + TAP	101675	AXON FLEET - ERICSSON CRADLEPOINT R980-5GD-A+5YR NETCLOUD	12	1	02/01/2026
Fleet 3 Basic + TAP	101924	AXON FLEET - TAOGLAS ANT - 7-IN-1 4CELL 2WIFI 1GNSS INT	12	1	02/01/2026
Fleet 3 Basic + TAP	70112	AXON SIGNAL - VEHICLE	12	1	02/01/2026
Fleet 3 Basic + TAP	72036	AXON FLEET 3 - STANDARD 2 CAMERA KIT	12	1	02/01/2026
Fleet 3 Basic + TAP	72049	AXON FLEET 3 - SIM INSERTION - TMO	12	1	02/01/2026
Interview Room 2 Camera Essential	50114	AXON INTERVIEW - CAMERA - COVERT SENSOR	2	1	02/01/2026
Interview Room 2 Camera Essential	50118	AXON INTERVIEW - MIC - WIRED (STANDARD MIC)	2	1	02/01/2026
Interview Room 2 Camera Essential	50118	AXON INTERVIEW - MIC - WIRED (STANDARD MIC)	2	1	02/01/2026
Interview Room 2 Camera Essential	50218	AXON INTERVIEW - CAMERA - COVERT MAIN UNIT	2	1	02/01/2026
Interview Room 2 Camera Essential	50298	AXON INTERVIEW - CAMERA - OVERT DOME	2	1	02/01/2026
Interview Room 2 Camera Essential	50322	AXON INTERVIEW - TOUCH PANEL PRO	2	1	02/01/2026
Interview Room 2 Camera Essential	74056	AXON INTERVIEW - TOUCH PANEL WALL MOUNT	2	1	02/01/2026
Interview Room 2 Camera Essential	74116	AXON INTERVIEW - COVERT ENCLOSURE	2	1	02/01/2026
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	100399	AXON TASER 10 - CARTRIDGE - LIVE	90	1	02/01/2027
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	100400	AXON TASER 10 - CARTRIDGE - HALT	230	1	02/01/2027
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	100399	AXON TASER 10 - CARTRIDGE - LIVE	80	1	02/01/2028
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	100400	AXON TASER 10 - CARTRIDGE - HALT	220	1	02/01/2028
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	100210	AXON VR - TAP REFRESH 1 - TABLET	2	1	08/01/2028
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	101009	AXON VR - TAP REFRESH 1 - HANDGUN CONTROLLER	2	1	08/01/2028
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	101012	AXON VR - TAP REFRESH 1 - TASER CONTROLLER	2	1	08/01/2028

Hardware

Bundle	Item	Description	QTY	Shipping Location	Estimated Delivery Date
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	20373	AXON VR - TAP REFRESH 1 - HEADSET	2	1	08/01/2028
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	73309	AXON BODY - TAP REFRESH 1 - CAMERA	28	1	08/01/2028
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	73689	AXON BODY - TAP REFRESH 1 - DOCK MULTI BAY	4	1	08/01/2028
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	100399	AXON TASER 10 - CARTRIDGE - LIVE	90	1	02/01/2029
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	100400	AXON TASER 10 - CARTRIDGE - HALT	230	1	02/01/2029
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	100399	AXON TASER 10 - CARTRIDGE - LIVE	80	1	02/01/2030
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	100400	AXON TASER 10 - CARTRIDGE - HALT	220	1	02/01/2030
Fleet 3 Basic + TAP	72040	AXON FLEET - TAP REFRESH 1 - 2 CAMERA KIT	12	1	10/01/2030
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	73310	AXON BODY - TAP REFRESH 2 - CAMERA	28	1	02/01/2031
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	73688	AXON BODY - TAP REFRESH 2 - DOCK MULTI BAY	4	1	02/01/2031

Software

Bundle	Item	Description	QTY	Estimated Start Date	Estimated End Date
AXON AI - AI ERA LEADERS	101740	AXON - AI SOFTWARE LICENSE	31	03/01/2026	02/28/2031
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	101180	AXON TASER - DATA SCIENCE PROGRAM	28	03/01/2026	02/28/2031
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	101705	AXON FUSUS - LICENSE - PRO USER	28	03/01/2026	02/28/2031
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	20248	AXON TASER - EVIDENCE.COM LICENSE	1	03/01/2026	02/28/2031
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	20248	AXON TASER - EVIDENCE.COM LICENSE	28	03/01/2026	02/28/2031
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	20370	AXON VR - USER ACCESS - FULL VR	28	03/01/2026	02/28/2031
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	73449	AXON BODY - LEGACY LICENSE - CONNECTED CAMERA	28	03/01/2026	02/28/2031
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	73478	AXON EVIDENCE - REDACTION ASSISTANT USER LICENSE	28	03/01/2026	02/28/2031
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	73618	AXON COMMUNITY REQUEST	28	03/01/2026	02/28/2031
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	73638	AXON STANDARDS - LICENSE	28	03/01/2026	02/28/2031
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	73682	AXON EVIDENCE - AUTO TAGGING LICENSE	28	03/01/2026	02/28/2031
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	73683	AXON EVIDENCE - STORAGE - 10GB A LA CARTE	280	03/01/2026	02/28/2031
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	73686	AXON EVIDENCE - STORAGE - UNLIMITED (AXON DEVICE)	28	03/01/2026	02/28/2031
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	73739	AXON PERFORMANCE - LICENSE	28	03/01/2026	02/28/2031
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	73746	AXON EVIDENCE - ECOM LICENSE - PRO	28	03/01/2026	02/28/2031
Fleet 3 Basic + TAP	80400	AXON EVIDENCE - FLEET VEHICLE LICENSE	12	03/01/2026	02/28/2031
Fleet 3 Basic + TAP	80410	AXON EVIDENCE - STORAGE - FLEET 1 CAMERA UNLIMITED	24	03/01/2026	02/28/2031
Interview Room 2 Camera Essential	50037	AXON INTERVIEW - CLIENT SOFTWARE - PER TOUCH PANEL-PC	2	03/01/2026	02/28/2031
Interview Room 2 Camera Essential	50039	AXON INTERVIEW - CLIENT SOFTWARE - MAINT. PER TOUCH PANEL	2	03/01/2026	02/28/2031
Interview Room 2 Camera Essential	50041	AXON INTERVIEW - STREAMING SERVER LICENSE - PER SERVER	2	03/01/2026	02/28/2031
Interview Room 2 Camera Essential	50043	AXON INTERVIEW - STREAMING SERVER MAINTENANCE - PER SERVER	2	03/01/2026	02/28/2031
Interview Room 2 Camera Essential	50045	AXON EVIDENCE - STORAGE - INTERVIEW ROOM UNLIMITED	4	03/01/2026	02/28/2031
Interview Room 2 Camera Essential	73840	AXON EVIDENCE - ECOM LICENSE - BASIC	1	03/01/2026	02/28/2031
Pro License Bundle	73683	AXON EVIDENCE - STORAGE - 10GB A LA CARTE	42	03/01/2026	02/28/2031
Pro License Bundle	73746	AXON EVIDENCE - ECOM LICENSE - PRO	14	03/01/2026	02/28/2031

