

**PLEASE NOTE:** 5:30 p.m. - Study Session with an update from Roger Warehime, General Manager at Owatonna Public Utilities, and then a discussion regarding the Preliminary 2024 Budget. If time allows, there will be general updates on various boards and commissions.



## **OWATONNA CITY COUNCIL MEETING**

**Tuesday, October 3, 2023 at 7:00 PM**

**Gainey Room at the Owatonna Public Library**

**105 N Elm Avenue**

**Roll Call: Council Members Voss, Dotson, Burbank,  
Boeke, Raney, Svenby & Schultz**

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

1.1. Council Agenda

1.2. Mayor Kuntz

1.2.1. Proclamation - Foundation Week - October 2 - 6, 2023

1.2.2. Proclamation - Manufacturing Week - October 6 - 14, 2023

1.2.3. Proclamation - 2023 Fire Fighter of the Year - Mitchell A. Terpstra

1.2.4. Proclamation - Domestic Violence Awareness Month - October 2023

### **2. CONSENT AGENDA ITEMS**

2.1. Minutes – City Council Meeting – September 19, 2023

2.2. Minutes - City Boards/Commissions

2.2.1. HRA Meeting - August 8, 2023

2.2.2. Airport Commission Meeting - August 10, 2023

2.2.3. OPU Meeting - August 29, 2023

2.3. Licenses/Permits

2.3.1. Exempt Permit - Turkey Bingo - Owatonna Fire Relief Association - November 11, 2023

2.3.2. Excluded Bingo - Purse Bingo - Early Edition Rotary - November 10, 2023

2.4. Miscellaneous

2.4.1. Change Order #4 - Truman Avenue Project - Northland Grading & Excavating

### **3. ACTION ITEMS**

3.1. Finance Report

3.2. Ordinances

3.2.1. Second/Final Reading Proposed Ordinance 23-18: RZ-6 - 121 Mill Street E - Steele County

3.2.2. Second/Final Reading Proposed Ordinance 23-19: Adopt S-7 Supplement to the 2015 Ordinance Code

3.3. Resolutions

3.3.1. Resolution 61-23: VAR-3 Multi Family Lot Size Variance - 511 S Elm Avenue

3.3.2. Resolution 93-23: Award Sale of General Obligation Street Reconstruction Bonds 2023B

3.3.3. Resolution 94-23: Declare Costs for the 2022 Street & Utility Project

3.3.4. Resolution 95-23: Set Public Hearing Date for the 2022 Street & Utility Project

- 3.3.5. Resolution 96-23: Declare Costs for the 2023 Havana Road Project
- 3.3.6. Resolution 97-23: Set Public Hearing Date for the 2023 Havana Road Project
- 3.3.7. Resolution 98-23: Remove No Parking and School Zone Signs - Adjacent to the former OHS at 333 School St E
- 3.3.8. Resolution 99-23: Merrill Hall Energy Efficiency Project Agreement
- 3.3.9. Resolution 100-23: Purchase Property - 139 East Pearl Street
- 3.3.10. Resolution 101-23 Joint Powers Agreement - Third Judicial District Court - State of Minnesota
- 3.3.11. Resolution 102-23: Joint Powers Agreement - Criminal Justice Network

#### 3.4. Miscellaneous

- 3.4.1. Purchase 2023 John Deere Motorgrader - RDO Equipment Co
- 3.4.2. Change Orders #5 and #6 - Ebert Construction - Council Chamber Renovation Project
- 3.4.3. Addendum #1 - Work Order #9 - Bolton & Menk - Airport Hangar and Taxi-lane Project
- 3.4.4. Change Order #4 - Everstrong Construction - Airport Hangar and Taxi-lane Project
- 3.4.5. Addendum #2 - Work Order 9 - Bolten and Menk - Airport Hangar and Taxi-lane Project

#### 4. **STAFF REPORTS**

5. **PUBLIC COMMENTS:** Please limit comments to 2 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 two 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**





# MAYOR'S PROCLAMATION

- WHEREAS** The Owatonna Foundation began in 1958 and has established a goal to improve the quality of life for present and future generations of Owatonna residents; and
- WHEREAS** The Owatonna Foundation is committed to a strong leadership role in helping fundraising initiatives that engage our community and assist volunteers with energy, enthusiasm and success; and
- WHEREAS** The Owatonna Foundation touches the lives of every citizen in Owatonna and helps to shape the future of our community by funding projects that make a difference; and
- WHEREAS** The Owatonna Foundation makes our community stronger by distributing funds in the form of grants for specific “brick and mortar” community projects as well as through scholarships to help further the educational goals of individuals; and
- WHEREAS** More than 300 projects totaling over \$13 million dollars have been invested through the Owatonna Foundation to improve the welfare of our community within the areas of Arts, Community, Education, and Recreation; and

**NOW THEREFORE I**, Thomas A Kuntz, Mayor of the City of Owatonna, hereby proclaim this week, October 2 through October 6, 2023 as

## OWATONNA FOUNDATION WEEK

and ask the Citizens of Owatonna to help recognize and support the Owatonna Foundation as they raise the visibility and awareness of the Owatonna Foundation’s role in improving the quality of life in Owatonna.

Dated: October 3, 2023

By: \_\_\_\_\_  
Thomas A. Kuntz, Mayor



# Mayor's Proclamation

**WHEREAS** Manufacturing is a dynamic part of Owatonna's prosperous economy and promotion of this sector's strength, success and high quality of life as an integral part of our city's economic development strategy; and

**WHEREAS** It is important to remember that manufacturing matters. Each person encounters and uses products on a daily basis that were created, designed, developed and produced by a manufacturer; and

**WHEREAS** Manufacturing develops technologies for inspiring and rewarding careers of manufacturing professions and skilled trade occupations; and

**WHEREAS** Owatonna has benefited from manufacturing businesses as they invest in their facilities and created local jobs; and

**WHEREAS** Manufacturing Week recognizes technology developments and individuals in the manufacturing industry.

**NOW THEREFORE I**, Thomas A Kuntz, Mayor of the Great City of Owatonna, do hereby proclaim the week of October 6-14, 2023 as

## MANUFACTURING WEEK

In witness whereof, I have hereunto set my hand and caused the Seal of the City of Owatonna to be affixed this 3rd of October, 2023.

By: \_\_\_\_\_  
Thomas A. Kuntz, Mayor



# Mayor's Proclamation

- WHEREAS** Mitchell A. Terpstra (better known as Mitch) has been selected by his peers as the 2023 Firefighter of the Year; and
- WHEREAS** Mitch grew up in Owatonna with hopes that someday he would become a firefighter. He moved away and while living in Villard, MN he served as a volunteer firefighter for four years; and
- WHEREAS** when Mitch returned to Owatonna he set a personal goal to join the Owatonna Fire Department. February 21, 2019 he met this objective when he accepted a position as a Paid-On-Call Firefighter; and
- WHEREAS** when not assisting the fire department Mitch is active within the community and works as a Lawn Care Sales and Operations Supervisor for From the Ground Up.

**NOW THEREFORE I**, Thomas A Kuntz, Mayor of the Great City of Owatonna, hereby proclaim, Thursday, October 12, 2023 as

## Mitchell A. Terpstra Day

and call upon all Owatonna Citizens to thank Mitch for his service. The Exchange Club of Owatonna will host the 2023 Firefighter Banquet on Thursday, October 12th at the Owatonna Eagles to recognize Mitch for this honor and also acknowledge all of our firefighters that risk their lives for us each day.

Dated: October 3, 2023

By: \_\_\_\_\_  
Thomas A. Kuntz, Mayor



# Mayor's Proclamation

**Whereas,** the crime of domestic violence violates an individual's privacy and dignity, security and humanity, due to systematic use of physical, emotional, sexual, psychological and economic control and/or abuse including abuse to children and the elderly.

**Whereas,** the problems of domestic violence are not confined to any group or groups of people, but cut across all economic, racial and societal barriers, and are supported by societal indifferences, and

**Whereas,** the impact of domestic violence is wide ranging, directly effecting individuals and society as a whole, here in this community, throughout the United States and the world, and

**Whereas,** it is battered women themselves who have been in the forefront of efforts to bring peace and equality to the home.

**Now therefore,** in recognition of the important work done by domestic violence programs, I, Thomas Kuntz, Mayor of the City of Owatonna do hereby proclaim the month of October to be

## ***Domestic Violence Awareness Month***

and urge all Owatonna citizens to actively participate in the activities and programs that work toward improving victim safety and holding perpetrators of domestic abuse accountable for their actions against individual victims and our society as a whole.

Dated: October 3, 2023

Signed: \_\_\_\_\_  
Thomas A. Kuntz, Mayor, City of Owatonna

**Owatonna City Council Minutes – Draft Copy  
September 19, 2023**

On Tuesday, September 19, 2023, at 7:00 p.m. Council President Schultz called the regular session of the Owatonna City Council to order in the Gainey Room at the Owatonna Public Library. Present were Council Members Raney, Voss, Burbank, Boeke, Dotson, Svenby, and Schultz; Mayor Kuntz; Community Development Manager Kruschke; Public Works Director Murphy; Park and Rec, and Facilities Director Tuma; Finance Director Moen; IT System Administrator Sticken; City Attorney Walbran; City Administrator Busse and Administrative Coordinator Clawson.

Following the Pledge of Allegiance, Council President Schultz welcomed everyone to the meeting and advised the Recommendation to the HRA has been removed from tonight's agenda. Council Member Dotson made a motion to approve the agenda with this item removed, Council Member Svenby seconded the motion, and all members voted aye for approval.

Council President Schultz explained the process of the public hearing with consideration of two resolutions following. Community Development Director Klecker commented FoamCraft Packaging, Inc. has requested use of Tax Increment Financing (TIF). They plan to construct a 15,625 square foot expansion to provide additional space for warehousing and distribution at 400 Alexander Drive Southwest. This public hearing is to consider the establishment of Tax Increment Financing District No. 3-17 within Development District No. 3; this will be a nine-year TIF. They hope to begin construction this fall and finish during August next year. This project will add ten new employees to their company.

**Public Hearing – Modify Development District #3 and Establish Tax Increment Financing District 3-17**

At 7:03 p.m., a public hearing was opened for comments on this proposed development and tax increment financing district. With no comments heard, at 7:04 p.m., Council Member Raney made a motion to close the public hearing. Council Member Voss seconded the motion, all members voted aye in approval.

**Resolution 81-23 Establish Tax Increment Finance District 3-17 and approve the use of Tax Increment Financing**

Community Development Director Klecker requested approval of Resolution 81-23 to establish TIF District 3-17 and approve use of TIF for FoamCraft, Packaging, Inc. Council Member Boeke made a motion for approval, Council Member Burbank seconded the motion, all members voted aye in favor.

**Resolution 82-23: Approve Development Agreement - FoamCraft Packaging, Inc.**

Community Development Director Klecker presented Resolution 82-23 to adopt the Development Agreement with FoamCraft Packaging, Inc. This agreement lays out the roles and responsibilities of both the developer and the City. Per the Development Agreement, the Developer will be reimbursed \$138,459 with a 5% non-compounded interest over the 9-year period. The City will be reimbursed \$20,341 for the

administrative services for this TIF with the same 5% non-compounded interest. Council Member Svenby made a motion for approval, Council Member Voss seconded the motion, all members voted aye in favor.

### **Consent Agenda Items**

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

- Minutes – Council Meeting – September 5, 2023
  - Minutes – Planning Commission Meeting – August 22, 2023
  - Minutes - Planning Commission Meeting – September 12, 2023
  - Minutes - EDA Meeting – August 23, 2023
  - Minutes – HRA Meeting – August 28, 2023
  - Minutes – Human rights commission Meeting – August 8, 2023
  - August Report – Building Inspections
  - August Crime Clock – Police Department
  - August Report and Dashboard – Fire Department
  - Weed/Nuisance Inspection Report – September 12, 2023
  - Exempt Permit – Raffle Mn Pheasants Inc. – October 13, 2023
  - Event Permit – Chili Feed and Open House at the Fire Hall – October 8, 2023
  - Event Permit – Business After Hours - Owatonna Chamber of Commerce – September 26, 2023
  - Renew Annual Charitable Gambling Licenses: American Legion Post #77; Eagles Aerie 1791 Owatonna; Elks Lodge 1395 Owatonna; Knights of Columbus Council 945; Owatonna Wrestling Association; Owatonna Youth Hockey Association; Steele County Snowmobile Trail Association; VFW Post 3923; and Divine Merch Catholic School
  - Resolution 80-23 Authorize Contract for Purchases – Fame Awards
  - Facility Use Agreement – Owatonna Diving Club
    - Currently, the Diving Club uses the Middle School pool on Wednesday evenings. This would stay the same with no charge for the use of the pool and the Diving Club would be responsible for their own lifeguard requirements. This agreement would continue the formal arrangement and the long-standing working relationship between the City and Owatonna Diving Club. This is a one-year agreement from October 1, 2023 – September 30, 2024.
  - Havana Road State Aid Project Change Order #2 – Wencil Construction
    - The City will waive liquidated damages based on the following items:
      - Installation of the permanent sediment control device in a storm structure; Delay in the supply chain and its installation does not affect the timeline for the rest of the project.
      - Established vegetation of the rapid stabilization and the final removal of inlet protection.
    - The project deadline of August 31, 2023 has otherwise been met.
- Council Member Voss recused himself from this vote as he is owner of Fame Awards and Resolution 80-23 pertains to his business. Council Member Burbank made a motion

to approve these Consent Agenda items, Council Member Boeke seconded the motion, and all members voting aye for approval.

### **Finance Report**

Council Member Raney recapped payments made for amounts greater than \$20,000 during this period. The total amount of bills presented was \$2,328,210.52. Council Member Boeke made a motion to approve payment of all bills presented, Council Member Dotson seconded the motion, and all members present voted aye in approval.

### **Second/Final Reading Proposed Ordinance 23-16: Amend Chapter 133 to Permit an Archery Culling Event for Deer Management**

City Administrator Busse requested approval of Proposed Ordinance 23-16. The council approved the first reading of this proposed ordinance during their last meeting on September 5, 2023 and there have been no changes since. To permit an archery event to cull the deer population within the City as authorized by the DNR, it is necessary to amend the Ordinance to provide for an additional exclusion to permit a controlled archery hunt within designated areas in the City parks for the Deer Management Plan as approved by the DNR. Council Member Raney made a motion for approval, Council Member Voss seconded the motion. With a roll call vote, voting aye were Council Members Svenby, Voss, Dotson, Burbank, Boeke, Raney, and Schultz; no nay votes; and the motion carried. This will be known as Ordinance 1655 and become effective upon publication.

### **Second/Final Reading Proposed Ordinance 23-17: RZ-5 Rezone from B-2 to I-1 at 3745 Hoffman Drive NW**

Community Development Director requested approval of Proposed Ordinance 23-17; a request received from Cameron Peterson of Paul's Transports. Application No. RZ-5 will rezone the property located at 3745 Hoffman Drive NW from B-2, Community Business District to I-1, Light Industrial District, for the purpose of operating a trucking business. The council approved the first reading of this proposed ordinance during their last meeting on September 5, 2023 and there have been no changes since. Council Member Voss made a motion for approval, Council Member Raney seconded the motion. With a roll call vote, voting aye were Council Members Svenby, Voss, Dotson, Burbank, Boeke, Raney, and Schultz; no nay votes; and the motion carried. This will be known as Ordinance 1656 and become effective upon publication.

### **First Reading Proposed Ordinance 23-18: RZ-6 Steele County Rezoning Request from B-2 to B-3 at 121 Mill Street East**

Community Development Director requested Council approve the first reading of proposed ordinance for Application No. RZ-6 received from Allison Timmins at Wold Architects, on behalf of Steele County. This is a request to rezone the property at 121 Mill Street East from B-2, Community Commercial District to B-3, Central Business District for the purpose of constructing a new Community Corrections building. Properties within a B-3 zone can use a 0' setback and the current B-2 zoning requires a 30' setback in both the front and rear of the property. The Planning Commission held a public hearing and recommended approval with recommendation the applicant review the architectural appearance of the building prior to applying for a building permit to

better tie in with the B-3 Zoning District and the neighboring structures. Plans originally included a metal building and the applicant has since submitted revised building elevations showing the metal sided building changed to a stucco façade. Council Member Dotson made a motion for approval, Council Member Svenby seconded the motion. With a roll call vote, voting aye were Council Members Svenby, Voss, Dotson, Burbank, Boeke, Raney, and Schultz; no nay votes; and the motion carried. The second/final reading of Proposed Ordinance 23-18 will be heard during the next Council Meeting on October 3, 2023.

#### **First Reading Proposed Ordinance 23-19: Adopt S-7 Supplement to the 2015 Ordinance Code**

City Administrator Busse presented the first reading of Proposed Ordinance 23-19. Minnesota Statue provides that a city may revise and codify the Code of Ordinances. Codification is a process by which ordinances adopted by the City are organized according to topic, assigned a section number, and printed and published in a book format so the Ordinances are available for reference to the public. The most recent codification of the City Ordinance Code was published in 2015. American Legal Publishing Corporation, a publisher of municipal codes affiliated with the League of Minnesota Cities, completed this recodification and now prepare supplements to our Code of Ordinance. Each supplement contains all ordinances approved since the prior supplement; this is the seventh supplement, S-7. This supplement contains local legislation current through Ordinance #1644, passed March 21, 2023. Council Member Raney made a motion for approval, Council Member Burbank seconded the motion. With a roll call vote, voting aye were Council Members Svenby, Voss, Dotson, Burbank, Boeke, Raney, and Schultz; no nay votes; and the motion carried. The second/final reading of Proposed Ordinance 23-18 will be heard during the next Council Meeting on October 3, 2023.

#### **Resolution 83-23: Preliminary Plat of Cedar Mill Addition**

Community Development Director presented Resolution 83-23 for approval. Steele County requests approval of the Preliminary Plat of Cedar Mill Addition, a two-lot commercial plat. The property is currently platted as five lots. The County is proposing to construct a new correction building on the eastern lot and the west lot is currently occupied by the County Attorney's office. The garage currently on the east lot will be demolished and the two lots will share parking and access. Council Member Svenby made a motion for approval, Council Member Voss seconded the motion, all members voted aye for approval.

#### **Resolution 84-23: CUP-9 Jail Annex Loading Zone CUP**

Community Development Director Klecker requested approval of Resolution 84-23 to authorize CUP-9. Allison Timmins, Wold Architects, on behalf of Steele County, is requesting a structured loading area with doors facing the public right of way at the Jail Annex at 2500 Alexander Drive SW. City Code requires the structure be 200' away from the public right of way and plans provide only 120' for this structure. Steele County plans to construct an 8,900 sq ft addition to the east side of the jail annex for four garage stalls for the Sheriff's Department. Parking stalls and a new drive loop are also being added to the site. A new access is being proposed on the north side of the site off



of 24th Avenue SW. with the proposed driveway aligned with the driveway on the east side of 24th. A CUP is required for the loading area on the east side of the addition. A row of screening trees is proposed along the east side of the loop drive as required by code and there is ample parking on the site. Council Member Burbank made a motion for approval, Council Member Dotson seconded the motion, all members voted aye for approval.

**Resolution 85-23: CUP-10 Minor PUD Amendment for Mineral Springs Estates**

Community Development Director requested approval of Resolution 85-23 to approve CUP-10 requested by Craig Britton, Widseth, on behalf of Chad Lange and Prairie La Salle Partners. This is a request for a minor PUD Amendment for Mineral Springs Estates. The amendment is to change the block of fourteen single family attached homes proposed on the Preliminary Plat in Block 4 to nine single family detached units. Council Member Raney made a motion for approval, Council Member Boeke seconded the motion, all members voted aye for approval.

**Resolution 86-23: Final Plat of Mineral Springs Estates**

Community Development Director requested approval of Resolution 86-23 approving the revised Final Plat of Mineral Springs Estates. Council Member Voss made a motion for approval, Council Member Svenby seconded the motion, all members voted aye for approval.

**Resolution 87-23: Authorize Grant Agreement Submission - General Obligation Bonding Funds - Minnesota Public Facilities Authority**

Finance Director Moen requested approval of Resolution 87-23 authorizing the City of Owatonna to submit information to the Minnesota Public Facilities Authority (MPFA) to receive \$11 million of General Obligation Bonding funds from the State of Minnesota. During the 2023 Minnesota legislative session, the state allocated these funds to the City of Owatonna to use towards the Wastewater Treatment Plant expansion. This resolution authorizes submission of the required application and information to the MPFA for these funds. Council Member Svenby made a motion for approval, Council Member Boeke seconded the motion, all members voted aye for approval.

**Resolution 88-23: Authorize Grant Agreement Submission - General Funds - Minnesota Public Facilities Authority**

Finance Director Moen presented Resolution 88-23 for approval. This resolution authorizes the City of Owatonna to submit information to the Minnesota Public Facilities Authority (MPFA) to receive \$11 million of General Funds from the State of Minnesota. During the 2023 Minnesota legislative session, the state allocated these funds to the City of Owatonna to use towards the Wastewater Treatment Plant expansion. This resolution authorizes submission of the required application and information to the MPFA for these state funds. Council Member Raney made a motion for approval, Council Member Burbank seconded the motion, all members voted aye for approval.

**Resolution 89-23 Declare Costs to be Assessed - Weed and Nuisance Compliance**

City Administrator Busse requested approval of Resolution 89-23 to declare the cost to be assessed and order preparation of the Proposed Assessments for unpaid weed and

nuisance expenditures incurred by the City during 2023. The Owatonna Fire Department enforces the City's codes for mowing of weeds and grass, other harmful vegetation, and other services by using a mowing service to bring noncompliant properties into compliance. The cost for this service is billed to the property owner and several invoices have not been paid. The total assessment amount of \$2,475.98 will reimburse the city for the cost of weed and nuisance enforcement. Council Member Voss made a motion for approval, Council Member Dotson seconded the motion, all members voted aye for approval.

#### **Resolution 90-23 Set Date for Public Hearing - Proposed Assessments - Weed and Nuisance Compliance**

City Administrator Busse requested approval of Resolution 90-23 to set the date for a public hearing to consider the proposed assessments for unpaid weed and nuisance expenditures incurred by the City during 2023. The Public Hearing will be held during the City Council Meeting on October 17, 2023. Council Member Dotson made a motion for approval, Council Member Svenby seconded the motion, all members voted aye for approval.

#### **Resolution 91-23: 2024 Proposed City Budget and Levy**

Finance Director Moen presented Resolution 91-23 to set the City Levy for 2024 and adopt the 2024 Proposed Budget. An overview of the 2024 proposed budget was presented to the Council on August 15. A more detailed presentation of the budget and levy was presented to the Council during Budget Workshops on August 22, 30 and September 12. This proposed budget is consistent with the City's strategic plan. The 2024 proposed levy includes an increase of 9.05% which reflects the current growth mode of the City. The City strives to have its levy increase follow growth. After several years of steady growth and moderate levy increases, the City continues to align its levy increases with growth. The current year's estimated growth rate is 7.0%. This follows growth of 17% in 2023.

The primary drivers of the levy are related to personnel and capital needs. Low unemployment rates and strong competition for the workforce require the City to provide employees compensation and benefits that encourage retention. The 2024 budget will include an annual increase in wages and steps equivalent to roughly 4.5 percent of the overall levy (roughly \$700,000).

The City is making some significant advances in addressing an extensive backlog of urgent deferred maintenance on City-owned buildings. Plans are being developed for investing in these buildings to help position the City long-term to address and plan infrastructure needs in a way that delivers the highest value for taxpayers.

The total proposed City levy is \$18,391,113. The final levy amount and budget will be presented on December 5th at 6:00 p.m. The Council can approve a final levy amount that is lower but not greater than the proposed levy amount.

Council Member Dotson commented he agrees the City's intention is to follow tax capacity with the levy amount but questions this proposed levy which is at a higher amount. The majority of the City's expenses are personnel cost and some of the positions proposed within the 2024 Budget will not be filled at the beginning of the year. He then made a motion to adjust the proposed levy to a maximum of 8%.

Council Member Svenby commented he planned to approve the proposed 9.05% levy amount during this meeting; but, based on the discussion during the study session prior to this meeting relating to some of the proposed staffing which will not be in place in January, he also believes the proposed levy amount should be set at an amount lower than 9.05%. He then seconded Council Member Dotson's motion to adjust the Proposed Levy to 8.0%.

Council Member Raney commented that the proposed levy amount is the maximum amount which could be approved during the budget approval process which will happen two months from now. He prefers approving the proposed 9.05% amount to give staff and council time to review and adjust prior to final approval in December.

Council Member Voss thanked City Administrator Busse, Finance Director Moen and City staff for their work in preparing the 2024 Proposed Budget and Levy. He also believes the budget can be adjusted to allow a levy amount of 8%.

Council President Schultz commented this is the proposed levy amount which can be adjusted lower prior to approval in December. Staff prepared this proposed budget and levy over several months and he believes everyone is committed to lowering this proposed levy amount prior to approval. He believes it is unfair to make changes to the proposed amount based on a brief conversation prior to this meeting.

Council Member Burbank concurred with Council Member Schultz's statement and said he would also support the proposed levy amount at 9.05% knowing the final amount can be at a lower amount.

With no additional comments a roll call vote was taken on Council Member Dotson's motion to change the proposed levy to 8%. Voting aye were Council Members Svenby, Voss, and Dotson and no votes were cast by Council Members Burbank, Boeke, Raney, and Schultz; the motion failed.

Council Member Raney made a motion to approve Resolution 91-23 approving the Proposed 2024 Budget and setting the Proposed Levy at 9.05%. Council Member Burbank seconded the motion. The motion was carried out with a roll call vote, voting aye were Council Members Voss, Burbank, Boeke, Raney and Schultz, voting no were Council Members Svenby and Dotson, the motion carried.

#### **Resolution 92-23 Housing & Redevelopment Authority (HRA) Proposed 2024 Levy and Budget**

Finance Director Moen requested approval of Resolution 92-23 setting the proposed 2024 HRA Levy and Budget. The HRA is considered a special taxing district and its levy is adopted separately from the City levy. A detailed presentation of the HRA budget and levy was presented to the council during the August 22<sup>nd</sup> Budget Workshop. The allowable HRA Levy shall not exceed 0.0185 percent of estimated market value; Steele County Auditor and Assessor estimated the 2022 Market Value at \$2,332,831,900. This value would allow an HRA Levy of \$431,573; the requested levy amount is \$195,000. The final levy amount and budget will be presented on December 5th at 6:00 p.m. Council can approve a final levy amount that is lower but not greater than this proposal. Council Member Raney made a motion for approval, Council Member Burbank seconded the motion, and a majority of members voted for approval.

### **3-Year Strategic Plan: 2024-2026**

City Administrator Busse requested approval of the three-year strategic plan for 2024-2026. Earlier this year, the City Council and staff completed an annual update of the Strategic Plan through a facilitated planning session. The City Council reviewed the draft plan at the July 5th Study Session. The City's four Key Focus Areas have remained the same; however, the action plans for each were updated to prepare for the community's expected growth as Owatonna is increasingly becoming more of a regional hub for southern Minnesota and the City is preparing to accommodate the community's evolving needs. The Strategic Plan will continue to be updated annually. Our 2050 Comprehensive Planning process, which recently kicked-off, includes public engagement opportunities to advise on future strategic planning processes and an update to our Vision Statement. The Strategic Plan is the guiding document for the City Budget. It serves as the road map to navigate the challenges ahead, make informed decisions and allocate resources wisely. Council Member Burbank made a motion for approval, Council Member Boeke seconded the motion, all members voted aye for approval.

### **Wastewater Treatment Facility Expansion Change Order #7 - Rice Lake Construction**

Public Works Director Murphy requested approval of Change Order #7 for the Wastewater Treatment Facility Expansion Project. The plans and specifications had conflicting information for coating systems. The coating systems that were bid were based on a partially incorrect schedule in the specifications. The budget impact is \$115,116.46 and will come from the sewer fund. Council Member Dotson made a motion for approval, Council Member Voss seconded the motion, all members voted aye for approval.

### **STAFF COMMENTS**

**Public Works Director Murphy** commented the annual Straight River Clean-Up event was held last Saturday. He thanked Brad Rademacher, Wastewater Manager, for helping to organize this event at which 30 volunteers pulled debris from the river. He then gave brief project updates: 2022 Street & Utility Project is considered done with only a few minor punch list items left; 2023 Street & Utility has all three roads with work in process and anticipating this project will be completed during this construction season.

**Finance Director Moen** commented that she has been very busy with the Debt Issuance Process. A Rating Call was held with Moody's last week and those results will be received this Thursday. The City's General Obligation Bonds will be sold on October 3rd and a report on the sale will be made during the Council Meeting that evening. Staff are working to get the 2024 Budget information out; we want people to comment and provide input now during the budget process. A Public Hearing will be held on December 5th and the budget and levy will be adopted two weeks later on December 19th. Comments are welcome during this budget process and there is an interactive budget document available on the City's website.

**Community Development Director Klecker** commented that the August Building Inspection Report shows valuation of Building Permits this year is over \$80,000 million, he hopes this will reach \$100 million prior to year-end. He then gave brief updates on

several development projects: Lake Meadow Apartments behind Kohls - all five buildings have work in process, they are at varying stages but now all have been started; Cemstone – a Temporary Certificate of Occupancy is being issued and they have a ribbon cutting event planned on October 5th; CDI – construction nearly complete, anticipating occupancy in October; 26th Street Apartments – close to completion; Jersey Mikes and Roma’s are now open; Kamp Automation - the building is enclosed and parking lot poured; Waltram Dental - permits are pulled; Home2Suites - foundation work almost done, Rise Modular is making the units for this project; Thompson Sanitation - building nearly enclosed; Ascend (Riverfront Project) - footings being placed behind the large mound of dirt, 30% of the foundation work is done and soon they will be starting to place the walls.

**Park & Recreation and Facilities Director Tuma** commented that the outside waters will be turned off on October 15th. Staff applied for a DNR ReLeaf Community Forestry Grant for \$500,000. This will assist with our tree assets in our parks and boulevards. Projects in process for Pavement Management are the Straight River Trail, Kaplan’s Wood Parking and Lake Kohlmeier boat launch. Working with in-town contractors to complete these projects.

## **PUBLIC COMMENTS**

**Brad Meier**, 2592 Mossy Creek Drive and CEO of the Owatonna Chamber of Commerce thanked council and staff for their time to prepare the preliminary budget. The Chamber surveyed their members asking what they believe is prohibiting growth within the city and many responses were the accumulative impact of increased taxes. He commented Chamber staff and boards could assist in the budget process.

**Andy Michaletz**, 1840 White Oak Lane, read a Thomas Jefferson quote, “The wants of government are infinite” He commented he believes the city needs to do a better job of setting priorities. We have had several years with continued raises in the tax levy and the taxpayers need a break. We should try to stay with the 7% Growth Rate and consider some local/state aid funds that are available. He encouraged Council Members to look at a levy less than the proposed 9.05%.

**Dave Pfiefer** 2572 Mossy Creek Drive commented that he is a business owner and from what he heard during tonight’s meeting, he would like to have seen the Preliminary Levy pass at 8%. He then encouraged Council and staff to get this down to 8% prior to approval to better meet the needs of our businesses and homeowners.

**Matt Sennott**, 2519 Stoney Creek Drive expressed concerns on the County’s East Side Corridor Project. He is opposed to the current proposal to use East 29th Avenue and prefers the use of 34th Avenue.

**Melissa Zimmerman**, 2525 Stoney Creek Drive also expressed concerns about the county’s East Side Corridor Project and also encouraged use of 34th Avenue for this project.

**Greg Spatenka**, 2933 SE 28th Street, commented his mom is 86 years old and she is going to be forced out of her home if her taxes continue to go up. Recent projects have beautified the city but he doesn’t believe they are practical and asked where everyone thought all the money was going to come from to pay for them. He does a lot of work for older people in town, and many are concerned their taxes will be increased. He believes the condition of streets in the City is poor and that should be thought about prior to building a new building.

### **COUNCIL COMMENT AND GENERAL INFORMATION**

Council Member Voss thanked Officer Oltjenbruns for attending the Council Meeting.

Council Member Dotson thanked City staff members in preparing the 2024 Budget and encouraged Finance Director Moen to do some magic to decrease the final budget and levy amounts.

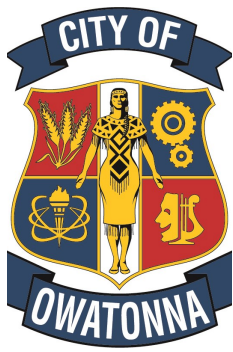
Council Member Raney clarified that the building proposed during tonight's meeting is a county building and not a city building. He then congratulated Dave Furness who joined the Owatonna Hall of Fame last week. Dave has been instrumental in building the Owatonna Soccer Program.

Council President Schultz thanked everyone for attending and their comments.

### **ADJOURNMENT**

At 8:18 p.m., Council Member Raney made a motion to adjourn, Council Member Boeke seconded the motion, and with no objection heard the meeting ended.

Respectfully submitted,  
Jeanette Clawson, Administrative Coordinator



# **Board - Commission Minutes**





**MINUTES**  
**OWATONNA HOUSING AND REDEVELOPMENT AUTHORITY**  
**REGULAR MEETING on AUGUST 28, 2023**

The regular meeting of the Owatonna Housing and Redevelopment Authority was called to order at 4:08 p.m. in the 2<sup>nd</sup> Floor Conference Room by Chairperson Olivo.

Members present were John Hole, Vicki Olivo, and Nathan Dotson. Also present were Housing Manager Ghassan Madkour and Administrative Technician Kristen Kopp.

**Housing Trust Fund Update:** Karina Schmitz said that after 15-18 months of working on it, everything is approved and moving forward. The public hearing happened in June. MN Prairie will be operating three trust funds for Steele, Dodge, and Waseca Counties. 10% will go into a separate pool for hotel vouchers as there aren't a ton of shelter options. 90% will be in the local housing trust fund for Steele County. It's all getting situated this month. They're putting the advisory council together. Troy will sit on that board. It will go based on the need of the area and affordable housing is a priority. They had spoke about earmarking \$50,000 for that. That will be in place for the next five years for sure. We can see where we want to go at about three years into it. They're able to get other agencies to put money into it. Klecker asked how much money the state put in. Schmitz said Steele County has about \$190,000 allocated annually. Madkour asked about the 10%. Schmitz said that will come off the \$190,000. Klecker asked about the hotel vouchers and if there was a time limit. Schmitz said she's working on the rate with motels. It's the same places being used by Semcac and Salvation Army. Schmitz said that it will depend on the time of year, but at least one night so they can meet with them again the next day to take care of things. Olivo asked if this was for transients or Steele County residents. Schmitz said Steele County as much as possible. They will also be able to pay for some moving costs as well.

**Approval of the Minutes:** Chairperson Olivo called for a motion to approve the minutes of the July 24, 2023 meeting. A motion was made by Hole and seconded by Dotson to approve the minutes. All Commissioners voting Aye, the motion carried.

**Executive Director's Report:** Troy Klecker gave an update on housing projects. He said Cedar and 26<sup>th</sup> Street NE is still moving along slowly. Westlake Meadows is moving right along. One building is in the finishing stages. The other building is being framed up. The Riverfront Project, a high-end rental, just got started and won't be finished until this time next year. Mineral Springs Estates is approved and signed. They want to start construction on a number of those units this fall. Eastgate Phase 2 application is in and we won't hear until December whether that was awarded tax credits. They're working with a developer on the Modern Aire Apartments on a potential redevelopment. They're rolling in some affordable units since what was there was affordable. It will likely use TIF and will be a mix of rates.

**Old Business:** The Housing Choice Voucher program monthly report was presented by Madkour, including the City of Owatonna monthly balance sheet and revenue/expense report. Program utilization: The Housing Voucher program for July totaled 94. Total year to date assistance and administration costs were \$482,937.04 and revenues were \$509,242.39. The Housing Choice Voucher Program fund balance at July month end is \$139,245.74. The HRA Revenues year to date total is \$342,337.62 and the expenses total \$331,380.33. The HRA General Fund balance is \$607,278.07.

Madkour said he has three HCV and four Bridges clients starting in September. Mainstream seems to be at a halt. They're at 30 out of 40 vouchers. He said he's overspending on the new Bridges grant. He doesn't want to go over budget on the grant. There is a lot of activity. It's regular nonstop activity for people on board. There are 13 still shopping for Bridges. A bunch of applicants have been approved. He's still waiting for more paperwork. HCV there are seven or eight out shopping. Sydnee is on medical family leave and will be back sometime in September. She will be picking up a couple of programs. Olivo asked about the expired vouchers. Madkour said they have 60 days up front and issue the voucher. They get a contact list to record every contact they've reached out to. The applicant has to record why it's a no. It's

still legal to say no to Section 8. He has a few landlords over in the last year or so. They can get a 30-day extension. He wants to make sure they're out there pounding the pavement. If someone is porting in, the other agency will give them 60 days, and he has to automatically give them 30 days. He said the clientele needs that extra person as a lot of them have mental health issues. The case workers are overworked. There is a delay if there is no one to assist the applicant.

A motion was made by Dotson and seconded by Hole to approve the reports as presented. All Commissioners voting Aye, the motion carried.

**New Business:** Madkour said the new NSPIRE will start October 1, but he won't have training until mid-October. In January, HUD is coming out with new rules. There is a HOTMA program that he will be getting his nose into. The board will have to vote on these changes.

Klecker said there are two openings on the board. They would need to apply online.

**Other:** Madkour said he emailed everyone three options they discussed. The repair maintenance allowance was the latest. He said basically, if someone wants to rent somewhere, they have an allowance to pay for, say, garbage. It comes off the top of their rent. Rice County does the same thing. They had a repair maintenance allowance to utilities. Whatever their payment standard is, they do 3% of the payment standard. They're always getting it, if they want to save it, that's up to them. Klecker said it's tacking 3% onto what they're getting. Olivo said for a larger family or unit, it would go up. Madkour said yes. Olivo asked how long Rice County has had this. Madkour said they've been doing it a while. They're leaders in the state for homeownership. Olivo asked if HUD has a similar program. Madkour said this is it – it's part of HUD. Klecker said it's allocating an extra 3% of HUD dollars. The balancing act is the amount of time and energy put into it verses the accountability. You're leaving it up to them how they choose to allocate those dollars. It's more true homeownership when you let them be in charge. The whole point of the program is to make them be in charge of maintaining their house. Olivo asked if that would be ongoing. Klecker said yes. Madkour said that, if their regular portion is \$100, they would only pay \$97. They have to be disciplined to put that away. They have to do their part to save that. Olivo said it will take a lot of education up front. Madkour said Rice County hasn't had issues with it. Hole asked if it was more work for Madkour. Madkour said the first two options are more work for him. Hole said option three makes a lot of sense. Olivo asked if they can tweak it once it's in place. Madkour said yes, as long as there's enough notice. Hole said it's nice to encourage them to be responsible. He said he likes the idea of going through that every year. Madkour said he can do that with their annual reexams. A motion was made by Dotson and seconded by Hole to approve Option Three (Home Maintenance Allowance) as presented. All Commissioners voting Aye, the motion carried.

Klecker said he wanted to note that the redevelopment project with Modern Aire, there is a grant we might be pursuing and he might solicit a consultant to work on that grant. That would be something HRA would pay for and get the dollars back through TIF. The Board said they were okay with that. Klecker said those are affordable units now, because of the condition they're in, and he's working with the developer in getting some affordable units in it. If we don't get involved, they're going to have to stick some money into it and the rents are going to go up anyway.

**Adjournment:** There being no further business, a motion to adjourn was made by Hole and seconded by Dotson. All Commissioners voting Aye, the motion carried. The meeting adjourned at 4:50 pm.

Respectfully Submitted,  
Ghassan Madkour  
Housing Manager

**Airport Commission Meeting Minutes**  
**August 10, 2023 – Owatonna Degner Regional Airport**  
**“DRAFT”**

1. Call to Order

Chair Thurnau called the meeting of the Airport Commission to order at 5:00 PM.

2. Roll Call

Attending

|                  |                 |
|------------------|-----------------|
| Anthony Louris   | Commissioner    |
| Tim McManimon    | Commissioner    |
| Paula Snitker    | Commissioner    |
| Daren Tarpenning | Commissioner    |
| Matt Thurnau     | Chair           |
| Dave Beaver      | Airport Manager |

Visitors

|             |                 |
|-------------|-----------------|
| Ron Roetzel | Bolton and Menk |
|-------------|-----------------|

3. Approval of Agenda

Commissioner Snitker made a motion to approve the agenda and Commissioner Tarpenning seconded the motion. The motion was approved.

4. Minutes

Commissioner Tarpenning made a motion to approve the minutes from the July 13, 2023 Airport Commission meeting and Commissioner Louris seconded the motion. The motion was approved.

5. Action Items

Chair Reports

Chair Thurnau commented that he appreciated the recent interview of Airport Manager Beaver in the City Spotlight video and that it was a great public update on what is happening at the airport.

Staff Reports

Airport Manager Beaver provided a brief report on airport activities, recent business arrivals, and activity at Accelerated Aviation flight school. There was a brief discussion on activity. Mr. Beaver reported staff is coordinating with the local Civil Air Patrol (CAP) in preparation for the August 27<sup>th</sup> CAP French toast fly-in/drive-in breakfast and invited everyone to attend.

### Security Fencing Project Update

Airport Manager Beaver explained that bids were due on August 8<sup>th</sup> for the airport security fencing and gates project. There were three bids received for the project. Staff is currently reviewing the bids and bid alternates received. The project includes the installation of fencing along the frontage of the airport and through the main hangar building and terminal area. The project is also anticipated to include two automated gates with access control to better secure the sensitive areas of the airport such as runways, taxiways, and aprons. Mr. Beaver explained that staff is evaluating bid alternates including a number of gate types and fence coating. It is anticipated that the project including potential alternates will be awarded depending on available funding. There was a brief discussion regarding the project.

### 10-Unit T-Hangar and Taxilane Project Update

Chair Thurnau introduced Ron Roetzel with Bolton and Menk for an update on the T-Hangar project. Mr. Roetzel reported that the contractor is currently working on completing the final punch list items. There was a discussion regarding liquidated damages due from the contractor due to delays in the construction completion date and additional work required due to delays. Mr. Roetzel explained that the contract agreement provides for an amount that has been discussed with the contractor and an agreement is pending as part of draft Change Order #4.

Mr. Roetzel explained that there are a number of documents that will be needed for project close out and to facilitate additional costs and damages payments. Mr. Roetzel presented Bolton and Menk Addendum No. 1 to Work Order No. 9 and explained that this is for work already completed and previously approved under Change Order No. 2 in early 2022 regarding the additional design work needed to meet the MS4 storm water permit requirements. The Addendum is needed to document the change to the agreement for the approved work and for grant reimbursement. After discussion, Commissioner McManimon made a motion to recommend approval of Addendum No. 1 and Commissioner Louris seconded. The motion was approved.

Mr. Roetzel presented Addendum No. 2 to the Bolton and Menk Work Order No. 9 and explained that this addendum provides for additional work associated with the contractor delays in the construction at a cost of \$20,655.75 for engineering, architectural, and testing. Mr. Roetzel explained that these costs will be covered by the contractor through the receipt of liquidated damages dollars as provided for in draft Change Order No. 4. After discussion, Commissioner McManimon made a motion recommending approval of Addendum No. 2 subject to the execution of Change Order No. 4 with contractor covering all costs through liquidated damages as anticipated and Commissioner Snitker seconded. The motion was approved.

Mr. Roetzel presented Change Order No. 4 for the 10 Unit T-Hangar contract with Everstrong Construction. Mr. Roetzel explained that the purpose of the change order is to document the liquidated damages due to delays in construction and expenses incurred and to add one year of warranty to the hangar floor. Mr. Roetzel explained that the contract documents provide for a total of \$40,000 of damages accumulated due to delays. The change order allows for an additional seven working days and a deduct for additional electrical work for liquidated damages totaling \$25,660 and a net change order decrease in

that same amount. Mr. Roetzel explained that the change order and process of payment has been reviewed by the engineer, meets FAA requirements, and is recommended for approval. After discussion, Commissioner Tarpenning made a motion to recommend approval of Change Order No. 4 and Commissioner McManimon seconded. The motion was approved.

6. Adjournment

The Airport Commission meeting was adjourned at 5:47 PM.

The Owatonna Public Utilities Commission met in rescheduled session in the Morehouse Conference Room at the Owatonna Public Utilities. Present were Commissioners Rossi, Doyal, Johnson and Vetter. Commissioner Zirngible was absent. Also present were General Manager Warehime; City Administrator Busse; Director, Finance and Administration Olson; Director, Engineering & Field Operations Fenstermacher; Director, Information Technology & Meter Baum; Supervisor, Accounting Linders; Supervisor Meter Services Johnson; Executive, Communications & Administration Coordinator Schmoll; and Accountant Lori Jerpbak. Also present were customers Roger Wacek and Donn Robinson.

Vice-President Rossi called the meeting to order and led the Pledge of Allegiance. He then asked for approval of the agenda and the consent agenda items. The consent agenda items included the minutes from the July 25, 2023 meeting and the Contributed Services report as of July 31, 2023. Commissioner Doyal moved to approve the agenda and consent agenda. Commissioner Johnson seconded the motion. All Commissioners voting Aye, the motion passed.

### **Committee Reports**

Personnel Committee – Commissioner Rossi reported the Personnel Committee met and received a staffing update. As of the date of the meeting, there are not any open positions at OPU. The last position filled was the Electric Design Project Coordinator. Travis Feist began on August 14<sup>th</sup>. Other discussions surrounding the updating of Human Resources policies and procedures.

Finance Committee – Commissioner Doyal reported the Finance Committee met, reviewed and approved vouchers totaling \$5,541,822.71. Nineteen work orders have been completed to date coming in 4.3% under budget. Commissioner Vetter inquired if we are on target to complete all projects. The answer was no.

### **City Administrator's Report**

City Administrator Busse updated the Commission on the work the Greater Minnesota's Cities Coalition is doing, as well as cultural progress being made at the city. She reported, ClickSeeFix was launched which is a tool for reporting issues by community members. They can report on such things as potholes, needed park maintenance, etc. whereby the proper personnel can be dispatched to address the issues more efficiently. The city is in the midst of their budgeting process. Departmental presentations are currently being held. Follow-up meetings are scheduled with the Council to address any concerns or questions they may have. City Administrator Busse discussed major components in the budget and provided an update on the Vine Street project.

### **Residential Time-of-Use Policy - Pilot Program**

General Manager Warehime presented the Residential time-of-use policy to the Commission. He noted changes were made based on the discussions at the last Commission meeting. Clarification surrounding the pilot program included it is not a required program; any customers can get on it; and it will be kept small at first with a soft launch. Discussion ensued as to how the off-peak, critical peak and on-peak rates were determined. Director, Finance & Administration Olson noted, the off-peak is based on an electric rate study performed in 2018. It is the lowest amount we could charge. Critical Peak and On Peak are set up so to be revenue neutral. The goal is to incentivize customers to move usage out of critical peak times when it costs more for the energy. Mr. Olson also mentioned the critical peak is only effective during the summer months. After discussion, Commissioner Johnson moved to approve the policy. Commissioner Rossi seconded the motion. All Commissioners voting aye, the motion passed.

### **Load Control and Energy Management Policies**

General Manager Warehime asked to have this item removed from the agenda. He noted, these policies will be brought forward next month.

### **Camera Security System Policy**

General Manager Warehime presented the Camera Security System policy and noted this is part of the overall security system implementation. This policy has been reviewed with legal counsel and was drafted to address concerns with the functionality of the new cameras in the area of audio recording. Director, Information Technology and Meter Services Baum noted the policy was drafted to provide transparency and accountability as to how the collected audio will and will not be used to provide clarity and understanding for everyone. The cameras will be used to resolve incidents, not to manage productivity. After discussion, the Commission asked for more time to review the policy. The policy will be brought back to the next meeting.

### **Safety Policy**

General Manager Warehime presented the updated Safety Policy. He noted, this is one of the Human Resources policies being updated as mentioned in the Personnel Committee report. We are actively working on the safety culture, so this one seemed appropriate to start with. Notable changes include the addition of the Fair Safety Culture language and the duties of the Safety Committee. Commissioner Johnson inquired as to what is a fair safety culture. General Manager Warehime noted, it is a culture where employees are not afraid to come forward with issues, near misses, and/or good catches and are not afraid of punishment. The accompanying procedure clearly lays out levels of discipline based on the severity of the offense. After discussion, Commissioner Doyal moved to approve the Safety Policy as presented. Commissioner Vetter seconded the motion. All Commissioners voting Aye, the motion passed.

### **Position on Greenhouse Gas Emissions**

General Manager Warehime noted a questionnaire he sent out to the Commissioners to gauge their positions on green house gas emissions and whether OPU should state a position. Mr. Warehime noted, he found the process valuable and appreciated the different feedback he received. Each Commissioner recapped their positions. At the end of the discussion, a consensus was reached that there will not be a public stance made nor announced. Our goal as a utility is to educate the public on what cost and reliability may look like in a carbon-free environment.

### **General Manager/Staff Report**

General Manager Warehime invited the Commissioners to attend the SMMPA Board meeting being held at OPU on September 13<sup>th</sup>. He further updated them on the progress of the history book noting “reminiscing” sessions will be held with retirees the end of September. He further noted, OPU and its employees were recognized by the United Way as one of their top 20 most generous companies in the community for what we raise by employees. Mr. Warehime concluded with an update to the outage at the library and how it tied back to the outage management system. Data is still being collected and sorted through. He will report back as soon as an answer is received.

Director, Information Technology and Metering Services Baum asked the Commission for direction and approval of an unbudgeted project related to the audio/visual system in the Morehouse Conference room. He noted the total cost of the project will be approximately \$70,850 without overheads and will include a whole

room system with 8 ceiling mounted microphones. He noted, not only will it help with the audio during the Commission meeting, it will also provide for a better experience during all-employee meetings for the employees attending virtually. After discussion, Commissioner Doyal moved to proceed forward with an unbudgeted project not to exceed \$77,000 for audio/visual equipment in the Morehouse Conference Room. Commissioner Vetter seconded the motion. All Commissioners voting Aye, the motion passed.

### **Commission Roundtable**

Commissioner Doyal expressed his appreciation for all the work that went into the fair booth including his appreciate for the people who worked the booth. He noted it was well constructed, had good information and caught people's eyes.

### **Audience Comments**

Roger Wacek expressed his concerns with what he viewed as inaccuracies related to the life expectancy of solar arrays and asked for this information to be changed in the newsletter.

Donn Robinson discussed the continuing rust issues at his residence. He noted, the street was dug up and it was determined it was not his house causing the issue, it was something outside. He further noted there are still rust issues.

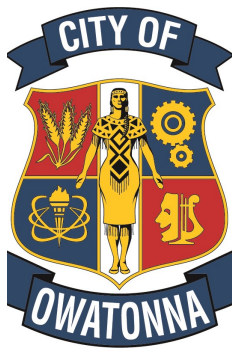
### **Adjournment**

There being no further business to come before the Commission, the meeting adjourned at 5:24 p.m.

Respectfully submitted,

Tammy Schmoll  
Executive, Communications and Administration Coordinator





# Licenses - Permits



**LG220 Application for Exempt Permit**

An exempt permit may be issued to a nonprofit organization that:

- conducts lawful gambling on five or fewer days, and
- awards less than \$50,000 in prizes during a calendar year.

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

**Application Fee (non-refundable)**

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

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

**ORGANIZATION INFORMATION**

Organization Name: Owatonna Fire Relief Association

Previous Gambling Permit Number: X- 74005

Minnesota Tax ID Number, if any: 41-6032886

Federal Employer ID Number (FEIN), if any: \_\_\_\_\_

Mailing Address: 107 W. Main St.

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

Name of Chief Executive Officer (CEO): Justin Brown

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

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

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

**NONPROFIT STATUS**

Type of Nonprofit Organization (check one):

☐ Fraternal ☐ Religious ☐ Veterans ☐ Other Nonprofit Organization

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

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

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

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

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

Secretary of State website, phone numbers:

[www.sos.state.mn.us](http://www.sos.state.mn.us)

651-296-2803, or toll free 1-877-551-6767

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

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

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

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

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

**GAMBLING PREMISES INFORMATION**

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

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

Check one:

☒ City: Owatonna Zip: 55060 County: Steele

☐ Township: \_\_\_\_\_ Zip: \_\_\_\_\_ County: \_\_\_\_\_

Date(s) of activity (for raffles, indicate the date of the drawing): November 11th, 2023

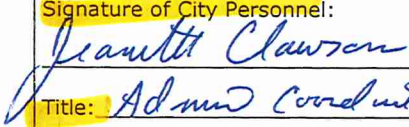
Check each type of gambling activity that your organization will conduct:

☒ 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](http://www.mn.gov/gcb) and click on **Distributors** under the **List of Licensees** tab, or call 651-539-1900.

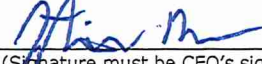


**LOCAL UNIT OF GOVERNMENT ACKNOWLEDGMENT (required before submitting application to the Minnesota Gambling Control Board)**

| CITY APPROVAL<br>for a gambling premises<br>located within city limits                                                                                                                                                                                                                                                            | COUNTY APPROVAL<br>for a gambling premises<br>located in a township                                                                                                                                                                                                                                                                                                                                                              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> The application is acknowledged with no waiting period.<br><input type="checkbox"/> 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).<br><input type="checkbox"/> The application is denied. | <input type="checkbox"/> The application is acknowledged with no waiting period.<br><input type="checkbox"/> The application is acknowledged with a 30-day waiting period, and allows the Board to issue a permit after 30 days.<br><input type="checkbox"/> The application is denied.                                                                                                                                          |
| Print City Name: <u>Owatonna</u>                                                                                                                                                                                                                                                                                                  | Print County Name: _____                                                                                                                                                                                                                                                                                                                                                                                                         |
| Signature of City Personnel:<br>                                                                                                                                                                                                                  | Signature of County Personnel:<br>_____                                                                                                                                                                                                                                                                                                                                                                                          |
| Title: <u>Admin Coordinator</u> Date: <u>9/26/2023</u>                                                                                                                                                                                                                                                                            | Title: _____ Date: _____                                                                                                                                                                                                                                                                                                                                                                                                         |
| <div style="border: 1px solid black; padding: 10px; margin: 10px auto; width: 80%;"> <p><b>The city or county must sign before submitting application to the Gambling Control Board.</b></p> </div>                                                                                                                               | <p><b>TOWNSHIP (if required by the county)</b><br/>                     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.)</p> Print Township Name: _____<br>Signature of Township Officer: _____<br>Title: _____ Date: _____ |

**CHIEF EXECUTIVE OFFICER'S SIGNATURE (required)**

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

Chief Executive Officer's Signature:  Date: 9-23-2023  
 (Signature must be CEO's signature; designee may not sign)

Print Name: Justin Brown

**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)).

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.

**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.

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

*An equal opportunity employer*

**LG240B Application to Conduct Excluded Bingo****No Fee**11/17  
Page 1 of 2**ORGANIZATION INFORMATION**

Organization Name: Early Edition Rotary Previous Gambling Permit Number: XB-94946-23-003  
 Minnesota Tax ID Number, if any: \_\_\_\_\_ Federal Employer ID Number (FEIN), if any: 91-2079541  
 Mailing Address: PO box 394  
 City: Owatonna State: MN Zip: 56060 County: Steele  
 Name of Chief Executive Officer (CEO): Steve Grubish, President Early Edition Rotary  
 CEO Daytime Phone: 507-413-6216 CEO Email: Sgrubish@Carrollscating.com  
 (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 Rotary Clubs are 501(c)4

**Attach a copy of at least 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.)

- ☒ **Current calendar year Certificate of Good Standing** Rotary International District #5960  
 Don't have a copy? This certificate must be obtained each year from:  
 MN Secretary of State, Business Services Division  
 60 Empire Drive, Suite 100  
 St. Paul, MN 55103  
 Secretary of State website, phone numbers:  
#2472309-23 www.sos.state.mn.us  
 651-296-2803, or toll free 1-877-551-6767
- ☐ **Internal Revenue Service-IRS income tax exemption 501(c) letter in your organization's name**  
 Don't have a copy? Obtain a copy of your federal income tax exempt letter by having an organization officer contact the IRS at 877-829-5500.
- ☐ **Internal Revenue Service-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.

**EXCLUDED BINGO ACTIVITY**Has your organization held a bingo event in the current calendar year? ☒ Yes ☐ NoIf yes, list the dates when bingo was conducted: 4/14/2023

The proposed bingo event will be:

☒ one of four or fewer bingo events held this year. Dates: 4/14/2023 & 11/10/2023☐ -OR- conducted on up to 12 consecutive days in connection with a:☐ county fair Dates: \_\_\_\_\_☐ civic celebration Dates: \_\_\_\_\_☐ Minnesota State Fair Dates: \_\_\_\_\_Person in charge of bingo event: Darren Roemhildt Daytime Phone: 507-451-7580Name of premises where bingo will be conducted: Eagles Club Aerie 1791Premises street address: 141 East Rose StreetCity: Owatonna If township, township name: \_\_\_\_\_ County: Steele



# LG240B Application to Conduct Excluded Bingo

11/17  
Page 2 of 2

## 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

On behalf of the city, I approve this application for excluded bingo activity at the premises located within the city's jurisdiction.

Print City Name: City of Owatonna

Signature of City Personnel:

Jeanette Clawson

Title: Admin Coordinator Date: 9/28/2023

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

### COUNTY APPROVAL for a gambling premises located in a township

On behalf of the county, I approve this application for excluded bingo activity at the premises located within the county's jurisdiction.

Print County Name: N/A

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 excluded bingo activity within the township limits. (A township has no statutory authority to approve or deny an application, per Minnesota 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.

Chief Executive Officer's Signature: Steve Grubish Date: 9/27/2023  
(Signature must be CEO's signature; designee may not sign)

Print Name: Steve Grubish

## MAIL OR FAX APPLICATION & ATTACHMENTS

Mail or fax application and a copy of your proof of nonprofit status to:

Minnesota Gambling Control Board  
1711 West County Road B, Suite 300 South  
Roseville, MN 55113  
Fax: 651-639-4032

An excluded bingo permit will be mailed to your organization. Your organization must keep its bingo records for 3-1/2 years.

### Questions?

Call a Licensing Specialist at 651-539-1900.

Bingo hard cards and bingo number selection devices may be borrowed from another organization authorized to conduct bingo. Otherwise, bingo hard cards, bingo paper, and bingo number selection devices must be obtained from a distributor licensed by the Minnesota Gambling Control Board. To find a licensed distributor, go to [www.mn.gov/gcb](http://www.mn.gov/gcb) and click on **Distributors** under the **LIST OF LICENSEES** tab, or call 651-539-1900.

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

Data privacy notice: The information requested on this form (and any attachments) will be used by the Gambling Control Board (Board) to determine your organization's qualifications to be involved in lawful gambling activities in Minnesota. Your organization has the right to refuse to supply the information; however, if your organization refuses to supply this information, the Board may not be able to determine your organization's qualifications and, as a consequence, may refuse to issue a permit. If your organization supplies the information requested, the Board

will be able to process the application. Your organization's name and address will be public information when received by the Board. All other information provided will be private data about your organization until the Board issues the permit. When the Board issues the permit, all information provided will become public. If the Board does not issue a permit, all information provided remains private, with the exception of your organization's name and address which will remain public. Private data about your organization are available to Board

members, Board staff whose work requires access to the information; Minnesota's Department of Public Safety; Attorney General; Commissioners of Administration, Minnesota Management & Budget, and Revenue; Legislative Auditor, national and international gambling regulatory agencies; anyone pursuant to court order; other individuals and agencies specifically authorized by state or federal law to have access to the information; individuals and agencies for which law or legal order authorizes a new use or sharing of information after this notice was given; and anyone with your written consent.

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# Miscellaneous







## Public Works Department

DATE: October 3, 2023  
TO: Mayor and City Council  
FROM: Sean Murphy, Public Works Director  
SUBJECT: Change Order #4 - Truman Avenue Project - Northland Grading & Excavating

### **Purpose:**

To receive Council approval for Change Order No. 4 for the Truman Avenue Improvement Project.

### **Background:**

Change Order No. 4 was due to the upsizing of structures CB-29 and ST-13 to satisfy pipe opening requirements. The proposed structures per plan were 48-4020 MH's. The additional costs associated with the upsizing of the MH are materials (precast), bedding, labor, brick, and concrete.

This was not previously brought to Council by error.

### **Budget Impact:**

The contract price will be increased by \$8,187.74.

### **Staff Recommendation:**

Staff recommends approval.

### **Attachments:**

1. SAP 153-141-001 - Truman Ave. - CO 04 - SPM



STATE AID FOR LOCAL TRANSPORTATION  
CHANGE ORDER

Rev. February 2018

|           |             |                 |                 |                  |   |
|-----------|-------------|-----------------|-----------------|------------------|---|
| SP/SAP(s) | 153-141-001 | MN Project No.: | SAP 153-141-001 | Change Order No. | 4 |
|-----------|-------------|-----------------|-----------------|------------------|---|

|                              |                                                       |                   |       |
|------------------------------|-------------------------------------------------------|-------------------|-------|
| Project Location             | Owatonna, MN                                          |                   |       |
| Local Agency                 | City of Owatonna                                      | Local Project No. | 20005 |
| Contractor                   | Northland Grading & Excavating                        | Contract No.      | 20005 |
| Address/City/State/Zip       | 207 3 <sup>rd</sup> Street West, Northfield, MN 55057 |                   |       |
| Total Change Order Amount \$ |                                                       | 8,187.74          |       |

*This Change Order No. 4 was due to the upsizing of structures CB-29 and ST-13 to satisfy pipe opening requirements. The proposed structures per plan were 48-4020 MH's. The additional costs associated with the upsizing of the MH are materials (precast), bedding, labor, brick, and concrete.*

**Estimate Of Cost:** (Include any increases or decreases in contract items, any negotiated or force account items.)

| **Group/<br>funding<br>Category | Item No. | Description                      | Unit | Unit Price | + or -<br>Quantity | + or -<br>Amount \$ |
|---------------------------------|----------|----------------------------------|------|------------|--------------------|---------------------|
| DIV. 3                          | 0870     | ST-13: UPSIZED TO 96" MH STRUCT. | LS   | \$5,672.48 | +1.0               | + \$2,515.26        |
| DIV. 3                          | 0890     | CB-29: UPIZED TO 72" MH STRUCT.  | LS   | \$2,515.26 | +1.0               | + \$5,672.48        |
| Net Change this Change Order    |          |                                  |      |            |                    | + \$8,187.74        |

**\*\*Group/funding category is required for federal aid projects**

**Due to this change, the contract time:** (check one)

|                                        |                                                            |
|----------------------------------------|------------------------------------------------------------|
| (X) Is NOT changed                     | ( ) May be revised as provided in MnDOT Specification 1806 |
| ( ) Is Increased by _____ Working Days | ( ) Is Increased by _____ Calendar Days                    |
| ( ) Is Decreased by _____ Working Days | ( ) Is Decreased by _____ Calendar Days                    |

Approved by Project Engineer:  Date: 9/28/2023

Print Name: Sean Murphy, P.E. Phone: (507) 774-7306

Approved by Contractor: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_ Phone: \_\_\_\_\_

**DSAE Portion:** The State of Minnesota is not a participant in this contract. Signature by the District State Aid Engineer is for FUNDING PURPOSES ONLY and for compliance with State and Federal Aid Rules/Policy. Eligibility does not guarantee funds will be available.

This work is eligible for: \_\_\_ Federal Funding \_\_\_ State Aid Funding \_\_\_ Local funds

District State Aid Engineer: \_\_\_\_\_ Date: \_\_\_\_\_



2021 Truman Ave – Reconstruction Project

Change Order #5

6/11/2021

This change order was due to the upsizing of structures CB-29 and ST-13 to satisfy pipe opening requirements. The proposed structures per plan were 48-4020 MH's. The additional costs associated with the upsizing of the MH are materials (precast), bedding, labor, brick, and concrete. Please see itemization below.

CB-29

|                                                     |            |
|-----------------------------------------------------|------------|
| Upsized 72" MH Structure w/ sales tax and 5% markup | \$1,215.26 |
| Labor – Install upsized MH                          | \$900.00   |
| Bedding, Rock, Concrete, Brick                      | \$400.00   |
| Subtotal                                            | \$2,515.26 |

ST-13

|                                                     |            |
|-----------------------------------------------------|------------|
| Upsized 96" MH Structure w/ sales tax and 5% markup | \$3,922.48 |
| Labor – Install upsized MH                          | \$1,350.00 |
| Bedding, Rock, Concrete, Brick                      | \$400.00   |
| Subtotal                                            | \$5,672.48 |

|                                |                          |
|--------------------------------|--------------------------|
| <b>Total – Change Order #5</b> | <b><u>\$8,187.74</u></b> |
|--------------------------------|--------------------------|

RECAP:

|    |            |                                                              |
|----|------------|--------------------------------------------------------------|
| \$ | 271,997.29 | Ebert Inc - Council Chambers Renov Est 7                     |
|    | 185,335.13 | JJD Companies - 2022 Street & Utility - Pay Est #11          |
|    | 174,281.00 | League of MN Cities Ins Trust - Workers Comp Premium         |
|    | 129,121.79 | Nero Engineering - WWTF Upgrade & Exp - August 2023          |
|    | 27,048.00  | Polydyne Inc - chemicals                                     |
|    | 124,652.15 | Southeast Service Cooperative - health insurance - Sept 2023 |
|    | 26,600.00  | Wencl Construction - 2023 Havana Rd SAP - pay est #4         |

312,829.16 OTHER EXPENDITURES

\$ 1,251,864.52 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 |            |                                |                  |              |            |
| 374906                                 | 09/21/23   | STEELE COUNTY SHERIFF          | 85.00            | 0            | Regular    |
| 374907                                 | 09/26/23   | A H HERMEL CANDY & TOBACCO CO  | 292.63           | R            | ACH        |
| 374908                                 | 09/26/23   | ADRIANA MARTINEZ               | 50.00            | 0            | Regular    |
| 374909                                 | 09/26/23   | ADVANCED ENGINEERING & ENVIRON | 703.00           | 0            | Regular    |
| 374910                                 | 09/26/23   | AFLAC                          | 2,668.76         | 0            | Regular    |
| 374911                                 | 09/26/23   | AGATI INC                      | 8,424.63         | R            | ACH        |
| 374912                                 | 09/26/23   | ALEXANDER LUMBER COMPANY       | 1,029.63         | 0            | Regular    |
| 374913                                 | 09/26/23   | AMERICAN ENGINEERING TESTING   | 10,814.95        | R            | ACH        |
| 374914                                 | 09/26/23   | AMERICAN LEGAL PUBLISHING      | 1,107.13         | 0            | Regular    |
| 374915                                 | 09/26/23   | ANHORN'S GAS & TIRE            | 72.45            | 0            | Regular    |
| 374916                                 | 09/26/23   | APG MEDIA OF SO MINNESOTA LLC  | 513.72           | 0            | Regular    |
| 374917                                 | 09/26/23   | ARAMARK UNIFORM SERVICES INC   | 529.30           | 0            | Regular    |
| 374918                                 | 09/26/23   | ARROW ACE HARDWARE             | 29.16            | R            | ACH        |
| 374919                                 | 09/26/23   | ARROW ACE HARDWARE             | 130.59           | 0            | Regular    |
| 374920                                 | 09/26/23   | ASPEN MILLS INCORPORATED       | 797.71           | 0            | Regular    |
| 374921                                 | 09/26/23   | AUTO-OWNERS INSURANCE CO       | 5,924.00         | 0            | Regular    |
| 374922                                 | 09/26/23   | BAKER & TAYLOR BOOKS           | 1,124.40         | R            | ACH        |
| 374923                                 | 09/26/23   | BENJAMIN R JOHNSON             | 34.55            | 0            | Regular    |
| 374924                                 | 09/26/23   | BLACKSTONE PUBLISHING          | 244.81           | R            | ACH        |
| 374925                                 | 09/26/23   | BLUE AND BROWN BACKGROUNDS     | 600.00           | 0            | Regular    |
| 374926                                 | 09/26/23   | CARQUEST                       | 1,272.14         | 0            | Regular    |
| 374927                                 | 09/26/23   | CEDAR VALLEY SERVICES INC      | 579.70           | 0            | Regular    |
| 374928                                 | 09/26/23   | CELLEBRITE                     | 6,100.00         | 0            | Regular    |
| 374929                                 | 09/26/23   | CEMSTONE CONCRETE MATERIAL LLC | 427.00           | 0            | Regular    |
| 374930                                 | 09/26/23   | CEMSTONE PRODUCTS CO           | 331.50           | 0            | Regular    |
| 374931                                 | 09/26/23   | CENTRAL FARM SERVICE           | 5,922.73         | 0            | Regular    |
| 374932                                 | 09/26/23   | CHARTER LEROC                  | 200.00           | 0            | Regular    |
| 374933                                 | 09/26/23   | CHILDREN'S REMEDIAL FUND OF ST | 35.00            | 0            | Regular    |
| 374934                                 | 09/26/23   | CHOSEN VALLEY TESTING          | 2,096.50         | 0            | Regular    |
| 374935                                 | 09/26/23   | CHRISTIAN SKJEVELAND           | 173.75           | 0            | Regular    |
| 374936                                 | 09/26/23   | CITY OF WASECA                 | 42.00            | 0            | Regular    |
| 374937                                 | 09/26/23   | CLUB PROPHET SYSTEMS           | 571.00           | R            | ACH        |
| 374938                                 | 09/26/23   | CRANE CREEK ASPHALT            | 6,674.77         | R            | ACH        |
| 374939                                 | 09/26/23   | CULLIGAN OF OWATONNA           | 45.25            | 0            | Regular    |
| 374940                                 | 09/26/23   | CURT'S TRUCK & DIESEL SERVICE  | 220.20           | R            | ACH        |
| 374941                                 | 09/26/23   | CUSHMAN MOTOR CO INC           | 685.42           | 0            | Regular    |
| 374942                                 | 09/26/23   | D & M CONSTRUCTION LLC         | 196.45           | R            | ACH        |
| 374943                                 | 09/26/23   | DELL MARKETING LP              | 1,541.70         | 0            | Regular    |
| 374944                                 | 09/26/23   | DESTINEE MEGER                 | 50.00            | 0            | Regular    |
| 374945                                 | 09/26/23   | EARL F ANDERSEN & ASSOC        | 5,170.55         | 0            | Regular    |
| 374946                                 | 09/26/23   | EBERT INC                      | 271,997.31       | 0            | Regular    |
| 374947                                 | 09/26/23   | ELIZABETH GRUENHAGEN           | 205.36           | 0            | Regular    |
| 374948                                 | 09/26/23   | ENTENMANN-ROVIN CO             | 142.75           | 0            | Regular    |
| 374949                                 | 09/26/23   | EYE MED VISION CARE            | 396.70           | 0            | Regular    |

| Check Number | Check Date | Vendor Name                    | Net Check Amount | Check Status | Check Type    |
|--------------|------------|--------------------------------|------------------|--------------|---------------|
| 374950       | 09/26/23   | FARIBAULT CO SHERIFF'S OFFICE  | 6,185.67         | 0            | Regular       |
| 374951       | 09/26/23   | FARMERS FEED AND PET SUPPLY    | 500.70           | 0            | Regular       |
| 374952       | 09/26/23   | FIRST HOSPITAL LABORATORIES IN | 249.57           | 0            | Regular       |
| 374953       | 09/26/23   | FIRST SUPPLY OWATONNA          | 508.38           | 0            | Regular       |
| 374954       | 09/26/23   | FLAHERTY & HOOD PA             | 6,825.00         | R            | ACH           |
| 374955       | 09/26/23   | FOUR SEASONS ELECTRIC          | 2,177.87         | R            | ACH           |
| 374956       | 09/26/23   | FRESH CAFE                     | 207.81           | 0            | Regular       |
| 374957       | 09/26/23   | FULLSTEAM                      | 2,142.86         | R            | Wire Transfer |
| 374958       | 09/26/23   | GENESIS LAMP CORPORATION       | 260.87           | R            | ACH           |
| 374959       | 09/26/23   | GERALD RADTKE                  | 50.00            | 0            | Regular       |
| 374960       | 09/26/23   | GLOBAL PAYMENTS INTEGRATED     | 4,797.26         | R            | Wire Transfer |
| 374961       | 09/26/23   | GRAINGER                       | 150.27           | R            | ACH           |
| 374962       | 09/26/23   | GREAT PLAINS FIRE INC          | 880.14           | 0            | Regular       |
| 374963       | 09/26/23   | HAWKINS INC                    | 2,079.00         | R            | ACH           |
| 374964       | 09/26/23   | HEALTHPARTNERS INC             | 4,540.83         | 0            | Regular       |
| 374965       | 09/26/23   | HEIMAN INC                     | 132.98           | R            | ACH           |
| 374966       | 09/26/23   | HERITAGE CRYSTAL CLEAN LLC     | 799.19           | 0            | Regular       |
| 374967       | 09/26/23   | HILLYARD INC                   | 510.84           | 0            | Regular       |
| 374968       | 09/26/23   | HOLIDAY KNOPIK                 | 93.50            | 0            | Regular       |
| 374969       | 09/26/23   | HOUSE OWATONNA                 | 1,779.53         | 0            | Regular       |
| 374970       | 09/26/23   | I U O E LOCAL 70               | 2,840.00         | 0            | Regular       |
| 374971       | 09/26/23   | INNOVATIVE OFFICE SOLUTIONS    | 976.83           | 0            | Regular       |
| 374972       | 09/26/23   | JEAN C HADWICK                 | 50.00            | 0            | Regular       |
| 374973       | 09/26/23   | JERRY SCHNORENBERG             | 150.00           | 0            | Regular       |
| 374974       | 09/26/23   | JJD COMPANIES LLC              | 185,335.13       | R            | ACH           |
| 374975       | 09/26/23   | JOHNSON HARDWARE CO            | 8,985.00         | 0            | Regular       |
| 374976       | 09/26/23   | KATE JOENKS                    | 50.00            | 0            | Regular       |
| 374977       | 09/26/23   | KATHLEEN COURSON               | 50.00            | 0            | Regular       |
| 374978       | 09/26/23   | KRIS BUSSE                     | 42.52            | 0            | Regular       |
| 374979       | 09/26/23   | LAWSON AUTOMOTIVE LLC          | 1,058.89         | 0            | Regular       |
| 374980       | 09/26/23   | LAWSON PRODUCTS                | 137.55           | 0            | Regular       |
| 374981       | 09/26/23   | LEAGUE OF MN CITIES INS TRUST  | 174,281.00       | 0            | Regular       |
| 374982       | 09/26/23   | LINDER DIGITAL                 | 1,000.00         | 0            | Regular       |
| 374983       | 09/26/23   | MACQUEEN EQUIPMENT CO          | .00              | 0            | Regular       |
| 374984       | 09/26/23   | MADISON NATL LIF INS CO INC    | 959.52           | 0            | Regular       |
| 374985       | 09/26/23   | MANTRONICS MAILING SYSTEMS INC | 42.95            | R            | ACH           |
| 374986       | 09/26/23   | MARCO TECHNOLOGIES LLC         | 559.76           | R            | ACH           |
| 374987       | 09/26/23   | MATTHEW R HOKANSON             | 8,636.80         | R            | ACH           |
| 374988       | 09/26/23   | MED COMPASS                    | 950.00           | R            | ACH           |
| 374989       | 09/26/23   | MIKE'S MARINE & SMALL ENG REP  | 106.17           | 0            | Regular       |
| 374990       | 09/26/23   | MINER'S OUTDOOR & RECREATION   | 92.28            | 0            | Regular       |
| 374991       | 09/26/23   | MINNESOTA LIFE                 | 2,981.90         | 0            | Regular       |
| 374992       | 09/26/23   | MN BUILDING PERMIT TECH ASSN   | 100.00           | 0            | Regular       |
| 374993       | 09/26/23   | MN DEPT OF LABOR AND INDUSTRY  | 5,379.47         | R            | Wire Transfer |
| 374994       | 09/26/23   | MN DEPT OF PUBLIC SAFETY       | 18,835.84        | 0            | Regular       |

| Check Number | Check Date | Vendor Name                    | Net Check Amount | Check Status | Check Type    |
|--------------|------------|--------------------------------|------------------|--------------|---------------|
| 374995       | 09/26/23   | MN DEPT OF REVENUE             | 9,901.85         | R            | Wire Transfer |
| 374996       | 09/26/23   | MN DEPT OF TRANSPORTATION      | 2,067.52         | 0            | Regular       |
| 374997       | 09/26/23   | MN FIRE SERVICE CERT BOARD     | 882.00           | 0            | Regular       |
| 374998       | 09/26/23   | MN OFFICE OF ADMIN HEARINGS    | 73.50            | 0            | Regular       |
| 374999       | 09/26/23   | MN PUBLIC EMPLOYEES ASSOC      | 1,584.00         | R            | ACH           |
| 375000       | 09/26/23   | MN SECRETARY OF STATE - NOTARY | 120.00           | 0            | Regular       |
| 375001       | 09/26/23   | MN VALLEY TESTING LABS INC     | 842.60           | 0            | Regular       |
| 375002       | 09/26/23   | MRI SOFTWARE LLC               | 75.00            | R            | ACH           |
| 375003       | 09/26/23   | MTC SERVICES LLC               | 14,320.00        | 0            | Regular       |
| 375004       | 09/26/23   | MTI DISTRIBUTING INC           | 1,193.40         | R            | ACH           |
| 375005       | 09/26/23   | NAPA AUTO PARTS                | 3,167.60         | R            | ACH           |
| 375006       | 09/26/23   | NERO ENGINEERING               | 129,121.79       | 0            | Regular       |
| 375007       | 09/26/23   | NORMA LOUIS                    | 50.00            | 0            | Regular       |
| 375008       | 09/26/23   | NORTHLAND FARM SYSTEMS         | 42.22            | 0            | Regular       |
| 375009       | 09/26/23   | OLYMPIC FIRE PROTECTION CORP   | 3,031.46         | R            | ACH           |
| 375010       | 09/26/23   | OWATONNA GLASS LLC             | 5,332.40         | 0            | Regular       |
| 375011       | 09/26/23   | OWATONNA HEATING & COOLING INC | 581.00           | 0            | Regular       |
| 375012       | 09/26/23   | OWATONNA LACROSSE ASSOCIATION  | 925.00           | 0            | Regular       |
| 375013       | 09/26/23   | OWATONNA MOTOR COMPANY         | 928.85           | 0            | Regular       |
| 375014       | 09/26/23   | OWATONNA RENT N SAVE           | 89.77            | 0            | Regular       |
| 375015       | 09/26/23   | PAAPE COMPANIES INC            | 802.56           | R            | ACH           |
| 375016       | 09/26/23   | PAYMENTECH                     | 143.38           | R            | Wire Transfer |
| 375017       | 09/26/23   | PDI                            | 45.30            | 0            | Regular       |
| 375018       | 09/26/23   | PIONEER MANUFACTURING COMPANY  | 2,655.00         | R            | ACH           |
| 375019       | 09/26/23   | PLAISTED COMPANIES INC         | 4,666.99         | 0            | Regular       |
| 375020       | 09/26/23   | PLUNKETT'S PEST CONTROL INC    | 493.54           | R            | ACH           |
| 375021       | 09/26/23   | POLYDYNE INC                   | 27,048.00        | R            | ACH           |
| 375022       | 09/26/23   | POPE DOUGLAS SOLID WASTE MGMT  | 541.13           | 0            | Regular       |
| 375023       | 09/26/23   | PRIME GARAGE DOOR & MORE LLC   | 1,345.00         | 0            | Regular       |
| 375024       | 09/26/23   | PUMP AND METER SERVICE, INC    | 609.50           | R            | ACH           |
| 375025       | 09/26/23   | PVS TECHNOLOGIES INC           | 10,587.75        | 0            | Regular       |
| 375026       | 09/26/23   | QUADIENT FINANCE USA INC       | 1,012.50         | 0            | Regular       |
| 375027       | 09/26/23   | RAMY TURF PRODUCTS             | 1,368.00         | 0            | Regular       |
| 375028       | 09/26/23   | RENT N SAVE PORTABLE SERVICES  | 470.25           | 0            | Regular       |
| 375029       | 09/26/23   | RICE STEELE 911 CENTER         | 135.00           | 0            | Regular       |
| 375030       | 09/26/23   | SCHILLING SUPPLY CO            | 1,567.00         | R            | ACH           |
| 375031       | 09/26/23   | SCOTT F LIMBERG                | 850.00           | R            | ACH           |
| 375032       | 09/26/23   | Shay Rohde                     | 101.75           | 0            | Regular       |
| 375033       | 09/26/23   | SHARE CORPORATION              | 259.02           | R            | ACH           |
| 375034       | 09/26/23   | SHERWIN WILLIAMS COMPANY       | 34.83            | 0            | Regular       |
| 375035       | 09/26/23   | SHI CORP                       | 189.00           | 0            | Regular       |
| 375036       | 09/26/23   | SHRED RIGHT                    | 40.00            | 0            | Regular       |
| 375037       | 09/26/23   | SIOUX VALLEY ENVIRONMENTAL     | 5,850.00         | 0            | Regular       |
| 375038       | 09/26/23   | SMOKIN' SILVERBACKS            | 2,500.00         | 0            | Regular       |
| 375039       | 09/26/23   | SOUTHEAST SERVICE COOPERATIVE  | 124,652.15       | R            | Wire Transfer |

| Check Number | Check Date | Vendor Name                  | Net Check Amount | Check Status | Check Type    |
|--------------|------------|------------------------------|------------------|--------------|---------------|
| 375040       | 09/26/23   | SPHERION STAFFING LLC        | 1,160.00         | 0            | Regular       |
| 375041       | 09/26/23   | SPLIT ROCK MANAGEMENT INC    | 3,860.00         | 0            | Regular       |
| 375042       | 09/26/23   | STEELE COUNTY TREASURER      | 5,944.25         | 0            | Regular       |
| 375043       | 09/26/23   | STEPHEN SNYDER               | 50.00            | V            | Regular       |
| 375044       | 09/26/23   | STEWART COMPANIES INC        | 346.83           | 0            | Regular       |
| 375045       | 09/26/23   | STEWART SANITATION           | 2,067.00         | 0            | Regular       |
| 375046       | 09/26/23   | STRAIGHT RIVER SPORTS        | 2,512.76         | 0            | Regular       |
| 375047       | 09/26/23   | SUMMIT COMPANIES             | 281.50           | 0            | Regular       |
| 375048       | 09/26/23   | SWEET TOWING                 | 295.00           | 0            | Regular       |
| 375049       | 09/26/23   | SYNCHRONY BANK               | 90.62            | 0            | Regular       |
| 375050       | 09/26/23   | SYNCHRONY BANK - LOWE'S      | 2,045.57         | 0            | Regular       |
| 375051       | 09/26/23   | T-MOBILE                     | 2,862.14         | 0            | Regular       |
| 375052       | 09/26/23   | TAMMY R INGVALDSON           | 63.00            | 0            | Regular       |
| 375053       | 09/26/23   | TAYLOR MADE GOLF COMPANY INC | 153.75           | 0            | Regular       |
| 375054       | 09/26/23   | TERRACON CONSULTANTS INC     | 2,536.25         | R            | ACH           |
| 375055       | 09/26/23   | TEXAS REFINERY CORP          | 1,554.53         | R            | ACH           |
| 375056       | 09/26/23   | TEXAS REFINERY CORP          | 512.50           | 0            | Regular       |
| 375057       | 09/26/23   | THE AFTON HOUSE INN          | 1,850.80         | 0            | Regular       |
| 375058       | 09/26/23   | TURFWERKS                    | 191.45           | R            | ACH           |
| 375059       | 09/26/23   | UNITED WAY                   | 105.00           | 0            | Regular       |
| 375060       | 09/26/23   | US BANK                      | 1,075.00         | 0            | Regular       |
| 375061       | 09/26/23   | US BANK                      | 16,952.24        | R            | Wire Transfer |
| 375062       | 09/26/23   | USA TODAY                    | 399.24           | 0            | Regular       |
| 375063       | 09/26/23   | VAN METER INC                | 53.22            | 0            | Regular       |
| 375064       | 09/26/23   | VERIZON                      | 2,307.29         | 0            | Regular       |
| 375065       | 09/26/23   | W W BLACKTOPPING INC         | 4,103.22         | 0            | Regular       |
| 375066       | 09/26/23   | WALBRAN & FURNESS CHARTERED  | 4,721.75         | R            | ACH           |
| 375067       | 09/26/23   | WASECA COUNTY HWY DEPT       | 29.88            | 0            | Regular       |
| 375068       | 09/26/23   | WASECA POLICE DEPARTMENT     | 7,574.80         | 0            | Regular       |
| 375069       | 09/26/23   | WASTE MANAGEMENT OF WI-MN    | 683.64           | 0            | Regular       |
| 375070       | 09/26/23   | WENCL CONSTRUCTION           | 26,600.00        | 0            | Regular       |
| 375071       | 09/26/23   | WEST PUBLISHING CORPORATION  | 581.43           | R            | ACH           |
| 375072       | 09/26/23   | WEX BANK                     | 1,363.33         | R            | Wire Transfer |
| 375073       | 09/26/23   | WEX HEALTH INC               | 349.25           | R            | Wire Transfer |
| 375074       | 09/26/23   | WHKS & CO                    | 356.00           | R            | ACH           |
| 375075       | 09/26/23   | WHKS & CO                    | 3,154.91         | R            | ACH           |
| 375076       | 09/26/23   | ZEP MANUFACTURING CO         | 950.60           | R            | ACH           |
| 375077       | 09/26/23   | ZIEGLER INC                  | 1,150.08         | R            | ACH           |



|     |                        |              |
|-----|------------------------|--------------|
| 119 | Checks total:          | 791,906.02   |
| 43  | ACH total:             | 294,276.71   |
| 0   | EFTPS total:           |              |
| 9   | Wire transfer total:   | 165,681.79   |
| 0   | Payment Manager total: |              |
| 171 | GRAND TOTALS           | 1,251,864.52 |



# Ordinances





## Community Development Department

DATE: October 3, 2023  
TO: Mayor and City Council  
FROM: Greg Kruschke, Community Development Manager  
SUBJECT: Second/Final Reading Proposed Ordinance 23-18: RZ-6 - 121 Mill Street E - Steele County

### **Purpose:**

Council to hold the second/final reading of Proposed Ordinance 23-18, Application No. RZ-6 to rezone Steele County property located at 121 Mill Street East.

### **Background:**

The Council approved the first reading of this proposed ordinance during their last meeting on September 19, 2023. Steele County requests to rezone this property from B-2, Community Commercial District to B-3, Central Business District, for the purposes of constructing a new community corrections building.

See Attached Staff Report with revised building elevations showing a stucco building. The Planning Commission held a public hearing on this request and recommended approval.

### **Budget Impact:**

None.

### **Staff Recommendation:**

Staff recommends approval.

### **Attachments:**

1. Ord 23-18 RZ-6 121 Mill St E - Steele County
2. Staff Report - RZ-6 - 121 Mill St E - Steele County
3. Revised Elevations

Proposed Ordinance No. 23-18

ORDINANCE NO. \_\_\_\_

AN ORDINANCE AMENDING ORDINANCE NO. 157,  
OWATONNA ZONING ORDINANCE

WHEREAS the owner of the hereinafter described lands has made application for a change in zone classification for said lands and public hearing has been held according to the provisions of Section 157.098, of Ordinance No. 157, and the Planning Commission of the City of Owatonna has recommended the change in zone classification as requested.

THE CITY COUNCIL OF THE CITY OF OWATONNA DO ORDAIN:

SECTION 1. Ordinance No. 157, Zoning Ordinance, is hereby amended so that the zoning map that is thereby incorporated by reference shall be changed as follows:

1. Pursuant to Application No. RZ-6 filed with the City of Owatonna, Minnesota, to change the zone classification, and after public hearing, held September 12, 2023, said application is hereby approved and the zone classification is hereby changed from B-2, Community Business District to B-3, Central Business District for the following described property:

Lots 1, 2, and 3, Block 16, in the Town (now City) of Owatonna, Steele County, Minnesota. And Lot 4, Block 16, in the Town (now City) of Owatonna, Steele County, Minnesota.

SECTION 2. Effective Date. This ordinance shall be in full force and effect from and after its passage and publication.

Passed and adopted this \_\_\_\_\_ day of \_\_\_\_\_, 2023, with the following vote:

Aye \_\_\_\_; No \_\_\_\_; Absent \_\_\_\_.

Approved and signed this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

ATTEST:

\_\_\_\_\_  
Thomas A. Kuntz, Mayor

\_\_\_\_\_  
Kris M. Busse, City Administrator/City Clerk

September 8, 2023

**To:** Planning Commission

**From:** Community Development Department

**RE:** Application No. RZ-6, Allison Timmins, Wold Architects, on behalf of Steele County, a request to rezone the subject property from B-2, Community Commercial District to B-3, Central Business District for the purposes of constructing a new Community Corrections building for the property located at 121 Mill Street East.

**Application Review:**

**Applicant:** Wold Architects

**Owner:** Steele County

**Legal Description:** Lots 3&4, Block 16, Original Town

**Existing Zoning:** B-2, Community Business District

**Existing Land Use:** The property is currently vacant.

**Adjacent Zoning & Land Uses:** North: Commercial Use zoned B-3

South: Commercial Use zoned B-3

East: Parking Lot zoned B-2, Community Business District

West: Commercial Use zoned B-3

**Report Attachments:**

1. Application Materials
2. Location Maps

**Proposed Development:**

- ◆ Application No. RZ-6, Allison Timmins, Wold Architects, on behalf of Steele County, a request to rezone the subject property from B-2, Community Commercial District to B-3, Central Business District for the purposes of constructing a new Community Corrections building for the property located at 121 Mill Street East.
- ◆ The County is proposing to rezone the property in order to construct an 8900 square foot structure to house the Community Corrections operations for the City.
- ◆ The County would like to use the 0' setbacks that are allotted for within the B-3 zoning district. If the property were to stay B-2, they would need to provide a 30' front and rear setback.
- ◆ Although the City does not have building elevation requirements, it has been an expectation that buildings within this zoning district will be constructed to tie in architecturally with the more historic buildings in this area.

- ◆ Preliminary elevations for this building do cause some concern as to how this building will fit into this zoning district architecturally.
- ◆ Buildings within this zoning district typically have some sort of masonry exterior in addition to front windows and a front entrance. The proposed elevations do not necessarily meet these typical items we see within the B-3 buildings.
- ◆ The proposed building will need to go through all permit approvals prior to commencing construction.
- ◆ Staff feels the proposed rezoning does make sense for this area and is in the best interest of the City. However, we would like to see the architectural appearance brought closer to the surrounding area and the B-3 District as a whole.

### **Staff Review:**

Staff feels that the proposed overlay rezoning would fit in with the surroundings and the desired use of this property as designated within the Owatonna Development Plan. Staff is recommending approval of the rezoning property from B-2, Community Business District to B-3, Central Business District. Staff further requests that the applicant review the architectural appearance of the building prior to applying for a building permit to more closely tie in with the B-3 Zoning District and the neighboring structures.

### **Planning Commission:**

Application No. RZ-6, which is a request by Allison Timmins, Wold Architects, on behalf of Steele County, to rezone property from B-2, Community Business District, to B-3, Central Business District, for the purposes of constructing a new Community Corrections building for the property located at 121 Mill Street East, was presented by Community Development Manager Greg Kruschke. (Refer to report on file.)

Preliminary Plat of Cedar Mill Addition, which is an 0.84± acre tract of land to be rezoned B-3, Central Business District, owned by Steele County and located at 121 Mill Street East, was presented by Community Development Manager Greg Kruschke. (Refer to report on file.)

Kruschke said staff has had three calls on the notices. The majority of the concerns were “What is this?” as the notice said Community Corrections. He said this isn’t a new use downtown. They never knew it was there. The second concern was about how it will fit into the neighborhood and staff has addressed those issues.

Public hearing for both requests opened at 5:40 pm. Brian Erickson, General Manager of Physical Services at Federated Insurance, was present representing Federated Insurance. He said they don’t have any issues with occupancy, plat, or zoning, but would like to echo the City’s comments about the exterior finish and appearance of the proposed building. He said they think it would be better if it has more of an office / retail / professional exterior appearance rather than the original proposed steel industrial look. Having buildings and owing property adjacent to that is one of their concerns in terms of the neighborhood. Also, having participated in the Owatonna Forward and Owatonna revitalization projects, Federated wouldn’t want to see the appearance

downtown take a step backwards after all the progress that's been made. Public hearing closed at 5:42 pm. Nick Peake said he agrees about the steel siding. You wouldn't be able to build an outbuilding for your house that way on your residential lot, let alone a building downtown, so he doesn't think that's appropriate. Even the stucco is kind of a copout. You'd need some sort of brick, at least on the major side of it. Besides that, the rest of it makes sense. Meier asked what can be done on our end? Can we require a more fitting structure? Kruschke said, within the findings of a rezoning, you get into that it could be a negative impact to the neighborhood. As you get into the finish of the building, and legally speaking it may be tough to do that. He said that steps can be taken, though. The City doesn't have elevation standards, and hasn't done that in the downtown area. When you start to get into historic preservation, it can get very nitpicky on where to go. The City has taken the position that people will do the right thing and have worked with others on that. They've had that conversation here, and they've been working on that already. They still have to go through bid process and put the plans together. There is a review the MainStreet Design Committee does. They ask that applicants try to meet the intent and character of the B-3. Kruschke said that Jacob and his team have been looking at things already and are taking the comments in tonight. This is the first step of many as they go forward.

A motion was made by Effertz and seconded by Wilson to recommend City Council approval of this rezoning from B-2, Community Business District, to B-3, Central Business District. All Commissioners voting Aye, the motion carried.

A motion was made by Eickhoff and seconded by Wilson to recommend City Council approval of this preliminary plat with the following conditions:

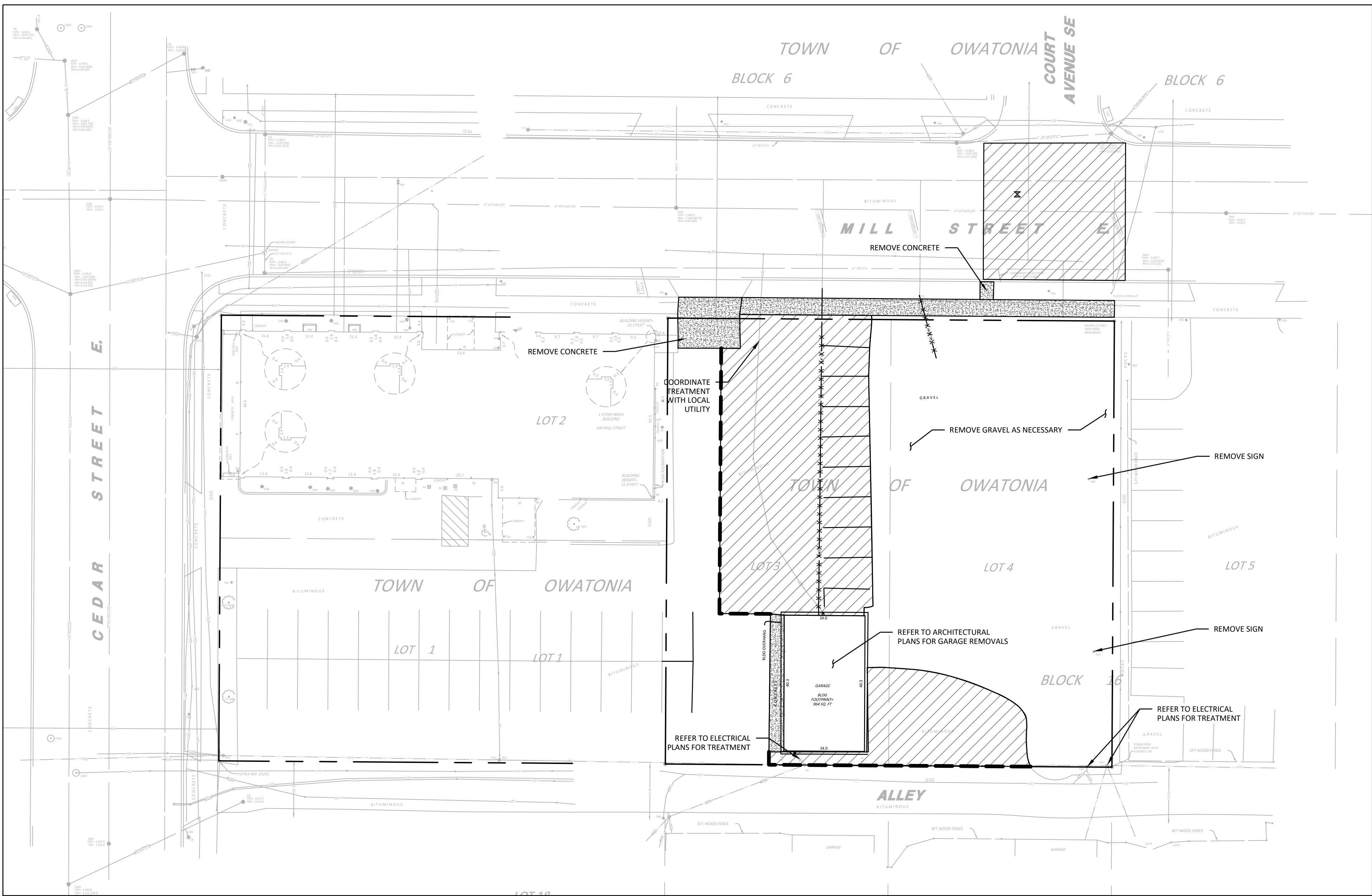
- 1) The final plat shall be approved within one year of the date of approval of the preliminary plat.
- 2) The title opinion shall be approved by the City Attorney prior to recording of the final plat.
- 3) The plat shall be contingent upon the rezoning request.
- 4) All unused water and sewer services shall be disconnected at the main.
- 5) All comments of the City Engineers Memo shall be adhered to.