Services

Bundle	Item	Description	QTY
AXON AI - AI ERA LEADERS	101741	AXON - AI PROFESSIONAL SERVICES	31
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	100751	AXON TASER 10 - REPLACEMENT ACCESS PROGRAM - DUTY CARTRIDGE	28
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	101184	AXON INVESTIGATE - TRAINING - OPERATOR AND EXAMINER	2
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	101193	AXON TASER - ON DEMAND CERTIFICATION	28
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	11642	AXON INVESTIGATE - THIRD PARTY VIDEO SUPPORT	28

Services

Bundle	Item	Description	QTY
Fleet 3 Basic + TAP	73391	AXON FLEET 3 - DEPLOYMENT PER VEHICLE - NOT OVERSIZED	12
Interview Room 2 Camera Essential	85170	AXON INTERVIEW - INSTALLATION - STANDARD (PER ROOM)	2
A la Carte	101208	AXON TASER 10 - 2 DAY INSTRUCTOR COURSE - INSIDE SALES	1
A la Carte	20379	AXON VR - PSO - FULL INSTALLATION - INSIDE SALES	1
A la Carte	85144	AXON BODY - PSO - STARTER	1

Warranties

Bundle	Item	Description	QTY	Estimated Start Date	Estimated End Date
Interview Room 2 Camera Essential	101648	AXON INTERVIEW - EXT WARRANTY - 5 YEARS	2		
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	100197	AXON VR - EXT WARRANTY - HEADSET	2	02/01/2027	02/28/2031
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	100213	AXON VR - EXT WARRANTY - TABLET	2	02/01/2027	02/28/2031
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	100704	AXON TASER 10 - EXT WARRANTY - HANDLE	28	02/01/2027	02/28/2031
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	101007	AXON VR - EXT WARRANTY - TASER CONTROLLER	2	02/01/2027	02/28/2031
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	101008	AXON VR - EXT WARRANTY - HANDGUN CONTROLLER	2	02/01/2027	02/28/2031
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	80374	AXON TASER - EXT WARRANTY - BATTERY PACK T7/T10	6	02/01/2027	02/28/2031
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	80374	AXON TASER - EXT WARRANTY - BATTERY PACK T7/T10	28	02/01/2027	02/28/2031
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	80396	AXON TASER - EXT WARRANTY - DOCK SIX BAY T7/T10	1	02/01/2027	02/28/2031
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	80464	AXON BODY - TAP WARRANTY - CAMERA	28	02/01/2027	02/28/2031
BUNDLE - OFFICER SAFETY PLAN 10 PLUS	80465	AXON BODY - TAP WARRANTY - MULTI BAY DOCK	4	02/01/2027	02/28/2031
Fleet 3 Basic + TAP	80379	AXON SIGNAL - EXT WARRANTY - SIGNAL UNIT	12	02/01/2027	02/28/2031
Fleet 3 Basic + TAP	80495	AXON FLEET 3 - EXT WARRANTY - 2 CAMERA KIT	12	02/01/2027	02/28/2031

Shipping Locations

Location Number	Street	City	State	Zip	Country
1	204 E Pearl St	Owatonna	MN	55060-2422	USA
2	204 E Pearl St	Owatonna	MN	55060-2422	USA

Payment Details

Feb 2026

Invoice Plan	Item	Description	Qty	Subtotal	Tax	Total
Year 1	100552	TRANSFER BALANCE - GOODS	1	(\$158.57)	\$0.00	(\$158.57)
Year 1	100553	TRANSFER BALANCE - SOFTWARE AND SERVICES	1	(\$113.00)	\$0.00	(\$113.00)
Year 1	101208	AXON TASER 10 - 2 DAY INSTRUCTOR COURSE - INSIDE SALES	1	\$0.00	\$0.00	\$0.00
Year 1	20379	AXON VR - PSO - FULL INSTALLATION - INSIDE SALES	1	\$0.00	\$0.00	\$0.00
Year 1	85144	AXON BODY - PSO - STARTER	1	\$57.12	\$0.00	\$57.12
Year 1	Fleet3B+TAP	Fleet 3 Basic + TAP	12	\$29,939.05	\$0.00	\$29,939.05
Year 1	H00001	AB4 Camera Bundle	28	\$0.00	\$0.00	\$0.00
Year 1	H00002	AB4 Multi Bay Dock Bundle	4	\$35.12	\$0.00	\$35.12
Year 1	H00004	AB4 FLEX POV HARDWARE BUNDLE	5	\$0.00	\$0.00	\$0.00
Year 1	IR2CB	Interview Room 2 Camera Essential	2	\$0.00	\$0.00	\$0.00
Year 1	M00033	BUNDLE - OFFICER SAFETY PLAN 10 PLUS	28	\$92,406.75	\$0.00	\$92,406.75
Year 1	ProLicense	Pro License Bundle	14	\$8,190.00	\$0.00	\$8,190.00
Year 1	S00007	AXON AI - AI ERA LEADERS	31	\$74,027.96	\$0.00	\$74,027.96
Total				\$204,384.43	\$0.00	\$204,384.43