All Commissioners voting Aye, the motion carried.



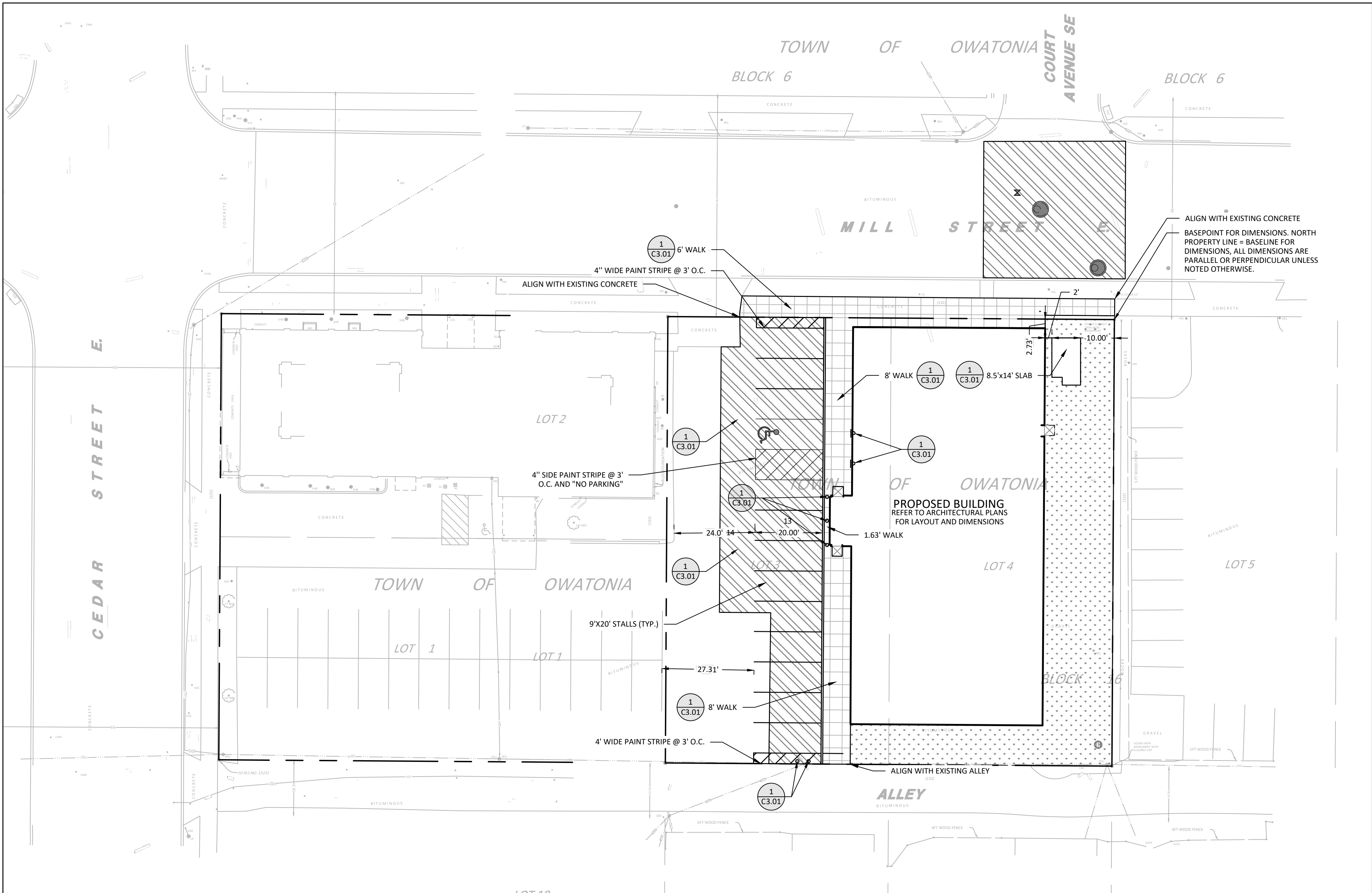
MN

C



1 REMOVALS PLAN

1" = 20'



2 FINISHING PLAN

1" = 20'

LEGEND

- REFERENCE KEY TO SITE DETAILS  
DETAIL I.D. NUMBER (TOP)  
DETAIL SHEET NUMBER (BOTTOM)
- CONCRETE CURB AND GUTTER REMOVALS
- UNDERGROUND UTILITY REMOVALS
- CONCRETE PAVEMENT REMOVALS
- ASPHALT PAVEMENT REMOVALS
- GRAVEL SURFACE REMOVALS
- FENCING REMOVALS
- SAWCUT
- PROPOSED CONCRETE WALK
- PROPOSED CONCRETE SLAB
- PROPOSED ASPHALT PAVEMENT
- PROPOSED TRAFFIC CONTROL SIGN
- PROPOSED BOLLARD
- PROPOSED ACCESSIBLE SYMBOL
- PROPOSED MANHOLE (MH)
- PROPOSED CATCH BASIN (CB)
- PROPOSED GATE VALVE (GV)
- PROPOSED FLAG POLE
- PROPOSED BUILDING STOOP - REFER TO ARCHITECTURAL PLANS
- PROPOSED LIGHT POLE - REFER TO ELECTRICAL PLANS
- PROPERTY LINE

NOTES

- REFER TO SHEET CXXX, XXXXXX, FOR GENERAL NOTES.
- MINIMIZE DISTURBANCE TO SITE AND PROTECT EXISTING VEGETATION AND SITE FEATURES (CURBS, WALKS, PAVEMENTS, OVERHEAD AND UNDERGROUND UTILITIES, SIGNAGE, FENCING, ROADWAYS, ETC.) WHICH ARE TO REMAIN.
- REPAIR OR REPLACE EXISTING PROPERTY AND SITE FEATURES, INCLUDING GRASS AND VEGETATION, WHICH IS TO REMAIN THAT IS DAMAGED BY THE WORK, TO THE OWNER'S SATISFACTION AND AT NO ADDITIONAL COST TO THE OWNER.
- VISIT THE SITE PRIOR TO BIDDING; BE FAMILIAR WITH ACTUAL CONDITIONS IN THE FIELD. EXTRA COMPENSATION WILL NOT BE ALLOWED FOR CONDITIONS WHICH COULD HAVE BEEN DETERMINED OR ANTICIPATED BY EXAMINATION OF THE SITE, THE CONTRACT DRAWINGS AND THE INFORMATION AVAILABLE PERTAINING TO EXISTING SOILS, UTILITIES AND OTHER SITE CHARACTERISTICS.
- THE SERVICES OF A UTILITY LOCATOR COMPANY TO LOCATE ALL PRIVATELY OWNED UTILITIES THAT MAY BE DISTURBED BY CONSTRUCTION OPERATIONS.
- MAINTAIN DRAINAGE FROM EXISTING BUILDING AT ALL TIMES. PROVIDE TEMPORARY STORM SEWER, INCLUDING, BUT NOT LIMITED TO, CATCH BASINS, MANHOLES, PIPING, AND SIMILAR. DO NOT REMOVE EXISTING STORM SEWER UNTIL TEMPORARY OR PERMANENT STORM SEWER IS INSTALLED AND FUNCTIONAL. COORDINATE ALL REMOVALS WITH APPROPRIATE TRADES (SITE UTILITY CONTRACTOR, MECHANICAL CONTRACTOR, ETC.) AS REQUIRED.
- CHECK ALL PLAN AND DETAIL DIMENSIONS AND VERIFY SAME BEFORE FIELD LAYOUT.
- INSTALL TRAFFIC CONTROL SIGNS APPROXIMATELY 18 INCHES BEHIND BACK OF CURB.
- ALL DISTURBED AREAS OUTSIDE THE BUILDING PAD, WHICH ARE NOT DESIGNATED TO BE PAVED OR RECEIVE AGULME, SHALL RECEIVE AT LEAST 6" OF TOPSOIL AND SHALL BE SODDED OR SEEDED. ALL AREAS NOT DESIGNATED FOR SOD OR A SPECIFIC SEED MIX, WHICH ARE DISTURBED BY CONSTRUCTION, SHALL BE SEEDED WITH SEED MIX #1.
- WHERE NEW SOD MEETS EXISTING SOD, CUT A CLEAN, SHARP EDGE TO ALLOW FOR A CONSISTENT, UNIFORM, AND STRAIGHT JOINT BETWEEN NEW SOD AND EXISTING TURFGRASS. JAGGED OR UNEVEN JOINTS WILL NOT BE ACCEPTED. REMOVE TOPSOIL AT THE JOINT BETWEEN NEW SOD AND EXISTING TURFGRASS, AS REQUIRED, TO ALLOW NEW SOD SURFACE TO BE FLUSH WITH EXISTING TURFGRASS SURFACE.
- FAILURE OF TURF DEVELOPMENT: IN THE EVENT THE CONTRACTOR FAILS TO PROVIDE AN ACCEPTABLE TURF, RE-SOD OR RE-SEED ALL APPLICABLE AREAS, AT NO ADDITIONAL COST TO THE OWNER, TO THE SATISFACTION OF THE ENGINEER OR LANDSCAPE ARCHITECT.

NEW CC FACILITY

121 MILL STREET E  
OWATONNA, MN 55060

STEELE COUNTY  
630 FLORENCE AVENUE  
OWATONNA, MN 55060



WOLD ARCHITECTS  
AND ENGINEERS  
332 Minnesota Street, Suite W2000  
Saint Paul, MN 55101

woldac.com | 651 227 7773



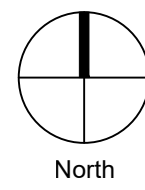
7575 GOLDEN VALLEY ROAD, SUITE 200  
GOLDEN VALLEY, MINNESOTA 55427  
Phone: (763) 544-7229  
Email: goldenvalley@bolton-menk.com  
www.bolton-menk.com

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  
ENGINEER  
under the laws of the State of MINNESOTA

DAVID A. REY  
Registration Number 40180 Date XX/XX/XX

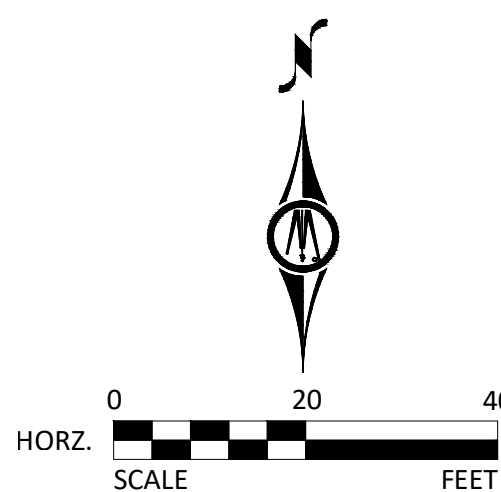
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Comm: 222189  
Date: 05/26/2023  
Drawn: DGE  
Check: DAR

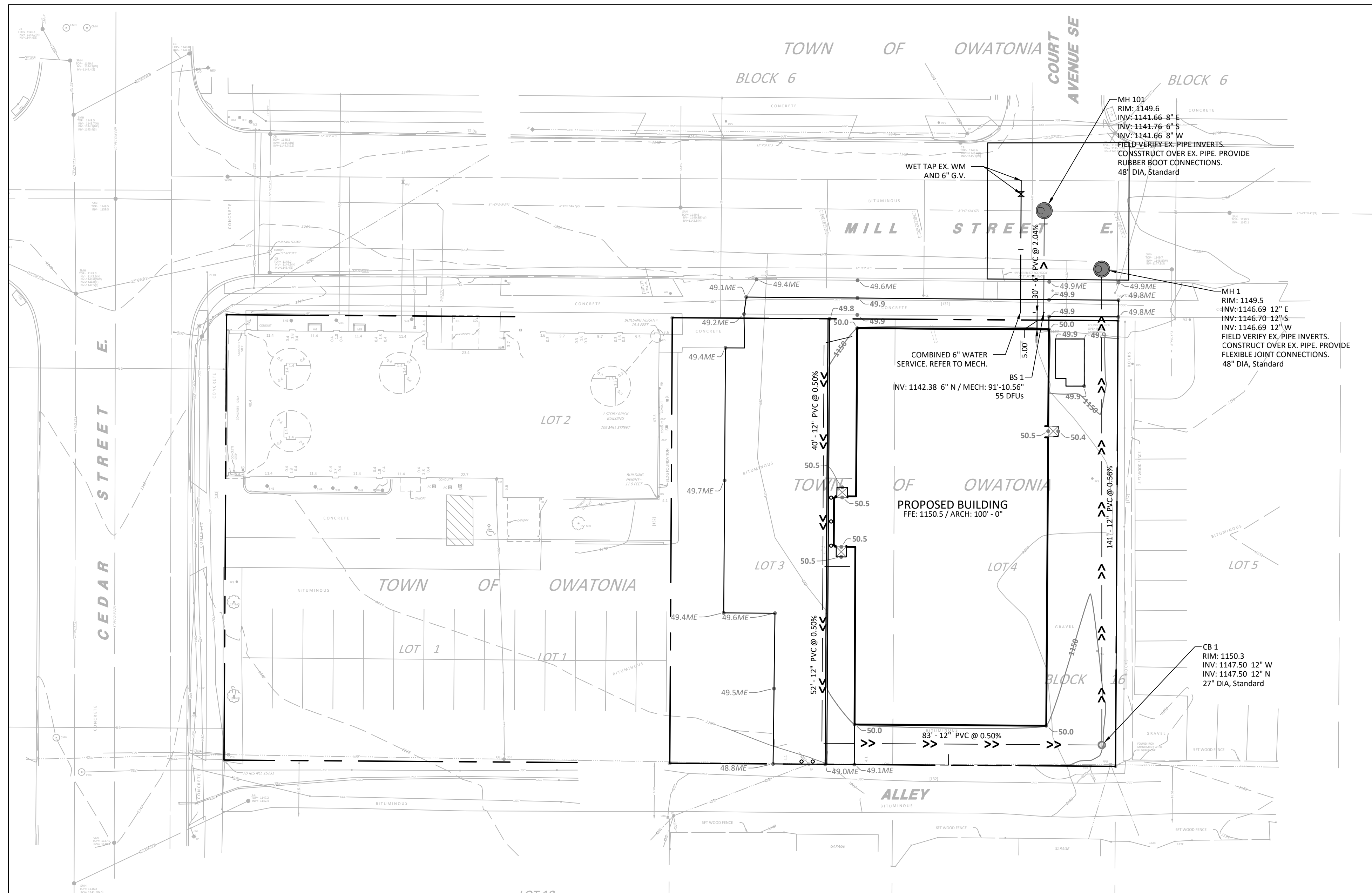


REMOVALS AND  
FINISHING PLAN

C2.01







## UTILITY & EROSION CONTROL PLAN

$$1'' = 20'$$

## BUILDING PAD SOIL CORRECTION QUANTITY

- REFER TO SPECIFICATION 31 00 00 EARTHWORK AND UNIT PRICES. REFER TO SPECIFICATION 31 00 00 FOR PROCEDURE ON HOW TO CALCULATE ACTUAL SOIL CORRECTION QUANTITIES. BUILDING PAD SOIL CORRECTION QUANTITY: INCLUDE XXX CUBIC YARDS IN THE LUMP SUM BASE BID

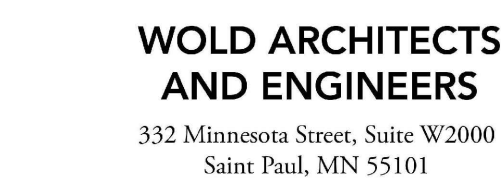
1.) TOP SPIKE IN THE NORTH FACE OF A POWER POLE NEAR THE SOUTHEAST CORNER OF THE SITE.  
ELEVATION = 1152.15 FEET

- 1.) TOP SPIKE IN THE NORTH FACE OF A POWER POLE NEAR THE SOUTHEAST CORNER OF THE SITE.  
ELEVATION = 1152.15 FEET
- 2.) TOP OF CONCRETE OUTSIDE OF THE EAST ENTRANCE DOOR ON THE BUILDING TO THE WEST.  
ELEVATION = 1149.84 FEET
- 3.) TOP OF CAPPED IRON ON SURVEY CONTROL STATION NUMBER 3000.  
ELEVATION = 1149.79 FEET
- 4.) TOP OF NUT OF FIRE HYDRANT AT NORTHEAST QUADRANT OF CEDAR STREET AND MILL STREET.  
ELEVATION = 1152.31 FEET

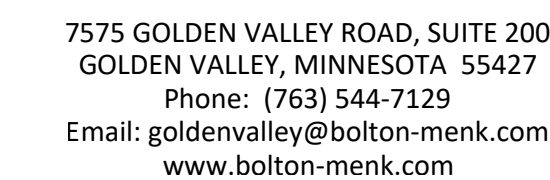
3. ALL CONSTRUCTION SHALL COMPLY WITH APPLICABLE STATE AND LOCAL ORDINANCES.
2. THE CONTRACTOR WILL BE RESPONSIBLE FOR AND SHALL PAY FOR ALL CONSTRUCTION STAKING / LAYOUT.
3. CONTRACTOR SHALL BE RESPONSIBLE FOR ALL TRAFFIC CONTROL SIGNAGE (CONSTRUCTION ZONES) NECESSARY TO CONSTRUCT PROPOSED IMPROVEMENTS. ALL SIGNAGE LAYOUTS MUST BE DESIGNED BY THE CONTRACTOR AND APPROVED BY LOCAL AUTHORITIES.
4. INSTALL CONTROL FENCING AND BARRICADING AS NECESSARY TO PROTECT THE PUBLIC.
5. INSPECT SITE AND REVIEW SOIL BORINGS TO DETERMINE EXTENT OF WORK AND NATURE OF MATERIALS TO BE HANDLED.
6. REFER TO SPECIFICATIONS FOR DEWATERING REQUIREMENTS.
7. CHECK ALL PLAN AND DETAIL DIMENSIONS AND VERIFY SAME BEFORE FIELD LAYOUT.
8. REFER TO ARCHITECTURAL PLANS FOR BUILDING AND STOOP DIMENSIONS AND LAYOUT.
9. MAINTAIN ADJACENT PROPERTY AND PUBLIC STREETS CLEAN FROM CONSTRUCTION CAUSED DIRT AND DEBRIS ON A DAILY BASIS. PROTECT DRAINAGE SYSTEMS FROM SEDIMENTATION AS A RESULT OF CONSTRUCTION RELATED DIRT AND DEBRIS.
10. MAINTAIN DUST CONTROL DURING GRADING OPERATIONS.
11. ALL EROSION CONTROL METHODS SHALL COMPLY WITH MPCA AND LOCAL REGULATIONS.
12. IF EROSION AND SEDIMENT CONTROL MEASURES TAKEN ARE NOT ADEQUATE AND RESULT IN DOWNSTREAM SEDIMENTATION, CLEAN OUT DOWNSTREAM STORM SEWERS AND OTHER CONVEYANCE DEVICES AS NECESSARY, INCLUDING ASSOCIATED RESTORATION.
13. INLET PROTECTION DEVICE AT STORM SEWER INLETS. AT THE INLETS TO ALL STORM SEWER STRUCTURES, PROVIDE A PRODUCT FROM THE FOLLOWING LIST OF APPROVED PRODUCTS:
  - a. ROAD DRAIN "TOP SLAB", MANUFACTURED BY WIMCO
  - b. ROAD DRAIN "CURB & GUTTER", MANUFACTURED BY WIMCO
  - c. INFRASAFE "SEDIMENT CONTROL BARRIER", MANUFACTURED BY ROYAL ENVIRONMENTAL SYSTEMS, INC.
  - d. INFRASAFE "DEBRIS COLLECTION DEVICE", MANUFACTURED BY ROYAL ENVIRONMENTAL SYSTEMS, INC.
  - e. INFRASAFE "CULVERT INLET PROTECTOR", MANUFACTURED BY ROYAL ENVIRONMENTAL SYSTEMS, INC.
  - f. DANDY SACK, MANUFACTURED BY DANDY PRODUCTS, INC.
  - g. DANDY CURB SACK, MANUFACTURED BY DANDY PRODUCTS, INC.
  - h. OR APPROVED EQUAL.
16. PRIOR TO CONSTRUCTION, DELINEATE TURF AND VEGETATED AREAS NOT TO BE DISTURBED WITH ORANGE SNOW FENCE. DO NOT ALLOW CONSTRUCTION TRAFFIC, EQUIPMENT, OR MATERIALS TO UTILIZE, ACCESS, OR OTHERWISE ENTER THE DELINEATED AREAS. MINIMIZE SOIL COMPACTION AND DISRUPTION OF TOPSOIL IN AREAS OUTSIDE THE CONSTRUCTION LIMITS TO COMPLY WITH THE MN CONSTRUCTION STORMWATER PERMIT.
17. MINIMIZE DISTURBANCE TO SITE AND PROTECT EXISTING SITE FEATURES (INCLUDING TURF AND VEGETATION) WHICH ARE TO REMAIN.
18. PROPOSED CONTOURS AND SPOT ELEVATIONS ARE SHOWN TO FINISH GRADE UNLESS OTHERWISE NOTED.
19. PROPOSED ELEVATIONS SHOWN TYPICALLY AS 48.1 OR 48 SHALL BE UNDERSTOOD TO MEAN 1148.1 OR 1148.
20. SPOT ELEVATIONS SHOWN IN PARKING LOTS, DRIVES AND ROADS INDICATE GUTTER GRADES, UNLESS NOTED OTHERWISE. SPOT ELEVATIONS WITH LABELS OUTSIDE THE BUILDING PERIMETER INDICATE PROPOSED GRADES OUTSIDE THE BUILDING. SPOT ELEVATIONS WITH LABELS INSIDE THE BUILDING PERIMETER INDICATE PROPOSED FINISH FLOOR ELEVATIONS.
21. THE CONTRACTOR WILL BE SOLELY RESPONSIBLE FOR DETERMINING QUANTITIES OF CUT, FILL AND WASTE MATERIALS TO BE HANDLED, AND FOR AMOUNT OF GRADING TO BE DONE IN ORDER TO COMPLETELY PERFORM ALL WORK INDICATED ON THE DRAWINGS. IMPORT SUITABLE MATERIAL AND EXPORT UNSUITABLE / EXCESS / WASTE MATERIAL, AS REQUIRED, AT NO ADDITIONAL COST TO THE OWNER.
22. IT IS INTENDED THAT EARTHWORK (CUT VS. FILL) BALANCE ON SITE. SUBMIT THE QUANTITY OF MATERIAL AND AMOUNT OF ANTICIPATED GRADE ADJUSTMENT FOR REVIEW BY THE ENGINEER A MINIMUM OF FOUR WEEKDAYS PRIOR TO MAKING ADJUSTMENTS. ALL GRADE ADJUSTMENTS MUST BE APPROVED BY THE ENGINEER. NO ADDITIONAL COMPENSATION WILL BE ALLOWED FOR WORK ASSOCIATED WITH GRADING ADJUSTMENTS, INCLUDING, BUT NOT LIMITED TO, EARTHWORK OPERATIONS, STORM SEWER PIPING AND STRUCTURE ADJUSTMENTS, CONSTRUCTION SURVEYING FOR ADJUSTING FEATURE LOCATIONS ACCORDINGLY, SILT FENCE, ETC.
23. NO FINISHED SLOPES SHALL EXCEED 4" HORIZONTAL TO 1" VERTICAL (4:1), UNLESS OTHERWISE NOTED.
24. ALL DISTURBED AREAS OUTSIDE THE BUILDING PAD, WHICH ARE NOT DESIGNATED TO BE PAVED OR RECEIVE AGRILE, SHALL RECEIVE AT LEAST 6" OF TOPSOIL AND SHALL BE SODED OR SEEDDED. REFER TO LANDSCAPING PLANS FOR SOD AND SEED LOCATIONS. AREAS NOT DESIGNATED FOR SOD OR A SPECIFIC SEED MIX, WHICH ARE DISTURBED BY CONSTRUCTION, SHALL BE SEEDDED WITH SEED MIX #1.
25. REMOVE NEW SOD MEETS EXISTING SOD, CUT A CLEAN, SHARP EDGE TO ALLOW FOR A CONSISTENT, UNIFORM, AND STRAIGHT JOINT BETWEEN NEW SOD AND EXISTING TURFGRASS. JAGGED OR UNEVEN JOINTS WILL NOT BE ACCEPTED. WHERE TOPSOIL AT THE JOINT BETWEEN NEW SOD AND EXISTING TURFGRASS, AS REQUIRED, TO ALLOW NEW SOD SURFACE TO BE FLUSH WITH EXISTING TURFGRASS SURFACE.
26. FAILURE OF TURF DEVELOPMENT: IN THE EVENT THE CONTRACTOR FAILS TO PROVIDE AN ACCEPTABLE TURF, RE-SEED OR RE-SOD ALL APPLICABLE AREAS, AT NO ADDITIONAL COST TO THE OWNER, TO THE SATISFACTION OF THE ENGINEER OR LANDSCAPE ARCHITECT.
27. ALL WATERMAIN PIPE SHALL BE DIP, CLASS 52. ALL WATERMAIN SHALL HAVE MINIMUM 8'-0" BURY (TOP OF PIPE TO FINISH GRADE). DIP SHALL BE ENCASED WITH POLYETHYLENE FILM CONFORMING TO ASTM D 1248-889.
28. ALL WATERMAIN SHALL BE AWWA C300, CAST IRON OD, DR 18, PVC PIPE INSTALLED IN ACCORDANCE WITH ASTM D2321. ALL WATERMAIN SHALL HAVE MINIMUM 8'-0" BURY (TOP OF PIPE TO FINISH GRADE).
29. ALL SANITARY SEWER PIPE SHALL BE PVC PIPE (ASTM D 3034, SDR 26), UNLESS OTHERWISE NOTED. SANITARY SEWER INSTALLATION SHALL BE IN ACCORDANCE WITH ASTM D2321.
30. ALL SANITARY SEWER PIPE CROSSING WATERMAIN, OUTSIDE OF THE PUBLIC RIGHT-OF-WAY, SHALL BE ASTM D2665, SCHEDULE 40 PVC WITH SOLVENT WELD JOINTS.
31. ALL STORM SEWER PIPE SHALL BE RCP, CLASS III (MIN.), WITH FLEXIBLE WRIGHTIGHT JOINTS IN ACCORDANCE WITH ASTM C-361 OR PVC PIPE (ASTM D3034, SDR 35) INSTALLED IN ACCORDANCE WITH ASTM D2321, UNLESS OTHERWISE NOTED.
32. ALL STORM SEWER PIPE CROSSING WATERMAIN, OUTSIDE OF THE PUBLIC RIGHT-OF-WAY, SHALL BE ASTM D2665, SCHEDULE 40 PVC WITH SOLVENT WELD JOINTS.
33. FLEXIBLE JOINTS AT STORM SEWER PIPE CONNECTIONS TO STRUCTURES:
  - a. IN ACCORDANCE WITH MINNESOTA PLUMBING CODE, PROVIDE FLEXIBLE JOINTS AT ALL PIPE CONNECTIONS TO ALL STORM SEWER STRUCTURES.
  - b. ACCEPTABLE MANUFACTURERS / PRODUCTS:
    - i. FERNCO, "CONCRETE MANHOLE ADAPTORS" OR "LARGE-DIAMETER WATERSTOPS"
    - ii. PRESS-SEAL, WATERSTOP GROUTING RINGS"
    - iii. OR APPROVED EQUAL.
31. INSTALL WATERMAIN AT LEAST 10 FEET HORIZONTALLY FROM ANY MANHOLE, CATCH BASIN, STORM SEWER, SANITARY SEWER, DRAINTILE, OR OTHER POTENTIAL SOURCE FOR CONTAMINATION PER MN PLUMBING CODE. THIS ISOLATION DISTANCE IS MEASURED FROM THE OUTER EDGE OF THE PIPE TO THE OUTER EDGE OF THE CONTAMINATION SOURCE (OUTER EDGE OF STRUCTURES OR SIMILAR).
32. INSTALL MANHOLES, CATCH BASINS, STORM SEWER, SANITARY SEWER, DRAINTILE, AND OTHER POTENTIAL SOURCES OF CONTAMINATION AT LEAST 10 FEET HORIZONTALLY FROM ANY WATERMAIN PER MN PLUMBING CODE. THIS ISOLATION DISTANCE IS MEASURED FROM THE OUTER EDGE OF THE PIPE TO THE OUTER EDGE OF THE CONTAMINATION SOURCE (OUTER EDGE OF STRUCTURES OR SIMILAR).
33. LOCATE ALL EXISTING UTILITIES. VERIFY LOCATION, SIZE AND INVERT ELEVATION OF ALL EXISTING UTILITIES. BEFORE BEGINNING CONSTRUCTION.
34. PRIOR TO CONSTRUCTION OF PROPOSED BUILDING UTILITY SERVICES (STORM, SANITARY SEWER, WATERMAIN), VERIFY ALL PROPOSED BUILDING UTILITY SERVICE PIPE SIZES, LOCATIONS AND ELEVATIONS WITH MECHANICAL PLANS. COORDINATE CONSTRUCTION AND CONNECTIONS WITH MECHANICAL CONTRACTOR.
35. MAINTAIN DRAINAGE FROM EXISTING BUILDING AT ALL TIMES. PROVIDE TEMPORARY STORM SEWER, INCLUDING, BUT NOT LIMITED TO, CATCH BASINS, MANHOLES, PIPING, AND SIMILAR. DO NOT REMOVE EXISTING STORM SEWER UNTIL TEMPORARY OR PERMANENT STORM SEWER IS INSTALLED AND FUNCTIONAL. COORDINATE ALL REMOVALS WITH APPROPRIATE TRADES (SITE UTILITY CONTRACTOR, MECHANICAL CONTRACTOR, ETC.) AS REQUIRED.
36. STAKE LIMITS OF WALKS AND CURBING PRIOR TO INSTALLATION OF GATE VALVES, CATCH BASINS, AND MANHOLES. ADJUST GATE VALVE AND MANHOLE LOCATIONS TO AVOID PLACEMENT OF THESE STRUCTURES IN WALKS AND CURB AND GUTTER. STAKE CURB AND GUTTER ALIGNMENTS TO ALLOW CURB INLET TYPE CATCH BASINS TO PROPERLY ALIGN WITH CURB AND GUTTER.

121 MILL STREET E  
OWATONNA, MN 55060

**STEELE COUNTY**  
630 FLORENCE AVENUE  
OWATONNA, MN 55060



woldae.com | 651 227 7773

[illegible]

Comm: 222189  
Date: 05/26/2023  
Drawn: DGE  
Check: DAR

# C2.01







MN

NEW CC FACILITY

121 MILL STREET E  
OWATONNA, MN 55060

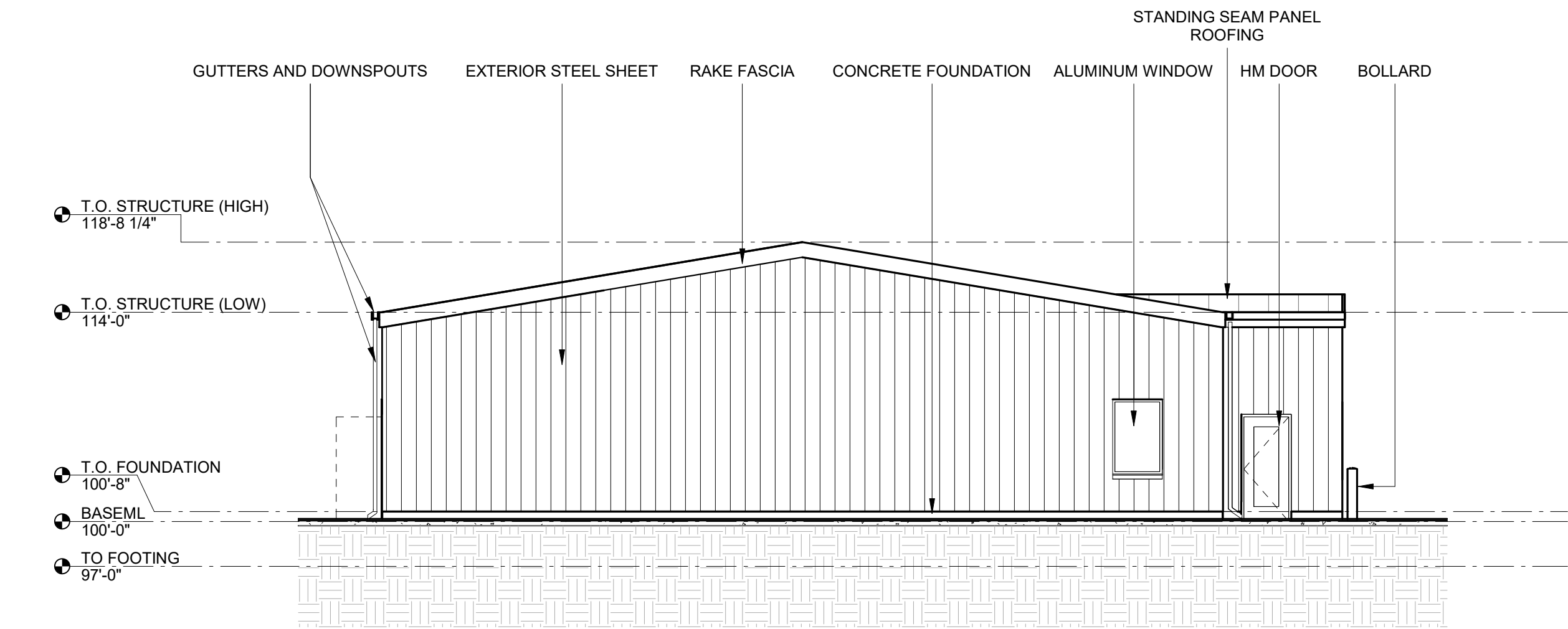
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STEELE COUNTY  
630 FLORENCE AVENUE  
OWATONNA, MN 55060

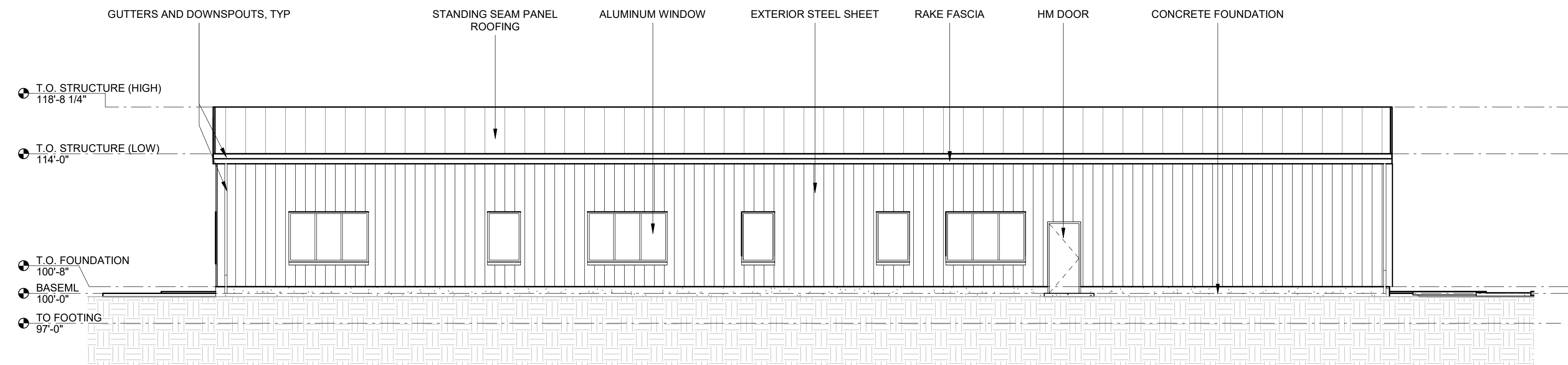


WOLD ARCHITECTS  
AND ENGINEERS  
332 Minnesota Street, Suite W2000  
Saint Paul, MN 55101

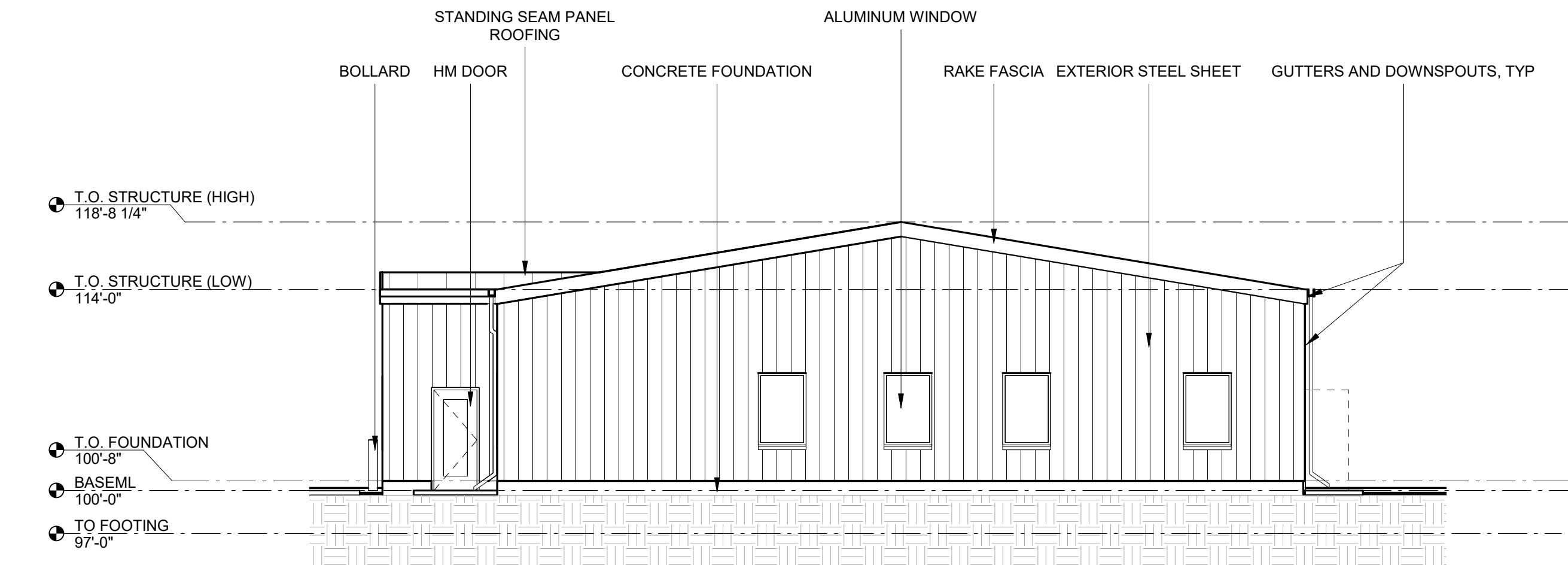
woldae.com | 651 227 7773



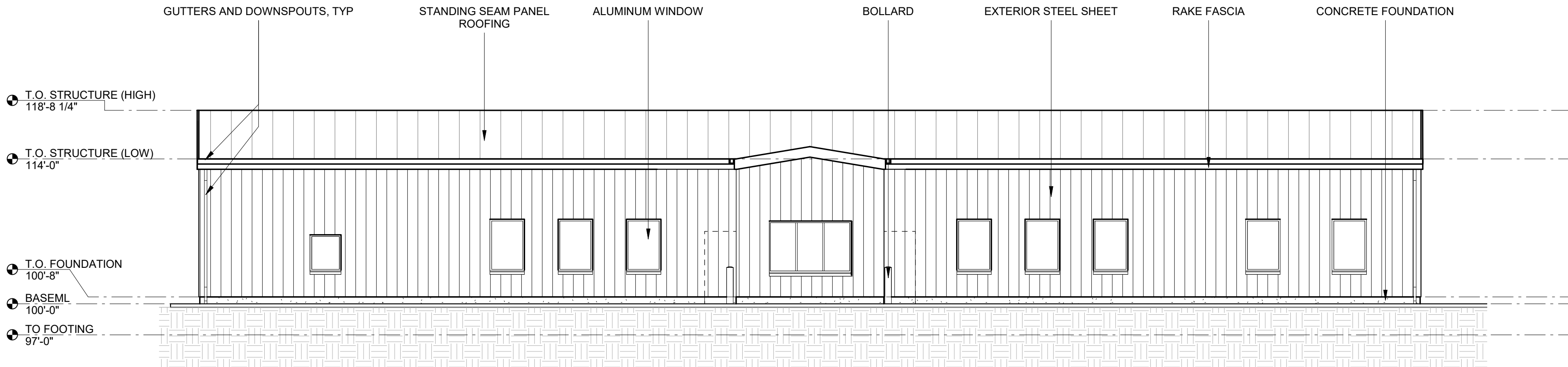
D1 EXTERIOR ELEVATION - NORTH  
1/8" = 1'-0"



D4 EXTERIOR ELEVATION - EAST  
1/8" = 1'-0"



F1 EXTERIOR ELEVATION - SOUTH  
1/8" = 1'-0"



F4 EXTERIOR ELEVATION - WEST  
1/8" = 1'-0"

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 ARCHITECT under the laws of the State of Reg State

| Arch Name       |           |                 |
|-----------------|-----------|-----------------|
| License Number: | Arch Num  | Date Issue Date |
| Description     | Revisions | Num             |
|                 | Date      |                 |
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Comm: 222189  
Date: Issue Date  
Drawn: Author  
Check: Checker

EXTERIOR  
ELEVATIONS

Scale: 1/8" = 1'-0"

CD ESTIMATE SET  
NOT FOR CONSTRUCTION

A5.101



MN

NEW CC FACILITY

121 MILL STREET E  
OWATONNA, MN 55060

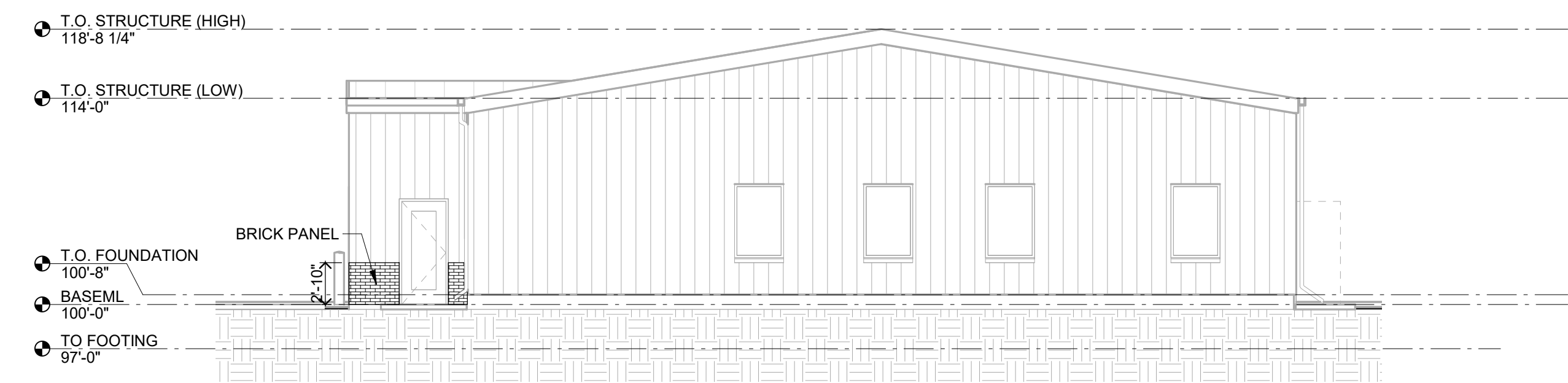
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STEELE COUNTY  
630 FLORENCE AVENUE  
OWATONNA, MN 55060

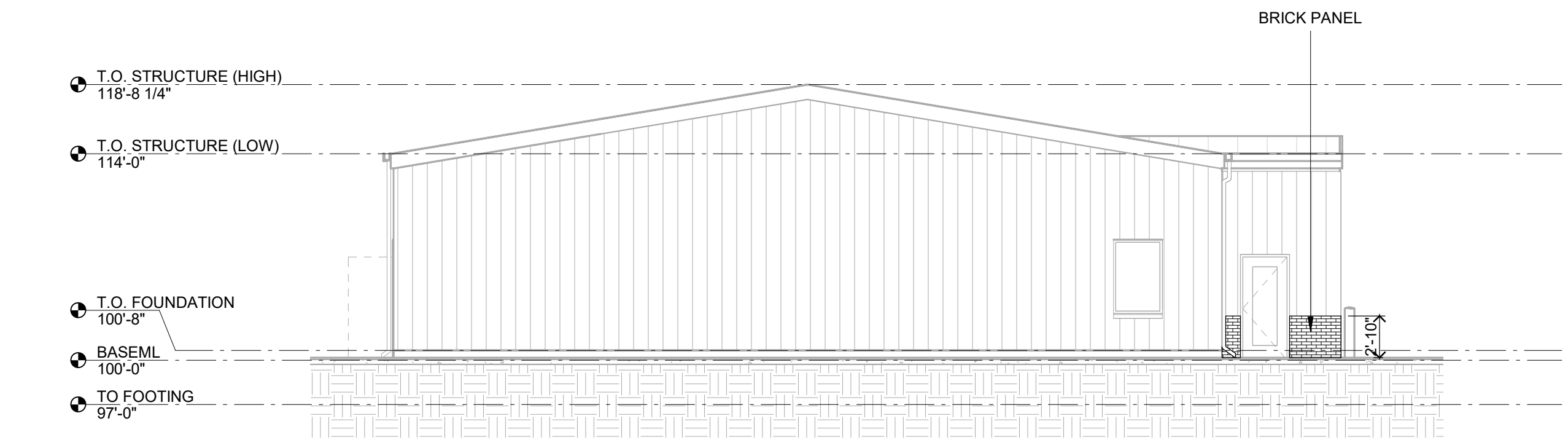


WOLD ARCHITECTS  
AND ENGINEERS  
332 Minnesota Street, Suite W2000  
Saint Paul, MN 55101

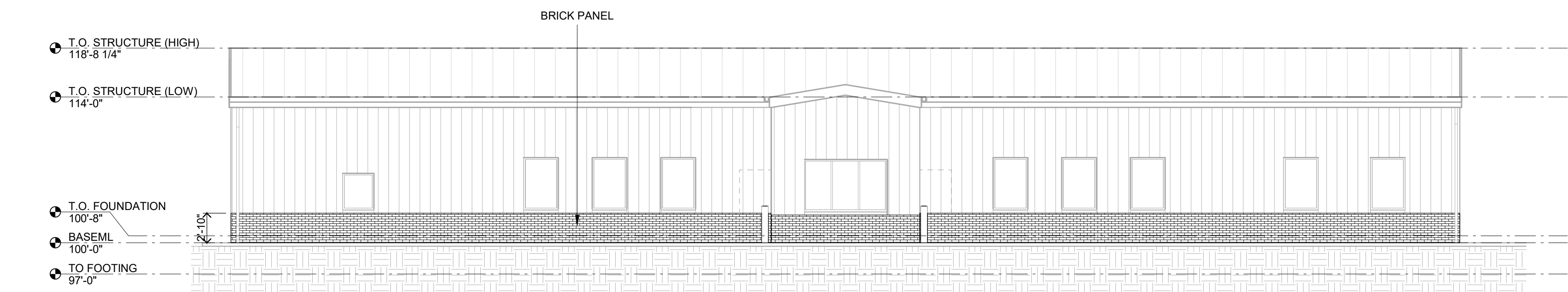
woldae.com | 651 227 7773



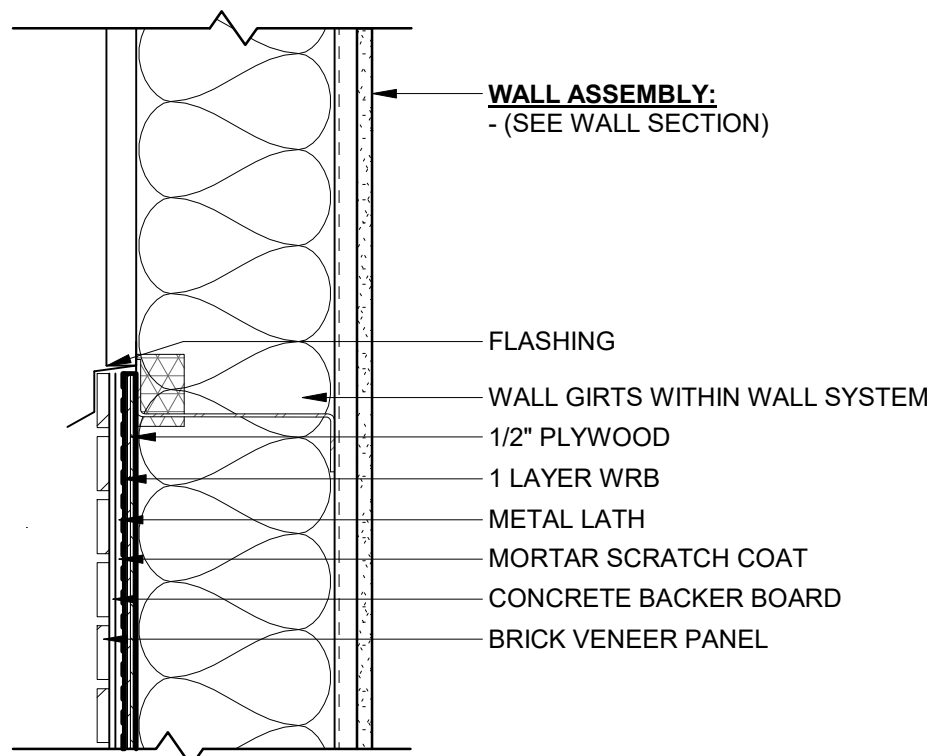
C4 EXTERIOR ELEVATION - SOUTH (ALTERNATE #3)  
1/8" = 1'-0"



E4 EXTERIOR ELEVATION - NORTH (ALTERNATE #3)  
1/8" = 1'-0"



F4 EXTERIOR ELEVATION - WEST (ALTERNATE #3)  
1/8" = 1'-0"



F1 SECTION AT MATERIAL TRANSITION (ALTERNATE #3)  
1 1/2" = 1'-0"

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  
ARCHITECT  
under the laws of the State of Reg State

| Arch Name       |          |                 |
|-----------------|----------|-----------------|
| License Number: | Arch Num | Date Issue Date |
| Revisions       |          |                 |
| Description     | Date     | Num             |
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Comm: 222189  
Date: Issue Date  
Drawn: Author  
Check: Checker

ALTERNATE #3  
EXTERIOR BRICK  
VENEER

Scale: As indicated

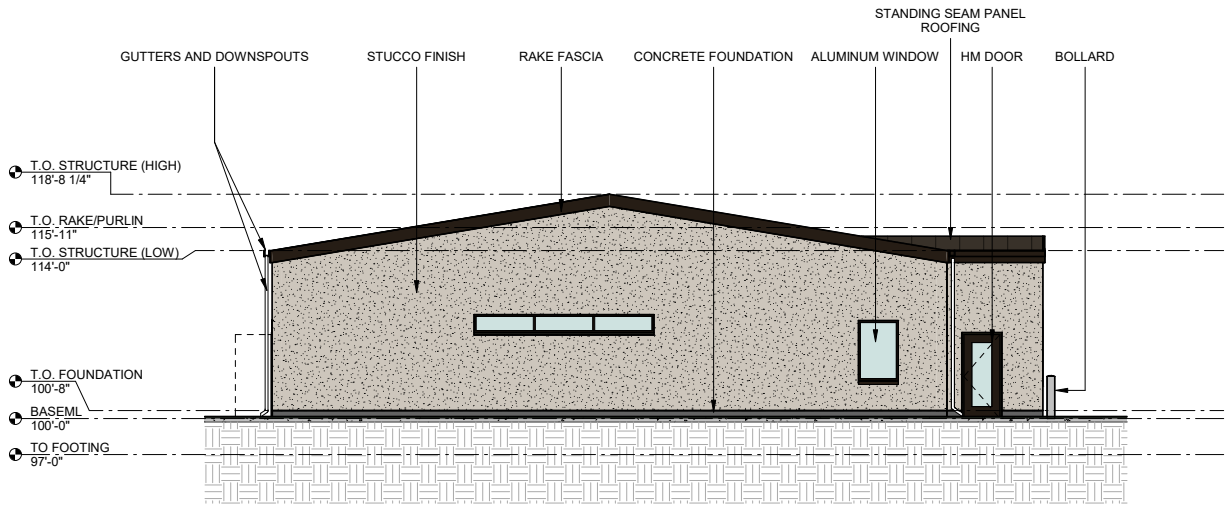
A9.001

CD ESTIMATE SET  
NOT FOR CONSTRUCTION

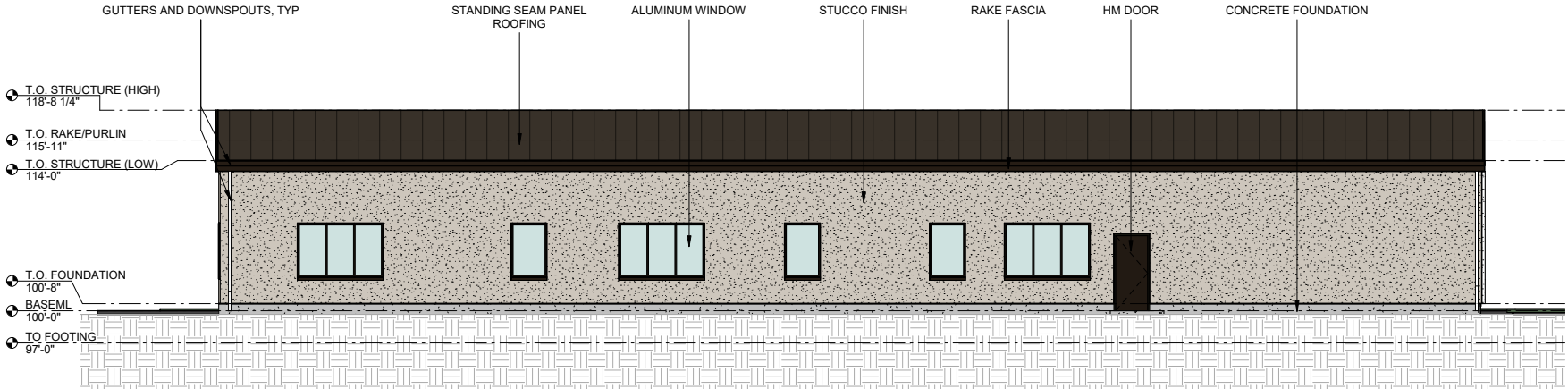




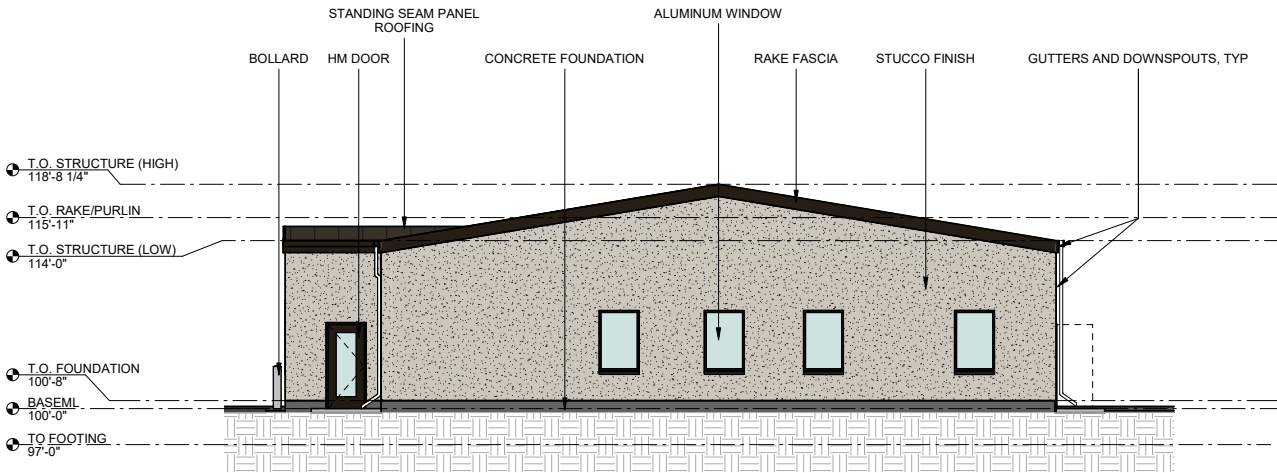
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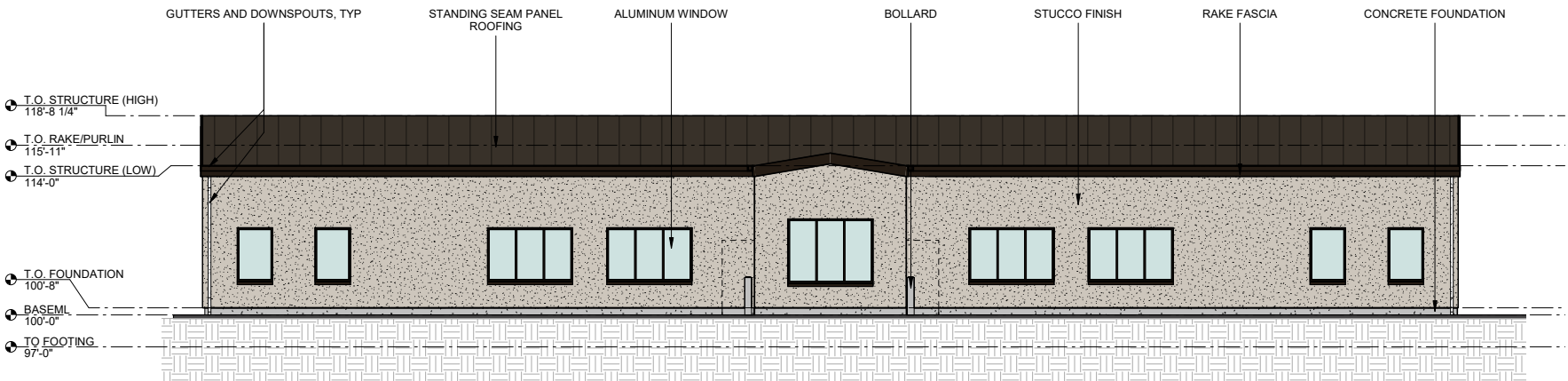
D1 EXTERIOR ELEVATION - NORTH  
1/8" = 1'-0"



D4 EXTERIOR ELEVATION - EAST  
1/8" = 1'-0"



F1 EXTERIOR ELEVATION - SOUTH  
1/8" = 1'-0"



F4 EXTERIOR ELEVATION - WEST  
1/8" = 1'-0"



## Administration Department

DATE: October 3, 2023  
TO: Mayor and City Council  
FROM: Mark Walbran  
City Attorney  
SUBJECT: Second/Final Reading Proposed Ordinance 23-19: Adopt S-7 Supplement to the 2015 Ordinance Code

### **Purpose:**

Request Council approval of Proposed Ordinance 23-19 to adopt the S-7 Supplement to the 2015 Ordinance Code of the City of Owatonna.

### **Background:**

Council approved the first reading of this proposed ordinance during their last meeting and there have been no changes since. The City Code was last codified in 2015 by American Legal and this is the seventh supplement, S-7. This supplement contains local legislation current through Ordinance #1644, passed March 21, 2023.

### **Budget Impact:**

\$1,026.00 - Edit 57 pages at \$18/page  
    81.13 - Shipping and Handling Fee  
\$1,107.13 - Total payment due American Legal

### **Staff Recommendation:**

Staff recommend approval of Proposed Ordinance 23-19.

### **Attachments:**

1. Proposed Ordinance 23-19 Adopt S-7 Supplement

Proposed Ordinance 23-19

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE ENACTING AND ADOPTING A SUPPLEMENT  
TO THE CODE OF ORDINANCES FOR THE CITY OF OWATONNA

WHEREAS American Legal Publishing Corporation of Cincinnati, Ohio, has completed the S-6 Supplement to the 2015 Code of Ordinances of the City of Owatonna, which contains all ordinances of a general and permanent nature enacted since the S-6 Supplement to the 2015 Code of Ordinances of the City of Owatonna.

NOW THEREFORE by the City Council of the City of Owatonna, Minnesota, be it ordained:

Section 1. That the S-7 Supplement to the 2015 Code of Ordinances of the City of Owatonna as submitted by American Legal Publishing Corporation of Cincinnati, Ohio, containing local legislation current through Ordinance 1644 passed March 21, 2023, is hereby adopted by reference as if set out in its entirety.

Section 2. Such supplement shall be deemed published as of the day of its adoption and approval by the City Council and the City Clerk of the City of Owatonna is hereby authorized and ordered to insert such supplement into the copy of the 2015 Code of Ordinances kept on file in the City Administration Office.

Passed and adopted this \_\_\_\_ day of \_\_\_\_\_, 2023, with the following vote:

Aye:

No:

Absent:

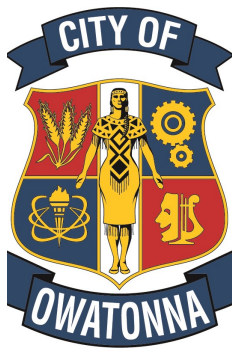
Approved and signed this \_\_\_\_ day of \_\_\_\_\_, 2022.

\_\_\_\_\_  
Thomas A. Kuntz, Mayor

ATTEST:

\_\_\_\_\_  
Kris M. Busse, City Administrator/City Clerk





# Resolutions





## Community Development Department

DATE: October 3, 2023  
TO: Mayor and City Council  
FROM: Greg Kruschke, Community Development Manager  
SUBJECT: Resolution 61-23: VAR-3 Multi Family Lot Size Variance - 511 S Elm Avenue

### **Purpose:**

Request Council approval of Resolution 61-23 for approval of VAR-3, a request from Brycen Gregor for a lot size and lot area variance request of property located at 511 S Elm Avenue. This is a 5-unit rental property in the R-5, Medium Density Residential District.

### **Background:**

To See attached. The Planning Commission recommends Council approval of the lot size and lot area variance request for the 5-unit rental property.

This item has been tabled while the applicant has been working on a couple of items. The first item was identifying the property lines. The applicant had a surveyor identify the property lines which verified that there is not parking available on the south side of the building. It also clarified that there is opportunity on the north side of the structure.

The applicant has space to construct a drive aisle and the additional 3 off street parking stalls that are required for the five one bedroom units. As of the time of this report a site plan has not yet been submitted showing what the proposed configuration and construction will be.

Staff has spoken with the contractor that is looking at doing the work and they are planning on performing the work. Due to the time of year now, Staff would recommend that the required parking stalls be constructed by May 31, 2024. If the stalls are not constructed, 3 units will need to be vacated on June 1, 2024.

This request is up against the 60 day statutory deadline. Staff extended the 60 day deadline the additional 60 days permitted. Action is required to be taken prior to October 5th. If not acted on by that date the request would automatically be approved. The Council needs to approve or deny this request at the October 3rd meeting.

### **Budget Impact:**

None.

### **Staff Recommendation:**

Staff recommends approval.

**Attachments:**

1. Resolution 61-23 VAR-3 at 511 S Elm Ave
2. Staff Report - VAR-3 with Updated Parking Proposal and PC minutes

RESOLUTION NO. 61-23  
A RESOLUTION APPROVING VARIANCE VAR-3

WHEREAS, Application VAR-3, by Brycen Gregor, a request for lot size and lot area variances on a 5,439 square foot lot where 13,000 square feet is the required for minimum lot size and where 1,700 square feet is required for minimum lot area per unit for a five unit building in the R-5, Medium Density Residential District and legally described as follows:

The South 4.5 Rods of the West 73 feet of Lot 1, Block 2, Phelps Addition, Steele County,  
Minnesota

; and

WHEREAS, The Planning Commission held a public hearing on June 27, 2023 and recommended approval of VAR-3; and

WHEREAS, on October 3, 2023, the City Council accepted and approved Variance VAR-3, as the same was approved and recommended by the Planning Commission of the City; and

WHEREAS, the City Council concurs with all of the findings of the Planning Commission and hereby makes the identical findings as referenced in the VAR-3 Staff Report.

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

1. That said variance is in accordance with and conformity to the plans and regulations established by the City and the comprehensive plan for the development of the City.
2. That said variance be and the same hereby is approved with the following provisions:
  - A) The units shall be registered with the Rental Registration program.
  - B) The property shall not contain more than 5 rental units at any one time.
  - C) All units shall be inspected and approved within the Rental Registration process.
  - D) The additional parking stalls shall meet all applicable City Code requirements and are subject to Erosion and Sediment Control Standards. A grading permit shall be applied for if required.
  - E) A Driveway permit shall be applied for and approved of prior to any modification of the existing driveway, sidewalk, or curb located on Elm Avenue South.
  - F) The parking stalls shall be installed by May 31, 2024.
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.

Passed and adopted this \_\_\_\_ day of \_\_\_\_\_, 2023, with the following vote:

Aye \_\_; No \_\_; Absent \_\_.

Approved and signed this \_\_\_\_ day of \_\_\_\_\_, 2023.

\_\_\_\_\_  
Thomas A. Kuntz, Mayor

ATTEST:

\_\_\_\_\_  
Kris M. Busse, City Administrator/City Clerk

June 27, 2023

**To:** Planning Commission

**From:** Community Development Department

**RE:** Application VAR-3, by Brycen Gregor, a request for lot size and lot area variances on a 5,439 square foot lot where 13,000 square feet is required for minimum lot size and where 1,700 square feet is required for minimum lot area per unit for a five unit building in the R-5, Medium Density Residential District.

**Application Review:**

**Applicant/Owner:** Brycen Gregor

**Location of Property:** 511 Elm Avenue S

**Zoning Map:** R-5, Medium Density Residential District

**Zoning Ordinance:** Section 157.028 (A) states the minimum lot size and lot area per unit requirements for the residential zoning districts.

**Report Attachments:**

1. Location Map
2. Aerial Photo
3. Site Plan
4. Updated Parking Proposal
5. Application Letter
6. Other Materials

**Proposed Development:**

- ◆ Application VAR-3, by Brycen Gregor, a request for lot size and lot area variances on a 5,439 square foot lot where 13,000 square feet is required for minimum lot size and where 1,700 square feet is required for minimum lot area per unit for a five unit building in the R-5, Medium Density Residential District.
- ◆ Lot and Parking Requirements
  - ❖ The zoning ordinance defines a multiple-family dwelling as containing three or more units in a structure that do not share kitchen or restroom facilities.
  - ❖ Multiple-family lots with up to 12 units require a minimum lot size of 13,000 square feet in the R-5 district. Additionally, it requires a minimum lot area of 1,700 square foot of total lot size per unit and a minimum useable open space of 500 square feet per unit.
  - ❖ Based on minimum lot requirements and the current lot size of 5,439, this structure on the subject property would be allowed to have 3 units in it if the total lot size was over 13,000 square feet.
  - ❖ Parking requirements for multiple-family dwellings with one-bedroom units are one stall per unit.



- ❖ Parking space dimension requirements are a minimum of 9 feet wide by 20 feet in length. Parallel spaces require a minimum length of 22 feet.
- ◆ Building and Property Information
  - ❖ All units are one-bedroom apartments.
  - ❖ The property, as proposed, would require 5 parking stalls.
  - ❖ The applicant shows 3 parallel parking spaces along the south side of the building in the alley, and 2 spaces on the east side of the building.
  - ❖ The site plan provided by the applicant shows 8' to the alley side property line.
  - ❖ This 8' area contains an egress window well that is also 3' or 4' in total width.
  - ❖ Driveways are required to have a minimum of a 1' setback.
  - ❖ With the 8' shown by the applicant to the property line, a minimum of half of the width of the parking stall is located within the alley right of way. Due to the stalls being located within the ROW, staff does not recognize these stalls as legal.
  - ❖ The current proposed parking dimensions do not meet off-street parking code requirements.
    - Proposed parallel parking widths are only 8 feet wide where 9 feet wide is the required minimum.
    - Proposed parallel parking length is 55 feet for three spaces, leaving just over 18 feet in length per stall where 22 feet is the required minimum.
  - ❖ The lot has approximately 4,730 square feet of open space. 2,500 square feet of open space is the minimum for this lot. There is approximately 2,230 square feet of open space that could be permitted as off-street parking space subject to City review and applicable permitting.
- ◆ Non-Conforming Use
  - ❖ Zoning ordinance requires that a use that has not been there for more than 180 days be brought into full compliance with the ordinance.
  - ❖ According to the Fire Department, who administers the Rental Registration Program, the property was initially registered in 2003 with 5 units. This was renewed in 2004, 2006, 2008, 2010, and 2012. The rental license last expired in 2014. The rental license expired under the previous property owner.
- ◆ Staff has heard concerns from a neighbor regarding resident parking and emergency vehicle access being limited in the alley due to parking.
- ◆ State Statute requires that the applicant show a practical difficulty in order to be granted a variance. You also need to show that the variance requested is the minimum amount necessary to accomplish what is needed.
- ◆ A variance must stand on its own merits and may not be compared to other situations in which variances were granted.
- ◆ According to the ordinance, the Planning Commission shall make findings of fact based on the following.
  - ❖ That particular physical surroundings, shape, or topographical conditions of the specified parcel of land involved.
  - ❖ That the condition involved is unique to the particular parcel of land involved.
  - ❖ That the alleged difficulty or hardship is caused by this Ordinance and has not been created by any persons presently having an interest in the parcel.
  - ❖ That the granting of the variation will not be detrimental to the public welfare or injurious to other land or improvements to the neighborhood.

- ❖ That the proposed variation will not impair an adequate supply of light and air to adjacent property, or substantially increase the congestion of the public streets, or interfere with the function of the Police and Fire Departments of the City.

### **Staff Review:**

Based on an updated parking proposal provided by the applicant, Staff is recommending approval of the request for 5 units with variances on minimum lot size and lot area.

- 1) The units shall be registered with the Rental Registration program.
- 2) The property shall not contain more than 5 rental units at any one time.
- 3) All units shall be inspected and approved within the Rental Registration process.
- 4) The additional parking stalls shall meet all applicable City Code requirements and are subject to Erosion and Sediment Control Standards.
- 5) A Driveway permit shall be applied for and approved of prior to any modification of the existing driveway, sidewalk, or curb located on Elm Avenue South.
- 6) The parking stalls shall be installed by October 31<sup>st</sup>, 2023.

### **Planning Commission**

Application No. VAR-3, which is a request by Brycen Gregor for lot size and lot area variances on a 5,439 square foot lot where 13,000 square feet is required for a minimum lot size and where 1,700 square feet is required for minimum lot area per unit for a five unit building in the R-5, Medium Density Residential District, for the property located at 511 Elm Avenue South, was presented by Planning Specialist Sydnee Stroeing. (Refer to report on file.) Public hearing opened at 5:35 pm. Brycen Gregor, the applicant, said when he bought the property late last year, the rental license had been lapsed with the Rental Registration Program. A representative from the City reached out, and he went to renew it. Everything passed with the Fire Department, but was told to bring it up to the current (zoning) code and that's where some of the parking issues came in. He reached out to the church across the street about potentially leasing some spaces but hasn't heard back. The property was originally constructed by the church, and he thought that might be a good angle. The solutions that he and Sydnee have been going back on forth on potentially could work out. Wilson asked if the plan is to lose both trees and put a driveway in. Gregor said he'd like to keep the trees. There is a gas meter on the side with three parallel parking stalls, so he will implement concrete around the meter and pave right up to the tree roots. Eickhoff said he appreciated the applicant doing the right thing going through the process. He had some concerns about the site overall. He said as far as parking, he wasn't sure how someone would get out of the middle stall (Stall 4) with those trees there. He said there were a few things about the site that makes him curious how it's going to work in reality. He said he liked his approach on approaching the church across the street. He asked what the thoughts were on the middle stall and how that will work. Gregor said the tree sits to the left of the black line, and that represents the asphalt. There is a bit of a servicing aisle there. Of the nine that's required for the parking space, that would be six on the side of the building and 15 on the back part. Eickhoff said he's glad he's planning to keep the trees. Eickhoff asked if this were a high-density area, how close would this be to meeting the ordinance? Kruschke said that they're all 1,700 square feet per unit and a minimum of 13,000 square feet. Eickhoff asked if this property has been this way for 20 plus years. Stroeing said yes,

it just came up because of the nonconforming use as it had lapsed for over 180 days. Kruschke said the 180 days falls in with the State Statute. He said that his guess is that this has been a five-unit building since it was built, probably in the 1940s. The parking never came up, but there have been some complaints and issues along that alley and this is a chance to remedy that. Meier said he likes the concept and that he's doing it. He asked if it had been sitting for a while and asked if it was rented. Gregor said that the previous owner had owned it for 10-15 years and just hadn't believed in keeping it current with the rental program. Peake asked if it's fully rented out. Gregor said it is—there are five families. He said he hasn't had any concerns about parking from the residents. Andrew McGuire, 503 Elm Avenue South, the property to the north. He said he's concerned about parking stall four. As far as zoning this for five units, the parking is a major concern. He respects that the owner wants to maximize his property to get as much out of it as he can. There are cars constantly in the alley, down on the curb. He has heard from other neighbors that it's difficult to see the sidewalk as they're exiting the alley. He said hopefully this remedies that concern. As far as those trees coming down or not coming down, he said it's a cramped lot, and with the trees, parallel parking will be a concern. Public hearing closed at 5:42 pm. Effertz asked how long ago he's asked the church for the spaces. Gregor said he asked this week. Eickhoff asked if he'd be open to posting signage along the side of the building saying to not park in the alley. He said if he lived there, he could see himself parking in the alley because it's convenient. Wilson said if they requested that, they'd have to go all the way up the street because there are quite a few others parking parallel to alleys. Gregor said that the parcel cuts well into the alleyway, so half of that is his. Meier said he owns half the alley. Stroeing said that this would have to be officially surveyed as the lines on the aerial image could be shifted slightly. Meier asked if there was an easement. Kruschke said that there is a platted alley that is 16.5 feet wide through there. Based on the dimensions of the lot, with that egress well, and where the property lines are, the car is probably splitting whether it's in the alley or on the property. Wilson asked if the new proposal showing 27 feet was pretty accurate measurement on the north side. Kruschke said everything is subject to verification. We haven't required him to find any property lines. At the end of the day, the parking stall is required to be nine feet wide and we require a 12 foot minimum drive aisle. The applicant is stating that there is enough space to make that happen, and we will check it upon construction. Meier said that the people are already living there; adding a couple more parking spaces should free people up anyone having to parallel park in the alley. He said the problem is the alley, and we're adding spots on the other side. He said he didn't know that it's currently occupied, which makes a difference. Wilson said this property has been this way for years, and for him to make the adjustment, we should move on and approve it. A motion was made by Wilson and seconded by Meier to recommend City Council approval of the request for 5 units with variances on minimum lot size and lot area with the following conditions:

- 1) The units shall be registered with the Rental Registration program.
- 2) The property shall not contain more than 5 rental units at any one time.
- 3) All units shall be inspected and approved within the Rental Registration process.
- 4) The additional parking stalls shall meet all applicable City Code requirements and are subject to Erosion and Sediment Control Standards.
- 5) A Driveway Permit shall be applied for and approved of prior to any modification of the existing driveway, sidewalk, or curb located on Elm Avenue South.
- 6) The parking stalls shall be installed by October 31, 2023.



511 Elm Avenue S  
City of Owatonna



June 13, 2023

Site 

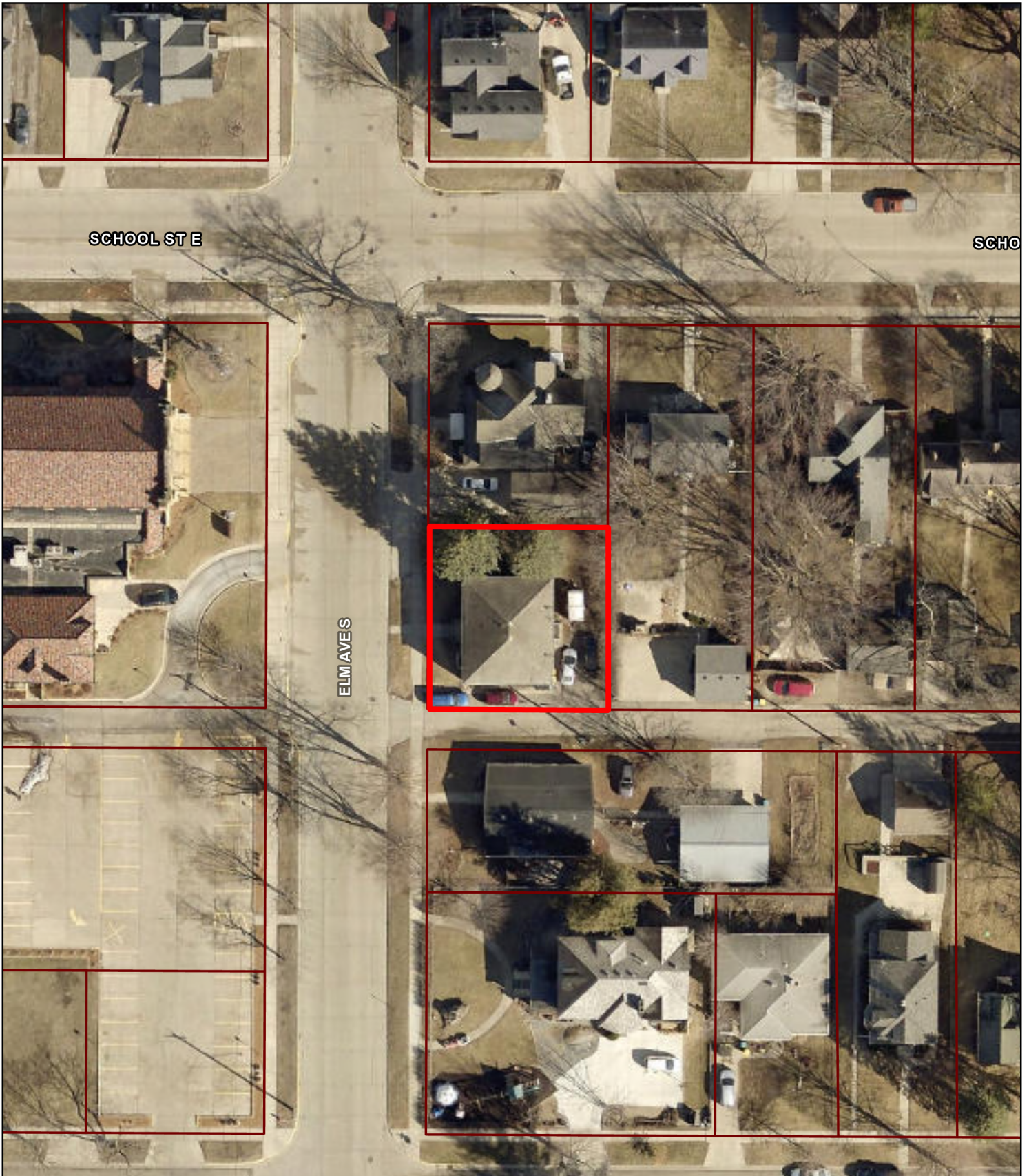


1:3,000  
1 in = 250 ft

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.



511 Elm Avenue S  
City of Owatonna



June 13, 2023

Site 



1:900

1 in = 75 ft

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.

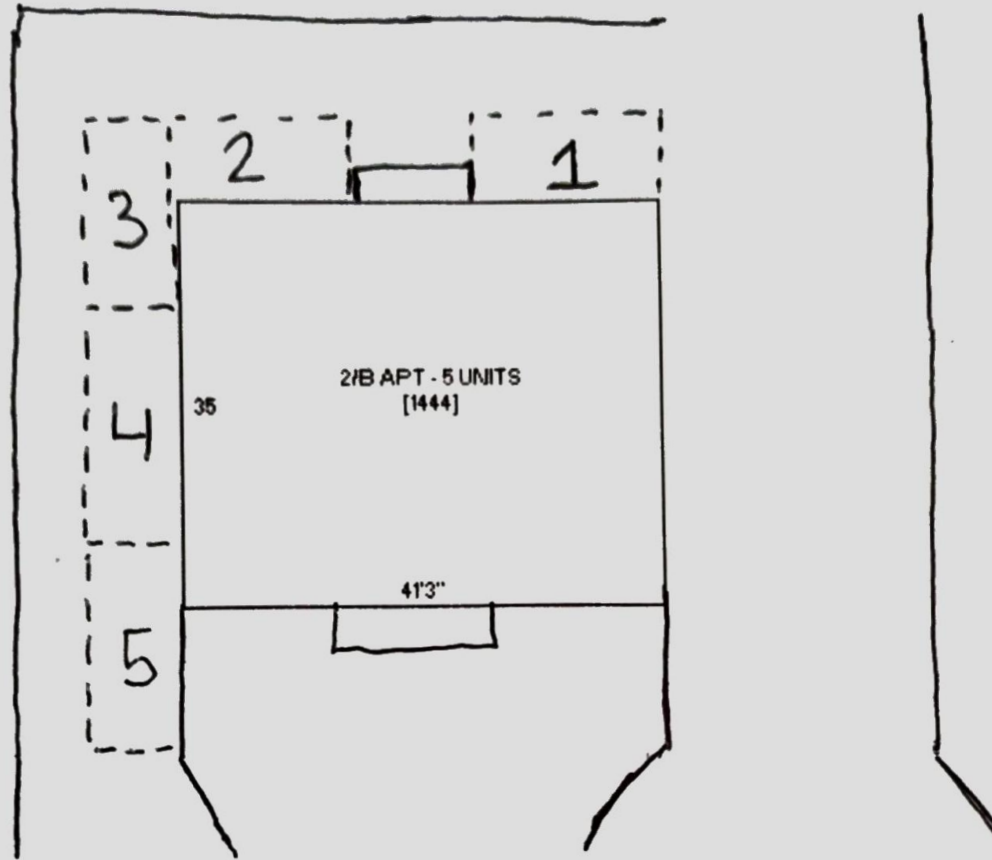




78'



## Updated Parking Proposal



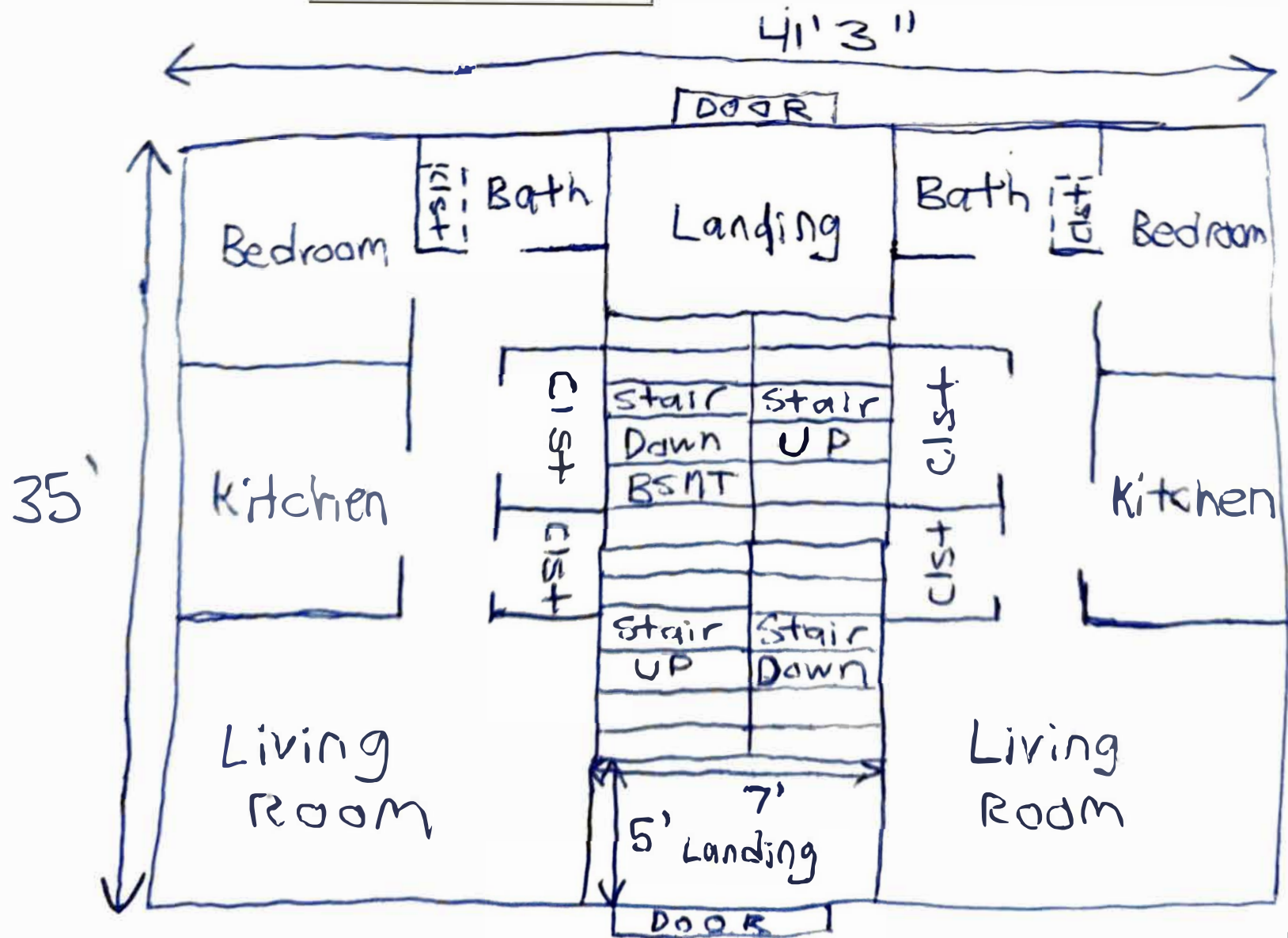
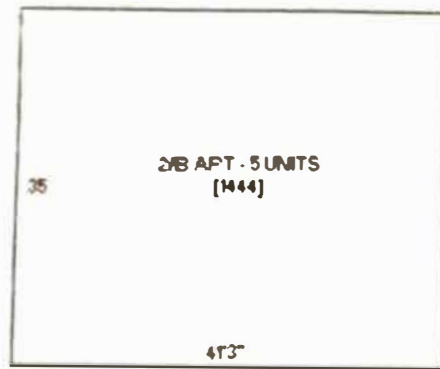
- Each parallel space recognized nine feet wide, 22 feet long
- Servicing aisles recognized at 15 feet

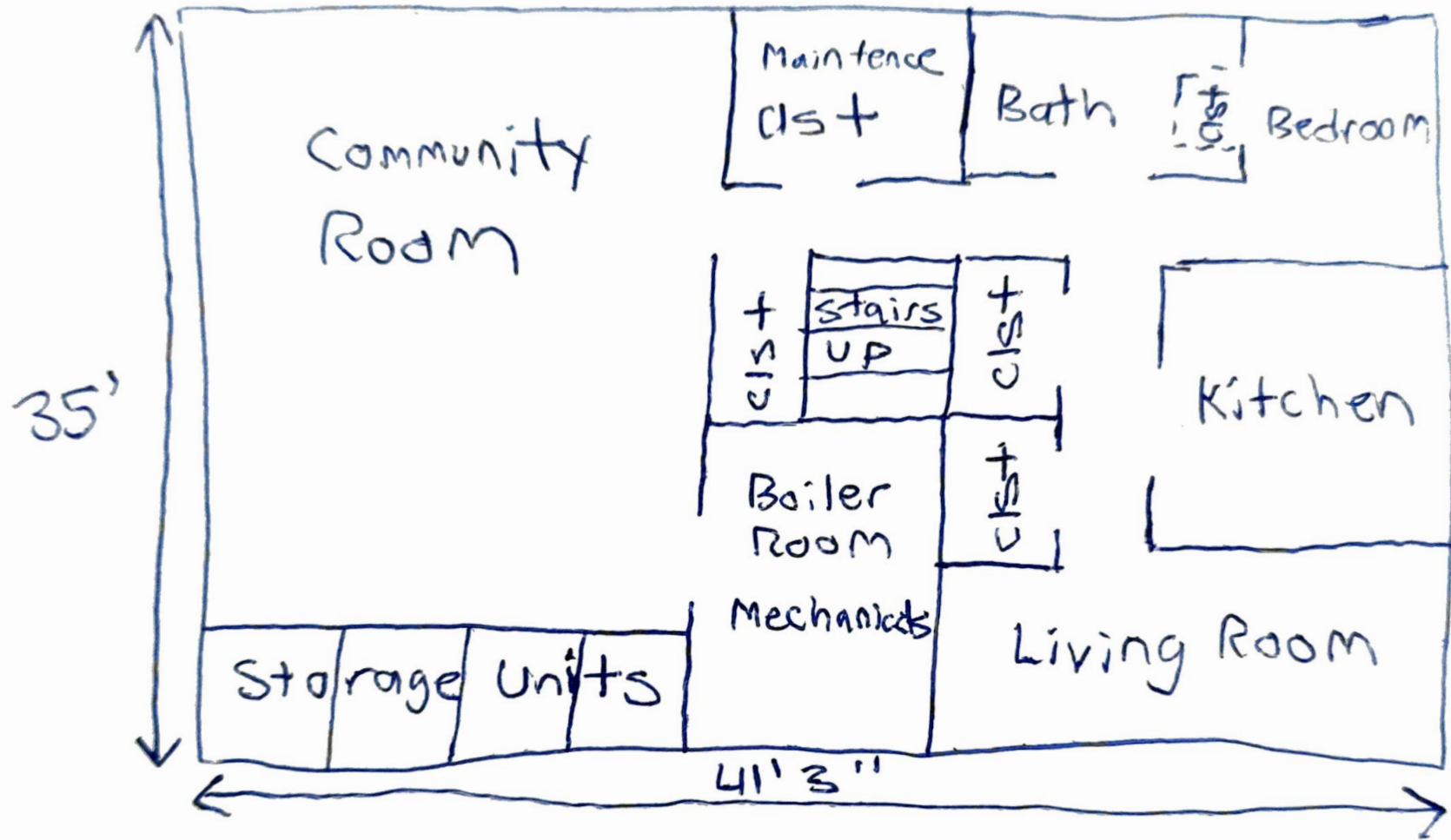


# 511 Elm Ave South

05.27.2023 - Brycen Gregor

This building sits in the middle of a 0.13-acre lot on the corner of Elm Avenue and the alley running perpendicular. It was constructed in 1940 and provides homes to five residents, each with an assigned parking space; three running alongside the building, in line with the alley, and two behind the building. The building has been thoroughly inspected and passed by the Owatonna Fire Department for residential rental safety and exceeded these expectations. The parcel is also recorded with the Steele County Assessor, zoned "High-Density Residential" and has a classification listed as "Apartment". There is no way to purchase any more land from either adjoining/ neighboring property to meet current lot size requirements as building structures sit immediately on the property line. The minimum (and only) reduction of lot size zoning code to allow continued use would be 7,561 sqft or 0.17 acres. Thank you for your consideration





Lower Level

All apartments identical in layout  
 Top two floors identical in layout





West Exterior







South Exterior



North Exterior





North Exterior







East Exterior



Apartment Building Entrance





Apartment Unit  
Entrance





Living Room



Kitchen





Kitchen





Bathroom







Hallway

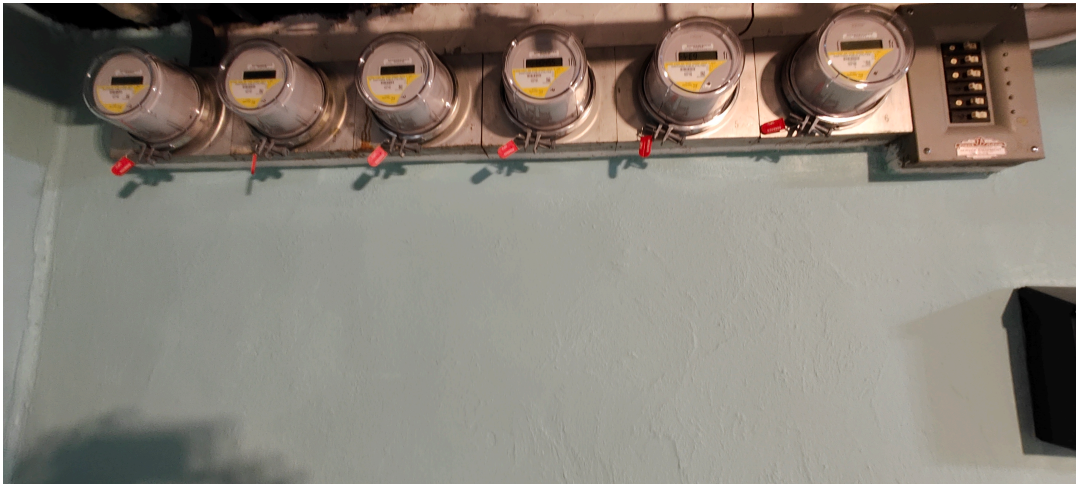


Bedroom





Community Room



Utilities



Storage Units



## Finance Department

DATE: October 3, 2023  
TO: Mayor and City Council  
FROM: Rhonda Moen, Finance Director  
SUBJECT: Resolution 93-23: Award Sale of General Obligation Street Reconstruction Bonds 2023B

### **Purpose:**

To award the sale of general obligation street reconstruction bonds.

### **Background:**

The council had previously authorized Baker Tilly through Council Resolution 75-23 to solicit proposals for the issuance of bonds to finance the 2022 Street & Utility project; the 2023 Street & Utility project; and the 2023 Havana Road project. On October 3, 2023, the city council will review the proposals received. The City's municipal advisor, Doug Green, of Baker Tilly will present the details of the proposals.

### **Budget Impact:**

1. Necessary projects will be funded.
2. There will be future debt service levies for portions of the street improvements.

### **Staff Recommendation:**

Staff recommends the adoption of the resolution awarding the sale of the bonds.

### **Attachments:**

1. Preliminary Official Statement
2. Resolution 93-23 Award Sale of Gen Obligation Street Reconstruciotn Bonds 2023B

**NEW ISSUE  
NOT BANK QUALIFIED  
BOOK ENTRY ONLY**

**MOODY'S RATING: Aa1**

In the opinion of Kennedy & Graven, Chartered, Bond Counsel for the Bonds, based on present federal and Minnesota laws, regulations, rulings and decisions (which exclude any pending legislation which may have a retroactive effect), and assuming compliance with certain covenants, interest to be paid on the Bonds is excludable from gross income for federal income tax purposes and, to the same extent, is excludable from taxable net income of individuals, estates and trusts for Minnesota income tax purposes, and is not a preference item for purposes of computing the federal alternative minimum tax or the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. However, such interest is included in determining the adjusted financial statement income of applicable corporations for purposes of computing the alternative minimum tax imposed on such applicable corporations and is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. No opinion will be expressed by Kennedy & Graven, Chartered regarding other state or federal tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership of the Bonds. The Bonds will not be designated as "qualified tax exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations. See "TAX EXEMPTION" and "OTHER FEDERAL AND STATE TAX CONSIDERATIONS" herein.

**CITY OF OWATONNA, MINNESOTA  
\$2,600,000\* General Obligation Street Reconstruction Bonds, Series 2023B  
(the "Bonds")**

|                                        |                                                                                                                                                                                                                                                                                                                                            |
|----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Dated Date</b>                      | Date of Delivery (anticipated to be October 26, 2023)                                                                                                                                                                                                                                                                                      |
| <b>Sale Date</b>                       | Tuesday, October 3, 2023 until 10:30 A.M., Central Time                                                                                                                                                                                                                                                                                    |
| <b>Consideration of Award</b>          | City Council meeting commencing at 7:00 P.M., Central Time on Tuesday, October 3, 2023.                                                                                                                                                                                                                                                    |
| <b>Security</b>                        | The Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes.                                                                                                                                                                              |
| <b>Authorization</b>                   | The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475, including Section 475.58, subd. 3b. See "Authority and Security" herein.                                                                                                                                                                                           |
| <b>Purpose</b>                         | The proceeds of the Bonds, along with available City funds, will be used to finance various street reconstruction projects within the City as identified in the City's five-year street reconstruction plan adopted on March 21, 2023.                                                                                                     |
| <b>Principal and Interest Payments</b> | Principal will be paid annually on March 1, beginning March 1, 2025. Interest will be payable semiannually on March 1 and September 1 beginning September 1, 2024.                                                                                                                                                                         |
| <b>Redemption Provisions</b>           | The City may elect on March 1, 2032, and on any day thereafter, to redeem Bonds due on or after March 1, 2033 at a price of par plus accrued interest.<br><br>The Bonds may be issued as term bonds at the discretion of the Underwriter (as hereinafter defined) and, in such case, will be subject to mandatory sinking fund redemption. |
| <b>Book Entry</b>                      | The Bonds will be issued only as fully registered obligations, and when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). See Appendix B for "Book Entry".                                                                                                                        |
| <b>Denominations</b>                   | The Bonds are being issued in the denomination of \$5,000 or integral multiple thereof.                                                                                                                                                                                                                                                    |
| <b>Registrar and Paying Agent</b>      | U.S. Bank Trust Company, National Association, located in Saint Paul, Minnesota ("Registrar" and "Paying Agent").                                                                                                                                                                                                                          |
| <b>Bidding Information</b>             | Interested bidders should review the Terms of Proposal for additional instructions. See Appendix G herein.                                                                                                                                                                                                                                 |

Further information may be obtained from Baker Tilly Municipal Advisors, LLC 30 East Seventh Street, Suite 3025, Saint Paul, MN 55101 (651) 223-3000 or bids@bakertilly.com.

MATURITY SCHEDULE  
(Base CUSIP(1) \_\_\_\_\_)

| <u>Maturity</u><br><u>(March 1)</u> | <u>Principal</u> (2) | <u>Interest</u><br><u>Rate</u> | <u>Yield</u> | <u>Price</u> | <u>CUSIP</u> (1) |
|-------------------------------------|----------------------|--------------------------------|--------------|--------------|------------------|
| 2025                                | \$205,000            |                                |              |              |                  |
| 2026                                | \$240,000            |                                |              |              |                  |
| 2027                                | \$245,000            |                                |              |              |                  |
| 2028                                | \$250,000            |                                |              |              |                  |
| 2029                                | \$260,000            |                                |              |              |                  |
| 2030                                | \$265,000            |                                |              |              |                  |
| 2031                                | \$275,000            |                                |              |              |                  |
| 2032                                | \$280,000            |                                |              |              |                  |
| 2033                                | \$285,000            |                                |              |              |                  |
| 2034                                | \$295,000            |                                |              |              |                  |

(1) CUSIP® is a registered trademark of the American Bankers Association (“ABA”). CUSIP data (including CUSIP identifiers and related descriptive data) contained herein is provided by CUSIP Global Services (“CGS”), which is operated on behalf of the ABA by FactSet Research Systems Inc. CUSIP data is the valuable intellectual property of the ABA and the inclusion of CUSIP data herein is not intended to create a database and does not serve in any way as a substitute for any CUSIP Service provided by CGS. CUSIP data herein is provided for convenience of reference only. Neither the City, the Municipal Advisor, the Underwriter nor their agents take any responsibility for the accuracy of such data now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

(2) Preliminary subject to change. The City reserves the right to adjust individual maturity amounts to achieve its financial objectives.



The Bonds are being offered for delivery when, as and if issued and received by the Underwriter (hereinafter defined) and subject to the approval of legality by Kennedy & Graven, Chartered, Minneapolis, Minnesota Bond Counsel. The Bonds are expected to be available for delivery to DTC, in New York, New York on or about October 26, 2023.

In connection with this offering the underwriter may over-allot or effect transactions which stabilize or maintain the market price of the Bonds offered hereby at a level above that which might otherwise prevail in the open market, and such stabilizing, if commenced, may be discontinued at any time.

No dealer, broker, salesperson, or other person has been authorized by the City to give any information or to make any representations with respect to the Bonds, other than as contained in the Preliminary Official Statement or the Final Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities described herein by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

Certain information contained in the Preliminary Official Statement or the Final Official Statement may have been obtained from sources other than records of the City and, while believed to be reliable, is not guaranteed as to completeness or accuracy. The information and expressions of opinion in the Preliminary Official Statement and the Final Official Statement are subject to change, and neither the delivery of the Preliminary Official Statement nor the Final Official Statement nor any sale made under either such document shall create any implication that there has been no change in the affairs of the City since the respective date thereof. However, upon delivery of the securities, the City will provide a certificate stating there have been no material changes in the information contained in the Final Official Statement since its delivery.

References herein to laws, rules, regulations, resolutions, agreements, reports, and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Preliminary Official Statement or the Final Official Statement, they will be furnished upon request.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for the purposes of, and as that term is defined in, Securities and Exchange Commission Rule 15c2-12.

The Bonds are considered securities and have not been approved or disapproved by the Securities and Exchange Commission or any state or federal regulatory authority nor has any state or federal regulatory authority confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary is a criminal offense. Investors must rely on their own examination of this Official Statement, the security pledged to repay the Bonds, the issuer and the merits and risks of the investment opportunity.

## **FORWARD-LOOKING STATEMENTS**

This Official Statement, including its appendices, contains statements which should be considered "forward-looking statements," meaning they refer to possible future events or conditions. Such statements are generally identifiable by the words such as "plan," "expect," "estimate," "budget," "may," or similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause a deviation from the actual results, performance or achievements expressed or implied by such forward-looking statements. The City does not expect or intend to update or revise any forward-looking statements contained herein if or when its expectations, or events, conditions, or circumstances on which such statements are based occur.

## **CITY CONTACT INFORMATION**

Additional information regarding the City may be obtained by contacting Rhonda Moen, Finance Director, City of Owatonna, 540 West Hills Circle, Owatonna, Minnesota, 55060, phone (507) 774-7350, email: [Rhonda.moen@ci.owatonna.mn.us](mailto:Rhonda.moen@ci.owatonna.mn.us).

## **CITY OF OWATONNA, MINNESOTA**

### **CITY COUNCIL**

|                |                |
|----------------|----------------|
| Thomas Kuntz   | Mayor          |
| Dan Boeke      | Council Member |
| Dave Burbank   | Council Member |
| Nathan Dotson  | Council Member |
| Kevin P. Raney | Council Member |
| Greg Schultz   | Council Member |
| Brent Svenby   | Council Member |
| Doug Voss      | Council Member |

### **CITY ADMINISTRATOR**

Kris M. Busse

### **FINANCE DIRECTOR**

Rhonda Moen

### **MUNICIPAL ADVISOR**

Baker Tilly Municipal Advisors, LLC  
Saint Paul, Minnesota

### **BOND COUNSEL**

Kennedy & Graven, Chartered  
Minneapolis, Minnesota

### **REGISTRAR AND PAYING AGENT**

U.S. Bank Trust Company, National Association  
Saint Paul, Minnesota

### **UNDERWRITER**

\_\_\_\_\_  
\_\_\_\_\_

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## OFFICIAL STATEMENT

### CITY OF OWATONNA, MINNESOTA \$2,600,000\* GENERAL OBLIGATION STREET RECONSTRUCTION BONDS, SERIES 2023B

#### PURPOSE OF THE ISSUE AND USE OF FUNDS

##### PURPOSE OF THE BONDS

The proceeds of the Bonds, along with available City funds, will be used to finance various street reconstruction projects within the City as identified in the City's five-year street reconstruction plan adopted on March 21, 2023.

##### SOURCES AND USES OF FUNDS

The composition of the Bonds is as follows:

|                                      |          |
|--------------------------------------|----------|
| Sources of Funds:                    |          |
| Principal Amount                     | \$ _____ |
| [Net] Reoffering [Premium][Discount] | _____    |
| Available City Funds                 | _____    |
| Total Sources of Funds               | \$ _____ |
| Uses of Funds:                       |          |
| Deposit to Construction Fund         | \$ _____ |
| Costs of Issuance(1)                 | _____    |
| Underwriter's Compensation           | _____    |
| Total Uses of Funds                  | \$ _____ |

(1) Includes fees for bond counsel, municipal advisor, registrar, rating, and other miscellaneous expenses.

#### DESCRIPTION OF THE BONDS

##### INTEREST CALCULATION

Interest on the Bonds is payable on March 1 and September 1 of each year, commencing September 1, 2024. Interest will be payable to the holder (initially Cede & Co.) registered on the books of the Registrar as of the fifteenth day of the calendar month next preceding such interest payment date (the "Record Date"). Interest will be computed on the basis of a 360-day year of twelve 30-day months.

##### REGISTRATION AND EXCHANGE FEATURES

Each registered Bonds shall be transferable or exchangeable only on such record at the designated corporate trust office of the "Registrar" and "Paying Agent," U.S. Bank Trust Company, National Association, Saint Paul, Minnesota, at the written request of the registered owner thereof or the owner's attorney duly authorized in writing upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or the owner's duly authorized attorney.

##### BOOK ENTRY

When issued, the Bonds will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Bonds will be made in book entry only form. See Appendix B: Book Entry.

\*Preliminary; subject to change.

## PROVISIONS FOR PAYMENT

The principal on the Bonds shall be payable at the designated corporate trust office of the Registrar and Paying Agent, or by wire transfer to DTC or any successor depository. All payments of interest on the Bonds shall be paid to the registered owners as the names appear as of the Record Date and at the addresses as they appear on the registration books kept by the Registrar or at such other address as is provided to the Registrar or by wire transfer to DTC or any successor depository. If payment of principal or interest is made to DTC or any successor depository, payment shall be made by wire transfer on the payment date in same-day funds. If the payment date occurs on a date when financial institutions are not open for business, the wire transfer shall be made on the next succeeding business day. The Paying Agent shall be instructed to wire transfer payments by 1:00 p.m. (New York City time) so such payments are received at the depository by 2:30 p.m. (New York City time). Payments on the Bonds shall be made in lawful money of the United States of America which, on the date of such payment, shall be legal tender.

So long as DTC or its nominee is the registered owner of the Bonds, principal and interest on the Bonds will be paid directly to DTC by the Paying Agent. (The final disbursement of such payments to the Beneficial Owners of the Bonds will be the responsibility of the DTC Participants and Indirect Participants.)

## NOTICE OF REDEMPTION

Thirty days' written notice of redemption shall be given to the registered owner(s) of the Bonds. Failure to give such written notice to any registered owner of the Bonds or any defect therein shall not affect the validity of any proceedings for the redemption of the Bonds. All Bonds or portions thereof called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment.

## OPTIONAL REDEMPTION

The City may elect on March 1, 2032, and on any day thereafter, to redeem Bonds due on or after March 1, 2033. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all the Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All redemptions shall be at a price of par plus accrued interest.

## [MANDATORY REDEMPTION

The Term Bonds maturing on \_\_\_\_\_ [and \_\_\_\_\_] (the "Term Bonds") are subject to mandatory sinking fund redemption and shall be redeemed in part at par plus accrued interest on the mandatory dates and in the principal amounts as follows:

| <u>Year</u>         | <u>[ ] Term Bonds</u><br><u>Amount</u> |
|---------------------|----------------------------------------|
| [first year]        | \$ _____                               |
| [second/last year]* | \$ _____                               |

| <u>Year</u>         | <u>[ ] Term Bonds</u><br><u>Amount</u> |
|---------------------|----------------------------------------|
| [first year]        | \$ _____                               |
| [second/last year]* | \$ _____                               |

| <u>Year</u>         | <u>[ ] Term Bonds</u><br><u>Amount</u> |
|---------------------|----------------------------------------|
| [first year]        | \$ _____                               |
| [second/last year]* | \$ _____                               |

\* *Final Maturity.*

The principal amount of the Term Bonds may be reduced through the earlier optional redemption, with any partial optional redemptions of the Term Bonds credited against future mandatory redemption requirements for such Term Bonds in such order as the City shall determine.]

## **AUTHORITY AND SECURITY**

### **AUTHORITY**

The Bonds are being issued pursuant to Minnesota Statutes, Chapter, 475, including Section 475.58, subd. 3b, and the City's 2023-2027 Street Reconstruction Plan.

### **SECURITY AND SOURCES OF PAYMENT**

The Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. The City will make its first levy for the Bonds in 2023 for collection in 2024. Each year's collection of taxes, if collected in full, will be sufficient to pay 105% of the interest payment due September 1 of the collection year and the principal and interest payment due March 1 of the following year.

### **INVESTMENT OF FUNDS**

The proceeds of this issue are to be invested in accordance with the laws of the State relating to the depositing, holding, securing, or investing of public funds. The City shall direct the investment of Bond proceeds.

## **RATING**

Moody's Investors Service ("Moody's"), 7 World Trade Center, 250 Greenwich Street, 23<sup>rd</sup> Floor, New York, New York have assigned a rating of "Aa1" to the Bonds. Such rating reflects only the view of Moody's and any explanation of the significance of such rating may only be obtained from Moody's.

The rating is not a recommendation to buy, sell or hold the Bonds, and such rating may be subject to revision or withdrawal at any time by Moody's. Any revision or withdrawal of the rating may have an adverse effect upon the market price of the Bonds.

The City has not applied to any other rating service for a rating on the Bonds.

## **RISK FACTORS AND INVESTOR CONSIDERATIONS**

Prospective purchasers of the Bonds should consider carefully, along with other matters referred to herein, the following risks of investment. The ability of the City to meet the debt service requirements of the Bonds is subject to various risks and uncertainties which are discussed throughout this Official Statement. Certain investment considerations are set forth below.

### **MAINTENANCE OF RATINGS**

The Bonds have been rated as to their creditworthiness by Moody's. While the City does not anticipate any material changes in the future, no assurance can be given that the Bonds will maintain their original rating. If the rating on the Bonds decrease(s) or are/is withdrawn, the Bonds may lack liquidity in the secondary market in comparison with other such municipal obligations. See "Rating" herein.

### **SECONDARY MARKET**

While the purchaser of the Bonds may expect, insofar as possible, to maintain a secondary market in the Bonds, no assurance can be given concerning the future existence of such a secondary market or its maintenance by the purchasers or others, and prospective purchasers of the Bonds should therefore be prepared, if necessary, to hold their Bonds to maturity or prior redemption, if any.

## **FUTURE CHANGES IN LAW**

Future legislative proposals, if enacted into law, clarification of the Code (defined herein) or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations, or litigation, as to which Bond Counsel expresses no opinion.

Legislation affecting municipal bonds is considered from time to time by the United States Congress and the Executive Branch. Bond Counsel's opinion is based upon the law in existence on the date of issuance of the Bonds. It is possible that legislation enacted after the date of issuance of the Bonds or proposed for consideration will have an adverse effect on the excludability of all or a part of the interest on the Bonds from gross income, the manner in which such interest is subject to federal income taxation or the market price of the Bonds.

Legislation affecting municipal bonds is considered from time to time by the Minnesota legislature and Executive Branch. It is possible that legislation enacted after the date of the Bonds or proposed for consideration will have an adverse effect on payment or timing of payment or other matters impacting the Bonds.

The City cannot predict the outcome of any such federal or state proposals as to passage, ultimate content or impact if passed, or timing of consideration or passage. Purchasers of the Bonds should reach their own conclusions regarding the impact of any such federal or state proposals.

There can be no assurance that there will not be any change in, interpretation of, or addition to the applicable laws and provisions which would have a material effect, directly or indirectly, on the affairs of the City.

## **LIMITATIONS ON REMEDIES AVAILABLE TO OWNERS OF THE OBLIGATIONS**

No Acceleration. There is no provision for acceleration of maturity of the principal of the Bonds in the event of a default in the payment of principal of or interest on the Bonds. Consequently, the owners of the Bonds may have to enforce available remedies.

No Trustee. There is no bond trustee or similar person or entity to monitor or enforce the provisions of the Resolution on behalf of the owners of the Bonds, and therefore the owners should be prepared to enforce such provisions themselves if the need to do so ever arises.

## **POTENTIAL IMPACTS RESULTING FROM EPIDEMICS OR PANDEMICS**

The City's finances may be materially adversely affected by unforeseen impacts of future epidemics and pandemics, such as the Coronavirus (COVID-19) pandemic. The City cannot predict future impacts of epidemics or a pandemics, any similar outbreaks, or their impact on travel, on assemblies or gatherings, on the State, national or global economy, or on securities markets, or whether any such disruptions may have a material adverse impact on the financial condition or operations of the City, including but not limited to the payment of debt service on any of its outstanding debt obligations.

## **CYBERSECURITY**

The City relies on computer networks, data storage, collection, and transmission to conduct the operations of the City and has implemented security measures to protect data and limit financial exposure, including securing cybersecurity insurance to assist with the reduction of potential risk of financial and operational damage resulting from network attacks. Even with these security measures, the City, its information technology, data stored by the City and its infrastructure may be vulnerable in the event of a deliberate system attack, including malware, ransomware, computer virus, employee error or general disruption. If



breached or compromised, the networks could be disrupted and information could be accessed, disclosed, lost, or stolen. The City acknowledges that its systems could be affected by a cybersecurity attack and that a loss, disruption, or unauthorized access to data held by the City could have a material impact on the City. Further, as cybersecurity threats evolve, the City will continue to evaluate and implement security measures and work to mitigate any vulnerabilities in its system.

### **PURCHASER/UNDERWRITING**

The Bonds are being purchased by \_\_\_\_\_ (the "Underwriter") [and its syndicate] at a purchase price of \$\_\_\_\_\_, which is the par amount of the Bonds of \$\_\_\_\_\_, less the Underwriter's discount of \$\_\_\_\_\_, plus the [net] original issue premium/discount of \$\_\_\_\_\_, plus accrued interest \$\_\_\_\_\_.

The Underwriter intends to offer the Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement. The Underwriter may allow concessions to certain dealers (including dealers in a selling group of the Underwriter and other dealers depositing the Bonds into investment trusts), who may reallow concessions to other dealers. After the initial public offering, the public offering price may be varied from time to time by the Bonds.

### **CONTINUING DISCLOSURE**

In order to assist the Underwriter in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof (the "Rule"), pursuant to the resolution awarding the sale of the Bonds (the "Resolution"), the City has entered into an undertaking (the "Undertaking") for the benefit of holders including beneficial owners of the Bonds to provide certain financial information and operating data relating to the City to the Electronic Municipal Market Access system ("EMMA") annually, and to provide notices of the occurrence of certain material events enumerated in the Rule to EMMA or the Municipal Securities Rulemaking Board ("MSRB"). The specific nature of the Undertaking, as well as the information to be contained in the annual report or the notices of material events, is set forth in the Continuing Disclosure Certificate to be executed and delivered by the City at the time the Bonds are delivered in substantially the form attached hereto as Appendix II.

Except as noted below, the City has complied for the past five years in all material respects in accordance with the terms of its previous continuing disclosure undertakings entered into pursuant to the Rule. In the interest of full disclosure, the City notes the following:

- Prior continuing disclosure undertakings entered into by the City included language stating that the City's audited financial statements would be filed "as soon as available." Although the City did not always comply with this requirement, the audited financial statements were timely filed within the required twelve (12) month timeframe as provided for in each undertaking.

A failure by the City to comply with the Undertaking will not constitute an event of default on the Bonds (although holders may take such actions as may be necessary and appropriate including mandamus or specific performance by court order). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

### **FUTURE FINANCING**

As of the date of the Official Statement, the City does not currently anticipate issuing additional debt in the calendar year 2023.

## **LITIGATION**

To the knowledge of the officers for the City, there is no litigation pending, or threatened, against the City, which in any way questions or affects the validity of the Bonds, or any proceedings or transactions relating to the issuance, sale, or delivery thereof.

The officers for the City will certify at the time of delivery of the Bonds that there is no litigation pending or in any way threatened questioning the validity of the Bonds, or any of the proceedings relating to the authorization, issuance and sale of the Bonds that would result in a material adverse impact on the financial condition of the City.

## **LEGAL MATTERS**

The Bonds are subject to approval as to certain matters by Kennedy & Graven, Chartered, of Minneapolis, Minnesota, as Bond Counsel. Bond Counsel has not participated in the preparation of this Official Statement and will not pass upon its accuracy, completeness, or sufficiency. Bond Counsel has not examined nor attempted to examine or verify any of the financial or statistical statements or data contained in this Official Statement and will express no opinion with respect thereto. A legal opinion in substantially the form set out in Appendix C herein will be delivered at closing.

## **TAX MATTERS**

### **TAX EXEMPTION**

On the date of issuance of the Bonds, Kennedy & Graven, Chartered, of Minneapolis, Minnesota, Bond Counsel for the Bonds, will render an opinion that, at the time of issuance and delivery of the Bonds to the original purchaser, under present federal and State of Minnesota laws, regulations, rulings and decisions (which exclude any pending legislation which may have a retroactive effect), and assuming compliance with certain covenants set forth in the Resolution, interest on the Bonds is not includable in gross income for federal income tax purposes and to the same extent, is not includable in the taxable net income of individuals, estates and trusts for Minnesota income tax purposes, and is not a preference item for purposes of computing the federal alternative minimum tax or the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. However such interest is included in determining the annual adjusted financial statement income (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code")) of applicable corporations for purposes of computing the alternative minimum tax imposed on such applicable corporations and is subject to Minnesota franchise taxes and imposed on certain corporations (including financial institutions) measured by income. Section 59(k) of the Code defines "applicable corporations" as any corporation (other than an S corporation), a regulated investment company, or a real estate investment trust which meets the average annual adjusted financial statement income test set forth in Section 59(k) of the Code in one or more taxable years. No opinion will be expressed by Kennedy & Graven, Chartered regarding other federal or state tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership of the Bonds. Preservation of the exclusion of interest on the Bonds from federal gross income and state gross and taxable net income, however, depends upon compliance by the City with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from federal gross income and state gross and taxable net income.

The City will covenant to comply with requirements necessary under the Code to establish and maintain the Bonds as tax-exempt under Section 103 thereof, including without limitation, requirements relating to temporary periods for investments and limitations on amounts invested at a yield greater than the yield on the Bonds.

## **RELATED TAX CONSIDERATIONS**

### **PROPERTY AND CASUALTY INSURANCE COMPANIES**

Property and casualty insurance companies are required to reduce the amount of their loss reserve deduction by the applicable percentage of the amount of tax-exempt interest received or accrued during the taxable year on certain obligations, including interest on the Bonds.

### **FOREIGN INSURANCE COMPANIES**

Foreign companies carrying on an insurance business in the United States are subject to a tax on income which is effectively connected with their conduct of any trade or business in the United States, including “net investment income.” Net investment income includes tax-exempt interest such as interest on the Bonds.

### **BRANCH PROFITS TAX**

A foreign corporation is subject to a branch profits tax imposed by Section 884 of the Code. A branch's earnings and profits may include tax-exempt municipal bond interest, such as interest on the Bonds.

### **PASSIVE INVESTMENT INCOME OF S CORPORATIONS**

Passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for an S corporation that has Subchapter C earnings and profits at the close of the taxable year if more than a certain percentage of the gross receipts of such S corporation is passive investment income.

### **GENERAL**

The preceding is not a comprehensive list of all federal or State tax consequences which may arise from the receipt or accrual of interest on the Bonds. The receipt or accrual of interest on the Bonds may otherwise affect the federal income tax (or Minnesota income tax or franchise tax) liability of the recipient based on the particular taxes to which the recipient is subject and the particular tax status of other items of income or deductions. All prospective purchasers of the Bonds are advised to consult their own tax advisors as to the tax consequences of, or tax considerations for, purchasing or holding the Bonds.

### **NOT BANK-QUALIFIED TAX-EXEMPT OBLIGATIONS**

The City will not designate the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

### **MUNICIPAL ADVISOR**

The City has retained Baker Tilly Municipal Advisors, LLC as municipal advisor in connection with certain aspects of the issuance of Bonds (the “Municipal Advisor” or “BTMA”). BTMA is a registered municipal advisor and controlled subsidiary of Baker Tilly US, LLP (“BTUS”), an accounting firm and has been retained by the City to provide certain financial advisory services including, among other things, preparation of the deemed “nearly final” Preliminary Official Statement and the Final Official Statement (the “Official Statements”). The information contained in the Official Statements has been compiled from records and other materials provided by City officials and other sources deemed to be reliable. The Municipal Advisor has not verified and will not independently verify the completeness and accuracy of the information contained in the Official Statement. The Municipal Advisor’s duties, responsibilities and fees arise solely as Municipal Advisor to the City and they have no secondary obligations or other responsibility.

## **MUNICIPAL ADVISOR REGISTRATION**

BTMA is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. As such, BTMA is providing certain specific municipal advisory services to the City, but is neither a placement agent to the City nor a broker/dealer and cannot participate in the underwriting of the Bonds.

The offer and sale of the Bonds shall be made by the City, in the sole discretion of the City, and under its control and supervision. The City has agreed that BTMA does not undertake to sell or attempt to sell the Bonds, and will take no part in the sale thereof.

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

BTUS is an advisory, tax and assurance firm headquartered in Chicago, Illinois. BTUS and its affiliated entities, have operations in North America, South America, Europe, Asia and Australia. BTUS is an independent member of Baker Tilly International, a worldwide network of independent accounting and business advisory firms.

Baker Tilly Wealth Management, LLC ("BTWM"), a U.S. Securities and Exchange Commission ("SEC") registered investment adviser under the Federal Investment Advisers Act of 1940. Baker Tilly Capital, LLC ("BTC"), a wholly owned subsidiary of BTUS, is a limited purpose broker/dealer registered with the SEC and a member of the Financial Industry Regulatory Authority ("FINRA"). Baker Tilly Financial, LLC ("BTF"), is a wholly owned subsidiary of BTUS, registered with the SEC as an investment advisor.

BTUS, BTWM and subsidiaries of BTUS may provide advisory services to the clients of BTMA. BTMA has no other activities or arrangements that are material to its advisory business or its clients with a related person who is a broker-dealer, investment company, other investment adviser or financial planner, bank, law firm or other financial entity.

## **MISCELLANEOUS**

The information contained in this Official Statement has been compiled from the City officials and other sources deemed to be reliable, and while not guaranteed as to completeness or accuracy, it is believed to be correct as of this date. However, the Official Statement speaks only as of its date, and the information contained herein is subject to change.

The references, excerpts, and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Bonds, the security for the payment of the Bonds and the rights and obligations of the owners thereof.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Bonds.

## **CERTIFICATION**

The City has authorized the distribution of the Preliminary Official Statement for use in connection with the initial sale of the Bonds and a Final Official Statement following award of the Bonds. The City certifies to the best of its knowledge and belief that this Official Statement, as of its date and as it relates to the City and its economic and financial condition, (i) is complete and accurate; (ii) does not contain any untrue statement of a material fact; and (iii) does not omit any material facts or information which would make the statements contained herein misleading.



## GENERAL INFORMATION OF THE CITY

## CITY PROPERTY VALUES

## Trend of Values(1)

| Assessment/<br>Collection<br>Year | Assessor's<br>Estimated<br>Market Value | Sales<br>Ratio(2) | Economic<br>Market Value(3) | Market Value<br>Homestead<br>Exclusion | Taxable<br>Market Value | Adjusted<br>Taxable Net<br>Tax Capacity |
|-----------------------------------|-----------------------------------------|-------------------|-----------------------------|----------------------------------------|-------------------------|-----------------------------------------|
| 2022/23                           | \$2,741,293,500                         | 92.7%             | \$2,960,023,833             | \$117,526,796                          | \$2,603,094,404         | \$29,431,406                            |
| 2021/22                           | 2,332,831,900                           | 88.6              | 2,634,376,663               | 143,842,211                            | 2,173,010,589           | 24,917,059                              |
| 2020/21                           | 2,183,994,200                           | 93.3              | 2,341,077,958               | 149,244,994                            | 2,020,754,306           | 23,736,472                              |
| 2019/20                           | 2,032,509,100                           | 91.9              | 2,030,103,200               | 154,689,321                            | 1,864,712,679           | 21,956,697                              |
| 2018/19                           | 1,924,542,500                           | 92.9              | 2,071,708,922               | 159,750,951                            | 1,753,856,049           | 20,786,172                              |

(1) For a description of the Minnesota property tax system, see Appendix E.

(2) Sales Ratio Study for the year of assessment as posted by the Minnesota Department of Revenue, <https://www.revenue.state.mn.us/economic-market-values> and <https://www.revenue.state.mn.us/economic-market-values-reports>.

(3) Economic market values for the year of assessment as posted by the Minnesota Department of Revenue, <https://www.revenue.state.mn.us/economic-market-values> and <https://www.revenue.state.mn.us/economic-market-values-reports>.

Source: Steele County, Minnesota, August 2023, except as otherwise noted.

**2022/23 Adjusted Taxable Net Tax Capacity: \$29,431,406**

|                                                    |                    |            |
|----------------------------------------------------|--------------------|------------|
| Real Estate:                                       |                    |            |
| Residential Homestead                              | \$17,208,990       | 54.9%      |
| Commercial/Industrial, Railroad and Public Utility | 10,198,987         | 32.6       |
| Residential Non-Homestead                          | 3,384,873          | 10.8       |
| Agricultural, Seasonal Recreational                | 409,906            | 1.3        |
| Personal Property                                  | <u>112,183</u>     | <u>0.4</u> |
| 2022/23 Net Tax Capacity                           | \$31,314,939       | 100.0%     |
| Less: Captured Tax Increment                       | <u>(1,883,533)</u> |            |
| 2022/23 Adjusted Taxable Net Tax Capacity          | \$29,431,406       |            |

Excludes mobile home valuation of \$55,543.

## Ten of the Largest Taxpayers in the City

| <u>Taxpayer</u>                           | <u>Type of Property</u> | <u>2022/23 Net Tax Capacity</u> |
|-------------------------------------------|-------------------------|---------------------------------|
| Viracon Inc.                              | Industrial              | \$ 554,724                      |
| Costco Wholesale Corporation              | Industrial              | 532,388                         |
| Norman Owatonna LLC                       | Industrial              | 389,822                         |
| Federated Mutual Insurance Co.            | Insurance company       | 323,608                         |
| Daikin Applied Americas Inc.              | Industrial              | 298,604                         |
| Cybex International, Inc.                 | Industrial              | 295,188                         |
| Southern Minnesota Municipal Power Agency | Utility                 | 233,016                         |
| CEFF Medford Property                     | Agriculture             | 189,882                         |
| Cheney Owatonna LLC                       | Commercial              | 189,278                         |
| SPT Prairie 3900 CD Drive LLC             | Commercial              | <u>180,778</u>                  |
| Total                                     |                         | \$3,187,288(1)                  |

(1) Represents 10.8% of the City's 2022/23 adjusted taxable net tax capacity.

## CITY INDEBTEDNESS

### Legal Debt Limit and Debt Margin(1)

|                                                         |                     |
|---------------------------------------------------------|---------------------|
| Legal Debt Limit (3% of 2022/23 Estimated Market Value) | \$ 82,238,805       |
| Less: Outstanding Debt Subject to Limit                 | <u>(10,010,000)</u> |
| Legal Debt Margin as of October 26, 2023                | \$ 72,228,805       |

(1) The legal debt margin is referred to statutorily as the "Net Debt Limit" and may be increased by debt service funds and current revenues which are applicable to the payment of debt in the current fiscal year.

NOTE: Certain types of debt are not subject to the legal debt limit. See Appendix E – Debt Limitations.

### General Obligation Debt Supported Solely by Taxes(1)

| <u>Date of Issue</u> | <u>Original Amount</u> | <u>Purpose</u>                    | <u>Final Maturity</u> | <u>Est. Principal Outstanding As of 10-26-23</u> |
|----------------------|------------------------|-----------------------------------|-----------------------|--------------------------------------------------|
| 8-25-16              | \$1,260,000            | Storm Water                       | 3-1-2032              | \$ 815,000(2)                                    |
| 8-25-16              | 1,840,000              | Storm Water Refunding             | 3-1-2024              | 290,000(2)                                       |
| 8-30-17              | 145,000                | Equipment Certificates            | 3-1-2025              | 45,000                                           |
| 7-19-18              | 4,825,000              | Street Reconstruction             | 3-1-2029              | 3,130,000                                        |
| 8-6-20               | 1,785,000              | Street Reconstruction             | 3-1-2031              | 1,270,000                                        |
| 9-2-21               | 3,250,000              | Street Reconstruction             | 3-1-2032              | 2,965,000                                        |
| 10-26-23             | 2,600,000              | Street Reconstruction (the Bonds) | 3-1-2034              | <u>2,600,000</u>                                 |
| Total                |                        |                                   |                       | \$11,115,000                                     |

(1) These issues are subject to the legal debt limit, except as otherwise noted.

(2) Pursuant to Minnesota Statutes, Section 444.20, the City may levy taxes within the Storm Sewer District to finance the cost of improvements, perform maintenance, and pay debt service on obligations issued under Minnesota Statutes, Section 444.19. These issues are not subject to the legal debt limit.

### General Obligation Special Assessment Debt

| <u>Date<br/>of Issue</u> | <u>Original<br/>Amount</u> | <u>Purpose</u> | <u>Final<br/>Maturity</u> | <u>Est. Principal<br/>Outstanding<br/>As of 10-26-23</u> |
|--------------------------|----------------------------|----------------|---------------------------|----------------------------------------------------------|
| 8-15-13                  | \$2,515,000                | Improvements   | 3-1-2024                  | \$ 280,000                                               |
| 9-3-15                   | 1,225,000                  | Improvements   | 3-1-2026                  | 415,000                                                  |
| 8-25-16                  | 1,060,000                  | Improvements   | 3-1-2027                  | 450,000                                                  |
| 8-30-17                  | 1,870,000                  | Improvements   | 3-1-2028                  | 960,000                                                  |
| 9-19-19                  | 2,225,000                  | Improvements   | 3-1-2030                  | <u>1,395,000</u>                                         |
| Total                    |                            |                |                           | \$3,500,000                                              |

### General Obligation Tax Increment Debt

| <u>Date<br/>of Issue</u> | <u>Original<br/>Amount</u> | <u>Purpose</u> | <u>Final<br/>Maturity</u> | <u>Est. Principal<br/>Outstanding<br/>As of 10-26-23</u> |
|--------------------------|----------------------------|----------------|---------------------------|----------------------------------------------------------|
| 8-15-13                  | \$1,140,000                | Tax Increment  | 3-1-2024                  | \$140,000                                                |

### General Obligation Utility Revenue Debt

| <u>Date<br/>of Issue</u> | <u>Original<br/>Amount</u> | <u>Purpose</u>       | <u>Final<br/>Maturity</u> | <u>Est. Principal<br/>Outstanding<br/>As of 10-26-23</u> |
|--------------------------|----------------------------|----------------------|---------------------------|----------------------------------------------------------|
| 7-6-10                   | \$ 7,929,333               | PFA Clean Water Loan | 8-20-2025                 | \$ 1,155,928                                             |
| 8-25-16                  | 1,260,000                  | Storm Water Revenue  | 3-1-2032                  | 815,000                                                  |
| 2-14-<br>2023            | 35,000,000                 | PFA Clean Water Loan | 8-20-2042                 | <u>34,230,000(1)</u>                                     |
| Total                    |                            |                      |                           | \$36,200,928                                             |

- (1) As of the date of this Official Statement the City has drawn down \$22.6 million of the available PFA loan and does not anticipate drawing the remaining available funds until the end of the project. The principal amount outstanding is based on the projected full loan amount of \$35,000,000. An amortization schedule reflecting the final draw down structure is not currently available.

## Estimated Calendar Year Debt Service Payments

| <u>Year</u>     | <u>G.O. Debt Supported Solely by Taxes</u> |                                    | <u>G.O. Special Assessment Debt</u> |                                    |
|-----------------|--------------------------------------------|------------------------------------|-------------------------------------|------------------------------------|
|                 | <u>Principal</u>                           | <u>Principal &amp; Interest(1)</u> | <u>Principal</u>                    | <u>Principal &amp; Interest(2)</u> |
| 2023 (at 10-26) | (Paid)                                     | (Paid)                             | (Paid)                              | (Paid)                             |
| 2024            | \$ 1,295,000                               | \$ 1,628,475                       | \$ 895,000                          | \$1,000,619                        |
| 2025            | 1,250,000                                  | 1,544,500                          | 625,000                             | 704,869                            |
| 2026            | 1,300,000                                  | 1,540,619                          | 635,000                             | 693,494                            |
| 2027            | 1,350,000                                  | 1,540,587                          | 510,000                             | 549,894                            |
| 2028            | 1,380,000                                  | 1,524,549                          | 400,000                             | 424,597                            |
| 2029            | 1,430,000                                  | 1,527,125                          | 215,000                             | 228,100                            |
| 2030            | 890,000                                    | 953,877                            | 220,000                             | 224,400                            |
| 2031            | 900,000                                    | 945,485                            |                                     |                                    |
| 2032            | 740,000                                    | 768,259                            |                                     |                                    |
| 2033            | 285,000                                    | 300,464                            |                                     |                                    |
| 2034            | <u>295,000</u>                             | <u>300,295</u>                     |                                     |                                    |
| Total           | \$11,115,000(2)                            | \$12,574,235                       | \$3,500,000                         | \$3,825,973                        |

(1) Includes estimated debt service on the Bonds.

(2) 97.3% of this debt will be retired within ten years.

| <u>Year</u>     | <u>G.O. Debt Supported by Tax Increment</u> |                                    | <u>G.O. Utility Revenue Debt</u> |                                 |
|-----------------|---------------------------------------------|------------------------------------|----------------------------------|---------------------------------|
|                 | <u>Principal</u>                            | <u>Principal &amp; Interest(1)</u> | <u>Principal</u>                 | <u>Principal &amp; Interest</u> |
| 2023 (at 10-26) | (Paid)                                      | (Paid)                             | (Paid)                           | (Paid)                          |
| 2024            | \$140,000                                   | \$141,925                          | \$ 2,165,000                     | \$ 2,854,072                    |
| 2025            |                                             |                                    | 2,206,928                        | 2,856,421                       |
| 2026            |                                             |                                    | 1,654,000                        | 2,263,597                       |
| 2027            |                                             |                                    | 1,689,000                        | 2,266,800                       |
| 2028            |                                             |                                    | 1,720,000                        | 2,265,379                       |
| 2029            |                                             |                                    | 1,756,000                        | 2,268,315                       |
| 2030            |                                             |                                    | 1,788,000                        | 2,266,607                       |
| 2031            |                                             |                                    | 1,820,000                        | 2,264,226                       |
| 2032            |                                             |                                    | 1,858,000                        | 2,267,058                       |
| 2033            |                                             |                                    | 1,792,000                        | 2,166,268                       |
| 2034            |                                             |                                    | 1,826,000                        | 2,165,951                       |
| 2035            |                                             |                                    | 1,861,000                        | 2,165,983                       |
| 2036            |                                             |                                    | 1,897,000                        | 2,166,345                       |
| 2037            |                                             |                                    | 1,933,000                        | 2,166,017                       |
| 2038            |                                             |                                    | 1,970,000                        | 2,166,000                       |
| 2039            |                                             |                                    | 2,008,000                        | 2,166,275                       |
| 2040            |                                             |                                    | 2,046,000                        | 2,165,822                       |
| 2041            |                                             |                                    | 2,086,000                        | 2,166,641                       |
| 2042            |                                             |                                    | <u>2,125,000</u>                 | <u>2,165,694</u>                |
| Total           | \$140,000                                   | \$141,925                          | \$36,200,928(1)                  | \$43,233,471                    |

(1) 51.0% of this debt will be retired within ten years.



## Overlapping Debt

| <u>Taxing Unit(1)</u>     | <u>2022/23<br/>Adjusted Taxable<br/>Net Tax Capacity</u> | <u>Est. G.O. Debt<br/>As of 10-26-23(2)</u> | <u>Debt Applicable to<br/>Tax Capacity in City</u> |                    |
|---------------------------|----------------------------------------------------------|---------------------------------------------|----------------------------------------------------|--------------------|
|                           |                                                          |                                             | <u>Percent</u>                                     | <u>Amount</u>      |
| Steele County             | \$55,479,390                                             | \$ 8,185,000                                | 53.0%                                              | \$ 4,338,050       |
| I.S.D. No. 761 (Owatonna) | 41,626,640                                               | 158,825,000                                 | 70.7                                               | <u>112,289,275</u> |
| Total                     |                                                          |                                             |                                                    | \$116,627,325      |

(1) Only those units with outstanding general obligation debt are shown here.

(2) Excludes general obligation tax and aid anticipation certificates and revenue-supported debt.

## Debt Ratios(1)

|                                                  | <u>G.O.<br/>Direct Debt</u> | <u>G.O. Direct &amp;<br/>Overlapping Debt</u> |
|--------------------------------------------------|-----------------------------|-----------------------------------------------|
| 2022/23 Estimated Market Value (\$2,741,293,500) | 0.54%                       | 4.79%                                         |
| Per Capita (26,470 – 2022 U.S. Census Estimate)  | \$557                       | \$4,963                                       |

(1) Excludes general obligation utility revenue debt, revenue debt, and other debt obligations. Includes lease obligations.

## CITY TAX RATES, LEVIES AND COLLECTIONS

### Tax Capacity Rates for a Resident in I.S.D. 761 (Owatonna)

|                                 | <u>2018/19</u> | <u>2019/20</u> | <u>2020/21</u> | <u>2021/22</u> | <u>2022/23</u> |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|
| Steele County                   | 60.778%        | 60.562%        | 57.855%        | 56.559%        | 50.133%        |
| City of Owatonna                | 63.283         | 62.481         | 59.530         | 62.098         | 57.305         |
| I.S.D. No. 761<br>(Owatonna)(1) | <u>27.810</u>  | <u>40.167</u>  | <u>37.999</u>  | <u>34.808</u>  | <u>29.993</u>  |
| Total                           | 151.87%        | 163.210%       | 155.384%       | 153.465%       | 137.431%       |

(1) In addition, Independent School District No. 761 (Owatonna) has a 2022/23 market value tax rate of 0.21189% spread across the market value of property in support of an excess operating levy.

NOTE: This table includes only net tax capacity-based rates. Certain other tax rates are based on market value. See Appendix E.

### Tax Levies and Collections

| <u>Levy/Collect</u> | <u>Net Levy(1)</u> | <u>Collected During<br/>Collection Year</u> |                | <u>Collected and/or<br/>Abated as of 12-31-22</u> |                |
|---------------------|--------------------|---------------------------------------------|----------------|---------------------------------------------------|----------------|
|                     |                    | <u>Amount</u>                               | <u>Percent</u> | <u>Amount</u>                                     | <u>Percent</u> |
| 2022/23             | \$16,760,240       | (In Process of Collection)                  |                |                                                   |                |
| 2021/22             | 15,484,556         | \$15,385,280                                | 99.4%          | \$15,385,280                                      | 99.4%          |
| 2020/21             | 14,134,206         | 14,034,744                                  | 99.3           | 14,067,489                                        | 99.5           |
| 2019/20             | 13,740,196         | 13,616,102                                  | 99.1           | 13,663,475                                        | 99.4           |
| 2018/19             | 13,180,004         | 13,130,172                                  | 99.6           | 13,177,575                                        | 99.9           |

(1) The net levy excludes state aid for property tax relief and fiscal disparities, if applicable. The net levy is the basis for computing tax capacity rates. See Appendix E.

**FUNDS ON HAND**  
**As of July 31, 2023**

|                                                      |                     |
|------------------------------------------------------|---------------------|
| City:                                                |                     |
| General Fund                                         | \$13,117,139        |
| Special Revenue Funds                                | 2,982,398           |
| Debt Service Funds                                   | 4,596,863           |
| Capital Project Funds                                | 8,820,874           |
| Enterprise Fund – City                               | 22,153,991          |
| Enterprise Fund – Owatonna Public Utility Commission | 30,191,968          |
| Internal Service Funds                               | <u>2,206,473</u>    |
| Total City                                           | <u>\$84,069,706</u> |
| Component Units:                                     |                     |
| Housing and Redevelopment Authority                  | \$ 529,194          |
| Economic Development Authority                       | <u>1,747,952</u>    |
| Total Component Units                                | <u>\$ 2,277,146</u> |
| Total All Funds                                      | \$86,346,852        |

**INVESTMENTS**

The City has a formal investment policy and all investments are made in accordance with Minnesota Statutes. The primary objectives of the City's investment policy, in priority order, include safety, liquidity, and yield. Permitted investments include:

1. Federal securities, which include treasury bills, notes and bonds, as well as bonds and notes issued by U.S. Government agencies or instrumentalities;
2. State and local securities, which include bonds and other debt instruments issued by cities, counties, states or other governmental units, subject to rating requirements;
3. Commercial paper, subject to rating requirements;
4. Certificates of Deposit issued by U.S. banks fully insured by the Federal Deposit Insurance Corporation (FDIC);
5. Money Market Mutual Funds, subject to rating requirements; and
6. Government Investment Pools, including the 4M Fund.

The City will not purchase securities that are considered highly sensitive, securities that could expose the City to foreign currency risk, or derivatives. Per the City's investment policy, the City Administrator shall be responsible for the investment policy. Authority to conduct actual investment transactions may be delegated to the Finance Director, who shall act in accordance with procedures established by the investment policy.

As of July 31, 2023, the City's investments are as follows:

|                              |              |             |
|------------------------------|--------------|-------------|
| Certificates of Deposit      | \$20,369,558 | 23.59%      |
| Money Market Funds           | 23,078,230   | 26.73       |
| Agency                       | 20,936,282   | 24.25       |
| Local Government Obligations | 9,669,083    | 11.20       |
| Cash                         | 12,291,532   | 14.23       |
| Pooled Investments           | <u>2,167</u> | <u>0.00</u> |
| Total                        | \$86,346,852 | 100.00%     |

### GENERAL INFORMATION CONCERNING THE CITY

The City is located in Steele County, approximately 65 miles southwest of the Minneapolis/Saint Paul metropolitan area. The City encompasses an area of approximately 14.62 square miles (9,356 acres).

#### Population

The City's population trend is shown below.

|                           | <u>Population</u> | <u>Percent Change</u> |
|---------------------------|-------------------|-----------------------|
| 2022 U.S. Census Estimate | 26,470            | 3.1%                  |
| 2020 U.S. Census          | 25,672            | 0.3                   |
| 2010 U.S. Census          | 25,599            | 14.1                  |
| 2000 U.S. Census          | 22,434            | 15.7                  |
| 1990 U.S. Census          | 19,386            | 4.0                   |
| 1980 U.S. Census          | 18,632            | --                    |

Source:

United States Census Bureau, <http://www.census.gov/>.

The City's estimated population by age group for the past five years is as follows:

| <u>Data Year/<br/>Report Year</u> | <u>0-17</u> | <u>18-34</u> | <u>35-64</u> | <u>65 and Over</u> |
|-----------------------------------|-------------|--------------|--------------|--------------------|
| 2022/23                           | 6,365       | 5,169        | 9,785        | 4,981              |
| 2021/22                           | 6,334       | 5,099        | 9,689        | 4,791              |
| 2020/21                           | 6,418       | 5,084        | 9,597        | 4,591              |
| 2019/20                           | 6,579       | 5,164        | 9,576        | 4,495              |
| 2018/19                           | 6,587       | 5,144        | 9,709        | 4,459              |

Source: Claritas, LLC.

#### Transportation

Interstate 35W runs north-south through the City. Highway 14 runs east-west through the City, connecting it to the nearby cities of Mankato and Rochester. The Minneapolis/Saint Paul International Airport is located approximately 65 miles northeast of the City and Owatonna Degner Regional Airport ("Regional Airport") is located within the City. The Regional Airport is one of 22 key system airports in Minnesota that includes a 5,500 foot lighted runway with a precision instrument landing system and a 3,000-foot crosswind runway. Public transportation is available to City residents through Southern Minnesota Rural Transit.

## Major Employers

| <u>Employer</u>                      | <u>Product/Service</u>            | <u>Approximate<br/>Number<br/>of Employees</u> |
|--------------------------------------|-----------------------------------|------------------------------------------------|
| Federated Mutual Insurance Co.       | Insurance                         | 1,450                                          |
| Viracon, Inc.                        | Glass manufacturing               | 1,162                                          |
| I.S.D. No. 761 (Owatonna)            | Public education                  | 777                                            |
| Daikin                               | HVAC manufacturing                | 512                                            |
| AmesburyTruth                        | Hardware design and manufacturing | 450                                            |
| Wenger Corp                          | Musical equipment manufacturing   | 437                                            |
| Bosch Automotive                     | Manufacturing                     | 377                                            |
| Mayo Clinic Health System – Owatonna | Healthcare and medical services   | 350                                            |
| Jostens                              | School memorabilia                | 300                                            |
| Cybox International, Inc.            | Exercise equipment manufacturing  | 295                                            |
| Owatonna Hospital- Allina            | Hospital and medical services     | 275                                            |
| Cabela's Retail Inc.                 | Outdoor sports retail             | 140                                            |

Note: Previously reported information was obtained through a telephone survey of individual employers. Any differences may be attributable to the change in the source of this information, as provided below.

Source: The City

## Labor Force Data

|                        | <u>Annual Average</u> |             |             |             | <u>July</u> |
|------------------------|-----------------------|-------------|-------------|-------------|-------------|
|                        | <u>2019</u>           | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
| Labor Force:           |                       |             |             |             |             |
| City of Owatonna       | 14,801                | 14,500      | 14,191      | 13,458      | 12,887      |
| Steele County          | 21,242                | 20,733      | 20,333      | 19,284      | 18,454      |
| State of Minnesota     | 3,108,681             | 3,134,160   | 3,039,322   | 3,077,500   | 3,126,508   |
| Unemployment Rate (%): |                       |             |             |             |             |
| City of Owatonna       | 3.0%                  | 5.7%        | 3.6%        | 2.8%        | 3.6%        |
| Steele County          | 3.2                   | 5.5         | 3.6         | 2.8         | 3.6         |
| State of Minnesota     | 3.3                   | 6.3         | 3.8         | 2.7         | 3.2         |

Source: Minnesota Department of Employment and Economic Development, <https://apps.deed.state.mn.us/lmi/laus>. 2023 data are preliminary.

## Retail Sales and Effective Buying Income (EBI)

### City of Owatonna

| <u>Data Year/<br/>Report Year</u> | <u>Total Retail<br/>Sales (\$000)</u> | <u>Total<br/>EBI (\$000)</u> | <u>Median<br/>Household EBI</u> |
|-----------------------------------|---------------------------------------|------------------------------|---------------------------------|
| 2022/23                           | \$522,209                             | \$874,449                    | \$66,443                        |
| 2021/22                           | 487,196                               | 803,871                      | 62,468                          |
| 2020/21                           | 506,720                               | 707,650                      | 56,585                          |
| 2019/20                           | 487,795                               | 698,612                      | 54,411                          |
| 2018/19                           | 449,476                               | 650,233                      | 52,005                          |

## Steele County

| <u>Data Year/<br/>Report Year</u> | <u>Total Retail<br/>Sales (\$000)</u> | <u>Total<br/>EBI (\$000)</u> | <u>Median<br/>Household EBI</u> |
|-----------------------------------|---------------------------------------|------------------------------|---------------------------------|
| 2022/23                           | \$824,198                             | \$1,247,312                  | \$68,120                        |
| 2021/22                           | 731,257                               | 1,162,441                    | 64,377                          |
| 2020/21                           | 738,489                               | 1,021,138                    | 57,778                          |
| 2019/20                           | 773,278                               | 1,008,888                    | 55,812                          |
| 2018/19                           | 763,099                               | 942,558                      | 53,571                          |

The 2022/23 Median Household EBI for the State of Minnesota was \$71,569. The 2022/23 Median Household EBI for the United States was \$64,600.

Source: Claritas, LLC.

## **Permits Issued by the City**

|                | <u>New Single<br/>Family Residential</u> |              | <u>New<br/>Commercial/Industrial</u> |              | <u>Total Value(1)<br/>(All Permits)</u> |
|----------------|------------------------------------------|--------------|--------------------------------------|--------------|-----------------------------------------|
|                | <u>Number</u>                            | <u>Value</u> | <u>Number</u>                        | <u>Value</u> |                                         |
| 2023 (to 7-31) | 5                                        | \$ 2,168,586 | 6                                    | \$35,275,804 | \$ 62,902,185                           |
| 2022           | 16                                       | 6,306,000    | 9                                    | 16,070,024   | 82,886,082                              |
| 2021(2)        | 40                                       | 10,373,650   | 5                                    | 11,486,000   | 61,693,490                              |
| 2020(2)        | 35                                       | 10,217,786   | 11                                   | 53,572,207   | 104,271,488                             |
| 2019           | 29                                       | 9,008,816    | 4                                    | 7,753,160    | 52,276,947                              |
| 2018           | 38                                       | 9,988,000    | 5                                    | 4,212,255    | 55,311,343                              |
| 2017           | 33                                       | 8,029,759    | 3                                    | 3,036,436    | 48,482,633                              |
| 2016           | 37                                       | 9,089,240    | 13                                   | 15,412,411   | 64,167,565                              |
| 2015           | 12                                       | 2,630,368    | 5                                    | 5,473,500    | 32,156,311                              |
| 2014           | 15                                       | 3,329,426    | 5                                    | 3,749,000    | 43,138,510                              |

(1) In addition to building permits, the total value includes all other permits issued by the City (i.e. heating, lighting, plumbing, roof replacement, etc.).

(2) Includes new school/government 2021 (1) \$420,000 and 2020 (1) \$15,000

Source: City of Owatonna.

## **Recent Development**

As of July 31, 2023, development activity in the City for 2023 includes the following:

- Constructed a new cement plant in an industrial park
- Started construction on new church
- Started construction on new restaurant
- Started construction on new dental office
- Started construction on new 88-unit hotel
- Started construction on new recycling center
- Started construction on new 50,000 square foot manufacturing facility
- Started construction on new riverfront redevelopment project with 33,000 square feet of commercial space and 69 apartments



Development activity in 2022 included the following:

- Constructed SMART Transit Facility
- Constructed 10-unit T – Hangar building at the airport
- Constructed a 6,400 office building downtown
- Constructed 9,000 square-foot building expansion in the industrial park
- Constructed 75-unit apartment building
- Constructed 36-unit apartment building
- Started construction on two 60-unit apartment buildings
- Started construction on a waste water treatment plant expansion
- Started construction on 200,000 square-foot manufacturing facility

## Education

### Public Education

The following district serves the residents of the City:

| <u>School</u>             | <u>Location</u>  | <u>Grades</u> | <u>2022/23(1)<br/>Enrollment</u> |
|---------------------------|------------------|---------------|----------------------------------|
| I.S.D. No. 761 (Owatonna) | City of Owatonna | Pre K-12      | 4,926                            |

(1) 2023/24 enrollment figures are not yet available.

Source: Minnesota Department of Education, [www.education.state.mn.us](http://www.education.state.mn.us)

### Non-Public Education

City residents are also served by the following private schools:

| <u>School</u>             | <u>Location</u>  | <u>Grades</u> | <u>2022/23(1)<br/>Enrollment</u> |
|---------------------------|------------------|---------------|----------------------------------|
| Owatonna Christian School | City of Owatonna | K-12          | 102                              |
| St. Mary's School         | City of Owatonna | K-8           | 267                              |

(1) 2023/24 enrollment figures are not yet available.

Source: Minnesota Department of Education, [www.education.state.mn.us](http://www.education.state.mn.us)

### Post-Secondary Education

Located in the City is Riverland Community College, a public two-year college. Additional higher education facilities available to City residents include Minnesota State University – Mankato, located approximately 43 miles west of the City; and Carleton College and St. Olaf College located in the City of Northfield, Minnesota, approximately 36 miles northeast of the City.

## GOVERNMENTAL ORGANIZATION AND SERVICES

### Organization

The City has been a municipal corporation since 1858 and is governed under a Home Rule Charter. The City has a Council-Administrator form of government, with all powers of the City vested in the Council. The Mayor and the seven Council members are elected to serve overlapping four-year terms of office. The following individuals comprise the current City Council:

|                |                | <u>Expiration of Term</u> |
|----------------|----------------|---------------------------|
| Thomas Kuntz   | Mayor          | December 31, 2024         |
| Dan Boeke      | Council Member | December 31, 2026         |
| Dave Burbank   | Council Member | December 31, 2026         |
| Nathan Dotson  | Council Member | December 31, 2026         |
| Kevin P. Raney | Council Member | December 31, 2024         |
| Greg Schultz   | Council Member | December 31, 2024         |
| Brent Svenby   | Council Member | December 31, 2026         |
| Doug Voss      | Council Member | December 31, 2024         |

The daily administration of City operations is the responsibility of the appointed City Administrator, Kris M. Busse, who has been with the City since December 2007. Rhonda Moen, Finance Director, is responsible for planning, organizing, and supervising all functions and programs of the City's Finance Department. Ms. Moen has been with the City since October 2010.

The City has 135 regular full-time and 18 part-time employees.

### Services

The City provides a full range of services including police and fire protection; construction and maintenance of streets and other infrastructure; and other recreational and cultural activities. The City also provides water, sewer, storm water, gas, and electric services along with the operation of the aquatic center. The City is also responsible for the Owatonna Housing and Redevelopment Authority in addition to the Economic Development Authority.

### Labor Contracts

The status of labor contracts in the City is as follows:

| <u>Bargaining Unit</u>                               | <u>No. of Employees</u> | <u>Expiration Date of Current Contract</u> |
|------------------------------------------------------|-------------------------|--------------------------------------------|
| International Association of Firefighters Local 1920 | 8                       | December 31, 2024                          |
| IUOE, Local 70                                       | 45                      | December 31, 2024                          |
| Minnesota Public Employees Association (Sergeants)   | 7                       | December 31, 2024                          |
| Minnesota Teamsters Public and Law Enforcement       | <u>26</u>               | December 31, 2024                          |
| Subtotal                                             | 86                      |                                            |
| Non-unionized employees                              | <u>67</u>               |                                            |
| Total employees                                      | <u>153</u>              |                                            |

## Employee Pensions

All full-time employees and certain part-time employees of the City are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF), the Public Employees Police and Fire Fund (PEPFF) and the Public Employees Correctional Fund (PECF), which are cost-sharing multiple-employer retirement plans. In addition, the City participates in the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by PERA.

A detailed description of these plans, along with the City's required contributions to each plan, are represented in the City's Annual Comprehensive Financial Reports. The City's Annual Comprehensive Financial Report for fiscal year ended December 31, 2022, is included as Appendix F of this Official Statement.

## Other Postemployment Benefits

The City has obligations to its employees for post-employment benefits other than pensions, accounted for pursuant to the Government Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75). The City's OPEB liabilities and associated contributions are represented in the City's Annual Comprehensive Financial Reports. The City's Annual Comprehensive Financial Report for fiscal year ended December 31, 2022, is included as Appendix F of this Official Statement.

Sources: City's Annual Comprehensive Financial Reports.

## Federal Financial Assistance

As of the date of this Official Statement, the City has received \$1,965,401 of CARES Act Assistance and \$2,808,990 of American Rescue Plan Act (ARPA) Funds.

## Major General Fund Revenue Sources

| <u>Revenue</u>       | <u>2018</u>  | <u>2019</u>  | <u>2020</u>  | <u>2021</u>  | <u>2022</u>  |
|----------------------|--------------|--------------|--------------|--------------|--------------|
| Property Taxes       | \$10,138,721 | \$10,827,829 | \$11,299,132 | \$11,730,555 | \$12,883,552 |
| Intergovernmental    | 5,694,968    | 5,719,730    | 7,688,827    | 6,143,056    | 6,306,220    |
| Charges for Services | 2,042,584    | 2,128,600    | 1,415,474    | 1,770,835    | 2,071,232    |
| Transfers In         | 586,000      | 591,500      | 627,700      | 623,350      | 652,730      |
| Miscellaneous        | 329,305      | 364,554      | 408,698      | 387,441      | 594,524      |
| Licenses and Permits | 449,857      | 422,036      | 570,608      | 407,850      | 505,746      |

Sources: City's Annual Comprehensive Financial Reports.

## General Fund Budget Summary

|                                                           | <u>2022 Budget</u> | <u>2022 Actual</u> | <u>2023 Budget</u> |
|-----------------------------------------------------------|--------------------|--------------------|--------------------|
| Revenues:                                                 |                    |                    |                    |
| Taxes                                                     | \$12,900,340       | \$12,883,552       | \$14,276,897       |
| Licenses and Permits                                      | 402,759            | 505,746            | 430,175            |
| Intergovernmental                                         | 6,196,665          | 6,306,220          | 6,370,676          |
| Charges for Services                                      | 1,882,930          | 2,071,232          | 2,108,795          |
| Fines and Forfeits                                        | 195,820            | 132,961            | 151,920            |
| Investment Earnings                                       | 50,000             | (418,375)          | 50,000             |
| Miscellaneous                                             | <u>512,947</u>     | <u>594,524</u>     | <u>561,875</u>     |
| Total Revenues                                            | \$22,141,461       | \$22,075,860       | \$23,950,338       |
| Expenditures:                                             |                    |                    |                    |
| General Government                                        | \$ 3,740,866       | \$3,521,342        | \$ 4,205,903       |
| Public Safety                                             | 8,310,829          | 8,471,517          | 8,858,504          |
| Public Works                                              | 4,948,485          | 4,756,639          | 5,320,613          |
| Culture and Recreation                                    | 5,209,771          | 5,143,282          | 5,609,633          |
| Housing and Economic Development                          | 384,240            | 326,543            | 442,510            |
| Capital Outlay                                            | <u>0</u>           | <u>8,561</u>       | <u>0</u>           |
| Total Expenditures                                        | \$22,794,191       | \$22,227,884       | \$24,437,163       |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | \$ (452,730)       | \$ (152,024)       | \$ (486,825)       |
| Other Financing Sources (Uses):                           |                    |                    |                    |
| Transfers In                                              | \$ 652,730         | \$ 652,730         | \$ 686,825         |
| Transfers Out                                             | <u>(200,000)</u>   | <u>(200,000)</u>   | <u>(200,000)</u>   |
| Total Other Financing Sources (Uses)                      | \$ 452,730         | \$ 452,730         | \$ 486,825         |
| Net Change in Fund Balance                                | \$ 0               | \$ 300,706         | \$ 0               |
| Beginning Fund Balance - January 1                        | \$12,151,615       | \$12,151,615       | \$12,452,321       |
| Ending Fund Balance - December 31                         | \$12,151,615       | \$12,452,321       | \$12,452,321       |

Sources: City's Annual Comprehensive Financial Reports and 2023 Budget.

**BOOK ENTRY**

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.



Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or its agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or its agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to City or its agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

## FORM OF BOND COUNSEL OPINION



Offices in Fifth Street Towers  
 150 South Fifth Street, Suite 700  
 Minneapolis, MN 55402  
 (612) 337-9300 telephone  
 (612) 337-9310 fax  
 St. Cloud kennedy-graven.com  
 Affirmative Action, Equal Opportunity Employer

\$ \_\_\_\_\_  
 City of Owatonna, Minnesota  
 General Obligation Street Reconstruction Bonds  
 Series 2023B

We have acted as bond counsel to the City of Owatonna, Minnesota (the “Issuer”) in connection with the issuance by the Issuer of its General Obligation Street Reconstruction Bonds, Series 2023B (the “Bonds”), originally dated October 26, 2023, and issued in the original aggregate principal amount of \$ \_\_\_\_\_. In such capacity and for the purpose of rendering this opinion we have examined certified copies of certain proceedings, certifications and other documents, and applicable laws as we have deemed necessary. Regarding questions of fact material to this opinion, we have relied on certified proceedings and other certifications of public officials and other documents furnished to us without undertaking to verify the same by independent investigation. Under existing laws, regulations, rulings and decisions in effect on the date hereof, and based on the foregoing we are of the opinion that:

1. The Bonds have been duly authorized and executed, and are valid and binding general obligations of the Issuer, enforceable in accordance with their terms.

2. The principal of and interest on the Bonds are payable from ad valorem taxes, but if necessary for the payment thereof additional ad valorem taxes are required by law to be levied on all taxable property of the Issuer, which taxes are not subject to any limitation as to rate or amount.

3. Interest on the Bonds is excludable from gross income of the recipient for federal income tax purposes and, to the same extent, is excludable from taxable net income of individuals, trusts, and estates for Minnesota income tax purposes, and is not a preference item for purposes of the computation of the federal alternative minimum tax, or the computation of the Minnesota alternative minimum tax imposed on individuals, trusts and estates. However, such interest is included in determining the annual adjusted financial statement income (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”)) of applicable corporations (as defined in Section 59(k) of the Code) for purposes of computing the alternative minimum tax imposed on such applicable corporations and is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. The opinion set forth in this paragraph is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes and from taxable net income for Minnesota income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes and taxable net income for Minnesota income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

4. The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

We have not been asked and have not undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, and accordingly we express no opinion with respect thereto.

This opinion is given as of the date hereof and we assume no obligation to update, revise, or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Dated October \_\_, 2023 at Minneapolis, Minnesota.

## FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$ \_\_\_\_\_  
 City of Owatonna, Minnesota  
 General Obligation Street Reconstruction Bonds  
 Series 2023B

## CONTINUING DISCLOSURE CERTIFICATE

October \_\_, 2023

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Owatonna, Minnesota (the “Issuer”) in connection with the issuance of its General Obligation Street Reconstruction Bonds, Series 2023B (the “Bonds”), in the original aggregate principal amount of \$ \_\_\_\_\_. The Bonds are being issued pursuant to resolutions adopted by the City Council of the Issuer (the “Resolutions”). The Bonds are being delivered to \_\_\_\_\_ (the “Purchaser”) on the date hereof. Pursuant to the Resolutions, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. The Issuer hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders (as defined herein) of the Bonds in order to provide for the public availability of such information and assist the Participating Underwriter(s) (as defined herein) in complying with the Rule (as defined herein). This Disclosure Certificate, together with the Resolutions, constitutes the written agreement or contract for the benefit of the Holders of the Bonds that is required by the Rule.

Section 2. Definitions. In addition to the defined terms set forth in the Resolutions, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Audited Financial Statements” means annual financial statements of the Issuer, prepared in accordance with GAAP as prescribed by GASB.

“Bonds” means the General Obligation Street Reconstruction Bonds, Series 2023B, issued by the Issuer in the original aggregate principal amount of \$ \_\_\_\_\_.

“Disclosure Certificate” means this Continuing Disclosure Certificate.

“EMMA” means the Electronic Municipal Market Access system operated by the MSRB and designated as a nationally recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule.

“Final Official Statement” means the deemed Final Official Statement, dated October \_\_, 2023, which constitutes the final official statement delivered in connection with the Bonds, which is available from the MSRB.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation;

or (c) guarantee of a Financial Obligation as described in clause (a) or (b). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means the fiscal year of the Issuer.

“GAAP” means generally accepted accounting principles for governmental units as prescribed by GASB.

“GASB” means the Governmental Accounting Standards Board.

“Holder” means the person in whose name a Bond is registered or a beneficial owner of such a Bond.

“Issuer” means the City of Owatonna, Minnesota, which is the obligated person with respect to the Bonds.

“Material Event” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board located at 1300 I Street NW, Suite 1000, Washington, DC 20005.

“Participating Underwriter” means any of the original underwriter(s) of the Bonds (including the Purchaser) required to comply with the Rule in connection with the offering of the Bonds.

“Purchaser” means \_\_\_\_\_.

“Repository” means EMMA, or any successor thereto designated by the SEC.

“Rule” means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and including written interpretations thereof by the SEC.

“SEC” means Securities and Exchange Commission, and any successor thereto.

### Section 3. Provision of Annual Financial Information and Audited Financial Statements.

(a) The Issuer shall provide to the Repository not later than twelve (12) months after the end of the Fiscal Year commencing with the year that ends December 31, 2023, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable or fails to provide to the Repository an Annual Report by the date required in subsection (a), the Issuer shall send a notice of that fact to the Repository and the MSRB.

(c) The Issuer shall determine each year prior to the date for providing the Annual Report the name and address of each Repository.

Section 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or incorporate by reference the following sections of the Final Official Statement:

#### 1. City Property Values



2. City Indebtedness
3. City Tax Rates, Levies and Collections

In addition to the items listed above, the Annual Report shall include Audited Financial Statements submitted in accordance with Section 3 of this Disclosure Certificate.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the Repository or the SEC. If the document incorporated by reference is a final official statement, it must also be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Material Events.

(a) This Section 5 shall govern the giving of notice of the occurrence of any of the following events (“Material Events”) with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
7. Modifications to rights of security holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the obligated person;
13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) The Issuer shall file a notice of such occurrence with the Repository or with the MSRB within ten (10) business days of the occurrence of the Material Event.

(c) Unless otherwise required by law and subject to technical and economic feasibility, the Issuer shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Issuer's information.

Section 6. EMMA. The SEC has designated EMMA as a nationally recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule. Until the EMMA system is amended or altered by the MSRB and the SEC, the Issuer shall make all filings required under this Disclosure Certificate solely with EMMA.

Section 7. Termination of Reporting Obligation. The Issuer's obligations under the Resolutions and this Disclosure Certificate shall terminate upon the redemption in full of all Bonds or payment in full of all Bonds.

Section 8. Agent. The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolutions and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of the Resolutions or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause a violation of the Rule. The provisions of the Resolutions requiring continuing disclosure pursuant to the Rule and this Disclosure Certificate, or any provision hereof, shall be null and void in the event that the Issuer delivers to the Repository an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which impose the continuing disclosure requirements of the Resolutions and the execution and delivery of this Disclosure Certificate are invalid, have been repealed retroactively or otherwise do not apply to the Bonds. The provisions of the Resolutions requiring continuing disclosure pursuant to the Rule and this Disclosure Certificate may be amended without the consent of the Holders of the Bonds, but only upon the delivery by the Issuer to the Repository of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance with the Rule.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Holder of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolutions and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Disclosure Certificate in our official capacities effective as of the date and year first written above.

**CITY OF OWATONNA, MINNESOTA**

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Mayor

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City Administrator

## SUMMARY OF TAX LEVIES, PAYMENT PROVISIONS, AND MINNESOTA REAL PROPERTY VALUATION

Following is a summary of certain statutory provisions relative to tax levy procedures, tax payment and credit procedures, and the mechanics of real property valuation. The summary does not purport to be inclusive of all such provisions or of the specific provisions discussed, and is qualified by reference to the complete text of applicable statutes, rules and regulations of the State of Minnesota.

### PROPERTY VALUATIONS (CHAPTER 273, MINNESOTA STATUTES)

Assessor's Estimated Market Value. Each parcel of real property subject to taxation must, by statute, be appraised at least once every five years as of January 2 of the year of appraisal. With certain exceptions, all property is valued at its market value, which is the value the assessor determines to be the price the property to be fairly worth, and which is referred to as the "Estimated Market Value." The 2013 Minnesota Legislature established the Estimated Market Value as the value used to calculate a municipality's legal debt limit.

Economic Market Value. The Economic Market Value is the value of locally assessed real property (Assessor's Estimated Market Value) divided by the sales ratio as provided by the State of Minnesota Department of Revenue plus the estimated market value of personal property, utilities, railroad, and minerals.

Taxable Market Value. The Taxable Market Value is the value that Net Tax Capacity is based on, after all reductions, limitations, exemptions and deferrals.

Net Tax Capacity. The Net Tax Capacity is the value upon which net taxes are levied, extended and collected. The Net Tax Capacity is computed by applying the class rate percentages specific to each type of property classification against the Taxable Market Value. Class rate percentages vary depending on the type of property as shown on the last page of this Appendix. The formulas and class rates for converting Taxable Market Value to Net Tax Capacity represent a basic element of the State's property tax relief system and are subject to annual revisions by the State Legislature. Property taxes are the sum of the amounts determined by (i) multiplying the Net Tax Capacity by the tax capacity rate, and (ii) multiplying the referendum market value by the market value rate.

Market Value Homestead Exclusion. In 2011, the Market Value Homestead Exclusion Program (MVHE) was implemented to offset the elimination of the Market Value Homestead Credit Program that provided relief to certain homesteads. The MVHE reduces the taxable market value of a homestead with an Assessor's Estimated Market Value up to \$413,800 in an attempt to result in a property tax similar to the effective property tax prior to the elimination of the homestead credit. The MVHE applies to property classified as Class 1a or 1b and Class 2a, and causes a decrease in the City's aggregate Taxable Market Value, even if the Assessor's Estimated Market Value on the same properties did not decline.

### PROPERTY TAX PAYMENTS AND DELINQUENCIES (CHAPTERS 275, 276, 277, 279-282 AND 549, MINNESOTA STATUTES)

Ad valorem property taxes levied by local governments in Minnesota are extended and collected by the various counties within the State. Each taxing jurisdiction is required to certify the annual tax levy to the county auditor within five (5) working days after December 20 of the year preceding the collection year. A listing of property taxes due is prepared by the county auditor and turned over to the county treasurer on or before the first business day in March.

The county treasurer is responsible for collecting all property taxes within the county. Real estate and personal property tax statements are mailed out by March 31. One-half (1/2) of the taxes on real property is due on or before May 15. The remainder is due on or before October 15. Real property taxes not paid by their due date are assessed a penalty on homestead property of 2% until May 31 and increased to 4% on June 1. The penalty on nonhomestead property is assessed at a rate of 4% until May 31 and increased to 8% on June 1. Thereafter, an additional 1% penalty shall accrue each month through October 1 of the collection year for unpaid real property taxes. In the case of the second installment of real property taxes

due October 15, a penalty of 2% on homestead property and 4% on nonhomestead property is assessed. The penalty for homestead property increases to 6% on November 1 and again to 8% on December 1. The penalty for nonhomestead property increases to 8% on November 1 and again to 12% on December 1. Personal property taxes remaining unpaid on May 16 are deemed to be delinquent and a penalty of 8% attaches to the unpaid tax. However, personal property that is owned by a tax-exempt entity, but is treated as taxable by virtue of a lease agreement, is subject to the same delinquent property tax penalties as real property.

On the first business day of January of the year following collection all delinquencies are subject to an additional 2% penalty, and those delinquencies outstanding as of February 15 are filed for a tax lien judgment with the district court. By March 20 the county auditor files a publication of legal action and a mailing of notice of action to delinquent parties. Those property interests not responding to this notice have judgment entered for the amount of the delinquency and associated penalties. The amount of the judgment is subject to a variable interest determined annually by the Department of Revenue, and equal to the adjusted prime rate charged by banks but in no event is the rate less than 10% or more than 14%.

Property owners subject to a tax lien judgment generally have three years (3) to redeem the property. After expiration of the redemption period, unredeemed properties are declared tax forfeit with title held in trust by the State of Minnesota for the respective taxing districts. The county auditor, or equivalent thereof, then sells those properties not claimed for a public purpose at auction. The net proceeds of the sale are first dedicated to the satisfaction of outstanding special assessments on the parcel, with any remaining balance in most cases being divided on the following basis: county - 40%; town or city - 20%; and school district - 40%.

#### **PROPERTY TAX CREDITS (CHAPTER 273, MINNESOTA STATUTES)**

In addition to adjusting the taxable value for various property types, primary elements of Minnesota's property tax relief system are: property tax levy reduction aids; the homestead credit refund and the renter's property tax refund, which relate property taxes to income and provide relief on a sliding income scale; and targeted tax relief, which is aimed primarily at easing the effect of significant tax increases. The homestead credit refund, the renter's property tax refund, and targeted credits are reimbursed to the taxpayer upon application by the taxpayer. Property tax levy reduction aid includes educational aids, local governmental aid, equalization aid, county program aid and disparity reduction aid.

#### **DEBT LIMITATIONS**

All Minnesota municipalities (counties, cities, towns, and school districts) are subject to statutory "net debt" limitations under the provisions of Minnesota Statutes, Section 475.53. Net debt is defined as the amount remaining after deducting from gross debt the amount of current revenues that are applicable within the current fiscal year to the payment of any debt and the aggregate of the principal of the following:

1. Obligations issued for improvements which are payable wholly or partly from the proceeds of special assessments levied upon property specially benefited thereby, including those which are general obligations of the municipality issuing them, if the municipality is entitled to reimbursement in whole or in part from the proceeds of the special assessments.
2. Warrants or orders having no definite or fixed maturity.
3. Obligations payable wholly from the income from revenue producing conveniences.
4. Obligations issued to create or maintain a permanent improvement revolving fund.
5. Obligations issued for the acquisition, and betterment of public waterworks systems, and public lighting, heating or power systems, and of any combination thereof or for any other public convenience from which a revenue is or may be derived.
6. Debt service loans and capital loans made to a school district under the provisions of Minnesota Statutes, Sections 126C.68 and 126C.69.



7. Amount of all money and the face value of all securities held as a debt service fund for the extinguishment of obligations other than those deductible under this subdivision.
8. Obligations to repay loans made under Minnesota Statutes, Section 216C.37.
9. Obligations to repay loans made from money received from litigation or settlement of alleged violations of federal petroleum pricing regulations.
10. Obligations issued to pay pension fund or other postemployment benefit liabilities under Minnesota Statutes, Section 475.52, subdivision 6, or any charter authority.
11. Obligations issued to pay judgments against the municipality under Minnesota Statutes, Section 475.52, subdivision 6, or any charter authority.
12. All other obligations which under the provisions of law authorizing their issuance are not to be included in computing the net debt of the municipality.

**LEVIES FOR GENERAL OBLIGATION DEBT  
(SECTIONS 475.61 AND 475.74, MINNESOTA STATUTES)**

Any municipality that issues general obligation debt must, at the time of issuance, certify levies to the county auditor of the county(ies) within which the municipality is situated. Such levies shall be in an amount that if collected in full will, together with estimates of other revenues pledged for payment of the obligations, produce at least five percent in excess of the amount needed to pay principal and interest when due. Notwithstanding any other limitations upon the ability of a taxing unit to levy taxes, its ability to levy taxes for a deficiency in prior levies for payment of general obligation indebtedness is without limitation as to rate or amount.

**STATUTORY FORMULAE: CONVERSION OF TAXABLE MARKET VALUE (TMV) TO  
NET TAX CAPACITY FOR MAJOR PROPERTY CLASSIFICATIONS**

| <b><u>Property Type</u></b>                      | <b><u>Local Tax<br/>Payable<br/>2019-2023</u></b> |
|--------------------------------------------------|---------------------------------------------------|
| <b>Residential Homestead (1a)</b>                |                                                   |
| Up to \$500,000                                  | 1.00%                                             |
| Over \$500,000                                   | 1.25%                                             |
| <b>Residential Non-homestead</b>                 |                                                   |
| Single Unit (4bb)                                |                                                   |
| Up to \$500,000                                  | 1.00%                                             |
| Over \$500,000                                   | 1.25%                                             |
| 2-3 unit and undeveloped land (4b1)              | 1.25%                                             |
| <b>Market Rate Apartments</b>                    |                                                   |
| Regular (4a)                                     | 1.25%                                             |
| Low-Income (4d)                                  |                                                   |
| Up to \$100,000 <sup>(3)</sup>                   | 0.75%                                             |
| Over \$100,000 <sup>(3)</sup>                    | 0.25%                                             |
| <b>Commercial/Industrial/Public Utility (3a)</b> |                                                   |
| Up to \$150,000                                  | 1.50% <sup>(1)</sup>                              |
| Over \$150,000                                   | 2.00% <sup>(1)</sup>                              |
| Electric Generation Machinery                    | 2.00%                                             |
| <b>Commercial Seasonal Residential</b>           |                                                   |
| Homestead Resorts (1c)                           |                                                   |
| Up to \$600,000                                  | 0.50%                                             |
| \$600,000 - \$2,300,000                          | 1.00%                                             |
| Over \$2,300,000                                 | 1.25% <sup>(1)</sup>                              |
| Seasonal Resorts (4c1)                           |                                                   |
| Up to \$500,000                                  | 1.00% <sup>(1)</sup>                              |
| Over \$500,000                                   | 1.25% <sup>(1)</sup>                              |
| <b>Non-Commercial (4c12)</b>                     |                                                   |
| Up to \$500,000                                  | 1.00% <sup>(1)(2)</sup>                           |
| Over \$500,000                                   | 1.25% <sup>(1)(2)</sup>                           |
| <b>Disabled Homestead (1b)</b>                   |                                                   |
| Up to \$50,000                                   | 0.45%                                             |
| <b>Agricultural Land &amp; Buildings</b>         |                                                   |
| Homestead (2a)                                   |                                                   |
| Up to \$500,000                                  | 1.00%                                             |
| Over \$500,000                                   | 1.25%                                             |
| Remainder of Farm                                |                                                   |
| Up to \$1,890,000 <sup>(4)</sup>                 | 0.50% <sup>(2)</sup>                              |
| Over \$1,890,000 <sup>(4)</sup>                  | 1.00% <sup>(2)</sup>                              |
| Non-homestead (2b)                               | 1.00% <sup>(2)</sup>                              |

(1) State tax is applicable to these classifications.

(2) Exempt from referendum market value-based taxes.

(3) Legislative increases, payable 2023. Historical valuations are: Payable 2022 - \$100,000; Payable 2021 - \$174,000; Payable 2020 - \$150,000; and Payable 2019 - \$139,000.

(4) Legislative increases, payable 2023. Historical valuations are: Payable 2022 - \$1,890,000; Payable 2021 - \$1,890,000; Payable 2020 - \$1,880,000; and Payable 2019 - \$1,900,000.

NOTE: For purposes of the State general property tax only, the net tax capacity of non-commercial class 4c(1) seasonal residential recreational property has the following class rate structure: First \$76,000 – 0.40%; \$76,000 to \$500,000 – 1.00%; and over \$500,000 – 1.25%. In addition to the State tax base exemptions referenced by property classification, airport property exempt from city and school district property taxes under M.S. 473.625 is exempt from the State general property tax (MSP International Airport and Holman Field in Saint Paul are exempt under this provision).

**2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT**

The following pages include the City's Annual Comprehensive Financial Report for fiscal year ended December 31, 2022.





# **Annual Comprehensive Financial Report**

**Year Ended December 31, 2022**

**City of Owatonna, Minnesota**

**CITY OF OWATONNA, MINNESOTA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2022**

DEPARTMENT OF FINANCE

Rhonda L. Moen, CPA, CPFO  
Finance Director

Member of the Government Finance Officer's Association  
Of the United States and Canada



**CITY OF OWATONNA, MINNESOTA**  
**Annual Comprehensive Financial Report**  
For the year ended December 31, 2022

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**CITY OF OWATONNA, MINNESOTA**  
**Annual Comprehensive Financial Report**  
For the year ended December 31, 2022

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## **INTRODUCTORY SECTION**



## **Administrative Services Department**

Kris Busse, City Administrator

507.774.7340

kris.busse@ci.owatonna.mn.us

May 22, 2022

Honorable Mayor & Members of the City Council and Citizens of Owatonna

State statutes require that the City publish a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2022.

Management assumes full responsibility for the completeness and reliability of the information contained in this report based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

CliftonLarsonAllen, LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Owatonna's financial statements for the year ended December 31, 2022. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The analysis complements this letter of transmittal and should be read in conjunction with it.

### **Profile of the Government**

The City of Owatonna was organized as a municipality in 1854. The City of Owatonna is the county seat of Steele County and is located about 65 miles southwest of the Twin Cities (Minneapolis-St. Paul) metropolitan area at the crossroads of Interstate 35 and U.S. Highways 14 and 218. The City encompasses about 15 square miles. Owatonna's scenic setting, healthy economy, quality lifestyle and proximity to the Twin Cities metropolitan area are factors that have contributed to its substantial growth over the last ten years. The Straight River meanders through Owatonna which lies in the heart of Southern Minnesota surrounded by woodland areas, streams, lakes and other rivers. The City's strong commitment to protecting the environment is evident in its preservation of natural areas and its decisions regarding stormwater and waste management.

The City of Owatonna operates under a home-rule charter form of government. Policy-making and legislative authority are vested in a governing council (Council) consisting of a mayor and seven other members, all elected on a non-partisan basis. The Mayor position is a non-voting position. Council members serve four-year terms, with half of the council up for election every other year. The mayor and two council members are elected at large, and the remaining five members of the Council are elected to serve one of the five wards. The City Administrator is responsible for overseeing the day-to-day administrative affairs and operations of government.

The City provides a full range of services. These services include police and fire protection, a public library, community and economic development, construction and maintenance of 132 miles of streets and other infrastructure plus 867 acres of parkland and 17-plus miles of trails. Other recreational amenities operated by the City include the River Springs Water Park and the Brooktree Golf Course. The City also supports the Degner Regional Airport which serves as a gateway to Southern Minnesota. The City also provides water, sewer, storm water, gas, and electric services. The financial reporting entity (the City) includes all the funds of the primary government (i.e., the City of Owatonna as legally defined), as well as its component units. A component unit is a legally separate entity for which the primary government is financially accountable. The Owatonna Housing & Redevelopment Authority and the Economic Development Authority are included as discretely presented component units.

The Council is required to hold at least one public hearing in early December of each year for discussion of the budget. Following this hearing, they are required to adopt a budget and certify their levy by December 28 of each year. This annual budget serves as the foundation for the City of Owatonna's financial planning and control. The budget is prepared by fund, department (i.e., street) and cost center (i.e., snow & ice removal). Amendments to the budget need approval from the Council. The legal level of control is at the fund level.

## **Local Economy**

Owatonna has developed from its agricultural heritage as a community with a diverse economy, including a strong industrial, financial, and service base. Owatonna is the home of many nationally renowned firms such as Federated Mutual Insurance Company, Bosch, Jostens, Daikin, Wenger Company, and others. Owatonna is strategically placed at the crossroads of I-35 and two major US highways, giving it one of the most accessible locations in the Midwest. Highway 14 connects half the employment centers in Southern Minnesota and three-quarters of the top employers. Owatonna consistently ranks among the livable small towns in the country.

The City of Owatonna owns four industrial parks: Crane Creek Industrial Site, Ebeling Industrial Area, Alexander Industrial Park and Sanders Industrial Addition. These four sites total an area of over 150 available acres within 1/2 mile of I-35, fully served by municipal infrastructure and direct rail access to the Dakota, Minnesota and Eastern Railroad, and Union Pacific Railroad.

Owatonna has more than 500 retail, wholesale and professional firms supporting its large industrial base. Boasting over 40 industrial firms, Owatonna's business community provides jobs for a labor force in excess of 17,000 people.

Owatonna had another strong year in terms of economic development. Although the number of permits in 2022 was slightly less than 2021, (1,974 permits as compared to 1,883). The valuation increase was sizable, from \$61.7 million to \$83 million in 2022. Major projects driving this growth include a host of industrial, commercial and multifamily residential projects. More specifically, Climate by Design International, Saia Trucking, Holiday Station Store and Westlake Meadows Apartments. Continued commercial and industrial growth is fueling the rental housing market. Owatonna (231) outpaced our neighboring cities of Faribault (1), Austin (92), and New Ulm (8) in terms of multifamily residential permits issued in 2022. Owatonna also compared well in total construction valuation in 2022 with \$83,000,000.

The City's LGA allocation was increased slightly by \$85,000. The city once again earmarked these funds primarily for one-time investments. For example, addressing long standing issues relating to hazardous buildings and a program to maximize grant funds. The City Council places a high priority on using these funds to advance the goals of the strategic plan, in this case, areas of Economic Vitality and Infrastructure.



The City continued its investment in capital improvement projects that reflect the priorities established in the strategic plan of infrastructure, quality of life, economic vitality, and efficient, effective government. Key items included: computer and technology replacements and upgrades, portable public safety radio replacements, Mechanical upgrades at River Springs Water Park, 3<sup>rd</sup> floor restroom at library and Brooktree flooring and sound panels. Key vehicles or equipment purchased through the vehicle replacement fund (VRF) include squad cars, pick-ups, Tractors, mowers, front end loader, The building maintenance fund addressed some deferred maintenance needs throughout the city. The City owns a significant number of buildings, and this fund is now able to support some critical maintenance needs. Projects include, fire alarm panel replacement at Velve Hall, tuckpointing at West Hills and Fire Hall including tower rehab, HVAC replacement and recommissioning and LED lighting project.

A key investment was made to revitalize downtown with construction of the streetscape project. Work on the 100 block was completed in 2022 and a ribbon cutting was held in October. This new streetscape has transformed the downtown from vehicle oriented to a pedestrian oriented downtown. Studies show pedestrian friendly downtowns experience longer visits by shoppers resulting in more money being spent. The project included new underground utilities, streets, expanded sidewalks for pedestrian and retail use, planting beds and trees, seating throughout and wayfinding and gateway signage. This project will improve ADA accessibility and add vitality and beauty to downtown. The new Courtyard by Marriot located in the 200 block of Cedar opened in August adding 106 hotel rooms downtown. Another four-story apartment building called The Pearl located just north of Cedar on Pearl Street added 43 rental units downtown. These two projects reflect a \$25 million-dollar investment downtown and complement the investment in the streetscape.

The Owatonna area is a growing region attracting new development, business relocations and an expanding workforce. Capital infrastructure investments were required to continue to meet the needs of our community. Plans got underway in 2022 to expand the wastewater treatment plant capacity. This expansion is critical to continuing the steady industrial and residential growth Owatonna has enjoyed. The city's diverse manufacturing base is key to the stability of the local economy. Notable projects include: Kamp Automation, a business relocating from Waseca, purchased property to construct a 50,000 square foot manufacturing facility. Climate by Design broke ground on a new 200,000 square foot manufacturing facility. Crown Cork added an additional manufacturing line. The city completed construction of a new \$1.8M T-hangar at the airport utilizing federal funding. The hangar spaces are fully rented. The airport plays an important role in supporting industry as it is one of 25 key systems airports in the State of Minnesota.

### **Long-term Financial Planning**

Assigned and unassigned fund balance in the general fund is within the recommendation by the Office of the State Auditor. It is recommended that the City maintain a balance between thirty and fifty percent of next year's expenditure.

Included as part of the City's guiding principles are to exercise fiscal responsibility by ensuring the best use of tax dollars; empower employees and boards of the City of Owatonna to perform their duties with efficiency, quality, and the highest regard for the public trust; and accept only the highest standard of legal and ethical behavior by all who are elected or appointed to public office.

### **Major Initiatives**

City Council Members and Department Directors met, reviewed, and revised the City's three-year strategic plan for the City of Owatonna. After a thorough review of the existing objectives and progress made to date, a revised plan was developed. Key focus areas were reviewed and confirmed for the next three-year period. The strategic objectives for 2024-2026 include infrastructure, economic vitality, quality of life and efficient, effective government.

### Infrastructure

The objective identified was to develop and implement fiscal sustainability policies to support core services that proactively ensure the health, safety, and welfare of our citizens: A priority in 2022 was to review the current condition/uses of key buildings and space needs. A building task force was formed to help determine the most cost-effective manner to proceed with the upcoming CIP projects. The next steps will be prioritization of all City CIP projects which include facilities, equipment, and transportation over the next ten years. A funding plan will also be developed. One project that started in 2022 was the city council chamber renovation. This project had been discussed for many years and in 2015 the council began to set funds aside for the remodel. The plans and project goals were defined, and preliminary plans developed. When completed, the newly remodeled space will have improved handicapped accessibility, upgraded audio and video quality, repaired foundation wall and enhanced building security and safety features.

The growth in our community is driving the need to expand the wastewater plant's operating capacity. Consequently, the City awarded the \$55M contract for construction to Rice Lake Construction Group and in July, the city broke ground on the project. Plans include increasing the capacity from 5.0 million gallons per day (MGD) to 9.1 MGD. The city has also continued its sanitary sewer-lining program implemented in 2013 by completing 11,593 linear feet of sewer lining in 2022. This important program reduces the amount of inflow and infiltration (I & I) from entering the sanitary sewer system. Reducing I&I secures the WWTP capacity for treatment of sanitary waste and prolongs the timeframe for a capacity expansion of the facility. The city also completed sewer televising as needed. The City completes routine maintenance of sewer lines to include cleaning at least 20% of the system.

Another major capital project completed in 2022 was the Linn Street reconstruction and replacement of water main and storm sewer structures. It includes a new multi-purpose asphalt trail with pedestrian ramp and driveway crossing. Selby Ave had a full depth reconstruction and Truman Ave work was completed. The City worked in collaboration with Steele County to complete maintenance and upgrades to 11 signal systems within the City of Owatonna. The city is updating the Stormwater management plan from 2006 to ensure it addresses new regulatory standards, includes pollutant load modeling/assessment and provides for a stormwater resiliency plan.

### Economic Vitality

This key focus area supports economic development efforts through collaboration with city enterprises, other public entities, Owatonna Partners for Economic Development (OPED) and private entities that attract, retain, and create quality jobs to ensure a diverse economic base, a resilient and growing tax base, and thriving neighborhoods. As detailed previously, staff assisted in expansion projects for industry and redevelopment projects impacting downtown commercial and multifamily housing options. The revitalization of downtown through investments made in the streetscape and other redevelopment projects has resulted in additional interest and development in the downtown area. Monson Eye Clinic began construction of their new facility downtown. The City partnered with Redline Development to redevelop underutilized city owned property along the riverfront within downtown. The plans include an expansion of Mineral Springs Brewery which will triple the size of their current space. There is also an additional 23,000 square feet of commercial space, a new bank building and 70 luxury apartments on the upper level. The city, working in partnership with the Chamber of Commerce, hired a full-time Main Street Director. Other investments downtown include \$100,000 in forgivable loans from the EDA for downtown building improvements.

### Quality of Life

The objective is to maximize resources that provide quality of life city services and programs, including safety and security, adherence to the city services and economic vitality goals, enhancing conveniences for our citizens, and providing the art, cultural and recreational amenities befitting the size and geographic location of Owatonna. The City made great progress towards completion of master park plans for Kaplan's Woods/Lake Kohlmier and Morehouse Park. Significant community engagement was a part of the process.

These plans will help guide the future development of these key parks and allow further grant opportunities. Additional Park land was purchased near Mineral Springs Park and three lots at 11<sup>th</sup> Street and Elm. Senior listening sessions and a survey were conducted to gain insight into program needs. New neighborhood ice skating rinks were installed and were heavily utilized. The library received a \$30K T-Mobile hometown grant for the creation of a maker space which will include a laser cutter, 3D printer and podcasting equipment.

Another critical component of quality of life must be safety and security. The city has the lowest crime rate in the region and 4<sup>th</sup> among group IV cities in the State. The police department continues to play an active role in the community through a variety of events both large and small. From stopping at a child's lemonade stand to creating a citizen's academy, OPD is intentional about looking for positive interactions with the public. The Fire department protects the community and properties from fire and works hard to prevent fires before they happen through code inspection and safety education. Two full-time fire equipment operators were hired along with five paid-on-call firefighters.

### *Efficient Effective Government*

This key focus area seeks to provide an innovative, efficient, and customer-focused government working collaboratively; attract, develop, and retain a high performing municipal workforce: City government is a service-based industry and high performing, and well-trained employees are a critical component to our success. The city wants to create a culture of efficiency and continuous improvement. As a result, the city partnered with Employee Strategies to conduct a workplace culture assessment and blueprinting process. This allowed staff to develop a three-year plan to improve and enhance the City's workplace culture. Another key activity that has improved efficiency and effectiveness is the continued implementation of Open Gov software. The 2023 budget was prepared utilizing the new software and offered a number of efficiencies and greater transparency. Citizen Services provides online permits from engineering, public works, fire, nuisance complaints and planning and zoning. This new software, Open Gov, touches all departments of the city. It provides better business processes, more efficient workflows, internal controls, and budget monitoring. To enhance customer focus, the city developed a robust communication strategy including adoption of a comprehensive communication plan and launched a community newsletter. Social media is utilized following a consistent message and strategy. The city began production of "City Spotlight" video program. A communication task force was also formed to share relevant information about city projects and services. City council meetings are live streamed and future plans are to include an on-demand page on the website for city programming. The city wants to encourage active engagement and communication with its citizens.

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Owatonna for its annual comprehensive financial report for the fiscal year ended December 31, 2021. This was the eleventh year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration department. Credit is also due to the auditing firm of CliftonLarsonAllen, LLP for their valuable contributions and advice. I would also like to thank the Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Owatonna's finances.