Mar 2026

Invoice Plan	Item	Description	Qty	Subtotal	Tax	Total
Invoice Upon Fulfillment	IR2CB	Interview Room 2 Camera Essential	2	\$0.00	\$0.00	\$0.00
Invoice Upon Fulfillment	M00033	BUNDLE - OFFICER SAFETY PLAN 10 PLUS	28	\$0.00	\$0.00	\$0.00
Total				\$0.00	\$0.00	\$0.00

Feb 2027

Invoice Plan	Item	Description	Qty	Subtotal	Tax	Total
Year 2	100552	TRANSFER BALANCE - GOODS	1	(\$158.57)	\$0.00	(\$158.57)
Year 2	100553	TRANSFER BALANCE - SOFTWARE AND SERVICES	1	(\$113.00)	\$0.00	(\$113.00)
Year 2	101208	AXON TASER 10 - 2 DAY INSTRUCTOR COURSE - INSIDE SALES	1	\$0.00	\$0.00	\$0.00
Year 2	20379	AXON VR - PSO - FULL INSTALLATION - INSIDE SALES	1	\$0.00	\$0.00	\$0.00
Year 2	85144	AXON BODY - PSO - STARTER	1	\$57.12	\$0.00	\$57.12
Year 2	Fleet3B+TAP	Fleet 3 Basic + TAP	12	\$29,939.05	\$0.00	\$29,939.05
Year 2	H00001	AB4 Camera Bundle	28	\$0.00	\$0.00	\$0.00
Year 2	H00002	AB4 Multi Bay Dock Bundle	4	\$35.12	\$0.00	\$35.12
Year 2	H00004	AB4 FLEX POV HARDWARE BUNDLE	5	\$0.00	\$0.00	\$0.00
Year 2	IR2CB	Interview Room 2 Camera Essential	2	\$0.00	\$0.00	\$0.00
Year 2	M00033	BUNDLE - OFFICER SAFETY PLAN 10 PLUS	28	\$92,406.75	\$0.00	\$92,406.75
Year 2	ProLicense	Pro License Bundle	14	\$8,190.00	\$0.00	\$8,190.00
Year 2	S00007	AXON AI - AI ERA LEADERS	31	\$74,027.97	\$0.00	\$74,027.97
Total				\$204,384.44	\$0.00	\$204,384.44

Feb 2028						
Invoice Plan	Item	Description	Qty	Subtotal	Tax	Total
Year 3	100552	TRANSFER BALANCE - GOODS	1	(\$158.57)	\$0.00	(\$158.57)
Year 3	100553	TRANSFER BALANCE - SOFTWARE AND SERVICES	1	(\$113.00)	\$0.00	(\$113.00)
Year 3	101208	AXON TASER 10 - 2 DAY INSTRUCTOR COURSE - INSIDE SALES	1	\$0.00	\$0.00	\$0.00
Year 3	20379	AXON VR - PSO - FULL INSTALLATION - INSIDE SALES	1	\$0.00	\$0.00	\$0.00
Year 3	85144	AXON BODY - PSO - STARTER	1	\$57.12	\$0.00	\$57.12
Year 3	Fleet3B+TAP	Fleet 3 Basic + TAP	12	\$29,939.05	\$0.00	\$29,939.05
Year 3	H00001	AB4 Camera Bundle	28	\$0.00	\$0.00	\$0.00
Year 3	H00002	AB4 Multi Bay Dock Bundle	4	\$35.12	\$0.00	\$35.12
Year 3	H00004	AB4 FLEX POV HARDWARE BUNDLE	5	\$0.00	\$0.00	\$0.00
Year 3	IR2CB	Interview Room 2 Camera Essential	2	\$0.00	\$0.00	\$0.00
Year 3	M00033	BUNDLE - OFFICER SAFETY PLAN 10 PLUS	28	\$92,406.75	\$0.00	\$92,406.75
Year 3	ProLicense	Pro License Bundle	14	\$8,190.00	\$0.00	\$8,190.00
Year 3	S00007	AXON AI - AI ERA LEADERS	31	\$74,027.97	\$0.00	\$74,027.97
Total				\$204,384.44	\$0.00	\$204,384.44