Respectfully submitted,



Kris M. Busse  
City Administrator



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Owatonna  
Minnesota**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2021

*Christopher P. Morill*

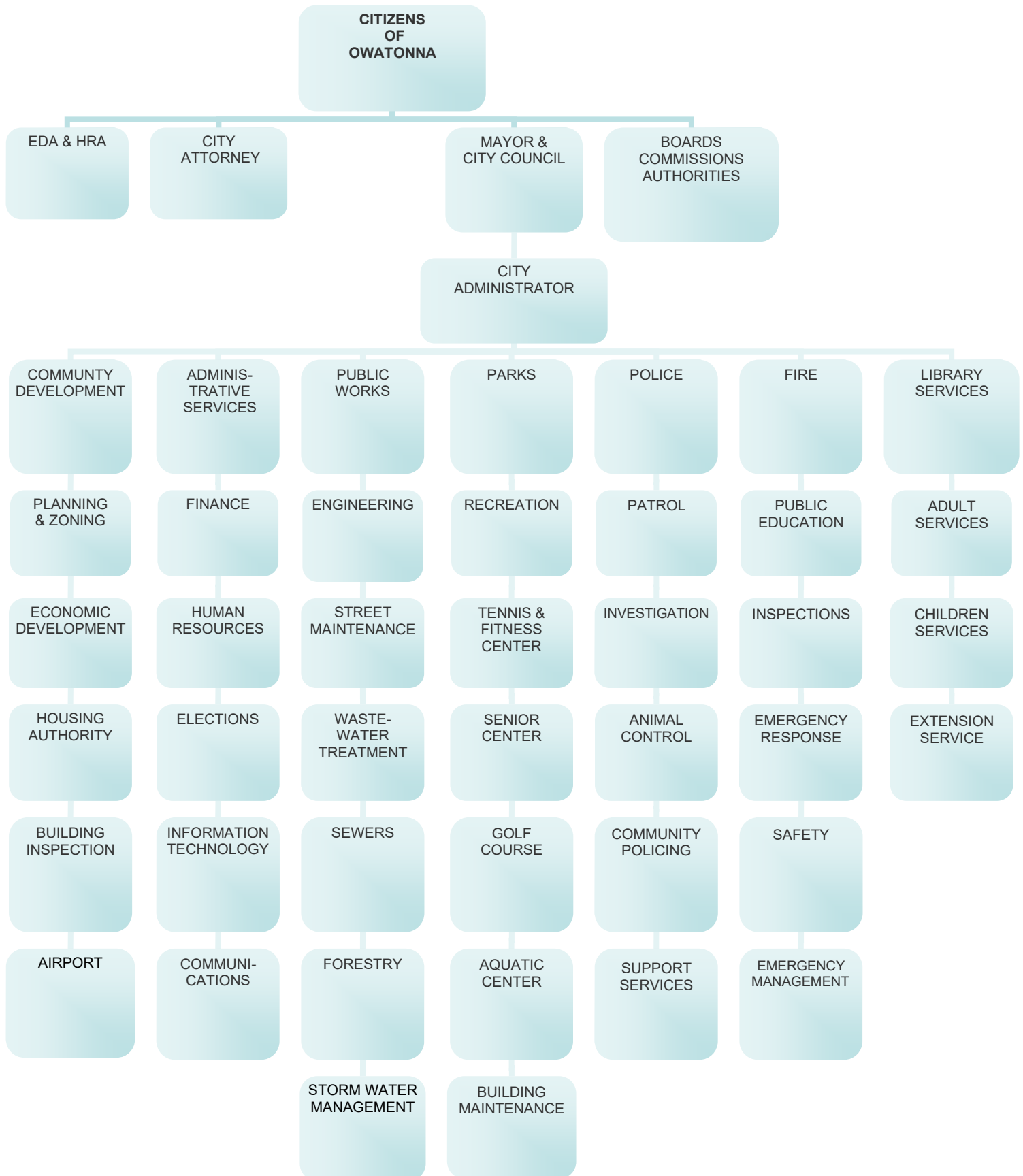
Executive Director/CEO



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# City of Owatonna, Minnesota

## Organization Chart



# City of Owatonna, Minnesota

## Elected and Appointed Officials

December 31, 2022

---

### ***City Council:***

Thomas A. Kuntz

Doug Voss

Dan Boeke

Nathan Dotson

Greg Schultz

Dave Burbank

Kevin Raney

Brent Svenby

Mayor

Council member at large

Council member at large

Council member First Ward

Council member Second Ward

Council member Third Ward

Council member Fourth Ward

Council member Fifth Ward

### ***City Officials:***

Kris Busse

Sean Murphy

Jeff Mundale

Rhonda Moen

Ed Hoffman

Troy Klecker

Jenna Tuma

Emily Thamert

Ryan Brown

Mark Blando

Mark M. Walbran

City Administrator

City Engineer/Director of Public Works

Chief of Police

Finance Director

Fire Chief

Director of Community Development

Director of Parks & Recreation

Director of Human Resources

Director of Information Technology

Library Director

City Attorney

## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and  
Members of the City Council  
City of Owatonna

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Owatonna, Minnesota (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2022, and the respective changes in financial position, budgetary comparison for the General Fund, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Owatonna Public Utilities, a blended business-type component unit, which represents 67% and 92%, respectively, of the total assets, and revenues of the business-type activities as of December 31, 2022, and the respective changes in net position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Owatonna Public Utilities, is based solely on the report of the other auditors.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Changes in Total OPEB Liability and Related Ratios, Schedule of Proportionate Share of the Net Pension Liability, Schedule of City Contributions, and Schedule of Changes in Net Pension Asset and Related Ratios – Relief Association be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining statements of nonmajor governmental funds and schedules of capital assets used in the operation of governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining statements of nonmajor governmental funds and schedules of capital assets used in the operation of governmental funds is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

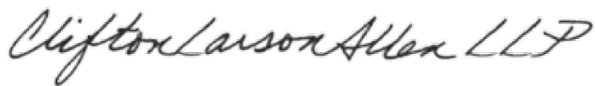
Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Honorable Mayor and  
Members of the City Council  
City of Owatonna

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Austin, Minnesota  
May 22, 2023

## Management's Discussion and Analysis

This discussion and analysis is intended to be an easily readable analysis of the City of Owatonna's (City) financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the Transmittal Letter found on pages 1-6 and with the financial statements that follow.

### Financial Highlights

- The assets and deferred outflows of resources of the City of Owatonna exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$276,360,435 (net position). Of this amount, \$46,466,047 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$11,106,955.
- As of the end of the current fiscal year, the City of Owatonna's governmental funds reported combined ending fund balances of \$27,520,026, a decrease of \$1,916,824 from the previous year. Over 67% of this amount, \$18,622,775, is available for spending at the government's discretion (assigned, committed and unassigned fund balance).
- At the end of the current fiscal year, the assigned, committed and unassigned fund balance for the general fund was \$12,184,458, or 54.8% of total general fund expenditures for 2022.
- The City of Owatonna's long-term liabilities remained comparable to prior year with no new debt being issued in 2022. There was an increase in the City's proportionate share of the pension liability.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Owatonna's basic financial statements. The City of Owatonna's basic financial statements are comprised of three components:

- 1) Government-wide financial statements
- 2) Fund financial statements
- 3) Notes to the financial statements

This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide statements are designed to provide readers with a broad overview of the City of Owatonna's finances, in a manner similar to private sector business.

- The Statement of Net Position presents information on all of the City of Owatonna's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the differences between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Owatonna is improving or deteriorating.

- The Statement of Activities presents information showing how the City's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. uncollected taxes and earned, but unused absences).

Both of the government-wide financial statements distinguish functions of the City of Owatonna that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Owatonna include general government, public safety, public works, culture and recreation, and housing and economic development. The business-type activities of the City of Owatonna include a sewer utility, storm water utility, and a municipal electric, water, and gas utility. The electric, water and gas utility, comprising the Owatonna Public Utilities, are under the direction of their Board of Commissioners.

The government-wide financial statements include not only the City of Owatonna itself (known as the primary government), but also a legally separate Housing and Redevelopment Authority (HRA) and Economic Development Authority (EDA) for which the City of Owatonna is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 28-31 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Owatonna, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Owatonna can be divided into two categories, governmental funds and proprietary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities, in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental functions and governmental activities.

The City of Owatonna maintains 30 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, the capital projects fund and the ARPA fund, all of which are considered major funds. Data from the other 26 funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.



The City of Owatonna adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 34-43 of this report.

**Proprietary funds.** The City of Owatonna maintains five different proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Owatonna uses enterprise funds to account for its sewer utility, storm water utility, electric, water and gas utilities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Owatonna's various functions. The City of Owatonna uses internal service funds to account for its risk management program and its vehicle replacement program. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer fund, storm water fund, and the municipal electric, water, and gas funds, which are considered to be major funds of the City of Owatonna.

The basic proprietary fund financial statements can be found on pages 44-49 of this report.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 51-93 of this report.

**Other information.** Readers desiring additional information on nonmajor funds can find it in the Combining Statements of Nonmajor Funds section of this report. Completing the financial section of the report are schedules on capital assets and other financial schedules. Finally, the statistical section presents trend information, revenue capacity information, debt capacity information, demographics and economic information, and operating information.

## **City as a Whole**

### *Government-wide Financial Statements*

Net Position serves as a useful indicator of a government's financial position. For the City of Owatonna, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$276.3 million at the end of the current year. The largest portion of the City's net position are invested in capital assets (e.g. land, building, equipment and streets) and reported net of related outstanding debt (\$218.3 million, or 79.0%). The City uses these capital assets to provide services to its citizens; thus they do not represent resources available for future spending. An additional portion of the City of Owatonna's net position (\$11.5 million or 4.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$46.5 million or 16.8%) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Owatonna is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The City's financial position improved during 2022 with their net position increasing by \$11.1 million from \$265.2 million to \$276.3 million.

A condensed version of the Statement of Net Position at December 31, 2022 follows:

| <b>Net Position at Year-end</b><br>(in millions) |                            |                |                             |                |                     |
|--------------------------------------------------|----------------------------|----------------|-----------------------------|----------------|---------------------|
|                                                  | Governmental<br>Activities |                | Business-type<br>Activities |                | Total<br>Government |
|                                                  | 2022                       | 2021           | 2022                        | 2021           | 2022                |
| Cash and investments                             | \$32.2                     | \$30.7         | \$40.1                      | \$45.1         | \$72.3              |
| Other assets                                     | 8.2                        | 10.2           | 13.5                        | 12.6           | 21.7                |
| Capital assets                                   | 101.9                      | 98.4           | 134.9                       | 118.7          | 236.8               |
| Total assets                                     | <u>142.3</u>               | <u>139.3</u>   | <u>188.5</u>                | <u>176.4</u>   | <u>330.8</u>        |
| Deferred outflows<br>of resources                | <u>12.2</u>                | <u>7.2</u>     | <u>1.9</u>                  | <u>2.7</u>     | <u>14.1</u>         |
| Other liabilities                                | 5.5                        | 7.0            | 9.6                         | 8.4            | 15.1                |
| Long term outstanding                            | <u>37.2</u>                | <u>21.7</u>    | <u>12.4</u>                 | <u>9.3</u>     | <u>49.6</u>         |
| Total liabilities                                | <u>42.7</u>                | <u>28.7</u>    | <u>22.0</u>                 | <u>17.7</u>    | <u>64.7</u>         |
| Deferred inflows<br>of resources                 | <u>1.7</u>                 | <u>10.5</u>    | <u>2.2</u>                  | <u>3.5</u>     | <u>3.9</u>          |
| Net position:                                    |                            |                |                             |                |                     |
| Net investment in<br>capital assets              | 87.0                       | 82.1           | 131.3                       | 113.8          | 218.3               |
| Restricted                                       | 11.5                       | 13.6           |                             |                | 11.5                |
| Unrestricted                                     | <u>11.6</u>                | <u>11.6</u>    | <u>34.9</u>                 | <u>44.1</u>    | <u>46.5</u>         |
| Total net position                               | <u>\$110.1</u>             | <u>\$107.3</u> | <u>\$166.2</u>              | <u>\$157.9</u> | <u>\$276.3</u>      |

**Governmental activities.** Governmental activities provided a \$2.8 million increase to the City's net position. Tax revenue increased due to a 9.5% levy increase for 2022.

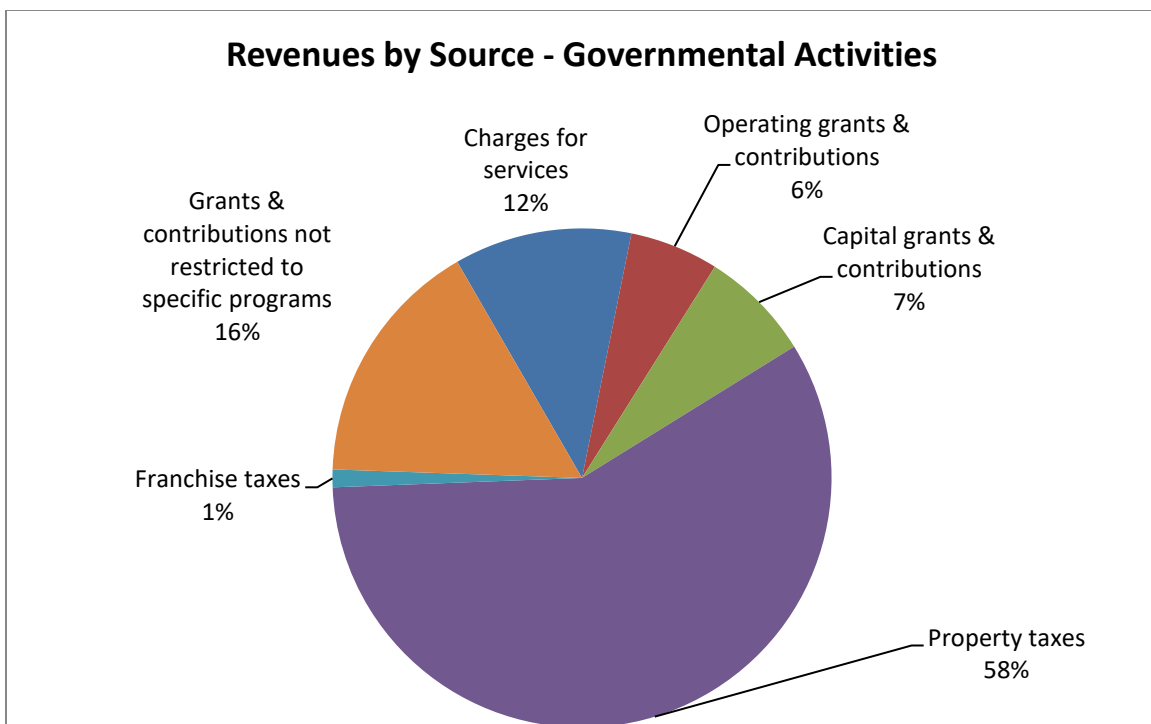
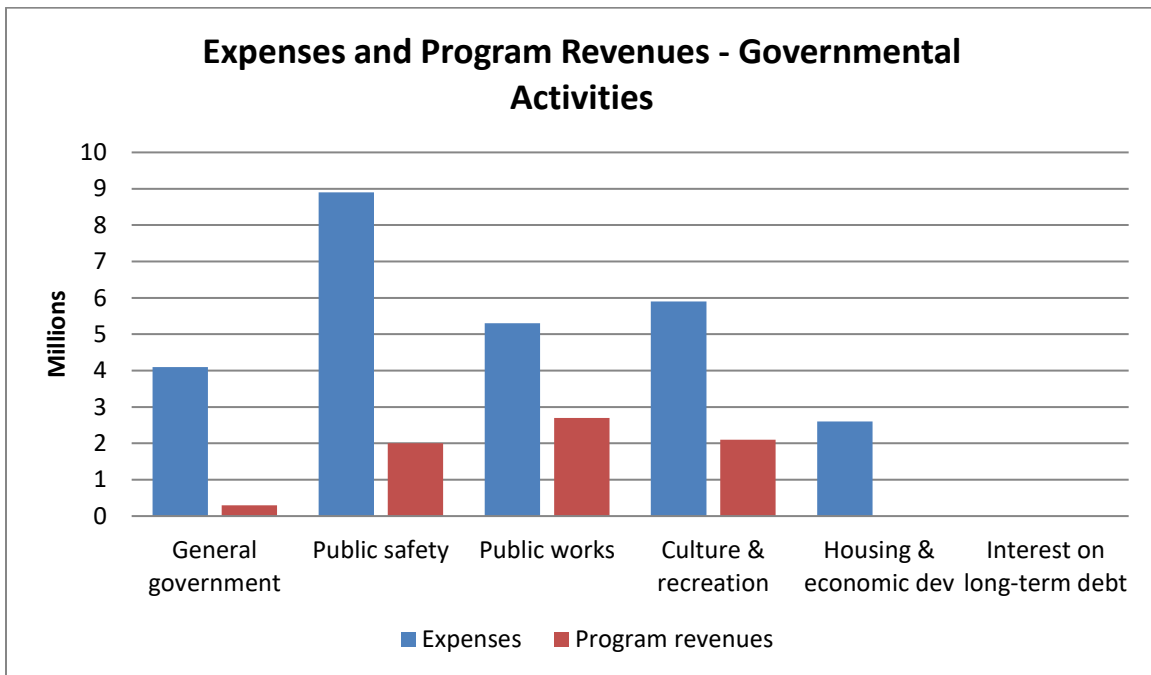
A condensed version of the Statement of Activities follows:

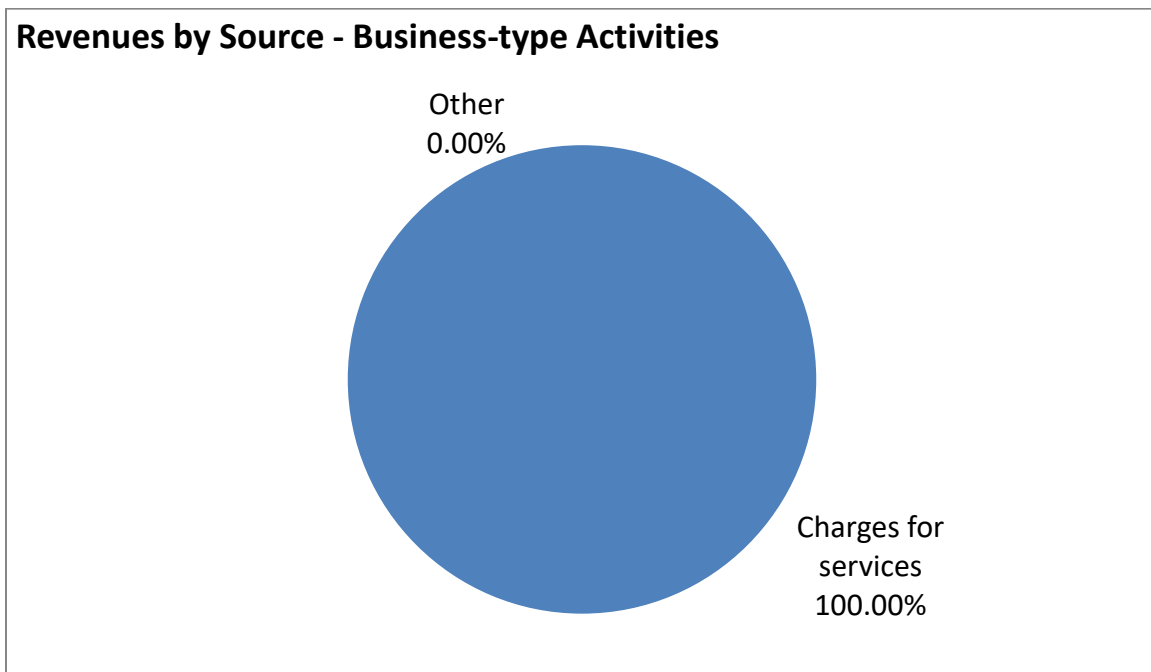
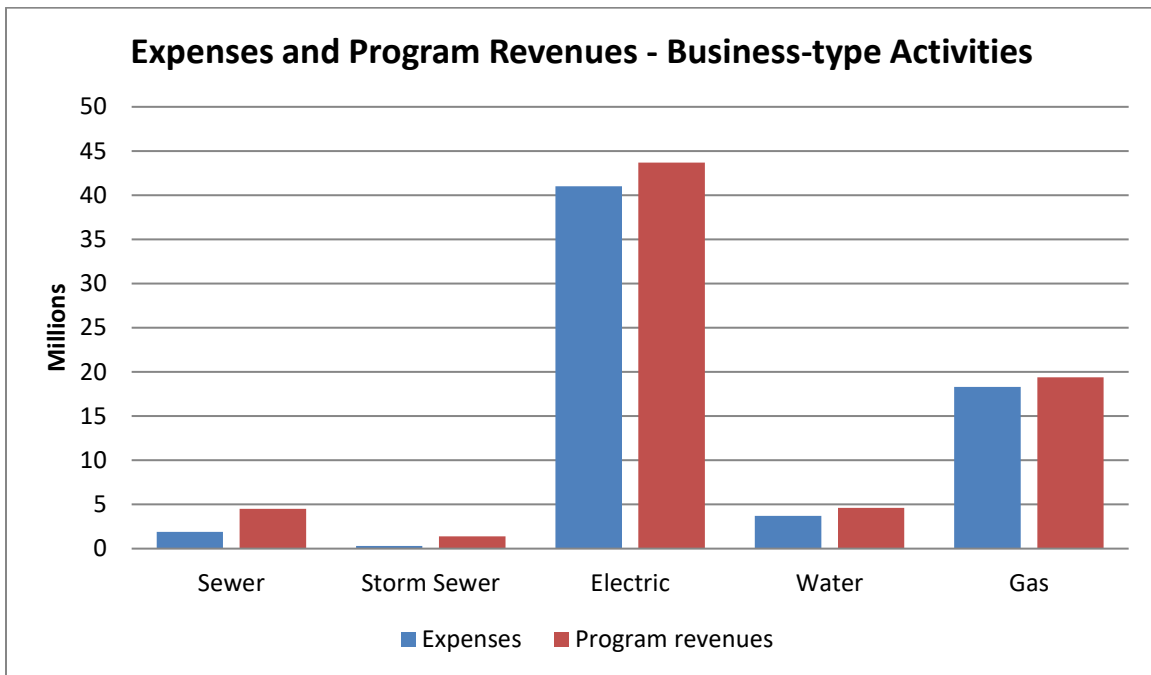
**Governmental and Proprietary Activities**  
**For the year ended December 31, 2022**  
(in millions)

|                                         | Governmental<br>Activities |                | Business-type<br>Activities |                | Total<br>Government |
|-----------------------------------------|----------------------------|----------------|-----------------------------|----------------|---------------------|
|                                         | 2022                       | 2021           | 2022                        | 2021           | 2022                |
| Revenues                                |                            |                |                             |                |                     |
| Program revenues                        |                            |                |                             |                |                     |
| Charges for services                    | \$3.4                      | \$2.8          | \$73.7                      | \$76.5         | \$77.1              |
| Grants and contributions                |                            |                |                             |                |                     |
| Operating                               | 1.7                        | 1.7            |                             |                | 1.7                 |
| Capital                                 | 2.1                        | 7.3            |                             |                | 2.1                 |
| General revenues                        |                            |                |                             |                |                     |
| Taxes                                   | 17.6                       | 15.1           | .3                          | .3             | 17.9                |
| Lease revenues                          |                            |                | .3                          |                | .3                  |
| Interest                                | (.7)                       |                | (.3)                        | .3             | (1.0)               |
| Sale of capital assets                  |                            |                | .1                          | (1.6)          | .1                  |
| Grants and contributions                | 4.8                        | 4.8            |                             |                | 4.8                 |
| Total revenues                          | <u>28.9</u>                | <u>31.7</u>    | <u>74.1</u>                 | <u>75.5</u>    | <u>103.0</u>        |
| Expenses                                |                            |                |                             |                |                     |
| General government                      | 4.1                        | 3.5            |                             |                | 4.1                 |
| Public safety                           | 8.9                        | 6.8            |                             |                | 8.9                 |
| Public works                            | 5.3                        | 7.7            |                             |                | 5.3                 |
| Culture and recreation                  | 5.9                        | 5.0            |                             |                | 5.9                 |
| Housing & economic dev                  | 2.6                        | 1.5            |                             |                | 2.6                 |
| Miscellaneous                           |                            |                |                             |                |                     |
| Interest on long-term debt              |                            | .4             |                             |                |                     |
| Sewer                                   |                            |                | 1.9                         | 2.5            | 1.9                 |
| Storm water                             |                            |                | .3                          | .6             | .3                  |
| Electric                                |                            |                | 40.9                        | 40.0           | 40.9                |
| Water                                   |                            |                | 3.7                         | 3.6            | 3.7                 |
| Gas                                     |                            |                | 18.3                        | 22.2           | 18.3                |
| Total expenses                          | <u>26.8</u>                | <u>24.9</u>    | <u>65.1</u>                 | <u>68.9</u>    | <u>91.9</u>         |
| Excess (deficiency)<br>before transfers | 2.1                        | 6.8            | 9.0                         | 6.6            | 11.1                |
| Transfers                               | .7                         | (.7)           | (.7)                        | .7             |                     |
| Change in net position                  | 2.8                        | 6.1            | 8.3                         | 7.3            | 11.1                |
| Beginning net position                  | 107.3                      | 101.2          | 157.9                       | 150.6          | 265.2               |
| Ending net position                     | <u>\$110.1</u>             | <u>\$107.3</u> | <u>\$166.2</u>              | <u>\$157.9</u> | <u>\$276.3</u>      |

**Business-type activities.** Business-type activities provided a \$8.3 million increase to the City's total net position. Key elements of this increase are as follows:

- \$5.0 million increase is attributable to the operations of the municipal electric, gas, and water utilities. This is a decrease from previous year. The electric and gas utilities can vary significantly depending on weather conditions.
- The Sewer fund had a gain from operations of \$2.0 million which is nearly double the amount from the previous year. This is attributed to the City changing their depreciation estimate that no longer automatically takes a half year of depreciation, but rather depreciates based on the month the asset was added.
- The Storm Water fund had a gain from operations of \$1.3 million which is a decrease from previous years. This fund has started to finance it's own capital improvements rather than receive them as a contribution from governmental activities.





## Financial Analysis of the Government's Funds

As noted earlier, the City of Owatonna uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City of Owatonna's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Owatonna's financing requirements. In particular, the City's assigned and unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Owatonna's governmental funds reported combined ending fund balances of \$27.5 million, a \$1.9 million decrease from the prior year. Over half of this total amount (\$18.6 million) constitutes assigned, committed and unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is not available for new spending because it is already either in nonspendable form, or restricted for 1) various capital projects (\$2.4 million), or 2) debt service (\$5.6 million), or 3) a variety of other restricted purposes (\$0.9 million).

The general fund is the chief operating fund of the City of Owatonna. At the end of the current fiscal year, assigned and unassigned fund balance of the general fund was \$12.2 million, while total fund balance was \$12.5 million. As a measure of the general fund's liquidity, it may be useful to compare assigned and unassigned fund balance and total fund balance to total fund expenditures for 2022. Assigned and unassigned fund balance represents 54.8% of total general fund expenditures, while total fund balance represents 56.0% of that same amount.

The fund balance of the City of Owatonna's general fund increased by \$0.3 million during the current fiscal year. The key factors in this increase was staff vacancies in several departments in 2022.

The debt service fund has a fund balance of \$5.6 million, all of which is restricted for the payment of debt service. There was a decrease of \$0.2 million in fund balance during the year. The government collected \$1.5 million in debt service levy and \$0.6 million in assessments. \$1.7 million in debt was retired in 2022 plus \$0.5 million in interest costs. The debt service fund received a transfer of \$0.1 million from a non-major governmental fund which represented tax increment collected for the purpose of paying TIF bonds.

The capital projects fund has a fund balance of \$8.8 million, of which \$1.5 million is restricted for specific capital projects, \$5.8 million has been assigned for future capital projects and the council has committed \$1.4 million for specific capital projects. There was a decrease of \$2.2 million in fund balance during the current year. This decrease was due to the City issuing bonds for projects in 2021 that were completed during the current year.

The ARPA fund has a fund balance of \$0. The City received \$2.8 million in grant funds in 2021 and 2022, of which \$2.3 million was considered unearned as of the end of the year.

There was a decrease of \$0.1 million in fund balance for the nonmajor governmental funds in 2022. This was due to maintenance costs being paid out of these funds in 2022.

**Proprietary funds.** The City of Owatonna's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position at the end of the year was \$6.7 million for the sewer fund, \$3.8 million for the storm water fund, \$24.5 million for the municipal electric, water and gas utilities. The total change in net position was \$2.0 million for the sewer fund, \$1.3 million for the storm water fund, \$5.0 million for the municipal electric, water and gas utilities. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Owatonna's business-type activities.



## **Budgetary Highlights**

The current year budget included revenues equal to expenditures for the general fund. Actual expenditures were within the budgeted amount. Additional information on the budget can be found in note III.A. on page 60 of the basic financial statements.

## **Capital Assets and Debt Administration**

**Capital Assets.** The City of Owatonna's investment in capital assets for its governmental and business-type activities as of December 31, 2022, amounts to \$236.8 million (net of accumulated depreciation). This investment in capital assets includes land and other rights, building, improvements, equipment, park facilities, roads, bridges, and utility systems. The total increase in the City of Owatonna's investment in capital assets for the current fiscal year was 9.1% (a 3.6% increase for governmental activities and a 13.6% increase for business-type activities).

Major capital asset events during the current year included the following:

- Vehicle acquisitions of \$1.1 million.
- Street reconstruction projects included the federally funded Bridge Street project, Truman Avenue and the Cedar Avenue streetscape project. These projects were started in 2021 and completed in 2022.
- The expansion of the WWTP began in 2022, resulting in \$13.7 million in construction in progress. This project is expected to take three years to complete.
- Various system improvements were completed for the municipal water, electric and gas utilities at cost of \$5.2 million.

**Capital Assets at Year-end**  
(in millions)

|                          | Governmental<br>Activities |               | Business-type<br>Activities |                | Totals         |                |
|--------------------------|----------------------------|---------------|-----------------------------|----------------|----------------|----------------|
|                          | 2022                       | 2021          | 2022                        | 2021           | 2022           | 2021           |
| Land and other rights    | \$9.0                      | \$9.0         | \$5.7                       | \$4.8          | \$14.7         | \$13.8         |
| Buildings                | 28.1                       | 26.1          | 47.7                        | 47.6           | 75.8           | 73.7           |
| Improvements             | 1.7                        | 1.7           |                             |                | 1.7            | 1.7            |
| Equipment                | 18.4                       | 17.9          | 18.6                        | 18.3           | 37.0           | 36.2           |
| Infrastructure           | 132.0                      | 127.2         | 126.1                       | 118.9          | 258.1          | 246.1          |
| Construction in Progress | .3                         | 3.3           | 18.4                        | 8.0            | 18.7           | 11.3           |
| Subtotal                 | 189.5                      | 185.2         | 216.5                       | 197.6          | 406.0          | 382.8          |
| Accumulated depreciation | 87.6                       | 86.8          | 81.6                        | 78.9           | 169.2          | 165.7          |
| Capital assets, net      | <u>\$101.9</u>             | <u>\$98.4</u> | <u>\$134.9</u>              | <u>\$118.7</u> | <u>\$236.8</u> | <u>\$217.1</u> |

Additional information on the City's capital assets can be found in note IV.E. on pages 70-71 of the basic financial statements.

**Long-term Debt.** At year-end, the City had \$17.1 million in bonds and notes outstanding. There was no debt issued in 2022. There was a total of \$2.6 million in debt retired during the year.

**Debt Outstanding at Year-end**  
(in millions)

|                          | Governmental<br>Activities |               | Business-type<br>Activities |              | Totals        |               |
|--------------------------|----------------------------|---------------|-----------------------------|--------------|---------------|---------------|
|                          | 2022                       | 2021          | 2022                        | 2021         | 2022          | 2021          |
| G.O. Bonds               | \$8.3                      | \$8.9         |                             |              | \$8.3         | \$8.9         |
| G.O. Improvement Bonds   | 4.4                        | 5.3           |                             |              | 4.4           | 5.3           |
| G.O. Tax Increment Bonds | .3                         | .4            |                             |              | .3            | .4            |
| G.O. Revenue Bonds       |                            |               | \$2.4                       | \$2.8        | 2.4           | 2.8           |
| Revenue Bonds            |                            |               | 1.7                         | 2.3          | 1.7           | 2.3           |
| Total bonds payable      | <u>\$13.0</u>              | <u>\$14.6</u> | <u>\$4.1</u>                | <u>\$5.1</u> | <u>\$17.1</u> | <u>\$19.7</u> |

The City's bond rating is Aa2 from Moody's Investor Services. Other obligations include compensated absences. More detailed information on the City's long-term liabilities is presented in note IV.G. on pages 72-75 of the basic financial statements.

## **Economic Factors and Next Year's Budgets and Rates**

- The impacts of inflation have impacted the cost of City operations.
- The State of Minnesota legislature attempts to reach an agreement on the funding level of LGA on an annual basis. This has proven to be a contentious issue each legislative session and has a potential to be at risk due to the pandemic as the State's total revenues have been greatly impacted. The uncertainty of future LGA funding levels does create a challenge.
- The City of Owatonna has established a building maintenance fund in order to address the maintenance needs of the many buildings the City owns. The funding for this began in 2018.
- The City of Owatonna has seen its population increase 15.5% since the 2000 census.
- The City of Owatonna was at record low local unemployment rates prior to the pandemic. Development activity has remained busy and it is assumed employment numbers will bounce back as well.

Unrestricted fund balance in the general fund is within the recommendation by the Office of the State Auditor. It is recommended that the City maintain a balance between thirty and fifty percent of fund operating revenues or no less than 5 months of operating expenditures. The committed, assigned and unassigned fund balance of the general fund, which is the equivalent of "unrestricted fund balance" at the end of the current fiscal year equaled 49.5% of next years' budgeted expenditures.

## **Financial Contact**

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, please contact the City's Finance Director at 540 West Hills Circle, Owatonna, Minnesota 55060.

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## **BASIC FINANCIAL STATEMENTS**

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**CITY OF OWATONNA, MINNESOTA**  
**Statement of Net Position**  
December 31, 2022

|                                       | <b>Primary Government</b>      |                                 |                    | <b>Component Units</b>                        |                                        |
|---------------------------------------|--------------------------------|---------------------------------|--------------------|-----------------------------------------------|----------------------------------------|
|                                       | <b>Governmental Activities</b> | <b>Business-type Activities</b> | <b>Total</b>       | <b>Housing &amp; Redevelopment Activities</b> | <b>Economic Development Activities</b> |
| <b>ASSETS</b>                         |                                |                                 |                    |                                               |                                        |
| Cash and cash equivalents             | \$12,782,114                   | \$13,245,971                    | \$26,028,085       | \$440,187                                     | \$323,151                              |
| Investments                           | 19,385,247                     | 26,941,410                      | 46,326,657         |                                               | 1,300,000                              |
| Interest receivable                   | 71,164                         |                                 | 71,164             |                                               | 88                                     |
| Taxes receivable - delinquent         | 275,682                        |                                 | 275,682            | 3,588                                         |                                        |
| Accounts receivable                   | 139,342                        | 8,396,741                       | 8,536,083          |                                               | 22,648                                 |
| Assessments receivable                | 2,561,571                      | 10,655                          | 2,572,226          |                                               |                                        |
| Due from other governments            | 1,690,890                      |                                 | 1,690,890          | 34,562                                        |                                        |
| Due from component units              | 1,848                          |                                 | 1,848              |                                               |                                        |
| Inventories                           | 101,855                        | 1,502,087                       | 1,603,942          |                                               |                                        |
| Land held for resale                  |                                | 1,737,959                       | 1,737,959          | 184,208                                       | 2,286,193                              |
| Loans receivable                      | 275,269                        |                                 | 275,269            | 6,170                                         | 1,851,516                              |
| Prepaid items                         | 156,536                        |                                 | 156,536            |                                               |                                        |
| Internal balances                     | 878,700                        | (878,700)                       |                    |                                               |                                        |
| Restricted assets:                    |                                |                                 |                    |                                               |                                        |
| Cash and cash equivalents             |                                |                                 |                    | 24,054                                        |                                        |
| Lease receivable                      | 320,789                        | 2,016,756                       | 2,337,545          |                                               |                                        |
| Other assets                          |                                | 660,266                         | 660,266            |                                               |                                        |
| Net Pension Asset                     | 1,734,443                      |                                 | 1,734,443          |                                               |                                        |
| Capital assets:                       |                                |                                 |                    |                                               |                                        |
| Land and land rights                  | 8,990,764                      | 5,727,663                       | 14,718,427         |                                               | 508,251                                |
| Buildings                             | 28,175,859                     | 47,715,671                      | 75,891,530         | 52,000                                        |                                        |
| Improvements other than buildings     | 1,653,271                      |                                 | 1,653,271          |                                               |                                        |
| Equipment                             | 18,453,427                     | 18,630,104                      | 37,083,531         |                                               |                                        |
| Infrastructure                        | 131,978,174                    | 126,110,025                     | 258,088,199        |                                               |                                        |
| Construction in progress              | 272,324                        | 18,359,644                      | 18,631,968         |                                               |                                        |
| Less: accumulated depreciation        | (87,630,919)                   | (81,662,621)                    | (169,293,540)      | (20,356)                                      |                                        |
| Total assets                          | <u>142,268,350</u>             | <u>188,513,631</u>              | <u>330,781,981</u> | <u>724,413</u>                                | <u>6,291,847</u>                       |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b> |                                |                                 |                    |                                               |                                        |
| Pension related                       | 12,045,381                     | 1,951,688                       | 13,997,069         |                                               |                                        |
| Other post-empl benefits related      | 129,945                        | 23,129                          | 153,074            |                                               |                                        |
|                                       | <u>12,175,326</u>              | <u>1,974,817</u>                | <u>14,150,143</u>  |                                               |                                        |

|                                      |                      |                      |                      |                  |                    |
|--------------------------------------|----------------------|----------------------|----------------------|------------------|--------------------|
| <b>LIABILITIES</b>                   |                      |                      |                      |                  |                    |
| Accounts payable                     | \$1,652,730          | \$8,130,953          | \$9,783,683          | \$5,906          | \$90,001           |
| Retainage payable                    | 513,428              | 592,630              | 1,106,058            |                  |                    |
| Accrued wages                        | 521,133              | 340,646              | 861,779              |                  |                    |
| Accrued interest payable             | 150,826              | 28,516               | 179,342              |                  |                    |
| Deposits                             | 133,164              |                      | 133,164              | 24,054           |                    |
| Surcharges payable                   | 17,107               |                      | 17,107               |                  |                    |
| Unearned revenue                     | 2,429,964            | 557,531              | 2,987,495            | 3,000            |                    |
| Due to other governments             |                      |                      |                      | 3,646            |                    |
| Due to primary government            |                      |                      |                      |                  | 1,848              |
| Noncurrent liabilities:              |                      |                      |                      |                  |                    |
| Due within one year                  | 2,950,000            | 1,358,907            | 4,308,907            |                  |                    |
| Due in more than one year            | 12,628,340           | 4,252,433            | 16,880,773           |                  |                    |
| Accrued OPEB liability               | 774,438              | 244,855              | 1,019,293            |                  |                    |
| Net pension liability                | 20,885,886           | 6,572,061            | 27,457,947           |                  |                    |
|                                      |                      |                      |                      |                  |                    |
| Total liabilities                    | <u>42,657,016</u>    | <u>22,078,532</u>    | <u>64,735,548</u>    | <u>36,606</u>    | <u>91,849</u>      |
| <b>DEFERRED INFLOWS OF RESOURCES</b> |                      |                      |                      |                  |                    |
| Pension related                      | 888,143              | 166,428              | 1,054,571            |                  |                    |
| Other post-empl benefits related     | 428,287              | 56,464               | 484,751              |                  |                    |
| Lease receivable                     | 318,340              | 1,966,069            | 2,284,409            |                  |                    |
| Gain on bond refunding               |                      | 12,410               | 12,410               |                  |                    |
|                                      | <u>1,634,770</u>     | <u>2,201,371</u>     | <u>3,836,141</u>     |                  |                    |
| <b>NET POSITION</b>                  |                      |                      |                      |                  |                    |
| Net investment in capital assets     | 87,004,737           | 131,356,887          | 218,361,624          | 31,644           | 508,251            |
| Restricted for:                      |                      |                      |                      |                  |                    |
| Library Hunewill                     | 16,500               |                      | 16,500               |                  |                    |
| Library memorials                    | 575,500              |                      | 575,500              |                  |                    |
| Net pension asset                    | 1,734,443            |                      | 1,734,443            |                  |                    |
| Debt service                         | 7,596,555            |                      | 7,596,555            |                  |                    |
| Dam repair                           | 44,872               |                      | 44,872               |                  |                    |
| Grant projects                       | 21                   |                      | 21                   |                  |                    |
| Capital projects                     | 1,563,944            |                      | 1,563,944            |                  |                    |
| Housing programs                     |                      |                      |                      |                  |                    |
| Economic development                 | 929                  |                      | 929                  |                  | 5,601,591          |
| Unrestricted                         | 11,614,389           | 34,851,658           | 46,466,047           | 656,163          | 90,156             |
|                                      |                      |                      |                      |                  |                    |
| Total Net Position                   | <u>\$110,151,890</u> | <u>\$166,208,545</u> | <u>\$276,360,435</u> | <u>\$687,807</u> | <u>\$6,199,998</u> |

The notes to the basic financial statements are an integral part of this statement.

**CITY OF OWATONNA, MINNESOTA**  
**Statement of Activities**  
For the year ended December 31, 2022

| Functions/Programs                                           | Expenses            | Program Revenues           |                                          |                                        |
|--------------------------------------------------------------|---------------------|----------------------------|------------------------------------------|----------------------------------------|
|                                                              |                     | Charges<br>For<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |
| Governmental activities:                                     |                     |                            |                                          |                                        |
| General government                                           | \$4,066,030         | \$250,752                  | \$9,768                                  | \$107,831                              |
| Public safety                                                | 8,945,032           | 974,940                    | 998,082                                  |                                        |
| Public works                                                 | 5,314,296           | 668,318                    | 279,264                                  | 1,798,923                              |
| Culture and recreation                                       | 5,880,158           | 1,499,556                  | 421,814                                  | 241,365                                |
| Housing & economic development                               | 2,594,838           | 21,990                     |                                          |                                        |
| Interest on long-term debt                                   | 10,280              |                            |                                          |                                        |
| Total governmental activities                                | <u>26,810,634</u>   | <u>3,415,556</u>           | <u>1,708,928</u>                         | <u>2,148,119</u>                       |
| Business-type activities:                                    |                     |                            |                                          |                                        |
| Sewer                                                        | 1,866,594           | 4,453,045                  |                                          |                                        |
| Storm water                                                  | 281,138             | 1,420,412                  |                                          | 48,555                                 |
| Electric                                                     | 40,964,869          | 43,670,362                 |                                          |                                        |
| Water                                                        | 3,729,354           | 4,650,426                  |                                          |                                        |
| Gas                                                          | 18,304,396          | 19,437,918                 |                                          |                                        |
| Total business-type activities                               | <u>65,146,351</u>   | <u>73,632,163</u>          |                                          | <u>48,555</u>                          |
| Total primary government                                     | <u>\$91,956,985</u> | <u>\$77,047,719</u>        | <u>\$1,708,928</u>                       | <u>\$2,196,674</u>                     |
| Component Units:                                             |                     |                            |                                          |                                        |
| Housing & redevelopment authority                            | \$1,144,935         | \$49,516                   | \$1,004,143                              |                                        |
| Economic development authority                               | <u>664,617</u>      | <u>120,116</u>             |                                          |                                        |
| Component Unit                                               | <u>\$1,809,552</u>  | <u>\$169,632</u>           | <u>\$1,004,143</u>                       |                                        |
| General revenues:                                            |                     |                            |                                          |                                        |
| Property taxes                                               |                     |                            |                                          |                                        |
| Lodging tax                                                  |                     |                            |                                          |                                        |
| Franchise taxes                                              |                     |                            |                                          |                                        |
| Lease revenues                                               |                     |                            |                                          |                                        |
| Grants and contributions not restricted to specific programs |                     |                            |                                          |                                        |
| Unrestricted investment earnings (loss)                      |                     |                            |                                          |                                        |
| Gain on sale of capital assets                               |                     |                            |                                          |                                        |
| Transfers                                                    |                     |                            |                                          |                                        |
| Total general revenues and transfers                         |                     |                            |                                          |                                        |
| Change in net position                                       |                     |                            |                                          |                                        |
| Net position – beginning                                     |                     |                            |                                          |                                        |
| Net position – ending                                        |                     |                            |                                          |                                        |

The notes to the basic financial statements are an integral part of this statement.

**Net (Expense) Revenue and Changes in Net Position**

| Primary Government      |                          |               | Component Units                   |                                |
|-------------------------|--------------------------|---------------|-----------------------------------|--------------------------------|
| Governmental Activities | Business-type Activities | Total         | Housing & Redevelopment Authority | Economic Development Authority |
| \$(3,697,679)           |                          | \$(3,697,679) |                                   |                                |
| (6,972,010)             |                          | (6,972,010)   |                                   |                                |
| (2,567,791)             |                          | (2,567,791)   |                                   |                                |
| (3,717,423)             |                          | (3,717,423)   |                                   |                                |
| (2,572,848)             |                          | (2,572,848)   |                                   |                                |
| (10,280)                |                          | (10,280)      |                                   |                                |
| (19,538,031)            |                          | (19,538,031)  |                                   |                                |
|                         |                          |               |                                   |                                |
|                         | \$2,586,451              | \$2,586,451   |                                   |                                |
|                         | 1,187,829                | 1,187,829     |                                   |                                |
|                         | 2,705,493                | 2,705,493     |                                   |                                |
|                         | 921,072                  | 921,072       |                                   |                                |
|                         | 1,133,522                | 1,133,522     |                                   |                                |
|                         | 8,534,367                | 8,534,367     |                                   |                                |
|                         |                          |               |                                   |                                |
|                         |                          |               |                                   |                                |
|                         |                          |               | \$ (91,575)                       |                                |
|                         |                          |               |                                   | \$ (544,501)                   |
|                         |                          |               | (91,575)                          | (544,501)                      |
|                         |                          |               |                                   |                                |
| 17,275,038              | 311,853                  | 17,586,891    | 190,523                           | 190,000                        |
| 339,926                 |                          | 399,926       |                                   | 243,123                        |
|                         | 299,549                  | 299,549       |                                   |                                |
| 4,783,290               |                          | 4,783,290     |                                   |                                |
| (671,469)               | (291,116)                | (962,585)     | (8,897)                           | (39,618)                       |
|                         | 63,548                   | 63,548        |                                   |                                |
| 652,730                 | (652,730)                |               |                                   |                                |
| 22,379,515              | (268,896)                | 22,110,619    | 181,626                           | 393,505                        |
|                         |                          |               |                                   |                                |
| 2,841,484               | 8,265,471                | 11,106,955    | 90,051                            | (150,996)                      |
|                         |                          |               |                                   |                                |
| 107,310,406             | 157,943,074              | 265,253,480   | 597,756                           | 6,350,994                      |
|                         |                          |               |                                   |                                |
| \$110,151,890           | \$166,208,545            | \$276,360,435 | \$687,807                         | \$6,199,998                    |

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## **Major Funds**

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### **Governmental**

#### ***General Fund***

This fund accounts for the financial operations of the City that are not accounted for in any other fund. Principal sources of revenue are state and county shared revenue and property taxes.

#### ***Debt Service Fund***

This fund was established to account for the accumulation of special assessments levied against property for improvements which are a benefit to such property, the debt service tax levy for the non-assessable portion of projects, and any other source of funding related to debt service. These resources are used for the payment of principal and interest on the debt of the City.

#### ***Capital Projects Fund***

This fund was established to account for financial resources to be used for the acquisition or construction of major capital assets. This includes street improvement projects as well as capital asset purchases.

#### ***American Rescue Plan Act (ARPA) Fund***

This fund was established to account for financial resources received under the American Rescue Plan Act of 2022.

### **Proprietary**

The City's enterprise funds are used to account for self-supporting activities that render services to the general public on a user charge basis.

#### ***Sewer Fund***

This fund accounts for the income and expenses in the operation of the sanitary sewer collection function and wastewater treatment.

#### ***Storm Water Fund***

This fund accounts for the income and expenses in the operation of the storm water management function.

#### ***Electric Fund***

This fund accounts for the income and expenses in the operation of the electric distribution function.

#### ***Water Fund***

This fund accounts for the income and expenses in the operation of the water distribution function.

#### ***Gas Fund***

This fund accounts for the income and expenses in the operation of the gas distribution function.



**CITY OF OWATONNA, MINNESOTA**  
**Balance Sheet**  
**Governmental Funds**  
December 31, 2022

|                                                                               | <b>General<br/>Fund</b>    | <b>Debt<br/>Service<br/>Fund</b> | <b>Capital<br/>Projects<br/>Fund</b> |
|-------------------------------------------------------------------------------|----------------------------|----------------------------------|--------------------------------------|
| <b>ASSETS</b>                                                                 |                            |                                  |                                      |
| Cash                                                                          | \$6,630,676                | \$2,999,110                      | \$1,370,698                          |
| Investments                                                                   | 6,555,247                  | 2,500,000                        | 5,750,000                            |
| Interest receivable                                                           | 71,164                     |                                  |                                      |
| Taxes receivable – delinquent                                                 | 275,682                    |                                  |                                      |
| Accounts receivable                                                           | 135,559                    |                                  |                                      |
| Assessments receivable                                                        |                            | 2,260,823                        | 300,748                              |
| Due from other funds                                                          | 12,631                     |                                  | 702,753                              |
| Due from other governments                                                    | 308,025                    |                                  | 1,382,865                            |
| Lease receivable                                                              | 320,789                    |                                  |                                      |
| Inventories                                                                   | 101,855                    |                                  |                                      |
| Advance to other funds                                                        | 121,136                    |                                  | 831,932                              |
| Loans receivable                                                              |                            |                                  | 275,269                              |
| <b>Total assets</b>                                                           | <b><u>\$14,532,764</u></b> | <b><u>\$7,759,933</u></b>        | <b><u>\$10,614,265</u></b>           |
| <b>LIABILITIES</b>                                                            |                            |                                  |                                      |
| Accounts payable                                                              | \$791,602                  | \$754                            | \$573,632                            |
| Retainage payable                                                             |                            |                                  | 513,428                              |
| Accrued wages                                                                 | 521,133                    |                                  |                                      |
| Surcharges payable                                                            | 17,107                     |                                  |                                      |
| Deposits                                                                      | 133,164                    |                                  |                                      |
| Unearned revenue                                                              | 44,549                     |                                  | 51,000                               |
| Due to other funds                                                            | 3,192                      | 11,798                           |                                      |
| Advance from other funds                                                      |                            |                                  | 121,136                              |
| <b>Total liabilities</b>                                                      | <b><u>1,510,747</u></b>    | <b><u>12,552</u></b>             | <b><u>1,259,196</u></b>              |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                          |                            |                                  |                                      |
| Unavailable revenue                                                           | 251,356                    | 2,125,856                        | 581,441                              |
| Lease receivable                                                              | 318,340                    |                                  |                                      |
| <b>Total deferred inflows of resources</b>                                    | <b><u>569,696</u></b>      | <b><u>2,125,856</u></b>          | <b><u>581,441</u></b>                |
| <b>FUND BALANCES</b>                                                          |                            |                                  |                                      |
| <b>Fund Balances</b>                                                          |                            |                                  |                                      |
| Nonspendable:                                                                 |                            |                                  |                                      |
| Inventories                                                                   | 101,855                    |                                  |                                      |
| Advance to other funds                                                        | 121,136                    |                                  |                                      |
| Restricted for:                                                               |                            |                                  |                                      |
| Library Hunewill                                                              |                            |                                  |                                      |
| Library memorial                                                              |                            |                                  |                                      |
| Debt service                                                                  |                            | 5,621,525                        |                                      |
| Dam repair                                                                    | 43,997                     |                                  |                                      |
| Airport programs                                                              | 875                        |                                  |                                      |
| Grant projects                                                                |                            |                                  |                                      |
| Capital projects                                                              |                            |                                  | 1,534,503                            |
| Economic development                                                          |                            |                                  |                                      |
| Committed for:                                                                |                            |                                  |                                      |
| Capital projects                                                              |                            |                                  | 1,440,278                            |
| Assigned for:                                                                 |                            |                                  |                                      |
| Capital projects                                                              |                            |                                  | 5,798,847                            |
| Compensated absences/OPEB                                                     | 2,869,345                  |                                  |                                      |
| Unassigned                                                                    | 9,315,113                  |                                  |                                      |
| <b>Total fund balances</b>                                                    | <b><u>12,452,321</u></b>   | <b><u>5,621,525</u></b>          | <b><u>8,773,628</u></b>              |
| <b>Total liabilities, deferred inflows of<br/>resources and fund balances</b> | <b><u>\$14,532,764</u></b> | <b><u>\$7,759,933</u></b>        | <b><u>\$10,614,265</u></b>           |

The notes to the basic financial statements are an integral part of this statement.

| <b>ARPA<br/>Fund</b> | <b>Nonmajor<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|----------------------|--------------------------------------------|-----------------------------------------|
| \$373,146            | \$775,520                                  | \$12,149,150                            |
| 2,000,000            | 900,000                                    | 17,705,247                              |
|                      |                                            | 71,164                                  |
|                      |                                            | 275,682                                 |
|                      |                                            | 135,559                                 |
|                      |                                            | 2,561,571                               |
|                      |                                            | 715,384                                 |
|                      |                                            | 1,690,890                               |
|                      |                                            | 320,789                                 |
|                      |                                            | 101,855                                 |
|                      |                                            | 953,068                                 |
|                      |                                            | 275,269                                 |
| <u>\$2,373,146</u>   | <u>\$1,675,520</u>                         | <u>\$36,955,628</u>                     |
| \$4,682              | \$201,235                                  | \$1,571,905                             |
|                      |                                            | 513,428                                 |
|                      |                                            | 521,133                                 |
|                      |                                            | 17,107                                  |
|                      |                                            | 133,164                                 |
| 2,334,415            |                                            | 2,429,964                               |
|                      | 3,850                                      | 18,840                                  |
|                      | 831,932                                    | 953,068                                 |
| <u>2,339,097</u>     | <u>1,037,017</u>                           | <u>6,158,609</u>                        |
|                      |                                            | 2,958,653                               |
|                      |                                            | 318,340                                 |
|                      |                                            | <u>3,276,993</u>                        |
|                      |                                            | 101,855                                 |
|                      |                                            | 121,136                                 |
|                      | 16,500                                     | 16,500                                  |
|                      | 575,500                                    | 575,500                                 |
|                      |                                            | 5,621,525                               |
|                      |                                            | 43,997                                  |
|                      |                                            | 875                                     |
|                      | 21                                         | 21                                      |
|                      | 880,410                                    | 2,414,913                               |
|                      | 929                                        | 929                                     |
|                      |                                            | 1,440,278                               |
| 34,049               |                                            | 5,832,896                               |
|                      |                                            | 2,869,345                               |
|                      | (834,857)                                  | 8,480,256                               |
| <u>34,049</u>        | <u>638,503</u>                             | <u>27,520,026</u>                       |
| <u>\$2,373,146</u>   | <u>\$1,675,520</u>                         | <u>\$36,955,628</u>                     |

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**CITY OF OWATONNA, MINNESOTA**  
**Reconciliation of the Balance Sheet of**  
**Governmental Funds to the**  
**Statement of Net Position**  
December 31, 2022

|                                         |              |
|-----------------------------------------|--------------|
| Fund balance – total governmental funds | \$27,520,026 |
|-----------------------------------------|--------------|

Amounts reported for governmental activities in the  
Statement of Net Position are different because:

|                                                                                                                                               |            |
|-----------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Capital assets (net of depreciation) used in governmental activities are not financial resources and therefore are not reported in the funds. | 96,896,094 |
|-----------------------------------------------------------------------------------------------------------------------------------------------|------------|

|                                                                 |           |
|-----------------------------------------------------------------|-----------|
| Net Pension Asset is included in the Statement of Net Position. | 1,734,443 |
|-----------------------------------------------------------------|-----------|

|                                                                                                                     |            |
|---------------------------------------------------------------------------------------------------------------------|------------|
| Deferred pension outflows of \$12,045,381 and inflows of \$(888,143) are included in the Statement of Net Position. | 11,157,238 |
|---------------------------------------------------------------------------------------------------------------------|------------|

|                                                                                                                                        |           |
|----------------------------------------------------------------------------------------------------------------------------------------|-----------|
| Deferred other post-employment benefits outflows of \$129,945 and inflows of \$(428,287) are included in the Statement of Net Position | (298,342) |
|----------------------------------------------------------------------------------------------------------------------------------------|-----------|

|                                                                                                                                            |              |
|--------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| Long-term liabilities, including bonds payable, are not due and payable in the current period and are therefore not reported in the funds. | (37,389,490) |
|--------------------------------------------------------------------------------------------------------------------------------------------|--------------|

|                                                                                                                        |           |
|------------------------------------------------------------------------------------------------------------------------|-----------|
| Internal service fund assets and liabilities are included in governmental activities in the Statement of Net Position. | 7,573,268 |
|------------------------------------------------------------------------------------------------------------------------|-----------|

|                                                                                                                             |           |
|-----------------------------------------------------------------------------------------------------------------------------|-----------|
| Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds. | 2,958,653 |
|-----------------------------------------------------------------------------------------------------------------------------|-----------|

|                                         |                             |
|-----------------------------------------|-----------------------------|
| Net Position of Governmental Activities | <u><u>\$110,151,890</u></u> |
|-----------------------------------------|-----------------------------|

The notes to the basic financial statements are an integral part of this statement.

**CITY OF OWATONNA, MINNESOTA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
For the year ended December 31, 2022

|                                              | <b>General<br/>Fund</b>    | <b>Debt<br/>Service<br/>Fund</b> | <b>Capital<br/>Projects<br/>Fund</b> |
|----------------------------------------------|----------------------------|----------------------------------|--------------------------------------|
| <b>REVENUES</b>                              |                            |                                  |                                      |
| Taxes                                        | \$12,883,552               | \$1,523,313                      | \$703,135                            |
| Licenses and permits                         | 505,746                    |                                  |                                      |
| Intergovernmental revenue                    | 6,306,220                  |                                  | 1,201,118                            |
| Charges for service                          | 2,071,232                  |                                  |                                      |
| Fines and forfeits                           | 132,961                    |                                  |                                      |
| Special assessments                          |                            | 629,757                          | 59,334                               |
| Interest on investments                      | (418,375)                  | (133,408)                        | (115,176)                            |
| Miscellaneous                                | 594,524                    |                                  | 45,252                               |
| Total revenues                               | <u>22,075,860</u>          | <u>2,019,662</u>                 | <u>1,893,663</u>                     |
| <b>EXPENDITURES</b>                          |                            |                                  |                                      |
| Current:                                     |                            |                                  |                                      |
| General government                           | 3,521,342                  | 10,225                           |                                      |
| Public safety                                | 8,471,517                  |                                  |                                      |
| Public works                                 | 4,756,639                  |                                  |                                      |
| Culture and recreation                       | 5,143,282                  |                                  |                                      |
| Housing & economic development               | 326,543                    |                                  |                                      |
| Miscellaneous                                |                            |                                  | 178,100                              |
| Capital outlay                               | 8,561                      |                                  | 4,071,441                            |
| Debt service:                                |                            |                                  |                                      |
| Principal retired                            |                            | 1,690,000                        |                                      |
| Interest and service charges                 |                            | 482,951                          |                                      |
| Total expenditures                           | <u>22,227,884</u>          | <u>2,183,176</u>                 | <u>4,249,541</u>                     |
| Excess of revenues over (under) expenditures | <u>(152,024)</u>           | <u>(163,514)</u>                 | <u>(2,355,878)</u>                   |
| <b>OTHER FINANCING SOURCES (USES)</b>        |                            |                                  |                                      |
| Transfers out                                | (200,000)                  |                                  |                                      |
| Transfers in                                 | 652,730                    | 149,690                          | 200,000                              |
| Total other financing sources (uses)         | <u>452,730</u>             | <u>149,690</u>                   | <u>200,000</u>                       |
| Net change in fund balance                   | 300,706                    | (13,824)                         | (2,155,878)                          |
| Fund balance - beginning                     | <u>12,151,615</u>          | <u>5,635,349</u>                 | <u>10,929,506</u>                    |
| Fund balance – ending                        | <u><u>\$12,452,321</u></u> | <u><u>\$5,621,525</u></u>        | <u><u>\$8,773,628</u></u>            |

The notes to the basic financial statements are an integral part of this statement.

| <b>ARPA<br/>Fund</b> | <b>Non-major<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|----------------------|---------------------------------------------|-----------------------------------------|
|                      | \$2,449,007                                 | \$17,559,007                            |
|                      |                                             | 505,746                                 |
| \$349,196            |                                             | 7,856,534                               |
|                      |                                             | 2,071,232                               |
|                      |                                             | 132,961                                 |
|                      |                                             | 689,091                                 |
| 33,990               | (38,500)                                    | (671,469)                               |
|                      | 140,746                                     | 780,522                                 |
| <u>383,186</u>       | <u>2,551,253</u>                            | <u>28,923,624</u>                       |
|                      |                                             | 3,531,567                               |
|                      |                                             | 8,471,517                               |
|                      |                                             | 4,756,639                               |
|                      |                                             | 5,143,282                               |
|                      | 2,240,507                                   | 2,567,050                               |
| 107,831              | 242,874                                     | 528,805                                 |
| 241,365              |                                             | 4,321,367                               |
|                      |                                             | 1,690,000                               |
|                      |                                             | 482,951                                 |
| <u>349,196</u>       | <u>2,483,381</u>                            | <u>31,493,178</u>                       |
| <u>33,990</u>        | <u>67,872</u>                               | <u>(2,569,554)</u>                      |
|                      | (149,690)                                   | (349,690)                               |
|                      |                                             | 1,002,420                               |
|                      | <u>(149,690)</u>                            | <u>652,730</u>                          |
| 33,990               | (81,818)                                    | (1,916,824)                             |
| <u>59</u>            | <u>720,321</u>                              | <u>29,436,850</u>                       |
| <u>\$34,049</u>      | <u>\$638,503</u>                            | <u>\$27,520,026</u>                     |



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**CITY OF OWATONNA, MINNESOTA**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of Governmental**  
**Funds to the Statement of Activities**  
For the year ended December 31, 2022

|                                                        |               |
|--------------------------------------------------------|---------------|
| Net change in fund balances – total governmental funds | \$(1,916,824) |
|--------------------------------------------------------|---------------|

Amounts reported for governmental activities in the  
Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlays (\$4,056,474) exceeded depreciation (\$999,422) in the current period.

3,057,052

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

(35,329)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

1,690,000

Net changes in the net pension asset/liability and the additions and amortization of deferred inflows and outflows related to pensions in the Statement of Activities.

(1,085,906)

Net changes in the net other post-employment benefits liability and the additions and amortization of deferred inflows and outflows related to other post-employment in the Statement of Activities.

(15,675)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

623,812

The net revenue (expense) of the internal service funds is reported with governmental activities.

524,354

Change in Net Position of Governmental Activities

\$2,841,484

The notes to the basic financial statements are an integral part of this statement.

**CITY OF OWATONNA, MINNESOTA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual – General Fund**  
For the year ended December 31, 2022

|                                  | <b>Budget</b>   |              | <b>(Budgetary Basis)</b> | <b>Variance with</b>                    |
|----------------------------------|-----------------|--------------|--------------------------|-----------------------------------------|
|                                  | <b>Original</b> | <b>Final</b> | <b>Actual</b>            | <b>Final Budget Positive (Negative)</b> |
| <b>REVENUES</b>                  |                 |              |                          |                                         |
| Taxes                            | \$12,900,340    | \$12,900,340 | \$12,883,552             | \$(16,788)                              |
| Licenses and permits             | 402,759         | 402,759      | 505,746                  | 102,987                                 |
| Intergovernmental revenue        | 6,196,665       | 6,196,665    | 6,306,220                | 109,555                                 |
| Charges for service              | 1,882,930       | 1,882,930    | 2,071,232                | 188,302                                 |
| Fines and forfeits               | 195,820         | 195,820      | 132,961                  | (62,859)                                |
| Interest on investments          | 50,000          | 50,000       | (418,375)                | (468,375)                               |
| Miscellaneous                    | 512,947         | 512,947      | 594,524                  | 81,577                                  |
| Total revenues                   | 22,141,461      | 22,141,461   | 22,075,860               | (65,601)                                |
| <b>EXPENDITURES</b>              |                 |              |                          |                                         |
| Current:                         |                 |              |                          |                                         |
| General government               |                 |              |                          |                                         |
| Mayor & council                  | 312,535         | 312,535      | 269,654                  | 42,881                                  |
| Administrative services          | 2,226,546       | 2,226,546    | 2,109,750                | 116,796                                 |
| City attorney                    | 263,475         | 263,475      | 256,092                  | 7,383                                   |
| Government buildings             | 938,310         | 938,310      | 885,846                  | 52,464                                  |
| Total general government         | 3,740,866       | 3,740,866    | 3,521,342                | 219,524                                 |
| Public safety                    |                 |              |                          |                                         |
| Police                           | 5,880,573       | 5,880,573    | 6,105,335                | (224,762)                               |
| Fire                             | 1,884,553       | 1,884,553    | 1,897,359                | (12,806)                                |
| Building inspection              | 545,703         | 545,703      | 468,823                  | 76,880                                  |
| Total public safety              | 8,310,829       | 8,310,829    | 8,471,517                | (160,688)                               |
| Public works                     |                 |              |                          |                                         |
| Engineering                      | 1,053,544       | 1,053,544    | 840,100                  | 213,444                                 |
| Street maintenance               | 3,431,634       | 3,431,634    | 3,267,052                | 164,582                                 |
| Airport                          | 463,307         | 463,307      | 649,487                  | (186,180)                               |
| Total public works               | 4,948,485       | 4,948,485    | 4,756,639                | 191,846                                 |
| Culture and recreation           |                 |              |                          |                                         |
| Library                          | 1,266,950       | 1,266,950    | 1,139,991                | 126,959                                 |
| Park & rec administration        | 389,783         | 389,783      | 416,654                  | (26,871)                                |
| Park maintenance                 | 2,185,429       | 2,185,429    | 2,207,675                | (22,246)                                |
| Recreation                       | 1,367,609       | 1,367,609    | 1,378,962                | (11,353)                                |
| Total culture and recreation     | 5,209,771       | 5,209,771    | 5,143,282                | 66,489                                  |
| Housing & economic development   |                 |              |                          |                                         |
| Planning & zoning                | 384,240         | 384,240      | 326,543                  | 57,697                                  |
| Total housing & economic develop | 384,240         | 384,240      | 326,543                  | 57,697                                  |

(Continued)

The notes to the basic financial statements are an integral part of this statement.

**CITY OF OWATONNA, MINNESOTA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual – General Fund (Continued)**  
For the year ended December 31, 2022

|                                              | <u>Budget</u>            |                          | <u>(Budgetary Basis)<br/>Actual</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|----------------------------------------------|--------------------------|--------------------------|-------------------------------------|-------------------------------------------------------------------|
|                                              | <u>Original</u>          | <u>Final</u>             |                                     |                                                                   |
| Capital outlay                               | \$0                      | \$0                      | \$8,561                             | \$(8,561)                                                         |
| Total expenditures                           | <u>22,594,191</u>        | <u>22,594,191</u>        | <u>22,227,884</u>                   | <u>366,307</u>                                                    |
| Excess of revenues over (under) expenditures | (452,730)                | (452,730)                | (152,024)                           | (300,706)                                                         |
| OTHER FINANCING SOURCES (USES)               |                          |                          |                                     |                                                                   |
| Transfers out                                | (200,000)                | (200,000)                | (200,000)                           |                                                                   |
| Transfers in                                 | <u>652,730</u>           | <u>652,730</u>           | <u>652,730</u>                      |                                                                   |
| Total other financing sources and uses       | <u>452,730</u>           | <u>452,730</u>           | <u>452,730</u>                      |                                                                   |
| Net change in fund balance                   |                          |                          | 300,706                             | (300,706)                                                         |
| Fund balance – beginning                     | <u>12,151,615</u>        | <u>12,151,615</u>        | <u>12,151,615</u>                   |                                                                   |
| Fund balance – ending                        | <u><u>12,151,615</u></u> | <u><u>12,151,615</u></u> | <u><u>12,452,321</u></u>            | <u><u>(300,706)</u></u>                                           |

**CITY OF OWATONNA, MINNESOTA**  
**Statement of Net Position**  
**Proprietary Funds**  
December 31, 2022

|                                        | <b>Business-type Activities</b> |                         |                      |
|----------------------------------------|---------------------------------|-------------------------|----------------------|
|                                        | <b>Sewer Fund</b>               | <b>Storm Water Fund</b> | <b>Electric Fund</b> |
| <b>ASSETS</b>                          |                                 |                         |                      |
| Current assets:                        |                                 |                         |                      |
| Cash and cash equivalents              | \$102,335                       | \$959,619               | \$6,122,527          |
| Investments                            | 6,400,000                       | 2,900,000               | 4,945,679            |
| Accounts receivable                    | 13,034                          |                         | 4,516,066            |
| Assessments receivable                 | 10,655                          |                         |                      |
| Lease receivable                       |                                 |                         |                      |
| Due from other funds                   | 844,204                         | 110,000                 |                      |
| Inventories at cost                    |                                 |                         | 1,098,034            |
| Other assets                           |                                 |                         | 1,432,690            |
| Total current assets                   | <u>7,370,228</u>                | <u>3,969,619</u>        | <u>18,114,996</u>    |
| Noncurrent assets:                     |                                 |                         |                      |
| Capital assets – net                   | 37,483,207                      | 13,209,973              | 46,438,224           |
| Lease receivable                       |                                 |                         |                      |
| Land held for future use               |                                 |                         |                      |
| Total noncurrent assets                | <u>37,483,207</u>               | <u>13,209,973</u>       | <u>46,438,224</u>    |
| Total assets                           | <u>44,853,435</u>               | <u>17,179,592</u>       | <u>64,553,220</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>  |                                 |                         |                      |
| Pension related                        | 175,466                         | 30,043                  | 801,747              |
| Other post-employment benefits related | 8,294                           |                         | 6,675                |
| Total deferred outflows of resources   | <u>183,760</u>                  | <u>30,043</u>           | <u>808,422</u>       |
| <b>LIABILITIES</b>                     |                                 |                         |                      |
| Current liabilities:                   |                                 |                         |                      |
| Accounts payable                       | 1,381,076                       | 50,436                  | 3,586,449            |
| Retainage payable                      | 592,630                         |                         |                      |
| Accrued wages                          | 28,182                          | 2,235                   | 189,804              |
| Accrued interest payable               | 9,053                           | 19,463                  |                      |
| Due to other funds                     |                                 |                         | 1,280,543            |
| Unearned revenue                       |                                 |                         | 441,038              |
| Accrued compensated absences           | 70,000                          |                         | 138,371              |
| Notes and bonds payable – net          | 566,000                         | 435,000                 |                      |
| Total current liabilities              | <u>2,646,941</u>                | <u>507,134</u>          | <u>5,636,205</u>     |
| Noncurrent liabilities:                |                                 |                         |                      |
| Notes and bonds payable – net          | 1,155,928                       | 1,977,881               |                      |
| Net pension liability                  | 580,208                         | 99,348                  | 2,836,362            |
| Accrued compensated absences           | 15,765                          | 295                     | 681,678              |
| Accrued OPEB liability                 | 49,431                          |                         | 87,941               |
| Total noncurrent liabilities           | <u>1,801,332</u>                | <u>2,077,524</u>        | <u>3,605,981</u>     |
| Total liabilities                      | <u>4,448,273</u>                | <u>2,584,658</u>        | <u>9,242,186</u>     |
| <b>DEFERRED INFLFOWS OF RESOURCES</b>  |                                 |                         |                      |
| Pension related                        | 13,761                          | 2,356                   | 79,159               |
| Other post-employment benefits related | 27,338                          |                         | 13,104               |
| Lease receivable                       |                                 |                         |                      |
| Gain on refunding                      |                                 | 12,410                  |                      |
| Total deferred inflows of resources    | <u>41,099</u>                   | <u>14,766</u>           | <u>92,263</u>        |
| <b>NET POSITION</b>                    |                                 |                         |                      |
| Net investment in capital assets       | 33,809,858                      | 10,809,502              | 46,438,224           |
| Unrestricted                           | 6,737,965                       | 3,800,709               | 9,588,969            |
| Total net position                     | <u>\$40,547,823</u>             | <u>\$14,610,211</u>     | <u>\$56,027,193</u>  |

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds

**Net Position of Business-type Activities**

The notes to the basic financial statements are an integral part of this statement.

| <b>- Enterprise Funds</b> |                     |                               | <b>Governmental Activities</b> |
|---------------------------|---------------------|-------------------------------|--------------------------------|
| <b>Water Fund</b>         | <b>Gas Fund</b>     | <b>Total Enterprise Funds</b> | <b>Internal Service Funds</b>  |
| \$2,487,026               | \$3,574,464         | \$13,245,971                  | \$632,964                      |
| 3,510,009                 | 9,185,722           | 26,941,410                    | 1,680,000                      |
| 350,347                   | 3,517,294           | 8,396,741                     | 3,783                          |
|                           |                     | 10,655                        |                                |
| 126,801                   |                     | 126,801                       |                                |
|                           | 18,840              | 973,044                       |                                |
| 55,777                    | 348,276             | 1,502,087                     |                                |
| 106,781                   | 198,488             | 1,737,959                     | 156,536                        |
| <u>6,636,741</u>          | <u>16,843,084</u>   | <u>52,934,668</u>             | <u>2,473,283</u>               |
| 21,625,586                | 16,123,496          | 134,880,486                   | 4,996,806                      |
| 1,889,955                 |                     | 1,889,955                     |                                |
|                           | 660,266             | 660,266                       |                                |
| <u>23,515,541</u>         | <u>16,783,762</u>   | <u>137,430,707</u>            | <u>4,996,806</u>               |
| <u>30,152,282</u>         | <u>33,626,846</u>   | <u>190,365,375</u>            | <u>7,470,089</u>               |
| 381,582                   | 562,850             | 1,951,688                     |                                |
| 3,264                     | 4,896               | 23,129                        |                                |
| <u>384,846</u>            | <u>567,746</u>      | <u>1,974,817</u>              |                                |
| 249,274                   | 2,863,718           | 8,130,953                     | 80,825                         |
|                           |                     | 592,630                       |                                |
| 49,446                    | 70,979              | 340,646                       |                                |
|                           |                     | 28,516                        |                                |
| 374,707                   | 14,338              | 1,669,588                     |                                |
| 27,742                    | 88,751              | 557,531                       |                                |
| 49,951                    | 99,585              | 357,907                       |                                |
|                           |                     | 1,001,000                     |                                |
| <u>751,120</u>            | <u>3,137,371</u>    | <u>12,678,771</u>             | <u>80,825</u>                  |
|                           |                     | 3,133,809                     |                                |
| 1,267,664                 | 1,788,479           | 6,572,061                     |                                |
| 203,651                   | 217,235             | 1,118,624                     |                                |
| 42,993                    | 64,490              | 244,855                       |                                |
| <u>1,514,308</u>          | <u>2,070,204</u>    | <u>11,069,349</u>             |                                |
| <u>2,265,428</u>          | <u>5,207,575</u>    | <u>23,748,120</u>             | <u>80,825</u>                  |
| 30,793                    | 40,359              | 166,428                       |                                |
| 6,409                     | 9,613               | 56,464                        |                                |
| 1,966,069                 |                     | 1,966,069                     |                                |
|                           |                     | 12,410                        |                                |
| <u>2,003,271</u>          | <u>49,972</u>       | <u>2,201,371</u>              |                                |
| 23,515,541                | 16,783,762          | 131,356,887                   | 4,996,806                      |
| <u>2,752,888</u>          | <u>12,153,283</u>   | <u>35,033,814</u>             | <u>2,392,458</u>               |
| <u>\$26,268,429</u>       | <u>\$28,937,045</u> | <u>166,390,701</u>            | <u>\$7,389,264</u>             |
|                           |                     | (193,086)                     |                                |
|                           |                     | <u>\$166,197,615</u>          |                                |



**CITY OF OWATONNA, MINNESOTA**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
For the year ended December 31, 2022

|                                                                                                         | <b>Business-type Activities</b> |                                 |                          |
|---------------------------------------------------------------------------------------------------------|---------------------------------|---------------------------------|--------------------------|
|                                                                                                         | <b>Sewer<br/>Fund</b>           | <b>Storm<br/>Water<br/>Fund</b> | <b>Electric<br/>Fund</b> |
| OPERATING REVENUES:                                                                                     |                                 |                                 |                          |
| Charges for service                                                                                     | \$4,452,680                     | \$1,420,412                     | \$43,670,362             |
| Miscellaneous                                                                                           | 365                             |                                 |                          |
| Total operating revenues                                                                                | <u>4,453,045</u>                | <u>1,420,412</u>                | <u>43,670,362</u>        |
| OPERATING EXPENSES:                                                                                     |                                 |                                 |                          |
| Operation and maintenance                                                                               | 1,547,807                       | 286,750                         | 35,118,084               |
| Depreciation                                                                                            | 53,487                          | 14,214                          | 2,174,860                |
| Utility service contributed to city                                                                     |                                 |                                 | 1,036,321                |
| Capitalized internal costs                                                                              |                                 |                                 |                          |
| Administrative costs                                                                                    | 240,825                         |                                 | 2,635,604                |
| Total operating expenses                                                                                | <u>1,842,119</u>                | <u>300,964</u>                  | <u>40,964,869</u>        |
| Operating income (loss)                                                                                 | <u>2,610,926</u>                | <u>1,119,448</u>                | <u>2,705,493</u>         |
| Non-operating revenues (expenses)                                                                       |                                 |                                 |                          |
| Property taxes                                                                                          |                                 | 311,853                         |                          |
| Gain/(loss) on capital assets                                                                           | 50,945                          |                                 | 2,511                    |
| Income (loss) on investments                                                                            | (80,275)                        | (98,549)                        | (54,943)                 |
| Lease revenue                                                                                           |                                 |                                 |                          |
| Lease interest income                                                                                   |                                 |                                 |                          |
| Interest expense and fiscal charges                                                                     | (29,509)                        | 19,395                          |                          |
| Total non-operating revenues (expenses)                                                                 | <u>(58,839)</u>                 | <u>232,699</u>                  | <u>(52,432)</u>          |
| Income (loss) before contributions & transfers                                                          | 2,552,087                       | 1,352,147                       | 2,653,061                |
| Capital contributions                                                                                   |                                 | 48,555                          |                          |
| Transfer out                                                                                            | (571,800)                       | (80,930)                        |                          |
| Total contributions & transfers                                                                         | <u>(571,800)</u>                | <u>(32,375)</u>                 |                          |
| Change in net position                                                                                  | 1,980,287                       | 1,319,772                       | 2,653,061                |
| Total net position – beginning                                                                          | <u>38,567,536</u>               | <u>13,290,439</u>               | <u>53,374,132</u>        |
| Total net position – ending                                                                             | <u>\$40,547,823</u>             | <u>\$14,610,211</u>             | <u>\$56,027,193</u>      |
| Change in net position reflected above                                                                  |                                 |                                 |                          |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds |                                 |                                 |                          |
| <b>Change in Net Position of Business-type Activities</b>                                               |                                 |                                 |                          |

The notes to the basic financial statements are an integral part of this statement.

| <b>- Enterprise Funds</b> |                     |                               | <b>Governmental Activities</b> |
|---------------------------|---------------------|-------------------------------|--------------------------------|
| <b>Water Fund</b>         | <b>Gas Fund</b>     | <b>Total Enterprise Funds</b> | <b>Internal Service Funds</b>  |
| \$4,650,426               | \$19,437,918        | \$73,631,798                  | \$3,438,913                    |
|                           |                     | 365                           |                                |
| <u>4,650,426</u>          | <u>19,437,918</u>   | <u>73,632,163</u>             | <u>3,438,913</u>               |
| 1,592,740                 | 14,820,925          | 53,366,306                    | 2,495,405                      |
| 548,262                   | 684,204             | 3,475,027                     | 436,955                        |
| 170,890                   | 328,240             | 1,535,451                     |                                |
| <u>1,417,462</u>          | <u>2,471,027</u>    | <u>6,764,918</u>              |                                |
| <u>3,729,354</u>          | <u>18,304,396</u>   | <u>65,141,702</u>             | <u>2,932,360</u>               |
| <u>921,072</u>            | <u>1,133,522</u>    | <u>8,490,461</u>              | <u>506,553</u>                 |
|                           |                     | 311,853                       |                                |
| 10,092                    |                     | 63,548                        | 23,266                         |
| (26,995)                  | (30,354)            | (291,116)                     |                                |
| 269,574                   |                     | 269,574                       |                                |
| 29,975                    |                     | 29,975                        |                                |
|                           |                     | (10,114)                      |                                |
| <u>282,646</u>            | <u>(30,354)</u>     | <u>373,720</u>                | <u>23,266</u>                  |
| 1,203,718                 | 1,103,168           | 8,864,181                     | 529,819                        |
|                           |                     | 48,555                        | 241,365                        |
|                           |                     | (652,730)                     |                                |
|                           |                     | (604,175)                     | 241,365                        |
| 1,203,718                 | 1,103,168           | 8,260,006                     | 771,184                        |
| <u>25,064,711</u>         | <u>27,833,877</u>   | <u>158,130,695</u>            | <u>6,618,080</u>               |
| <u>\$26,268,429</u>       | <u>\$28,937,045</u> | <u>\$166,390,701</u>          | <u>\$7,389,264</u>             |
|                           |                     | \$8,260,006                   |                                |
|                           |                     | 5,465                         |                                |
|                           |                     | <u>\$8,265,471</u>            |                                |

**CITY OF OWATONNA, MINNESOTA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
For the year ended December 31, 2022

|                                                                                              | <b>Business-type Activities</b> |                         |                      |
|----------------------------------------------------------------------------------------------|---------------------------------|-------------------------|----------------------|
|                                                                                              | <b>Sewer Fund</b>               | <b>Storm Water Fund</b> | <b>Electric Fund</b> |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                  |                                 |                         |                      |
| Cash received from customers                                                                 | \$4,395,716                     | \$1,415,412             | \$40,859,758         |
| Cash payments to suppliers for goods and services                                            | (1,348,806)                     | (147,088)               | (37,813,635)         |
| Cash payments to employees for services                                                      | (783,156)                       | (120,924)               | (636,132)            |
| Other cash receipts                                                                          |                                 |                         | 2,631,938            |
| Net cash provided by (used for) operating activities                                         | <u>2,263,754</u>                | <u>1,147,400</u>        | <u>5,041,929</u>     |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>                                       |                                 |                         |                      |
| Transfer to other funds                                                                      | (571,800)                       | (80,930)                |                      |
| Lease receipts                                                                               |                                 |                         |                      |
| Net cash provided by (used for) noncapital financing activities                              | <u>(571,800)</u>                | <u>(80,930)</u>         |                      |
| <b>CASH FLOWS FROM CAPITAL AND REL. FIN. ACTIVITIES</b>                                      |                                 |                         |                      |
| Acquisition of capital assets                                                                | (12,022,370)                    | (309,290)               | (2,637,837)          |
| Disposition of capital assets                                                                | 50,945                          |                         | 15,793               |
| Taxes levied for debt service                                                                |                                 | 311,853                 |                      |
| Capital contribution                                                                         |                                 | 48,555                  |                      |
| Principal paid on revenue bonds/notes payable                                                | (558,000)                       | (430,000)               |                      |
| Interest expense and fiscal charges                                                          | (32,442)                        | (64,837)                |                      |
| Net cash used for capital and rel. fin. activities                                           | <u>(12,561,867)</u>             | <u>(443,719)</u>        | <u>(2,622,044)</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                  |                                 |                         |                      |
| Purchase of investment securities                                                            |                                 | (500,000)               | (6,229,000)          |
| Proceeds from sale of investment securities                                                  | 9,500,000                       |                         | 3,854,315            |
| Interest on investments                                                                      | (80,275)                        | (98,549)                | 72,224               |
| Net cash provided by (used for) investing activities                                         | <u>9,419,725</u>                | <u>(598,549)</u>        | <u>(2,302,461)</u>   |
| Net increase (decrease) in cash and cash equivalents                                         | (1,450,188)                     | 24,202                  | 117,424              |
| Cash and cash equivalents – beginning of the year                                            | <u>1,552,523</u>                | <u>935,417</u>          | <u>6,005,103</u>     |
| Cash and Cash Equivalents – end of the year                                                  | <u>\$102,335</u>                | <u>\$959,619</u>        | <u>\$6,122,527</u>   |
| <b>RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b> |                                 |                         |                      |
| Operating income(loss)                                                                       | \$2,610,926                     | \$1,119,448             | \$2,705,493          |
| Adjustments                                                                                  |                                 |                         |                      |
| Depreciation                                                                                 | 53,487                          | 14,214                  | 2,174,860            |
| Net changes in assets and deferred outflows and liabilities and deferred inflows:            |                                 |                         |                      |
| Accounts receivable                                                                          | 28,355                          | (5,000)                 | (367,285)            |
| Assessments receivable                                                                       | 7,487                           |                         |                      |
| Inventories at cost                                                                          |                                 |                         | (289,206)            |
| Other current assets                                                                         | (93,171)                        |                         | (52,259)             |
| Deferred outflows                                                                            | 45,162                          | 8,188                   | 293,132              |
| Accounts payable and accrued expenses                                                        | (316,524)                       | 21,403                  | 547,700              |
| Unearned revenue                                                                             |                                 |                         | 177,015              |
| Net pension liability                                                                        | 260,227                         | 43,376                  | 1,166,151            |
| OPEB and compensated absences                                                                | (36,633)                        | (3,463)                 | 3,953                |
| Deferred inflows                                                                             | (295,562)                       | (50,766)                | (1,317,625)          |
| Net cash provided by (used for) operating activities                                         | <u>\$2,263,754</u>              | <u>\$1,147,400</u>      | <u>\$5,041,929</u>   |
| Noncash investing, capital, and financing activities:                                        |                                 |                         |                      |
| Amortization of gain on refunding                                                            |                                 | \$(10,637)              |                      |
| Amortization of bond premium                                                                 |                                 | (79,932)                |                      |
| Loss on disposition of capital assets                                                        |                                 |                         | \$13,282             |
| Change in fair value of investments                                                          |                                 |                         | (111,505)            |
| Capital Contributions                                                                        |                                 |                         |                      |
| Retainage/Assets purchased on account with contracts payable                                 | \$1,939,524                     |                         |                      |

The notes to the basic financial statements are an integral part of this statement.

| <b>- Enterprise Funds</b> |                     |                             | <b>Governmental<br/>Activities</b>    |
|---------------------------|---------------------|-----------------------------|---------------------------------------|
| <b>Water<br/>Fund</b>     | <b>Gas<br/>Fund</b> | <b>Enterprise<br/>Funds</b> | <b>Internal<br/>Service<br/>Funds</b> |
| \$4,372,588               | \$20,285,207        | \$71,328,681                | \$3,440,108                           |
| (2,655,507)               | (16,525,029)        | (58,490,065)                | (2,493,692)                           |
| (141,770)                 | (741,421)           | (2,423,403)                 |                                       |
| 391,698                   | 573,137             | 3,596,773                   |                                       |
| 1,967,009                 | 3,591,894           | 14,011,986                  | 946,416                               |
|                           |                     | (652,730)                   |                                       |
| 235,472                   |                     | 235,472                     |                                       |
| 235,472                   |                     | (417,258)                   |                                       |
| (1,080,986)               | (1,542,558)         | (17,593,041)                | (890,436)                             |
| 10,092                    |                     | 76,830                      | 33,632                                |
|                           |                     | 311,853                     |                                       |
|                           |                     | 48,555                      |                                       |
|                           |                     | (988,000)                   |                                       |
|                           |                     | (97,279)                    |                                       |
| (1,070,894)               | (1,542,558)         | (18,241,082)                | (856,804)                             |
| (3,958,000)               | (5,925,000)         | (16,612,000)                | (300,000)                             |
| 1,729,000                 | 2,778,000           | 17,861,315                  |                                       |
| 42,042                    | 50,412              | (14,146)                    |                                       |
| (2,186,958)               | (3,096,588)         | 1,235,169                   | (300,000)                             |
| (1,055,371)               | (1,047,252)         | (3,411,185)                 | (210,388)                             |
| 3,542,397                 | 4,621,716           | 16,657,156                  | 843,352                               |
| \$2,487,026               | \$3,574,464         | \$13,245,971                | \$632,964                             |
| \$921,072                 | \$1,133,522         | \$8,490,461                 | \$506,553                             |
| 548,262                   | 684,204             | 3,475,027                   | 436,955                               |
| 227                       | 435,659             | 92,956                      | 1,195                                 |
| (3,189)                   | (152,296)           | 7,487                       |                                       |
| 44,894                    | 954,241             | (444,691)                   |                                       |
| 143,309                   | 214,963             | 853,705                     | (5,100)                               |
| 364,316                   | 454,367             | 704,754                     |                                       |
| 20,235                    | (24,588)            | 1,071,262                   | 6,813                                 |
| 570,120                   | 855,178             | 172,662                     |                                       |
| 1,932                     | 2,899               | 2,895,052                   |                                       |
| (644,169)                 | (966,255)           | (31,312)                    |                                       |
|                           |                     | (3,274,377)                 |                                       |
| \$1,967,009               | \$3,591,894         | \$14,012,986                | \$946,416                             |
|                           |                     | \$(10,637)                  |                                       |
|                           |                     | (79,932)                    |                                       |
|                           |                     | 13,331                      | \$10,366                              |
| \$(74,696)                | \$(144,952)         | (331,153)                   | 241,365                               |
| 10,250                    | 269,155             | 2,218,929                   |                                       |

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**CITY OF OWATONNA, MINNESOTA**  
**Notes to the Basic Financial Statements**  
**December 31, 2022**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States. GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the City's policies are described below.

**A. Reporting Entity**

The City of Owatonna (the City) operates under a Home Rule Charter form of government allowed by Minnesota statutes. The City is governed by an elected Mayor and seven-member Council. The Council exercises legislative authority and determines all matter of policy. The Council appoints personnel responsible for the proper administration of all affairs relating to the City. The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City.

**Individual Component Unit Disclosures**

*Discretely Presented Component Units* – The Owatonna Housing and Redevelopment Authority (HRA) and Economic Development Authority (EDA) serve all the citizens of the City and are governed by City appointed boards.

The HRA was created by the City to carry out certain redevelopment projects. The five-member board is appointed by the Council. The Council reviews and approves HRA tax levies, and the City provides major community development financing for HRA activities. Debt issued for HRA activities are City general obligations. The HRA consists of two separate operations: general operations and housing programs. Separately issued financial statements as of December 31 are available upon request from the Executive Director of the HRA at 540 West Hills Circle, Owatonna, MN.

The EDA was created pursuant to Minnesota statutes 469.090 through 469.108 to carry out economic and industrial development and redevelopment within the City in accordance with policies established by the Council. The seven-member board consists of three Council members and four other Council approved members. The EDA may not exercise any of the powers enumerated by the authorizing statutes without prior approval of the Council. The EDA has a December 31 year end. Separate financial statements are not issued.

**CITY OF OWATONNA, MINNESOTA**  
**Notes to the Basic Financial Statements**  
**December 31, 2022**

**B. Basic Financial Statements**

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Government-wide financial statements report information about the reporting government as a whole. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated as this would distort the direct costs and program revenues reported for the various functions concerned. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the year. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or business-type activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or business-type activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business type activity. Taxes and other items not included among program revenues are reported instead as general revenues.

Fund financial statements report information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified as governmental and proprietary. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column in the financial section of the basic financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met. Internal service fund activity is eliminated to avoid "doubling up" of revenues and expenses.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be measurable when the amount of the transaction can be determined. Revenues are considered to be available when they are collectible with the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.



**CITY OF OWATONNA, MINNESOTA**  
**Notes to the Basic Financial Statements**  
**December 31, 2022**

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City. All general other revenue items are considered to be measurable and available only when cash is received by the City.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned or unavailable revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as unearned revenue. On the modified accrual basis, receivables that will not be collected within the available period have been reported as unavailable revenue in the fund financial statements.

The City reports the following major governmental funds:

*General fund*

This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be reported in another fund.

*Debt service fund*

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

*Capital projects fund*

This fund accounts for the financial resources to be used for the acquisition or construction of major capital assets. This includes street improvement projects as well as capital asset purchases.

*ARPA fund*

This fund accounts for the financial resources received by the American Rescue Plan Act of 2022.

The City reports the following major proprietary funds:

*Sewer fund*

This accounts for the operating, maintenance, and capital improvement of the City's sewer utility.

*Storm water fund*

This accounts for the operating, maintenance, and capital improvement of the City's storm water utility.

*Electric fund*

This accounts for the operating, maintenance, and capital improvement of the municipally owned electric utility in the City.

**CITY OF OWATONNA, MINNESOTA**  
**Notes to the Basic Financial Statements**  
**December 31, 2022**

***Water fund***

This accounts for the operating, maintenance, and capital improvement of the municipally owned water utility in the City.

***Gas fund***

This accounts for the operating, maintenance, and capital improvement of the municipally owned gas utility in the City.

Additionally, the City reports the following fund types:

Internal service funds account for services and/or commodities provided to other departments of the City on a cost reimbursement basis. The City has two internal service funds. One fund accounts for payroll and risk management activities for workers compensation insurance, the activities of the group health plan, and property and liability insurance. The other fund accounts for the cost of purchasing vehicles.

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's Public Utilities function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues and expenses of the City's enterprise funds and internal service funds are charges to customers for sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

If both restricted and unrestricted resources are available to use for the same purpose, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity**

**1. Deposits and Investments**

Cash balances from all funds are pooled and invested to the extent available in investments authorized by Minnesota State Statute and as further authorized by the Council. Earnings from investments are allocated monthly to each fund based on month end balances of cash and investments.

The City's investment policy states funds are to be invested to the maximum extent possible at the highest rates obtainable after considering safety, liquidity, yield and risk factors.

Investments are stated at fair value as of the end of the year, except for non-negotiable certificates of deposit, which are stated at cost. Broker money market funds operate in accordance with appropriate state laws and regulations.

**CITY OF OWATONNA, MINNESOTA**  
**Notes to the Basic Financial Statements**  
**December 31, 2022**

For purposes of the statement of cash flows, the enterprise and internal service funds consider cash on hand, demand deposits, and short-term investments with original maturities of three months or less when purchased to be cash and cash equivalents.

**2. Property Tax Receivables**

The City levies its property tax for the subsequent year in December. This levy is certified to Steele County as they are the collection agency for taxes within the County. Taxes are recognized as receivables in the current year when the City is notified by the County of the amounts. They become a lien against the property on the date of levy. Taxes are due and payable at the County on May 15 and October 15, and collections are remitted to the City in July and December. Adjustments are made to delinquent taxes based on the records of the County Auditor.

Delinquent taxes represent unpaid taxes for the past nine years. Delinquent taxes have been offset by an unavailable revenue for delinquent taxes not received within 60 days after year end in the fund financial statements.

**3. Special Assessments**

Special assessments are certified to Steele County for collection annually. Noncertified assessments represent assessments to be certified annually in the future. Special assessments are recognized as revenue when they are received in cash or within 60 days after year end. All governmental special assessments receivable are offset by an unavailable revenue in fund financial statements.

**4. Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as "due to/from other funds." All short-term interfund receivables and payables at year end are planned to be eliminated in the subsequent year. Long-term interfund loans are classified as "advances to/from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**5. Inventories and Prepaid Items**

Inventories are valued at cost using the first-in/first-out (FIFO) method. The cost of inventories are recorded as an expenditure/expense when consumed rather than when purchased.

Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide statements. These costs are recognized during the period benefitted by the repayment using the consumption method.

**6. Restricted Assets**

Restricted assets consist of cash and temporary investments restricted for specific purposes by agreements.

**CITY OF OWATONNA, MINNESOTA**  
**Notes to the Basic Financial Statements**  
**December 31, 2022**

**7. Land Held for Resale**

The City has acquired property as part of its redevelopment activities within the Housing and Redevelopment Authority and the Economic Development Authority. Additionally, the Gas utility holds land which is available for resale.

**8. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, sidewalks, street lights, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at acquisition value. The City reports infrastructure assets on a network or subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements.

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include items dating back to June 30, 1980. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e. estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). The cost of infrastructure acquired prior to implementation of GASB 34 is included at estimated historical costs based on the current replacement cost of a similar asset and deflated through the use of price-level indexes.

The costs of normal maintenance and repairs that do not add to the value or capacity of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position. A composite depreciation rate is used for infrastructure assets. Depreciation on the remaining capital assets is provided on the straight-line basis over the following estimated useful lives:

|                                   |             |
|-----------------------------------|-------------|
| Buildings                         | 20-50 years |
| Improvements Other than Buildings | 15-50 years |
| Equipment and vehicles            | 3-20 years  |
| Infrastructure                    | 20-50 years |

Capital assets not being depreciated consist of land and construction in progress.

Electric and Gas Utility Plant is recorded at original cost. Water Utility Plant is recorded at cost less funds provided from municipal special assessments. When units of property are sold, retired or otherwise disposed of in the ordinary course of business, their average book cost less net salvage is charged to accumulated depreciation. Repairs and the replacement and renewal of items determined to be less than units of property are charged to maintenance expense. Contributions in aid of construction are reported as contributed capital on the statement of revenues, expenses, and changes in net position. Contributions are considered in the Utilities' ratemaking process.

Depreciation is computed using the straight-line method which expenses the cost of the plant over its estimated useful life. The utilities depreciate on a composite basis.

The City changed their depreciation estimate that no longer automatically takes a half year of depreciation, but rather depreciates based on the month the asset was added.

**CITY OF OWATONNA, MINNESOTA**  
**Notes to the Basic Financial Statements**  
**December 31, 2022**

**9. Long-term Lease Receivables**

For lease receivables, the City determines if an arrangement is a lease at inception. Leases in excess of twelve months are included in lease receivables and deferred inflows of resources.

Lease receivables represent the City's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

Amounts to be received under residual value guarantees that are not fixed in substance are recognized as a receivable and an inflow of resources if (a) a guarantee payment is required and (b) the amount can be reasonably estimated. Amounts received for the exercise price of a purchase option or penalty for lease termination are recognized as a receivable and in inflow of resources when those options are exercised.

The City has elected to recognize payments received for short-term leases with a lease term of 12 months or less as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statements of net position and fund financial statements.

**10. Credit Risk**

As of December 31, 2022 the enterprise funds had no significant concentration of credit risk with respect to consumer accounts receivable due to the large number of customers and their dispersion across many different residential and industrial customers.

During the year ended December 31, 2022, approximately 19.30% of the total Electric Utility Commodity revenue was accounted from Viracon, Inc. During the year ended December 31, 2022, approximately 10.29% of the Water Utility Commodity revenue was accounted from Lakeside Foods.

**11. Deferred Inflows of Resources**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has four types of this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources; property taxes, special assessments, and a long-term receivable. These amounts are recognized as an inflow of resources in the period that the amounts become available. The City reports a deferred inflow for a gain on a bond refunding which will be amortized of the life of the bonds. Pension related deferred inflows are recorded in the current year, but the revenue will be recorded in subsequent years. Other postemployment benefits (OPEB) deferred inflows are recorded in the current year, but the revenue will be recorded in subsequent years. Lease receivable deferred inflows are recorded in the current year, but the revenue will be recorded in subsequent years.

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**12. Pension**

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the net pension asset, deferred outflows/inflows of resources, and expense associated with the City's requirement to contribute to the Owatonna Firefighters Relief Association Plan, information about the Plan's fiduciary net position and additions to/deductions from the Owatonna Firefighters Relief Association Plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, plan contributions are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**13. Other Post-employment Benefits**

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the net position of the City's retiree benefits plan (the Plan) and additions to/deductions from the Plan's net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes payments when due and payable in accordance with the benefit terms.

**14. Deferred Outflows of Resources**

The City's governmental activities and proprietary fund financial statements report a separate section for deferred outflows of resources. This separate financial statement element reflects a consumption of net assets that applies to future periods. The City will not recognize the related outflow until a future event occurs. Pension related deferred outflows and OPEB related deferred outflows are recorded in the current year, but the expenses will be recorded in subsequent years.

**15. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation, sick leave and paid time off (PTO). Vacation and PTO are paid upon separation. Sick leave is only payable at 50% and only upon retirement. The General Fund is used to liquidate governmental compensated absences payable.

All vacation, PTO and the portion of sick pay allowable at retirement is accrued when incurred in the government-wide and proprietary fund financial statements. The current portion for these amounts is calculated based on historical trends. There is an assigned fund balance for the entire amount of these compensated absences in the general fund. The liability is only recorded in the governmental activities, business-type activities and proprietary funds.

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**16. Long-term Obligations**

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued and premiums on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**17. Fund Balance/Net Position**

The City of Owatonna reports the following categories of fund balance:

- Nonspendable Fund Balance – These are amounts that cannot be spent because they are not in spendable form (i.e. inventories, prepaids and advances to other funds)
- Restricted Fund Balance – These are amounts that are restricted to specific purposes either by constraints placed on the use of resources by creditors, grantors, contributors, laws, or regulations, or other governments
- Committed Fund Balance – These are amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council (highest level of decision making authority) through resolution.
- Assigned Fund Balance – These are amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by the City Administrator as permitted by policy.
- Unassigned Fund Balance – these are residual amounts in the General Fund, not reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted and committed fund balances exceed the total net resources of that fund.

The City's fund balance policy provides that the City maintain a minimum general fund balance of 50% of budgeted operating expenditures.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the City's policy to use restricted first and then unrestricted. The order of use for unrestricted fund balance shall be committed, assigned, and then unassigned.

In the government-wide financial statements, net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets, adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Unrestricted net position consists of all other items that do not meet the definitions of "restricted" or "net investment in capital assets".

**18. Use of Estimates**

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.



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**E. Adoption of New Accounting Standards**

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement NO. 87, *Leases*. This standard requires the recognition of certain lease asset and liabilities for leases that were previously classified as operating leases and as inflows of resources or outflows of resources recognized on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee, a lessee is required to recognize a lease liability and an Right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The City has adopted the requirements of the guidance effective January 1, 2022, and has applied the provisions of this standard to the beginning of the period of adoption.

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Position**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this (\$37,389,490) difference are as follows:

|                                  |                              |
|----------------------------------|------------------------------|
| Bonds, notes, and leases payable | \$(13,781,775)               |
| Net Pension liability            | (20,885,886)                 |
| Accrued OPEB liability           | (774,438)                    |
| Accrued compensated absences     | (1,796,565)                  |
| Accrued interest payable         | <u>(150,826)</u>             |
| Total difference                 | <u><u>\$(37,389,490)</u></u> |

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

One element of that reconciliation explains that “Revenues on the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this \$(35,329) difference are as follows:

|                                                                 |                          |
|-----------------------------------------------------------------|--------------------------|
| Delinquent taxes rec. unavailable revenue:                      |                          |
| At December 31, 2021                                            | \$(195,399)              |
| At December 31, 2022                                            | 251,356                  |
| Special assessments/development receivable unavailable revenue: |                          |
| At December 31, 2021                                            | (2,798,583)              |
| At December 31, 2022                                            | <u>2,707,297</u>         |
|                                                                 | <u><u>\$(35,329)</u></u> |

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Another element of that reconciliation states that “Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.” The details of this \$623,812 difference are as follows:

|                                        |           |
|----------------------------------------|-----------|
| Amortization of bond premium           | \$452,357 |
| Change in accrued interest             | 20,314    |
| Change in accrued compensated absences | 151,141   |
|                                        | <hr/>     |
|                                        | \$623,812 |
|                                        | <hr/>     |

**III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds of the City. Only the General Fund’s budget is considered an “annually legally adopted budget”. The remaining funds’ budgets are used as a management tool. The debt service funds are budgeted according to the terms of the original bond issues. Project-length financial plans are adopted for all capital projects funds. Any modification in the adopted budget can be made upon request of and approval by the City Council. Appropriations in all funds lapse at the end of the year. There were no amendments made to the adopted budget in 2022.

In July of each year, all departments of the City submit requests for appropriation to the City Administrator so that a budget may be prepared. The budget is prepared for the General Fund by department and cost center and also includes information on the preceding two fiscal years, current year estimates of expenditures and requested appropriations for the next fiscal year.

The proposed budget is presented to the City Council for review prior to September 15. The City Council holds public hearings. A final budget is adopted by December 28 of each year.

**B. Deficit Fund Balance**

At year-end 2022, there were four funds that carried deficit fund balances. These funds were tax increment financing funds that were funded by the City through interfund loans. These deficit fund balances will be reduced and eliminated over time as increment from the levies are used to retire the various loans.

The following funds carried deficit fund balances at the end of 2022 in the amounts indicated:

|                                                  |          |
|--------------------------------------------------|----------|
| TIF 3-6 Viracon Economic Development Fund        | \$12,173 |
| TIF 3-8 Daikin Applied Economic Development Fund | 35,729   |
| TIF 3-14 Bosch Economic Development Fund         | 304,466  |
| TIF 14-1 Eastgate Redevelopment Fund             | 482,489  |

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

The City maintains a cash and investment pool that is available for use by all funds. Earnings from such investments are allocated to the respective funds on the basis of applicable balance participation by each fund. The primary government and component units’ cash and investments are pooled.

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*Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it in full. In accordance with Minnesota Statutes and as authorized by the City Council, the City of Owatonna maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

Minnesota Statutes require that all City deposits be protected by insurance, surety bond or collateral. The fair value of the collateral pledged must be equal to 110% of the deposits not covered by insurance or bonds. Authorized collateral includes U.S. government securities, state or local government obligations, and other securities authorized by Minnesota Statute 118A.03. Minnesota Statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the City.

The City's deposits in banks at December 31, 2022 were entirely covered by federal depository insurance or by collateral held by the City's custodial bank in the City's name.

*Investments*

The City may also invest idle funds as authorized investments by Minnesota Statutes as follows:

- a. Direct obligations or obligations guaranteed by the United States or its agencies.
- b. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of thirteen months or less.
- c. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
- d. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
- e. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
- f. Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
- g. Repurchase or reverse repurchase agreements and securities lending agreements financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
- h. Guaranteed investment contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, and with a credit quality in one of the top two rating highest categories.

The City's investments, including its component units as of December 31, 2022 are as follows:

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| Type of Investment        | Credit Quality Rating | Amount              | Investment Maturity in Years |                     |                  |                  |
|---------------------------|-----------------------|---------------------|------------------------------|---------------------|------------------|------------------|
|                           |                       |                     | < 1 Year                     | 1-5 Years           | 6-10 Years       | > 10 years       |
| US Govt Agencies          | AAA                   | \$11,326,942        | \$1,438,845                  | \$8,541,222         | \$433,785        | \$913,090        |
| US Govt Agencies          | N/R                   | 2,488,496           | 2,483,325                    |                     |                  | 5,171            |
| Local Govt Obligations    | AAA                   | 3,438,071           | 2,860,159                    | 577,912             |                  |                  |
| Local Govt Obligations    | AA2                   | 1,950,400           | 1,950,400                    |                     |                  |                  |
| Local Govt Obligations    | AA3                   | 430,003             |                              | 430,003             |                  |                  |
| Local Govt Obligations    | AA+                   | 2,789,515           | 2,789,515                    |                     |                  |                  |
| Local Govt Obligations    | A                     | 490,460             | 490,460                      |                     |                  |                  |
| Local Govt Obligations    | A1                    | 2,952,999           | 1,532,469                    | 1,420,530           |                  |                  |
| Pooled Investments        | N/A                   | 2,463               |                              | 414                 | 2,049            |                  |
| 4M Fund Liquid Asset Fund | N/A                   | 9,454,712           | 9,454,712                    |                     |                  |                  |
| 4M Fund PLUS Fund         | N/A                   | 8,573,787           | 8,573,787                    |                     |                  |                  |
| Wells Fargo Adv MM        | N/A                   | 74,243              | 74,243                       |                     |                  |                  |
| Bremer Bank MM            | N/A                   | 1,051,325           | 1,051,325                    |                     |                  |                  |
| Profinium                 | N/A                   | 176,301             | 176,301                      |                     |                  |                  |
| Negotiable CDs            | N/A                   | 8,889,231           | 3,073,328                    | 5,815,903           |                  |                  |
|                           |                       | <u>\$54,088,948</u> | <u>\$35,948,869</u>          | <u>\$16,785,984</u> | <u>\$435,834</u> | <u>\$918,261</u> |

Reconciliation of deposits and investments to Statement of Net Position:

|                                       | Primary Government  | EDA                | HRA              | Total Reporting Entity |
|---------------------------------------|---------------------|--------------------|------------------|------------------------|
| Cash on hand                          | \$6,635             |                    |                  | \$6,635                |
| Deposits                              | 19,739,159          | \$323,151          | \$464,241        | 20,346,551             |
| Investments                           | 52,788,948          | 1,300,000          |                  | 54,088,948             |
| Total deposits and investments        | <u>\$72,354,742</u> | <u>\$1,623,151</u> | <u>\$464,241</u> | <u>\$74,442,134</u>    |
| <u>Per Statement of Net Position:</u> |                     |                    |                  |                        |
| Cash and cash equivalents             | \$26,028,085        | \$323,151          | \$440,187        | \$26,791,423           |
| Investments                           | 46,326,657          | 1,300,000          |                  | 47,626,657             |
| Restricted cash & cash equivalents    |                     |                    | 24,054           | 24,054                 |
| Total cash and investments            | <u>\$72,354,742</u> | <u>\$1,623,151</u> | <u>\$464,241</u> | <u>\$74,442,134</u>    |

**Interest rate risk.** The City's investment policy requires minimizing interest rate risk by structuring the investment portion so securities mature to meet cash requirements for ongoing operations. Within these parameters, it is the City's practice to stagger portfolio maturities to avoid undue concentration of assets, provide for stability of income, and limit exposure to fair value losses related to rising interest rates.

**Credit risk.** The City's investment policy limits the level of investments allowed in each category of credit risk. Credit risk is the risk that an issuer to an investment will not fulfill its obligation. State law limits investments in state and local securities and commercial paper to those with specified rating by nationally recognized rating agencies. U.S. Treasury Obligations are not considered to have credit risk. U.S. Government Agencies which are rated all carry a AAA credit rating. The U.S. Government Agencies which are unrated are comprised of "stripped" securities for which the underlying agency notes are all AAA rated. The underlying agency's rating is considered to pass through to the "stripped" bond. The Local Government Obligations carry a A credit rating.

**Concentration risk.** The City does not have a formal policy limiting the amount of the portfolio that may be invested in any one depository or issuer. The following investments represent at least 5% of the City's investment portfolio: Federal Home Loan Bank and Minnesota Municipal Money Market.

**Fair Value Measurements.** The City uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

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The City follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the City has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data. These inputs include bonds valued by a pricing service that uses matrix pricing and valuation multiples.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

Assets of the City measured at fair value on a recurring basis:

|                        | <u>Level 1</u> | <u>Level 2</u>      | <u>Level 3</u> | <u>Total</u>        |
|------------------------|----------------|---------------------|----------------|---------------------|
| US Govt Agencies       |                | \$13,815,438        |                | \$13,815,438        |
| Local Govt Obligations |                | 12,051,448          |                | 12,051,448          |
| Negotiable CDs         |                | 8,889,231           |                | 8,889,231           |
| US Govt Agency pools   |                | 2,463               |                | 2,463               |
| Total                  |                | <u>\$34,758,280</u> |                | <u>\$34,758,280</u> |

Assets of the City measured at amortized cost:

|                                        |                     |
|----------------------------------------|---------------------|
| 4M Fund Liquid Asset Fund              | \$9,454,712         |
| 4M Fund PLUS Fund                      | 8,573,787           |
| Wells Fargo Advisors Money Market Fund | 74,243              |
| Bremer Bank Money Market Fund          | 1,051,325           |
| Profinium Money Market Fund            | <u>176,301</u>      |
| Total                                  | <u>\$19,330,368</u> |

The City's investment with the 4M Funds are regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities. The 4M Funds are an unrated external investment pool and the fair value of the position in the pool is the same as the value of the shares. The pools are valued at amortized cost. There are no restrictions on withdrawals from the 4M Liquid Asset Fund, which may be affected on a same day basis. All investments in the 4M PLUS Fund must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to 7 days interest on the amount withdrawn.

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**B. Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major accounts receivable balances for the governmental activities include franchise fees and miscellaneous charges. Business-type activities report utility earnings as their major accounts receivable.

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current year, the three components of unavailable revenue reported in the governmental funds were for delinquent taxes receivable not yet available (general fund) of \$251,356; special assessments receivable not yet available (debt service fund and capital projects fund) of \$2,424,906; and a development receivable not yet available (capital projects fund) of \$282,391.

**C. Loans Receivable**

The Capital Projects Fund has entered into various development agreements with local businesses to finance public improvements. The balance of these loans at December 31, 2022 was \$275,269 and is offset by an unavailable revenue. These loans mature in 10-25 years.

**Discretely Presented Component Unit**

The EDA Loan Fund has made loans to local businesses with various terms and interest rates for repayment. The balance of these loans at December 31, 2022 was \$72,486 which consists of loans maturing in one to seven years with interest ranging from 0 to 5.25 percent. These notes are secured by property, equipment and personal guarantees.

The EDA Loan Fund has made twenty-two loans to local businesses with certain conditions attached which would then make the loans forgivable. These loans are not considered receivable and are not included in the loans receivable balance at December 31, 2022. The balance of these forgivable loans was \$271,168 at December 31, 2022.

The EDA Land Fund has entered into various development agreements with local businesses to finance the sale of property to the developer. The balance of these loans at December 31, 2022 was \$1,779,030 which consists of loans maturing in 20 to 25 years all with interest rates of 3 percent.

The HRA issues notes as their contribution to SCDP housing rehab program. These notes consist of \$1,000 per housing unit. They are deferred for a period of 7 years. The notes will be forgiven as long as the owner continues to rent to low income residents and maintains ownership for the 7 years. If the owner sells before the 7 years the note will need to be repaid in full. These notes are not considered receivable and are not included in the Statement of Net Position. The balance of these notes at December 31, 2022 is \$6,000.

The HRA works with local community housing agencies to provide emergency fix-up deferred loans for home improvements that resolve code emergency deficiencies, energy efficiency, or improve accessibility. The maximum amount of each loan is \$5,000. They are deferred until the property is sold or transferred. The balance of these notes at December 31, 2022 is \$6,170.

**D. Long-term Lease Receivables**

**Governmental Leases**

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On January 1, 2022, the City entered into a 12-month lease as Lessor for the use of West Hills Velve - BBBS. An initial lease receivable was recorded in the amount of \$82,962. As of December 31, 2022, the value of the lease receivable is \$56,223. The lessee is required to make monthly fixed payments of \$2,251. The lease has an interest rate of 0.4260%. The value of the deferred inflow of resources as of December 31, 2022, was \$55,308, and the City recognized lease revenue of \$27,654 during the fiscal year. The lessee has 1 extension option, for 60 months.

On January 1, 2022, the City entered into a 12-month lease as Lessor for the use of West Hills Social Commons 3rd Floor - Healthy Seniors. An initial lease receivable was recorded in the amount of \$1,527. As of December 31, 2022, the value of the lease receivable is \$0. The lessee is required to make quarterly fixed payments of \$382. The lease has an interest rate of 0.2380%. The value of the deferred inflow of resources as of December 31, 2022, was \$0, and the City recognized lease revenue of \$1,527 during the fiscal year. The lessee has 1 extension option, for 12 months.

On January 1, 2022, The City entered into a 36-month lease as Lessor for the use of West Hills Art Center. An initial lease receivable was recorded in the amount of \$7,321. As of December 31, 2022, the value of the lease receivable is \$5,029. The lessee is required to make monthly fixed payments of \$255. The lease has an interest rate of 0.4260%. The value of the deferred inflow of resources as of December 31, 2022, was \$4,881, and the City recognized lease revenue of \$2,440 during the fiscal year.

On January 1, 2022, the City entered into a 189-month lease as Lessor for the use of public hangar lot 8 - Dahl. An initial lease receivable was recorded in the amount of \$16,631. As of December 31, 2022, the value of the lease receivable is \$15,479. The lessee is required to make annual variable principal and interest payments of \$1,152. The lease has an interest rate of 1.4080%. The value of the deferred inflow of resources as of December 31, 2022, was \$15,579, and the City recognized lease revenue of \$1,053 during the fiscal year.

On January 1, 2022, The City entered into a 190-month lease as Lessor for the use of public hangar lot 7 High Tec Aero. An initial lease receivable was recorded in the amount of \$13,860. As of December 31, 2022, the value of the lease receivable is \$12,900. The lessee is required to make annual variable principal and interest payments of \$960. The lease has an interest rate of 1.4080%. The value of the deferred inflow of resources as of December 31, 2022, was \$12,987, and the City recognized lease revenue of \$873 during the fiscal year.

On January 1, 2022, The City entered into a 219-month lease as Lessor for the use of public hangar lot 3 - O' Sita. An initial lease receivable was recorded in the amount of \$18,453. As of December 31, 2022, the value of the lease receivable is \$17,348. The lessee is required to make annual variable principal and interest payments of \$1,105. The lease has an interest rate of 1.4810%. The value of the deferred inflow of resources as of December 31, 2022, was \$17,442, and the City recognized lease revenue of \$1,010 during the fiscal year.

On May 3, 2022, the City entered into a 240-month lease as Lessor for the use of public hangar lot 2 - JPF Enterprises. An initial lease receivable was recorded in the amount of \$17,656. As of December 31, 2022, the value of the lease receivable is \$16,568. The lessee is required to make annual variable principal and interest payments of \$1,088. The lease has an interest rate of 2.7510%. The value of the deferred inflow of resources as of December 31, 2022, was \$17,073, and the City recognized lease revenue of \$584 during the fiscal year.

On January 1, 2022, the City entered into a 20-month lease as Lessor for the use of public hangar lot 26 - Barbosa. An initial lease receivable was recorded in the amount of \$840. As of December 31, 2022, the value of the lease receivable is \$0. The lessee is required to make annual variable principal and interest payments of \$842. The lease has an interest rate of 0.3300%. The value of the deferred inflow of resources as of December 31, 2022, was \$336, and the City recognized lease revenue of \$504 during the fiscal year.



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On January 1, 2022, The City entered into a 171-month lease as Lessor for the use of public hangar lot 21 - OWACS Holdings. An initial lease receivable was recorded in the amount of \$11,052. As of December 31, 2022, the value of the lease receivable is \$10,279. The lessee is required to make annual variable principal and interest payments of \$810. The lease has an interest rate of 1.3380%. The value of the deferred inflow of resources as of December 31, 2022, was \$10,278, and the City recognized lease revenue of \$774 during the fiscal year.

On January 1, 2022, the City entered into a 237-month lease as Lessor for the use of public hangar lot 20 - Sybesma. An initial lease receivable was recorded in the amount of \$17,828. As of December 31, 2022, the value of the lease receivable is \$16,971. The lessee is required to make annual variable principal and interest payments of \$1,088. The lease has an interest rate of 1.5530%. The value of the deferred inflow of resources as of December 31, 2022, was \$16,928, and the City recognized lease revenue of \$900 during the fiscal year.

On January 1, 2022, the City entered into a 72-month lease as Lessor for the use of public hangar lot 12 - JPF Enterprises. An initial lease receivable was recorded in the amount of \$4,915. As of December 31, 2022, the value of the lease receivable is \$4,107. The lessee is required to make annual variable principal and interest payments of \$842. The lease has an interest rate of 0.8330%. The value of the deferred inflow of resources as of December 31, 2022, was \$4,096, and the City recognized lease revenue of \$819 during the fiscal year.

On January 1, 2022, the City entered into a 50% shared 36-month lease as Lessor for the use of LEC 911 Center. An initial lease receivable was recorded in the amount of \$83,958. As of December 31, 2022, the value of the lease receivable is \$57,644. The lessee is required to make annual fixed payments of \$26,656. The lease has an interest rate of 0.4260%. The value of the deferred inflow of resources as of December 31, 2022 was \$55,972, and the City recognized lease revenue of \$27,986 during the fiscal year. The lessee has 1 extension option, for 36 months. The lessee had a termination period of 4 months as of the lease commencement.

On January 1, 2022, The City entered into a 37-month lease as Lessor for the use of commercial land terminal office - Accel Aviation - 2. An initial lease receivable was recorded in the amount of \$54,397. As of December 31, 2022, the value of the lease receivable is \$37,327. The lessee is required to make monthly fixed payments of \$1,125. The lease has an interest rate of 0.4260%. The value of the deferred inflow of resources as of December 31, 2022, was \$36,755, and the City recognized lease revenue of \$17,642 during the fiscal year.

On January 1, 2022, the City entered into a 37-month lease as Lessor for the use of commercial land terminal office - Accel Aviation - 1. An initial lease receivable was recorded in the amount of \$39,166. As of December 31, 2022, the value of the lease receivable is \$26,876. The lessee is required to make monthly fixed payments of \$810. The lease has an interest rate of 0.4260%. The value of the deferred inflow of resources as of December 31, 2022, was \$26,463, and the City recognized lease revenue of \$12,702 during the fiscal year.

On January 1, 2022, The City entered into a 48-month sublease as Lessor for the use of commercial land - Muni Airport sublease Lot 27. An initial lease receivable was recorded in the amount of \$11,999. As of December 31, 2022, the value of the lease receivable is \$9,021. The lessee is required to make annual variable principal and interest payments of \$3,094. The lease has an interest rate of 1.4420%. The value of the deferred inflow of resources as of December 31, 2022, was \$9,028, and the City recognized lease revenue of \$2,971 during the fiscal year.

On December 6, 2022, the City entered into a 23-month lease as Lessor for the use of hangar #4K - Hannah Drake. An initial lease receivable was recorded in the amount of \$5,119. As of December 31, 2022, the value of the lease receivable is \$4,901. The lessee is required to make monthly fixed payments of \$220. The lease has an interest rate of 3.2070%. The value of the deferred inflow of resources as of December 31, 2022, was \$4,940, and the City recognized lease revenue of \$179 during the fiscal year.

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On December 6, 2022, the City entered into a 23-month lease as Lessor for the use of hangar #4J - Korey Krause. An initial lease receivable was recorded in the amount of \$5,119. As of December 31, 2022, the value of the lease receivable is \$4,901. The lessee is required to make monthly fixed payments of \$220. The lease has an interest rate of 3.2070%. The value of the deferred inflow of resources as of December 31, 2022, was \$4,940, and the City recognized lease revenue of \$179 during the fiscal year.

On December 6, 2022, the City entered into a 23-month lease as Lessor for the use of hangar #4I - Chris Ludewig. An initial lease receivable was recorded in the amount of \$5,119. As of December 31, 2022, the value of the lease receivable is \$4,901. The lessee is required to make monthly fixed payments of \$220. The lease has an interest rate of 3.2070%. The value of the deferred inflow of resources as of December 31, 2022, was \$4,940, and the City recognized lease revenue of \$179 during the fiscal year.

On December 1, 2022, the City entered into a 24-month lease as Lessor for the use of hangar #4E - Kent Carder. An initial lease receivable was recorded in the amount of \$5,117. As of December 31, 2022, the value of the lease receivable is \$4,901. The lessee is required to make monthly fixed payments of \$220. The lease has an interest rate of 3.2070%. The value of the deferred inflow of resources as of December 31, 2022, was \$4,904, and the City recognized lease revenue of \$213 during the fiscal year.

On December 6, 2022, the City entered into a 23-month lease as Lessor for the use of hangar #4D - Paul Ray. An initial lease receivable was recorded in the amount of \$5,119. As of December 31, 2022, the value of the lease receivable is \$4,901. The lessee is required to make monthly fixed payments of \$220. The lease has an interest rate of 3.2070%. The value of the deferred inflow of resources as of December 31, 2022, was \$4,940, and the City recognized lease revenue of \$179 during the fiscal year.

On December 6, 2022, the City entered into a 23-month lease as Lessor for the use of hangar #4B - High Tech Aero. An initial lease receivable was recorded in the amount of \$5,119. As of December 31, 2022, the value of the lease receivable is \$4,901. The lessee is required to make monthly fixed payments of \$220. The lease has an interest rate of 3.2070%. The value of the deferred inflow of resources as of December 31, 2022, was \$4,940, and the City recognized lease revenue of \$179 during the fiscal year.

On December 1, 2022, The City entered into a 24-month lease as Lessor for the use of hangar #2K - Jerry Pritchett. An initial lease receivable was recorded in the amount of \$4,187. As of December 31, 2022, the value of the lease receivable is \$4,010. The lessee is required to make monthly fixed payments of \$180. The lease has an interest rate of 3.2070%. The value of the deferred inflow of resources as of December 31, 2022, was \$4,012, and the City recognized lease revenue of \$174 during the fiscal year.

On January 1, 2022, The City entered into a 16-month lease as Lessor for the use of hangar #1A - Climate by Design. An initial lease receivable was recorded in the amount of \$6,390. As of December 31, 2022, the value of the lease receivable is \$1,599. The lessee is required to make monthly fixed payments of \$400. The lease has an interest rate of 0.2380%. The value of the deferred inflow of resources as of December 31, 2022, was \$1,598, and the City recognized lease revenue of \$4,793 during the fiscal year.

Annual lease revenues for governmental activities are as follows:

| Year      | Governmental Activities |                 |                  |
|-----------|-------------------------|-----------------|------------------|
|           | Principal               | Interest        | Total            |
| 2023      | \$116,021               | \$3,158         | \$119,179        |
| 2024      | 116,568                 | 2,094           | 118,662          |
| 2025      | 11,293                  | 1,426           | 12,719           |
| 2026      | 5,749                   | 1,296           | 7,045            |
| 2027      | 5,836                   | 1,209           | 7,045            |
| 2028-2032 | 26,255                  | 4,760           | 31,015           |
| 2033-2037 | 27,665                  | 2,540           | 30,205           |
| 2038-2042 | 11,402                  | 616             | 12,018           |
| Total     | <u>\$320,789</u>        | <u>\$17,099</u> | <u>\$337,888</u> |

**CITY OF OWATONNA, MINNESOTA**  
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**Business-type Leases**

Owatonna Public Utilities (electric, water and gas) leases various tower sites to companies. These agreements contain various renewal and extension options. The latest maturity date is projected to be in 2043, however, the City anticipates new or revised leasing arrangements to occur in the future.

Long-term lease activity for the year ended December 31, 2022 was as follows:

| Description                               | Issue Date | Discount Rate | Current Year Inflow of Resources | Ending Balance     |
|-------------------------------------------|------------|---------------|----------------------------------|--------------------|
| ATT 14 <sup>th</sup> St Tower Antenna     | 12/01/12   | 0.65          | \$29,039                         | \$120,728          |
| Owatonna Bus Company                      | 04/01/22   | 2.29          | 7,800                            | 31,774             |
| T-Mobile Academy St Tower Antenna         | 01/01/20   | 1.59          | 30,475                           | 616,448            |
| Verizon 14 <sup>th</sup> St Tower Antenna | 01/01/21   | 1.06          | 47,610                           | 396,765            |
| Verizon Fairgrounds Tower Antenna         | 06/26/18   | 1.67          | 31,263                           | 673,642            |
| Zayo 14 <sup>th</sup> St Lease            | 12/01/10   | 1.59          | 2,420                            | 42,209             |
| Zayo 26 <sup>th</sup> St Lease            | 12/01/10   | 1.59          | 2,420                            | 92,981             |
| Zayo Academy St                           | 12/01/10   | 1.59          | 2,420                            | 42,209             |
|                                           |            |               |                                  | <u>\$2,016,756</u> |

Annual lease revenues for business type activities are as follows:

| Year      | Business-type Activities |                  |                    |
|-----------|--------------------------|------------------|--------------------|
|           | Principal                | Interest         | Total              |
| 2023      | \$126,801                | \$28,552         | \$155,353          |
| 2024      | 131,276                  | 26,928           | 158,204            |
| 2025      | 136,623                  | 25,240           | 161,863            |
| 2026      | 145,748                  | 23,401           | 169,149            |
| 2027      | 110,734                  | 21,778           | 132,512            |
| 2028-2032 | 500,176                  | 86,305           | 586,481            |
| 2033-2037 | 469,530                  | 52,454           | 521,984            |
| 2038-2042 | 395,868                  | 12,171           | 408,039            |
| Total     | <u>\$2,016,756</u>       | <u>\$276,829</u> | <u>\$2,293,585</u> |

**CITY OF OWATONNA, MINNESOTA**  
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**E. Capital Assets**

Capital asset activity for governmental activities for the year ended December 31, 2022 was as follows:

|                                      | Beginning<br>Balances | Increases   | Decreases   | Ending<br>Balances |
|--------------------------------------|-----------------------|-------------|-------------|--------------------|
| Land                                 | \$8,961,581           | \$29,183    |             | \$8,990,764        |
| Construction in Progress             | 3,336,128             | 2,449,163   | \$5,512,967 | 272,324            |
| Total Non-depreciable                | 12,297,709            | 2,478,346   | 5,512,967   | 9,263,088          |
| Depreciable capital assets:          |                       |             |             |                    |
| Buildings                            | 26,110,488            | 2,065,371   |             | 28,175,859         |
| Improvements Other than Bldgs        | 1,653,271             |             |             | 1,653,271          |
| Equipment                            | 17,874,786            | 1,164,645   | 586,004     | 18,453,427         |
| Infrastructure                       | 127,226,659           | 4,751,515   |             | 131,978,174        |
| Total depreciable                    | 172,865,204           | 7,981,531   | 586,004     | 180,260,731        |
| Accumulated Depreciation             |                       |             |             |                    |
| Buildings                            | 13,394,500            | 428,726     |             | 13,823,226         |
| Improvements Other than Bldgs        | 582,818               | 22,368      |             | 605,186            |
| Equipment                            | 11,049,891            | 698,714     | 575,638     | 11,172,967         |
| Infrastructure                       | 61,742,971            | 286,569     |             | 62,029,540         |
| Total accumulated depreciation       | 86,770,180            | 1,436,377   | 575,638     | 87,630,919         |
| Govtl activities capital assets, net | \$98,392,733          | \$9,023,500 | \$5,523,333 | \$101,892,900      |

Depreciation expense for governmental activities is charged to functions as follows:

|                                                |             |
|------------------------------------------------|-------------|
| General government                             | \$226,854   |
| Public safety                                  | 66,763      |
| Public works                                   | 356,135     |
| Culture and recreation                         | 349,670     |
| Internal service funds                         | 436,955     |
| Total depreciation for governmental activities | \$1,436,377 |

Capital asset activity for business-type activities for the year ended December 31, 2022 was as follows:

|                                              | Beginning<br>Balances | Increases    | Decreases   | Transfers | Ending<br>Balances |
|----------------------------------------------|-----------------------|--------------|-------------|-----------|--------------------|
| Land and other rights                        | \$4,780,319           | \$947,344    |             |           | \$5,727,663        |
| Construction in Progress                     | 8,026,496             | 16,242,631   | \$5,909,483 |           | 18,359,644         |
| Total Non-depreciable                        | 12,806,815            | 17,189,975   | 5,909,483   |           | 24,087,307         |
| Depreciable capital assets:                  |                       |              |             |           |                    |
| Buildings                                    | 47,640,592            | 243,398      | 12,307      | (156,012) | 47,715,671         |
| Equipment                                    | 18,273,956            | 442,256      | 243,999     | 157,891   | 18,630,104         |
| Infrastructure                               | 118,889,818           | 7,739,200    | 517,114     | (1,879)   | 126,110,025        |
| Total depreciable                            | 184,804,366           | 8,424,854    | 773,420     |           | 192,455,800        |
| Accumulated Depreciation                     |                       |              |             |           |                    |
| Buildings                                    | 17,895,910            | 419,285      | 1,789       | 1         | 18,313,407         |
| Equipment                                    | 13,396,825            | 524,900      | 241,233     |           | 13,680,492         |
| Infrastructure                               | 47,654,997            | 2,530,842    | 517,116     | (1)       | 49,668,722         |
| Total accumulated depreciation               | 78,947,732            | 3,475,027    | 760,138     |           | 81,662,621         |
| Business-type activities capital assets, net | \$118,663,449         | \$22,139,802 | \$5,922,765 |           | \$134,880,486      |

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Depreciation expense for business-type activities is charged to functions as follows:

|                                                 |                    |
|-------------------------------------------------|--------------------|
| Sewer                                           | \$53,487           |
| Storm water                                     | 14,214             |
| Electric                                        | 2,174,860          |
| Water                                           | 548,262            |
| Gas                                             | 684,204            |
| Total depreciation for business-type activities | <u>\$3,475,027</u> |

**Discretely Presented Component Units**

Capital asset activity for the component units was as follows:

**Economic Development Authority**

|      | Beginning<br>Balances | Increases        | Decreases | Ending<br>Balances |
|------|-----------------------|------------------|-----------|--------------------|
| Land | <u>\$246,851</u>      | <u>\$261,400</u> |           | <u>\$508,251</u>   |

**Housing and Redevelopment Authority**

|                          | Beginning<br>Balances | Increases      | Decreases | Ending<br>Balances |
|--------------------------|-----------------------|----------------|-----------|--------------------|
| Buildings                | \$52,000              |                |           | \$52,000           |
| Accumulated Depreciation | <u>18,993</u>         | <u>\$1,363</u> |           | <u>20,356</u>      |
| Capital assets, net      | <u>\$33,007</u>       | <u>\$1,363</u> |           | <u>\$31,644</u>    |

Depreciation expense was charged to functions/programs of the component unit as follows:

|                                |         |
|--------------------------------|---------|
| Housing & economic development | \$1,363 |
|--------------------------------|---------|

**F. Interfund Balances and Transfers**

The composition of interfund balances as of December 31, 2022 is as follows:

***Due to/from other funds***

Several funds have made short-term loans to other funds through normal day-to-day operations. Items such as utility infrastructure associated with street projects, sewer billing and collections performed by another utility fund, and centralized fuel purchases are examples of why these occur. These loans are planned to be eliminated in the subsequent year.

|                      | General<br>Fund | Capital<br>Projects<br>Fund | Sewer<br>Fund    | Storm<br>Water<br>Fund | Electric<br>Fund | Total              |
|----------------------|-----------------|-----------------------------|------------------|------------------------|------------------|--------------------|
| Due from:            |                 |                             |                  |                        |                  |                    |
| General Fund         |                 |                             |                  |                        | \$3,192          | \$3,192            |
| Debt Service Fund    |                 |                             |                  |                        | 11,798           | 11,798             |
| Nonmajor Govtl Funds |                 |                             |                  |                        | 3,850            | 3,850              |
| Electric Fund        | \$4,536         | \$321,803                   | \$844,204        | \$110,000              |                  | 1,280,543          |
| Water Fund           | 8,095           | 366,612                     |                  |                        |                  | 374,707            |
| Gas Fund             |                 | 14,338                      |                  |                        |                  | 14,338             |
| Total Due to:        | <u>\$12,631</u> | <u>\$702,753</u>            | <u>\$844,204</u> | <u>\$110,000</u>       | <u>\$18,840</u>  | <u>\$1,688,428</u> |

**CITY OF OWATONNA, MINNESOTA**  
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**Advance to/from other funds**

During the course of operations, numerous transactions occur between individual funds for goods provided, services rendered, or cash flow purposes. Long-term interfund loans are classified as “advances to/from other funds”.

|                       | General<br>Fund  | Capital<br>Projects<br>Fund | Total            |
|-----------------------|------------------|-----------------------------|------------------|
| Due from:             |                  |                             |                  |
| Capital Projects Fund | \$121,136        |                             | \$121,136        |
| Nonmajor Govtl Funds  |                  | \$831,932                   | 831,932          |
| Total Due to:         | <u>\$121,136</u> | <u>\$831,932</u>            | <u>\$953,068</u> |

**Due to/from primary government and component units**

| Receivable Fund    | Payable Fund         | Amount                |
|--------------------|----------------------|-----------------------|
| Primary Govt – ISF | Component Unit – EDA | <u>\$1,848</u>        |
| Total              |                      | <u><u>\$1,848</u></u> |

**Interfund transfers**

|                       | General<br>Fund  | Nonmajor<br>Govtl<br>Funds | Sewer<br>Fund    | Storm<br>Water<br>Fund | Total              |
|-----------------------|------------------|----------------------------|------------------|------------------------|--------------------|
| Transfers In:         |                  |                            |                  |                        |                    |
| General Fund          |                  |                            | \$571,800        | \$80,930               | \$652,730          |
| Debt Service Fund     |                  | \$149,690                  |                  |                        | 149,690            |
| Capital Projects Fund | \$200,000        |                            |                  |                        | 200,000            |
| Total Transfers Out   | <u>\$200,000</u> | <u>\$149,690</u>           | <u>\$571,800</u> | <u>\$80,930</u>        | <u>\$1,002,420</u> |

Throughout the course of the year, the City has to make occasional interfund transfers. The City annually transfers funds from its enterprise operations to its general fund to compensate for the cost of administration. The City annually transfers tax increment from a nonmajor Governmental Fund to its debt service fund for upcoming debt service payments.

Capital contributions from the governmental activities to the business-type activities are reported as transfers on the statement of activities.

**G. Long-term Debt**

**General Obligation Bonds**

General obligation bonds are issued to provide for the acquisition of major capital equipment. These bonds are direct obligations and are backed by the full faith and credit of the City. Four general obligation bonds with an original issue amount of \$9,765,000 are currently outstanding as follows:

**CITY OF OWATONNA, MINNESOTA**  
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|                                          |           |            |                    |
|------------------------------------------|-----------|------------|--------------------|
| G.O. Equipment Certificates Series 2017A | 2023-2025 | 3.00%      | \$65,000           |
| G.O. Street Reconstruction Series 2018A  | 2023-2029 | 3.00-5.00% | 3,580,000          |
| G.O. Street Reconstruction Series 2020A  | 2023-2031 | 2.00-4.00% | 1,410,000          |
| G.O. Street Reconstruction Series 2022A  | 2023-2032 | 1.00-4.00% | 3,250,000          |
|                                          |           |            | <u>\$8,305,000</u> |

Annual debt service requirements to maturity for general obligation improvement bonds are as follows:

| Year      | Governmental Activities |                    |
|-----------|-------------------------|--------------------|
|           | Principal               | Interest           |
| 2023      | \$895,000               | \$275,460          |
| 2024      | 925,000                 | 234,660            |
| 2025      | 960,000                 | 192,385            |
| 2026      | 975,000                 | 148,785            |
| 2027      | 1,015,000               | 109,110            |
| 2028-2032 | 3,535,000               | 134,195            |
|           | <u>\$8,305,000</u>      | <u>\$1,094,595</u> |

**General Obligation Improvement Bonds**

General obligation improvement bonds are issued for the construction of major capital improvements having a relatively long life. They are payable from special assessments levied and collected on local improvements to property and are backed by the full faith and credit of the City. Five bond issues with a total original issue amount of \$8,530,000 are currently outstanding as follows:

|                               |           |             |                    |
|-------------------------------|-----------|-------------|--------------------|
| G.O. Improvement Series 2013A | 2023-2024 | 2.00-2.750% | \$555,000          |
| G.O. Improvement Series 2015A | 2023-2026 | 2.50-3.000% | 545,000            |
| G.O. Improvement Series 2016A | 2023-2027 | 2.00-3.000% | 555,000            |
| G.O. Improvement Series 2017A | 2023-2028 | 2.00-3.000% | 1,145,000          |
| G.O. Improvement Series 2019A | 2023-2030 | 4.00-5.000% | 1,570,000          |
|                               |           |             | <u>\$4,370,000</u> |

Annual debt service requirements to maturity for general obligation improvement bonds are as follows:

| Year      | Governmental Activities |                  |
|-----------|-------------------------|------------------|
|           | Principal               | Interest         |
| 2023      | \$870,000               | \$134,949        |
| 2024      | 895,000                 | 105,619          |
| 2025      | 625,000                 | 79,868           |
| 2026      | 635,000                 | 58,494           |
| 2027      | 510,000                 | 41,643           |
| 2028-2031 | 835,000                 | 42,097           |
|           | <u>\$4,370,000</u>      | <u>\$462,670</u> |



**CITY OF OWATONNA, MINNESOTA**  
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**G.O. Tax Increment Bonds**

The City issued bonds for an economic development project. The tax increments resulting from increased tax capacity of the development property will be used to retire the related debt. These bonds had an original issue amount of \$1,140,000. These bonds are backed by the full faith and credit of the City.

The general obligation tax increment bonds currently outstanding are as follows:

|                                  |           |            |           |
|----------------------------------|-----------|------------|-----------|
| Governmental Activities          |           |            |           |
| Tax Increment Bonds Series 2013A | 2023-2024 | 2.25-2.75% | \$275,000 |

Annual debt service requirements to maturity for the general obligation revenue bonds are as follows:

| Year  | Governmental Activities |                |
|-------|-------------------------|----------------|
|       | Principal               | Interest       |
| 2023  | \$135,000               | \$5,707        |
| 2024  | 140,000                 | 1,925          |
| Total | <u>\$275,000</u>        | <u>\$7,632</u> |

**G.O. Revenue Bonds**

The City issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service in addition to levying a tax. These bonds are recorded in the fund according to the purpose for which they were issued. The Storm Water Fund is currently carrying bonds payable for storm water improvements. These bonds had an original issue amount of \$4,360,000. The Series 2016A refunding bonds have a \$100,000 annual pledge of revenue. The second Series 2016A have a revenue pledge equal to 50% of the required debt service payment. These bonds are all backed by the full faith and credit of the City.

The City's outstanding notes from direct borrowings related to business-type activities in the sewer fund of \$1,721,928 contain (1) a provision that in an event of default, the timing of repayment of outstanding amounts become immediately due if pledged revenues during the year are less than 105 percent of debt service coverage due in the following year and (2) a provision that if the City is unable to make payment, outstanding amounts are due immediately. The City's outstanding notes from direct borrowings related to business-type activities of \$1,721,928 contain a subjective acceleration clause that allows the lender to accelerate payment of the entire principal amount to become immediately due if the lender determines that a material adverse change occurs. These bonds had an original issue amount of \$7,929,333 and are fully payable from the revenues of the sewer fund.

The general obligation revenue bonds currently outstanding are as follows:

|                                        |           |            |                    |
|----------------------------------------|-----------|------------|--------------------|
| Business-type Activities               |           |            |                    |
| Direct borrowing - MPFA Revenue Bonds  |           |            |                    |
| Series 2011                            | 2023-2025 | 1.423%     | \$1,721,928        |
| Revenue Bonds Series 2016A             | 2023-2032 | 2.00-3.00% | 1,790,000          |
| Revenue Bonds Series 2016A – Refunding | 2023-2024 | 3.00%      | 565,000            |
|                                        |           |            | <u>\$4,076,928</u> |

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Annual debt service requirements to maturity for the general obligation revenue bonds are as follows:

| Years     | Business-type Activities |           |                                                    |          | Totals      |
|-----------|--------------------------|-----------|----------------------------------------------------|----------|-------------|
|           | Bonded Debt              |           | Notes from Direct Borrowings and Direct Placements |          |             |
|           | Principal                | Interest  | Principal                                          | Interest |             |
| 2023      | \$435,000                | \$51,863  | \$566,000                                          | \$24,503 | \$1,077,366 |
| 2024      | 450,000                  | 38,588    | 574,000                                            | 16,449   | 1,079,037   |
| 2025      | 170,000                  | 29,286    | 581,928                                            | 8,281    | 789,495     |
| 2026      | 170,000                  | 25,038    |                                                    |          | 195,038     |
| 2027      | 180,000                  | 20,456    |                                                    |          | 200,456     |
| 2028-2032 | 950,000                  | 51,381    |                                                    |          | 1,001,381   |
| Total     | \$2,355,000              | \$216,612 | \$1,721,928                                        | \$49,233 | \$4,342,773 |

**Change in Long-term Liabilities**

Long-term liability activity for the year ended December 31, 2022 was as follows:

|                                                    | Beginning Balance   | Increase           | Decrease           | Ending Balance      | Due Within One Year |
|----------------------------------------------------|---------------------|--------------------|--------------------|---------------------|---------------------|
| <b>Governmental Activities</b>                     |                     |                    |                    |                     |                     |
| Bonds Payable                                      |                     |                    |                    |                     |                     |
| G.O. Bonds                                         | \$8,940,000         |                    | \$635,000          | \$8,305,000         | \$895,000           |
| G.O. Tax Increment Bonds                           | 405,000             |                    | 130,000            | 275,000             | 135,000             |
| G.O. Improvement Bonds                             | 5,295,000           |                    | 925,000            | 4,370,000           | 870,000             |
| Plus: bond premium                                 | 1,284,132           |                    | 452,357            | 831,775             |                     |
| Total bonds payable                                | <u>15,924,132</u>   |                    | <u>2,142,357</u>   | <u>13,781,775</u>   | <u>1,900,000</u>    |
| Capital Leases Payable                             |                     |                    |                    |                     |                     |
| Accrued Compensated Absences                       | 1,947,706           | \$1,236,045        | 1,387,186          | 1,796,565           | 1,050,000           |
| Governmental Activity                              |                     |                    |                    |                     |                     |
| Long-term liabilities                              | <u>\$17,871,838</u> | <u>\$1,236,045</u> | <u>\$3,529,543</u> | <u>\$15,578,340</u> | <u>\$2,950,000</u>  |
| <br>                                               |                     |                    |                    |                     |                     |
|                                                    | Beginning Balance   | Increase           | Decrease           | Ending Balance      | Due Within One Year |
| <b>Business-type Activities</b>                    |                     |                    |                    |                     |                     |
| Bonds Payable                                      |                     |                    |                    |                     |                     |
| G.O. Revenue Bonds                                 | \$2,785,000         |                    | \$430,000          | \$2,355,000         | \$435,000           |
| Notes from direct borrowings and direct placements | 2,279,928           |                    | 558,000            | 1,721,928           | 566,000             |
| Plus: bond premium                                 | 127,177             |                    | 69,296             | 57,881              |                     |
| Total notes & bonds payable                        | <u>5,192,105</u>    |                    | <u>1,057,296</u>   | <u>4,134,809</u>    | <u>1,001,000</u>    |
| Accrued Compensated Absences                       | 1,469,130           | \$430,290          | 422,889            | 1,476,531           | 357,907             |
| Business-type Activity                             |                     |                    |                    |                     |                     |
| Long-term liabilities                              | <u>\$6,661,235</u>  | <u>\$430,290</u>   | <u>\$1,480,185</u> | <u>\$5,611,340</u>  | <u>\$1,358,907</u>  |

For the governmental activities, accrued compensated absences, net pension liability and OPEB are generally liquidated by the general fund.

**CITY OF OWATONNA, MINNESOTA**  
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**Conduit Debt Obligations**

From time to time, the City has issued Industrial Development Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from revenues of the industries to which the bonds were remitted. The City is not obligated in any matter for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2022, there were eight outstanding bond issues with an original issue amount of \$39,680,545 and a balance of \$31,568,022.

**H. Tax Abatements**

The City has several pay-as-you-go tax increment financing districts with local businesses to promote economic development, housing, and redevelopment within the City as authorized under Minnesota Statute 469.174. The City reaches agreements with the business related to land acquisition, public infrastructure and building improvements. The businesses complete their improvements which increase the tax base. The increment taxes are based on the increase of the property's value after the improvements are made. The school district and the county have also abated their portion of the tax increment following the improvements. The agreements call for 90-99% of the property tax increments collected to be paid to reimburse development costs less administrative fees. The City currently has twenty four tax increment financing districts which includes eleven economic development districts which end between December 31, 2023-December 31, 2032; one housing and redevelopment districts which ends December 31, 2042; and fifteen redevelopment districts which end between December 31, 2040-December 31, 2048. For the year ended December 31, 2022, the City paid tax increment in the amount of \$2,449,007. No other commitments were made by the City as part of these agreements.

**V. OTHER INFORMATION**

**A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City accounts for its risk management activities in an internal service fund. Revenue to this fund is derived from premium charges to user departments, employees, and other funds of the City. These charges are then available to pay claims, administrative costs and insurance premiums.

There has been no significant reduction in insurance coverage from the previous year in any of the City's policies. In addition, there have been no settlements in excess of the City's insurance coverage in any of the prior three fiscal years.

The City is a member of the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool, and has currently placed coverage with them for its general liability and personal property claims. Coverage is provided up to a maximum of \$1,000,000. This coverage has a \$100,000 annual deductible. The City levies funds annually to cover all claims against this deductible.

The City participates in the LMCIT for its workers compensation insurance which is administered by Berkley Administrators. This is a retrospectively rated policy with the premium being based primarily on the City's loss experience.

**CITY OF OWATONNA, MINNESOTA**  
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The LMCIT operates as a common risk management and insurance program for member cities. The LMCIT agreement provides that the LMCIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain limits for each insured event. The reinsurance point is \$1.2 million per occurrence for general liability and \$850,000 for workers compensation medical and hospitalization.

**B. Subsequent Events**

On February 14, 2023, the City entered into a direct borrowing for \$35 million. The final maturity of the loan will be August 20, 2042. The loan proceeds will be disbursed on a reimbursement basis as the Wastewater Treatment Plant expansion project is completed. The loan will bear interest at the rate of 1.915% per annum. As of December 31, 2022, the City had expended \$11.3 million in project costs that were later reimbursed by this loan.

**C. Commitments and Contingent Liabilities**

In connection with the normal conduct of its affairs, the City is involved in various claims, litigations and judgments. It is expected that the final settlement of these matters will not materially affect the financial statements of the City.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City had several commitments under construction contracts still in process at the end of the year. The combined total of remaining commitments was \$51,768,994 at December 31, 2022.

Power Sales Contract - Owatonna Public Utilities (electric, water and gas funds) is a member of the Southern Minnesota Municipal Power Agency (SMMPA). Under the terms of the power sales contract, Owatonna Public Utilities and the other members are committed to purchase 100% of their power requirements from SMMPA through the contract life. After which, Owatonna Public Utilities, and the other member cities, may elect to purchase their future power and energy requirements, from sources other than SMMPA. The contract expires April 2050 and the rates paid are subject to periodic review.

Capacity Purchase Agreement – On September 1, 1991, the Electric Utility entered into a Capacity Purchase Agreement with SMMPA. Under this agreement, the Utility has agreed to dedicate a gas fired electric generating facility owned by the Electric Utility for SMMPA's exclusive use. On December 27, 2017, the Electric Utility entered into a second amended and restated capacity purchase agreement with SMMPA. This agreement now states that SMMPA will manage the daily operations. Owatonna Public Utilities is now compensated based on the capacity of the unit, which involves lump-sum payments throughout the year. The contract remains in effect until the date five years after written notice of termination by either party or until retirement of the facility. On March 26, 2019, SMMPA notified Owatonna Public Utilities that they were going to make repairs to the unit. With that, Owatonna Public Utilities is foregoing the capacity payment from SMMPA until they have recovered the investment that was made to the unit. This is expected to be finished in early 2024.

Gas Service Agreement – Under its gas service agreement, the Gas Utility is committed to purchase its natural gas demand requirements from Northern Natural Gas Company until October 2022. The rates paid are in accordance with the Federal Energy Regulatory Commission. In March of 2022, the agreement was extended for five years.

**CITY OF OWATONNA, MINNESOTA**  
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Gas Purchase Commitment – The Gas Utility has entered into forward contracts to purchase a portion of its natural gas at a specified time in the future at a guaranteed price. The Gas Utility enters into these contracts to help plan its natural gas costs for the year and to protect itself against an increase in the market price of the commodity. It is possible that the market price before or at the specified time to purchase natural gas may be lower than the price at which the Utilities is committed to buy. This would reduce the value of the contract. The Gas Utility is committed to purchase 3,094,000 cubic feet of natural gas through December 2025 for a total commitment of \$14,050,324 at December 31, 2022.

**C. Tax Increment Districts**

The City's tax increment districts are subject to review by the State of Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management has indicated that they are not aware of any instances of noncompliance which would have a material effect on the financial statements.

**D. Deferred Compensation Plan**

The City of Owatonna offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all City employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

**E. Other Postemployment Benefits**

The primary government includes amounts for the City and Owatonna Public Utilities (Electric Fund, Water Fund and Gas Fund); however the City and Owatonna Public Utilities had separate actuary reports for which the amounts were taken from.

**1. The City**

**a. Plan Description**

The City of Owatonna administers a single-employer defined benefit healthcare plan. The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the City's group health insurance plan, which covers both active and retired members. There are 130 active participants, 41 actives waiving coverage, 11 retired participants. The healthcare plan does not issue a publicly available financial report.

**b. Funding Policy**

The City has no assets accumulated in a trust that meets the criteria in GASB 75. Contribution requirements are negotiated between the City and union representatives. The eligibility for, amount of, duration of, and City's contribution to the cost of the benefits provided varies by contract and date of retirement. The City is funding this liability on a pay-as-you-go basis. For plan year 2022, the City contributed \$48,649 to the plan.

**c. Total OPEB Liability**

The City's total OPEB liability was measured as of December 31, 2021 and was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to the reporting date of 12/31/21. Liabilities in this report were calculated as of the valuation date and rolled forward to the measurement date using standard actuarial roll forward techniques.

**CITY OF OWATONNA, MINNESOTA**  
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Actuarial Assumptions

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation 2.25%  
 Health Care Trend Rates 6.30% for FY 2021, gradually decreasing over several decades to an ultimate rate of 3.8% in FY 2075 and later years.

For general employees, mortality rates were based on the Pub-2010 general mortality tables with projected mortality improvements based on scale MP-2019, and other adjustments. For police and fire, mortality rates were based on the RP-2014 mortality tables with projected mortality improvements based on scale MP-2019, and other adjustments.

The discount rate used to measure the total OPEB liability was 1.84%. The discount rate is based on the estimated yield of 20-year AA rated municipal bonds.

**d. Changes in Total OPEB Liability**

|                                                   |                  |
|---------------------------------------------------|------------------|
| Balances at January 1, 2022                       | \$747,687        |
| Changes for the Year:                             |                  |
| Service Cost                                      | 126,615          |
| Interest                                          | 16,749           |
| Change in Assumptions                             | 8,373            |
| Difference between expected and actual experience | (1,810)          |
| Benefit Payments                                  | (73,745)         |
| Net change in Total OPEB Liability                | 76,182           |
| Balances at December 31, 2022                     | <u>\$823,869</u> |

**e. Total OPEB Liability Sensitivity**

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or on percentage point higher than the current discount rate:

|                      | 1% Decrease<br>(0.84%) | Discount Rate<br>(1.84%) | 1% Increase<br>(2.84%) |
|----------------------|------------------------|--------------------------|------------------------|
| Total OPEB Liability | <u>\$875,216</u>       | <u>823,869</u>           | <u>771,366</u>         |

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

|                      | 1% Decrease<br>In trend rate | Current<br>Trend rate | 1% Increase<br>In trend rate |
|----------------------|------------------------------|-----------------------|------------------------------|
| Total OPEB Liability | <u>\$706,211</u>             | <u>\$823,869</u>      | <u>\$967,054</u>             |

**CITY OF OWATONNA, MINNESOTA**  
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For the year ended December 31, 2022, the City recognized OPEB expense of \$65,325.

At December 31, 2022, the City's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| Description                                            | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--------------------------------------------------------|--------------------------------------|-------------------------------------|
| Difference between Expected and Actual Experience      | \$20,053                             | \$444,512                           |
| Assumption Changes                                     | 69,537                               | 11,113                              |
| City Contributions Made Subsequent to Measurement Date | 48,649                               |                                     |
| Total                                                  | <u>\$138,239</u>                     | <u>\$455,625</u>                    |

\$48,649 reported as deferred outflow of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended December 31, | Amount     |
|-------------------------|------------|
| 2023                    | \$(78,039) |
| 2024                    | (78,039)   |
| 2025                    | (78,039)   |
| 2026                    | (73,682)   |
| 2027                    | (63,005)   |
| Thereafter              | 4,769      |

**2. Owatonna Public Utilities (Electric Fund, Water Fund and Gas Fund)**

**a. Plan Description**

Owatonna Public Utilities operates a single-employer retiree benefit plan (the Plan) that provides health, life and dental insurance to eligible employees and their families through the Utilities health insurance plan. There are 58 active participants, 1 retired participant, and zero inactive employees entitled to but not yet receiving benefits. Benefit and eligibility provisions are established through negotiations between the Utilities and various unions representing the Utilities' employees and are renegotiated each bargaining period. The Plan does not issue a publicly available financial report.

**b. Funding Policy**

Contribution requirements are negotiated between the Utilities and union representatives. The eligibility for, amount of, duration of, and Utilities' contribution to the cost of the benefits provided varies by contract and date of retirement. The Utilities is funding this liability on a pay-as-you-go basis. For the plan year 2022, Owatonna Public Utilities contributed \$14,835 to the plan.

**c. Total OPEB Liability**

Owatonna Public Utility's total OPEB liability was measured as of January 1, 2022 and was determined by an actuarial valuation as of January 1, 2021. Roll forward procedures were used to roll forward the total OPEB liability to the measurement date.

Actuarial Assumptions

The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:



**CITY OF OWATONNA, MINNESOTA**  
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|                               |                                                                                                    |
|-------------------------------|----------------------------------------------------------------------------------------------------|
| Expected LT Investment Return | 2.0%                                                                                               |
| Inflation                     | 2.0%                                                                                               |
| Salary Increases              | Varies by service                                                                                  |
| Medical Trend Rates           | 6.25% as of January 1, 2022 grading to 5.00% over 5 years and then to 4.00% over the next 47 years |

The discount rate used to measure the total OPEB liability was 2.00%. The discount rate is based on the estimated yield of 20-year AA rated municipal bonds.

Mortality rates were based on the Pub-2010 Public Retirement Plans General Headcount-weighted Mortality Tables with MP-2020 General Improvement Scale.

The actuarial assumptions used in the January 1, 2021 valuation were based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information as well as for consistency with the other economic assumptions.

**d. Changes in Total OPEB Liability**

|                                                   |                  |
|---------------------------------------------------|------------------|
| Balances at January 1, 2022                       | \$186,640        |
| Changes for the Year:                             |                  |
| Service Cost                                      | 14,720           |
| Interest                                          | 3,929            |
| Change in Assumptions                             |                  |
| Difference between expected and actual experience |                  |
| Benefit Payments                                  | (9,865)          |
| Net change in Total OPEB Liability                | 8,784            |
| Balances at December 31, 2022                     | <u>\$195,424</u> |

Since the prior measurement date, there were no changes in benefits.

**e. Total OPEB Liability Sensitivity**

The following presents the total OPEB liability of Owatonna Public Utilities, as well as what the Utility's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or on percentage point higher than the current discount rate:

|                      | 1% Decrease<br>(1.00%) | Discount Rate<br>(2.00%) | 1% Increase<br>(3.00%) |
|----------------------|------------------------|--------------------------|------------------------|
| Total OPEB Liability | <u>\$206,128</u>       | <u>\$195,424</u>         | <u>\$184,939</u>       |

The following presents the total OPEB liability of Owatonna Public Utilities, as well as what the Utility's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

|                      | 1% Decrease<br>In trend rate | Current<br>Trend rate | 1% Increase<br>In trend rate |
|----------------------|------------------------------|-----------------------|------------------------------|
| Total OPEB Liability | <u>\$176,482</u>             | <u>\$195,424</u>      | <u>\$217,679</u>             |

For the year ended December 31, 2022, Owatonna Public Utilities recognized OPEB expense of \$13,177.

**CITY OF OWATONNA, MINNESOTA**  
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At December 31, 2022, Owatonna Public Utility's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| Description                                               | Deferred Outflows of Resources | Deferred Inflows of Resources |
|-----------------------------------------------------------|--------------------------------|-------------------------------|
| Difference between Expected and Actual Experience         |                                | \$25,397                      |
| Assumption Changes                                        |                                | 3,729                         |
| Utility Contributions Made Subsequent to Measurement Date | \$14,835                       |                               |
| Total                                                     | \$14,835                       | \$29,126                      |

\$14,835 reported as deferred outflow of resources related to OPEB resulting from the Utility's contribution subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended December 31, | Amount    |
|-------------------------|-----------|
| 2023                    | \$(8,208) |
| 2024                    | (8,205)   |
| 2025                    | (6,359)   |
| 2026                    | (6,354)   |

**3. Combined OPEB Liability**

|                           | OPEB Liability | Deferred Inflow | Deferred Outflow | OPEB Expense |
|---------------------------|----------------|-----------------|------------------|--------------|
| City                      | \$823,869      | \$455,625       | \$138,239        | \$65,325     |
| Owatonna Public Utilities | 195,424        | 29,126          | 14,835           | 13,177       |
| Total                     | 1,019,293      | 484,751         | 153,074          | 78,502       |

**F. Employee Retirement Systems**

Substantially all City employees are members of retirement plans. The following disclosures are made in accordance with requirements of the Governmental Accounting Standards Board:

Public Employees Retirement Association

**Cost-sharing Multiple Employer Defined Benefit Pension Plan**

1. Plan Description

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401 (a) of the Internal Revenue Code.

A. General Employees Retirement Plan

All full-time and certain part-time employees of the City are covered by the General Employees Retirement Plan. General Employees Plan (GEP) members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

**CITY OF OWATONNA, MINNESOTA**  
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**B. Public Employees Police and Fire Fund**

The Police and Fire Plan (P&FP), originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the P&FP also covers police officers and firefighters belonging to a local relief association that elected to merge with and transfer assets and administration to PERA.

**2. Benefits Provided**

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

**A. GEP Benefits**

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first ten years and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% of average salary for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

**B. P&FP Benefits**

Benefits for the P&FP members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after ten years of credited service. Benefits for P&FP members first hired after June 30, 2014, vest on a prorated basis from 50% after ten years up to 100% after twenty years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For P&FP members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. The postretirement increase will be fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

**CITY OF OWATONNA, MINNESOTA**  
**Notes to the Basic Financial Statements**  
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3. Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

A. General Employee Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in calendar year 2022 and the City was required to contribute 7.50% for Coordinated Plan members. The City's contributions to the GEP for the year ended December 31, 2022, were \$984,318. The City's contributions were equal to the required contributions as set by state statute.

B. Police and Fire Fund Contributions

PF&P members were required to contribute 11.8% of their annual covered salary in calendar year 2022 and the City was required to contribute 17.70% for Police and Fire Plan members. The City's contributions to the P&FP for the year ended December 31, 2022, were \$714,779. The City's contributions were equal to the required contributions as set by state statute.

3. Pension Costs

A. General Employees Fund Pension Costs

At December 31, 2022, the City reported a liability of \$13,384,856 for its proportionate share of the General Employee Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$392,506. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was .1690% at the end of the measurement period and .1696% for the beginning of the period.

|                                                                                                |                     |
|------------------------------------------------------------------------------------------------|---------------------|
| City's proportionate share of the net pension liability                                        | \$13,384,856        |
| State of Minnesota's proportionate share of the net pension liability associated with the City | 392,506             |
| Total                                                                                          | <u>\$13,777,362</u> |

For the year ended December 31, 2022, the City recognized pension expense of \$1,726,775 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$58,569 as pension expense for its proportionate share of the State of Minnesota's pension expense for the annual \$16 million contribution.

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**Notes to the Basic Financial Statements**  
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At December 31, 2022, the City's proportionate share of General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Description                                                                      | Deferred Outflows of Resources | Deferred Inflows of Resources |
|----------------------------------------------------------------------------------|--------------------------------|-------------------------------|
| Difference between Expected and Actual Experience                                | \$111,801                      | \$145,073                     |
| Assumption Changes                                                               | 3,079,647                      | 53,827                        |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 138,680                        |                               |
| Change in Proportion                                                             | 177,167                        | 129,112                       |
| City Contributions Made Subsequent to Measurement Date                           | 504,697                        |                               |
| Total                                                                            | <u>\$4,011,992</u>             | <u>\$328,012</u>              |

The \$504,697 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended December 31, | Pension Expense Amount |
|-------------------------|------------------------|
| 2023                    | 1,207,951              |
| 2024                    | 1,184,698              |
| 2025                    | (423,828)              |
| 2026                    | 1,210,462              |

**B. Police and Fire Fund Pension Costs**

At December 31, 2022, the City reported a liability of \$14,073,091 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City's proportion share was 0.3234% at the end of the measurement period and .3147% for the beginning of the period.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2022. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9.0 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2021. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later.

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2022, the City recognized pension expense of \$1,067,743 for its proportionate share of the Police and Fire Plan's pension expense. The City

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recognized \$119,244 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City recognized \$614,740 for the year ended December 31, 2022 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

|                                                                                                |                     |
|------------------------------------------------------------------------------------------------|---------------------|
| City's proportionate share of the net pension liability                                        | \$14,073,091        |
| State of Minnesota's proportionate share of the net pension liability associated with the City | 614,740             |
| Total                                                                                          | <u>\$14,687,831</u> |

At December 31, 2022, the City's proportionate share of P&FP's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Description                                                                      | Deferred Outflows of Resources | Deferred Inflows of Resources |
|----------------------------------------------------------------------------------|--------------------------------|-------------------------------|
| Difference between Expected and Actual Experience                                | \$859,561                      |                               |
| Change of Assumptions                                                            | 8,284,183                      | \$84,600                      |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 188,626                        |                               |
| Change in Proportion                                                             | 217,087                        | 195,695                       |
| City Contributions Made Subsequent to Measurement Date                           | 376,756                        |                               |
| Total                                                                            | <u>\$9,926,213</u>             | <u>\$280,295</u>              |

\$376,756 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended December 31, | Pension Expense Amount |
|-------------------------|------------------------|
| 2023                    | \$1,769,866            |
| 2024                    | 1,794,931              |
| 2025                    | 1,579,973              |
| 2026                    | 2,933,354              |
| 2027                    | 1,191,040              |

#### 4. Actuarial Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% was deemed to be within that range of reasonableness for financial reporting purposes.

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Inflation is assumed to be 2.25% percent for the GEP and the P&FP. Benefit increases after retirement are assumed to be 1.25% for the GEP. The P&FP benefit increase is fixed at 1% per year and that was used in the valuation.

Salary growth assumptions in the GEP range in annual increments from 10.25% after one year of service to 3.0% after 29 years of service and 6.0% per year thereafter. In the P&FP, salary growth assumptions range from 11.75% after one year of service to 3.0% after 24 years of service.

Mortality rates for the GEP are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the P&FP are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the GEP was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The most recent four year experience study for the P&FP was completed in 2020 as was adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2022:

**General Employees Fund**

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- There were no changes in plan provisions since the previous valuation.

**Police and Fire Fund**

- The single discount rate changed from 6.5% to 5.4%.
- The mortality improvement scale was changed from MP-2020 to MP-2021.
- There were no changes in plan provisions since the previous valuation.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

| Asset Class                          | Target Allocation | Long-Term<br>Expected Rate of<br>Return |
|--------------------------------------|-------------------|-----------------------------------------|
| Domestic Equity                      | 33.5%             | 5.10%                                   |
| International Equity                 | 16.5%             | 5.30%                                   |
| Bonds (Fixed Income)                 | 25%               | .75%                                    |
| Alternative Assets (Private Markets) | 25%               | 5.90%                                   |
| Total                                | <u>100%</u>       |                                         |

**5. Discount Rate**

The discount rate for the General Employees Fund used to measure the total pension liability in 2022 was 6.5%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on



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pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In the Police and Fire Fund, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060. Beginning in fiscal year ended June 30, 2061, projected benefit payments exceed the funds' projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69 percent (based on the weekly rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The resulting equivalent single discount rate of 5.40 percent was determined to give approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 6.5 percent applied to all years of projected benefits through the point of asset depletion and 3.69 percent thereafter.

#### 6. Pension Liability Sensitivity

The following presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

|                       | General Employees Fund |              | Police & Fire Fund |              |
|-----------------------|------------------------|--------------|--------------------|--------------|
| 1% Lower              | 5.5%                   | \$21,142,081 | 4.4%               | \$21,297,817 |
| Current Discount Rate | 6.5%                   | 13,384,856   | 5.4%               | 14,073,091   |
| 1% Higher             | 7.5%                   | 7,022,734    | 6.4%               | 8,232,331    |

#### 7. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org).

#### Defined Contribution Plan

Eight council members of the City of Owatonna are covered by the Defined Contribution Plan (DCP), a multiple-employer deferred compensation plan administered by the Public Employees Retirement Association of Minnesota (PERA). The DCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5 percent of salary which is matched by the elected official's employer. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2 percent of employer contributions and twenty-five hundredths of one percent of the assets in each member's account annually.

Total contributions made by the City of Owatonna during fiscal year 2022 were:

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| Contribution Amount |          | Percentage of Covered Payroll |          | Required Rates |
|---------------------|----------|-------------------------------|----------|----------------|
| Employee            | Employer | Employee                      | Employer |                |
| \$3,630             | \$3,630  | 5.0%                          | 5.0%     | 5.0%           |

Owatonna Firefighter's Relief Association

**Single Employer Defined Benefit Pension Plan**

1. Plan Description

Firefighters of the City of Owatonna are members of the Owatonna Firefighters Relief Association. The Association is the administrator of the single-employer defined benefit pension plan available to firefighters. The plan is administered pursuant to Minnesota Statutes Chapter 69, Chapter 424A and the Association's by-laws. As of December 31, 2020, membership includes 34 active participants and 5 terminated employees entitled to benefit but not yet receiving them. The Plan issues a stand-alone financial statement.

2. Benefits Provided

Authority for payment of pension benefits is established in *Minnesota Statutes* §69.77 and may be amended only by the Minnesota State Legislature. Each member who is at least 50 years of age, has retired from the Fire Department, has served at least 20 years of active service with such department before retirement shall be entitled to a lump sum service pension in the amount of \$12,050 for each year of active Fire Department service (including each year over 20) but not exceeding the maximum amount per year of service allowed by law for the minimum average amount of available financing per firefighter as prescribed by law. The lump sum amount was increased to \$13,850 in 2022.

Pursuant to *Minnesota Statutes* §424A.02, Subds. 2 and 4, members who retire with 20 years of service and have reached the age of 50 years are eligible for a retirement benefit. Members who retire before full retirement age and years of service requirements are eligible for a reduced benefit, based on the vesting schedule as set forth in *Minnesota Statutes* §424A.02, Subd. 2(c). During the time a member is on early vested pension, they will not be eligible for disability benefits.

If a member of the Association shall become permanently or totally disabled, the Association shall pay the sum \$12,050 for each year the member was an active member of the Owatonna Fire Department. If a member who received a disability pension subsequently recovers and returns to active duty, the disability pension is deducted from the service pension. A death benefit is also available, which is payable to a survivor.

*Minnesota Statutes* Section 424A.10 provides for the payment of a supplemental benefit equal to 10% of a regular lump sum distribution up to a maximum of \$1,000. The supplemental benefit is in lieu of state income tax exclusion for lump sum distributions and will no longer be available if state tax law is modified to exclude lump sum distributions from state income tax. The Association qualifies for these benefits.

3. Contributions

*Minnesota Statutes* Chapter 69.772 specifies minimum support rates required on an annual basis. The minimum support rates from the municipality and from state aid are determined as the amount required to meet the normal cost plus amortizing any existing prior service costs over a 10-year period. The significant actuarial assumptions used to compute the municipal support are the same as those used to compute the accrued pension liability. The association is comprised of volunteers; therefore, there are no payroll expenditures (i.e. there are no covered payroll percentage calculations). The minimum contribution from the City and state aid is determined as follows:

**CITY OF OWATONNA, MINNESOTA**  
**Notes to the Basic Financial Statements**  
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|   |                                                                                  |
|---|----------------------------------------------------------------------------------|
|   | Normal Cost                                                                      |
| + | Amortization Payment on Unfunded Accrued Liability Prior to Any Change           |
| + | Amortization Contribution on Unfunded Accrued Liability Attributed to Any Change |
| + | Administrative Expenses                                                          |
| - | Anticipated State Aid                                                            |
| - | Projected Investment Earnings                                                    |
| = | Total Contribution Required                                                      |

The Plan is funded in part by fire state aid and, if necessary, City contributions. The State of Minnesota distributed to the City \$192,743 in fire state aid paid by the City to the Relief Association for the year ended December 31, 2021. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contribution to the plan for the year ended December 31, 2021 was \$0.

**4. Pension Costs**

At December 31, 2022, the City reported an asset of \$1,734,443 for the Association's net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date.

As a result of its requirement to contribute to the Relief Association, the City recognized expense of \$556,245 for the year ended December 31, 2022. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources from the following sources:

| Description                                                                      | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|----------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Differences between Expected and Actual Economic Experience                      | \$7,914                           | \$95,435                         |
| Changes of Actuarial Assumptions                                                 | 50,950                            | 3,829                            |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments |                                   | 347,000                          |
| Total                                                                            | <u>\$58,864</u>                   | <u>\$446,264</u>                 |

Amounts reported as deferred outflows and inflows of resources related to the Association's pension will be recognized in pension expense as follows:

| Year Ended December 31, | Amount     |
|-------------------------|------------|
| 2023                    | \$(75,254) |
| 2024                    | (167,020)  |
| 2025                    | (84,133)   |
| 2026                    | (53,742)   |
| 2027                    | 885        |
| Thereafter              | (8,136)    |

**5. Actuarial Assumptions**

The actuarial total pension asset was determined as of December 31, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

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**December 31, 2022**

|                              |                         |
|------------------------------|-------------------------|
| Valuation Date               | 12/31/20                |
| Actuarial Cost Method        | Entry Age Normal        |
| Amortization Method          | Straight-line<br>Closed |
| Actuarial Assumptions:       |                         |
| Discount Rate                | 6.00%                   |
| Investment Rate of Return    | 6.00%                   |
| 20-Year Municipal Bond Yield | 2.75%                   |
| Age of Service Retirement    | 50                      |

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These asset class estimates are combined to produce the portfolio long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage (or target allocation, if available) and by adding expected inflation (2.25%). All results are then rounded to the nearest quarter percentage point.

The best-estimates of expected future asset class returns were published in the 2020 Survey of Capital Market Assumptions produced by Horizon Actuarial Services. These expected returns, along with expected asset class standard deviations and correlation coefficients, are based on Horizon's annual survey of investment advisory firms. The expected inflation assumption was developed based on an analysis of historical experience blended with forward-looking expectations available in market data.

Best estimates of geometric real and nominal rates of return for each major asset class included in the pension plan's asset allocation as of December 31, 2020 are summarized in the following table:

| Asset Class                                   | Allocation at<br>December 31,<br>2020 | Long-Term<br>Expected Real<br>Rate of Return | Long-Term<br>Expected Nominal Rate<br>of Return |
|-----------------------------------------------|---------------------------------------|----------------------------------------------|-------------------------------------------------|
| Domestic Equity                               | 51.00%                                | 4.90%                                        | 7.15%                                           |
| International Equity                          | 16.00%                                | 5.32%                                        | 7.57%                                           |
| Fixed Income                                  | 12.00%                                | 1.40%                                        | 3.65%                                           |
| Real Estate                                   | 0.00%                                 | 4.43%                                        | 6.68%                                           |
| Cash Equivalents                              | 21.00%                                | .09%                                         | 2.34%                                           |
| Total                                         | 100.00%                               |                                              | 6.14%                                           |
| Reduced for assumed investment expense        |                                       |                                              | (0.20%)                                         |
| Net assumed investment return (rounded to ¼%) |                                       |                                              | 6.00%                                           |

## 6. Discount Rate

The discount rate used to measure the total pension liability was 6.00%. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments were discounted by year using expected assets return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the municipal bond rate of return. The equivalent single rate is the discount rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

**CITY OF OWATONNA, MINNESOTA**  
**Notes to the Basic Financial Statements**  
**December 31, 2022**

**7. Pension Liability Sensitivity**

The following presents the City of Owatonna's net pension asset of the Association, calculated using the discount rate of 6.0%, as well as what the Association's net pension asset would be if it were calculated using a discount rate that is one percentage point lower (5.0%) or one percentage point higher (7.0%) than the current rate:

|                   | <u>1% Decrease</u> | <u>Selected<br/>Discount Rate</u> | <u>1% Increase</u> |
|-------------------|--------------------|-----------------------------------|--------------------|
| Net Pension Asset | \$1,637,793        | \$1,734,443                       | \$1,825,253        |
| Discount Rate     | 5.0%               | 6.0%                              | 7.0%               |

**8. Plan's Fiduciary Net Position**

Information about the Plan's fiduciary net position is as follows:

|                        | <u>2021</u>        |
|------------------------|--------------------|
| <b>Assets</b>          |                    |
| Cash and Investments   | \$3,861,680        |
| <b>Total Assets</b>    | <u>\$3,861,680</u> |
| <b>Net Position</b>    |                    |
| Unrestricted           | <u>\$3,861,680</u> |
| <b>Revenues</b>        |                    |
| Fire State Aid         | \$192,743          |
| Interest               | 432,685            |
| <b>Total Revenues</b>  | <u>625,428</u>     |
| <b>Expenses</b>        |                    |
| Benefit Payments       | 264,000            |
| Administrative         | 6,775              |
| <b>Total Expenses</b>  | <u>270,775</u>     |
| Change in Net Position | 354,653            |
| Beginning Net Position | <u>3,507,027</u>   |
| Ending Net Position    | <u>\$3,861,680</u> |

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Information about the changes in the Plan's net pension asset is as follows:

|                                                                           | Measurement Date<br>December 31, 2021 |
|---------------------------------------------------------------------------|---------------------------------------|
| <b><u>Total Pension Liability</u></b>                                     |                                       |
| Service Cost                                                              | \$98,704                              |
| Interest                                                                  | 88,014                                |
| Difference between expected and actual experience                         |                                       |
| Changes of assumptions                                                    |                                       |
| Changes of benefit terms                                                  | 704,322                               |
| Benefit payments, including member contribution refunds                   | (264,000)                             |
| <b>Net Change in Total Pension Liability</b>                              | <b>627,040</b>                        |
| <br>Total Pension Liability – Beginning                                   | <br>1,500,197                         |
| Total Pension Liability – Ending (a)                                      | <u>\$2,127,237</u>                    |
| <br><b><u>Plan Fiduciary Net Position</u></b>                             |                                       |
| State Contributions                                                       | \$192,743                             |
| Net Investment Income                                                     | 432,685                               |
| Benefit Payments                                                          | (264,000)                             |
| Administrative Expenses                                                   | (6,775)                               |
| <b>Net Change in Fiduciary Net Position</b>                               | <b>354,653</b>                        |
| <br>Fiduciary Net Position – Beginning                                    | <br>3,507,027                         |
| Fiduciary Net Position – Ending (b)                                       | <u>\$3,861,680</u>                    |
| <br><b>Association's Net Pension Liability/(Asset) – Ending (a) – (b)</b> | <br><u><u>\$(1,734,443)</u></u>       |

**Summary**

The aggregate amount of net pension liability, net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense for the City's defined benefit pension plans are summarized below. These liabilities are typically liquidated by the individual activity in which the employee's costs are associated.

| Description                    | General<br>Employees<br>Plan | Police &<br>Fire<br>Plan | Fire<br>Relief<br>Association | Total       |
|--------------------------------|------------------------------|--------------------------|-------------------------------|-------------|
| Net Pension Asset              |                              |                          | \$1,734,443                   | \$1,734,443 |
| Net Pension Liability          | \$13,384,856                 | \$14,073,091             |                               | 27,457,947  |
| Deferred Outflows of Resources | 4,011,992                    | 9,926,213                | 58,864                        | 13,997,069  |
| Deferred Inflows of Resources  | 328,012                      | 280,295                  | 446,264                       | 1,054,571   |
| Pension Expense                | 1,785,344                    | 1,186,987                | 556,245                       | 3,528,576   |

**CITY OF OWATONNA, MINNESOTA**  
**Required Supplementary Information**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios**

**The City**

| Measurement Date                                                        | 12/31/21         | 12/31/20         | 12/31/19         | 12/31/18         | 12/31/17           |
|-------------------------------------------------------------------------|------------------|------------------|------------------|------------------|--------------------|
| <b>Total OPEB Liability</b>                                             |                  |                  |                  |                  |                    |
| Service Cost                                                            | \$126,615        | \$94,965         | \$83,991         | \$84,233         | \$74,266           |
| Interest                                                                | 16,749           | 20,567           | 25,242           | 39,428           | 46,808             |
| Change in Assumptions                                                   | 8,373            | (14,037)         | 4,927            | 57,376           | 62,955             |
| Difference between expected and actual experience                       | (1,810)          | 25,331           |                  | (647,385)        | (193,904)          |
| Benefit Payments                                                        | (73,745)         | (64,085)         | (51,214)         | (37,166)         | (37,841)           |
| <b>Net Change in Total OPEB Liability</b>                               | <b>76,182</b>    | <b>62,740</b>    | <b>62,946</b>    | <b>(503,514)</b> | <b>(47,716)</b>    |
| Total OPEB Liability – Beginning                                        | 747,687          | 684,946          | 622,000          | 1,125,514        | 1,173,230          |
| <b>Total OPEB Liability – Ending</b>                                    | <b>\$823,869</b> | <b>\$747,687</b> | <b>\$684,946</b> | <b>\$622,000</b> | <b>\$1,125,514</b> |
| Covered-Employee Payroll                                                | \$10,385,499     | \$9,873,847      | \$9,633,244      | \$9,144,510      | \$8,834,953        |
| City's Total OPEB Liability as a Percentage of Covered-Employee Payroll | 8%               | 8%               | 7%               | 7%               | 13%                |

**Owatonna Public Utilities (Electric Fund, Water Fund, and Gas Fund)**

| Measurement Date                                                       | 12/31/21         | 12/31/20         | 12/31/19         | 12/31/18         | 12/31/17         |
|------------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Total OPEB Liability</b>                                            |                  |                  |                  |                  |                  |
| Service Cost                                                           | \$14,720         | \$14,291         | \$11,714         | \$11,373         | \$11,721         |
| Interest                                                               | 3,929            | 8,503            | 8,141            | 7,221            | 7,011            |
| Change in Assumptions                                                  |                  | (4,703)          |                  | (9,309)          |                  |
| Difference between expected and actual experience                      |                  | (33,446)         |                  | (1,782)          |                  |
| Benefit Payments                                                       | (9,865)          | (14,816)         | (11,011)         | (13,832)         | (10,266)         |
| <b>Net Change in Total OPEB Liability</b>                              | <b>8,784</b>     | <b>(30,171)</b>  | <b>8,844</b>     | <b>(6,329)</b>   | <b>8,466</b>     |
| Total OPEB Liability – Beginning                                       | 186,640          | 216,811          | 207,967          | 214,296          | 205,830          |
| <b>Total OPEB Liability – Ending</b>                                   | <b>\$195,424</b> | <b>\$186,640</b> | <b>\$216,811</b> | <b>\$207,967</b> | <b>\$214,296</b> |
| Covered-Employee Payroll                                               | \$5,452,413      | \$5,293,603      | \$4,774,288      | \$4,635,231      | \$4,460,144      |
| OPU's Total OPEB Liability as a Percentage of Covered-Employee Payroll | 4%               | 4%               | 5%               | 4%               | 5%               |

Note: Information is presented prospectively and an accumulation of ten years will be provided.  
No assets are accumulated in a trust that meets the criteria of GASB 75.



**CITY OF OWATONNA, MINNESOTA**  
**Required Supplementary Information**  
**Schedule of Proportionate Share of Net Pension Liability**

**PERA General Employee's Retirement Fund (GEP)**

| <b>Fiscal Year Ending</b> | <b>Proportion Of Net Pension Liability</b> | <b>Proportionate Share of Net Pension Liability</b> | <b>State's Proportionate Share of NPL Associated With the City</b> | <b>Total</b> | <b>Covered Payroll</b> | <b>Proportionate Share of the NPL (asset) As a % of Covered Payroll</b> | <b>Plan Fiduciary Net Position as a % of the Total Pension Liability</b> |
|---------------------------|--------------------------------------------|-----------------------------------------------------|--------------------------------------------------------------------|--------------|------------------------|-------------------------------------------------------------------------|--------------------------------------------------------------------------|
| 6/30/22                   | .1690%                                     | \$13,384,856                                        | \$392,506                                                          | \$13,777,362 | \$12,623,020           | 109.14%                                                                 |                                                                          |
| 6/30/21                   | .1696%                                     | 7,242,680                                           | 221,202                                                            | 7,463,882    | 12,427,916             | 60.06%                                                                  | 87.00%                                                                   |
| 6/30/20                   | .1668%                                     | 10,000,422                                          | 308,478                                                            | 10,308,900   | 11,895,887             | 86.66%                                                                  | 79.06%                                                                   |
| 6/30/19                   | .1666%                                     | 9,210,941                                           | 286,155                                                            | 9,497,096    | 11,823,289             | 80.33%                                                                  | 80.20%                                                                   |
| 6/30/18                   | .1691%                                     | 9,380,975                                           | 307,610                                                            | 9,688,585    | 11,372,604             | 82.49%                                                                  | 79.53%                                                                   |
| 6/30/17                   | .1732%                                     | 11,056,974                                          | 139,012                                                            | 11,195,986   | 11,313,906             | 98.96%                                                                  | 75.90%                                                                   |
| 6/30/16                   | .1682%                                     | 13,657,005                                          | 178,369                                                            | 13,835,374   | 10,443,843             | 130.77%                                                                 | 68.91%                                                                   |
| 6/30/15                   | .1672%                                     | 8,665,171                                           | 0                                                                  | 8,665,171    | 9,826,867              | 88.18%                                                                  | 78.20%                                                                   |

**PERA Public Employee's Police & Fire Fund (P&FP)**

| <b>Fiscal Year Ending</b> | <b>Proportion Of Net Pension Liability</b> | <b>Proportionate Share of Net Pension Liability</b> | <b>State's Proportionate Share of NPL Associated With the City</b> | <b>Total</b> | <b>Covered Payroll</b> | <b>Proportionate Share of the NPL (asset) As a % of Covered Payroll</b> | <b>Plan Fiduciary Net Position as a % of the Total Pension Liability</b> |
|---------------------------|--------------------------------------------|-----------------------------------------------------|--------------------------------------------------------------------|--------------|------------------------|-------------------------------------------------------------------------|--------------------------------------------------------------------------|
| 6/30/22                   | .3234%                                     | \$14,073,091                                        | \$614,740                                                          | \$14,687,831 | \$3,932,669            | 373.48%                                                                 |                                                                          |
| 6/30/21                   | .3147%                                     | 2,429,150                                           | 109,225                                                            | 2,538,375    | 3,719,662              | 68.24%                                                                  | 93.70%                                                                   |
| 6/30/20                   | .3102%                                     | 4,088,768                                           | 96,322                                                             | 4,185,090    | 3,504,057              | 116.69%                                                                 | 87.19%                                                                   |
| 6/30/19                   | .3301%                                     | 3,514,248                                           |                                                                    | 3,514,248    | 3,482,445              | 100.91%                                                                 | 89.26%                                                                   |
| 6/30/18                   | .3187%                                     | 3,397,014                                           |                                                                    | 3,397,014    | 3,358,796              | 101.14%                                                                 | 88.84%                                                                   |
| 6/30/17                   | .327%                                      | 4,414,889                                           |                                                                    | 4,414,889    | 3,361,271              | 131.35%                                                                 | 85.40%                                                                   |
| 6/30/16                   | .319%                                      | 12,802,025                                          |                                                                    | 12,802,025   | 3,070,825              | 416.89%                                                                 | 63.88%                                                                   |
| 6/30/15                   | .311%                                      | 3,533,688                                           |                                                                    | 3,533,688    | 2,853,462              | 123.84%                                                                 | 86.60%                                                                   |

Note: Information is presented prospectively and an accumulation of ten years will be provided.

**CITY OF OWATONNA, MINNESOTA**  
**Required Supplementary Information**  
**Schedule of City Contributions**

**PERA General Employee's Retirement Fund (GEP)**

| <b>Year<br/>Ending</b> | <b>Contractually<br/>Required<br/>Contribution</b> | <b>Contributions<br/>In Relation<br/>To the<br/>Contractually<br/>Required<br/>Contribution</b> | <b>Contribution<br/>Deficiency<br/>(Excess)</b> | <b>City's<br/>Covered<br/>Payroll</b> | <b>Contribution as<br/>A Percentage of<br/>Covered<br/>Payroll</b> |
|------------------------|----------------------------------------------------|-------------------------------------------------------------------------------------------------|-------------------------------------------------|---------------------------------------|--------------------------------------------------------------------|
| 12/31/22               | \$984,318                                          | \$984,318                                                                                       | \$0                                             | \$13,124,346                          | 7.5%                                                               |
| 12/31/21               | 935,050                                            | 935,050                                                                                         | \$0                                             | 12,467,323                            | 7.5%                                                               |
| 12/31/20               | 901,503                                            | 901,503                                                                                         | 0                                               | 12,016,880                            | 7.5%                                                               |
| 12/31/19               | 899,306                                            | 899,306                                                                                         | 0                                               | 11,912,770                            | 7.5%                                                               |
| 12/31/18               | 863,494                                            | 863,494                                                                                         | 0                                               | 11,513,238                            | 7.5%                                                               |
| 12/31/17               | 836,385                                            | 836,385                                                                                         | 0                                               | 11,151,750                            | 7.5%                                                               |
| 12/31/16               | 804,270                                            | 804,270                                                                                         | 0                                               | 10,726,757                            | 7.5%                                                               |
| 12/31/15               | 778,475                                            | 778,475                                                                                         | 0                                               | 10,379,740                            | 7.5%                                                               |
| 12/31/14               | 695,645                                            | 695,645                                                                                         | 0                                               | 9,595,508                             | 7.5%                                                               |

**PERA Public Employee's Police & Fire Fund (P&FP)**

| <b>Year<br/>Ending</b> | <b>Contractually<br/>Required<br/>Contribution</b> | <b>Contributions<br/>In Relation<br/>To the<br/>Contractually<br/>Required<br/>Contribution</b> | <b>Contribution<br/>Deficiency<br/>(Excess)</b> | <b>City's<br/>Covered<br/>Payroll</b> | <b>Contribution as<br/>A Percentage of<br/>Covered<br/>Payroll</b> |
|------------------------|----------------------------------------------------|-------------------------------------------------------------------------------------------------|-------------------------------------------------|---------------------------------------|--------------------------------------------------------------------|
| 12/31/22               | \$714,779                                          | \$714,779                                                                                       | \$0                                             | \$4,038,299                           | 17.70%                                                             |
| 12/31/21               | 675,856                                            | 675,856                                                                                         | 0                                               | 3,818,339                             | 17.70%                                                             |
| 12/31/20               | 635,498                                            | 635,498                                                                                         | 0                                               | 3,590,385                             | 17.70%                                                             |
| 12/31/19               | 602,462                                            | 602,462                                                                                         | 0                                               | 3,554,348                             | 16.95%                                                             |
| 12/31/18               | 545,388                                            | 545,388                                                                                         | 0                                               | 3,366,594                             | 16.20%                                                             |
| 12/31/17               | 544,997                                            | 544,997                                                                                         | 0                                               | 3,364,225                             | 16.20%                                                             |
| 12/31/16               | 500,744                                            | 500,744                                                                                         | 0                                               | 3,091,017                             | 16.20%                                                             |
| 12/31/15               | 508,708                                            | 508,708                                                                                         | 0                                               | 3,140,174                             | 16.20%                                                             |
| 12/31/14               | 432,074                                            | 432,074                                                                                         | 0                                               | 2,824,017                             | 15.30%                                                             |

**Owatonna Firefighter's Relief Association**

| <b>Year<br/>Ending</b> | <b>Contractually<br/>Required<br/>Contribution</b> | <b>Contributions<br/>In Relation<br/>To the<br/>Contractually<br/>Required<br/>Contribution</b> | <b>Contribution<br/>Deficiency<br/>(Excess)</b> | <b>Association's<br/>Covered<br/>Payroll</b> | <b>Contribution as<br/>A Percentage of<br/>Covered<br/>Payroll</b> |
|------------------------|----------------------------------------------------|-------------------------------------------------------------------------------------------------|-------------------------------------------------|----------------------------------------------|--------------------------------------------------------------------|
| 12/31/22               | \$0                                                | \$0                                                                                             | \$0                                             | N/A                                          | N/A                                                                |
| 12/31/21               | 0                                                  | 0                                                                                               | 0                                               | N/A                                          | N/A                                                                |
| 12/31/20               | 0                                                  | 0                                                                                               | 0                                               | N/A                                          | N/A                                                                |
| 12/31/19               | 0                                                  | 0                                                                                               | 0                                               | N/A                                          | N/A                                                                |
| 12/31/18               | 0                                                  | 0                                                                                               | 0                                               | N/A                                          | N/A                                                                |
| 12/31/17               | 0                                                  | 0                                                                                               | 0                                               | N/A                                          | N/A                                                                |
| 12/31/16               | 0                                                  | 0                                                                                               | 0                                               | N/A                                          | N/A                                                                |
| 12/31/15               | 0                                                  | 0                                                                                               | 0                                               | N/A                                          | N/A                                                                |
| 12/31/14               | 0                                                  | 0                                                                                               | 0                                               | N/A                                          | N/A                                                                |

Note: Information is presented prospectively and an accumulation of ten years will be provided.

**CITY OF OWATONNA, MINNESOTA**  
**Required Supplementary Information**  
**Schedule of Changes in Net Pension Asset and Related Ratios – Relief Association**

**Notes to the Required Supplemental Information - General Employees Fund**

Changes in Actuarial Assumptions

**2022** - The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

**2021** - The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

**2020** - The price inflation assumption was decreased from 2.50% to 2.25%. The payroll growth assumption was decreased from 3.25% to 3.00%. Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates. Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter. Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019. The assumed spouse age difference was changed from two years older for females to one year older. The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

**2019** - The mortality projection scale was changed from MP-2017 to MP-2018.

**2018** - The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

**2017** - The combined service annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and non-vested deferred members. The revised CSA load are now 0.00 percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for non-vested deferred member liability. The assumed postretirement benefit increase rate was changed for 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.

**2016** - The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter to 1.00 percent per year for all years. The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 7.50 percent. Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

**2015** - The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2035 and 2.50 percent per year thereafter.

Changes in Plan Provisions

**2022** - There were no changes in plan provisions since the previous valuation.

**2021** - There were no changes in plan provisions since the previous valuation.

**2020** - Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

**2019** - The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

**2018** - The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed

**CITY OF OWATONNA, MINNESOTA**  
**Required Supplementary Information**  
**Schedule of Changes in Net Pension Asset and Related Ratios – Relief Association**

to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Contribution stabilizer provisions were repealed. Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**2017** - The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter. The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

**2016** - There have been no changes since the prior valuation.

**2015** - On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increase the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

**Notes to the Required Supplemental Information – Police and Fire Fund**

Changes in Actuarial Assumptions

**2022** – The single discount rate was changed from 6.50 percent to 5.40 percent. The mortality improvement scale was changed from MP-2020 to MP-2021.