Feb 2029						
Invoice Plan	Item	Description	Qty	Subtotal	Tax	Total
Year 4	100552	TRANSFER BALANCE - GOODS	1	(\$158.57)	\$0.00	(\$158.57)
Year 4	100553	TRANSFER BALANCE - SOFTWARE AND SERVICES	1	(\$113.00)	\$0.00	(\$113.00)
Year 4	101208	AXON TASER 10 - 2 DAY INSTRUCTOR COURSE - INSIDE SALES	1	\$0.00	\$0.00	\$0.00
Year 4	20379	AXON VR - PSO - FULL INSTALLATION - INSIDE SALES	1	\$0.00	\$0.00	\$0.00
Year 4	85144	AXON BODY - PSO - STARTER	1	\$57.12	\$0.00	\$57.12
Year 4	Fleet3B+TAP	Fleet 3 Basic + TAP	12	\$29,939.05	\$0.00	\$29,939.05
Year 4	H00001	AB4 Camera Bundle	28	\$0.00	\$0.00	\$0.00
Year 4	H00002	AB4 Multi Bay Dock Bundle	4	\$35.12	\$0.00	\$35.12
Year 4	H00004	AB4 FLEX POV HARDWARE BUNDLE	5	\$0.00	\$0.00	\$0.00
Year 4	IR2CB	Interview Room 2 Camera Essential	2	\$0.00	\$0.00	\$0.00
Year 4	M00033	BUNDLE - OFFICER SAFETY PLAN 10 PLUS	28	\$92,406.75	\$0.00	\$92,406.75
Year 4	ProLicense	Pro License Bundle	14	\$8,190.00	\$0.00	\$8,190.00
Year 4	S00007	AXON AI - AI ERA LEADERS	31	\$74,027.97	\$0.00	\$74,027.97
Total				\$204,384.44	\$0.00	\$204,384.44

Feb 2030						
Invoice Plan	Item	Description	Qty	Subtotal	Tax	Total
Year 5	100552	TRANSFER BALANCE - GOODS	1	(\$158.57)	\$0.00	(\$158.57)
Year 5	100553	TRANSFER BALANCE - SOFTWARE AND SERVICES	1	(\$113.00)	\$0.00	(\$113.00)
Year 5	101208	AXON TASER 10 - 2 DAY INSTRUCTOR COURSE - INSIDE SALES	1	\$0.00	\$0.00	\$0.00
Year 5	20379	AXON VR - PSO - FULL INSTALLATION - INSIDE SALES	1	\$0.00	\$0.00	\$0.00
Year 5	85144	AXON BODY - PSO - STARTER	1	\$57.12	\$0.00	\$57.12
Year 5	Fleet3B+TAP	Fleet 3 Basic + TAP	12	\$29,939.05	\$0.00	\$29,939.05
Year 5	H00001	AB4 Camera Bundle	28	\$0.00	\$0.00	\$0.00
Year 5	H00002	AB4 Multi Bay Dock Bundle	4	\$35.12	\$0.00	\$35.12
Year 5	H00004	AB4 FLEX POV HARDWARE BUNDLE	5	\$0.00	\$0.00	\$0.00
Year 5	IR2CB	Interview Room 2 Camera Essential	2	\$0.00	\$0.00	\$0.00
Year 5	M00033	BUNDLE - OFFICER SAFETY PLAN 10 PLUS	28	\$92,406.75	\$0.00	\$92,406.75
Year 5	ProLicense	Pro License Bundle	14	\$8,190.00	\$0.00	\$8,190.00
Year 5	S00007	AXON AI - AI ERA LEADERS	31	\$74,027.97	\$0.00	\$74,027.97
Total				\$204,384.44	\$0.00	\$204,384.44

Tax is estimated based on rates applicable at date of quote and subject to change at time of invoicing. If a tax exemption certificate should be applied, please submit prior to invoicing.

Contract Sourcwell #101223-AXN is incorporated by reference into the terms and conditions of this Agreement. In the event of conflict the terms of Axon's Master Services and Purchasing Agreement shall govern.

Standard Terms and Conditions

Axon Enterprise Inc. Sales Terms and Conditions

Axon Master Services and Purchasing Agreement:

This Quote is limited to and conditional upon your acceptance of the provisions set forth herein and Axon's Master Services and Purchasing Agreement (posted at <https://www.axon.com/sales-terms-and-conditions>), as well as the attached Statement of Work (SOW) for Axon Fleet and/or Axon Interview Room purchase, if applicable. In the event you and Axon have entered into a prior agreement to govern all future purchases, that agreement shall govern to the extent it includes the products and services being purchased and does not conflict with the Axon Customer Experience Improvement Program Appendix as described below.

ACEIP:

The Axon Customer Experience Improvement Program Appendix, which includes the sharing of de-identified segments of Agency Content with Axon to develop new products and improve your product experience (posted at www.axon.com/legal/sales-terms-and-conditions), is incorporated herein by reference. By signing below, you agree to the terms of the Axon Customer Experience Improvement Program.

Acceptance of Terms:

Any purchase order issued in response to this Quote is subject solely to the above referenced terms and conditions. By signing below, you represent that you are lawfully able to enter into contracts. If you are signing on behalf of an entity (including but not limited to the company, municipality, or government agency for whom you work), you represent to Axon that you have legal authority to bind that entity. If you do not have this authority, please do not sign this Quote.

Exceptions to Standard Terms and Conditions

Agency has existing contract(s) originated via Quote(s):

Q-446873, Q-446873

Agency is terminating those contracts effective 3/1/2026. Any changes in this date will result in modification of the program value which may result in additional fees or credits due to or from Axon.

The parties agree that Axon is applying a Transfer Balance of -\$1,357.81

Signature

12/19/2025

Date Signed





DATE: January 6, 2026
TO: Mayor and City Council
FROM: Rachel Boss, Human Resources Director
SUBJECT: 2026 Non-benefited Employee Pay Structure

Purpose:

Approve the Non-benefited Employee Pay Structure document effective January 1, 2026.

Background:

In alignment with the key focus area of efficient effective government in the strategic plan, all seasonal temporary and non-benefited part-time position pay rates have again been compiled into one comprehensive document.

Budget Impact:

Any applicable wage increases on this scale have already been accounted for in the approved 2026 budget.

Staff Recommendation:

Staff recommends approval of the 2026 Non-benefited Employee Pay Structure.