**2021** - The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The inflation assumption was changed from 2.50 percent to 2.25 percent. The payroll growth assumption was changed from 3.25 percent to 3.00 percent. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020. The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020). Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates. Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements. Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations. Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities. Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

**2020** - The morality projection scale was changed from MP-2018 to MP-2019.

**2019** - The morality projection scale was changed from MP-2017 to MP-2018.

**2018** - The morality projection scale was changed from MP-2016 to MP-2017.

**2017** - Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The combined service annuity (CSA) load was 30.00 percent for vested and non-vested, deferred members. The CSA has been changed to 33.00 percent for vested members and 2.00 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.

**CITY OF OWATONNA, MINNESOTA**  
**Required Supplementary Information**  
**Schedule of Changes in Net Pension Asset and Related Ratios – Relief Association**

The assumed percentage of female members electing joint and survivor annuities was increased. The assumed postretirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

**2016** - The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter to 1.00 percent per year for all future years. The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 5.60 percent. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

**2015** - The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2037 and 2.50 percent per year thereafter.

Changes in Plan Provisions

**2022** - There were no changes in plan provisions since the previous valuation.

**2021** - There were no changes in plan provisions since the previous valuation.

**2020** - There have been no changes since the prior valuation.

**2019** - There have been no changes since the prior valuation.

**2018** - Postretirement benefit increases were changed to 1.00 percent for all years, with no trigger. An end date of July 1, 2048 was added to the existing \$9.0 million state contribution. New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier. Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020. Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**2017** - There have been no changes since the prior valuation.

**2016** - There have been no changes since the prior valuation.

**2015** - The postretirement benefit increase to be paid after the attainment of the 90.00 percent funding threshold was changed from inflation up to 2.50 percent, to a fixed rate of 2.50 percent

**Notes to the Required Supplemental Information – Owatonna Firefighters Relief Association**

Changes in Actuarial Assumptions

**2022** - There have been no changes since the prior valuation.

**2021** - The expected investment return and discount rate decreased from 6.25% to 6.00% to reflect updated capital market assumptions. The mortality assumptions were updated from the rates used in the July 1, 2018 Minnesota PERA Police & Fire Plan actuarial valuation to the rates used in the July 1, 2020 Minnesota PERA Police & Fire Plan Actuarial valuation. The inflation assumption decreased from 2.5% to 2.25%.

**2020** - There have been no changes since the prior valuation.

**2019** - The expected investment return and discount rate decreased from 6.75% to 6.25% to reflect updated capital market assumptions. The mortality assumptions were updated from the rates used in the July 1, 2016 Minnesota PERA Police & Fire Plan actuarial valuation to the rates used in the July 1, 2018 Minnesota PERA Police & Fire Plan Actuarial valuation. The inflation assumption decreased from 2.75% to 2.50%.

**2018** - The expected investment return and discount rate increased from 6.5% to 6.75% to reflect updated capital market assumptions.

**2017** - The expected investment return and discount rate decreased from 7.0% to 6.5% to reflect updated capital market assumptions.

**2016** - The discount rate decreased from 7.5% to 7.0%.

**2015** - There have been no changes since the prior valuation.

Changes in Plan Provisions

**2021** - Lump sum benefit increased to \$12,050 from \$7,500

**CITY OF OWATONNA, MINNESOTA**  
**Required Supplementary Information**  
**Schedule of Changes in Net Pension Asset and Related Ratios – Relief Association**

**2020** – Lump sum benefit increased to \$7,500 from \$7,150  
**2019** – Lump sum benefit increased to \$7,150 from \$6,800  
**2018** – Lump sum benefit increased to \$6,800 from \$6,450  
**2017** – Lump sum benefit increased to \$6,450 from \$6,100  
**2016** – Lump sum benefit increased to \$6,100 from \$5,750  
**2015** – Lump sum benefit increased to \$5,750 from \$5,400

**Notes to Required Supplementary Information - OPEB (City)**

Changes in Actuarial Assumptions

**2022** – The discount rate was changed from 2.00% to 1.84% based on updated 20-year municipal bond rates.

**2021** – The discount rate was changed from 2.75% to 2.00% based on updated 20-year municipal bond rates. Healthcare trend rates were reset to reflect updated cost increase expectations. Medical per capita claims costs were updated to reflect recent experience and new plan offerings, including adjustment to reflect age/gender-based risk scores published by the Society of Actuaries. Withdrawal, retirement, mortality and salary increase rates were updated from the rates used in the 7/1/2018 PERA General Employees Plan and 7/1/2018 Police and Fire Plan valuations to the rates used in the 7/1/2020 valuations. The percent of future non-Medicare eligible retirees electing each medical plan changed to reflect recent plan experience and new plan offerings. The inflation assumption was changed from 2.5% to 2.25% based on updated historical analysis of inflation rates and forward-looking market expectations.

**2020** – The discount rate was changed from 3.71% to 2.75% based on updated 20-year municipal bond rates. The medical trend rates were updated to exclude the Affordable Care Act's Excise Tax on high-cost health insurance plan due to its repeal.

**2019** – The discount rate was changed from 3.31% to 3.71% based on updated 20-year municipal bond rates. Healthcare trend rates were reset to reflect updated cost increase expectations. Medical per capita claim costs were updated to reflect recent experience. Withdrawal, retirement, mortality and salary increase rates were updated from the rates used in the 7/1/2016 PERA General Employees Retirement Plan to the rate used in the 7/1/2018 valuation. Withdrawal, retirement, mortality and salary increase rates were updated from the rates used in the 7/1/2016 PERA Police & Fire Plan to the rate used in the 7/1/2018 valuation. The percent of future retirees not eligible for a direct subsidy assumed to elect coverage at retirement changed from 25% to 30% to reflect plan experience. The percent of future non-Medicare eligible retiree electing each medical plan changed to reflect recent plan experience.

**2018** – The discount rate was changed from 3.81% to 3.31% based on update 20-year municipal bond rates. Healthcare trend rates were updated.

Changes in Plan Provisions

**2022** – There have been no changes since the prior valuation.

**2021** – Retiree premiums were updated to current levels. Active City contribution rates used for disabled in the line of duty retirees were updated to current levels.

**2020** – There have been no changes since the prior valuation.

**2019** – Retiree premiums were updated to current levels. Active City contribution rates used for disabled in the line of duty retirees were updated to current levels.

**2018** – There have been no changes since the prior valuation.

**Notes to Required Supplementary Information - OPEB (Utility - OPU)**

Changes in Assumptions

**2022** – The healthcare trend rates, mortality tables, salary scale, and retirement and withdrawal assumptions were updated.

**2021** - The healthcare trend rates, mortality tables, salary scale, and retirement and withdrawal assumptions were updated. The discount rate was changed from 3.8% to 2.0%.

**2020** – The healthcare trend rates were changed to better anticipate short-term and long-term medical increases. The mortality tables were updated from the RP-2014 White Collar Mortality Tables with RP-2016 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2018 Generational Improvement Scale. The discount rate was changed from 3.3% to 3.8%.

**CITY OF OWATONNA, MINNESOTA**  
**Required Supplementary Information**  
**Schedule of Changes in Net Pension Asset and Related Ratios – Relief Association**

**2019** – The discount rate was changed from 3.5% to 3.3%.

**2018** – There were no changes due to being the first actuarial valuation of Other Postemployment Benefits that Hildi Inc has completed for the Utility.

Changes in Plan Provisions

**2022** – There have been no changes since the prior valuation.

**2021** – There have been no changes since the prior valuation.

**2020** – There have been no changes since the prior valuation.

**2019** – There have been no changes since the prior valuation.

**2018** - There were no changes due to being the first actuarial valuation of Other Postemployment Benefits that Hildi Inc has completed for the Utility.

**CITY OF OWATONNA, MINNESOTA**  
**Required Supplementary Information**  
**Schedule of Changes in Net Pension Asset and Related Ratios – Relief Association**

| Measurement Date                                                      | December<br>31, 2021 | December<br>31, 2020 | December<br>31, 2019 | December<br>31, 2018 |
|-----------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Total Pension Liability                                               |                      |                      |                      |                      |
| Service Cost                                                          | \$98,704             | \$79,789             | \$74,059             | \$64,491             |
| Interest                                                              | 88,014               | 100,866              | 120,472              | 143,064              |
| Differences between expected and actual experience                    |                      | (56,749)             |                      | 12,562               |
| Changes of assumptions                                                |                      | 21,869               |                      | 28,310               |
| Changes of benefit terms                                              | 704,322              | 62,864               | 116,163              | 105,546              |
| Benefit Payments, Including member refunds                            | (264,000)            | (485,026)            | (775,201)            | (335,717)            |
| Net Change in Total Pension Liability                                 | 627,040              | (276,387)            | (464,507)            | 18,256               |
| Total Pension Liability – Beginning                                   | 1,500,197            | 1,776,584            | 2,241,091            | 2,222,835            |
| Total Pension Liability – Ending (a)                                  | \$2,127,237          | \$1,500,197          | \$1,776,584          | \$2,241,091          |
| Plan Fiduciary Net Position                                           |                      |                      |                      |                      |
| State Contributions                                                   | \$192,743            | \$182,734            | \$172,284            | \$168,599            |
| Net Investment Income                                                 | 432,685              | 351,109              | 595,639              | (208,750)            |
| Benefit Payments                                                      | (264,000)            | (485,026)            | (775,201)            | (335,717)            |
| Administrative Expenses                                               | (6,775)              | (6,630)              | (6,577)              | (6,549)              |
| Net Change in Fiduciary Net Position                                  | 354,653              | 42,187               | (13,855)             | (382,417)            |
| Fiduciary Net Position – Beginning                                    | 3,507,027            | 3,464,840            | 3,478,695            | 3,861,112            |
| Fiduciary Net Position – Ending (b)                                   | 3,861,680            | 3,507,027            | 3,464,840            | 3,478,695            |
| Association's Net Pension Liability/(Asset) – Ending (a) – (b)        | <u>\$(1,734,443)</u> | <u>\$(2,006,830)</u> | <u>\$(1,688,256)</u> | <u>\$(1,237,604)</u> |
| Fiduciary Net Position as a Percentage of the Total Pension Liability | 181.54%              | 233.77%              | 195.03%              | 155.22%              |
| Covered Payroll                                                       | N/A                  | N/A                  | N/A                  | N/A                  |
| Net Pension Liability/(Asset) as a Percentage of Covered Payroll      | N/A                  | N/A                  | N/A                  | N/A                  |

Note: Information is presented prospectively and an accumulation of ten years will be provided.



| <u>December<br/>31, 2016</u> | <u>December<br/>31, 2016</u> | <u>December<br/>31, 2015</u> | <u>December<br/>31, 2014</u> |
|------------------------------|------------------------------|------------------------------|------------------------------|
| \$61,804                     | \$66,200                     | \$53,176                     | \$51,753                     |
| 137,411                      | 140,109                      | 130,326                      | 135,178                      |
|                              | (121,874)                    |                              |                              |
| (8,549)                      | 20,753                       | 19,092                       |                              |
| 62,880                       | 107,406                      | 61,077                       |                              |
| <u>(165,835)</u>             | <u>(25,640)</u>              |                              | <u>(506,107)</u>             |
| 87,711                       | 186,954                      | 263,671                      | (319,176)                    |
| <u>2,135,124</u>             | <u>1,948,170</u>             | <u>1,684,499</u>             | <u>2,003,675</u>             |
| \$2,222,835                  | \$2,135,124                  | \$1,948,170                  | \$1,684,499                  |
|                              |                              |                              |                              |
| \$164,842                    | \$164,223                    | \$169,227                    | \$154,878                    |
| 528,546                      | 200,390                      | 9,916                        | 260,890                      |
| (165,835)                    | (25,640)                     |                              | (506,107)                    |
| <u>(6,340)</u>               | <u>(6,311)</u>               | <u>(6,291)</u>               | <u>(6,218)</u>               |
| 521,213                      | 332,662                      | 172,852                      | (96,557)                     |
| <u>3,339,899</u>             | <u>3,007,237</u>             | <u>2,834,385</u>             | <u>2,930,942</u>             |
| \$3,861,112                  | \$3,339,899                  | \$3,007,237                  | \$2,834,385                  |
|                              |                              |                              |                              |
| <u><u>\$(1,638,277)</u></u>  | <u><u>\$(1,204,775)</u></u>  | <u><u>\$(1,059,067)</u></u>  | <u><u>\$(1,149,886)</u></u>  |
|                              |                              |                              |                              |
| 173.70%                      | 156.43%                      | 165.70%                      | 168.26%                      |
| N/A                          | N/A                          | N/A                          | N/A                          |
|                              |                              |                              |                              |
| N/A                          | N/A                          | N/A                          | N/A                          |

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## **COMBINING STATEMENTS**

## **Nonmajor Governmental Funds**

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### **Special Revenue Funds**

***Library Reserve and Memorial Fund*** – This fund is used to account for private donations and memorials that are specifically to be used for library activity. The Hunewill Trust principal was set to remain at \$16,500 with interest earnings being used to purchase books as specified by donor.

***MIF Fund*** – This fund was established to account for grants received for flood recovery.

**Capital Projects Funds** – see fund definitions on pages 111-112

**CITY OF OWATONNA, MINNESOTA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
December 31, 2022

|                                     | <b>Library<br/>Reserve &amp;<br/>Memorial Fund</b> | <b>Special Revenue<br/>MIF<br/>Fund</b> |
|-------------------------------------|----------------------------------------------------|-----------------------------------------|
| ASSETS                              |                                                    |                                         |
| Cash and cash equivalents           | \$601,716                                          | \$21                                    |
| Investments                         |                                                    |                                         |
| Total assets                        | <u>\$601,716</u>                                   | <u>\$21</u>                             |
| LIABILITIES                         |                                                    |                                         |
| Accounts payable                    | \$9,716                                            |                                         |
| Retainage payable                   |                                                    |                                         |
| Due to other funds                  |                                                    |                                         |
| Advance from other funds            |                                                    |                                         |
| Total liabilities                   | <u>9,716</u>                                       |                                         |
| FUND BALANCES                       |                                                    |                                         |
| Restricted for:                     |                                                    |                                         |
| Hunewill                            | 16,500                                             |                                         |
| Memorials                           | 575,500                                            |                                         |
| Grant projects                      |                                                    | \$21                                    |
| Capital projects                    |                                                    |                                         |
| Economic development                |                                                    |                                         |
| Unassigned                          |                                                    |                                         |
| Total fund balances                 | <u>592,000</u>                                     | <u>21</u>                               |
| Total liabilities and fund balances | <u>\$601,716</u>                                   | <u>\$21</u>                             |

| <b>Funds</b>     | <b>Nonmajor<br/>Capital<br/>Project<br/>Funds</b> | <b>Total<br/>Nonmajor<br/>Governmental<br/>Funds</b> |
|------------------|---------------------------------------------------|------------------------------------------------------|
| <b>Total</b>     |                                                   |                                                      |
| \$601,737        | \$173,783<br>900,000                              | \$775,520<br>900,000                                 |
| <b>\$601,737</b> | <b>\$1,073,783</b>                                | <b>\$1,675,520</b>                                   |
| <br>             |                                                   |                                                      |
| \$9,716          | \$191,519                                         | \$201,235                                            |
|                  | 3,850                                             | 3,850                                                |
|                  | 831,932                                           | 831,932                                              |
| <b>9,716</b>     | <b>1,027,301</b>                                  | <b>1,037,017</b>                                     |
| <br>             |                                                   |                                                      |
| 16,500           |                                                   | 16,500                                               |
| 575,500          |                                                   | 575,500                                              |
| 21               |                                                   | 21                                                   |
|                  | 880,410                                           | 880,410                                              |
|                  | 929                                               | 929                                                  |
|                  | (834,857)                                         | (834,857)                                            |
| <b>592,021</b>   | <b>46,482</b>                                     | <b>638,503</b>                                       |
| <br>             |                                                   |                                                      |
| <b>\$601,737</b> | <b>\$1,073,783</b>                                | <b>\$1,675,520</b>                                   |

**CITY OF OWATONNA, MINNESOTA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
For the year ended December 31, 2022

|                                              | <u>Library<br/>Reserve &amp;<br/>Memorial Fund</u> | <u>Special Revenue<br/>MIF<br/>Fund</u> |
|----------------------------------------------|----------------------------------------------------|-----------------------------------------|
| REVENUES                                     |                                                    |                                         |
| Taxes                                        |                                                    |                                         |
| Interest on investments                      | \$(14,106)                                         |                                         |
| Miscellaneous                                | 140,746                                            |                                         |
| Total revenues                               | <u>126,640</u>                                     |                                         |
| EXPENDITURES                                 |                                                    |                                         |
| Current:                                     |                                                    |                                         |
| Housing & economic development               |                                                    |                                         |
| Miscellaneous                                | 80,516                                             |                                         |
| Capital outlay                               |                                                    |                                         |
| Total expenditures                           | <u>80,516</u>                                      |                                         |
| Excess of revenues over (under) expenditures | 46,124                                             |                                         |
| OTHER FINANCING SOURCES (USES)               |                                                    |                                         |
| Transfers out                                |                                                    |                                         |
| Total other financing sources (uses)         |                                                    |                                         |
| Net change in fund balances                  | 46,124                                             |                                         |
| Fund balances – beginning                    | <u>545,876</u>                                     | <u>\$21</u>                             |
| Fund balances – ending                       | <u><u>\$592,000</u></u>                            | <u><u>\$21</u></u>                      |

| <b>Funds</b> | <b>Nonmajor<br/>Capital<br/>Projects<br/>Funds</b> | <b>Total<br/>Nonmajor<br/>Governmental<br/>Funds</b> |
|--------------|----------------------------------------------------|------------------------------------------------------|
| <b>Total</b> |                                                    |                                                      |
|              | \$2,449,007                                        | \$2,449,007                                          |
| \$(14,106)   | (24,394)                                           | (38,500)                                             |
| 140,746      |                                                    | 140,746                                              |
| 126,640      | 2,424,613                                          | 2,551,253                                            |
|              |                                                    |                                                      |
|              | 2,240,507                                          | 2,240,507                                            |
| 80,516       | 162,358                                            | 242,874                                              |
| 80,516       | 2,402,865                                          | 2,483,381                                            |
| 46,124       | 21,748                                             | 67,872                                               |
|              | (149,690)                                          | (149,690)                                            |
|              | (149,690)                                          | (149,690)                                            |
| 46,124       | (127,942)                                          | (81,818)                                             |
| 545,897      | 174,424                                            | 720,321                                              |
| \$592,021    | \$46,482                                           | \$638,503                                            |



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## Nonmajor Capital Projects Funds

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A Capital Projects Fund is established to account for financial resources to be used for the acquisition or construction of major capital assets.

**Sales Tax Capital Projects Fund** – was established to account for the capital projects being funded by the special local option sales tax and excise tax.

**TIF 1-1 Metro Plains Cedar Run Housing Fund** – was established to account for tax increment financing activities relative to project costs associated with the development of rental apartment complexes for low and moderate income persons.

**TIF 3-5 Sputtering Components Economic Development Fund** – was established to account for tax increment financing activities relative to private site improvements to assist with expansion of the manufacturing facility.

**TIF 3-6 Viracon Economic Development Fund** – was established to account for tax increment financing activities relative to private site improvements to assist with expansion of the manufacturing facility.

**TIF 3-7 Kerry Economic Development Fund** – was established to account for tax increment financing activities relative to private site improvements to assist with expansion of the manufacturing facility.

**TIF 3-8 Daikin Applied Economic Development Fund** – were established to account for tax increment financing activities relative to private site improvements to assist with expansion of the manufacturing facility.

**TIF 3-9 Cybex Economic Development Fund** – was established to account for tax increment financing activities relative to private site improvements to assist with expansion of the manufacturing facility.

**TIF 3-10 ProPet Economic Development Fund** – was established to account for tax increment financing activities relative to private site improvements to assist with expansion of the manufacturing facility.

**TIF 3-11 Cemstone Economic Development Fund** – was established to account for tax increment financing activities relative to private site improvements to assist with expansion of the manufacturing facility.

**TIF 3-12 Costco Economic Development Fund** – was established to account for tax increment financing activities relative to private site improvements to assist with creation of the distribution facility.

**TIF 3-13 Daikin Applied Economic Development Fund** – were established to account for tax increment financing activities relative to private site improvements to assist with expansion of the manufacturing facility.

**TIF 3-14 Bosch Economic Development Fund** – was established to account for tax increment financing activities relative to private site improvements to assist with expansion of the manufacturing facility.

**TIF 4-1 Hospital Redevelopment Fund** – was established to account for tax increment financing activities relative to site improvements to assist with redevelopment of the old hospital site.

**TIF 5-1 Tailwind Redevelopment Fund** – was established to account for tax increment financing activities relative to site improvements to assist with redevelopment of the old Hardees/Budgetmart site.

**TIF 7-1 Gateway #2 Redevelopment Fund** – was established to account for tax increment financing activities relative to property acquisition and site improvements to assist with redevelopment within the district.

**TIF 8-1 South Pointe #1 Redevelopment Fund** – was established to account for tax increment financing activities relative to property acquisition and site improvements to assist with redevelopment within the district.

**TIF 8-2 South Pointe #2 Redevelopment Fund** – was established to account for tax increment financing activities relative to property acquisition and site improvements to assist with redevelopment within the district.

**TIF 9-1 Arrow Ace Redevelopment Fund** – was established to account for tax increment financing activities relative to property acquisition and site improvements to assist with redevelopment within the district.

**TIF 10-1 E Pearl Redevelopment Fund** – was established to account for tax increment financing activities relative to property acquisition and site improvements to assist with redevelopment within the district.

**TIF 11-1 Toreys Redevelopment Fund** – was established to account for tax increment financing activities relative to property acquisition and site improvements to assist with redevelopment within the district.

**TIF 12-1 Metropolitan Redevelopment Fund** – was established to account for tax increment financing activities relative to property acquisition and site improvements to assist with redevelopment within the district.

***TIF 13-1 Foremost Redevelopment Fund*** – was established to account for tax increment financing activities relative to property acquisition and site improvements to assist with redevelopment within the district.

***TIF 14-1 Eastgate Redevelopment Fund*** – was established to account for tax increment financing activities relative to property acquisition and site improvements to assist with redevelopment within the district.

***TIF 15-1 Mound Street Redevelopment Fund*** – was established to account for tax increment financing activities relative to property acquisition and site improvements to assist with redevelopment within the district.

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**CITY OF OWATONNA, MINNESOTA**  
**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
December 31, 2022

|                                                                               | <b>Sales Tax<br/>Capital<br/>Projects<br/>Fund</b> | <b>TIF 1-1<br/>Metro Plains<br/>Cedar Run<br/>Fund</b> | <b>TIF 3-5<br/>Sputtering<br/>Fund</b> | <b>TIF 3-6<br/>Viracon<br/>Fund</b> |
|-------------------------------------------------------------------------------|----------------------------------------------------|--------------------------------------------------------|----------------------------------------|-------------------------------------|
| <b>ASSETS</b>                                                                 |                                                    |                                                        |                                        |                                     |
| Cash and cash equivalents                                                     | \$142,768                                          |                                                        |                                        | \$859                               |
| Investments                                                                   | 900,000                                            |                                                        |                                        |                                     |
| Accounts receivable                                                           |                                                    |                                                        |                                        |                                     |
| <b>Total assets</b>                                                           | <b>\$1,042,768</b>                                 | <b>\$0</b>                                             | <b>\$0</b>                             | <b>\$859</b>                        |
| <b>LIABILITIES</b>                                                            |                                                    |                                                        |                                        |                                     |
| Accounts payable                                                              | \$162,358                                          |                                                        |                                        |                                     |
| Retainage payable                                                             |                                                    |                                                        |                                        |                                     |
| Due to other funds                                                            |                                                    |                                                        |                                        | \$3,850                             |
| Advance from other funds                                                      |                                                    |                                                        |                                        | 9,182                               |
| <b>Total liabilities</b>                                                      | <b>162,358</b>                                     |                                                        |                                        | <b>13,032</b>                       |
| <b>FUND BALANCES</b>                                                          |                                                    |                                                        |                                        |                                     |
| Restricted for:                                                               |                                                    |                                                        |                                        |                                     |
| Capital projects                                                              | \$880,410                                          |                                                        |                                        |                                     |
| Economic development                                                          |                                                    |                                                        |                                        |                                     |
| Unassigned                                                                    |                                                    |                                                        |                                        | (12,173)                            |
| <b>Total fund balances</b>                                                    | <b>880,410</b>                                     |                                                        |                                        | <b>(12,173)</b>                     |
| <b>Total liabilities, deferred inflows of<br/>resources and fund balances</b> | <b>\$1,042,768</b>                                 | <b>\$0</b>                                             | <b>\$0</b>                             | <b>\$859</b>                        |

|                                                                               | <b>TIF 3-14<br/>Bosch<br/>Fund</b> | <b>TIF 4-1<br/>Hospital<br/>Redevelop<br/>Fund</b> | <b>TIF 5-1<br/>Tailwind<br/>Fund</b> | <b>TIF 7-1<br/>Gateway #2<br/>Fund</b> |
|-------------------------------------------------------------------------------|------------------------------------|----------------------------------------------------|--------------------------------------|----------------------------------------|
| <b>ASSETS</b>                                                                 |                                    |                                                    |                                      |                                        |
| Cash and cash equivalents                                                     | \$29,161                           | \$40                                               |                                      |                                        |
| Investments                                                                   |                                    |                                                    |                                      |                                        |
| Accounts receivable                                                           |                                    |                                                    |                                      |                                        |
| <b>Total assets</b>                                                           | <b>\$29,161</b>                    | <b>\$40</b>                                        | <b>\$0</b>                           | <b>\$0</b>                             |
| <b>LIABILITIES</b>                                                            |                                    |                                                    |                                      |                                        |
| Accounts payable                                                              | \$29,161                           |                                                    |                                      |                                        |
| Retainage payable                                                             |                                    |                                                    |                                      |                                        |
| Due to other funds                                                            |                                    |                                                    |                                      |                                        |
| Advance from other funds                                                      | 304,466                            |                                                    |                                      |                                        |
| <b>Total liabilities</b>                                                      | <b>333,627</b>                     |                                                    |                                      |                                        |
| <b>FUND BALANCES</b>                                                          |                                    |                                                    |                                      |                                        |
| Restricted for:                                                               |                                    |                                                    |                                      |                                        |
| Capital projects                                                              |                                    |                                                    |                                      |                                        |
| Economic development                                                          |                                    | \$40                                               |                                      |                                        |
| Unassigned                                                                    | (304,466)                          |                                                    |                                      |                                        |
| <b>Total fund balances</b>                                                    | <b>(304,466)</b>                   | <b>40</b>                                          |                                      |                                        |
| <b>Total liabilities, deferred inflows of<br/>resources and fund balances</b> | <b>\$0</b>                         | <b>\$40</b>                                        | <b>\$0</b>                           | <b>\$0</b>                             |

| <b>TIF 3-7<br/>Kerry<br/>Fund</b>               | <b>TIF 3-8<br/>Daikin<br/>Fund</b>              | <b>TIF 3-9<br/>Cybex<br/>Fund</b>     | <b>TIF 3-10<br/>ProPet<br/>Fund</b>  | <b>TIF 3-11<br/>Cemstone<br/>Fund</b> | <b>TIF 3-12<br/>Costco<br/>Fund</b>       | <b>TIF 3-13<br/>Daikin #2<br/>Fund</b> |
|-------------------------------------------------|-------------------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|-------------------------------------------|----------------------------------------|
|                                                 | \$66                                            |                                       |                                      | \$715                                 |                                           |                                        |
|                                                 |                                                 |                                       |                                      |                                       |                                           |                                        |
| <u>\$0</u>                                      | <u>\$66</u>                                     | <u>\$0</u>                            | <u>\$0</u>                           | <u>\$715</u>                          | <u>\$0</u>                                | <u>\$0</u>                             |
|                                                 |                                                 |                                       |                                      |                                       |                                           |                                        |
|                                                 | \$35,795                                        |                                       |                                      |                                       |                                           |                                        |
|                                                 | <u>35,795</u>                                   |                                       |                                      |                                       |                                           |                                        |
|                                                 |                                                 |                                       |                                      |                                       |                                           |                                        |
|                                                 | (35,729)                                        |                                       |                                      | \$715                                 |                                           |                                        |
|                                                 | <u>(35,729)</u>                                 |                                       |                                      | <u>715</u>                            |                                           |                                        |
|                                                 |                                                 |                                       |                                      |                                       |                                           |                                        |
| <u>\$0</u>                                      | <u>\$66</u>                                     | <u>\$0</u>                            | <u>\$0</u>                           | <u>\$715</u>                          | <u>\$0</u>                                | <u>\$0</u>                             |
|                                                 |                                                 |                                       |                                      |                                       |                                           |                                        |
|                                                 |                                                 |                                       |                                      |                                       |                                           |                                        |
| <b>TIF 8-1<br/>South<br/>Pointe #1<br/>Fund</b> | <b>TIF 8-2<br/>South<br/>Pointe #2<br/>Fund</b> | <b>TIF 9-1<br/>Arrow Ace<br/>Fund</b> | <b>TIF 10-1<br/>E Pearl<br/>Fund</b> | <b>TIF 11-1<br/>Toreys<br/>Fund</b>   | <b>TIF 12-1<br/>Metropolitan<br/>Fund</b> | <b>TIF 13-1<br/>Foremost<br/>Fund</b>  |
|                                                 |                                                 | \$174                                 |                                      |                                       |                                           |                                        |
|                                                 |                                                 |                                       |                                      |                                       |                                           |                                        |
| <u>\$0</u>                                      | <u>\$0</u>                                      | <u>\$174</u>                          | <u>\$0</u>                           | <u>\$0</u>                            | <u>\$0</u>                                | <u>\$0</u>                             |
|                                                 |                                                 |                                       |                                      |                                       |                                           |                                        |
|                                                 |                                                 |                                       |                                      |                                       |                                           |                                        |
|                                                 |                                                 | \$174                                 |                                      |                                       |                                           |                                        |
|                                                 |                                                 | <u>174</u>                            |                                      |                                       |                                           |                                        |
|                                                 |                                                 |                                       |                                      |                                       |                                           |                                        |
| <u>\$0</u>                                      | <u>\$0</u>                                      | <u>\$174</u>                          | <u>\$0</u>                           | <u>\$0</u>                            | <u>\$0</u>                                | <u>\$0</u>                             |

(Continued)

**CITY OF OWATONNA, MINNESOTA**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Capital Projects Funds**  
December 31, 2022

|                                                                       | <b>TIF 14-1<br/>Eastgate<br/>Fund</b> | <b>TIF 15-1<br/>Mound St<br/>Fund</b> | <b>Total<br/>Nonmajor<br/>Capital<br/>Project<br/>Funds</b> |
|-----------------------------------------------------------------------|---------------------------------------|---------------------------------------|-------------------------------------------------------------|
| <b>ASSETS</b>                                                         |                                       |                                       |                                                             |
| Cash and cash equivalents                                             |                                       |                                       | \$173,783                                                   |
| Investments                                                           |                                       |                                       | 900,000                                                     |
| Accounts receivable                                                   |                                       |                                       |                                                             |
|                                                                       |                                       |                                       |                                                             |
| Total assets                                                          | <u>\$0</u>                            | <u>\$0</u>                            | <u>\$1,073,783</u>                                          |
| <b>LIABILITIES</b>                                                    |                                       |                                       |                                                             |
| Accounts payable                                                      |                                       |                                       | \$191,519                                                   |
| Retainage payable                                                     |                                       |                                       |                                                             |
| Due to other funds                                                    |                                       |                                       | \$3,850                                                     |
| Advance from other funds                                              | \$482,489                             |                                       | 831,932                                                     |
| Total liabilities                                                     | <u>482,489</u>                        |                                       | <u>1,027,301</u>                                            |
| <b>FUND BALANCES</b>                                                  |                                       |                                       |                                                             |
| Restricted for:                                                       |                                       |                                       |                                                             |
| Capital projects                                                      |                                       |                                       | 880,410                                                     |
| Economic development                                                  |                                       |                                       | 929                                                         |
| Unassigned                                                            | (482,489)                             |                                       | (834,857)                                                   |
| Total fund balances                                                   | <u>(482,489)</u>                      |                                       | <u>46,482</u>                                               |
|                                                                       |                                       |                                       |                                                             |
| Total liabilities, deferred inflows of<br>resources and fund balances | <u>\$0</u>                            | <u>\$0</u>                            | <u>\$1,073,783</u>                                          |

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**CITY OF OWATONNA, MINNESOTA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Capital Projects Funds**  
For the year ended December 31, 2022

|                                              | <b>Sales Tax<br/>Capital Projects<br/>Fund</b> | <b>TIF 1-1<br/>Metro Plains<br/>Cedar Run<br/>Fund</b> | <b>TIF 3-5<br/>Sputtering<br/>Fund</b> | <b>TIF 3-6<br/>Viracon<br/>Fund</b> |
|----------------------------------------------|------------------------------------------------|--------------------------------------------------------|----------------------------------------|-------------------------------------|
| <b>REVENUES</b>                              |                                                |                                                        |                                        |                                     |
| Taxes                                        |                                                | \$14,823                                               | \$27,457                               | \$434,287                           |
| Interest on investments                      | \$(24,402)                                     |                                                        |                                        | 8                                   |
| Miscellaneous                                |                                                |                                                        |                                        |                                     |
| Total revenues                               | <u>(24,402)</u>                                | <u>14,823</u>                                          | <u>27,457</u>                          | <u>434,295</u>                      |
| <b>EXPENDITURES</b>                          |                                                |                                                        |                                        |                                     |
| Current                                      |                                                |                                                        |                                        |                                     |
| Housing & economic development               |                                                | 14,823                                                 | 27,457                                 | 272,071                             |
| Miscellaneous                                | 162,358                                        |                                                        |                                        |                                     |
| Capital outlay                               |                                                |                                                        |                                        |                                     |
| Total expenditures                           | <u>162,358</u>                                 | <u>14,823</u>                                          | <u>27,457</u>                          | <u>272,071</u>                      |
| Excess of revenues over (under) expenditures | (186,760)                                      |                                                        |                                        | 162,224                             |
| <b>OTHER FINANCING SOURCES (USES)</b>        |                                                |                                                        |                                        |                                     |
| Transfers out                                |                                                |                                                        |                                        | (149,690)                           |
| Total other financing sources (uses)         |                                                |                                                        |                                        | <u>(149,690)</u>                    |
| Net change in fund balances                  | (186,760)                                      |                                                        |                                        | 12,534                              |
| Fund balances- beginning                     | 1,067,170                                      |                                                        |                                        | (24,707)                            |
| Fund balances – ending                       | <u>\$880,410</u>                               | <u>\$0</u>                                             | <u>\$0</u>                             | <u>\$(12,173)</u>                   |

|                                              | <b>TIF 3-14<br/>Bosch<br/>Fund</b> | <b>TIF 4-1<br/>Hospital<br/>Redevelop<br/>Fund</b> | <b>TIF 5-1<br/>Tailwind<br/>Fund</b> | <b>TIF 7-1<br/>Gateway #2<br/>Fund</b> |
|----------------------------------------------|------------------------------------|----------------------------------------------------|--------------------------------------|----------------------------------------|
| <b>REVENUES</b>                              |                                    |                                                    |                                      |                                        |
| Taxes                                        | \$102,490                          | \$66,617                                           | \$9,440                              | \$26,209                               |
| Interest on investments                      |                                    |                                                    |                                      |                                        |
| Miscellaneous                                |                                    |                                                    |                                      |                                        |
| Total revenues                               | <u>102,490</u>                     | <u>66,617</u>                                      | <u>9,440</u>                         | <u>26,209</u>                          |
| <b>EXPENDITURES</b>                          |                                    |                                                    |                                      |                                        |
| Current                                      |                                    |                                                    |                                      |                                        |
| Housing & economic development               | 73,756                             | 66,617                                             | 9,440                                | 26,209                                 |
| Miscellaneous                                |                                    |                                                    |                                      |                                        |
| Capital outlay                               |                                    |                                                    |                                      |                                        |
| Total expenditures                           | <u>73,756</u>                      | <u>66,617</u>                                      | <u>9,440</u>                         | <u>26,209</u>                          |
| Excess of revenues over (under) expenditures | 28,734                             |                                                    |                                      |                                        |
| <b>OTHER FINANCING SOURCES (USES)</b>        |                                    |                                                    |                                      |                                        |
| Transfers out                                |                                    |                                                    |                                      |                                        |
| Total other financing sources (uses)         |                                    |                                                    |                                      |                                        |
| Net change in fund balances                  | 28,734                             |                                                    |                                      |                                        |
| Fund balances- beginning                     | (333,200)                          | 40                                                 |                                      |                                        |
| Fund balances – ending                       | <u>(304,466)</u>                   | <u>\$40</u>                                        | <u>\$0</u>                           | <u>\$0</u>                             |

| <b>TIF 3-7<br/>Kerry<br/>Fund</b> | <b>TIF 3-8<br/>Daikin<br/>Fund</b> | <b>TIF 3-9<br/>Cybex<br/>Fund</b> | <b>TIF 3-10<br/>ProPet<br/>Fund</b> | <b>TIF 3-11<br/>Cemstone<br/>Fund</b> | <b>TIF 3-12<br/>Costco<br/>Fund</b> | <b>TIF 3-13<br/>Daikin #2<br/>Fund</b> |
|-----------------------------------|------------------------------------|-----------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|----------------------------------------|
| \$42,582                          | \$191,426                          | \$232,130                         | \$56,343                            | \$1,505                               | \$787,748                           | \$182,831                              |
| <u>42,582</u>                     | <u>191,426</u>                     | <u>232,130</u>                    | <u>56,343</u>                       | <u>1,505</u>                          | <u>787,748</u>                      | <u>182,831</u>                         |
| 42,582                            | 174,750                            | 232,130                           | 56,343                              | 790                                   | 787,748                             | 182,831                                |
| <u>42,582</u>                     | <u>174,750</u>                     | <u>232,130</u>                    | <u>56,343</u>                       | <u>790</u>                            | <u>787,748</u>                      | <u>182,831</u>                         |
|                                   | 16,676                             |                                   |                                     | 715                                   |                                     |                                        |
|                                   |                                    |                                   |                                     |                                       |                                     |                                        |
|                                   | 16,676                             |                                   |                                     | 715                                   |                                     |                                        |
|                                   | (52,405)                           |                                   |                                     |                                       |                                     |                                        |
| <u>\$0</u>                        | <u>\$(35,729)</u>                  | <u>\$0</u>                        | <u>\$0</u>                          | <u>\$715</u>                          | <u>\$0</u>                          | <u>\$0</u>                             |

| <b>TIF 8-1<br/>South<br/>Pointe #1<br/>Fund</b> | <b>TIF 8-2<br/>South<br/>Pointe #2<br/>Fund</b> | <b>TIF 9-1<br/>Arrow Ace<br/>Fund</b> | <b>TIF 10-1<br/>E Pearl<br/>Fund</b> | <b>TIF 11-1<br/>Toreys<br/>Fund</b> | <b>TIF 12-1<br/>Metropolitan<br/>Fund</b> | <b>TIF 13-1<br/>Foremost<br/>Fund</b> |
|-------------------------------------------------|-------------------------------------------------|---------------------------------------|--------------------------------------|-------------------------------------|-------------------------------------------|---------------------------------------|
| \$65,154                                        | \$47,310                                        | \$22,044                              | \$591                                | \$19,187                            | \$105,059                                 | \$4,217                               |
| <u>65,154</u>                                   | <u>47,310</u>                                   | <u>22,044</u>                         | <u>591</u>                           | <u>19,187</u>                       | <u>105,059</u>                            | <u>4,217</u>                          |
| 65,154                                          | 47,310                                          | 21,870                                | 606                                  | 19,187                              | 105,059                                   | 4,217                                 |
| <u>65,154</u>                                   | <u>47,310</u>                                   | <u>21,870</u>                         | <u>606</u>                           | <u>19,187</u>                       | <u>105,059</u>                            | <u>4,217</u>                          |
|                                                 |                                                 | 174                                   | (15)                                 |                                     |                                           |                                       |
|                                                 |                                                 |                                       |                                      |                                     |                                           |                                       |
|                                                 |                                                 | 174                                   | (15)                                 |                                     |                                           |                                       |
|                                                 |                                                 |                                       | 15                                   |                                     |                                           |                                       |
| <u>\$0</u>                                      | <u>\$0</u>                                      | <u>\$174</u>                          | <u>\$0</u>                           | <u>\$0</u>                          | <u>\$0</u>                                | <u>\$0</u>                            |

**CITY OF OWATONNA, MINNESOTA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Capital Projects Funds**  
For the year ended December 31, 2022

|                                                 | <b>TIF 14-1<br/>Eastgate<br/>Fund</b> | <b>TIF 15-1<br/>Mound Street<br/>Fund</b> | <b>Total<br/>Nonmajor<br/>Capital<br/>Projects<br/>Funds</b> |
|-------------------------------------------------|---------------------------------------|-------------------------------------------|--------------------------------------------------------------|
| REVENUES                                        |                                       |                                           |                                                              |
| Taxes                                           | \$4,289                               | \$5,268                                   | \$2,449,007                                                  |
| Interest on investments                         |                                       |                                           | (24,394)                                                     |
| Miscellaneous                                   |                                       |                                           |                                                              |
| Total revenues                                  | <u>4,289</u>                          | <u>5,268</u>                              | <u>2,424,613</u>                                             |
| EXPENDITURES                                    |                                       |                                           |                                                              |
| Current                                         |                                       |                                           |                                                              |
| Housing & economic development                  | 4,289                                 | 5,268                                     | 2,240,507                                                    |
| Miscellaneous                                   |                                       |                                           | 162,358                                                      |
| Capital outlay                                  |                                       |                                           |                                                              |
| Total expenditures                              | <u>4,289</u>                          | <u>5,268</u>                              | <u>2,402,865</u>                                             |
| Excess of revenues over (under)<br>expenditures |                                       |                                           | 21,748                                                       |
| OTHER FINANCING SOURCES (USES)                  |                                       |                                           |                                                              |
| Transfers out                                   |                                       |                                           | (149,690)                                                    |
| Total other financing sources (uses)            |                                       |                                           | <u>(149,690)</u>                                             |
| Net change in fund balances                     |                                       |                                           | (127,942)                                                    |
| Fund balances- beginning                        | <u>(482,489)</u>                      |                                           | <u>174,424</u>                                               |
| Fund balances – ending                          | <u>\$(482,489)</u>                    | <u>\$0</u>                                | <u>\$46,482</u>                                              |

## **Discretely Presented Component Unit**

---

The Economic Development Authority (EDA) consists of three funds which are all accounted for as governmental funds.

### ***EDA Administration Fund***

This fund accounts for the administrative activities related to economic and industrial development and redevelopment within the City.

### ***EDA Loan Fund***

This fund accounts for the activities related to loans for the purpose of economic and industrial development and redevelopment within the City.

### ***EDA Land Fund***

This fund accounts for the activities related to the acquisition and sale of land related to economic and industrial development and redevelopment within the City.

**CITY OF OWATONNA, MINNESOTA**  
**Combining Balance Sheet**  
**Component Unit – Economic Development Authority**  
December 31, 2022

|                                                                       | <b>EDA<br/>Administration<br/>Fund</b> | <b>EDA<br/>Loan<br/>Fund</b> | <b>EDA<br/>Land<br/>Fund</b> | <b>Total<br/>EDA<br/>Funds</b> |
|-----------------------------------------------------------------------|----------------------------------------|------------------------------|------------------------------|--------------------------------|
| <b>ASSETS</b>                                                         |                                        |                              |                              |                                |
| Cash and cash equivalents                                             | \$157,509                              | \$41,269                     | \$124,373                    | \$323,151                      |
| Investments                                                           |                                        | 800,000                      | 500,000                      | 1,300,000                      |
| Interest receivable                                                   |                                        | 88                           |                              | 88                             |
| Accounts receivable                                                   | 22,648                                 |                              |                              | 22,648                         |
| Loans receivable                                                      |                                        | 72,486                       | 1,779,030                    | 1,851,516                      |
| Land held for resale                                                  |                                        |                              | 2,286,193                    | 2,286,193                      |
| Total assets                                                          | <u>\$180,157</u>                       | <u>\$913,843</u>             | <u>\$4,689,596</u>           | <u>\$5,783,596</u>             |
| <b>LIABILITIES</b>                                                    |                                        |                              |                              |                                |
| Accounts payable                                                      | <u>\$90,001</u>                        |                              |                              | <u>\$90,001</u>                |
| Total liabilities                                                     | <u>90,001</u>                          |                              |                              | <u>90,001</u>                  |
| <b>DEFERRED INFLOW OF RESOURCES</b>                                   |                                        |                              |                              |                                |
| Unavailable revenue                                                   |                                        |                              | <u>\$581,406</u>             | <u>581,406</u>                 |
| Total deferred inflows of resources                                   |                                        |                              | <u>581,406</u>               | <u>581,406</u>                 |
| <b>FUND BALANCES</b>                                                  |                                        |                              |                              |                                |
| Restricted for:                                                       |                                        |                              |                              |                                |
| Economic development                                                  |                                        | \$913,843                    | 4,108,190                    | 5,022,033                      |
| Unrestricted                                                          | <u>90,156</u>                          |                              |                              | <u>90,156</u>                  |
| Total fund balances                                                   | <u>90,156</u>                          | <u>913,843</u>               | <u>4,108,190</u>             | <u>5,112,189</u>               |
| Total liabilities, deferred inflows of<br>resources and fund balances | <u>\$180,157</u>                       | <u>\$913,843</u>             | <u>\$4,689,596</u>           | <u>\$5,783,596</u>             |

Fund balances – component unit \$5,112,189

Amounts reported for governmental activities in the statement of net  
position are different because:

Capital assets used in governmental activities are not financial resources  
and therefore are not reported in the funds 508,251

Donated land held for resale is not expected to be sold soon enough to  
provide available resources and therefore, is a deferred inflow in the  
funds 91,500

Other long-term assets are not available to pay for current expenditures,  
and therefore, are a deferred inflow in the funds 489,906

Internal service funds are used by management to charge the costs of  
various services to individual funds. The assets and liabilities of certain  
internal service funds are included in governmental activities in the  
statement of net position. (1,848)

Net position – component unit \$6,199,998

**CITY OF OWATONNA, MINNESOTA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Component Unit – Economic Development Authority**  
For the year ended December 31, 2022

|                                                                                                                                           | <b>EDA<br/>Administration<br/>Fund</b> | <b>EDA<br/>Loan<br/>Fund</b> | <b>EDA<br/>Land<br/>Fund</b> | <b>Total<br/>EDA<br/>Funds</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|------------------------------|------------------------------|--------------------------------|
| <b>REVENUES</b>                                                                                                                           |                                        |                              |                              |                                |
| Taxes                                                                                                                                     | \$433,123                              |                              |                              | \$433,123                      |
| Interest on investments                                                                                                                   | (4,380)                                | \$(19,358)                   | \$(15,880)                   | (39,618)                       |
| Interest on loans                                                                                                                         |                                        | 1,655                        | 23,905                       | 25,560                         |
| Miscellaneous                                                                                                                             | 59,508                                 | 100                          | 40,847                       | 100,455                        |
| Total revenues                                                                                                                            | <u>488,251</u>                         | <u>(17,603)</u>              | <u>48,872</u>                | <u>519,520</u>                 |
| <b>EXPENDITURES</b>                                                                                                                       |                                        |                              |                              |                                |
| Current – miscellaneous                                                                                                                   | 483,041                                | 72,119                       | 109,457                      | 664,617                        |
| Capital Outlay                                                                                                                            |                                        |                              | 261,400                      | 261,400                        |
| Total expenditures                                                                                                                        | <u>483,041</u>                         | <u>72,119</u>                | <u>370,857</u>               | <u>926,017</u>                 |
| Excess of revenues over (under)<br>Expenditures                                                                                           | 5,210                                  | (89,722)                     | (321,985)                    | (406,497)                      |
| Fund balance - beginning                                                                                                                  | <u>84,946</u>                          | <u>1,003,565</u>             | <u>4,430,175</u>             | <u>5,518,686</u>               |
| Fund balance – ending                                                                                                                     | <u><u>\$90,156</u></u>                 | <u><u>\$913,843</u></u>      | <u><u>\$4,108,190</u></u>    | <u><u>\$5,112,189</u></u>      |
| <br>Net change in fund balances – component unit                                                                                          |                                        |                              |                              | <br>\$(406,497)                |
| <br>Amounts reported for governmental activities in the Statement of Activities<br>are different because:                                 |                                        |                              |                              |                                |
| <br>Revenues in the Statement of Activities that do not provide current<br>financial resources are not reported as revenues in the funds. |                                        |                              |                              | <br><u>255,501</u>             |
| <br>Change in Net position – component unit                                                                                               |                                        |                              |                              | <br><u><u>\$(150,996)</u></u>  |

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## **CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**



**CITY OF OWATONNA, MINNESOTA**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity**  
December 31, 2022

|                                        | Land               | Buildings           | Improv.<br>Other than<br>Buildings | Equipment           |
|----------------------------------------|--------------------|---------------------|------------------------------------|---------------------|
| General Government                     |                    |                     |                                    |                     |
| Administrative Services                | \$1,761,170        | \$4,526,746         |                                    | \$1,290,255         |
| Government Buildings                   |                    | 4,194,400           | \$44,649                           | 73,137              |
| Total General Government               | <u>1,761,170</u>   | <u>8,721,146</u>    | <u>44,649</u>                      | <u>1,363,392</u>    |
| Public Safety                          |                    |                     |                                    |                     |
| Police                                 | 80,472             | 963,405             |                                    | 371,696             |
| Fire                                   | 248,982            | 2,674,010           |                                    | 1,557,335           |
| Building Inspection                    |                    |                     |                                    | 37,097              |
| Total Public Safety                    | <u>329,454</u>     | <u>3,637,415</u>    |                                    | <u>1,966,128</u>    |
| Public Works                           |                    |                     |                                    |                     |
| Engineering                            |                    |                     |                                    | 30,995              |
| Street Maintenance                     | 405,756            | 1,811,138           | 55,367                             | 923,718             |
| Airport                                | 4,399,281          | 3,811,486           |                                    | 463,184             |
| Total Public Works                     | <u>4,805,037</u>   | <u>5,622,624</u>    | <u>55,367</u>                      | <u>1,417,897</u>    |
| Culture and Recreation                 |                    |                     |                                    |                     |
| Library                                | 244,940            | 2,730,730           | 7,253                              | 503,554             |
| Parks                                  | 1,652,046          | 2,158,098           | 1,267,567                          | 1,214,514           |
| Recreation                             | 198,117            | 5,305,846           | 278,435                            | 493,389             |
| Total Culture and Recreation           | <u>2,095,103</u>   | <u>10,194,674</u>   | <u>1,553,255</u>                   | <u>2,211,457</u>    |
| Construction in Progress               |                    |                     |                                    |                     |
| Subtotal                               | <u>8,990,764</u>   | <u>28,175,859</u>   | <u>1,653,271</u>                   | <u>6,958,874</u>    |
| Internal Service Funds                 |                    |                     |                                    | <u>11,494,553</u>   |
| Total governmental fund capital assets | <u>\$8,990,764</u> | <u>\$28,175,859</u> | <u>\$1,653,271</u>                 | <u>\$18,453,427</u> |

| Infrastructure | Construction<br>In Progress | Total         |
|----------------|-----------------------------|---------------|
|                |                             | \$7,578,171   |
|                |                             | 4,312,186     |
|                |                             | 11,890,357    |
|                |                             |               |
|                |                             | 1,415,573     |
|                |                             | 4,480,327     |
|                |                             | 37,097        |
|                |                             | 5,932,997     |
|                |                             |               |
|                |                             | 30,995        |
| \$125,625,306  |                             | 128,821,285   |
| 5,406,712      |                             | 14,080,663    |
| 131,032,018    |                             | 142,932,943   |
|                |                             |               |
|                |                             | 3,486,477     |
| 537,257        |                             | 6,829,482     |
| 408,899        |                             | 6,684,686     |
| 946,156        |                             | 17,000,645    |
|                | \$272,324                   | 272,324       |
| 131,978,174    | 272,324                     | 178,029,266   |
|                |                             | 11,494,553    |
| \$131,978,174  | \$272,324                   | \$189,523,819 |

**CITY OF OWATONNA, MINNESOTA**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes by Function and Activity**  
For the year ended December 31, 2022

|                                        | Beginning<br>Balances | Additions    | Deletions   | Ending<br>Balances |
|----------------------------------------|-----------------------|--------------|-------------|--------------------|
| General Government                     |                       |              |             |                    |
| Administrative Services                | \$7,568,552           | \$9,619      |             | \$7,578,171        |
| Government Buildings                   | 4,312,186             |              |             | 4,312,186          |
| Total General Government               | 11,880,738            | 9,619        |             | 11,890,357         |
| Public Safety                          |                       |              |             |                    |
| Police                                 | 1,415,573             |              |             | 1,415,573          |
| Fire                                   | 4,283,749             | 196,578      |             | 4,480,327          |
| Building Inspection                    | 37,097                |              |             | 37,097             |
| Total Public Safety                    | 5,736,419             | 196,578      |             | 5,932,997          |
| Public Works                           |                       |              |             |                    |
| Engineering                            | 30,995                |              |             | 30,995             |
| Street Maintenance                     | 124,069,770           | 4,751,515    |             | 128,821,285        |
| Airport                                | 12,280,091            | 1,800,572    |             | 14,080,663         |
| Total Public Works                     | 136,380,856           | 6,552,087    |             | 142,932,943        |
| Culture and Recreation                 |                       |              |             |                    |
| Library                                | 3,460,789             | 25,688       |             | 3,486,477          |
| Parks                                  | 6,759,933             | 69,549       |             | 6,829,482          |
| Recreation                             | 6,659,294             | 25,392       |             | 6,684,686          |
| Total Culture & Recreation             | 16,880,016            | 120,629      |             | 17,000,645         |
| Construction in Progress               | 3,336,128             | 2,449,163    | 5,512,967   | 272,324            |
| Subtotal                               | 174,214,157           | 9,328,076    | 5,512,967   | 178,029,266        |
| Internal Service Funds                 | 10,948,756            | 1,131,801    | 586,004     | 11,494,553         |
| Total governmental fund capital assets | \$185,162,913         | \$10,459,877 | \$6,098,971 | \$189,523,819      |

## **STATISTICAL SECTION**

## Statistical Section

This part of the City of Owatonna's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

| <b>Contents</b>                                                                                                                                                                                                                                            | <b>Page</b> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| <b>Financial Trends</b><br>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.                                                                             | 130-141     |
| <b>Revenue Capacity</b><br>These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.                                                                                                 | 142-146     |
| <b>Debt Capacity</b><br>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.                                    | 147-152     |
| <b>Demographic and Economic Information</b><br>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.                                            | 153-154     |
| <b>Operating Information</b><br>These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the city provides and the activities it performs. | 155-157     |

Source of data: Unless specifically noted, the information on the following tables is derived from the basic financial statements.

**CITY OF OWATONNA, MINNESOTA**  
**Net Position by Component**  
Last Ten Fiscal Years

|                                     | <u>2022</u>          | <u>2021</u>          | <u>2020</u>          | <u>2019</u>          |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental activities             |                      |                      |                      |                      |
| Net investment in capital assets    | \$87,004,737         | \$82,080,996         | \$79,875,698         | \$80,190,115         |
| Restricted                          | 11,532,764           | 13,608,287           | 12,889,531           | 11,740,372           |
| Unrestricted                        | 11,614,389           | 11,621,123           | 8,480,035            | 7,743,706            |
| Total governmental activities       | <u>\$110,151,890</u> | <u>\$107,310,406</u> | <u>\$101,245,264</u> | <u>\$99,674,193</u>  |
|                                     |                      |                      |                      |                      |
| Business-type activities            |                      |                      |                      |                      |
| Net investment in capital assets    | \$131,356,887        | \$113,783,109        | \$104,622,010        | \$98,084,910         |
| Restricted                          |                      |                      |                      |                      |
| Unrestricted                        | 34,851,658           | 44,110,948           | 45,964,958           | 47,000,604           |
| Total business-type activities      | <u>\$166,208,545</u> | <u>\$157,894,057</u> | <u>\$150,586,968</u> | <u>\$145,085,514</u> |
|                                     |                      |                      |                      |                      |
| Primary government                  |                      |                      |                      |                      |
| Net investment in capital assets    | \$218,361,624        | \$195,864,105        | \$184,497,708        | \$178,275,025        |
| Restricted                          | 11,532,764           | 13,608,287           | 12,889,531           | 11,740,372           |
| Unrestricted                        | 46,466,047           | 55,372,071           | 54,444,993           | 54,744,310           |
| Total primary government net assets | <u>\$276,360,435</u> | <u>\$265,204,463</u> | <u>\$251,832,232</u> | <u>\$244,759,707</u> |

Note: In 2015 GASB 68 was implemented

| <u>2018</u>          | <u>2017</u>          | <u>2016</u>          | <u>2015</u>          | <u>2014</u>          | <u>2013</u>          |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$79,004,771         | \$81,046,952         | \$80,110,407         | \$75,953,125         | \$75,256,663         | \$75,121,100         |
| 12,129,868           | 10,837,315           | 10,411,098           | 11,942,498           | 12,177,716           | 12,189,560           |
| 6,752,131            | 6,993,466            | 7,877,023            | 9,427,621            | 15,929,892           | 15,409,299           |
| <u>\$97,886,770</u>  | <u>\$98,877,733</u>  | <u>\$98,398,528</u>  | <u>\$97,323,244</u>  | <u>\$103,364,271</u> | <u>\$102,719,959</u> |
|                      |                      |                      |                      |                      |                      |
| \$92,586,465         | \$90,321,448         | \$88,935,574         | \$90,824,949         | \$86,780,807         | \$77,397,242         |
|                      |                      |                      |                      | 910,766              | 876,365              |
| 44,901,652           | 41,691,305           | 38,745,124           | 36,259,217           | 40,178,245           | 45,231,887           |
| <u>\$137,488,117</u> | <u>\$132,012,753</u> | <u>\$127,680,698</u> | <u>\$127,084,166</u> | <u>\$127,869,818</u> | <u>\$123,505,494</u> |
|                      |                      |                      |                      |                      |                      |
| \$171,591,236        | \$171,368,400        | \$169,045,981        | \$166,778,074        | \$162,037,470        | \$152,518,342        |
| 12,129,868           | 10,837,315           | 10,411,098           | 11,942,498           | 13,088,482           | 13,065,925           |
| 51,653,783           | 48,684,771           | 46,622,147           | 45,686,838           | 56,108,137           | 60,641,186           |
| <u>\$235,374,887</u> | <u>\$230,890,486</u> | <u>\$226,079,226</u> | <u>\$224,407,410</u> | <u>\$231,234,089</u> | <u>\$226,225,453</u> |

**CITY OF OWATONNA, MINNESOTA**  
**Changes in Net Position**  
Last Ten Fiscal Years

|                                    | <u>2022</u>         | <u>2021</u>         | <u>2020</u>         | <u>2019</u>         |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Program Revenues</b>            |                     |                     |                     |                     |
| Governmental activities:           |                     |                     |                     |                     |
| Charges for services:              |                     |                     |                     |                     |
| General government                 | \$250,752           | \$323,466           | \$396,420           | \$453,359           |
| Public safety                      | 974,940             | 917,428             | 1,033,653           | 852,832             |
| Public works                       | 668,318             | 375,986             | 478,469             | 555,541             |
| Culture and recreation             | 1,499,556           | 1,213,757           | 754,448             | 1,359,896           |
| Other activities                   | 21,990              | 19,440              | 39,313              | 18,045              |
| Operating grants & contributions   | 1,708,928           | 1,722,034           | 2,519,643           | 1,719,641           |
| Capital grants & contributions     | 2,148,119           | 7,330,068           | 1,640,688           | 2,853,965           |
| Total governmental activities      | <u>7,272,603</u>    | <u>11,902,179</u>   | <u>6,862,634</u>    | <u>7,813,279</u>    |
| Business-type activities:          |                     |                     |                     |                     |
| Charges for services:              |                     |                     |                     |                     |
| Sewer                              | 4,453,045           | 4,150,093           | 3,894,053           | 3,755,393           |
| Storm water                        | 1,420,412           | 1,307,822           | 1,208,514           | 1,212,090           |
| Electric                           | 43,670,362          | 43,340,773          | 40,916,882          | 41,517,739          |
| Water                              | 4,650,426           | 4,721,999           | 4,465,627           | 4,142,576           |
| Gas                                | 19,437,918          | 22,942,554          | 12,316,516          | 13,946,020          |
| Aquatic center                     |                     |                     |                     |                     |
| Operating grants and contributions | 48,555              |                     |                     | 236,174             |
| Capital grants and contributions   |                     |                     |                     |                     |
| Total business-type activities     | <u>73,680,718</u>   | <u>76,463,241</u>   | <u>62,801,592</u>   | <u>64,809,992</u>   |
| Total primary government           | <u>\$80,953,321</u> | <u>\$88,365,420</u> | <u>\$69,664,226</u> | <u>\$72,623,271</u> |
| <b>Expenses</b>                    |                     |                     |                     |                     |
| Governmental activities:           |                     |                     |                     |                     |
| General government                 | \$4,066,030         | \$3,475,539         | \$4,318,885         | \$3,461,354         |
| Public safety                      | 8,945,032           | 6,838,715           | 7,595,141           | 7,349,429           |
| Public works                       | 5,314,296           | 7,732,201           | 7,367,252           | 7,834,535           |
| Culture and recreation             | 5,880,158           | 4,975,493           | 4,474,475           | 5,202,377           |
| Other activities                   | 2,594,838           | 1,522,053           | 2,077,187           | 1,156,663           |
| Interest on long-term debt         | 10,280              | 395,235             | 351,113             | 404,670             |
| Total governmental activities      | <u>26,810,634</u>   | <u>24,939,236</u>   | <u>26,184,053</u>   | <u>25,409,028</u>   |
| Business-type activities:          |                     |                     |                     |                     |
| Sewer                              | 1,866,594           | 2,446,611           | 2,732,848           | 2,868,854           |
| Storm water                        | 281,138             | 590,887             | 685,583             | 780,772             |
| Electric                           | 40,964,869          | 40,046,387          | 39,131,242          | 38,886,514          |
| Water                              | 3,729,354           | 3,617,865           | 3,366,652           | 3,244,405           |
| Gas                                | 18,304,396          | 22,224,734          | 11,799,218          | 12,898,582          |
| Aquatic center                     |                     |                     |                     |                     |
| Total business-type activities     | <u>65,146,351</u>   | <u>68,926,484</u>   | <u>57,715,543</u>   | <u>58,679,127</u>   |
| Total primary government           | <u>\$91,956,985</u> | <u>\$93,865,720</u> | <u>\$83,899,596</u> | <u>\$84,088,155</u> |

Note: The Aquatic center was transferred from a business-type activity to a governmental activity in 2016.



| <u>2018</u>         | <u>2017</u>         | <u>2016</u>         | <u>2015</u>         | <u>2014</u>         | <u>2013</u>         |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$348,509           | \$321,021           | \$354,171           | \$325,810           | \$353,387           | \$343,280           |
| 833,619             | 778,822             | 821,115             | 646,479             | 704,699             | 778,934             |
| 543,571             | 673,815             | 658,045             | 583,402             | 433,409             | 849,117             |
| 1,356,050           | 1,321,495           | 1,308,683           | 1,167,819           | 1,147,686           | 1,108,691           |
| 21,072              | 19,208              | 19,528              | 9,640               | 13,121              | 12,794              |
| 1,493,152           | 1,562,720           | 1,499,973           | 1,411,675           | 1,692,420           | 1,253,133           |
| 1,262,057           | 3,749,360           | 1,985,442           | 3,351,342           | 2,596,415           | 5,401,249           |
| <u>5,858,030</u>    | <u>8,426,441</u>    | <u>6,646,957</u>    | <u>7,496,167</u>    | <u>6,941,137</u>    | <u>9,747,198</u>    |
| 3,675,717           | 3,416,993           | 3,322,407           | 3,106,003           | 2,995,373           | 2,467,088           |
| 1,068,692           | 923,459             | 784,774             | 397,464             | 399,983             | 344,831             |
| 40,814,286          | 39,025,342          | 38,219,579          | 35,805,919          | 35,756,468          | 34,586,900          |
| 4,169,129           | 3,948,324           | 3,804,917           | 3,489,771           | 3,433,348           | 3,509,578           |
| 14,762,244          | 14,019,597          | 13,266,847          | 13,795,668          | 21,471,393          | 15,776,954          |
|                     |                     |                     | 195,018             | 174,787             | 164,532             |
| 5,000               |                     |                     |                     |                     |                     |
| 9,262               | 135,032             | 188,135             | 50,000              | 25,688              | 4,449,193           |
| <u>64,504,330</u>   | <u>61,468,747</u>   | <u>59,586,659</u>   | <u>56,839,843</u>   | <u>64,257,040</u>   | <u>61,299,076</u>   |
| <u>\$70,362,360</u> | <u>\$69,895,188</u> | <u>\$66,233,616</u> | <u>\$64,336,010</u> | <u>\$71,198,177</u> | <u>\$71,046,274</u> |
| \$3,205,461         | \$3,243,404         | \$3,099,636         | \$2,856,561         | \$2,680,256         | \$2,496,706         |
| 6,812,922           | 7,652,397           | 8,377,228           | 6,348,914           | 6,310,828           | 5,999,244           |
| 7,474,091           | 7,072,006           | 6,691,503           | 7,270,857           | 6,925,355           | 7,301,740           |
| 5,165,302           | 5,201,248           | 5,040,588           | 4,652,758           | 4,279,720           | 4,229,251           |
| 1,111,126           | 791,706             | 1,063,892           | 747,447             | 570,317             | 627,951             |
| 335,781             | 234,573             | 287,028             | 288,678             | 300,765             | 409,891             |
| <u>24,104,683</u>   | <u>24,195,334</u>   | <u>24,559,875</u>   | <u>22,165,215</u>   | <u>21,067,241</u>   | <u>21,064,783</u>   |
| 2,798,229           | 2,847,495           | 3,006,694           | 2,492,185           | 2,452,577           | 2,191,955           |
| 660,873             | 591,835             | 682,131             | 516,915             | 508,608             | 457,454             |
| 39,303,834          | 37,610,225          | 37,738,830          | 34,612,064          | 34,319,736          | 34,455,128          |
| 3,420,096           | 3,250,860           | 3,046,878           | 3,159,786           | 2,734,692           | 2,767,320           |
| 13,740,097          | 13,730,892          | 11,789,863          | 13,066,535          | 20,613,979          | 14,962,607          |
|                     |                     |                     | 291,201             | 249,672             | 268,532             |
| <u>59,923,129</u>   | <u>58,031,307</u>   | <u>56,264,396</u>   | <u>54,138,686</u>   | <u>60,879,264</u>   | <u>55,102,996</u>   |
| <u>\$84,027,812</u> | <u>\$82,226,641</u> | <u>\$80,824,271</u> | <u>\$76,303,901</u> | <u>\$81,946,505</u> | <u>\$76,167,779</u> |

**CITY OF OWATONNA, MINNESOTA**  
**Changes in Net Position - Continued**  
Last Ten Fiscal Years

|                                       | <u>2022</u>           | <u>2021</u>          | <u>2020</u>           | <u>2019</u>           |
|---------------------------------------|-----------------------|----------------------|-----------------------|-----------------------|
| <b>Net (Expense)/Revenue</b>          |                       |                      |                       |                       |
| Governmental activities               | \$(19,538,031)        | \$(13,037,057)       | \$(19,321,419)        | \$(17,595,749)        |
| Business-type activities              | 8,534,367             | 7,536,757            | 5,086,049             | 6,130,865             |
| Total primary government              | <u>\$(11,003,664)</u> | <u>\$(5,500,300)</u> | <u>\$(14,235,370)</u> | <u>\$(11,464,884)</u> |
| <b>General Revenues and Other</b>     |                       |                      |                       |                       |
| <b>Changes in Net Position</b>        |                       |                      |                       |                       |
| Governmental activities:              |                       |                      |                       |                       |
| Taxes                                 |                       |                      |                       |                       |
| Property taxes, (general purposes)    | \$15,751,725          | \$13,487,199         | \$12,860,742          | \$12,229,960          |
| Property taxes, (debt service)        | 1,523,313             | 1,261,710            | 1,343,083             | 1,353,663             |
| Sales & excise tax                    |                       |                      |                       |                       |
| Franchise tax                         | 339,926               | 335,187              | 343,202               | 352,715               |
| Lodging tax                           |                       |                      |                       |                       |
| Unrestricted grants and contributions | 4,783,290             | 4,791,022            | 5,351,753             | 4,364,245             |
| Investment earnings                   | (671,469)             | (41,936)             | 387,414               | 652,930               |
| Other                                 |                       |                      |                       |                       |
| Transfers                             | 652,730               | (730,983)            | 606,296               | 429,659               |
| Total governmental activities         | <u>22,379,515</u>     | <u>19,102,199</u>    | <u>20,892,490</u>     | <u>19,383,172</u>     |
| Business-type activities:             |                       |                      |                       |                       |
| Property taxes, (debt service)        | 311,853               | 317,938              | 312,070               | 312,938               |
| Lease revenues                        | 299,549               |                      |                       |                       |
| Unrestricted grants and contributions |                       |                      |                       |                       |
| Investment earnings                   | (291,116)             | 265,166              | 698,614               | 1,074,075             |
| Other                                 | 63,548                | (1,543,755)          | 11,017                | 509,178               |
| Transfers                             | (652,730)             | 730,983              | (606,296)             | (429,659)             |
| Total business-type activities        | <u>(268,896)</u>      | <u>(229,668)</u>     | <u>415,405</u>        | <u>1,466,532</u>      |
| Total primary government              | <u>\$22,110,619</u>   | <u>\$18,872,531</u>  | <u>\$21,307,895</u>   | <u>\$20,849,704</u>   |
| <b>Change in Net Position</b>         |                       |                      |                       |                       |
| Governmental activities               | \$2,841,484           | \$6,065,142          | \$1,571,071           | \$1,787,423           |
| Business-type activities              | 8,265,471             | 7,307,089            | 5,501,454             | 7,597,397             |
| Total primary government              | <u>\$11,106,955</u>   | <u>\$13,372,231</u>  | <u>\$7,072,525</u>    | <u>\$9,384,820</u>    |

| <u>2018</u>           | <u>2017</u>           | <u>2016</u>           | <u>2015</u>           | <u>2014</u>           | <u>2013</u>          |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|
| \$(18,246,653)        | \$(15,768,893)        | \$(17,912,918)        | \$(14,669,048)        | \$(14,126,104)        | \$(11,317,585)       |
| 4,581,201             | 3,437,440             | 3,322,263             | 2,701,157             | 3,377,776             | 6,196,080            |
| <u>\$(13,665,452)</u> | <u>\$(12,331,453)</u> | <u>\$(14,590,655)</u> | <u>\$(11,967,891)</u> | <u>\$(10,748,328)</u> | <u>\$(5,121,505)</u> |
|                       |                       |                       |                       |                       |                      |
| \$11,810,733          | \$10,407,798          | \$9,864,056           | \$9,148,313           | \$8,620,566           | \$8,753,451          |
| 1,018,307             | 991,067               | 1,134,938             | 1,150,319             | 1,096,471             | 923,671              |
| 353,476               | 348,769               | 346,777               | 339,322               | 342,607               | 324,401              |
| 4,387,352             | 4,341,397             | 4,201,348             | 4,103,313             | 4,253,144             | 3,357,405            |
| 440,334               | 240,752               | 134,961               | 190,031               | 511,958               | (308,037)            |
|                       |                       |                       |                       | 195,095               |                      |
| 48,162                | (81,685)              | 3,306,122             | 90,441                | (249,425)             | (1,351,736)          |
| <u>18,058,364</u>     | <u>16,248,098</u>     | <u>18,988,202</u>     | <u>15,021,739</u>     | <u>14,770,416</u>     | <u>11,699,155</u>    |
|                       |                       |                       |                       |                       |                      |
| 314,930               | 322,411               | 247,970               | 248,410               | 251,775               | 253,885              |
| 678,629               | 490,519               | 332,421               | 284,548               | 485,348               | (81,728)             |
| (48,162)              | 81,685                | (3,306,122)           | (90,441)              | 249,425               | 1,351,736            |
| <u>945,397</u>        | <u>894,615</u>        | <u>(2,725,731)</u>    | <u>442,517</u>        | <u>986,548</u>        | <u>1,523,893</u>     |
| <u>\$19,003,761</u>   | <u>\$17,142,713</u>   | <u>\$16,262,471</u>   | <u>\$15,464,256</u>   | <u>\$15,756,964</u>   | <u>\$13,223,048</u>  |
|                       |                       |                       |                       |                       |                      |
| \$(188,289)           | \$479,205             | \$1,075,284           | \$352,691             | \$644,312             | \$381,570            |
| 5,526,598             | 4,332,055             | 596,532               | 3,143,674             | 4,364,324             | 7,719,973            |
| <u>\$5,338,309</u>    | <u>\$4,811,260</u>    | <u>\$1,671,816</u>    | <u>\$3,496,365</u>    | <u>\$5,008,636</u>    | <u>\$8,101,543</u>   |

**CITY OF OWATONNA, MINNESOTA**  
**Fund Balance – Governmental Funds**  
Last Ten Fiscal Years

|                                    | <u>2022</u>         | <u>2021</u>         | <u>2020</u>         | <u>2019</u>         |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund                       |                     |                     |                     |                     |
| Nonspendable                       | \$222,991           | \$177,009           | \$153,417           | \$160,637           |
| Restricted                         | 44,872              | 46,797              | 46,608              | 45,912              |
| Assigned                           | 2,869,345           | 3,004,811           | 3,119,384           | 2,980,474           |
| Unassigned                         | 9,315,113           | 8,922,998           | 8,544,022           | 8,166,473           |
| Total general fund                 | <u>12,452,321</u>   | <u>12,151,615</u>   | <u>11,863,431</u>   | <u>11,353,496</u>   |
| <br>All Other Governmental Funds   |                     |                     |                     |                     |
| Nonspendable                       |                     |                     |                     |                     |
| Restricted                         | 8,629,388           | 10,388,117          | 8,788,419           | 7,921,803           |
| Committed                          | 1,440,278           | 1,226,804           | 1,408,436           | 768,512             |
| Assigned                           | 5,832,896           | 6,563,115           | 6,115,477           | 6,064,409           |
| Unassigned                         | (834,857)           | (892,801)           | (911,539)           | (131,923)           |
| Total all other governmental funds | <u>15,067,705</u>   | <u>17,285,235</u>   | <u>15,400,793</u>   | <u>14,622,801</u>   |
| <br>Total governmental funds       | <u>\$27,520,026</u> | <u>\$29,436,850</u> | <u>\$27,264,224</u> | <u>\$25,976,297</u> |

| <b>2018</b>         | <b>2017</b>         | <b>2016</b>         | <b>2015</b>         | <b>2014</b>         | <b>2013</b>         |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$169,421           | \$169,529           | \$200,044           | \$283,764           | \$224,489           | \$78,276            |
| 44,943              | 44,198              | 43,717              | 43,432              | 43,058              | 42,066              |
| 3,084,017           | 2,216,436           | 2,066,020           | 2,050,503           | 1,912,882           | 1,843,366           |
| 7,665,558           | 8,245,075           | 8,088,843           | 8,075,845           | 7,851,566           | 7,731,961           |
| <u>10,963,939</u>   | <u>10,675,238</u>   | <u>10,398,624</u>   | <u>10,453,544</u>   | <u>10,031,995</u>   | <u>9,695,669</u>    |
|                     |                     |                     |                     |                     |                     |
| 8,476,883           | 7,199,761           | 7,282,461           | 9,414,768           | 74,064              | 549,915             |
| 1,112,446           | 1,036,672           | 1,114,534           | 1,114,534           | 8,953,592           | 8,312,438           |
| 6,072,226           | 5,438,542           | 5,240,474           | 3,905,230           | 1,528,371           | 2,644,186           |
| (157,552)           | (189,851)           | (239,266)           | (216,589)           | 4,360,834           | 2,446,348           |
| <u>15,504,003</u>   | <u>13,485,124</u>   | <u>13,398,203</u>   | <u>14,217,943</u>   | <u>(219,861)</u>    | <u>13,952,887</u>   |
|                     |                     |                     |                     | <u>14,697,000</u>   |                     |
| <u>\$26,467,942</u> | <u>\$24,160,362</u> | <u>\$23,796,827</u> | <u>\$24,671,487</u> | <u>\$24,728,995</u> | <u>\$23,648,556</u> |

**CITY OF OWATONNA, MINNESOTA**  
**Changes in Fund Balance of Governmental Funds**  
Last Ten Fiscal Years

|                                                         | <u>2022</u>          | <u>2021</u>        | <u>2020</u>        | <u>2019</u>        |
|---------------------------------------------------------|----------------------|--------------------|--------------------|--------------------|
| <b>Revenues</b>                                         |                      |                    |                    |                    |
| Taxes                                                   | \$17,559,007         | \$15,054,201       | \$14,460,256       | \$13,926,612       |
| Licenses and permits                                    | 505,746              | 407,850            | 570,608            | 422,036            |
| Intergovernmental revenue                               | 7,856,534            | 12,626,913         | 8,749,452          | 7,048,268          |
| Charges for service                                     | 2,071,232            | 1,770,835          | 1,415,474          | 2,128,600          |
| Fines and forfeits                                      | 132,961              | 146,250            | 137,314            | 160,072            |
| Special assessments                                     | 689,091              | 708,911            | 812,614            | 829,705            |
| Interest on investments                                 | (671,469)            | (41,936)           | 387,414            | 652,930            |
| Miscellaneous                                           | 780,522              | 1,092,385          | 660,574            | 925,334            |
| Total revenues                                          | <u>28,923,624</u>    | <u>31,765,409</u>  | <u>27,193,706</u>  | <u>26,093,557</u>  |
| <b>Expenditures</b>                                     |                      |                    |                    |                    |
| Current operating                                       |                      |                    |                    |                    |
| General government                                      | 3,531,567            | 3,182,519          | 3,868,465          | 3,074,250          |
| Public safety                                           | 8,471,517            | 7,876,675          | 7,724,843          | 7,390,178          |
| Public works                                            | 4,756,639            | 4,414,957          | 4,378,073          | 4,525,795          |
| Culture and recreation                                  | 5,143,282            | 4,682,111          | 4,090,156          | 4,737,918          |
| Housing & economic development                          | 2,567,050            | 1,424,670          | 2,060,099          | 1,149,628          |
| Miscellaneous                                           | 528,805              | 243,320            | 129,243            | 146,218            |
| Capital outlay                                          | 4,321,367            | 9,713,725          | 3,942,857          | 6,651,508          |
| Debt service:                                           |                      |                    |                    |                    |
| Principal retired                                       | 1,690,000            | 1,750,000          | 1,625,000          | 1,250,000          |
| Interest and service charges                            | 482,951              | 521,013            | 486,867            | 468,986            |
| Payment to refunding escrow agent                       |                      |                    |                    |                    |
| Total all other governmental funds                      | <u>31,493,178</u>    | <u>33,808,990</u>  | <u>28,305,603</u>  | <u>29,394,481</u>  |
| Excess of revenues over (under) expenditures            | <u>(2,569,554)</u>   | <u>(2,043,581)</u> | <u>(1,111,897)</u> | <u>(3,300,924)</u> |
| <b>Other finance sources (uses)</b>                     |                      |                    |                    |                    |
| Bond issuance                                           |                      | 3,250,000          | 1,545,000          | 1,860,000          |
| Premium (Discount) on bonds                             |                      | 342,857            | 227,124            | 357,779            |
| Other                                                   |                      |                    |                    |                    |
| Sale of capital assets                                  |                      |                    |                    |                    |
| Transfers out                                           | (349,690)            | (487,850)          | (1,350,920)        | (148,300)          |
| Transfers in                                            | 1,002,420            | 1,111,200          | 1,978,620          | 739,800            |
| Total other financing sources (uses)                    | <u>652,730</u>       | <u>4,216,207</u>   | <u>2,399,824</u>   | <u>2,809,279</u>   |
| Net change in fund balance                              | <u>\$(1,916,824)</u> | <u>\$2,172,626</u> | <u>\$1,287,927</u> | <u>\$(491,645)</u> |
| Debt service as a percentage of noncapital expenditures | 7.92%                | 8.79%              | 8.68%              | 7.46%              |

| 2018         | 2017         | 2016         | 2015         | 2014         | 2013        |
|--------------|--------------|--------------|--------------|--------------|-------------|
| \$13,230,823 | \$11,762,834 | \$11,315,685 | \$10,658,545 | \$10,089,188 | \$9,999,651 |
| 449,857      | 445,702      | 428,138      | 292,628      | 349,311      | 350,707     |
| 6,599,704    | 8,199,031    | 6,869,605    | 7,290,973    | 7,755,657    | 7,562,657   |
| 2,042,584    | 2,122,977    | 2,132,546    | 1,857,471    | 1,704,610    | 2,084,835   |
| 156,847      | 157,683      | 142,447      | 157,719      | 172,951      | 172,778     |
| 677,503      | 839,631      | 936,065      | 1,137,312    | 1,099,194    | 1,361,391   |
| 440,334      | 240,752      | 134,961      | 190,031      | 511,958      | (308,037)   |
| 514,841      | 624,897      | 621,632      | 1,452,189    | 853,621      | 667,413     |
| 24,112,493   | 24,393,507   | 22,581,079   | 23,036,868   | 22,536,490   | 21,891,395  |
| 2,902,381    | 2,815,113    | 2,674,639    | 2,528,782    | 2,338,333    | 2,131,704   |
| 6,909,832    | 6,841,352    | 6,605,121    | 6,200,216    | 6,094,080    | 5,645,420   |
| 4,345,785    | 4,031,989    | 3,850,262    | 3,681,956    | 3,444,217    | 3,091,860   |
| 4,659,725    | 4,634,202    | 4,495,841    | 4,035,671    | 3,796,924    | 3,770,340   |
| 1,093,759    | 773,449      | 1,028,038    | 734,410      | 462,086      | 453,050     |
| 83,457       | 100,110      | 146,547      | 127,580      | 294,163      | 380,217     |
| 5,990,656    | 5,632,005    | 3,613,361    | 5,905,097    | 4,615,949    | 7,234,554   |
| 1,335,000    | 1,615,000    | 1,765,000    | 1,890,000    | 1,845,000    | 2,175,000   |
| 297,878      | 257,834      | 330,154      | 293,620      | 313,028      | 302,980     |
|              |              | 810,000      |              |              |             |
| 27,618,473   | 26,701,054   | 25,318,963   | 25,397,332   | 23,203,780   | 25,185,125  |
| (3,505,980)  | (2,307,547)  | (2,737,884)  | (2,360,464)  | (667,290)    | (3,293,730) |
| 4,825,000    | 2,015,000    | 1,300,000    | 1,685,000    | 1,135,000    | 3,845,000   |
| 402,560      | 108,582      | 99,109       | 98,893       | 32,211       | 71,433      |
|              |              |              | 110,979      |              | 1,858,593   |
|              |              |              | 5,584        | 215,518      |             |
| (170,920)    | (148,190)    | (658,975)    | (128,000)    | (564,000)    | (2,963,221) |
| 756,920      | 695,690      | 1,123,090    | 530,500      | 929,000      | 3,278,221   |
| 5,813,560    | 2,671,082    | 1,863,224    | 2,302,956    | 1,747,729    | 6,090,026   |
| \$2,307,580  | \$363,535    | \$(874,660)  | \$(57,508)   | \$1,080,439  | \$2,796,296 |
| 7.30%        | 8.63%        | 13.18%       | 10.55%       | 10.84%       | 11.87%      |

**CITY OF OWATONNA, MINNESOTA**  
**Program Revenues and Expenses by Function**  
Last Ten Fiscal Years

|                                    | <u>2022</u>         | <u>2021</u>         | <u>2020</u>         | <u>2019</u>         |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Program Revenues</b>            |                     |                     |                     |                     |
| Governmental activities:           |                     |                     |                     |                     |
| Charges for services:              |                     |                     |                     |                     |
| General government                 | \$250,752           | \$323,466           | \$396,420           | \$453,359           |
| Public safety                      | 974,940             | 917,428             | 1,033,653           | 852,832             |
| Public works                       | 668,318             | 375,986             | 478,469             | 555,541             |
| Culture and recreation             | 1,499,556           | 1,213,757           | 754,448             | 1,359,896           |
| Other activities                   | 21,990              | 19,440              | 39,313              | 18,045              |
| Operating grants & contributions   | 1,708,928           | 1,722,034           | 2,519,643           | 1,719,641           |
| Capital grants & contributions     | 2,148,119           | 7,330,068           | 1,640,688           | 2,853,965           |
| Total governmental activities      | <u>7,272,603</u>    | <u>11,902,179</u>   | <u>6,862,634</u>    | <u>7,813,279</u>    |
| Business-type activities:          |                     |                     |                     |                     |
| Charges for services:              |                     |                     |                     |                     |
| Sewer                              | 4,453,045           | 4,150,093           | 3,894,053           | 3,755,393           |
| Storm water                        | 1,420,412           | 1,307,822           | 1,208,514           | 1,212,090           |
| Electric                           | 43,670,362          | 43,340,773          | 40,916,882          | 41,517,739          |
| Water                              | 4,650,426           | 4,721,999           | 4,465,627           | 4,142,576           |
| Gas                                | 19,437,918          | 22,942,554          | 12,316,516          | 13,946,020          |
| Aquatic center                     |                     |                     |                     |                     |
| Operating grants and contributions |                     |                     |                     |                     |
| Capital grants and contributions   | 48,555              |                     |                     | 236,174             |
| Total business-type activities     | <u>73,680,718</u>   | <u>76,463,241</u>   | <u>62,801,592</u>   | <u>64,809,992</u>   |
| Total primary government           | <u>\$80,953,321</u> | <u>\$88,365,420</u> | <u>\$69,664,226</u> | <u>\$72,623,271</u> |
| <b>Expenses</b>                    |                     |                     |                     |                     |
| Governmental activities:           |                     |                     |                     |                     |
| General government                 | \$4,066,030         | \$3,475,539         | \$4,318,885         | \$3,461,354         |
| Public safety                      | 8,945,032           | 6,838,715           | 7,595,141           | 7,349,429           |
| Public works                       | 5,314,296           | 7,732,201           | 7,367,252           | 7,834,535           |
| Culture and recreation             | 5,880,158           | 4,975,493           | 4,474,475           | 5,202,377           |
| Other activities                   | 2,594,838           | 1,522,053           | 2,077,187           | 1,156,663           |
| Interest on long-term debt         | 10,280              | 395,235             | 351,113             | 404,670             |
| Total governmental activities      | <u>26,810,634</u>   | <u>24,939,236</u>   | <u>26,184,053</u>   | <u>25,409,028</u>   |
| Business-type activities:          |                     |                     |                     |                     |
| Sewer                              | 1,866,594           | 2,446,611           | 2,732,848           | 2,868,854           |
| Storm water                        | 281,138             | 590,887             | 685,583             | 780,772             |
| Electric                           | 40,964,869          | 40,046,387          | 39,131,242          | 38,886,514          |
| Water                              | 3,729,354           | 3,617,865           | 3,366,652           | 3,244,405           |
| Gas                                | 18,304,396          | 22,224,734          | 11,799,218          | 12,898,582          |
| Aquatic center                     |                     |                     |                     |                     |
| Housing and economic development   |                     |                     |                     |                     |
| Total business-type activities     | <u>65,146,351</u>   | <u>68,926,484</u>   | <u>57,715,543</u>   | <u>58,679,127</u>   |
| Total primary government           | <u>\$91,956,985</u> | <u>\$93,865,720</u> | <u>\$83,899,596</u> | <u>\$84,088,155</u> |



| 2018         | 2017         | 2016         | 2015         | 2014         | 2013         |
|--------------|--------------|--------------|--------------|--------------|--------------|
| \$348,509    | \$321,021    | \$354,171    | \$325,810    | \$353,387    | \$343,280    |
| 833,619      | 778,822      | 821,115      | 646,479      | 704,699      | 778,934      |
| 543,571      | 673,815      | 658,045      | 583,402      | 433,409      | 849,117      |
| 1,356,050    | 1,321,495    | 1,308,683    | 1,167,819    | 1,147,686    | 1,108,691    |
| 21,072       | 19,208       | 19,528       | 9,640        | 13,121       | 12,794       |
| 1,493,152    | 1,562,720    | 1,499,973    | 1,411,675    | 1,692,420    | 1,253,133    |
| 1,262,057    | 3,749,360    | 1,985,442    | 3,351,342    | 2,596,415    | 5,401,249    |
| 5,858,030    | 8,426,441    | 6,646,957    | 7,496,167    | 6,941,137    | 9,747,198    |
| 3,675,717    | 3,416,993    | 3,322,407    | 3,106,003    | 2,995,373    | 2,467,088    |
| 1,068,692    | 923,459      | 784,774      | 397,464      | 399,983      | 344,831      |
| 40,814,286   | 39,025,342   | 38,219,579   | 35,805,919   | 35,756,468   | 34,586,900   |
| 4,169,129    | 3,948,324    | 3,804,917    | 3,489,771    | 3,433,348    | 3,509,578    |
| 14,762,244   | 14,019,597   | 13,266,847   | 13,795,668   | 21,471,393   | 15,776,954   |
| 5,000        |              |              | 195,018      | 174,787      | 164,532      |
| 9,262        | 135,032      | 188,135      | 50,000       | 25,688       | 4,449,193    |
| 64,504,330   | 61,468,747   | 59,586,659   | 56,839,843   | 64,257,040   | 61,299,076   |
| \$70,362,360 | \$69,895,188 | \$66,233,616 | \$64,336,010 | \$71,198,177 | \$71,046,274 |
| \$3,205,461  | \$3,243,404  | \$3,099,636  | \$2,856,561  | \$2,680,256  | \$2,496,706  |
| 6,812,922    | 7,652,397    | 8,377,228    | 6,348,914    | 6,310,828    | 5,999,244    |
| 7,474,091    | 7,072,006    | 6,691,503    | 7,270,857    | 6,925,355    | 7,301,740    |
| 5,165,302    | 5,201,248    | 5,040,588    | 4,652,758    | 4,279,720    | 4,229,251    |
| 1,111,126    | 791,706      | 1,063,892    | 747,447      | 570,317      | 627,951      |
| 335,781      | 234,573      | 287,028      | 288,678      | 300,765      | 409,891      |
| 24,104,683   | 24,195,334   | 24,559,875   | 22,165,215   | 21,067,241   | 21,064,783   |
| 2,798,229    | 2,847,495    | 3,006,694    | 2,492,185    | 2,452,577    | 2,191,955    |
| 660,873      | 591,835      | 682,131      | 516,915      | 508,608      | 457,454      |
| 39,303,834   | 37,610,225   | 37,738,830   | 34,612,064   | 34,319,736   | 34,455,128   |
| 3,420,096    | 3,250,860    | 3,046,878    | 3,159,786    | 2,734,692    | 2,767,320    |
| 13,740,097   | 13,730,892   | 11,789,863   | 13,066,535   | 20,613,979   | 14,962,607   |
|              |              |              | 291,201      | 249,672      | 268,532      |
| 59,923,129   | 58,031,307   | 56,264,396   | 54,138,686   | 60,879,264   | 55,102,996   |
| \$84,027,812 | \$82,226,641 | \$80,824,271 | \$76,303,901 | \$81,946,505 | \$76,167,779 |

**CITY OF OWATONNA, MINNESOTA**  
**General Governmental Tax Revenues by Source**  
 Last Ten Fiscal Years

| <u>Fiscal<br/>Year</u> | <u>Property<br/>Taxes</u> | <u>Franchise<br/>Fees</u> | <u>Sales/Excise<br/>Tax<sup>1</sup></u> | <u>Other<br/>Taxes</u> | <u>Total<br/>Taxes</u> |
|------------------------|---------------------------|---------------------------|-----------------------------------------|------------------------|------------------------|
| 2022                   | \$14,770,074              | \$339,926                 |                                         | \$2,449,007            | \$17,559,007           |
| 2021                   | 13,491,078                | 335,187                   |                                         | 1,227,936              | 15,054,201             |
| 2020                   | 13,004,013                | 343,202                   |                                         | 1,113,041              | 14,460,256             |
| 2019                   | 12,528,554                | 352,938                   |                                         | 1,045,120              | 13,926,612             |
| 2018                   | 11,819,570                | 353,476                   |                                         | 1,009,470              | 13,182,516             |
| 2017                   | 10,708,918                | 348,769                   | \$17,189                                | 672,758                | 11,747,634             |
| 2016                   | 10,235,502                | 346,777                   |                                         | 763,492                | 11,345,771             |
| 2015                   | 9,761,650                 | 339,322                   |                                         | 536,982                | 10,637,954             |
| 2014                   | 9,395,859                 | 342,607                   |                                         | 321,178                | 10,059,644             |
| 2013                   | 9,362,644                 | 324,401                   |                                         | 314,478                | 10,001,523             |

Sources of Data: Includes general fund, special revenue funds, capital project funds and debt service fund

<sup>1</sup> Special Legislation authorized a local option sales tax and excise tax beginning April 1, 2007. This tax was terminated by council resolution on June 30, 2011. The City received an additional payment for subsequent year's collections of delinquent sales tax in 2017.

**CITY OF OWATONNA, MINNESOTA**  
**Property Tax Levies and Collections**  
Last Ten Fiscal Years

| Fiscal Year | Total Net Tax Levy | Collected in the Year of the Levy |                 | Collections In Subsequent Years | Total Collections To Date |                 |
|-------------|--------------------|-----------------------------------|-----------------|---------------------------------|---------------------------|-----------------|
|             |                    | Current Tax Collections           | Percent of Levy |                                 | Amount                    | Percent of Levy |
| 2022        | \$15,298,219       | \$15,173,709                      | 99.19%          | \$22,826                        | \$15,196,535              | 99.34%          |
| 2021        | 13,949,440         | 13,787,642                        | 98.84%          | 95,524                          | 13,883,166                | 99.52%          |
| 2020        | 13,554,811         | 13,415,879                        | 98.98%          | 63,210                          | 13,479,089                | 99.44%          |
| 2019        | 12,984,770         | 12,929,906                        | 99.58%          | 54,864                          | 12,984,770                | 100.00%         |
| 2018        | 12,271,685         | 12,184,513                        | 99.29%          | 68,411                          | 12,252,924                | 99.85%          |
| 2017        | 11,200,666         | 11,121,534                        | 99.29%          | 69,889                          | 11,191,423                | 99.92%          |
| 2016        | 10,620,130         | 10,510,986                        | 98.97%          | 109,144                         | 10,620,130                | 100.00%         |
| 2015        | 10,140,627         | 10,062,832                        | 99.23%          | 65,521                          | 10,128,353                | 99.88%          |
| 2014        | 9,739,414          | 9,648,527                         | 99.07%          | 81,710                          | 9,730,237                 | 99.90%          |
| 2013        | 9,742,984          | 9,627,589                         | 98.82%          | 101,631                         | 9,729,220                 | 99.86%          |

Source of Data: Includes general fund and debt service funds

**CITY OF OWATONNA, MINNESOTA**  
**Tax Capacity and Estimated Value of Taxable Property**  
Last Ten Fiscal Years

| Fiscal Year | Real Property |                        | Personal Property |                        | Total        |                        | Ratio of Tax Capacity to Estimated Market Value | Total Direct Tax Rate |
|-------------|---------------|------------------------|-------------------|------------------------|--------------|------------------------|-------------------------------------------------|-----------------------|
|             | Tax Capacity  | Estimated Market Value | Tax Capacity      | Estimated Market Value | Tax Capacity | Estimated Market Value |                                                 |                       |
| 2022        | \$26,475,574  | \$2,326,632,500        | \$104,900         | \$6,199,400            | \$26,580,474 | \$2,332,831,900        | .0114:1                                         | 62.098                |
| 2021        | 24,525,106    | 2,177,751,400          | 105,207           | 6,242,800              | 24,630,313   | 2,183,994,200          | .0113:1                                         | 59.530                |
| 2020        | 22,631,009    | 2,026,039,800          | 110,369           | 6,469,300              | 22,741,378   | 2,032,509,100          | .0112:1                                         | 62.672                |
| 2019        | 21,449,846    | 1,919,362,500          | 83,851            | 5,180,000              | 21,553,697   | 1,924,542,500          | .0112:1                                         | 63.283                |
| 2018        | 20,178,290    | 1,819,179,300          | 89,005            | 5,472,300              | 20,267,295   | 1,824,651,600          | .0111:1                                         | 63.768                |
| 2017        | 18,836,226    | 1,714,832,600          | 89,226            | 5,462,900              | 18,925,452   | 1,720,295,500          | .0110:1                                         | 61.513                |
| 2016        | 18,269,331    | 1,669,155,800          | 91,010            | 5,494,500              | 18,360,341   | 1,674,650,300          | .0110:1                                         | 60.653                |
| 2015        | 17,584,660    | 1,622,202,000          | 93,925            | 5,677,800              | 17,678,585   | 1,627,879,800          | .0109:1                                         | 58.102                |
| 2014        | 16,865,181    | 1,575,917,700          | 96,222            | 5,796,800              | 16,961,403   | 1,581,714,500          | .0107:1                                         | 59.018                |
| 2013        | 16,610,085    | 1,561,121,700          | 95,410            | 5,757,100              | 16,705,495   | 1,566,878,800          | .0107:1                                         | 59.754                |

Source: Steele County Auditor & Steele County Assessor

**CITY OF OWATONNA, MINNESOTA**  
**Property Tax Rates and Tax Levies – Direct and Overlapping Governments**  
Last Ten Fiscal Years

| Year | Direct  |                 |                             |       |                 | Overlapping        |        | Over-Lapping<br>Total | Direct &<br>Over-Lapping<br>Total |
|------|---------|-----------------|-----------------------------|-------|-----------------|--------------------|--------|-----------------------|-----------------------------------|
|      | General | Debt<br>Service | Capital<br>Improve-<br>Ment | Other | Direct<br>Total | School<br>District | County |                       |                                   |
| 2022 | 50.375  | 7.376           | 2.822                       | 1.525 | 62.098          | 34.674             | 56.467 | 91.141                | 153.239                           |
| 2021 | 48.790  | 6.658           | 3.303                       | .779  | 59.530          | 37.859             | 57.758 | 95.617                | 155.147                           |
| 2020 | 51.025  | 7.581           | 3.221                       | .845  | 62.672          | 24.747             | 60.617 | 85.364                | 148.036                           |
| 2019 | 51.069  | 8.006           | 3.366                       | .842  | 63.283          | 27.650             | 60.667 | 88.317                | 151.600                           |
| 2018 | 50.637  | 6.801           | 5.480                       | .850  | 63.768          | 30.078             | 61.627 | 91.705                | 155.473                           |
| 2017 | 51.376  | 7.122           | 2.172                       | .842  | 61.513          | 30.708             | 59.890 | 90.598                | 152.111                           |
| 2016 | 50.294  | 7.811           | 1.727                       | .821  | 60.653          | 31.493             | 60.393 | 91.886                | 152.539                           |
| 2015 | 46.627  | 7.887           | 1.993                       | 1.595 | 58.102          | 16.662             | 59.533 | 76.195                | 134.297                           |
| 2014 | 47.019  | 8.032           | 2.404                       | 1.563 | 59.018          | 17.954             | 59.246 | 77.200                | 136.218                           |
| 2013 | 47.682  | 7.142           | 3.348                       | 1.582 | 59.754          | 19.375             | 62.495 | 81.870                | 141.624                           |

Note: Tax rates are per \$1,000 of tax capacity. Tax capacity is equal to market value multiplied by the applicable class rate for the type of property that is being taxed.

Source: Steele County Auditor and Steele County Assessor

**CITY OF OWATONNA, MINNESOTA**  
**Principal Property Taxpayers**  
Current Year and Ten Years Ago

| <u>Taxpayer</u>            | <u>Business type</u> | <u>2022</u>         |             |                                         | <u>2012</u>         |             |                                         |
|----------------------------|----------------------|---------------------|-------------|-----------------------------------------|---------------------|-------------|-----------------------------------------|
|                            |                      | <u>Tax Capacity</u> | <u>Rank</u> | <u>Percentage of Total Tax Capacity</u> | <u>Tax Capacity</u> | <u>Rank</u> | <u>Percentage of Total Tax Capacity</u> |
| Viracon, Inc               | Glass Products       | \$554,724           | 1           | 2.09%                                   | \$186,324           | 2           | 1.11%                                   |
| Costco Wholesale Corp      | Industrial           | 532,388             | 2           | 2.00%                                   |                     |             |                                         |
| Bosch                      | Manufacturing        | 389,822             | 3           | 1.47%                                   |                     |             |                                         |
| Federated Mutual Insurance | Insurance            | 323,608             | 4           | 1.22%                                   | 245,832             | 1           | 1.47%                                   |
| Daikin, Inc.               | Manufacturing        | 298,604             | 5           | 1.12%                                   |                     |             |                                         |
| Cybex                      | Manufacturing        | 295,188             | 6           | 1.11%                                   | 110,706             | 7           | .66%                                    |
| SMMPA                      | Utility              | 233,016             | 7           | .88%                                    |                     |             |                                         |
| Cheney Owatonna LLC        | Apartments           | 189,278             | 8           | .71%                                    |                     |             |                                         |
| Cabela's Retail            | Retail               | 180,778             | 9           | .68%                                    | 179,544             | 3           | 1.07%                                   |
| Lemond Acquisitions        | Industrial           | 172,452             | 10          | .65%                                    |                     |             |                                         |
| Owatonna Clinic – Mayo     | Health System        |                     |             |                                         | 154,648             | 5           | .92%                                    |
| Mills Properties           | Retail               |                     |             |                                         | 163,253             | 4           | .98%                                    |
| Wenger Corp (JAS)          | Musical Equip        |                     |             |                                         | 119,896             | 6           | .71%                                    |
| Wal-Mart                   | Retail               |                     |             |                                         | 109,378             | 8           | .65%                                    |
| Owatonna Hospitality       | Commercial           |                     |             |                                         | 109,032             | 9           | .65%                                    |
| Lakeside Foods             | Manufacturing        |                     |             |                                         | 107,460             | 10          | .64%                                    |
|                            |                      | <u>\$3,169,858</u>  |             | <u>11.93%</u>                           | <u>\$1,486,073</u>  |             | <u>8.86%</u>                            |

Source: Steele County Assessor  
Ranking based on tax capacity

**CITY OF OWATONNA, MINNESOTA**  
**Ratios of Outstanding Debt by Type**  
Last Ten Fiscal Years

| Fiscal Year | Governmental Activities  |                        |                          |                     |                | Business-type Activities |                    | Total Primary Government | Percentage Of Personal Income* | Per Capita* |
|-------------|--------------------------|------------------------|--------------------------|---------------------|----------------|--------------------------|--------------------|--------------------------|--------------------------------|-------------|
|             | General Obligation Bonds | G.O. Improvement Bonds | Other Bonds <sup>2</sup> | Lease Revenue Bonds | Capital Leases | Revenue Bonds            | G.O. Revenue Bonds |                          |                                |             |
| 2022        | \$8,881,889              | \$4,624,886            | \$275,000                | \$0                 | \$0            | \$0                      | \$4,134,809        | \$17,916,584             | N/A                            | N/A         |
| 2021        | 9,769,360                | 5,749,772              | 405,000                  | 0                   | 0              | 0                        | 5,192,105          | 21,116,237               | 1.44%                          | \$792.44    |
| 2020        | 6,824,172                | 6,856,752              | 535,000                  | 0                   | 0              | 0                        | 6,182,520          | 20,398,444               | 1.53%                          | \$772.08    |
| 2019        | 5,827,304                | 7,699,204              | 660,000                  | 0                   | 23,607         | 0                        | 7,150,936          | 21,361,051               | 1.67%                          | 811.78      |
| 2018        | 6,232,560                | 6,283,099              | 785,000                  | 0                   | 46,488         | 0                        | 8,101,351          | 21,448,498               | 1.73%                          | 822.19      |
| 2017        | 1,345,000                | 7,202,352              | 905,000                  | 0                   | 68,664         | 0                        | 9,043,767          | 18,564,783               | 1.64%                          | 716.18      |
| 2016        | 1,635,000                | 6,317,016              | 1,025,000                | 0                   | 90,157         | 0                        | 9,594,183          | 18,661,356               | 1.66%                          | 721.57      |
| 2015        | 1,735,000                | 7,304,657              | 1,140,000                | 0                   | 110,979        | 0                        | 7,897,209          | 18,187,845               | 1.65%                          | 705.45      |
| 2014        | 1,465,000                | 7,695,348              | 1,140,000                | 0                   | 16,261         | 885,000                  | 8,629,369          | 19,830,978               | 1.83%                          | 772.83      |
| 2013        | 805,000                  | 9,021,992              | 1,140,000                | 0                   | 31,900         | 1,737,584                | 9,348,529          | 22,085,005               | 2.06%                          | 863.57      |

\*Personal income and population data can be found in the demographic statistics on page 153.

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements

<sup>2</sup> Other Bonds consisted of TIF bonds in 2013-2021.

**CITY OF OWATONNA, MINNESOTA**  
**Ratios of Net General Bonded Debt Outstanding**  
 Last Ten Fiscal Years

| Fiscal Year | Gross Bonded Debt | Less Debt Service Funds | Net Bonded Debt | Ratio of Net Bonded Debt to Tax Capacity | Net Bonded Debt per Capita |
|-------------|-------------------|-------------------------|-----------------|------------------------------------------|----------------------------|
| 2022        | \$8,881,889       | \$1,244,384             | \$7,637,505     | .2873:1                                  | N/A                        |
| 2021        | 9,769,360         | 931,088                 | 8,838,272       | .3604:1                                  | \$331.68                   |
| 2020        | 6,824,172         | 894,229                 | 5,929,943       | .2608:1                                  | \$224.45                   |
| 2019        | 5,827,304         | 985,979                 | 4,841,325       | .2246:1                                  | 183.98                     |
| 2018        | 6,232,560         | 524,364                 | 5,708,196       | .2816:1                                  | 218.81                     |
| 2017        | 1,345,000         | 457,935                 | 887,065         | .0469:1                                  | 34.22                      |
| 2016        | 1,635,000         | 535,675                 | 1,099,325       | .0599:1                                  | 42.51                      |
| 2015        | 1,735,000         | 397,239                 | 1,337,761       | .0757:1                                  | 51.89                      |
| 2014        | 1,465,000         | 208,537                 | 1,256,463       | .0741:1                                  | 48.97                      |
| 2013        | 805,000           | 141,064                 | 663,936         | .0397:1                                  | 25.96                      |



**CITY OF OWATONNA, MINNESOTA**  
**Legal Debt Margin Information**  
 Last Ten Fiscal Years  
 (amounts expressed in thousands)

|                                                                | 2022     | 2021     | 2020     | 2019     | 2018     | 2017     | 2016     | 2015     | 2014     | 2013     |
|----------------------------------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Debt Limit                                                     | \$69,985 | \$65,520 | \$60,975 | \$57,736 | \$54,740 | \$51,609 | \$50,240 | \$48,836 | \$47,451 | \$47,006 |
| Total net debt applicable to limit                             | 7,638    | 8,838    | 5,930    | 5,041    | 5,709    | 887      | 1,099    | 1,333    | 1,256    | 664      |
| Legal debt margin                                              | 62,347   | 56,682   | 55,045   | 52,695   | 49,031   | 50,722   | 49,141   | 47,503   | 46,195   | 46,342   |
| Total net debt applicable to the limit as a<br>% of debt limit | 12.25%   | 13.49%   | 9.73%    | 8.38%    | 10.43%   | 1.72%    | 2.19%    | 2.73%    | 2.65%    | 1.41%    |

**Legal Debt Margin Calculation for Current Fiscal Year**

|                                                                    |                        |
|--------------------------------------------------------------------|------------------------|
| Market Value of Taxable Property                                   | \$2,332,832            |
| Debt limit (3% of market value)                                    | 69,985                 |
| Debt applicable to limit:                                          |                        |
| General obligation bonds                                           | 8,882                  |
| Less: Amount set aside for repayment of<br>general obligation debt | 1,244                  |
| Total net debt applicable to limit                                 | <u>7,638</u>           |
| Legal debt margin                                                  | <u><u>\$62,347</u></u> |

The legal debt limit for municipalities in Minnesota is 3% of the market value of taxable property. This limit applies only to the City's general obligation tax levy bonds and excludes improvement, revenue, and tax increment bonds.

**CITY OF OWATONNA, MINNESOTA**  
**Computation of Direct and Overlapping Debt**  
End of Fiscal Year 2022

| Jurisdiction                      | Net<br>Debt<br>Outstanding | Percentage<br>Applicable to<br>City of Owatonna | City of<br>Owatonna's<br>Share of Debt |
|-----------------------------------|----------------------------|-------------------------------------------------|----------------------------------------|
| Direct:                           |                            |                                                 |                                        |
| City of Owatonna                  | \$13,781,775               | 100.00%                                         | \$13,781,775                           |
| Overlapping:                      |                            |                                                 |                                        |
| School District                   | 163,595,000                | 70.2%                                           | 114,843,690                            |
| Steele County                     | 8,185,000                  | 52.5%                                           | 4,297,125                              |
| Total overlapping debt            |                            |                                                 | <u>119,140,815</u>                     |
| Total direct and overlapping debt |                            |                                                 | <u>\$132,922,590</u>                   |

Source: Steele County Auditor

Note: The overlap is based on tax capacity. It equals the percentage of tax capacity that falls within the City.

**CITY OF OWATONNA, MINNESOTA**  
**Schedule of (OPU) Revenue Bond Coverage**  
Last Ten Fiscal Years

| Fiscal Year | Gross Revenue | Operating Expense | Net Revenue Available for Debt Service | Debt Service Requirements<br>Principal | Interest | Total   | Coverage |
|-------------|---------------|-------------------|----------------------------------------|----------------------------------------|----------|---------|----------|
| 2022        | \$67,958,566  | \$59,591,293      | \$8,367,273                            | \$0                                    | \$0      | \$0     | N/A      |
| 2021        | 71,279,012    | 62,775,817        | 8,503,195                              | 0                                      | 0        | 0       | N/A      |
| 2020        | 58,079,537    | 51,434,393        | 6,645,144                              | 0                                      | 0        | 0       | N/A      |
| 2019        | 60,162,494    | 52,115,067        | 8,047,427                              | 0                                      | 0        | 0       | N/A      |
| 2018        | 60,113,090    | 53,285,399        | 6,827,691                              | 0                                      | 0        | 0       | N/A      |
| 2017        | 56,993,263    | 51,408,993        | 5,584,270                              | 0                                      | 0        | 0       | N/A      |
| 2016        | 55,506,821    | 49,306,287        | 6,200,534                              | 0                                      | 0        | 0       | N/A      |
| 2015        | 53,231,414    | 47,800,366        | 5,431,048                              | 885,000                                | 44,251   | 929,251 | 5.84     |
| 2014        | 60,769,422    | 54,868,584        | 5,900,838                              | 830,000                                | 85,750   | 915,750 | 6.44     |
| 2013        | 53,980,784    | 49,381,717        | 4,599,067                              | 800,000                                | 125,750  | 925,750 | 4.97     |
| 2012        | 51,378,741    | 45,864,009        | 5,514,732                              | 745,000                                | 163,000  | 908,000 | 6.07     |

Gross revenues include all revenues from operations and interest.

Operating expense includes the cost of operations excluding depreciation expense.

**CITY OF OWATONNA, MINNESOTA**  
**Schedule of Storm Water Fund Bond Coverage**  
Last Ten Fiscal Years

| Fiscal Year | Gross Revenue | Operating Expense | Net Revenue Available for Debt Service | Debt Service Requirements Principal | Interest | Total     | Coverage |
|-------------|---------------|-------------------|----------------------------------------|-------------------------------------|----------|-----------|----------|
| 2022        | \$1,732,265   | \$286,750         | \$1,445,515                            | \$430,000                           | \$64,838 | \$494,838 | 2.92     |
| 2021        | 1,625,760     | 197,581           | 1,428,179                              | 410,000                             | 77,438   | 487,438   | 2.93     |
| 2020        | 1,563,716     | 328,388           | 1,235,328                              | 395,000                             | 89,512   | 484,512   | 2.55     |
| 2019        | 1,277,473     | 412,094           | 865,379                                | 385,000                             | 101,210  | 486,210   | 1.78     |
| 2018        | 1,105,181     | 291,921           | 813,260                                | 385,000                             | 112,763  | 497,763   | 1.63     |
| 2017        | 1,245,870     | 229,467           | 1,016,403                              | 0                                   | 61,244   | 61,244    | 16.60    |
| 2016        | 1,042,846     | 198,549           | 844,297                                | 230,000                             | 95,143   | 325,143   | 2.60     |
| 2015        | 653,918       | 229,302           | 424,616                                | 225,000                             | 103,674  | 328,674   | 1.29     |
| 2014        | 675,404       | 220,108           | 455,296                                | 220,000                             | 112,018  | 332,018   | 1.37     |
| 2013        | 584,554       | 153,262           | 431,292                                | 210,000                             | 119,817  | 329,817   | 1.31     |

Gross revenues include all revenues from operations, debt service levy and interest.  
Operating expense includes the cost of operations excluding depreciation expense.

**CITY OF OWATONNA, MINNESOTA**  
**Demographic and Economic Statistics**  
 Last Ten Fiscal Years

| Fiscal Year | Population <sup>1</sup> | Personal Income <sup>2</sup> | Per Capita Personal Income <sup>3</sup> | School Enrollment <sup>4</sup> | Average Annual Unemployment Rate <sup>5</sup> |
|-------------|-------------------------|------------------------------|-----------------------------------------|--------------------------------|-----------------------------------------------|
| 2022        | N/A                     | N/A                          | N/A                                     | 5,010                          | 3.1%                                          |
| 2021        | 26,647                  | \$1,470,274,872              | \$55,176                                | 5,019                          | 3.5%                                          |
| 2020        | 26,420                  | 1,365,993,260                | 51,703                                  | 5,067                          | 4.8%                                          |
| 2019        | 26,314                  | 1,278,334,120                | 48,580                                  | 5,100                          | 3.2%                                          |
| 2018        | 26,087                  | 1,241,845,548                | 47,604                                  | 5,060                          | 2.9%                                          |
| 2017        | 25,922                  | 1,128,877,178                | 43,549                                  | 5,075                          | 3.4%                                          |
| 2016        | 25,862                  | 1,124,221,140                | 43,470                                  | 5,048                          | 3.6%                                          |
| 2015        | 25,782                  | 1,101,200,784                | 42,712                                  | 4,985                          | 3.4%                                          |
| 2014        | 25,660                  | 1,086,239,120                | 42,332                                  | 4,990                          | 3.8%                                          |
| 2013        | 25,574                  | 1,071,243,712                | 41,888                                  | 4,906                          | 4.9%                                          |

<sup>1</sup> State demographer estimate. 2020 Census

<sup>2</sup> Estimation; Calculated (population multiplied by per capita personal income)

<sup>3</sup> Bureau of Economic Analysis; <http://www.bea.gov/regional/reis/> (Steele County)

<sup>4</sup> Owatonna School District #761 – regular average daily membership

<sup>5</sup> MN Department of Employment and Economic Development

N/A: Data was not available for this year

**CITY OF OWATONNA, MINNESOTA**  
**Principal Employers**  
Current Year and Ten Years Ago

| <u>Employer</u>            | <u>Business type</u>      | 2022                   |      |                                  | 2012                   |      |                                  |
|----------------------------|---------------------------|------------------------|------|----------------------------------|------------------------|------|----------------------------------|
|                            |                           | Number<br>Of Employees | Rank | % of Total<br>City<br>Employment | Number<br>Of Employees | Rank | % of Total<br>City<br>Employment |
| Federated Mutual Insurance | Insurance                 | 1,420                  | 1    | 8.81%                            | 1,100                  | 2    | 6.07%                            |
| Viracon, Inc.              | Glass products            | 1,402                  | 2    | 8.70%                            | 1,470                  | 1    | 8.11%                            |
| Owatonna ISD# 761          | Education                 | 776                    | 3    | 4.81%                            | 690                    | 4    | 3.80%                            |
| Josten's Inc.              | Recognition products      | 487                    | 4    | 3.02%                            | 420                    | 8    | 2.32%                            |
| Daikin                     | HVAC manufacturing        | 481                    | 5    | 2.98%                            |                        |      |                                  |
| Truth Hardware Corp        | Window hardware           | 479                    | 6    | 2.97%                            | 735                    | 3    | 4.05%                            |
| Wenger Corp                | Musical equipment         | 434                    | 7    | 2.69%                            | 450                    | 7    | 2.48%                            |
| Bosch                      | Specialty tools           | 377                    | 8    | 2.34%                            | 540                    | 6    | 2.98%                            |
| Cabela's                   | Outfitters/sporting goods | 365                    | 9    | 2.26%                            |                        |      |                                  |
| Mayo Clinic Health System  | Healthcare                | 350                    | 10   | 2.17%                            | 575                    | 5    | 3.17%                            |
| Cybex                      | Exercise equipment mfg    |                        |      |                                  | 295                    | 10   | 1.63%                            |
| Steele County              | County government         |                        |      |                                  | 335                    | 9    | 1.85%                            |
| Total                      |                           | 7,138                  |      | 44.29%                           | 6,610                  |      | 37.66%                           |

Source: 2012 – Owatonna Chamber of Commerce telephone survey (August 2012), and the MN Department of Employment and Economic Development.  
2022 – phone interview May 2022.  
Total City employment data obtained from Minnesota Quarterly Census and Employment and Wages Data

**CITY OF OWATONNA, MINNESOTA**  
**Full-time Equivalent City Employees by Function**  
 Last Ten Fiscal Years  
 (based on Adopted budgets)

| <b>Function</b>        | <b>2022</b>  | <b>2021</b>  | <b>2020</b>  | <b>2019</b>  | <b>2018</b>  | <b>2017</b>  | <b>2016</b>  | <b>2015</b>  | <b>2014</b>  | <b>2013</b>  |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| General government     |              |              |              |              |              |              |              |              |              |              |
| Admin services         | 11.7         | 10.7         | 11.4         | 10.0         | 10.0         | 10.0         | 9.5          | 9.5          | 8.0          | 8.0          |
| Govt buildings         | 7.4          | 7.4          | 8.1          | 9.1          | 9.1          | 9.1          | 10.1         | 10.1         | 10.1         | 10.4         |
| Public safety          |              |              |              |              |              |              |              |              |              |              |
| Police                 | 40.4         | 40.4         | 40.4         | 43.1         | 42.8         | 42.8         | 42.8         | 42.8         | 43.1         | 40.6         |
| Fire                   | 10.0         | 10.0         | 10.0         | 10.0         | 10.0         | 10.0         | 10.0         | 10.0         | 10.0         | 10.0         |
| Inspection             | 4.7          | 4.0          | 4.0          | 4.0          | 4.0          | 4.0          | 3.7          | 3.7          | 4.0          | 4.0          |
| Public works           |              |              |              |              |              |              |              |              |              |              |
| Engineering            | 7.0          | 7.0          | 7.0          | 7.0          | 7.0          | 7.0          | 7.0          | 7.0          | 7.0          | 7.0          |
| Street maintenance     | 18.0         | 18.0         | 18.0         | 18.0         | 18.0         | 17.0         | 17.0         | 17.0         | 17.0         | 17.0         |
| Airport                | 1.5          | 1.5          | 1.5          | 1.5          | 1.5          | 1.5          | 1.5          | 1.0          | 1.0          | 1.0          |
| Culture & recreation   |              |              |              |              |              |              |              |              |              |              |
| Library                | 10.6         | 11.9         | 13.1         | 14.1         | 14.1         | 14.1         | 13.9         | 12.5         | 11.4         | 11.9         |
| P&R admin              | 5.0          | 5.7          | 4.7          | 5.2          | 5.2          | 5.9          | 4.2          | 4.0          | 3.5          | 3.8          |
| Park maintenance       | 13.2         | 10.6         | 10.9         | 10.7         | 10.6         | 11.2         | 11.2         | 11.2         | 11.2         | 11.4         |
| Recreation             | 5.0          | 5.7          | 6.1          | 7.5          | 6.8          | 7.1          | 8.1          | 7.7          | 8.7          | 8.5          |
| Housing & econ develop |              |              |              |              |              |              |              |              |              |              |
| Planning & zoning      | 4.7          | 4.0          | 4.6          | 4.0          | 4.0          | 4.0          | 4.0          | 4.0          | 3.0          | 3.0          |
| <b>Total</b>           | <u>139.2</u> | <u>136.9</u> | <u>139.8</u> | <u>144.2</u> | <u>143.1</u> | <u>143.7</u> | <u>143.0</u> | <u>140.5</u> | <u>138.0</u> | <u>136.6</u> |

Source: Adopted 2013-2022 Budgets

**CITY OF OWATONNA, MINNESOTA**  
**Capital Asset Statistics by Function**  
Last Ten Fiscal Years

| Function                                           | 2022   | 2021   | 2020   | 2019   | 2018   | 2017   | 2016   | 2015   | 2014   | 2013   |
|----------------------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Police                                             |        |        |        |        |        |        |        |        |        |        |
| Stations                                           | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| Patrol units – marked                              | 14     | 14     | 14     | 14     | 12     | 13     | 13     | 13     | 13     | 13     |
| Patrol units – unmarked                            | 8      | 8      | 8      | 9      | 8      | 8      | 8      | 8      | 8      | 8      |
| Police reserve unit - marked                       | 2      | 2      | 2      | 2      | 3      | 3      | 2      | 2      | 2      | 4      |
| Parking control                                    | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| Off-road vehicle                                   | 0      | 0      | 0      | 0      | 1      | 1      | 1      | 1      | 1      | 1      |
| Fire station                                       |        |        |        |        |        |        |        |        |        |        |
| Stations                                           | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| Fire/Rescue vehicles                               | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 12     |
| Streets                                            |        |        |        |        |        |        |        |        |        |        |
| Streets (miles)                                    | 163.5  | 163.1  | 163.1  | 162.8  | 162.3  | 162.3  | 161.9  | 161.9  | 161.9  | 161.9  |
| Airport                                            |        |        |        |        |        |        |        |        |        |        |
| Primary Runway length (ft)                         | 5,500  | 5,500  | 5,500  | 5,500  | 5,500  | 5,500  | 5,500  | 5,500  | 5,500  | 5,500  |
| Secondary Runway length (ft)                       | 3,000  | 3,000  | 3,000  | 3,000  | 3,000  | 3,000  | 3,000  | 3,000  | 3,000  | 3,000  |
| Culture and recreation                             |        |        |        |        |        |        |        |        |        |        |
| Senior center                                      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| Swimming pools                                     | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      |
| Tennis courts                                      | 13     | 13     | 13     | 13     | 16     | 16     | 16     | 16     | 16     | 16     |
| Parks acreage                                      | 851    | 851    | 851    | 851    | 851    | 851    | 851    | 848    | 848    | 848    |
| Parks                                              | 36     | 36     | 36     | 35     | 35     | 35     | 35     | 35     | 35     | 35     |
| Water                                              |        |        |        |        |        |        |        |        |        |        |
| Storage capacity (millions of gallons)             | 4.25   | 4.25   | 4.25   | 4.25   | 4.25   | 4.25   | 4.25   | 4.25   | 4.25   | 4.25   |
| Fire hydrants                                      | 1,237  | 1,246  | 1,249  | 1,233  | 1,229  | 1,240  | 1,232  | 1,234  | 1,319  | 1,319  |
| Electric                                           |        |        |        |        |        |        |        |        |        |        |
| Number of customers                                | 12,249 | 12,475 | 12,257 | 12,213 | 12,075 | 12,075 | 11,994 | 11,907 | 11,916 | 11,903 |
| Gas                                                |        |        |        |        |        |        |        |        |        |        |
| Number of customers                                | 10,803 | 10,749 | 10,616 | 10,584 | 10,497 | 10,487 | 10,447 | 10,385 | 10,411 | 10,339 |
| Sewer                                              |        |        |        |        |        |        |        |        |        |        |
| Max daily treatment capacity (millions of gallons) | 10.0   | 10.0   | 10.0   | 10.0   | 10.0   | 10.0   | 10.0   | 10.0   | 10.0   | 10.0   |

Source: Various government departments



**CITY OF OWATONNA, MINNESOTA**  
**Operating Indicators by Function**  
Last Ten Fiscal Years

| <b>Function</b>                                        | <b>2022</b> | <b>2021</b> | <b>2020</b> | <b>2019</b> | <b>2018</b> | <b>2017</b> | <b>2016</b> | <b>2015</b> | <b>2014</b> | <b>2013</b> |
|--------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Police                                                 |             |             |             |             |             |             |             |             |             |             |
| Events                                                 | 43,757      | 43,312      | 42,367      | 46,335      | 41,853      | 41,602      | 28,856      | 30,868      | 43,622      | 42,721      |
| Group A crimes                                         | 870         | 762         | 254         | 438         | 462         | 428         | 608         | 739         | 665         | 720         |
| Group B crimes                                         | 489         | 367         | 447         | 670         | 596         | 527         | 743         | 895         | 864         | 894         |
| Traffic citations                                      | 1,574       | 1,548       | 1,660       | 1,572       | 1,656       | 1,614       | 1,249       | 1,436       | 2,130       | 2,807       |
| Fire                                                   |             |             |             |             |             |             |             |             |             |             |
| Number of calls                                        | 593         | 535         | 464         | 545         | 476         | 495         | 441         | 444         | 467         | 493         |
| Aquatic Center                                         |             |             |             |             |             |             |             |             |             |             |
| Admissions                                             | 33,492      | 35,021      | 8,040       | 28,300      | 25,837      | 23,485      | 23,414      | 30,306      | 26,455      | 26,807      |
| Library                                                |             |             |             |             |             |             |             |             |             |             |
| Circulation                                            | 173,081     | 141,988     | 129,468     | 240,423     | 259,075     | 256,732     | 271,978     | 283,172     | 293,025     | 316,171     |
| Registered Users                                       | 18,060      | 19,116      | 23,881      | 25,227      | 26,734      | 26,775      | 26,442      | 28,720      | 26,959      | 28,854      |
| Water                                                  |             |             |             |             |             |             |             |             |             |             |
| Avg daily consumption<br>(thousands of cubic ft)       | 460         | 493         | 503         | 465         | 497         | 497         | 477         | 482         | 488         | 477         |
| Electric                                               |             |             |             |             |             |             |             |             |             |             |
| Avg daily consumption<br>(thousands of KWh)            | 1,155       | 1,165       | 1,168       | 1,126       | 1,079       | 1,043       | 1,039       | 1,018       | 1,019       | 995         |
| Gas                                                    |             |             |             |             |             |             |             |             |             |             |
| Avg daily consumption<br>(thousands of cubic ft)       | 5,863       | 5,323       | 5,524       | 6,242       | 5,940       | 5,350       | 4,860       | 5,353       | 6,189       | 5,937       |
| Wastewater                                             |             |             |             |             |             |             |             |             |             |             |
| Avg daily sewage<br>treatment (millions of<br>gallons) | 3.39        | 3.48        | 4.20        | 4.93        | 4.14        | 4.17        | 4.01        | 3.94        | 4.09        | 4.04        |

Source: Various government departments

THE CITY HAS AUTHORIZED BAKER TILLY MUNICIPAL ADVISORS, LLC TO NEGOTIATE THIS ISSUE ON ITS BEHALF. PROPOSALS WILL BE RECEIVED ON THE FOLLOWING BASIS:

# TERMS OF PROPOSAL

\$2,600,000\*

CITY OF OWATONNA, MINNESOTA

GENERAL OBLIGATION STREET RECONSTRUCTION BONDS, SERIES 2023B

(BOOK ENTRY ONLY)

Proposals for the above-referenced obligations (the "Bonds") will be received by the City of Owatonna, Minnesota (the "City") on Tuesday, October 3, 2023 (the "Sale Date") until 10:30 A.M., Central Time (the "Sale Time") at the offices of Baker Tilly Municipal Advisors, LLC ("Baker Tilly MA"), 30 East 7<sup>th</sup> Street, Suite 3025, Saint Paul, MN 55101, after which time proposals will be opened and tabulated. Consideration for award of the Bonds will be by the City Council at its meeting commencing at 7:00 P.M., Central Time, of the same day.

## SUBMISSION OF PROPOSALS

Baker Tilly MA will assume no liability for the inability of a bidder or its proposal to reach Baker Tilly MA prior to the Sale Time, and neither the City nor Baker Tilly MA shall be responsible for any failure, misdirection or error in the means of transmission selected by any bidder. All bidders are advised that each proposal shall be deemed to constitute a contract between the bidder and the City to purchase the Bonds regardless of the manner in which the proposal is submitted.

(a) **Sealed Bidding.** Completed, signed proposals may be submitted to Baker Tilly MA by email to [bids@bakertilly.com](mailto:bids@bakertilly.com), and must be received prior to the Sale Time.

OR

(b) **Electronic Bidding.** Proposals may also be received via PARITY®. For purposes of the electronic bidding process, the time as maintained by PARITY® shall constitute the official time with respect to all proposals submitted to PARITY®. *Each bidder shall be solely responsible for making necessary arrangements to access PARITY® for purposes of submitting its electronic proposal in a timely manner and in compliance with the requirements of the Terms of Proposal.* Neither the City, its agents, nor PARITY® shall have any duty or obligation to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder, and neither the City, its agents, nor PARITY® shall be responsible for a bidder's failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by the services of PARITY®. The City is using the services of PARITY® solely as a communication mechanism to conduct the electronic bidding for the Bonds, and PARITY® is not an agent of the City.

If any provisions of this Terms of Proposal conflict with information provided by PARITY®, this Terms of Proposal shall control. Further information about PARITY®, including any fee charged, may be obtained from:

PARITY®, 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York 10018  
Customer Support: (212) 849-5000

\*Preliminary; subject to change.

Baker Tilly Municipal Advisors, LLC is a registered municipal advisor and controlled subsidiary of Baker Tilly US, LLP, an accounting firm. Baker Tilly US, LLP trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. © 2023 Baker Tilly Municipal Advisors, LLC.

## DETAILS OF THE BONDS

The Bonds will be dated as of the date of delivery and will bear interest payable on March 1 and September 1 of each year, commencing September 1, 2024. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Bonds will mature March 1 in the years and amounts\* as follows:

|      |           |      |           |      |           |      |           |      |           |
|------|-----------|------|-----------|------|-----------|------|-----------|------|-----------|
| 2025 | \$205,000 | 2027 | \$245,000 | 2029 | \$260,000 | 2031 | \$275,000 | 2033 | \$285,000 |
| 2026 | \$240,000 | 2028 | \$250,000 | 2030 | \$265,000 | 2032 | \$280,000 | 2034 | \$295,000 |

\*The City reserves the right, after proposals are opened and prior to award, to increase or reduce the principal amount of the Bonds or the amount of any maturity or maturities in multiples of \$5,000. In the event the amount of any maturity is modified, the aggregate purchase price will be adjusted to result in the same gross spread per \$1,000 of Bonds as that of the original proposal. Gross spread for this purpose is the differential between the price paid to the City for the new issue and the prices at which the proposal indicates the securities will be initially offered to the investing public.

## BOOK ENTRY SYSTEM

The Bonds will be issued by means of a book entry system with no physical distribution of Bonds made to the public. The Bonds will be issued in fully registered form and one Bond, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Bonds. Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The lowest bidder (the "Purchaser"), as a condition of delivery of the Bonds, will be required to deposit the Bonds with DTC.

## REGISTRAR/PAYING AGENT

U.S. Bank Trust Company, National Association, Saint Paul, Minnesota will serve as Registrar/Paying Agent (the "Registrar") for the Bonds, and shall be subject to applicable regulations of the Securities and Exchange Commission. The City will pay for the services of the registrar/paying agent.

## OPTIONAL REDEMPTION

The City may elect on March 1, 2032, and on any day thereafter, to redeem Bonds due on or after March 1, 2033. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All redemptions shall be at a price of par plus accrued interest.

## SECURITY AND PURPOSE

The Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. The proceeds of the Bonds will be used to finance various street reconstruction projects within the City as identified in the City's five-year street reconstruction plan adopted on March 21, 2023.

## BANK QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will not designate the Bonds as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

## BIDDING PARAMETERS

Proposals shall be for not less than \$2,574,000 plus accrued interest, if any, on the total principal amount of the Bonds. Rates shall be in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public for each maturity as stated on the proposal must be 98.0% or greater.

Proposals for the Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption scheduled to conform to the maturity schedule set forth herein. In order to designate term bonds, the proposal must specify "Years of Term Maturities" in the spaces provided on the proposal form.

No proposal can be withdrawn or amended after the time set for receiving proposals on the Sale Date unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made. Bonds of the same maturity shall bear a single rate from the date of the Bonds to the date of maturity. No conditional proposals will be accepted.

## ESTABLISHMENT OF ISSUE PRICE

In order to provide the City with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (collectively, the "Code"), the Purchaser will be required to assist the City in establishing the issue price of the Bonds and shall complete, execute, and deliver to the City prior to the closing date, a written certification in a form acceptable to the Purchaser, the City, and Bond Counsel (the "Issue Price Certificate") containing the following for each maturity of the Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity): (i) the interest rate; and (ii) the reasonably expected initial offering price to the "public" (as said term is defined in Treasury Regulation Section 1.148-1(f) (the "Regulation")) or the sale price. Any action to be taken or documentation to be received by the City pursuant hereto may be taken or received on behalf of the City by Baker Tilly MA.

The City intends that the sale of the Bonds pursuant to this Terms of Proposal shall constitute a "competitive sale" as defined in the Regulation based on the following:

- (i) the City shall cause this Terms of Proposal to be disseminated to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (ii) all bidders shall have an equal opportunity to submit a bid;
- (iii) the City reasonably expects that it will receive bids from at least three bidders that have established industry reputations for underwriting municipal bonds such as the Bonds; and
- (iv) the City anticipates awarding the sale of the Bonds to the bidder who provides a proposal with the lowest true interest cost, as set forth in this Terms of Proposal (See "AWARD" herein).

Any bid submitted pursuant to this Terms of Proposal shall be considered a firm offer for the purchase of the Bonds, as specified in the proposal. The Purchaser shall constitute an "underwriter" as said term is defined in the Regulation. By submitting its proposal, the Purchaser confirms that it shall require any agreement among underwriters, a selling group agreement, or other agreement to which it is a party relating to the initial sale of the Bonds, to include provisions requiring compliance with the provisions of the Code and the Regulation regarding the initial sale of the Bonds.

If all of the requirements of a "competitive sale" are not satisfied, the City shall advise the Purchaser of such fact prior to the time of award of the sale of the Bonds to the Purchaser. **In such event, any proposal submitted will not be subject to cancellation or withdrawal.** Within twenty-four (24) hours of the notice of award of the sale of the Bonds, the Purchaser shall advise the City and Baker Tilly MA if 10% of any

maturity of the Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) has been sold to the public and the price at which it was sold. The City will treat such sale price as the "issue price" for such maturity, applied on a maturity-by-maturity basis. The City will not require the Purchaser to comply with that portion of the Regulation commonly described as the "hold-the-offering-price" requirement for the remaining maturities, but the Purchaser may elect such option. If the Purchaser exercises such option, the City will apply the initial offering price to the public provided in the proposal as the issue price for such maturities. Additionally, the Purchaser will provide pricing wires or equivalent communications supporting such offering or sale price.. If the Purchaser does not exercise that option, it shall thereafter promptly provide the City and Baker Tilly MA the prices at which 10% of such maturities are sold to the public; provided such determination shall be made and the City and Baker Tilly MA notified of such prices whether or not the closing date has occurred, until the 10% test has been satisfied as to each maturity of the Bonds or until all of the Bonds of a maturity have been sold.

#### GOOD FAITH DEPOSIT

To have its proposal considered for award, the Purchaser is required to submit a good faith deposit via wire transfer to the City in the amount of \$26,000 (the "Deposit") no later than 1:30 P.M., Central Time on the Sale Date. The Purchaser shall be solely responsible for the timely delivery of its Deposit, and neither the City nor Baker Tilly MA have any liability for delays in the receipt of the Deposit. If the Deposit is not received by the specified time, the City may, at its sole discretion, reject the proposal of the lowest bidder, direct the second lowest bidder to submit a Deposit, and thereafter award the sale to such bidder.

A Deposit will be considered timely delivered to the City upon submission of a federal wire reference number by the specified time. Wire transfer instructions will be available from Baker Tilly MA following the receipt and tabulation of proposals. The successful bidder must send an e-mail including the following information: (i) the federal reference number and time released; (ii) the amount of the wire transfer; and (iii) the issue to which it applies.

Once an award has been made, the Deposit received from the Purchaser will be retained by the City and no interest will accrue to the Purchaser. The amount of the Deposit will be deducted at settlement from the purchase price. In the event the Purchaser fails to comply with the accepted proposal, said amount will be retained by the City.

#### AWARD

The Bonds will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis calculated on the proposal prior to any adjustment made by the City. The City's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling.

The City will reserve the right to: (i) waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the Bonds, (ii) reject all proposals without cause, and (iii) reject any proposal that the City determines to have failed to comply with the terms herein.

#### BOND INSURANCE AT PURCHASER'S OPTION

The City has **not** applied for or pre-approved a commitment for any policy of municipal bond insurance with respect to the Bonds. If the Bonds qualify for municipal bond insurance and a bidder desires to purchase a policy, such indication, the maturities to be insured, and the name of the desired insurer must be set forth on the bidder's proposal. The City specifically reserves the right to reject any bid specifying municipal bond insurance, even though such bid may result in the lowest TIC to the City. All costs associated with the issuance and administration of such policy and associated ratings and expenses (other than any independent rating requested by the City) shall be paid by the successful bidder. Failure of the municipal bond insurer to issue the policy after the award of the Bonds shall not constitute cause for failure or refusal by the successful bidder to accept delivery of the Bonds.

## CUSIP NUMBERS

If the Bonds qualify for the assignment of CUSIP numbers such numbers will be printed on the Bonds; however, neither the failure to print such numbers on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the Purchaser to accept delivery of the Bonds. Baker Tilly MA will apply for CUSIP numbers pursuant to Rule G-34 implemented by the Municipal Securities Rulemaking Board. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the Purchaser.

## SETTLEMENT

On or about October 26, 2023, the Bonds will be delivered without cost to the Purchaser through DTC in New York, New York. Delivery will be subject to receipt by the Purchaser of an approving legal opinion of Kennedy & Graven, Chartered of Minneapolis, Minnesota, and of customary closing papers, including a no-litigation certificate. On the date of settlement, payment for the Bonds shall be made in federal, or equivalent, funds that shall be received at the offices of the City or its designee not later than 12:00 Noon, Central Time. Unless compliance with the terms of payment for the Bonds has been made impossible by action of the City, or its agents, the Purchaser shall be liable to the City for any loss suffered by the City by reason of the Purchaser's non-compliance with said terms for payment.

## CONTINUING DISCLOSURE

In accordance with SEC Rule 15c2-12(b)(5), the City will undertake, pursuant to the resolution awarding sale of the Bonds, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Official Statement. The Purchaser's obligation to purchase the Bonds will be conditioned upon receiving evidence of this undertaking at or prior to delivery of the Bonds.

## OFFICIAL STATEMENT

The City has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the Bonds, and said Preliminary Official Statement has been deemed final by the City as of the date thereof within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. For an electronic copy of the Preliminary Official Statement or for any additional information prior to sale, any prospective purchaser is referred to the Municipal Advisor to the City, Baker Tilly Municipal Advisors, LLC, by telephone (651) 223-3000, or by email [bids@bakertilly.com](mailto:bids@bakertilly.com). The Preliminary Official Statement will also be made available at <https://bondcalendar.bakertilly.com/>.

A Final Official Statement (as that term is defined in Rule 15c2-12) will be prepared, specifying the maturity dates, principal amounts, and interest rates of the Bonds, together with any other information required by law. By awarding the Bonds to the Purchaser, the City agrees that, no more than seven business days after the date of such award, it shall provide to the Purchaser an electronic copy of the Final Official Statement. The City designates the Purchaser as its agent for purposes of distributing the Final Official Statement to each syndicate member, if applicable. The Purchaser agrees that if its proposal is accepted by the City, (i) it shall accept designation and (ii) it shall enter into a contractual relationship with its syndicate members for purposes of assuring the receipt of the Final Official Statement by each such syndicate member.

Dated September 5, 2023

BY ORDER OF THE CITY COUNCIL

/s/ Kris Busse  
City Administrator

**CITY OF OWATONNA, MINNESOTA**  
**\$2,600,000\* General Obligation Street Reconstruction Bonds, Series 2023B**

For the Bonds of this Issue which shall mature and bear interest at the respective annual rates, as follow, we offer a price of \$\_\_\_\_\_ (which may not be less than \$2,574,000) plus accrued interest, if any, to the date of delivery.

| <u>Year</u> | <u>Interest<br/>Rate (%)</u> | <u>Yield (%)</u> | <u>Dollar<br/>Price</u> | <u>Year</u> | <u>Interest<br/>Rate (%)</u> | <u>Yield (%)</u> | <u>Dollar<br/>Price</u> |
|-------------|------------------------------|------------------|-------------------------|-------------|------------------------------|------------------|-------------------------|
| 2025        | _____ %                      | _____ %          | _____ %                 | 2030        | _____ %                      | _____ %          | _____ %                 |
| 2026        | _____ %                      | _____ %          | _____ %                 | 2031        | _____ %                      | _____ %          | _____ %                 |
| 2027        | _____ %                      | _____ %          | _____ %                 | 2032        | _____ %                      | _____ %          | _____ %                 |
| 2028        | _____ %                      | _____ %          | _____ %                 | 2033        | _____ %                      | _____ %          | _____ %                 |
| 2029        | _____ %                      | _____ %          | _____ %                 | 2034        | _____ %                      | _____ %          | _____ %                 |

**Designation of Term Maturities**

Years of Term Maturities \_\_\_\_\_

In making this offer on the sale date of October 3, 2023 we accept all of the terms and conditions of the Terms of Proposal published in the Preliminary Official Statement dated September 25, 2023 including the City's right to modify the principal amount of the Bonds. (See "Terms of Proposal" herein.) In the event of failure to deliver these Bonds in accordance with said Terms of Proposal, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

By submitting this proposal, we confirm that we have an established industry reputation for underwriting municipal bonds such as the Bonds.

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST: \$ \_\_\_\_\_

TRUE INTEREST RATE: \_\_\_\_\_ %

The Bidder ☐ will not ☐ will purchase municipal bond insurance from \_\_\_\_\_.

Account Members

\_\_\_\_\_  
Account Manager

By: \_\_\_\_\_  
Phone: \_\_\_\_\_

.....  
The foregoing proposal has been accepted by the City.

Attest: \_\_\_\_\_

Date: \_\_\_\_\_

Phone: 651-223-3000

\* Preliminary; subject to change.

Email: [bids@bakertilly.com](mailto:bids@bakertilly.com)

RESOLUTION NO. 93-23

A RESOLUTION AWARDED THE SALE OF GENERAL OBLIGATION STREET RECONSTRUCTION BONDS, SERIES 2023B, IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,440,000; FIXING THEIR FORM AND SPECIFICATIONS; DIRECTING THEIR EXECUTION AND DELIVERY; AND PROVIDING FOR THEIR PAYMENT

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

Section 1. Sale of Bonds.

1.01 Authorization for Sale of Bonds. Pursuant to a resolution adopted by the City Council of the City on September 5, 2023, the City authorized the sale of its General Obligation Street Reconstruction Bonds, Series 2023B (the "Bonds"), to finance certain street reconstruction projects (the "Street Reconstruction") within the City included in the five (5) year street reconstruction plan adopted by the City Council on March 21, 2023, including, among other projects, the reconstruction of all or a portion of School Street E, Butternut Avenue SW, Riverview Place SW, Havana Road SAP, and the 18<sup>th</sup> Street Roundabout in the City (collectively, the "Street Reconstruction"), pursuant to Minnesota Statutes, Chapter 475, as amended, specifically Section 475.58, subdivision 3b (the "Act").

1.02. Award to the Purchaser and Interest Rates. The proposal of BOK Financial Securities, Inc., Dallas, Texas (the "Purchaser"), to purchase the Bonds is hereby found and determined to be a reasonable offer and is hereby accepted, the proposal being to purchase the Bonds at a price of \$2,571,300.69 (the par amount of the Bonds of \$2,440,000.00, plus original issue premium of \$154,262.50, less an underwriter's discount of \$22,961.81), plus accrued interest, if any, for Bonds bearing interest as follows:

| <u>Year</u> | <u>Interest Rate</u> | <u>Year</u> | <u>Interest Rate</u> |
|-------------|----------------------|-------------|----------------------|
| 2025        | 5.000%               | 2030        | 5.000%               |
| 2026        | 5.000                | 2031        | 5.000                |
| 2027        | 5.000                | 2032        | 5.000                |
| 2028        | 5.000                | 2033        | 5.000                |
| 2029        | 5.000                | 2034        | 5.000                |

True interest cost: 3.9901378%

1.03. Purchase Contract. The sum of \$155,700.69, being the amount proposed by the Purchaser in excess of \$2,415,600.00, shall be credited to the Debt Service Fund hereinafter created or deposited in the Construction Fund hereinafter created, as determined by the Director of Finance of the City in consultation with the City's municipal advisor. The Director of Finance is directed to deposit the good faith check or deposit of the Purchaser, pending completion of the sale of the Bonds, and to return the good faith deposits of the unsuccessful proposers. The Mayor and City Administrator are directed to execute a contract with the Purchaser on behalf of the City.



1.04. Terms and Principal Amounts of the Bonds. The City will forthwith issue and sell the Bonds pursuant to the Act, in the total principal amount of \$2,440,000, originally dated October 26, 2023, in the denomination of \$5,000 each or any integral multiple thereof, numbered No. R-1 upward, bearing interest as above set forth, and maturing serially on March 1 in the years and amounts as follows:

| <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u> |
|-------------|---------------|-------------|---------------|
| 2025        | \$170,000     | 2030        | \$250,000     |
| 2026        | 215,000       | 2031        | 260,000       |
| 2027        | 225,000       | 2032        | 270,000       |
| 2028        | 230,000       | 2033        | 285,000       |
| 2029        | 240,000       | 2034        | 295,000       |

1.05. Optional Redemption. The City may elect on March 1, 2032, and on any day thereafter to prepay Bonds due on or after March 1, 2033. Redemption may be in whole or in part and if in part, at the option of the City and in such manner as the City will determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC (as defined in Section 7 hereof) of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. Prepayments will be at a price of par plus accrued interest.

## Section 2. Registration and Payment.

2.01. Registered Form. The Bonds will be issued only in fully registered form. The interest thereon and, upon surrender of each Bond, the principal amount thereof, is payable by check or draft issued by the Registrar described herein.

2.02. Dates; Interest Payment Dates. Each Bond will be dated as of the last interest payment date preceding the date of authentication to which interest on the Bond has been paid or made available for payment, unless (i) the date of authentication is an interest payment date to which interest has been paid or made available for payment, in which case the Bond will be dated as of the date of authentication; or (ii) the date of authentication is prior to the first interest payment date, in which case the Bond will be dated as of the date of original issue. The interest on the Bonds is payable on March 1 and September 1 of each year, commencing September 1, 2024, to the registered owners of record thereof as of the close of business on the fifteenth day immediately preceding each interest payment date, whether or not such day is a business day.

2.03. Registration. The City will appoint a bond registrar, transfer agent, authenticating agent and paying agent (the "Registrar" and "Paying Agent"). The effect of registration and the rights and duties of the City and the Registrar with respect thereto are as follows:

(a) Register. The Registrar must keep at its principal corporate trust office a bond register in which the Registrar provides for the registration of ownership of Bonds and the registration of transfers and exchanges of Bonds entitled to be registered, transferred, or exchanged.

(b) Transfer of Bonds. Upon surrender for transfer of a Bond duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner thereof or by an

attorney duly authorized by the registered owner in writing, the Registrar will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of a like aggregate principal amount and maturity, as requested by the transferor. The Registrar may, however, close the books for registration of any transfer after the fifteenth day of the month preceding each interest payment date and until that interest payment date.

(c) Exchange of Bonds. When Bonds are surrendered by the registered owner for exchange the Registrar will authenticate and deliver one or more new Bonds of a like aggregate principal amount and maturity as requested by the registered owner or the owner's attorney in writing.

(d) Cancellation. Bonds surrendered upon transfer or exchange will be promptly cancelled by the Registrar and thereafter disposed of as directed by the City.

(e) Improper or Unauthorized Transfer. When a Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the Bond until the Registrar is satisfied that the endorsement on the Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Registrar will incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(f) Persons Deemed Owners. The City and the Registrar may treat the person in whose name a Bond is registered in the bond register as the absolute owner of the Bond, whether the Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on the Bond and for all other purposes, and payments so made to a registered owner or upon the owner's order will be valid and effectual to satisfy and discharge the liability upon the Bond to the extent of the sum or sums so paid.

(g) Taxes, Fees, and Charges. The Registrar may impose a charge upon the owner thereof for a transfer or exchange of Bonds sufficient to reimburse the Registrar for any tax, fee, or other governmental charge required to be paid with respect to the transfer or exchange.

(h) Mutilated, Lost, Stolen, or Destroyed Bonds. If a Bond becomes mutilated or is destroyed, stolen, or lost, the Registrar will deliver a new Bond of like amount, number, maturity date, and tenor in exchange and substitution for and upon cancellation of the mutilated Bond or in lieu of and in substitution for any Bond destroyed, stolen, or lost, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Bond destroyed, stolen, or lost, upon filing with the Registrar of evidence satisfactory to it that the Bond was destroyed, stolen, or lost, and of the ownership thereof, and upon furnishing to the Registrar an appropriate bond or indemnity in form, substance, and amount satisfactory to it and as provided by law, in which both the City and the Registrar must be named as obligees. Bonds so surrendered to the Registrar will be cancelled by the Registrar and evidence of such cancellation must be given to the City. If the mutilated, destroyed, stolen or lost Bond has already matured or been called for redemption in accordance with its terms it is not necessary to issue a new Bond prior to payment.

(i) Redemption. In the event any of the Bonds are called for redemption, notice thereof identifying the Bonds to be redeemed will be given by the Registrar by

mailing a copy of the redemption notice by first class mail (postage prepaid) to the registered owner of each Bond to be redeemed at the address shown on the registration books kept by the Registrar and by publishing the notice if required by law. Failure to give notice by publication or by mail to any registered owner, or any defect therein, will not affect the validity of the proceedings for the redemption of Bonds. Bonds so called for redemption will cease to bear interest after the specified redemption date, provided that the funds for the redemption are on deposit with the place of payment at that time.

2.04. Appointment of Initial Registrar. The City appoints U.S. Bank Trust Company, National Association, Saint Paul, Minnesota, as the initial Registrar. The Mayor and the City Administrator are authorized to execute and deliver, on behalf of the City, a contract with the Registrar. Upon merger or consolidation of the Registrar with another corporation, if the resulting corporation is a bank or trust company authorized by law to conduct such business, the resulting corporation is authorized to act as successor Registrar. The City agrees to pay the reasonable and customary charges of the Registrar for the services performed. The City reserves the right to remove the Registrar upon thirty (30) days' notice and upon the appointment of a successor Registrar, in which event the predecessor Registrar must deliver all cash and Bonds in its possession to the successor Registrar and must deliver the bond register to the successor Registrar. On or before each principal or interest due date, without further order of the City Council, the Director of Finance must transmit to the Registrar moneys sufficient for the payment of all principal and interest then due.

2.05. Execution, Authentication, and Delivery. The Bonds will be prepared under the direction of the Director of Finance and executed on behalf of the City by the signatures of the Mayor and the City Administrator, provided that those signatures may be printed, engraved, or lithographed facsimiles of the originals. If an officer whose signature or a facsimile of whose signature appears on the Bonds ceases to be such officer before the delivery of a Bond, that signature or facsimile will nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery. Notwithstanding such execution, a Bond will not be valid or obligatory for any purpose or entitled to any security or benefit under this resolution unless and until a certificate of authentication on the Bond has been duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different Bonds need not be signed by the same representative. The executed certificate of authentication on a Bond is conclusive evidence that it has been authenticated and delivered under this resolution. When the Bonds have been so prepared, executed, and authenticated, the Director of Finance will deliver the same to the Purchaser upon payment of the purchase price in accordance with the contract of sale heretofore made and executed, and the Purchaser is not obligated to see to the application of the purchase price.

### Section 3. Form of Bond.

3.01. Execution of the Bonds. The Bonds will be printed or typewritten in substantially the form attached hereto as EXHIBIT B.

3.02. Approving Legal Opinion. The City Administrator is authorized and directed to obtain a copy of the proposed approving legal opinion of Kennedy & Graven, Chartered, Minneapolis, Minnesota, and cause the opinion to be printed on or accompany each Bond.

Section 4.     Payment; Security; Funds; Pledges; and Covenants.

4.01.   Debt Service Fund. The Bonds will be payable from the General Obligation Street Reconstruction Bonds, Series 2023B Debt Service Fund (the “Debt Service Fund”) hereby created. The Debt Service Fund shall be administered by the Director of Finance as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City. Ad valorem taxes (the “Taxes”) herein levied for the Street Reconstruction are hereby pledged to the Debt Service Fund. There is appropriated to the Debt Service Fund amounts over the minimum purchase price of the Bonds paid by the Purchaser, to the extent designated for deposit in the Debt Service Fund in accordance with Section 1.03 hereof.

4.02.   Construction Fund. The City hereby creates the General Obligation Street Reconstruction Bonds, Series 2023B Construction Fund (the “Construction Fund”). Proceeds of the Bonds, less the appropriations made in Section 4.01 hereof, together with any other funds appropriated for the Street Reconstruction and Taxes collected during the construction of the Street Reconstruction, will be deposited in the Construction Fund to be used solely to defray expenses of the Street Reconstruction. When the Street Reconstruction is completed and the cost thereof paid, the Construction Fund is to be closed and subsequent collections of Taxes for the Street Reconstruction are to be deposited in the Debt Service Fund.

4.03.   General Obligation Pledge. For the prompt and full payment of the principal of and interest on the Bonds, as the same respectively become due, the full faith, credit, and taxing powers of the City will be and are hereby irrevocably pledged. If the balance in the Debt Service Fund is ever insufficient to pay all principal and interest then due on the Bonds and any other bonds payable therefrom, the deficiency will be promptly paid out of monies in the general fund of the City which are available for such purpose, and such general fund may be reimbursed with or without interest from the Debt Service Fund when a sufficient balance is available therein.

4.04.   Pledge of Tax Levy. For the purpose of paying the principal of and interest on the Bonds, there is levied a direct annual irrevocable ad valorem tax upon all of the taxable property in the City, which will be spread upon the tax rolls and collected with and as part of other general taxes of the City. The Taxes will be credited to the Debt Service Fund above provided and will be in the years and amounts as attached hereto as EXHIBIT C.

4.05.   Certification to County Auditor as to Debt Service Fund Amount. It is hereby determined that the estimated collections of Taxes will produce at least five percent (5%) in excess of the amount needed to meet when due the principal and interest payments on the Bonds. The tax levy herein provided for the Bonds is irrevocable until all of the Bonds are paid, provided that at the time the City makes its annual tax levies the Director of Finance may certify to the County Auditor of Steele County, Minnesota (the “County Auditor”) the amount available in the Debt Service Fund to pay principal and interest due during the ensuing year, and the County Auditor will thereupon reduce the levy collectible during such year by the amount so certified.

4.06.   Filing of Resolution. The City Administrator is authorized and directed to file a certified copy of this resolution with the County Auditor and to obtain the certificate required by Section 475.63 of the Act.

Section 5.     Authentication of Transcript.

5.01.   City Proceedings and Records. The officers of the City are authorized and directed to prepare and furnish to the Purchaser and to the attorneys approving the Bonds certified copies

of proceedings and records of the City relating to the Bonds and to the financial condition and affairs of the City, and such other certificates, affidavits, and transcripts as may be required to show the facts within their knowledge or as shown by the books and records in their custody and under their control, relating to the validity and marketability of the Bonds, and such instruments, including any heretofore furnished, will be deemed representations of the City as to the facts stated therein.

5.02. Certification as to Official Statement. The Mayor, the City Administrator, and the Director of Finance are authorized and directed to certify that they have examined the Official Statement prepared and circulated in connection with the issuance and sale of the Bonds and that to the best of their knowledge and belief the Official Statement is a complete and accurate representation of the facts and representations made therein as of the date of the Official Statement.

5.03. Other Certificates. The Mayor, the City Administrator, and the Director of Finance are hereby authorized and directed to furnish to the Purchaser at the closing such certificates as are required as a condition of sale. Unless litigation shall have been commenced and be pending questioning the Bonds or the organization of the City or incumbency of its officers, at the closing the Mayor, the City Administrator, and the Director of Finance shall also execute and deliver to the Purchaser a suitable certificate as to absence of material litigation, and the Director of Finance shall also execute and deliver a certificate as to payment for and delivery of the Bonds.

5.04. Electronic Signatures. The electronic signature of the Mayor, the City Administrator, and/or the Director of Finance to this resolution and to any certificate authorized to be executed hereunder shall be as valid as an original signature of such party and shall be effective to bind the City thereto. For purposes hereof, (i) "electronic signature" means a manually signed original signature that is then transmitted by electronic means; and (ii) "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a portable document format ("pdf") or other replicating image attached to an electronic mail or internet message.

## Section 6. Tax Covenants.

6.01. Tax-Exempt Bonds. The City covenants and agrees with the holders from time to time of the Bonds that it will not take or permit to be taken by any of its officers, employees or agents any action which would cause the interest on the Bonds to become subject to taxation under the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations promulgated thereunder, in effect at the time of such actions, and that it will take or cause its officers, employees or agents to take, all affirmative action within its power that may be necessary to ensure that such interest will not become subject to taxation under the Code and applicable Treasury Regulations, as presently existing or as hereafter amended and made applicable to the Bonds.

6.02. Rebate. The City will comply with requirements necessary under the Code to establish and maintain the exclusion from gross income of the interest on the Bonds under Section 103 of the Code, including without limitation requirements relating to temporary periods for investments, limitations on amounts invested at a yield greater than the yield on the Bonds, and the rebate of excess investment earnings to the United States.

6.03. Not Private Activity Bonds. The City further covenants not to use the proceeds of the Bonds or to cause or permit them or any of them to be used, in such a manner as to cause the

Bonds to be “private activity bonds” within the meaning of Sections 103 and 141 through 150 of the Code.

6.04. Not Qualified Tax-Exempt Obligations. The Bonds are not designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

6.05. Procedural Requirements. The City will use its best efforts to comply with any federal procedural requirements which may apply in order to effectuate the designations made by this section.

#### Section 7. Book-Entry System; Limited Obligation of City.

7.01. DTC. The Bonds will be initially issued in the form of a separate single typewritten or printed fully registered Bond for each of the maturities set forth in Section 1.04 hereof. Upon initial issuance, the ownership of each Bond will be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York, and its successors and assigns (“DTC”). Except as provided in this section, all of the outstanding Bonds will be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC.

7.02. Participants. With respect to Bonds registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, the City, the Registrar, and the Paying Agent will have no responsibility or obligation to any broker dealers, banks and other financial institutions from time to time for which DTC holds Bonds as securities depository (the “Participants”) or to any other person on behalf of which a Participant holds an interest in the Bonds, including but not limited to any responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the Bonds; (ii) the delivery to any Participant or any other person (other than a registered owner of Bonds, as shown by the registration books kept by the Registrar), of any notice with respect to the Bonds, including any notice of redemption; or (iii) the payment to any Participant or any other person, other than a registered owner of Bonds, of any amount with respect to principal of, premium, if any, or interest on the Bonds. The City, the Registrar, and the Paying Agent may treat and consider the person in whose name each Bond is registered in the registration books kept by the Registrar as the holder and absolute owner of such Bond for the purpose of payment of principal, premium and interest with respect to such Bond, for the purpose of registering transfers with respect to such Bonds, and for all other purposes. The Paying Agent will pay all principal of, premium, if any, and interest on the Bonds only to or on the order of the respective registered owners, as shown in the registration books kept by the Registrar, and all such payments will be valid and effectual to fully satisfy and discharge the City’s obligations with respect to payment of principal of, premium, if any, or interest on the Bonds to the extent of the sum or sums so paid. No person other than a registered owner of Bonds, as shown in the registration books kept by the Registrar, will receive a certificated Bond evidencing the obligation of this resolution. Upon delivery by DTC to the City Administrator of a written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the words “Cede & Co.” will refer to such new nominee of DTC; and upon receipt of such a notice, the City Administrator will promptly deliver a copy of the same to the Registrar and Paying Agent.

7.03. Representation Letter. The City has heretofore executed and delivered to DTC a Blanket Issuer Letter of Representations (the “Representation Letter”) which will govern payment of principal of, premium, if any, and interest on the Bonds and notices with respect to the Bonds. Any Paying Agent or Registrar subsequently appointed by the City with respect to the Bonds will agree

to take all action necessary for all representations of the City in the Representation Letter with respect to the Registrar and Paying Agent, respectively, to be complied with at all times.

7.04. Transfers Outside Book-Entry System. In the event the City, by resolution of the City Council, determines that it is in the best interests of the persons having beneficial interests in the Bonds that they be able to obtain Bond certificates, the City will notify DTC, whereupon DTC will notify the Participants, of the availability through DTC of Bond certificates. In such event the City will issue, transfer and exchange Bond certificates as requested by DTC and any other registered owners in accordance with the provisions of this resolution. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law. In such event, if no successor securities depository is appointed, the City will issue and the Registrar will authenticate Bond certificates in accordance with this resolution and the provisions hereof will apply to the transfer, exchange, and method of payment thereof.

7.05. Payments to Cede & Co. Notwithstanding any other provision of this resolution to the contrary, so long as a Bond is registered in the name of Cede & Co., as nominee of DTC, payments with respect to principal of, premium, if any, and interest on the Bond and all notices with respect to the Bond will be made and given, respectively in the manner provided in DTC's Operational Arrangements, as set forth in the Representation Letter.

#### Section 8. Continuing Disclosure.

8.01. Execution of Continuing Disclosure Certificate. "Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate executed by the Mayor and City Administrator and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

8.02. City Compliance with Provisions of Continuing Disclosure Certificate. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this resolution, failure of the City to comply with the Continuing Disclosure Certificate is not to be considered an event of default with respect to the Bonds; however, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this section.

Section 9. Defeasance. When all of the Bonds, and all interest thereon, have been discharged as provided in this section, all pledges, covenants, and other rights granted by this resolution to the holders of the Bonds will cease, except that the pledge of the full faith and credit of the City for the prompt and full payment of the principal of and interest on the Bonds will remain in full force and effect. The City may discharge all Bonds which are due on any date by depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full. If any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit.

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

Passed and adopted this \_\_\_\_ day of \_\_\_\_\_, 2023, with the following vote:

Aye \_\_\_\_; No \_\_\_\_; Absent \_\_\_\_.

Approved and signed this \_\_\_\_ day of \_\_\_\_\_, 2023.

\_\_\_\_\_  
Thomas A. Kuntz, Mayor

ATTEST:

\_\_\_\_\_  
Greg Schultz, City Council President



# EXHIBIT A

## PROPOSALS



**\$2,600,000\***

**City of Owatonna, Minnesota**

**General Obligation Street Reconstruction Bonds, Series 2023B**

**Moody's Rating: Aa1**

**Sale Date: October 3, 2023**

**BBI: 4.09%**

**Average Maturity: 6.113 Years**

| <b>Bidder</b>                  | <b>TIC</b> |
|--------------------------------|------------|
| BOK Financial Securities, Inc. | 3.9908%    |
| Robert W. Baird & Co. Inc.     | 4.0252%    |
| TD Securities (USA) LLC        | 4.0377%    |
| Bancroft Capital, LLC          | 4.1682%    |
| Hilltop Securities Inc.        | 4.1852%    |
| FHN Financial Capital Markets  | 4.2681%    |

| <b>Winning Bidder Information</b> | <b>Maturity</b> | <b>Interest Rate</b> | <b>Reoffering Yield</b> | <b>Reoffering Price</b> |
|-----------------------------------|-----------------|----------------------|-------------------------|-------------------------|
| BOK FINANCIAL SECURITIES, INC.    | 3/1/2025        | 5.00%                | 3.95%                   | 101.359%                |
|                                   | 3/1/2026        | 5.00%                | 3.86%                   | 102.529%                |
|                                   | 3/1/2027        | 5.00%                | 3.74%                   | 103.924%                |
|                                   | 3/1/2028        | 5.00%                | 3.71%                   | 105.130%                |
|                                   | 3/1/2029        | 5.00%                | 3.72%                   | 106.150%                |
|                                   | 3/1/2030        | 5.00%                | 3.72%                   | 107.172%                |
|                                   | 3/1/2031        | 5.00%                | 3.75%                   | 107.957%                |
|                                   | 3/1/2032        | 5.00%                | 3.78%                   | 108.659%                |
|                                   | 3/1/2033        | 5.00%                | 3.79%                   | 108.584%                |
|                                   | 3/1/2034        | 5.00%                | 3.82%                   | 108.361%                |

**Purchase Price: \$2,737,078.95\***

**Net Interest Cost: \$657,559.94\***

**TIC: 3.9908%\***

\* Subsequent to bid opening, the par amount decreased to \$2,440,000.00; and the price, net interest cost, and true interest cost have changed to \$2,571,300.69, \$630,560.42, and 3.9901%, respectively.

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**EXHIBIT B**  
**FORM OF BOND**

No. R-\_\_\_\_\_ UNITED STATES OF AMERICA \$\_\_\_\_\_  
STATE OF MINNESOTA  
COUNTY OF STEELE  
CITY OF OWATONNA

GENERAL OBLIGATION STREET RECONSTRUCTION BOND  
SERIES 2023B

| <u>Rate</u> | <u>Maturity</u> | <u>Date of<br/>Original Issue</u> | <u>CUSIP</u> |
|-------------|-----------------|-----------------------------------|--------------|
|             | March 1, 20__   | October 26, 2023                  |              |

Registered Owner: CEDE & CO.

The City of Owatonna, Minnesota, a duly organized and existing municipal corporation in Steele County, Minnesota (the "City"), acknowledges itself to be indebted and for value received hereby promises to pay to the Registered Owner specified above or registered assigns the principal sum of \$\_\_\_\_\_ on the maturity date specified above, with interest thereon from the date hereof at the annual rate specified above (calculated on the basis of a 360 day year of twelve 30 day months), payable March 1 and September 1 in each year, commencing September 1, 2024, to the person in whose name this Bond is registered at the close of business on the fifteenth day (whether or not a business day) of the immediately preceding month. The interest hereon and, upon presentation and surrender hereof, the principal hereof are payable in lawful money of the United States of America by check or draft by U.S. Bank Trust Company, National Association, Saint Paul, Minnesota, as Registrar, Paying Agent, Transfer Agent, and Authenticating Agent, or its designated successor under the Resolution described herein. For the prompt and full payment of such principal and interest as the same respectively become due, the full faith and credit and taxing powers of the City have been and are hereby irrevocably pledged.

The City may elect on March 1, 2032, and on any date thereafter to prepay Bonds due on or after March 1, 2033. Redemption may be in whole or in part and if in part, at the option of the City and in such manner as the City will determine. If less than all Bonds of a maturity are called for redemption, the City will notify The Depository Trust Company ("DTC") of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. Prepayments will be at a price of par plus accrued interest.

This Bond is one of an issue in the aggregate principal amount of \$2,440,000 all of like original issue date and tenor, except as to number, maturity date, redemption privilege, and interest rate, all issued pursuant to a resolution adopted by the City Council on October 3, 2023 (the "Resolution"), for the purpose of providing money to defray the expenses incurred and to be incurred in financing certain street reconstruction in the City, pursuant to and in full conformity with the home rule charter of the City and the Constitution and laws of the State of Minnesota,

including Minnesota Statutes, Chapter 475, as amended, specifically Section 475.58, subdivision 3b. The principal hereof and interest hereon are payable from ad valorem taxes, as set forth in the Resolution to which reference is made for a full statement of rights and powers thereby conferred. The full faith and credit of the City are irrevocably pledged for payment of this Bond and the City Council has obligated itself to levy additional ad valorem taxes on all taxable property in the City in the event of any deficiency, which additional taxes may be levied without limitation as to rate or amount. The Bonds of this series are issued only as fully registered Bonds in denominations of \$5,000 or any integral multiple thereof.

This Bond is not a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

As provided in the Resolution and subject to certain limitations set forth therein, this Bond is transferable upon the books of the City at the principal office of the Registrar, by the registered owner hereof in person or by the owner's attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or the owner's attorney; and may also be surrendered in exchange for Bonds of other authorized denominations. Upon such transfer or exchange the City will cause a new Bond or Bonds to be issued in the name of the transferee or registered owner, of the same aggregate principal amount, bearing interest at the same rate and maturing on the same date, subject to reimbursement for any tax, fee, or governmental charge required to be paid with respect to such transfer or exchange.

The City and the Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether this Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and neither the City nor the Registrar will be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the home rule charter of the City and the Constitution and laws of the State of Minnesota to be done, to exist, to happen and to be performed preliminary to and in the issuance of this Bond in order to make it a valid and binding general obligation of the City in accordance with its terms, have been done, do exist, have happened and have been performed as so required, and that the issuance of this Bond does not cause the indebtedness of the City to exceed any constitutional, statutory, or charter limitation of indebtedness.

This Bond is not valid or obligatory for any purpose or entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon has been executed by the Registrar by manual signature of one of its authorized representatives.

IN WITNESS WHEREOF, the City of Owatonna, Steele County, Minnesota, by its City Council, has caused this Bond to be executed on its behalf by the facsimile or manual signatures of the Mayor and City Administrator and has caused this Bond to be dated as of the date set forth below.

Dated: October 26, 2023

**CITY OF OWATONNA, MINNESOTA**

\_\_\_\_\_  
(Facsimile)  
Mayor

\_\_\_\_\_  
(Facsimile)  
City Administrator

**CERTIFICATE OF AUTHENTICATION**

This is one of the Bonds delivered pursuant to the Resolution mentioned within.

**U.S. BANK TRUST COMPANY,  
NATIONAL ASSOCIATION**

By \_\_\_\_\_  
Authorized Representative

**ABBREVIATIONS**

The following abbreviations, when used in the inscription on the face of this Bond, will be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants in common

UNIF GIFT MIN ACT  
\_\_\_\_\_  
(Cust) \_\_\_\_\_ (Minor)

TEN ENT -- as tenants by entireties

under Uniform Gifts or Transfers to  
Minors Act, State of \_\_\_\_\_

JT TEN -- as joint tenants with right of  
survivorship and not as tenants in  
common

Additional abbreviations may also be used though not in the above list.

**ASSIGNMENT**

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the within Bond and all rights thereunder, and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney to transfer the said Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Signature Guaranteed:

\_\_\_\_\_

NOTICE: Signature(s) must be guaranteed by a financial institution that is a member of the Securities Transfer Agent Medallion Program ("STAMP"), the Stock Exchange Medallion Program ("SEMP"), the New York Stock Exchange, Inc. Medallion Signatures Program ("MSP") or other such "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, SEMP or MSP, all in accordance with the Securities Exchange Act of 1934, as amended.

The Registrar will not effect transfer of this Bond unless the information concerning the assignee requested below is provided.

Name and Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
(Include information for all joint owners if this Bond is held by joint account.)

Please insert social security or other identifying number of assignee

\_\_\_\_\_

\_\_\_\_\_

#### PROVISIONS AS TO REGISTRATION

The ownership of the principal of and interest on the within Bond has been registered on the books of the Registrar in the name of the person last noted below.

Date of Registration

Registered Owner

Signature of  
Officer of Registrar

\_\_\_\_\_

Cede & Co.  
Federal ID #13-2555119

\_\_\_\_\_

**EXHIBIT C**

**TAX LEVY SCHEDULE**

| Payment Date | Principal             | Coupon   | Interest            | Total P+I             | 105% Overlevy         | Levy Amount           | Levy/Collection Year |
|--------------|-----------------------|----------|---------------------|-----------------------|-----------------------|-----------------------|----------------------|
| 03/01/2025   | 170,000.00            | 5.000%   | 164,361.11          | 334,361.11            | 351,079.17            | 351,079.17            | 2023/2024            |
| 03/01/2026   | 215,000.00            | 5.000%   | 113,500.00          | 328,500.00            | 344,925.00            | 344,925.00            | 2024/2025            |
| 03/01/2027   | 225,000.00            | 5.000%   | 102,750.00          | 327,750.00            | 344,137.50            | 344,137.50            | 2025/2026            |
| 03/01/2028   | 230,000.00            | 5.000%   | 91,500.00           | 321,500.00            | 337,575.00            | 337,575.00            | 2026/2027            |
| 03/01/2029   | 240,000.00            | 5.000%   | 80,000.00           | 320,000.00            | 336,000.00            | 336,000.00            | 2027/2028            |
| 03/01/2030   | 250,000.00            | 5.000%   | 68,000.00           | 318,000.00            | 333,900.00            | 333,900.00            | 2028/2029            |
| 03/01/2031   | 260,000.00            | 5.000%   | 55,500.00           | 315,500.00            | 331,275.00            | 331,275.00            | 2029/2030            |
| 03/01/2032   | 270,000.00            | 5.000%   | 42,500.00           | 312,500.00            | 328,125.00            | 328,125.00            | 2030/2031            |
| 03/01/2033   | 285,000.00            | 5.000%   | 29,000.00           | 314,000.00            | 329,700.00            | 329,700.00            | 2031/2032            |
| 03/01/2034   | 295,000.00            | 5.000%   | 14,750.00           | 309,750.00            | 325,237.50            | 325,237.50            | 2032/2033            |
| <b>Total</b> | <b>\$2,440,000.00</b> | <b>-</b> | <b>\$761,861.11</b> | <b>\$3,201,861.11</b> | <b>\$3,361,954.17</b> | <b>\$3,361,954.17</b> | <b>-</b>             |



## Public Works Department

DATE: October 3, 2023  
TO: Mayor and City Council  
FROM: Sean Murphy, Public Works Director  
SUBJECT: Resolution 94-23: Declare Costs for the 2022 Street & Utility Project

### **Purpose:**

To declare costs for the 2022 Street & Utility Project with improvements to the following streets:

- 15<sup>th</sup> Street NE
- Linn Avenue
- Selby Avenue

### **Background:**

A Preliminary Assessment Hearing was held on March 15<sup>th</sup>, 2022. On July 5, 2022, the city entered into a contract with JJD Companies to complete the project with a contracted cost of \$2,112,599.40. The project is now considered substantially complete with a warranty begin date of September 27, 2023.

### **Budget Impact:**

The final cost of the project, which includes Change Orders, Quantity Changes, and the addition of Engineering costs was \$2,402,651.97 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 \$363,616.76 (15.1%).

### **Staff Recommendation:**

Staff recommends approval.

### **Attachments:**

1. Resolution 94-23 Declare Costs 2022 Street and Utility

RESOLUTION NO. 94-23

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

WHEREAS, a contract has been let for the construction of the 2022 Street & Utility Project and the contract price for such improvements is \$2,112,599.40 and the contract changes incurred in the making of such improvements amount to \$71,629.66 so that the total cost of the improvements will be \$2,184,229.06. Per assessment policy, the city adds engineering costs which equal \$218,422.91 totaling \$2,402,651.97.

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 \$363,616.76.
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 \_\_\_\_\_, 2023, with the following vote:

Aye \_; No \_; Absent \_.

Approved and signed this \_\_\_\_ day of \_\_\_\_\_, 2023.

ATTEST:

\_\_\_\_\_  
Thomas A. Kuntz, Mayor

\_\_\_\_\_  
Kris M. Busse, City Administrator/City Clerk





## Public Works Department

DATE: October 3, 2023  
TO: Mayor and City Council  
FROM: Sean Murphy, Public Works Director  
SUBJECT: Resolution 95-23: Set Public Hearing Date for the 2022 Street & Utility Project

### **Purpose:**

To set a Proposed Assessment Public Hearing for the 2022 Street & Utility Project

### **Background:**

The requested hearing date is Tuesday November 7, 2023. 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 \$363,616.76.

### **Staff Recommendation:**

Staff recommends approval

### **Attachments:**

1. Resolution 95-23 Set Date for Public Hearing 2022 Street & Utility

RESOLUTION NO. 95-23

A RESOLUTION FOR HEARING ON PROPOSED ASSESSMENT

WHEREAS, by Resolution No 94-23 passed by the Council on October 3, 2023, the City Clerk was directed to prepare a proposed assessment of the cost of the construction of the 2022 Street & Utility Project.

WHEREAS, a contract has been let for the construction of 2022 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 Tuesday, the 7th day of November 2023, 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 \_\_\_\_\_, 2023, with the following vote:

Aye \_\_\_\_; No \_\_\_\_; Absent \_\_\_\_.

Approved and signed this \_\_\_\_ day of \_\_\_\_\_, 2023.

\_\_\_\_\_  
Thomas A. Kuntz, Mayor

ATTEST:

\_\_\_\_\_  
Kris M. Busse, City Administrator/City Clerk



## Public Works Department

DATE: October 3, 2023  
TO: Mayor and City Council  
FROM: Sean Murphy, Public Works Director  
SUBJECT: Resolution 96-23: Declare Costs for the 2023 Havana Road Project

### **Purpose:**

To declare costs for the 2023 Havana Road Project. The area improved being Havana Road – Truman Avenue SE to Smith Avenue SE.

### **Background:**

A Preliminary Assessment Hearing was held on March 7<sup>th</sup>, 2023. On June 6, 2023, the city entered into a contract with Wencil Construction to complete the project with a contracted cost of \$1,043,136.21.

The project is now considered substantially completed with a warranty begin date of September 27, 2023.

### **Budget Impact:**

The final cost of the project, which includes Change Orders, Quantity Changes, and the addition of Engineering costs was \$1,017,507.04 and will be paid for with a combination of State Aid Funds, 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 \$99,638.76 (9.79%).

### **Staff Recommendation:**

Staff recommends approval

### **Attachments:**

1. Resolution 96-23 Declare Costs 2023 Havana Road Project

RESOLUTION NO. 96-23

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

WHEREAS, a contract has been let for the construction of the 2023 Havana Road Project and the contract price for such improvements is \$1,043,136.21 and the contract changes incurred in the making of such improvements amount to \$54,860.19 so that the total cost of the improvements will be \$925,006.40. Per assessment policy, the city adds engineering costs which equal \$92,500.64 totaling \$1,017,507.04.

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 \$99,638.76.
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 \_\_\_\_\_, 2023, with the following vote:

Aye \_; No \_; Absent \_.

Approved and signed this \_\_\_ day of \_\_\_\_\_, 2023.

\_\_\_\_\_  
Thomas A. Kuntz, Mayor

ATTEST:

\_\_\_\_\_  
Kris M. Busse, City Administrator/City Clerk



## Public Works Department

DATE: October 3, 2023  
TO: Mayor and City Council  
FROM: Sean Murphy, Public Works Director  
SUBJECT: Resolution 97-23: Set Public Hearing Date for the 2023 Havana Road Project

### **Purpose:**

To set a Proposed Assessment Public Hearing for the 2023 Havana Road Project.

### **Background:**

The requested hearing date is Tuesday November 7, 2023. This is the next step in the process of approving costs for assessments as outlined in 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 \$99,638.76.

### **Staff Recommendation:**

Staff recommends approval.

### **Attachments:**

1. Resolution 97-23 Hearing on Proposed Assessment

RESOLUTION NO. 97-23

A RESOLUTION FOR HEARING ON PROPOSED ASSESSMENT

WHEREAS, by Resolution No., 96-23 passed by the Council on October 3, 2023, the City Clerk was directed to prepare a proposed assessment of the cost of the construction of the 2023 Havana Road Project.

WHEREAS, a contract has been let for the construction of 2023 Havana Road 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 Tuesday, the 7th day of November, 2023, 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 \_\_\_\_\_, 2023, with the following vote:

Aye \_\_\_\_; No \_\_\_\_; Absent \_\_\_\_.

Approved and signed this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

\_\_\_\_\_  
Thomas A. Kuntz, Mayor

ATTEST:

\_\_\_\_\_  
Kris M. Busse, City Administrator/City Clerk



## Public Works Department

DATE: October 3, 2023  
TO: Mayor and City Council  
FROM: Sean Murphy, Public Works Director  
SUBJECT: Resolution 98-23: Remove No Parking and School Zone Signs - Adjacent to the former OHS at 333 School St E

### **Purpose:**

Requesting City Council approval Resolution 98-23 to authorize the removal of No Parking and School Zone signs adjacent to the former OHS.

### **Background:**

No Parking and School Zone signage was previously installed adjacent to the former OHS solely for the operation of the school. No Parking was instituted to preserve on-street parking for the residents in the area during school hours. Transportation modes and trends shifted over time, and due to a lack of off-street parking at the OHS, nearby neighborhoods were filled by student parkers.

Since the high school has been relocated, there is no longer a need to restrict parking in this area. An item to note, with the parking restriction removal, winter Even-Odd parking restrictions will now be in effect on the subject streets. The Police Department will also no longer have to register and permit homeowner vehicles in the nearby neighborhoods.

The following streets are proposed to have No Parking and School Zone signs removed:

- Prospect St SE, University St SE, Phelps St SW - From Elm Ave S to Lincoln Ave S
- School St E - From Elm Ave S to Chambers Ave SE
- Academy St E - From Grove Ave S to Lincoln Ave S
- Rice St E - From Elm Ave S to Grove Ave S
- Grove Ave S - From Rice St E to South St E
- Harriet Ave SE - From School St E to South St E
- Lincoln Ave S - From Academy St SE to University Ave SE

### **Budget Impact:**

There is no budget impact. Staff time will be required to plan and perform the removals and a reduction in staff time to accommodate parking permits.

**Staff Recommendation:**

Staff recommends approval.

**Attachments:**

1. Resolution 98-23 Remove School Zone and No Parking Signs - Schoot St E
2. School Zone and No Parking Sign Removal Map



RESOLUTION NO: 98-23

A RESOLUTION ORDERING REMOVAL OF SCHOOL ZONE AND NO PARKING  
SIGNS

WHEREAS, the City of Owatonna desires that the school zone and no parking signs be removed near the former Owatonna High School site, 333 School Street E.

WHEREAS, the following streets are proposed to have No Parking and School Zone signs removed:

- Prospect St SE, University St SE, Phelps St SW - From Elm Ave S to Lincoln Ave S
- School St E - From Elm Ave S to Chambers Ave SE
- Academy St E - From Grove Ave S to Lincoln Ave S
- Rice St E - From Elm Ave S to Grove Ave S
- Grove Ave S - From Rice St E to South St E
- Harriet Ave SE - From School St E to South St E
- Lincoln Ave S - From Academy St SE to University Ave SE

NOW THEREFORE, BE IT RESOLVED the City Council of the City of Owatonna, Minnesota, orders the installation of stop signs at said locations.

Passed and adopted this \_\_\_\_ day of \_\_\_\_\_, 2023, with the following vote:

Aye \_\_\_\_; No \_\_\_\_; Absent \_\_\_\_.

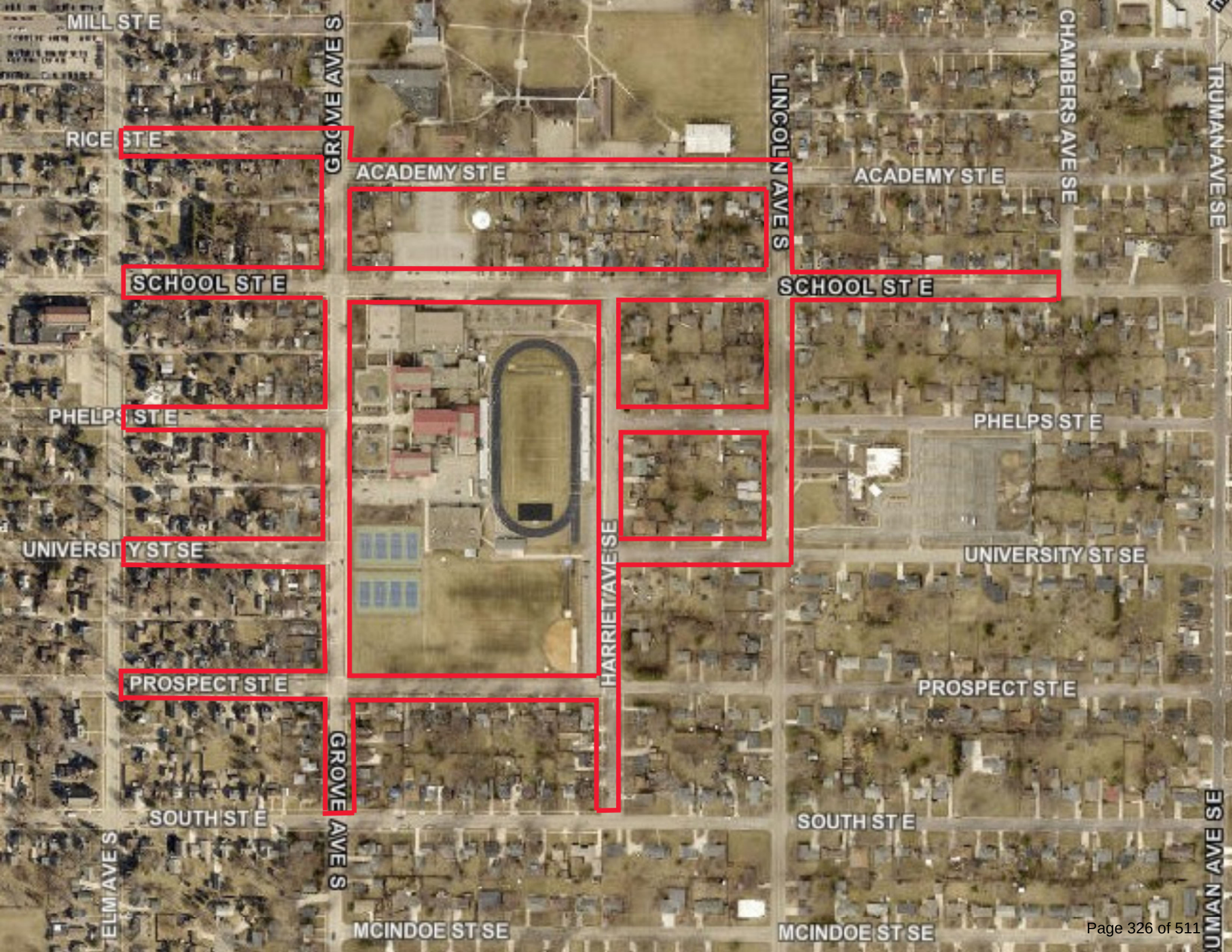
Approved and signed this \_\_\_\_ day of \_\_\_\_\_, 2023.

\_\_\_\_\_  
Thomas A. Kuntz, Mayor

ATTEST:

\_\_\_\_\_  
Kris M. Busse, City Administrator/City Clerk









## **Parks, Trails, Recreation & Facilities Department**

DATE: October 3, 2023  
TO: Mayor and City Council  
FROM: Jenna Tuma, Parks, Trails, Recreation & Facilities Director  
Aaron Fitzloff  
SUBJECT: Resolution 99-23: Merrill Hall Energy Efficiency Project Agreement

### **Purpose:**

Approve Resolution 99-23 Energy Efficiency Project Agreement with ICS Consulting, LLC, regarding the Merrill Hall building upgrades.

### **Background:**

ICS was contracted in 2019 to produce a Facilities Assessment and Project Plan for all City-owned facilities. This plan was presented to the City Council in July 2020 detailing deferred and upcoming maintenance needs.

A Buildings Task Force was formed in April 2022 comprised of City staff and elected officials who toured 21 core City buildings with immediate capital needs including Merrill Hall. In July 2022, the Task Force findings were presented at a City Council Study Session. The City Council unanimously agreed to support retaining and investing in Merrill Hall. The Council expressed support for developing a strategic, long-term plan for capital improvements for all City-owned buildings along with a funding plan.

In March 2023, the City entered into an agreement for ICS to identify the preliminary scope of work for Merrill Hall. The first phase will include electrical and lighting upgrades, HVAC equipment, asbestos removal, fire sprinkler system and roofing. The second phase will be defined at a later time.

### **Details for phase one project scope:**

- Replace the indoor and outdoor lighting with modern LED lighting (theater space not included).
- Upgrade the building's electrical service and main distribution panel to accommodate added cooling electrical load.
- Install two high-efficiency boilers, hot water pumps with Variable Frequency Drive (VFDs), hydronic specialties and insulated hot water supply/return piping to serve all new heating equipment in the daycare portion of the building (theater space is not included).
- Install a ducted Variable-Air-Volume (VAV) ventilation system with hot water heating and direct expansion (DX) cooling/dehumidification. The air handling unit will be installed on the lower level. An air-cooled condensing unit will be located on the ground behind the building. Terminal VAV boxes with hot water reheat will be provided for each zone of the daycare portion of the building (theater space not included). Install a dedicated heating and ventilation-only air handling unit to serve the theater scene shop.

- Remove existing Asbestos Containing Materials (ACM), boiler, condensate handling equipment, steam/condensate piping, cast iron, radiation, chiller, chilled water pumps/pipe, unit ventilators, fac-coil units, residential gas/DX units.
- Install an addressable fire alarm system with voice notification and fire sprinkler system to protect the entire building. A dry system will be required in the attic and a new water service will be needed to serve the system.
- Install automatic Direct Digital Controls (DDC) and a facility management system to efficiently operate the building's HVAC system with optimal indoor environment comfort and control. This includes theater space HVAC.
- Replace the existing roofs.

The project timeline will start this fall with developing the plans and design and ordering equipment. The on-site construction is expected to begin in January 2024. Due to the AC equipment availability, the overall completion will be in the fall of 2024, with the AC completed by spring 2025.

Note: Asbestos removal (ACM) is part of the overall project. The cost is included in the project budget; however, it is not part of the ICS agreement. The City will bid and procure this specialized work independently.

#### **Budget Impact:**

The ICS Energy Efficiency Agreement for \$5,044,585 is a guaranteed maximum price with no change orders within the project's scope. Energy Saving Rebates available through OPU are expected to help fund the renovations.

The City intends to issue bonds next year to finance this project. The 2024 levy has been increased to account for this project. The bonds will be repaid over 20 years with a debt service levy.

The City Council declares its official intent to reimburse itself for the cost of these improvements from the proceeds of tax-exempt bonds.

#### **Staff Recommendation:**

Staff recommends approval of this resolution subject to final legal review of the agreement.

#### **Attachments:**

1. Resolution 99-23 Energy Efficiency Construction Agreement - ICS Merrill Hall 2023
2. Merrill Hall ESPC Contract and Exhibits
3. ICS Merrill Hall Construction Timeline

RESOLUTION NO. 99-23  
RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OWATONNA  
APPROVING MERRILL HALL ENERGY EFFICIENCY PROJECT AGREEMENT  
WITH ICS CONSULTING, LLC.

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

The City hereby approved an Energy Efficiency Project Agreement with ICS Consulting, LLC, regarding the Merrill Hall building upgrades during the City Council Meeting on October 3, 2023. This agreement authorized the Mayor and City Administrator to execute the Agreement on behalf of the City.

The City Council declares its official intent to reimburse itself for the cost of these improvements from the proceeds of tax-exempt bonds.

Passed and adopted this \_\_\_\_ day of \_\_\_\_\_, 2023, with the following vote:

Aye \_\_; No \_\_; Absent \_\_.

Approved and signed this \_\_\_\_ day of \_\_\_\_\_, 2023.

\_\_\_\_\_  
Thomas A. Kuntz, Mayor

ATTEST:

\_\_\_\_\_  
Kris M. Busse, City Administrator/City Clerk

## ENERGY EFFICIENCY PROJECTS AGREEMENT

This Energy Efficiency Projects Agreement (this “Agreement”) is made by and between the City of Owatonna, Minnesota (“Client”), with an office at 540 West Hills Circle, Owatonna, MN 55060 and ICS Consulting, LLC., a Minnesota corporation (“ICS”), with its principal place of business at 1331 Tyler Street NE, Suite 101, Minneapolis, MN 55413. Client and ICS may be referred to as “Party” or collectively as “Parties.” Capitalized terms used in this Agreement without definition shall have the meanings assigned to them in Schedule 1, attached.

### RECITALS

- A. Client desires to retain ICS to perform the Work set forth in the scope of work set forth in Exhibit C attached to this Agreement, which relates to facility alterations, services and programs designed to reduce energy consumption, operating costs, long-term operating costs, at one or more buildings and other locations that collectively comprise Client’s “Facility” as described in Exhibit A to this Agreement; and
- B. Client is authorized under Section 471.345, sub. 13, Minnesota Statutes (the “Statute”) to enter into agreements with qualified providers for the purpose of implementing comprehensive energy, operating, and long-term operating cost-savings measures to improve the efficiency of the Facility provided the cost of implementing the measures will not exceed the amount to be saved in energy, operating, and long-term operating costs over a term of 20 years, and;
- C. ICS is a “qualified provider” as that term is defined in the Statute.
- D. Client has received a report from ICS containing recommendations (the “Recommendations”), as to the amounts Client should spend on energy and facility improvement measures, including estimates of energy, operating, and long-term operating cost savings within the Facility (the “Savings”) and estimates of costs of installation, modifications or remodeling within the Facility (the “Project Costs”). Client has reviewed the ICS methodology of calculating savings and is in agreement; and
- E. Client has reviewed the estimated Project Costs and Savings and has confirmed that the estimated Savings exceed the estimated Project Costs and believes such estimates to be reasonable and accurate; and
- F. Client has published the notice required by the Statute, and held a meeting on October 3, 2023 in which it proposed to award a contract to implement the Recommendations, the names of the parties to the proposed performance contract, and the contract’s purpose.