Attachments:

1. Non-Benefited Employee Pay Structure 1.1.2026

City of Owatonna
Non-Benefited Employees Pay Structure
Effective 1-1-2026

Job Title	Pay Range																
	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
Adult Program Official*	\$19.00	\$19.50	\$20.00	\$20.50	\$21.00	\$21.50	\$22.00	\$22.50	\$23.00	\$23.50	\$24.00	\$24.50					
Coordinator*	\$19.50	\$20.00	\$20.50	\$21.00	\$21.50	\$22.00	\$22.50	\$23.00	\$23.50	\$24.00	\$24.50						
Guest Services*	\$13.00	\$13.50	\$14.00	\$14.50	\$15.00												
Guest Services Lead *	\$16.00	\$16.50	\$17.00	\$17.50	\$18.00												
Head Lifeguard*	\$16.50	\$17.00	\$17.50	\$18.00	\$18.50												
Intern*	\$16.00	\$16.50	\$17.00	\$17.50	\$18.00	\$18.50	\$19.00	\$19.50	\$20.00	\$20.50	\$21.00	\$21.50	\$22.00	\$22.50	\$23.00	\$23.50	\$24.00
Library Page*	\$12.00	\$12.50	\$13.00	\$13.50	\$14.00												
Library Substitute*	\$18.00	\$18.50	\$19.00	\$19.50	\$20.00												
Lifeguard*	\$14.50	\$15.00	\$15.50	\$16.00	\$16.50												
Lifeguard Training Instructor*	\$19.50	\$20.00	\$20.50	\$21.00	\$21.50	\$22.00	\$22.50	\$23.00	\$23.50	\$24.00	\$24.50						
Park, Golf & Facilities Maintenance*	\$15.00	\$15.50	\$16.00	\$16.50	\$17.00	\$17.50	\$18.00										
Program Lead*	\$16.00	\$16.50	\$17.00	\$17.50	\$18.00	\$18.50	\$19.00										
Street Maintenance*	\$15.00	\$15.50	\$16.00	\$16.50	\$17.00	\$17.50	\$18.00										
Water Safety Instructor*	\$16.50	\$17.00	\$17.50	\$18.00	\$18.50	\$18.50	\$19.00										
Youth Program Official*	\$15.00	\$15.50	\$16.00	\$16.50	\$17.00	\$17.50	\$18.00	\$18.50	\$19.00	\$19.50	\$20.00						
Fire																	
Paid on Call Firefighter - Trainee	\$14.11																
Paid on Call Firefighter - Probationary	\$16.93																
Paid on Call Firefighter	\$19.73																
Paid on Call Resident Firefighter	\$23.35																
Weed/Nuisance Inspector *	\$16.00	\$16.50	\$17.00	\$17.50	\$18.00	\$18.50	\$19.00	\$19.50	\$20.00	\$20.50	\$21.00	\$21.50	\$22.00	\$22.50	\$23.00	\$23.50	\$24.00
Judges																	
Election Judge	\$13.00																
Head Election Judge	\$14.00																

Seasonal/Temporary Employee Wage Increase Procedure

The starred (*)positions will move up a step effective January 1 after every consecutive year/season of service in that role with the city until reaching the maximum rate.

**Youth Program Soccer Officials who provide proof of certification will receive an additional \$3



DATE: January 6, 2026
TO: Mayor and City Council
FROM: Rachel Boss, Human Resources Director
SUBJECT: Personnel Policy Revisions and Additions

Purpose:

Request Council approval of changes to the City's Personnel Policy Manual.

Background:

Requesting revisions to the following sections:

- **Chapter 3.4 – Pre-Employment Physical and Drug Examinations**
Revised to remove the requirement for pre-employment physicals for all positions. Physical examinations will now only be required for positions as determined necessary by the City.
- **Chapter 5.3 – Breaks**
Updated break time provisions to align with the new requirements under Minnesota state law.
- **Chapter 8.7 – Medical Leave of Absence Without Pay**
Clarified language regarding the storage of medical documentation.
- **Chapter 20.4 – Petty Cash Policy and Procedures**
Updated the list of designated staff authorized to approve purchases of \$5,000 or less.

One section will be added to the policy with this request:

- **Chapter 8.8 – Minnesota Paid Leave**
Added a new policy to comply with Minnesota's recently enacted paid leave legislation.

Budget Impact:

No budget impact.

Staff Recommendation:

Staff Recommends approval.

Attachments:

1. Chapter 3.4 Pre-Employment Physical and Drug Examinations
2. Chapter 5.3 Breaks
3. Chapter 8.7 Medical Leave of Absence Without Pay
4. Chapter 8.8 Minnesota Paid Leave
5. Chapter 20.4 Petty Cash Policy and Procedures

relationship. This includes the foregoing persons who are considered an "in-law," "step," or "adopted" close relative. The policies and guidelines herein that apply to close relative[s] shall also apply to more distant relatives who are living in the same household of a City employee.

"Supervisory relationship" means a supervisor/subordinate relationship between employees.

- 4) Applicants. A close relative of a City employee may seek and obtain City employment as long as the City employee to whom the applicant is related does not participate in or otherwise influence the hiring of such close relative.
- 5) Supervision by Close Relative. No person or employee shall be hired or promoted to work in any job classification directly supervised by another employee who is a close relative of the person seeking to be hired or promoted. An employee shall not indirectly or directly supervise another employee who is a close relative.
- 6) Temporary/Seasonal. The City may employ a person who is a close relative of a City employee in a job classification that has an indirect or direct supervisory relationship with the City employee for temporary/seasonal positions provided that the City's recruitment, selection, hiring, and employment policy is followed and the employment is strictly temporary/seasonal.
- 7) Relationship During Employment. In the event two employees become close relatives by marriage or other committed relationship which results in them being placed in a direct supervisory relationship, one of the employees may, upon his or her request, be transferred to a vacant position in another division or department, if any exists, for which the employee is qualified. If no such position is then available, the employees may remain in their respective positions for up to 6 months after which one of the employees will be separated from employment with the City through voluntary resignation or discharge. If neither employee submits a voluntary resignation prior to this deadline, then the employee with less seniority will be discharged from employment.

3.4 EMPLOYMENT PHYSICALPRE-EMPLOYMENT PHYSICAL AND DRUG EXAMINATIONS

Prior to beginning employment, all new regular full-time and regular part-time employees shall be required to complete a pre-employment drug screen conducted by a designated administrator.

~~have a physical examination to include drug testing by the city-designated physician, to determine the applicant's fitness to perform the duties of the job for which application is made. In addition, certain positions, identified by the City based on physical demands of the role, will require a physical examination by a City -designated physician to determine the applicant's fitness to perform the essential duties of the position.~~

A report of the examination must be submitted to the Human Resource Department and be treated as confidential medical records. Cost of the examination shall be borne by the city.

The offer of employment shall be made contingent upon successful completion of the physical examination including drug testrequired examinations. The physician conducting the physical exam shall be provided with a description of the duties and responsibilities and other

pertinent information about the position.

3.5 EVALUATION/PROBATIONARY PERIOD

It is the policy of the City of Owatonna that employees serve an evaluation period for the

5.3 BREAKS

Rest Periods

An employee shall receive a fifteen (15) minute rest period or enough time to utilize the nearest restroom, whichever is longer, for each four (4) hour period of continuous work. Rest periods are part of the paid work shift. An employee shall not be compensated in additional money or time off for refusing to take a scheduled rest period. Rest periods shall be scheduled by the department director or supervisor. An employee shall be at the assigned work area at the beginning and end of the rest period.

Lunch-Meal Periods

All lunch periods are unpaid and in addition to the regularly scheduled work hours. Length of one-half (½) hour versus one (1) hour is in accordance with the customs and needs of the individual departments. All employees working six or more consecutive hours must be provided a 30-minute unpaid meal break, during which they are completely relieved of duty. Please refer to the appropriate bargaining unit contract in determining lunch, breaks, and quitting times.

Transportation to and from Rest/Lunch Periods

City vehicles shall not be used for transportation from a specific job site or location to another site or location for the purpose of taking a rest period or lunch period, unless authorized by the department director. Time in transit shall be included in the time allotted for rest or lunch periods.

5.4 BREAKS FOR NURSING MOTHERS AND LACTATING EMPLOYEES

Employees may take reasonable break time each day to express milk. The City will not reduce an employee's pay for breaks taken under this policy, but such breaks may run concurrently with regularly scheduled breaks when possible. The City will make reasonable efforts to provide nursing employees with a room or other location in close proximity to the work area, other than a bathroom or toilet stall, that is shielded for view and free from intrusion from coworkers and the public and that includes access to an electrical outlet so the employee can express milk in privacy.

Discharge, retaliation, penalizing, interfering with, restraining, or coercing against employees who take breaks under this policy is strictly prohibited.

5.5 REMOTE WORK

Purpose

The City of Owatonna is committed to providing excellent customer service

injury incurred in the course of duty for the City of Owatonna, the city will continue to pay premiums for Hospital – Surgical – Major Medical insurances as though the employee were in pay status. For purposes of calculating termination benefits, longevity shall continue through the period of medical leave of absence without pay of employees injured in the course of duty.

Reinstatement and Termination During a Leave of Absence Without Pay

Prior to returning to work from a medical leave of absence, the employee shall provide a physician's statement that the employee is able to return to work. An employee returning to work within the authorized leave period may be reinstated to the original position or a position in the same classification.

An employee exceeding the authorized leave period without giving proper notice shall be dismissed.

An employee giving proper termination notice within the authorized leave period shall be eligible for terminal benefits.

8.7 MEDICAL LEAVE OF ABSENCE WITHOUT PAY

The City of Owatonna may grant a medical leave of absence without pay to non- contract employees. To be eligible, an employee must be a certified, regular employee.

Authorization

1. The employee shall submit a written request for a medical leave of absence to the department director at the earliest possible date.
2. The department director shall be responsible for reviewing requests for medical leaves of absence and shall forward a recommendation for final action to the City Administrator.
 - a) A medical leave of absence may be granted only if an employee has exhausted all accumulated leave balances.
 - b) The department director may require the employee to submit a physician's written statement citing that the employee is unable to work due to a personal physical or mental illness, injury, or treatment of a chemical dependency and the projected date of return to work.
 - c) At any time during the leave, the department director may request a physician's statement updating the employee's condition and projected date of return to work.
3. Authorized requests and all medical statements shall be filed in the employee's personnel file ~~in the Finance Department.~~

Length of Leave

A medical leave of absence may be granted for a maximum of six (6) months.

Effect on Benefits During a Leave of Absence Without Pay

Sick Leave, Vacation and PTO shall not accrue. Holidays shall not be paid.

For employees on medical leave of absence without pay, which results from an injury incurred in the course of duty for the City of Owatonna, the city will continue to pay premiums for Hospital – Surgical – Major Medical insurances as though the employee were in pay status. For purposes of calculating termination benefits, longevity shall continue through the period of medical leave of absence without pay of employees injured in the course of duty.

Reinstatement and Termination During a Leave of Absence Without Pay

Prior to returning to work from a medical leave of absence, the employee shall provide a physician's statement that the employee is able to return to work. An employee returning to work within the authorized leave period may be reinstated to the original position or a position in the same classification.

An employee exceeding the authorized leave period without giving proper notice shall be dismissed.

An employee giving proper termination notice within the authorized leave period shall be eligible for terminal benefits.

8.8 MINNESOTA PAID LEAVE

Purpose

This policy is established to comply with the Minnesota Paid Leave Law, which establishes a public insurance program administered by the Minnesota Department of Employment and Economic Development ("DEED"), providing eligible employees with paid leave for family and medical reasons beginning January 1, 2026 ("MPL"). The City of Owatonna provides MPL benefits to eligible employees through an approved equivalent plan administered by City of Owatonna's designated MPL insurance carrier instead of through DEED. This plan provides time off, payments, and job protections that are equal to or greater than those offered under the Minnesota Paid Leave Law. The MPL plan is funded by premium contributions payable to City of Owatonna's designated MPL insurance carrier and split between employers and employees pursuant to Minn. Stat. sec. 268B.14, subd. 3.

Employee Application and Eligibility

To apply for MPL benefits, employees must apply with the City of Owatonna's designated insurance carrier.

Employee eligibility based on such application is determined solely by the City of Owatonna's designated MPL insurance carrier.

Employee Notification Required

Length of Leave

A medical leave of absence may be granted for a maximum of six (6) months.

Effect on Benefits During a Leave of Absence Without Pay

Sick Leave, Vacation and PTO shall not accrue. Holidays shall not be paid.

For employees on medical leave of absence without pay, which results from an injury incurred in the course of duty for the City of Owatonna, the city will continue to pay premiums for Hospital – Surgical – Major Medical insurances as though the employee were in pay status. For purposes of calculating termination benefits, longevity shall continue through the period of medical leave of absence without pay of employees injured in the course of duty.

Reinstatement and Termination During a Leave of Absence Without Pay

Prior to returning to work from a medical leave of absence, the employee shall provide a physician's statement that the employee is able to return to work. An employee returning to work within the authorized leave period may be reinstated to the original position or a position in the same classification.

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Employee Application and Eligibility

To apply for MPL benefits, employees must apply with the City of Owatonna's designated insurance carrier.

Employee eligibility based on such application is determined solely by the City of Owatonna's designated MPL insurance carrier.

Employee Notification Required

Employees must provide the City of Owatonna with at least thirty (30) days' notice before their MPL begins if the need for leave is foreseeable. If the leave is not foreseeable, employees must notify the City of Owatonna as soon as possible.

If the employee does not provide the City of Owatonna with at least thirty (30) days' notice when the need for leave is foreseeable, the employee must explain why it was not possible or practical upon request from the City of Owatonna.

In addition, employees are required to comply with any and all City of Owatonna policies and procedures for requesting leave. Employees that fail to comply with relevant City of Owatonna policies and procedures are subject to discipline, up to and including termination from employment.

Certification and Documentation Requirements

Employees seeking MPL benefits are required to provide copies of any certification of eligibility or other relevant medical documents to the Human Resources Department on the same day that they are submitted to the City of Owatonna's designated MPL insurance carrier for MPL benefit consideration.

Intermittent Leave

Employees taking intermittent MPL are required to provide the City of Owatonna with a schedule of the workdays the employee needs off as soon as possible. Employees taking intermittent leave must make a reasonable effort to schedule the intermittent leave.

Consistent with FMLA, employees may take intermittent MPL in minimum increments of one hour.

Concurrent Leaves

Employees taking MPL, whether intermittently or continuously, that are concurrently eligible for Family and Medical Leave Act ("FMLA") and/or pregnancy/parenting leave under Minn. Stat. sec. 181.941 will automatically be placed on such leaves to run concurrently with MPL.

Supplemental Benefits

Employees are permitted to use their available paid leave time, including any accrued but unused sick time, vacation time, compensatory time, or PTO, as a supplemental benefit while on leave under MPL.

Health Insurance

Employees taking MPL will continue to be covered under the City of Owatonna's group health insurance plan under the same conditions and at the same level of City of Owatonna contributions as would have been provided had they been continuously employed during the leave period. Employees are responsible for their portion of premiums due on the coverage. If premiums cannot be deducted from payroll, employees must submit payment directly to the City of Owatonna by the 25th of each month. Payments must be made by check, payable to the City of Owatonna, and delivered to City of Owatonna Finance Department.

Group health insurance may be cancelled if an employee's premium payment is 30 days late. Before terminating coverage, the city will provide written notice to the employee at least 15 days before the coverage is terminated listing the final date payment is due (30 days past the due date) to avoid cancellation and the date coverage will end if payment is not received.

MPL Fraud

An employee is guilty of theft if they obtain or attempt to obtain benefits to which the individual is not entitled. Reporting false information to City of Owatonna's designated MPL insurance carrier and/or the City of Owatonna will be cause for discipline, up to and including termination.

8.9 FAMILY AND MEDICAL LEAVE ACT

Eligibility

To qualify to take FMLA leave under this policy, an employee must meet all the following conditions:

- Have worked for the City for 12 months (or 52 weeks) prior to the date the leave is to commence. The 12 months or 52 weeks need not have been consecutive; however, the City will not consider any service 7 years prior to the employee's most recent hire date.
- Have worked at least 1,250 hours during the 12-month period prior to the date when the leave is requested to commence. The principles established under the Fair Labor Standards Act ("FLSA") determine the number of hours worked by an employee. The 1250 hours include only on-the-clock hours worked and do not include leave, PTO, or vacation hours.

Types of Leave Covered by FMLA

Leave will be granted to all eligible employees for any of the following reasons:

- The birth of a child, including prenatal care, or placement of a child with the employee for adoption or foster care;
- To care for a spouse, child, or parent who has a serious health condition;
- Due to a serious health condition that makes the employee unable to perform the essential functions of the position
- A covered military member's active duty or call to duty or to care for a covered military member (Military Caregiver and Qualified Exigency Leave) (described below).

Definitions

- "Spouse" does not include domestic partners or common-law spouses.
- "Caring for" a covered family member includes psychological as well as physical care. It also includes acquiring care and sharing care duties. An eligible "child," with some exceptions, is under 18 years of age.
- An eligible "parent" includes a biological parent or a person who stood in the place of a parent.
- "Serious Health Condition" means an illness, injury, impairment, or physical or mental condition that involves one of the following:
 - Hospital Care: Any period of incapacity or treatment connected with inpatient care (i.e., an overnight stay) in a hospital, hospice, or residential medical care facility;
 - Pregnancy: Any period of incapacity due to pregnancy, prenatal

If the cardholder delegates that right, they are still ultimately responsible for any charges made with the card.

E. Disputed Charges

Billing discrepancies can result from, but are not limited to, failure to receive goods or services that were charged, duplicative or altered charges, defective merchandise, error, misuse, and fraud. The cardholder is responsible for following up with the vendor and/or bank on any disputed charges. The cardholder will be held accountable for all charges unless the charges have been properly disputed.

F. Lost or Stolen Card

Lost or stolen cards must be reported immediately to the credit card company and also the Finance Department.

G. Acknowledgement Agreement

Employees are required to sign an Acknowledgement Agreement indicating that they accept the terms of this Credit Card Use Policy. Failure to comply with this Policy and related procedures may make the employee accountable for any questionable expenditures and subject to disciplinary action up to termination of employment.

H. Credit Card User's Agreement

Employees that are issued credit cards in their name are required to sign a User's Agreement indicating that they accept the terms of the User's Agreement. Failure to comply with this agreement may make the employee accountable for any questionable expenditures and subject to disciplinary action up to termination of employment.

20.4 PETTY CASH POLICY AND PROCEDURES

Petty Cash is available for small, non-recurring purchases. It shall only be used for the payment of a claim if it is impractical to pay the claim in any other manner.

A. Expenditure Limits for an Individual Purchase

No individual purchases allowed for over \$50.

B. Funding Authorization

The Petty Cash Voucher Form (available on the City Intranet) must include the appropriate funding codes and approvals.

C. Supporting Documentation

Employees must submit a completed signed Petty Cash Voucher Form and the supporting documentation for the allowable business expenditures to the custodian of the petty cash. Each expenditure shall be substantiated by the following supporting documentation:

- Reason and purpose of the purchase, as well as why the item was not purchased via the normal purchase process (charges made on account – to be invoiced).
- Original receipts, which include vendor name, date of purchase, individual itemized with exact dollar amounts – no copies.
- Additional supporting documentation (packing slips, etc.) must also be original – no copies.
- Employee signature which also acknowledges the business appropriateness of the expenditure.

D. Review and Approval

Any petty cash purchase must be approved according to the City's purchasing procedures.

- The Approver's signature must be original – copies/stamped approvals are not acceptable, nor is delegation of the review.
- Approvers cannot approve own expenditures. If an Approver is part of a combined group expenditure, the highest-ranking employee in the group will submit the expenditure for approval to his/her supervisor.
- Expenditures of department heads are to be reviewed by the City Administrator, with original signatures. Approval authority cannot be delegated.

It is the responsibility of the Approver to ensure that the Petty Cash Voucher Form is complete and that adequate documentation has been provided to support that the expenditure is a valid City expense. The Approver needs to review for

- Proper forms/documentation and reasons for purchase;
- Mathematical accuracy;
- Original receipts;
- Proper allocation of expense according to budget procedures and to the proper budget category; and
- Escalation to the City Administrator of any expense that appears to be out of the ordinary (i.e. abnormally large expenses, poorly documented expenses, purchases not generally required for normal City business) for a more focused review.

E. Ineligible Petty Cash Purchases

- If the purchase is for something that could be purchased through the normal procurement process (charges made on account – to be invoiced), petty cash is not to be used.
- If the purchase is for an item that should be handled through the employee reimbursement, petty cash is not to be used (i.e. meals, postage, travel expenses).
- State statute prohibits the use of petty cash for salaries or personal expenses of an employee.

F. Custody of Petty Cash

The custodian of petty cash must keep the petty cash in a locked desk, safe, or file cabinet to which access is limited.

G. Unannounced Audits of Petty Cash

The custodian must be prepared for unannounced audits of petty cash. At any time, the amount of cash on hand plus any petty cash vouchers, should equal the amount of the approved petty cash.

Designated Staff Authorized to Approve Purchases \$5,000 or Less - Exhibit A (Revised 11/02/2101/06/2026)

Assistant City Administrator

Finance Director

Director of Human Resources

Police Chief

Police Captains

Fire Chief

Assistant Fire Chief/Fire Marshal

Community Development Director

Community Development Manager

Airport Manager

Housing Manager

Building Official

City Engineer

Assistant City Engineer

Wastewater Manager

Director of P&R ~~and Govt Bldgs~~

Facilities Manager

Recreation Manager

Maintenance Manager

Maintenance Foreman

Director of Library Services

Asst Library Director

Librarian

Director of Information Technology

Communications Manager

Public Purpose Expenditure Chart - Exhibit B

This chart provides a summary of tests a public expenditure should meet in order to be valid. If an expenditure does not pass all of the following questions, the expenditure may be doubtful. In this case, a city should consult its city attorney before making the expenditure.

Test	Answer	Public expenditure NOT authorized	Public expenditure authorized
Does a statute or charter provision specifically or implicitly authorize the specific expenditure?	Yes		
	No		
Does the expenditure benefit the community as a whole?	Yes		
	No		
Is the expenditure directly related to the functions of government?	Yes		
	No		
Does the expenditure have as its primary objective the benefit of a private interest?	Yes		
	No		