## AGREEMENT

NOW, THEREFORE, in consideration of the mutual benefits and obligations set forth herein, the parties hereto agree as follows:

1. **Exhibits & Schedules.** The following Schedule and Exhibits are attached to and part of this Agreement:

Exhibit A: Facility Description  
Exhibit B: Project Table with Costs and Savings  
Exhibit C: Scope of Work  
Exhibit D: Energy, Operating, and Long-Term Operating Savings  
Exhibit E: Project Schedule  
Exhibit F: Schedule of Payments  
Exhibit G: Certificate of Substantial Completion for Warranty  
Exhibit H: Certificate of Completion and Acceptance  
Exhibit I: Client Responsibilities  
Exhibit J: General Requirements  
Exhibit K: Site-Specific Requirements  
Exhibit L: Insurance  
Exhibit M: Bond Coverage

2. **Term of Agreement; Notice to Proceed.**

2.1. Effective Date. The Effective Date of this Agreement shall be the date all signatures required have been obtained. ICS shall not begin work under this Agreement until this Agreement is fully executed.

2.2. Term. Unless otherwise canceled or terminated, this Agreement shall expire one (1) year after the Substantial Completion Date.

- 2.3. Notice to Proceed.

☐ If this is checked, Client will not be financing payment for the Work with funds other than its own and will use its own funds to pay for the Work. Accordingly, upon execution of this Agreement by ICS, Client's execution of this Agreement shall constitute the Notice to Proceed to ICS.

\_\_\_If this box is checked, Client intends to finance payment for the Work with funds other than its own. Accordingly, ICS can elect not to perform, nor be required to perform, any of the Work until and unless Client has closed on its financing of this Agreement as evidenced by a written representation from the lender that financing in a sum not less than Client's total obligation in Section 8 of this Agreement and funding of any escrow account provided for by the financing documents has been made. **ICS may elect to begin or continue work without financing in place upon discussion and agreement with the Client.**

### 3. **Contract Administration.**

ICS shall employ, and specifically assign to the Work performed pursuant to this Agreement, a Project Manager experienced in work of the character required by the Scope of Work. The Project Manager shall be delegated authority to act on behalf of ICS and shall be, to the extent possible, the point of contact and communication for the Client and any subcontractors to facilitate efficient, timely, and cost-effective completion of the Work. The Parties shall cooperate with each other and with any ICS subcontractors to assure successful completion of the Work and help to quickly resolve any problems that arise.

For the purpose of administration of this Agreement, the following individuals will be the contact personnel authorized to speak on behalf of the respective parties.

3.1. Client Contact: **Kris Busse, City Administrator, City of Owatonna** (hereafter "Client Contact").

3.2. ICS Contact: **Andy Faulkner, President, ICS** (hereafter "ICS Contact").

Either Party may designate a new contact by providing advance written notice to the other Party.

### 4. **Scope of Work; ICS Duties.**

4.1. Equipment and Materials. ICS shall provide all materials and equipment necessary to perform the Scope of Work in this Agreement, as more specifically described in Exhibit C. ICS shall provide Client with specifications, drawings, cut sheets, and other information required by Client regarding the materials and equipment for review, acceptance and approval pursuant to Section 5 prior to implementation of the Work.

ICS must be in compliance with all specifications and any drawings provided in this Agreement. Any reference to brand names and numbers is descriptive, but not restrictive, unless otherwise specified. When specific manufacturer and model numbers are shown, they are used to establish a design, type of construction, quality, functional capability and/or performance level desired. When alternates are identified, they shall be identified by manufacturer, stock number, and such other information necessary to establish equivalency.

4.2. Installation Services. ICS shall install, replace and refurbish equipment and energy systems components at the Facilities, as more specifically described in Exhibits A, B, and C.



ICS shall use reasonable efforts to meet the estimated Project Schedule, and provide the installation, replacement and refurbishment services with minimum interruption to the normal business of the Facility.

4.3. Project Schedule. ICS shall use reasonable efforts to perform all Work under this Agreement according to the Project Schedule set forth in Exhibit H. However, unless this Agreement expressly provides otherwise, the Parties recognize that the Project Schedule is only an estimate and is subject to modification prior to implementation of the Work. ICS shall not be liable or subject to damages solely for deviations from the Project Schedule or for delays beyond its reasonable control in completing the Work in accordance with the Project Schedule, including delays due to a Force Majeure Event, or due to the acts and omissions of Client or third parties.

Client shall have the right to postpone or reschedule any date or time for the performance of any part of the Work that may interfere with the operation of any portion of the Facility or any tenants or invitees thereof. Client shall undertake best efforts to provide ICS with reasonable notice prior to postponing or rescheduling any date or time. ICS shall, upon Client's request, reschedule any portion of the Work affecting operation of a portion of the Facility during hours when the Facility or portion thereof are not in operation. To the extent that any postponement, rescheduling, or performance of the Work under this Section results in ICS incurring damages or additional costs or delays in time to timely complete the Project Schedule, ICS shall be provided a reasonable extension of the time for completion of the Work and an equitable increase in the compensation payable to ICS under this Agreement if (i) the performance of the Work was properly scheduled by ICS in compliance with the requirements of this Agreement, and (ii) such rescheduling or postponement is required for the convenience of Client.

In addition to Client's right to direct a postponement or rescheduling under the preceding paragraph, if Client orders ICS for any cause other than an Event of Default by ICS to suspend, delay or interrupt the Work in whole or in part, the compensation payable to ICS under this Agreement and the Project Schedule shall be mutually adjusted for reasonable increases in the cost and time caused by such suspension, delay or interruption. Adjustment of the compensation payable to ICS under this Agreement shall include profit.

4.4. Damaged Facilities to be Restored. Where ICS, its subcontractors or any of its agents, cause damage to any part of the Facility during the Work, ICS shall restore or replace the damaged part to its original condition or to the reasonable satisfaction of Client as determined by the Client Contact.

4.5. Personnel. ICS shall secure, at its own expense, all personnel required in the performance of this Agreement. Such personnel shall not be deemed employees of Client for any purposes whatsoever. ICS further represents that all of the services required hereunder will be performed by ICS or under its supervision, all personnel so engaged shall be fully qualified and authorized under applicable law to perform such services, and that ICS is responsible for all Work of its subcontractors and agents.

4.6. Cleanup. ICS shall keep the Facility and the surrounding area free from accumulation of waste materials or rubbish caused by the Work and, upon completion of the Work, ICS shall remove all waste materials, rubbish, tools, construction equipment, machinery, and surplus materials.

4.7. Safety. ICS shall be responsible for initiating, maintaining, and supervising all safety precautions and programs in connection with the performance of the Work. ICS shall comply with all applicable laws, ordinances, rules, regulations, and lawful orders of public authorities related to safety of persons or property.

All materials, equipment, and supplies provided to Client must comply with applicable safety requirements as set forth by the State of Minnesota and all applicable OSHA Standards.

If any item(s) on order(s) resulting from this award(s) is a hazardous chemical, as defined under 29CFR 1910.1200, ICS shall provide one (1) copy of a Material Safety Data Sheet for each item with the shipped container(s) and one (1) copy to Client Contact.

4.8. Disposal Manifests. ICS shall provide to the Client Contact copies of all records (e.g., manifests, disposal facility receipt, etc.) which indicate that ICS has disposed of any and all equipment, including lamps, and ballasts.

4.9. Training by ICS. ICS shall provide training for Client within thirty (30) days of the Completion Date using final operation and maintenance data, and shall demonstrate operation of systems and equipment, and review with Client set points, operating parameters, control sequences and routine maintenance procedures.

4.10. Certificate of Substantial Completion for Warranty. After ICS has performed all Work, ICS shall submit a written Certificate of Substantial Completion for Warranty to the Facility's Client Contact as described in Exhibit I.

4.11. Compliance. ICS shall ensure that all Work complies with applicable local, state, and federal construction and environmental codes and regulations. However, ICS shall not be

obligated to provide any change to or improvement of the Facility or any portion thereof required under any applicable building, fire, safety, sprinkler or other applicable code, standard, law regulation, ordinance or other requirement unless the same expressly regulates the installation of the Work. Without limiting the foregoing, ICS obligations with respect to the Work do not include any compliance matters for changes or improvements not directly related to the installation of the Work or any governmental reviewing authority.

## **5. Acceptance.**

5.1. Authority. The Client Contact shall have final authority on behalf of Client to review and approve specifications, drawings, and related documents concerning the Work ("Construction Documents"), to approve and accept all equipment, materials and services, and to approve ICS invoices for payment. No approval by Client will act as a waiver of Client's rights or relieve ICS of its obligations under this Agreement.

5.2. Construction Documents. During the construction period, ICS shall keep copies of Construction Documents at the Facility for review by Client at all reasonable hours and shall provide a complete set to the Client upon completion of the Work as applicable for actual system design changes.

5.3. Satisfactory Performance. Within fifteen (15) days of receipt of an invoice, Client shall have the right to review the Work performed by ICS at the Facility, for purposes of determining whether the Work is deemed satisfactory. Where Client finds the Work performed by ICS unsatisfactory, the Client Contact shall provide ICS with a written notice of unsatisfactory Work within fifteen (15) days of its receipt of ICS's invoice. ICS shall provide to the Client Contact a reasonable satisfactory remediation plan for the Work within fifteen (15) days after receiving the Client Contact's notice of unsatisfactory Work. When the invoiced Work has been completed to the satisfaction of the Client Contact, the Client Contact shall approve the invoice for payment. See Exhibit G for the schedule of payments.

5.4. Work Completion. Upon receipt of the written Certificate of Substantial Completion for Warranty and project completion documents by ICS (as described in Exhibit G), the Client Contact shall review all Work and all project completion documents within fifteen (15) days. Upon approval of all Work and project completion documents, the Client Contact shall send the dated Certificate of Completion and Acceptance (Exhibit H) to all Parties. In the event the Client reasonably determines that additional work is required to complete the project, it shall promptly inform ICS, and ICS shall perform the additional work in accordance with a mutually agreed upon schedule.

5.5. Substantial Completion. Prior to final completion, ICS may provide written notice to Client that all or portions of the Work are Substantially Complete. Within ten (10) days of the date Client receives notice that a portion of the Work is Substantially Complete, Client shall inspect that portion of the Work and determine whether the same appears to have been performed in accordance with this Agreement; provided, however, a determination that the Work is Substantially Complete does not waive any warranty or contract claims. If the Work (or applicable portion thereof) appears to be complete and performed in accordance

with the Agreement, ICS and Client shall execute a Certificate of Substantial Completion for Warranty in the form attached hereto as Exhibit G, subject to minor work remaining as may be specified on a punch-list attached to the Certificate of Substantial Completion, the substance of which shall be mutually agreed to by the Parties. ICS shall complete and correct items on the punch-list before submitting the Notice of Work Completion to Client. If an item on the punch-list is Substantially Complete, the punch-list shall be amended to remove such item from the list of incomplete items and such items shall be re-inspected to confirm completion during the final inspection. Warranties required by this Agreement shall commence on the date of Substantial Completion of the Work or designated portion thereon or, if the Work is equipment for which start up is required, on the date of initial start-up. The Certificate of Substantial Completion shall identify the date of Substantial Completion for each portion of the Work and such date shall be the date the warranties commence for such Work or portion thereof.

5.6. Final Completion. After all the Work is substantially complete and all punch-list items have been completed, ICS shall provide written notice to Client that the Work has been finally completed. Upon Client's receipt of such notice from ICS, Client and ICS shall inspect the Work and determine whether it appears to have been completed in accordance with this Agreement. If the Work appears to be complete and performed in accordance with this Agreement, ICS shall issue a Certificate of Completion and Acceptance, substantially in the form attached as Exhibit H, which shall be executed by both Parties. The Certificate of Completion and Acceptance shall identify the date of Final Completion for any portions of the Work whose initial start occurred after the date of Substantial Completion and that is the date the warranties shall commence for such portions of the Work.

Final payment shall be due upon Final Completion. The making of final payment shall constitute a waiver of claims by Client except those arising from (i) any uncured breach of this Agreement by ICS for which Client has notified ICS prior to such payment that remains unsettled; and (ii) any warranties made by ICS regarding the Work.

## **6. General and Site-Specific Requirements.**

In order to minimize disruption of the use of the buildings, the parties agree to the "General Requirements" and "Site Specific Requirements" as set forth in Exhibits J and K, respectively, attached hereto and made a part hereof.

## **7. Change and Extra Work.**

Amendments of Agreement and Exhibits. Prior to the Completion Date, the parties may mutually agree in writing to a Change or Extra Work and any corresponding change in the schedule and payment to ICS for the Change or Extra Work. The Parties also recognize that the correct interpretation and administration of this Agreement depends in large part on the accuracy of all of the exhibits attached hereto, which may need to be amended according to the type of Change or Extra Work mutually agreed upon by the Parties. The Parties agree to amend this Agreement or the exhibits hereto as appropriate to reflect the agreed upon Change or Extra Work. Any "Change" or "Extra Work" providing for price or project schedule adjustments or relief will be made in accordance with the procedures established herein.

7.1. Client Initiated. Client, at any time prior to the Completion Date, may propose "Changes"

or “Extra Work” in writing. ICS shall respond by submitting to Client a proposed written proposal containing the initial cost, annual energy, operating, and long-term operating savings, payback period, and a schedule for completion of the Change or Extra Work within fifteen (15) days of Client’s request. ICS shall perform the Changes or Extra Work only upon receipt of Client’s approval of the written proposal and after execution of an amendment to this Agreement as required for performance of the Extra Work or Changes. Any Change or Extra Work performed by ICS which is not approved by Client’s Contact in writing shall not be approved for payment and will not be included in the final scope of Work. The Parties will amend any exhibit affected by the Change and/or Extra Work.

7.2. ICS Initiated. ICS, at any time prior to the Completion Date, may propose “Changes” or “Extra Work” in writing. ICS shall submit to Client a written proposal that explains the circumstances for the change, initial cost, annual energy, operating, and long-term operating cost savings, payback calculations and a schedule for completion of the Change or Extra Work. Client may accept or reject the request within ten (10) days. Failure by Client to respond within ten (10) days to the proposed change order shall be deemed a rejection by Client. ICS shall perform the Changes or Extra Work only upon receipt of Client’s approval of the written proposal and after execution of an amendment to this Agreement as required for performance of the Extra Work or Change. The Parties will amend any exhibit which will be affected by the Change and/or Extra Work.

## 8. Consideration and Payment.

8.1. Total Obligation. As payment for ICS’s performance of the Work, the Client shall pay or cause to be paid to ICS the sum of **Five Million Forty-Four Thousand Five Hundred Eighty-Five Dollars (\$5,044,585)** the “Contract Price”). ICS agrees that Client’s total obligation to ICS under this Agreement, including compensation for goods, services, and reimbursable expenses, shall not exceed the Contract Price without the prior written approval of the Client.

Compensation for ICS is structured as a guaranteed maximum price for this project. As competitive quotes from select subcontractors have been solicited during the development phase of this project, those prices, along with ICS experience with pricing similar projects, were used to derive the guaranteed maximum price which includes all project cost, including design, engineering, testing, permits, and insurance, warranty, and risk. Any If additional subcontractor bidding that results in a change of scope or lower price, those changes will result in a lower price to the customer. Project management staff will work with city administration and finance on an ongoing basis to track project costs, billing, and the result of any changes in scope of work and bidding. Overall project cost, and any potential savings, will be reconciled with the owner when the project is substantially complete.

The guaranteed maximum price of structure also provides that there will be no change orders on the scope of work that has been proposed. If there are customer driven changes in the scope of work, change orders may be agreed to mutually by the city and ICS.

8.2. Initial Payment. ICS shall receive an initial payment of **\$1,008,917 [20%]** of Total Obligation, for its engineering, drafting, mobilization, and other upfront costs, and other costs ICS incurred prior to execution of this Agreement by submitting an invoice upon the execution

of this Agreement.

8.3. Invoice & Payment. Client will pay ICS after ICS presents and invoice for the work completed and the Client Contact accepts the invoice. Invoices must be submitted timely and substantially in accordance with the anticipated billing schedule contained in Exhibit G. Payment shall be made within thirty (30) days following the receipt of a correct and proper invoice for the completed delivery of the product or services. If the invoice is incorrect,

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defective, or otherwise improper, Client will notify ICS within five (5) business days of Client's receipt of the invoice. Unless Client notifies ICS within five (5) business days after receipt of an invoice that the invoice is incorrect, defective or otherwise improper, such invoice shall be deemed to be correct and proper. If Client disputes any portion of any invoice submitted by ICS, Client shall pay the undisputed portion of the invoice on or before its due date and Client and ICS shall meet promptly to discuss Client's concerns about the remaining portion of the invoice.

8.4. Interest on Unpaid Invoices. Except for a properly disputed portion of an invoice, Client shall pay to ICS for any invoice not paid by its due date interest at the lesser of the maximum allowable legal interest rate or 1.5% of the unpaid principal amount due at the end of each month (the "Default Rate").

8.5. Energy Incentives. ICS will make reasonable efforts to obtain for the benefit of Client utility and other credits, incentives, rebates, rewards, awards or other incentives (collectively, "Energy Incentives") that may be available to reduce the cost of the Work. ICS will cooperate in good faith with Client to submit all paperwork associated with such Energy Incentives and Client agrees that it will cooperate in good faith with ICS to the same end. Client recognizes that the availability of such Energy Incentives are dependent upon circumstances beyond the reasonable control of ICS, including, without limitation, the circumstances of the various governmental, utility and other programs under which they arise, including timing and program utilization. Client agrees to use all rebate money for either the completion of additional work under this Contract or to cover costs associated with the Contract. Client agrees that the figure in Exhibit B for "Total Incentive Amount" and any other estimates by ICS of the value of such Energy Incentives set forth in this Agreement or in the Energy Assessment Report are not a guarantee that such amount of Energy Incentives will be available or provided to Client.

8.6. Assumptions Underlying Contract Price and Savings. ICS has disclosed to Client and Client acknowledges that ICS's ability to deliver the work for the Contract Price on the proposed completion timeline and its ability to deliver the estimated energy, operating, and long-term operating savings as defined in Section 9 of this Agreement is dependent upon the assumed conditions set forth in this Agreement, including without limitation, the following:

- Client executing and issuing ICS a written notice to proceed with the Work no later than September 15, 2023;
- ICS allocated a portion of the Federal tax incentive Section 179D deduction or other similar deductions as more particularly set forth in Section 10.5 of this Agreement;
- Client promptly performing Client's Responsibilities set forth in Section 10 of this Agreement;
- Client maintaining the operating parameters for the completed work as set forth in Exhibit D;
- The absence of material changes in the use of any facility or equipment that contributes to the projected energy, operating, and long-term operating savings; and
- The absence of asbestos or other hazardous materials that must be removed or remediated for the Work to be completed.

Client agrees that in the event any of the foregoing assumed conditions is not satisfied or there

are material departures from Client's assumed performance that are not primarily due to the acts or omissions of ICS, then ICS shall be entitled to a reasonable adjustment in the Contract Price, Project completion date and/or total energy, operating, or long-term operating savings, as applicable, to reflect the difference between the assumed and actual conditions.

## **9. Energy, Operating and Long-Term Operating Savings**

9.1. **Total Savings.** ICS provides that the aggregate amount to be saved at the entire Facility in utility, operation and maintenance costs over the term of this Agreement shall be at least the savings as set forth in Exhibit D (the "Energy, Operating, and Long-Term Operating Savings").

**10. Client Responsibilities.** Client agrees to perform the following tasks in addition to those set out in Exhibit I of this Agreement:

10.1. **Daily Operations.** After acceptance by Client of the Work performed by ICS according to Section 5, Client shall be responsible for all routine maintenance as set out in the original equipment manufacturer's documentation provided by ICS to the Client. ICS will provide a set of operating parameters that need to be maintained to obtain the energy, operating, and long-term operating savings outlined in Exhibit D.

10.2. **Automatic Functions.** To protect public health and safety, or Client property, Client may manually override any automatic function provided by ICS's equipment furnished hereunder, or make changes in operating procedures specified. In that event, the Parties shall make the necessary changes to the established baseline.

10.3. **Access.** Client shall grant ICS reasonable access to the Facility to perform ICS's Responsibilities described in Exhibit I.

10.4. **Energy Management System.** Client shall provide standard energy management system reports and access to the Building Automation System to ICS for monitoring when requested by the Client or ICS.

10.5. **Allocation of Section 179D Deductions.** In the event that the federal tax deduction for energy-efficient commercial buildings previously referred to as the Section 179D deduction is reinstated, extended or renewed or is replaced by a similar federal or state tax deduction Client hereby acknowledges that ICS is the "designer", i.e. the architect, engineer or other professional who created the technical specifications that incorporated energy efficiency into the Work or qualifies as the analogous professional under any successor federal or state tax deduction or tax credit program and entitled to claim the full deduction or credit, as applicable. Client will execute any documents or take any action reasonably requested by ICS to enable ICS to claim and apply for this tax benefit.

10.6. **Equipment Location and Access.** Client shall provide, without charge, a mutually satisfactory location or locations for the installation and operation of the equipment and the performance of the installation work, including sufficient areas for staging, mobilization and storage. Subject to Client's reasonable limitations on access related to the operations at the Facility, Client shall provide reasonable access to the Facility for ICS and its subcontractors



during regular business hours, or such other hours as may be requested by ICS and acceptable to Client, to install, adjust, inspect, and correct the installation work provided as part of the Work. ICS's access to correct any emergency condition shall not be restricted by Client, provided that advance notice has been given to Client Contact.

10.7. Utilities During Construction. At no cost to ICS, Client shall provide and pay for water, heat, and utilities consumed by ICS during performance of the Work hereunder.

11. **Insurance**. ICS shall maintain in full force and effect, at its expense, property, casualty, workers' compensation and liability insurance as specifically described in Exhibit M. .

**12. Asbestos/Hazardous Materials/Concealed & Unknown Conditions.**

12.1. Asbestos/Hazardous Materials. Client and ICS agree that the Work does not include the removal or remediation of asbestos or any hazardous material and ICS shall have no obligation to remove asbestos or other hazardous materials encountered during the Work. The obligation and cost of such removal or remediation shall be the sole responsibility of Client. In the event ICS encounters asbestos or other hazardous material, ICS shall stop all Work immediately and shall notify Client at once to determine the appropriate action. Any delay in completion of the Work according to the Project Schedule in Exhibit E caused by ICS's encounter with asbestos or other hazardous material and Client's determination of appropriate action to correct the situation shall not constitute an Event of Default. The parties agree to meet in good faith to discuss any Change to the work, Contract Price, completion date and/or scheduling of Work necessitated by a delay under this section.

12.2. Concealed and Unknown Conditions. If ICS is delayed in the commencement, performance, or completion of the Work and/or Post-Completion Services by causes beyond its control and without its fault, including, but not limited to, inability to access the Facility, concealed or hidden conditions encountered at the Premises (including the presence of Asbestos or other Hazardous Materials), a Force Majeure Event (defined below), failure by Client to perform its obligations under this Agreement, or failure by Client to cooperate with ICS in the timely completion of the Work, ICS shall provide prompt verbal and written notice of such condition to the Client, and the parties shall promptly agree upon a solution to the condition. ICS shall be entitled to an equitable increase in the compensation payable under this Agreement or Project Schedule necessitated by delay under this section.

13. **Indemnification**. ICS shall indemnify and hold harmless Client, its agents and employees, from and against any and all claims, demands, or causes of action, and damages, including reasonable attorney's fees incurred by Client, arising out of the performance of this Agreement but only to the extent caused by the proven fault of ICS or ICS agents, employees, or subcontractors. Following the Completion Date, Client assumes all risk and liability for the use operation and storage of the equipment installed as part of the Work, and for injuries or death to persons or damage to property arising out of the use, operation or storage of the Equipment, except for any injuries or death to persons or property caused

by the proven negligence of ICS, its employees or agents. Client shall indemnify and hold ICS, its employees and agents harmless against all claims, demands, causes of action, and damages, including reasonable attorney's fees, but only to the extent caused by any proven negligent, intentional or wrongful act, error or omission of Client in the performance of this Agreement. This section shall not be construed to bar either Party from exercising any legal remedies it may otherwise have under this Agreement for the other Party's failure to fulfill its obligations pursuant to this Agreement.

**14. Performance and Payment Bonds.** ICS shall furnish labor and material payment and bonds (the "Bonds"), in an amount equal to the Cost of the Work. The Bonds shall cover completion of the physical work per the approved design and shall not cover any design obligation or any warranty of efficiency or system performance. The Bonds shall not cover any obligation of ICS to ensure that the Work as constructed will result in any level of energy savings. To the extent permitted by law, any claim on the Bonds must be brought within one (1) year after substantial completion as defined in the contract. Payment Bond is intended for the use and benefit of all persons furnishing labor and materials who are engaged by ICS. Performance Bond is intended for the use and benefit of the Client to complete the Work as described in Exhibit C. These bonds shall be released within forty-five (45) days of the Completion Date. The surety for each such bond shall be an insurance company or corporate surety licensed to do business in the state of Minnesota. The Bonds shall contain a provision requiring reasonable advance notice to Client in the event that ICS is in default of any obligation in relation to the Bonds. An example of the Payment and Performance Bond required by this Section 14 is contained in Exhibit M, attached hereto and incorporated herein by reference.

**15. Representations and Warranties.**

15.1. ICS warrants and represents to Client as follows:

- A. ICS has all requisite power, authority, licenses, and permits to execute and deliver this Agreement and perform its obligations hereunder.
- B. ICS execution, delivery, and performance of this Agreement have been duly authorized and constitute a legal, valid and binding obligation on ICS.
- C. ICS execution, delivery, and performance of this Agreement will not result in a breach or violation of, or constitute a default under, any agreement, lease or instrument to which ICS is a party or by which ICS or its properties may be bound or affected.
- D. ICS has not received any notice, nor to the best of its knowledge is there pending or threatened any notice of any violation of any applicable laws, ordinances, regulations, rules, decrees, awards, permits or orders which would materially adversely affect its

ability to perform hereunder.

- E. ICS has made secure provisions for promptly paying all its suppliers and subcontractors in connection with this Agreement.
- F. ICS has prepared the Recommendations in good faith based on generally accepted engineering practices and mathematical formulas.
- G. ICS has all right, title and interest in, or appropriate licenses to use, any intellectual property required by this Agreement to be installed, employed, or modified.

15.2. ICS Warranty/Assignment of Manufacturer's Warranty. ICS expressly warrants to Client that the services performed under this Agreement will be of professional standards and quality comparable in the energy efficiency industry and will comply with all applicable laws, codes and regulations. ICS further warrants that all equipment (including the material supplied by ICS) installed as part of this Agreement are new, in good and proper working condition and shall be free from material defects and protected by appropriate written manufacturers warranties covering all parts and equipment performance. ICS agrees to deliver all warranty documentation to the Client Contact as required in Section 4.10. ICS agrees that Client will pursue rights and remedies against manufacturer for equipment under warranties in the event of equipment malfunction or improper or defective function, and defect in parts, workmanship and performance. ICS agrees to reasonably cooperate with Client in enforcing warranties.

ICS shall use reasonable efforts in its negotiations with manufacturers to ensure that all manufacturers' warranties shall be transferable and extend to Client. The warranties shall specify that only new and non-re-conditioned parts may be used and installed when repair is necessitated by malfunction. All warranties required hereunder shall be in force for a minimum of one year from the date of installation.

15.3. Obligation to Correct Non-Conforming Services. ICS will promptly correct any nonconforming services within the Work for no charge, as long as Client provides written notice to ICS within one (1) year following the commencement of the warranty for the Work at issue ("Warranty Period"). If Client fails to reasonably notify ICS and provide ICS an opportunity to undertake the correction during the Warranty Period, Client waives the rights to require correction by ICS and to any claim for breach of warranty. The remedies set forth in this Section 15.3 with respect to the services within the Work, together with any remedy provided by goods or equipment manufacturers, shall be Client's sole and exclusive remedies for warranty claims. These warranties do not extend to any Work that has been abused, altered, misused, or repaired by Client or third parties without the supervision or prior written approval of ICS. ICS shall not be considered a merchant or vendor of goods or equipment within the Work. NO OTHER WARRANTY OR GUARANTEE, EXPRESSED OR IMPLIED, IS MADE WITH RESPECT TO THE WORK AND ALL IMPLIED WARRANTIES ARE DISCLAIMED.

15.4 No Representations or Warranties with Respect to Client Financing or Taxes. ICS does not make any representation or warranty to Client with respect to matters not expressly addressed by this Section, including, but not limited to:

- A. Client's ability to obtain any financing or pay for the Work; and
- B. The necessity of Client to raise taxes or seek additional funding for any purpose.

Client is solely responsible for its obligations and determinations with respect to the foregoing matters.

## **16. Event of Default.**

16.1. Default by Client. Each of the following events or conditions shall constitute an "Event of Default" by Client:

- A. Failure to make payments in accordance with Sections 5 and 8 of this Agreement.
- B. Any other material failure to perform or comply with the terms and conditions of this Agreement, including breach of any covenant or duty contained herein, provided that such failure continues for thirty (30) days after written notice to Client to cure such failure to perform. In the event the default is cured within said period, this Agreement shall remain in full force and effect.

16.2. Default by ICS. Each of the following events or conditions shall constitute an "Event of Default" by ICS:

- A. The installation of the materials and equipment is not completed in a satisfactory manner, according to the terms of this Agreement, within (30) days from receipt of written notice to ICS to cure said default. In the event the default is cured within said period, this Agreement shall remain in full force and effect.
- B. Any representation or warranty furnished by ICS in this Agreement, which is knowingly false or misleading in any material respect when made.
- C. Any other material failure by ICS to perform or comply with the terms and conditions of this Agreement, including breach of any covenant or duty contained herein, provided that such failure continues for thirty (30) days after written notice to ICS to cure such failure.

## **17. Remedies Upon Default.**

17.1. Default by Client. Upon the occurrence of an Event of Default by Client, ICS may elect to enforce one or more of the following remedies:

- A. Terminate this Agreement by delivery of a notice declaring termination, whereupon ICS may enter the premises on which the Work is being performed and remove ICS property, which shall include equipment not paid for by the Client.
- B. Seek damages in the amount of all payments, then or thereafter owing from Client to ICS pursuant to this Agreement, together with all costs and expenses reasonably

incurred in exercise of its remedies (including reasonable attorneys' fees and court costs) in seeking and enforcing any or all of the remedies provided in this section;

- C. Seek specific performance of the terms and conditions of this Agreement to the extent permitted by law, including without limitation injunctive relief where appropriate; and/or
- D. Suspend further provision of the Work. If delivery of the Work has been suspended as a result of Client's default and Client and ICS agree to arrange for the reinstatement of the performance of the Work, Client shall pay to ICS a performance reinstatement fee in such amount or amounts, and payable on such date or dates as shall be reasonably acceptable to ICS, as will reimburse ICS for its actual costs (including overhead and interest at the Default Rate) to be incurred in reinstating performance of the Work; provided, however, that nothing herein shall obligate ICS to reinstate the performance of the Work.
- E. If the performance of Work is stopped for a period of sixty (60) consecutive days through no act or fault of ICS, its subcontractors or employees because Client has repeatedly failed to fulfill Client's obligations under this Agreement with respect to matters important to the progress of the Work, ICS may, upon seven additional days' written notice to Client, terminate this Agreement and recover from Client payment for Work performed and a proven loss with respect to materials, equipment, tools and construction equipment and machinery, including reasonable overhead, profit and damages based on the Work completed to date.

**17.2. Default by ICS.** Upon the occurrence of an Event of Default by ICS, Client shall have the right to:

- A. Seek specific performance of the terms and conditions of this Agreement to the extent permitted by law, including without limitation injunctive relief where appropriate;
- B. Terminate the Agreement by delivering a notice declaring termination (permitting ICS to enter the Premises and remove all of its Property), including equipment not paid for by Client); and/or
- C. Seek damages.

## **18. Termination.**

**18.1 For Uncured Breach.** Either party may terminate this Agreement thirty (30) days after written notice to the other party of any material breach of this Agreement by such party that has not been cured within such thirty (30) day period (an "Event of Default"). The notice must set forth the nature of the breach with reasonable specificity. In the event of a termination initiated by the Client and after equipment has been installed, ICS shall not be responsible for performance arising after the date of such termination. Additionally, ICS shall be entitled to payment, calculated on a pro rata or other equitable basis for work or services satisfactorily performed and for reasonably unavoidable cancellation, demobilization and/or restocking

charges incurred for materials and/or equipment. Notwithstanding the foregoing, ICS shall have the right to terminate this Agreement if Client fails to pay any amounts due hereunder within five (5) days after written notice.

18.2 Bankruptcy. In addition to Section 18.1 and any other rights it may have at law or in equity, either party may terminate and without liability suspend all activity related to this Agreement immediately if the other party is adjudicated bankrupt, ceases to do business as a going concern, makes an assignment for the benefit of creditors, permits the appointment of a receiver, or otherwise avails itself of or becomes subject to any bankruptcy or insolvency statute.

18.3. Non-Appropriation. Client reserves the right to terminate this Agreement without penalty due to non-appropriation of funds.

## 19. General Provisions

19.1. Governing Law, Jurisdiction and Venue, Arbitration and Litigation. This Agreement is governed by the laws of the State of Minnesota. The venue for any dispute resolution proceedings is agreed to be in Hennepin County, State of Minnesota, and the Parties consent to such jurisdiction. The Parties shall proceed as follows with respect to any dispute, claim or controversy (a 'Dispute') arising under this Agreement:

- A. First, the Parties shall attempt to resolve the Dispute informally by discussion and negotiation in good faith between the ICS Contact and the Client Contact.
- B. If such informal dispute resolution effort is not successful, then either Party shall have the right to seek resolution of a Dispute by providing written notice of the Dispute to the President of ICS and Client Contact, which notice shall be deemed sufficient notice to each Party. Within three (3) Business Days of such notice, the President and Client Contact and/or their designees with authority to resolve the Dispute shall meet, review such relevant information as they may determine and render their decision within three (3) business days of such meeting (or such other timeline to which they mutually agree).
- C. If the President and the Client Contact cannot arrive at a mutually agreeable decision within the three (3) Business Day period provided, either Party may proceed to arbitration in accordance with the Construction Industry Arbitration Rules of the American

Arbitration Association in effect on the date of this Agreement. Such unresolved Disputes shall be subject to arbitration upon written demand of either party. The parties shall agree upon an arbitrator within 45 days of the written request for arbitration, or the arbitrator shall be selected by the Hennepin County District Court, Minnesota. The Parties shall cooperate in good faith to reach agreement upon undisputed facts, and to agree upon reasonable time periods, discovery limits and other limits to apply to the arbitration proceeding, so that its scope, duration and expense is proportionate to the Dispute and issues involved. A judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Notwithstanding the foregoing, if any Dispute exceeds \$100,000 either Party, at its sole option, may provide written notice to litigate the matter either before it receives a notice of arbitration or within ten (10) days after receipt of such notice. Such notice shall be binding on the Parties and the entire Dispute shall be resolved through litigation in Hennepin County District Court.

- D. For Disputes governed by arbitration, either ICS or Client, at its sole discretion, may include by joinder persons or entities substantially involved in a common question of law or fact whose presence is required if complete relief is to be accorded in arbitration, provided that the party sought to be joined consents in writing to such joinder. Consent to arbitration involving an additional person or entity shall not constitute consent to arbitration of any claim, dispute or other matter in question not described in the written consent. ICS and Client grant to any person or entity made a party to an arbitration conducted under this Section, whether by joinder or consolidation, the same rights of joinder and consolidation as ICS and Client under this Agreement.

19.2. Conditions Beyond Control of Parties. Neither party will be responsible for any failure to comply with, or for any delay in performance of, the terms of this Agreement where the failure or delay is due to acts of God or the public enemy, war, riot, embargo, fire, explosion, sabotage, flood, strikes, labor disputes, defective equipment not owned or controlled by that party, default of subcontractors, accident; or, without limiting the foregoing, any circumstances of like or different character beyond its control (collectively, "Force Majeure Event"). If either party is unable to perform under this Agreement for more than sixty (60) due to a Force Majeure Event, then the other party may terminate this Agreement upon fifteen (15) days' written notice.

19.3. Notices and Changes of Address.

All notices to be given by either party to the other shall be in writing and must be either delivered in person or mailed by registered or certified mail, return receipt requested, addressed as follows:

To ICS:

Andy Faulkner, President  
1331 Tyler Street NE, Suite 101  
Minneapolis, MN 55413  
Office: 763-354-2670

To Client:

Kris Busse, City Administrator, City of Owatonna  
540 West Hills Circle  
Owatonna, MN 55060  
Office: 507-444-4300

Or such other addresses as either party may hereinafter designate by a written notice.

19.4. Successors and Assigns. ICS binds itself jointly and severally, its successors, executors, and administrators to Client in respect to all covenants of this Agreement. ICS shall not assign or transfer any part of its interest in this Agreement or any right or duty under this Agreement in whole or in part of without prior written consent of Client.

19.5. Permits. ICS shall be responsible for obtaining all governmental permits, consents, and authorizations as may be required to perform its obligations hereunder.

19.6. Compliance by ICS Subcontractors and Consultants. ICS shall provide and require in all of its contracts or subcontracts with other parties who provide services in regard to performance of this Agreement that such subcontractors, consultants, or other parties contracting with ICS with regard to performance of this Agreement shall comply with those requirements of Minnesota law specified herein and otherwise required of persons performing work for the Client of the type contemplated under this Agreement.

19.7. No Waiver. The failure of ICS or Client to insist upon the strict performance of the terms and conditions hereof shall not constitute or be construed as a waiver or relinquishment of either party's right to thereafter enforce the same in accordance with this Agreement in the event of a continuing or subsequent default on the part of ICS or Client. The waiver of any default by either party shall not be deemed a continuing waiver but shall apply only to the instance to which such a waiver is directed.

19.8. Complete Agreement. This Agreement, when executed, together with all exhibits attached hereto as provided for by this Agreement, shall constitute the entire agreement between both parties and shall take precedence over any prior communication between the Parties, including different or additional terms and conditions that either of them may have included in any documents that were not incorporated into this Agreement or the attached exhibits. Any handwritten changes on the face of this document shall be ignored and have no legal effect unless initialed by both parties.

19.9. Severability. In the event that any clause or provision of this Agreement or any part thereof shall be declared invalid, void or unenforceable by any court having jurisdiction, such invalidity shall not affect the validity or enforceability of the remaining portions of this Agreement unless the result would be manifestly inequitable or unconscionable.



19.10. Recitals. The background recitals set forth at the beginning of this Agreement are expressly incorporated into and made an integral part of the body of this Agreement and the terms of the Recitals fix the obligations of the parties and are binding upon them in the same way and to the same extent as all other provisions of this Agreement.

19.11. Headings. The headings of all provisions are for ease of reference only. The headings in no way define, limit or describe the scope, intent or obligations of the provisions of this Agreement and therefore are not to be used in construing this Agreement.

19.12. Amendments. Amendments to this Agreement shall be valid only if they are in writing and are signed by the same parties, or their successors in office, who signed the original Agreement.

19.13. Limitation on Liability. Except as otherwise provided in this Agreement, in no event shall the Parties be liable to one another for any indirect, consequential, incidental, lost profits or like expectancy damages.

- A. Client's Liability. The Client's maximum obligation under this Agreement shall not exceed the amount set forth in Section 8.1, subject to adjustments for changes or claims for extra work, and other adjustments or increases expressly permitted under this Agreement.
- B. ICS Liability. The total liability of ICS to Client for any and all claims arising out of this Agreement, whether caused by negligence, errors, omissions, strict liability, breach of contract or contribution, or indemnity claims based on third party claims, shall not exceed the compensation paid to ICS under this Agreement.

Ownership of Works and Intellectual Property Rights. For the purposes of this paragraph, the term "Works" includes creative writings, research data and reports, writings, sound recordings, pictorial reproductions, drawings, film and video recordings, and other graphical representations, software, business methods, inventions, improvements, and discoveries, and works of any similar nature (whether or not eligible for copyright, trademark, patent or other proprietary rights), which are to be prepared for the Client and delivered under this Agreement. It does not include any of ICS's background intellectual property. Ownership of the Works and all copyrights, trademarks, patents and other proprietary rights in the Works shall be owned exclusively by ICS. Notwithstanding the foregoing, the Client shall have a license to utilize the Works to maintain its equipment or to complete the Work in the event of a termination of ICS for cause. The Client shall not have a license to use the Works for any other project.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed  
intending to be bound thereby.

**CITY OF OWATONNA, MINNESOTA**

By \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

**ICS CONSULTING, LLC.**

By \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

DRAFT COPY FOR REVIEW

## EXHIBIT A: FACILITIES DESCRIPTION

Projects under this agreement will be completed at these locations:

| Facility Name                   | Address                                     | Contact                                    | Contact Phone |
|---------------------------------|---------------------------------------------|--------------------------------------------|---------------|
| Merrill Hall (Merrill Building) | 560 Dunnell Drive,<br>Owatonna, MN<br>55060 | Jenna Tuma, Parks &<br>Recreation Director | 507-444-4300  |

## EXHIBIT B: PROJECT TABLE WITH COSTS AND ESTIMATED SAVINGS

Projects to be completed are listed in the table below along with the project cost, estimated annual energy savings, estimated operating savings, and estimated long-term operating savings. Please note that asbestos remediation is in this budget however not included to be completed under this contract. ICS will coordinate specialty contracting to survey and remove asbestos from the affected areas.

City of Owatonna, Minnesota - Merrill Hall Energy Efficiency Projects Table

| Project Selection Worksheet |                                                                                     | "Selected Only Projects" |                                              |         |                     |                     |                   |
|-----------------------------|-------------------------------------------------------------------------------------|--------------------------|----------------------------------------------|---------|---------------------|---------------------|-------------------|
| Selected                    | Facility Improvement Measure (FIM) Description                                      | Budget \$                | Annual Operational Impact Savings (Increase) |         |                     | One Time Savings \$ |                   |
|                             |                                                                                     |                          | Utility \$                                   | O&M \$  | Cap. Cost Avoidance | Rebates             | Tax Credit/ Grant |
| MERRILL BUILDING            |                                                                                     |                          |                                              |         |                     |                     |                   |
|                             | Mechanical/Electrical                                                               |                          |                                              |         |                     |                     |                   |
| x                           | Inter/Exterior LED Lighting Retrofit (Does not incl. theater, green/dressing rooms) | \$482,201                | \$4,544                                      | \$450   | \$24,110            | \$9,320             | \$0               |
| x                           | HVAC System Upgrade - Convert to Hot Water/DDC Upgrade (Daycare area only)          | \$3,200,981              | \$16,129                                     | \$4,000 | \$160,049           | \$211,795           | \$0               |
| x                           | Building Electric Service & Distribution Upgrade                                    | \$205,174                | \$0                                          | \$0     | \$10,259            | \$0                 | \$0               |
| x                           | Fire Sprinkler System & New Water Service                                           | \$424,675                | \$0                                          | \$0     | \$21,234            | \$0                 | \$0               |
| x                           | Fire Detection System Upgrade                                                       | \$364,396                | \$0                                          | \$0     | \$18,220            | \$0                 | \$0               |
|                             |                                                                                     | \$0                      | \$0                                          | \$0     | \$0                 | \$0                 | \$0               |
|                             | Envelope/Interiors                                                                  |                          |                                              |         |                     |                     |                   |
| x                           | Remove Asbestos Containing Material                                                 | \$253,262                | \$0                                          | \$0     | \$12,663            | \$0                 | \$0               |
| x                           | Replace Roofing                                                                     | \$367,158                | \$0                                          | \$0     | \$18,358            | \$0                 | \$0               |
|                             |                                                                                     | \$0                      | \$0                                          | \$0     | \$0                 | \$0                 | \$0               |
|                             |                                                                                     | \$5,297,847              | \$20,673                                     | \$4,450 | \$264,892           | \$221,115           | \$0               |

Notes on the above table:

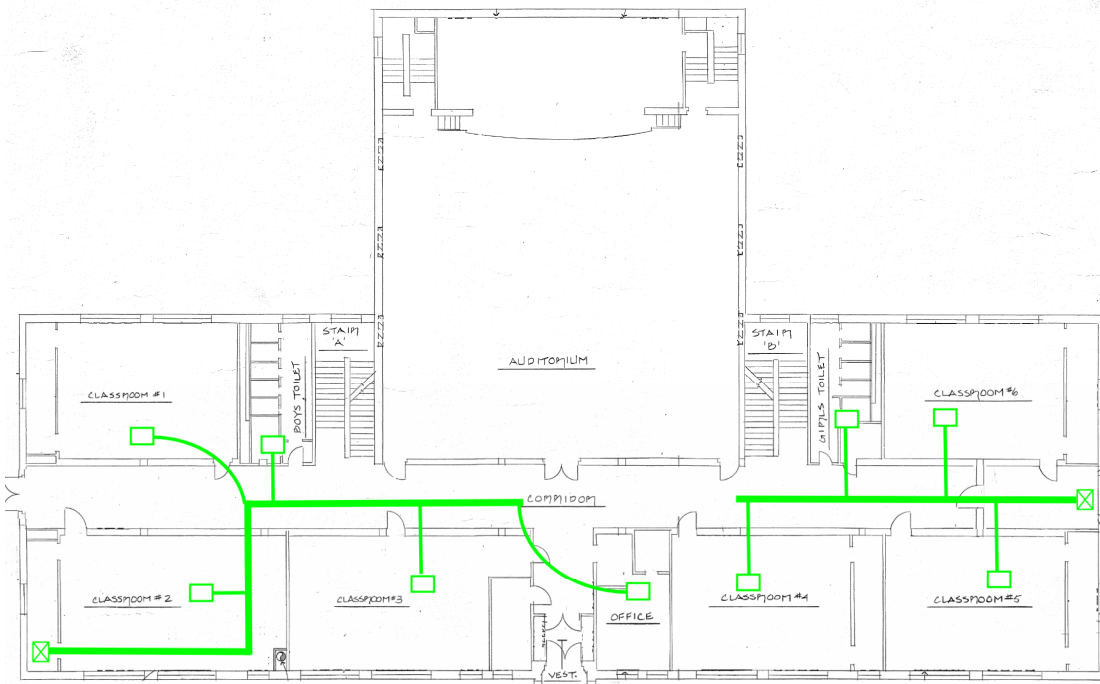
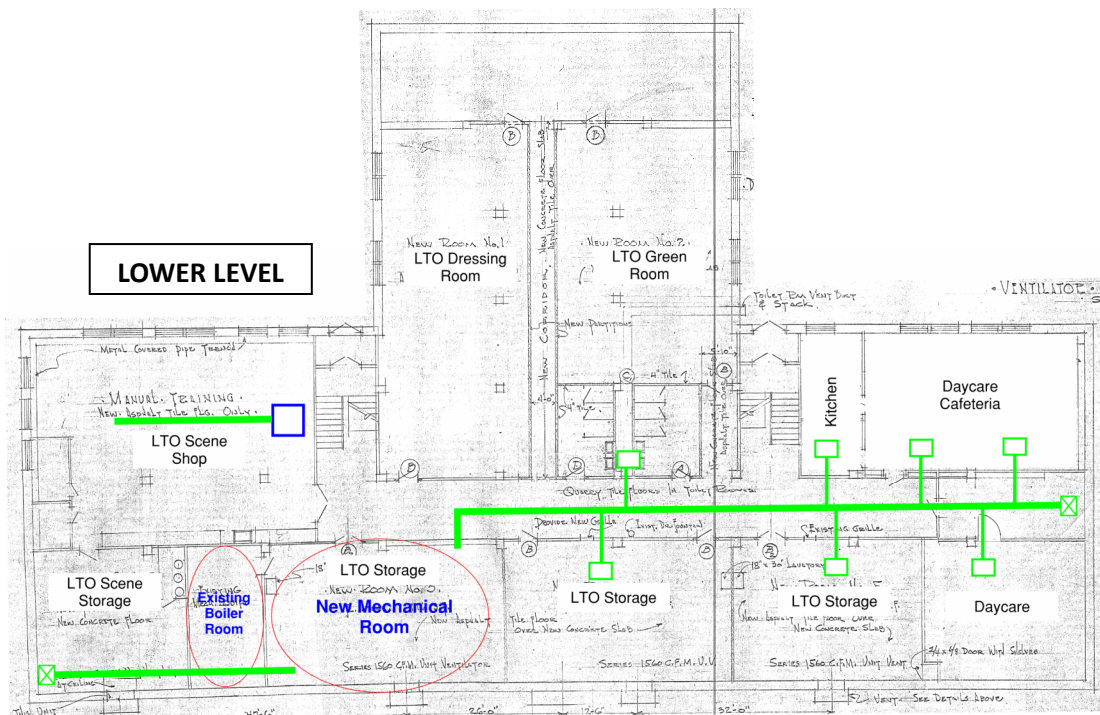
1. Project budget is a fixed amount
2. Project costs will not go up or down by the exact amount shown with changes in scope of work since soft costs such as project management, design, permitting, auditing, etc. are distributed among all projects.
3. Line item **"Remove Asbestos Containing Material"** budget is **NOT** included in the scope of this project by ICS. ICS will coordinate ACM removal with specialty contractors as necessary.

## EXHIBIT C: SCOPE OF WORK

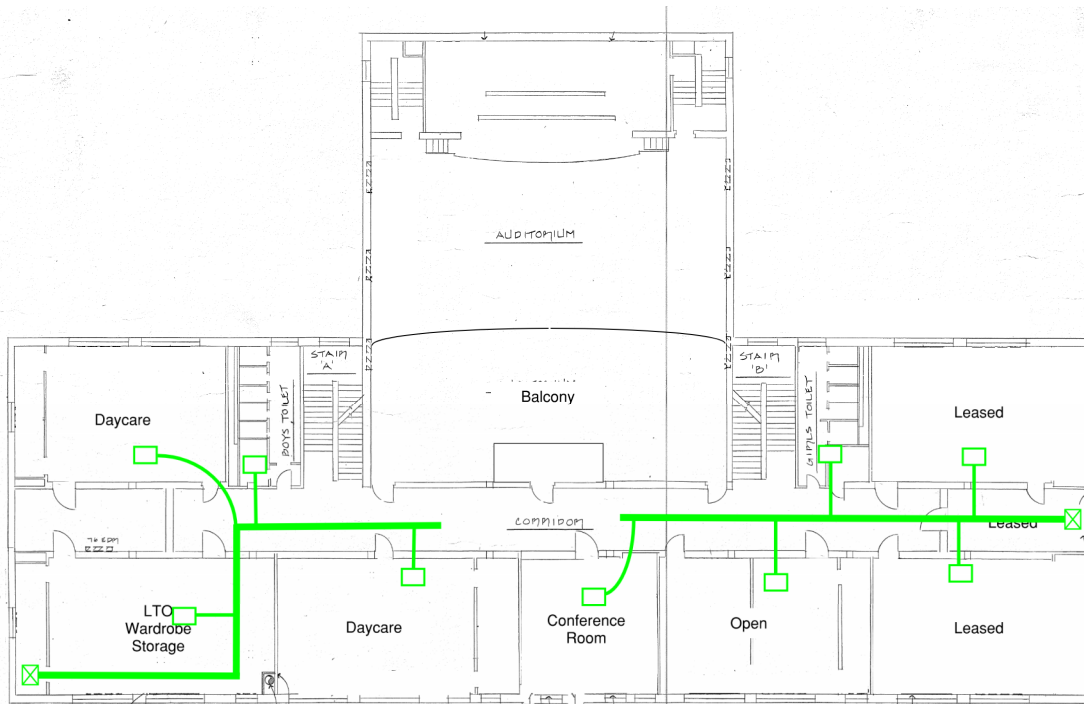
ICS shall provide turnkey project implementation including design, engineering, construction management, commissioning, and any other services necessary for the implementation of the following scope of work that is included in the Energy Efficiency Projects Agreement executed between the City of Owatonna, Minnesota and ICS.

The following recommendations are NOT mutually exclusive and must be done as one project. The equipment capacities listed are estimates only and will be finalized during the design development phase. Manufacturer cut sheets of the proposed basis of design for major lighting and HVAC equipment components are provided after the scope of work summary along with a schematic HVAC system layout.

- Remove asbestos-containing material (ACM) on steam and condensate piping from all three floors of the building, and other ACMs as needed for project implementation (i.e., floor tile, plaster-lathe ceilings, etc.). This scope of work will be contracted to the city by others but coordinated with other project work by ICS.
- Remove steam boilers, condensate equipment, R-22 chiller, all steam/condensate pipe, chilled water pipe, fan-coil units, DX/gas furnaces, and lighting from all three floors of the daycare portion of the building. The ground-mounted DX/gas RTUs serving the auditorium will remain in service.
- Install two 750 MBH high-efficiency hot water boilers, redundant hot water heating pumps, air separator, expansion tank, insulated hot water distribution piping, finned-tube radiation, and balancing/isolation valves for a complete and operable hot water heating system. Fill the system with a 30% propylene glycol solution. The new central heating plant will be located in the existing boiler room.
- Install a 70 TON high-efficiency air-cooled condensing unit, insulated refrigerant pipe, filter-dryer, and services valves for a complete and operable direct expansion (DX) cooling system. Upgrade the building's electrical service and main electrical distribution panel as required to accommodate added electrical loads of new cooling equipment.
- Install a 27,000 CFM variable volume air handling unit with a hot water heating coil and DX cooling coil to serve the daycare portion of the building. Connect air handling unit to new central heating plant and air-cooled condensing unit. The new air handling unit will be located in the storage room next to the existing boiler room.
- Install a dedicated 3,000 cfm heating and ventilation air handling unit to serve the scene shop on the lower floor. The unit will be connected to the new central hot water heating plant but will not have air conditioning.
- Install insulated air distribution ductwork, fire/smoke dampers, balancing dampers, power roof ventilators, and variable air volume boxes with hot water reheat coils for a complete and operable zoned HVAC system. Some space will be lost on the first and second floors to accommodate the installation of vertical chases to accommodate the new supply/return ductwork and hot water piping.
- Install direct digital controls on all new equipment, and existing equipment serving the auditorium. Tie all DDC to a graphic head-end capable of remote access.
- Install a new fire sprinkler system to serve the entire building, except the unheated attic, which will require a dry system. A larger building water service will be required to accommodate the fire sprinkler system.
- Install a new intelligent fire panel and relocate the existing detection and notification devices as needed.
- Install new LED lighting in the daycare portion and exterior of the building. The theater is not included.
- Install new acoustic ceiling tile (ACT) throughout the building to conceal new ductwork, piping, and wiring. The theater is not included.



FIRST FLOOR PLAN  
SCALE: 1/8" = 1'-0"



**SECOND**  
~~FIRST~~ FLOOR PLAN  
SCALE: 1/8" = 1'-0"



Product data sheets for the above described scope of work follow. These are representative of equipment to be ordered.



# EVOLUTION<sup>®</sup>

Higher Efficiency Heating Equipment

## PREMIUM COPPER-FIN TUBE BOILER CONSTRUCTION AND DESIGN

- **Rugged Heat Exchanger Design**
  - Gasketless headers
  - Water-backed tube sheets
  - 20-Year thermal shock warranty
- **Robust Copper-Fin Tubes**
  - .072" Wall thickness
- **Advanced Combustion**
  - <10 ppm ultra-low NOx emissions
  - <50 dBA noise levels
- **Maintenance-Free Burner**
  - 10 year warranty
- **Unmatched Fireside Heating Surface**
- **Small Footprint**
  - 6 sq. ft / 11 sq. ft.
- **Up to 87% Efficiency**
- **UL Certified Boiler Package**



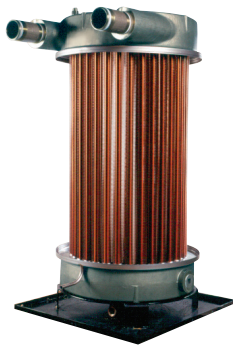
**THERMAL<sup>®</sup>**  
**SOLUTIONS**  
Innovative Equipment for Hot Water Systems



**T**hermal Solutions designed its Evolution high efficiency copper-fin tube boiler to meet the complexities of today's building systems. For nearly two decades, the Evolution boiler has been the industry benchmark for quality, reliability, and performance.

The Evolution takes copper-fin tube boiler technology to the next level by incorporating a list of unique design features. These include rugged heat exchanger design, advanced maintenance-free combustion and ease of installation and service. **The Evolution boiler truly is a step above the rest!**

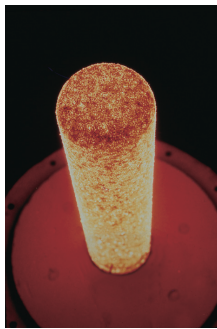
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**Heat Exchanger**

### **Rugged Heat Exchanger Design**

Central to the boiler's design is its heat exchanger, which boasts twice as much heating surface than our competition. The rolled copper fin-tube, patent H/F Trufin is extruded from a solid piece of copper, resulting in a high quality component, and unsurpassed heat transfer. The gasket-less header design allows for easy inspection, cleaning, and individual tube replacement. Completely enclosed in a stainless steel compartment, the combustion chamber effectively handles short-term condensing periods (cold start) to protect the boiler. The Evolution heat exchanger has thicker tubes (.072") and more robust heads than any other hot water boiler product (compare the weights), making it very forgiving, more durable, and built to last!



**Ceramic Radiant  
Burner**

### **Advanced Maintenance-Free Combustion**

**The ceramic radiant burner never requires inspection or maintenance!** Designed to operate with NOx emissions less than 10 ppm, the whisper-quiet burner (<50 dBA) runs at minimal excess air levels providing high efficient, trouble-free operation. The burner features a larger surface area and lower flux that allows for higher heat transfer and more uniform heating that extends the life of the copper tubes. A rugged cast-aluminum blower assembly, fitted with a replaceable combustion air filter that is 99% efficient to one micron, is used to keep the burner free of contaminants. A commercial-grade microprocessor based flame safeguard with LED diagnostic display, proven spark ignition and a UV flame scanner complete the Evolution's unsurpassed combustion system for safety and reliability. The Evolution boiler can be operated with its jacket panels removed during inspection to avoid nuisance problems associated with pressurized compartments.



### **Ease of Installation and Service**

All rear connections and complete front and rear access to the unit's components, permitting space-saving side-by-side modular arrangements. The Evolution's flexible venting options include sealed or room air combustion, direct vent or conventional venting for multiple boiler common stack arrangements. Quick setup and low maintenance make the Evolution boiler an ideal choice for either retrofit or new construction projects.

# EVOLUTION® FEATURES

## Wide range of sizes

500,000–3,000,000 BTU/HR

## Commercial-grade microprocessor based flame safeguard

Provides combustion management and safety

## Heavy 16-gauge negative pressure steel jacket

Protects the boiler and eliminates nuisance problems associated with pressurized compartments

## Gasketless header design

Allows for easy tube inspection and cleaning

## Thick tubes (0.72") and robust headers

Provide durability

## Vertical two-pass copper-fin tube configuration

Provides symmetrical heating for improved heat transfer

## Small footprint (6 sq. ft / 11 sq. ft.)

For space-saving multiple unit installation

### Pressure Vessel Design

- Copper fin-tube construction
- Carbon steel or cast iron header design
- Gasketless heat exchanger
- ASME Section IV certified "H" stamp
- MAWP 160 PSIG 240°F & max temp 250°F
- Five year heat exchanger warranty
- 20-year thermal shock warranty

### Combustion Design

- Ceramic radiant burner, non-corroding
- Maintenance-free burner design
- Ultra-low NOx emissions (to <10 ppm)
- Whisper-quiet operation (<50 dBA)
- Combustion air filter, 99% efficiency
- Industrial cast aluminum blower assy.
- Variable frequency drive (modulation only)
- Electric spark-to-pilot ignition system
- 10-year burner warranty



### Boiler Equipment

- Siemens RWF55 operating control (modulation only)
- High limit w/manual reset safety temperature control
- Water flow switch
- Low water cut-off w/manual reset safety controller
- Outlet temperature sensor
- Combustion air switch
- Pressure and temperature gauge
- Safety relief valve (available settings 30 to 150 PSI)
- Single point electrical supply (available in 1 or 3 phase)

### Venting

- Sealed or room air combustion
- Direct vent (sidewall or vertical) up to 50 feet (Cat IV)
- Conventional venting (Cat II)

## All rear connections

Allows minimal side-to-side clearances

## Replaceable combustion air filter 99% efficient to one micron

Ensures burner reliability and trouble-free maintenance

## Industrial cast- aluminum non-sparking blower assembly

Contributes to whisper-quiet (<50 dBA) operation

## Fully water-backed tube sheet and unmatched fireside heating surface

(6.6 sq.ft. / 9.7 sq. ft to boiler horsepower) provides longevity

## Flexible venting options

Include sealed or room air combustion, direct vent, or conventional venting

## Non-corroding ceramic radiant burner with no moving parts

NOx emissions less than 10 PPM

## Combustion chamber enclosure

Stainless steel material protects against corrosive flue gases

## UL® Certified

Meets stringent test requirements

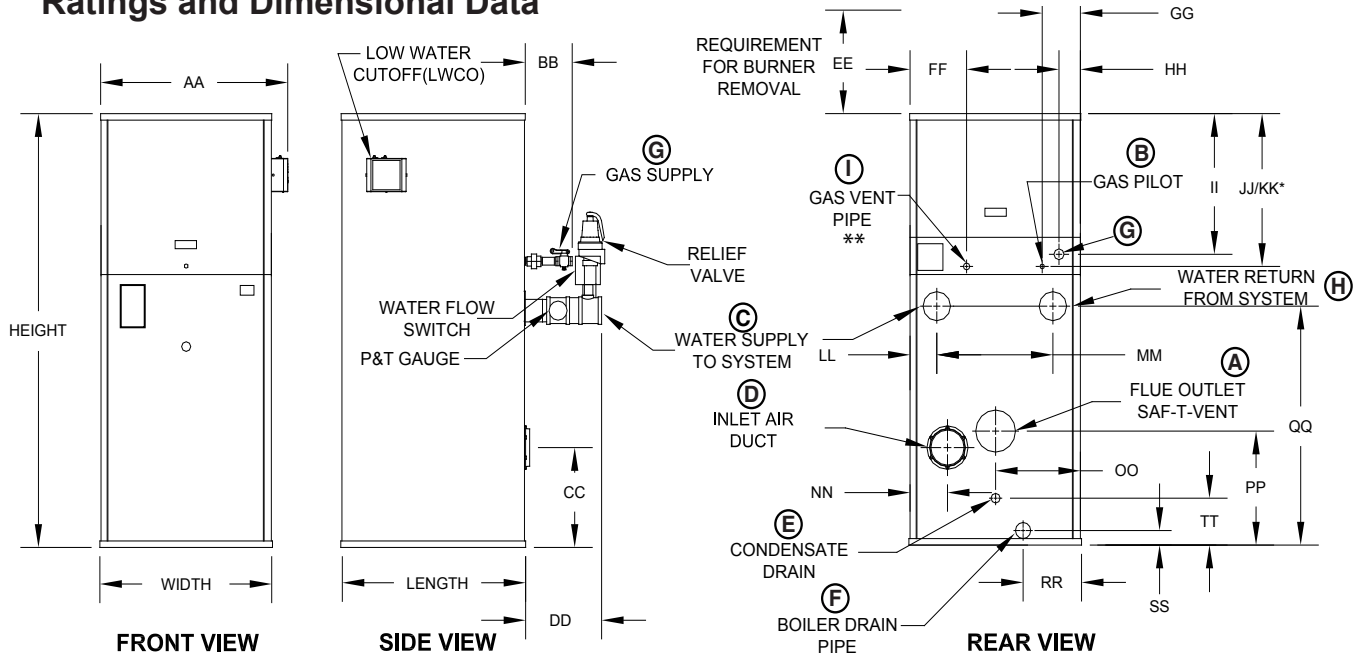
### Burner Equipment

- UL/FM/CSD-1 gas train
- On-off or full modulation with infinite proportional firing
- Natural or LP gas
- Inlet gas pressure available from 4" wc to 5 psig
- Pilot gas valve
- Pilot gas regulator
- Pilot/leak test cocks
- Main gas valve
- Low & high gas pressure switches w/manual reset

### Siemens RWF55 Operating Control Features (modulation only)

- Adjustable set point
- Remote set point (0-10v or 4-20 mA)
- Outdoor air temperature reset
- Remote system temperature

## Ratings and Dimensional Data



\* GAS PILOT DIMENSION ON MODELS 2000S, 2500, & 3000 ONLY  
 \*\* DB&B AND DB&B WITH PROOF OF CLOSURE OPTION ONLY

| Boiler Ratings                                                                      |           |                  |                        |               | Dimensions and Specifications |       |       |                  |      |      |      |     |      |     |      |      |                     |      |     |     |
|-------------------------------------------------------------------------------------|-----------|------------------|------------------------|---------------|-------------------------------|-------|-------|------------------|------|------|------|-----|------|-----|------|------|---------------------|------|-----|-----|
|  |           |                  |                        |               |                               |       |       |                  |      |      |      |     |      |     |      |      |                     |      |     |     |
| Model                                                                               | Input MBH | Gross Output MBH | Net Ratings Water MBH* | SQ.Ft Per BHP | Footprint                     |       |       | Rear Connections |      |      |      |     |      |     |      |      | Shipping Wt. (lbs.) |      |     |     |
|                                                                                     |           |                  |                        |               | Height                        | Width | Depth | A                | B    | C    | D    | E   | F    | G   | H    | I    |                     |      |     |     |
| EVA-500                                                                             | 500       | 431              | 375                    | 9.4           | 71.2                          | 28.3  | 30.3  | 4.0              | 1/4  | 2.0  | 4.0  | 5/8 | 1.0  | 1.0 | 2.0  | 3/4  | 772                 |      |     |     |
| EVA-750                                                                             | 750       | 623              | 542                    | 6.6           | 60.9                          | 28.3  | 30.3  | 4.0              | 1/4  | 3.0  | 6.0  | 5/8 | 1.0  | 1.0 | 3.0  | 3/4  | 1,097               |      |     |     |
| EVA-1000                                                                            | 1,000     | 819              | 712                    | 6.7           | 67.3                          | 28.3  | 30.3  | 6.0              | 1/4  | 3.0  | 6.0  | 5/8 | 1.0  | 1.5 | 3.0  | 3/4  | 1,185               |      |     |     |
| EVA-1500                                                                            | 1,500     | 1,251            | 1,088                  | 6.7           | 79.4                          | 28.3  | 30.3  | 6.0              | 1/4  | 3.0  | 8.0  | 5/8 | 1.0  | 1.5 | 3.0  | 3/4  | 1,327               |      |     |     |
| EVA-2000                                                                            | 2,000     | 1,696            | 1,475                  | 6.7           | 91.8                          | 28.3  | 30.3  | 6.0              | 1/4  | 3.0  | 8.0  | 5/8 | 1.0  | 1.5 | 3.0  | 3/4  | 1,461               |      |     |     |
| EVA-2000S                                                                           | 2,000     | 1,732            | 1,506                  | 9.6           | 70.5                          | 38.1  | 40.1  | 6.0              | 1/4  | 4.0  | 8.0  | 5/8 | 1.0  | 1.5 | 4.0  | 3/4  | 1,835               |      |     |     |
| EVA-2500                                                                            | 2,500     | 2,170            | 1,887                  | 9.7           | 77.5                          | 38.1  | 40.1  | 8.0              | 1/4  | 4.0  | 8.0  | 5/8 | 1.0  | 2.0 | 4.0  | 1.0  | 2,052               |      |     |     |
| EVA-3000                                                                            | 3,000     | 2,610            | 2,270                  | 9.7           | 84.5                          | 38.1  | 40.1  | 8.0              | 1/4  | 4.0  | 8.0  | 5/8 | 1.0  | 2.0 | 4.0  | 1.0  | 2,193               |      |     |     |
| Model                                                                               | AA        | BB               | CC                     | DD            | EE                            | FF    | GG    | HH               | II   | JJ   | KK   | LL  | MM   | NN  | OO   | PP   | QQ                  | RR   | SS  | TT  |
| EVA-500                                                                             | 31.0      | 10.0             | 14.4                   | 10.8          | 16.0                          | 9.3   | 6.3   | 3.5              | 21.8 | 23.6 | 23.6 | 8.1 | 11.3 | 5.5 | 14.1 | 17.1 | 41.1                | 13.3 | 2.4 | 6.1 |
| EVA-750                                                                             | 31.0      | 8.8              | 15.4                   | 11.8          | 16.0                          | 9.3   | 6.3   | 3.5              | 21.8 | 23.6 | 23.6 | 4.4 | 19.0 | 6.1 | 13.9 | 17.9 | 30.6                | 9.6  | 2.3 | 7.0 |
| EVA-1000                                                                            | 31.0      | 10.0             | 15.4                   | 11.8          | 16.0                          | 9.3   | 6.3   | 3.5              | 21.8 | 23.6 | 23.6 | 4.4 | 19.0 | 6.1 | 13.9 | 17.6 | 36.9                | 9.6  | 2.3 | 7.3 |
| EVA-1500                                                                            | 31.0      | 10.0             | 27.4                   | 11.8          | 19.0                          | 9.3   | 6.3   | 3.5              | 21.8 | 23.6 | 23.6 | 4.4 | 19.0 | 6.1 | 13.9 | 17.9 | 49.0                | 9.6  | 2.3 | 7.0 |
| EVA-2000                                                                            | 31.0      | 10.0             | 27.4                   | 11.8          | 31.0                          | 9.3   | 6.3   | 3.5              | 21.8 | 23.6 | 23.6 | 4.4 | 19.0 | 6.1 | 13.9 | 17.9 | 61.4                | 9.6  | 2.3 | 7.0 |
| EVA-2000S                                                                           | 40.8      | 10.5             | 19.6                   | 13.3          | 13.0                          | 4.0   | 8.5   | 5.0              | 20.9 | 22.4 | 23.4 | 5.9 | 26.2 | 7.0 | 19.0 | 18.6 | 39.6                | 14.4 | 2.2 | 6.9 |
| EVA-2500                                                                            | 40.8      | 11.5             | 19.6                   | 13.3          | 20.0                          | 4.0   | 8.5   | 5.0              | 20.9 | 22.4 | 23.4 | 5.9 | 26.3 | 7.0 | 19.0 | 18.6 | 46.6                | 14.4 | 2.2 | 6.9 |
| EVA-3000                                                                            | 40.8      | 11.5             | 19.6                   | 13.3          | 26.5                          | 4.0   | 8.5   | 5.0              | 20.9 | 22.4 | 23.4 | 5.9 | 26.2 | 7.0 | 19.0 | 18.6 | 53.6                | 14.4 | 2.2 | 6.9 |

\*Net water ratings shown are based upon an allowance of 1.15. Dimensions are shown in Inches  
 The manufacturer should be consulted before selecting a boiler for installations having unusual piping and pickup requirements, such as intermittent system operation, extensive piping systems, etc. The ratings have been determined under the provisions governing forced draft boiler-burner units.

## **Air-Cooled Split System Condensing Units for Remote DX Coils and Air Handlers**

**Models RCS 015D to 140D  
R-410A Refrigerant**



|                                                                          |          |                                              |           |
|--------------------------------------------------------------------------|----------|----------------------------------------------|-----------|
| <b>Introduction</b> .....                                                | <b>3</b> | <b>Physical Data</b> .....                   | <b>8</b>  |
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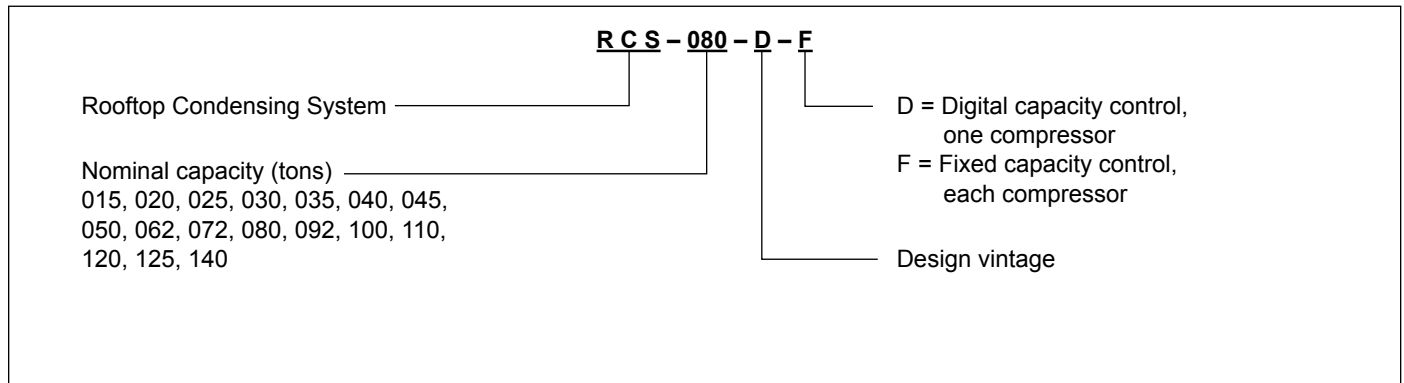
## The Condensing Unit for Applied Rooftop and Air Handler Systems

- The Daikin Applied RCS air cooled, remote condenser offers a wide selection of nominal capacities from 15 to 140 tons.
- Units are designed for quiet and energy efficient operation meeting ASHRAE 90.1 efficiency requirements.
- Dual circuits with scroll compressors with multiple stages for maximum capacity control.
- The RCS unit can be matched to a Daikin Applied Vision®, Skyline®, or Destiny® air handling unit, as well as Hi F5 and E5 DX coils.

### Agency Listed



### Nomenclature



### R-410A Refrigerant

- R-410A is environmentally friendly HFC refrigerant with zero ozone depletion. Customers have no phase out and replacement concerns.
- R-410A efficiency is excellent. Daikin Applied R-410A condensing units are available with EERs that exceed ASHRAE 90.1-2007. R-407C inevitably forces the unit to be significantly less efficient or more expensive, while R-410A reduces energy costs.
- R-410A refrigerant components are always evenly mixed, which is not true for R-407C. If R-407C leaks, the remaining charge may not have a proper mix of components. R-410A does not have this problem so leaks are easier to repair.
- Micro-channel condensers are used and are much more robust and corrosion resistant than traditional copper tube and aluminum fin coils. Micro-channel condensers also have smaller diameter tubes so they require less refrigerant. Daikin Applied micro-channel condensers last longer than competitive condensers and are perfect for LEED® buildings.

### Condensing Section Standard Features

- Open design permits unrestricted condenser airflow, access to compressors, refrigeration components and piping, and access for roof maintenance.
- High efficiency Copeland® scroll compressors.
- All units feature dual refrigeration circuits for redundancy and efficient capacity control.
- Large face area condenser constructed of high efficiency, aluminum micro-channel coils for high operating efficiencies.
- Vertical air discharge minimizes noise.
- Three-phase condenser fan motors eliminate reverse rotation failures.
- Up to six steps of compressor capacity control with optional hot gas bypass (on one or both circuits) provides for stable discharge temperature and humidity control.
- Recessed V-bank condenser coils have built-in hail damage protection.
- Field powered, 115 volt, GFI, electrical outlet.



## Optional Components

In addition to the unique features included with the standard RCS Condensing Unit, additional component options are available:

- Baked epoxy coating with a 5000-hour salt spray test per ASTM B117.
- Phase loss protection.
- Ground fault protection.
- VFD controlled head pressure control allows mechanical cooling to 0°F ambient temperatures.
- Non-fused disconnect switch with through-the-door handle.
- Vandalism guards.
- IBC 2006 and/or ASCE 7-05 seismic certified construction.
- Factory powered, 115 volt, GFI, electrical outlet.
- Suction and discharge isolation valves for each refrigeration circuit.

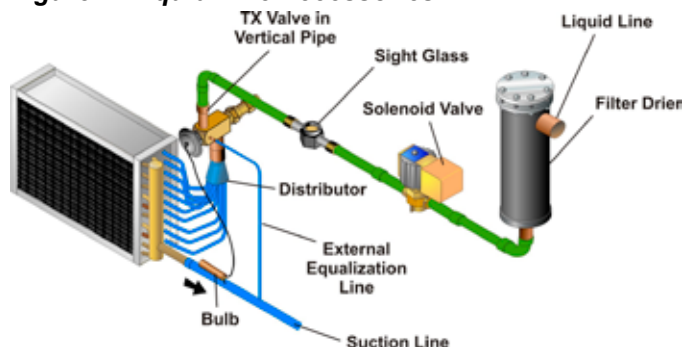
## Accessories

Accessories can also be added to further enhance the unit:

- HGBP kit including control valve.
- Liquid line kit with sight glass, solenoid valve, and replaceable core filter drier (see wiring diagram for wiring instructions).

**NOTE:** Items not included in liquid line kit: manual shutoff valve mounted on the condensing unit liquid line outlet, expansion valve, and distributor.

**Figure 1: Liquid Line Accessories**



**Figure 2: Typical 2-Pass Construction**

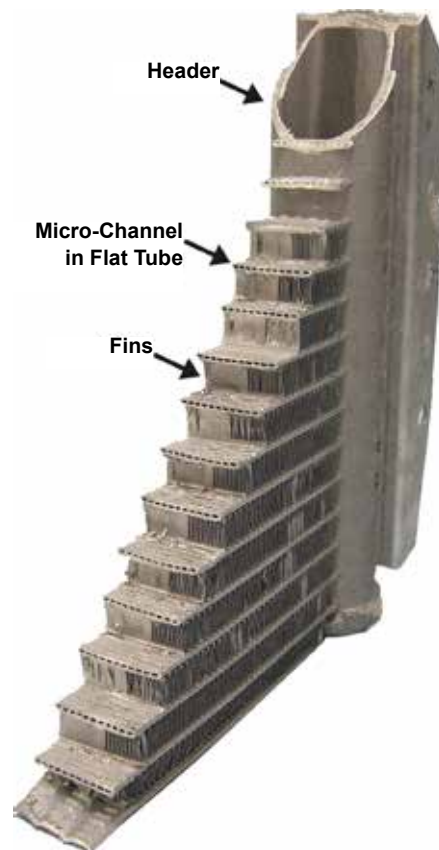


## Micro-Channel Condensers

Micro-channel coils are an all-aluminum construction composed of:

1. Extended flat tubes (Figure 3) with many small flow channels.
  2. Flat fins (Figure 3) that are brazed to adjoining tubes.
  3. Two refrigerant manifold headers (Figure 3) that are arranged in a two-pass configuration (Figure 2).
- Flat tubes have better fluid-to-tube heat transfer. Therefore, micro-channel coils have more heat transfer per square foot than traditional coils and require much less refrigerant charge per ton of cooling.
  - All aluminum construction eliminates galvanic corrosion associated with dissimilar metals. All aluminum coils are much more resistant to normal condenser corrosion in any location including the sea coast.
  - Aluminum is lighter than copper so Daikin Applied R-410A condensers are lighter than competitive condensers.
  - Micro-channel coils were pioneered in the auto industry and one reason is their more robust construction. Fins are brazed between adjoining tubes so there are no exposed and vulnerable edges. Fin damage is therefore virtually eliminated.

**Figure 3: Supply and Return Manifolds**



## Daikin Applied's Unique Features

### Controls

- Easily accessible control panel
- Single-point power connection
- Control transformer allows 24 volt, field control connections
- Compressor crank case heaters and anti-cycle timers
- Compressor temperature and current sensing overload/short circuit protection

### Condenser fans

- Vertical air discharge for quiet operation
- Three-phase fan motors eliminate reverse rotation for prolonged performance
- Heavy-gauge vinyl-coated guards

### Condenser coils

- Large face area with integral subcooling circuits
- Micro-channel condensers
- Recessed to provide hail protection

### Durable construction

- Pre-painted exterior surfaces that surpass the 750-hour ASTM B 117 Salt Spray Test for durability

### Dual refrigerant circuits

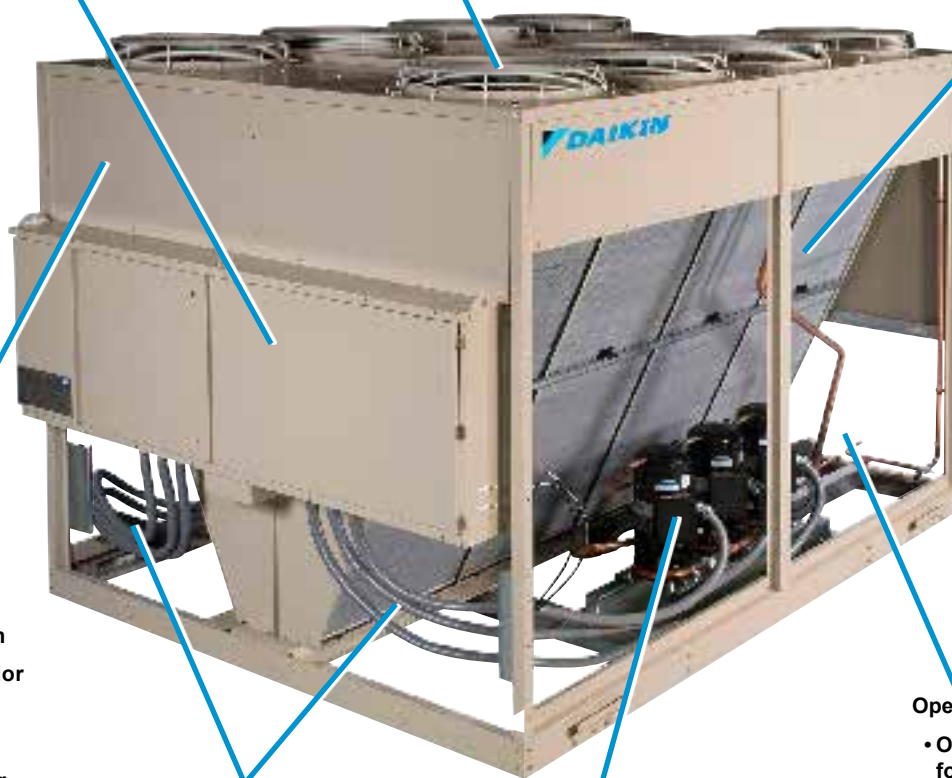
- Provide for redundancy and efficient capacity control
- Liquid and discharge line manual shutoff valves as an option
- High pressure switch
- Low pressure switch
- Mechanical charging/evacuation valve

### Copeland scroll compressors

- Provide maximum dependability, efficiency and quiet operation
- Multiple step capacity control with hot gas bypass provides stable discharge temperature and humidity control

### Open access

- On all sides of unit for easy access to all component





## Unit Placement

RCS units are for outdoor applications and can be mounted either on a roof or at ground level. For roof mounted applications, install the unit on a steel channel or I-beam frame to support the unit above the roof. For ground level applications, install the unit on a substantial base that will not settle. Use a one piece concrete slab with footings that extend below the frost line. Be sure the foundation is level within 1/2" (13mm) over its length and width. The foundation must be strong enough to support the weights listed in the Unit Physical Data, page 9 tables.

## Refrigerant Piping

Incorrect line sizing cannot only rob the RCS unit of capacity and efficiency, but significantly shorten the operational life of the equipment. Refrigerant piping layout and sizing should take the following into consideration:

1. Installed cost.
2. Refrigerant flow velocities to maintain oil return to compressors, especially in the suction lines.
3. Line pressure drop in horizontal and vertical pipes.

The RCS unit should be piped according to Daikin Applied's Piping Application Guide (AG 31-011) or the ASHRAE Refrigeration book guidelines.

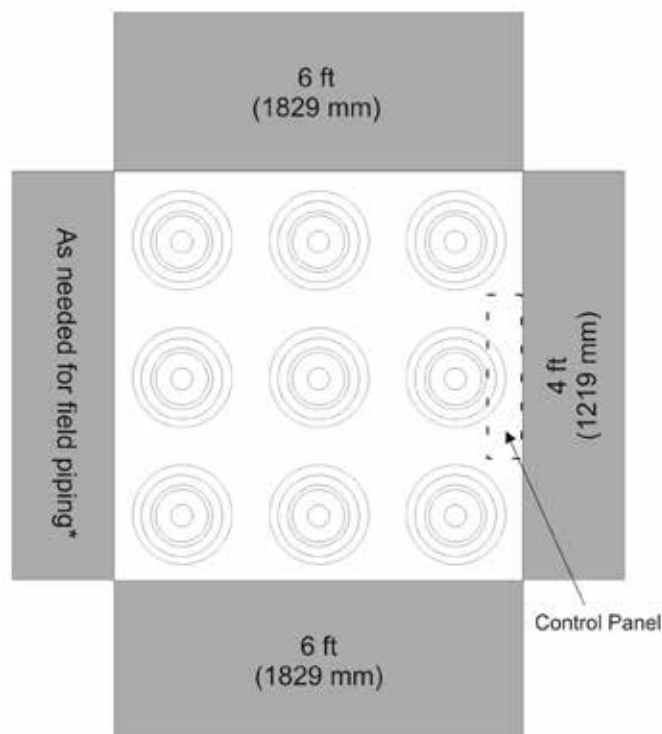
## Service Clearances

Do not block the flow of air to and from the condenser coil. Restricting airflow or allowing air recirculation will result in a decrease in unit performance and efficiency because the unit discharge pressure is increased. There must be no obstruction above the unit that would deflect discharge air downward where it could be recirculated back to the inlet of the condenser coil. The condenser fans are propeller type and will not operate with ductwork.

Install the unit with enough side clearance (Figure 4) for air entrance to the coil and for servicing. Provide sufficient service access to the compressors, electrical control panel, and piping components.

Do not allow debris to accumulate near the unit where it could be drawn into the condenser coil. Keep condenser coils and fan discharge free of snow and other obstructions to permit adequate airflow for proper operation.

**Figure 4: RCS 015D – 140D Service Clearance**



\* Condenser coil replacement is simplified if the following access can be provided:

- 015D-025D – 61"
- 030D-062D – 83"
- 072D-100D – 106"
- 110D-140D – 38"

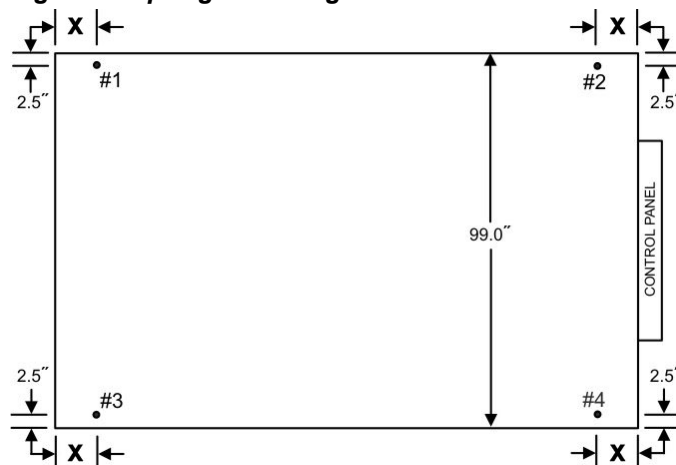
## Spring Isolation and Corner Weights

The sum of the corner weights (Table 1) exceeds the total weight by about 10% to allow a safety factor in spring selections.

**Table 1: Corner Weights (refer to Figure 5)**

| Unit Size | Weight #1 (lbs) | Weight #2 (lbs) | Weight #3 (lbs) | Weight #4 (lbs) |
|-----------|-----------------|-----------------|-----------------|-----------------|
| 015       | 408             | 571             | 399             | 559             |
| 020       | 427             | 583             | 434             | 593             |
| 025       | 445             | 563             | 455             | 575             |
| 030       | 540             | 706             | 492             | 644             |
| 035       | 624             | 770             | 593             | 731             |
| 040       | 632             | 776             | 600             | 737             |
| 045       | 632             | 729             | 630             | 726             |
| 050       | 617             | 732             | 615             | 730             |
| 062       | 654             | 766             | 652             | 764             |
| 072       | 872             | 1048            | 882             | 1060            |
| 080       | 846             | 1029            | 919             | 1118            |
| 092       | 921             | 1100            | 995             | 1190            |
| 100       | 903             | 1083            | 978             | 1173            |
| 110       | 1075            | 1321            | 1031            | 1266            |
| 120       | 1144            | 1377            | 1275            | 1535            |
| 125       | 1389            | 1645            | 1344            | 1592            |
| 140       | 1422            | 1678            | 1407            | 1661            |

**Figure 5: Spring Mounting Hole Locations**



| Unit Model | "X" (inches) |
|------------|--------------|
| 015 – 025  | 4.5          |
| 030 – 140  | 9.5          |

## Recommended Temperature Control

The primary requirements for condensing unit controls are to maintain proper entering and leaving temperatures. Details vary with each job and are related to design saturated suction temperatures and conditioned air temperature.

If the project design conditions are:

- 74-84 EDB and 62-70 EWB
- 52-57 LAT off the DX coil
- 42-48 SST
- Constant volume space or return air temperature control

Then:

- Compressors can be sequenced to maintain design space temperatures  $\pm$  about two degrees DB. If excessive cycling occurs, then:
  - The sensor location is suspect or air changes are unusually high.
  - Consider widening the space temperature control range beyond  $\pm$  two degrees.
- Warning should be generated if LAT drops more than seven degrees below design.
- HGBP is desired and allows even lower LAT limits.

To minimize compressor cycling, it is recommended to include (at minimum) three minute anti-cycling timers on the condensing unit. Programmable controls should include additional time delay logic.

- Minimum OFF time for a stage is five minutes
- Minimum ON time for a stage is five minutes (unless an alarm occurs).

For additional MicroTech control information and compressor staging, refer to OM 920, page 65, 75, 76 and 94.

## Unit Physical Data

**Table 2: RCS 015D – 030D Physical Data**

| Model                                               | RCS    |              |               |              |
|-----------------------------------------------------|--------|--------------|---------------|--------------|
|                                                     | 015D   | 020D         | 025D          | 030D         |
| <b>Basic Data</b>                                   |        |              |               |              |
| Number of refrigeration circuits                    | 2      | 2            | 2             | 2            |
| Unit operating charge (lb) <sup>1</sup> per circuit | 6.5    | 7.1          | 8.0           | 9.6          |
| Operating weight (lb)                               | 1761   | 1851         | 1853          | 2166         |
| <b>Compressors</b>                                  |        |              |               |              |
| Qty– hp                                             | 2–7    | 2–4.5, 1–10  | 2–5.5, 1–11.5 | 2–6, 1–13    |
| Capacity control                                    | 100–50 | 100–78–55–22 | 100–78–55–22  | 100–78–55–22 |
| <b>Condenser Fans</b>                               |        |              |               |              |
| Qty–diameter                                        | 2–26"  | 2–26"        | 2–26"         | 4–26"        |
| Qty–hp                                              | 2–1.0  | 2–1.0        | 2–1.0         | 4–1.0        |

NOTE: <sup>1</sup>Unit shipped with dry nitrogen holding charge

**Table 3: RCS 035D – 045D Physical Data**

| Model                                               | RCS          |              |              |
|-----------------------------------------------------|--------------|--------------|--------------|
|                                                     | 035D         | 040D         | 045D         |
| <b>Basic Data</b>                                   |              |              |              |
| Number of refrigeration circuits                    | 2            | 2            | 2            |
| Unit operating charge (lb) <sup>1</sup> per circuit | 10.4         | 10.8         | 12.6         |
| Operating weight (lb)                               | 2471         | 2496         | 2470         |
| <b>Compressors</b>                                  |              |              |              |
| Qty– hp                                             | 4–7.5        | 4–8.5        | 4–10         |
| Capacity control                                    | 100–75–50–25 | 100–75–50–25 | 100–75–50–25 |
| <b>Condenser Fans</b>                               |              |              |              |
| Qty–diameter                                        | 4–26"        | 4–26"        | 4–26"        |
| Qty–hp                                              | 4–1.0        | 4–1.0        | 4–1.0        |

NOTE: <sup>1</sup>Unit shipped with dry nitrogen holding charge.

**Table 4: RCS 050D – 072D Physical Data**

| Model                                               | RCS            |                |                      |
|-----------------------------------------------------|----------------|----------------|----------------------|
|                                                     | 050D           | 062D           | 072D                 |
| <b>Basic Data</b>                                   |                |                |                      |
| Number of refrigeration circuits                    | 2              | 2              | 2                    |
| Unit operating charge (lb) <sup>1</sup> per circuit | 12.6           | 12.7           | 15.1                 |
| Operating weight (lb)                               | 2450           | 2578           | 3422                 |
| <b>Compressors</b>                                  |                |                |                      |
| Qty–hp                                              | 4–11.5         | 4–13           | 6–10                 |
| Capacity control                                    | 100–75–50–25–0 | 100–75–50–25–0 | 100–83–67–50–33–17–0 |
| <b>Condenser Fans</b>                               |                |                |                      |
| Qty–diameter                                        | 4–26"          | 6–26"          | 8–26"                |
| Qty–hp                                              | 4–1.0          | 6–1.0          | 8–1.0                |

NOTE: <sup>1</sup>Unit shipped with dry nitrogen holding charge.

**Table 5: RCS 080D – 100D Physical Data**

| Model                                               | RCS                  |                      |                      |
|-----------------------------------------------------|----------------------|----------------------|----------------------|
|                                                     | 080D                 | 092D                 | 100D                 |
| <b>Basic Data</b>                                   |                      |                      |                      |
| Number of refrigeration circuits                    | 2                    | 2                    | 2                    |
| Unit operating charge (lb) <sup>1</sup> per circuit | 19.0                 | 19.2                 | 19.2                 |
| Operating weight (lb)                               | 3556                 | 3762                 | 3762                 |
| <b>Compressors</b>                                  |                      |                      |                      |
| Qty-hp                                              | 6-11.5               | 6-13                 | 3-13<br>3-15         |
| Capacity control                                    | 100-83-67-50-33-17-0 | 100-83-67-50-33-17-0 | 100-81-67-48-33-15-0 |
| <b>Condenser Fans</b>                               |                      |                      |                      |
| Qty-diameter                                        | 6-26"                | 9-26"                | 9-26"                |
| Qty-hp                                              | 6-1.0                | 9-1.0                | 9-1.0                |

NOTE: <sup>1</sup>Unit shipped with dry nitrogen holding charge.

**Table 6: RCS 110D – 140D Physical Data**

| Model                                               | RCS                  |                      |                      |                      |
|-----------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                                     | 110D                 | 120D                 | 125D                 | 140D                 |
| <b>Basic Data</b>                                   |                      |                      |                      |                      |
| Number of refrigeration circuits                    | 2                    | 2                    | 2                    | 2                    |
| Unit operating charge (lb) <sup>1</sup> per circuit | 29.1                 | 29.1/34.7            | 32.3                 | 32.3/37.5            |
| Operating weight (lb)                               | 4267                 | 4847                 | 5428                 | 5608                 |
| <b>Compressors</b>                                  |                      |                      |                      |                      |
| Qty-hp                                              | 6-15                 | 3-15<br>3-20         | 6-20                 | 3-20<br>3-25         |
| Capacity control                                    | 100-84-67-50-33-17-0 | 100-81-67-48-33-15-0 | 100-84-67-50-33-17-0 | 100-81-67-48-33-15-0 |
| <b>Condenser Fans</b>                               |                      |                      |                      |                      |
| Qty-diameter                                        | 8-26"                | 9-26"                | 10-26"               | 12-26"               |
| Qty-hp                                              | 8-1.0                | 9-1.0                | 10-1.0               | 12-1.0               |

NOTE: <sup>1</sup>Unit shipped with dry nitrogen holding charge.

## Unit Capacities

**Table 7: RCS 015D – 140D Unit Capacities**

| Unit Size | Suction Temp (°F) | Ambient Air Temperature (°F) |          |             |                 |          |             |                 |          |             |                 |          |             | Cond Fan Watts |
|-----------|-------------------|------------------------------|----------|-------------|-----------------|----------|-------------|-----------------|----------|-------------|-----------------|----------|-------------|----------------|
|           |                   | 85                           |          |             | 95              |          |             | 105             |          |             | 115             |          |             |                |
|           |                   | Capacity (Btuh)              | Unit EER | Total Watts | Capacity (Btuh) | Unit EER | Total Watts | Capacity (Btuh) | Unit EER | Total Watts | Capacity (Btuh) | Unit EER | Total Watts |                |
| 015D      | 35                | 166390                       | 12.3     | 13500       | 156424          | 10.6     | 14800       | 146012          | 9.0      | 16300       | 135236          | 7.5      | 18100       | 2200           |
|           | 40                | 181302                       | 13.2     | 13700       | 170716          | 11.4     | 15000       | 159646          | 9.7      | 16500       | 148160          | 8.1      | 18200       | 2200           |
|           | 45                | 197236                       | 14.2     | 13900       | 185962          | 12.3     | 15200       | 174170          | 10.4     | 16700       | 161922          | 8.8      | 18400       | 2200           |
|           | 50                | 214190                       | 15.2     | 14100       | 202196          | 13.1     | 15400       | 189664          | 11.2     | 16900       | 176594          | 9.4      | 18700       | 2200           |
| 020D      | 35                | 226943                       | 12.5     | 18100       | 212729          | 10.6     | 20100       | 197696          | 8.8      | 22400       | 181735          | 7.3      | 25000       | 2200           |
|           | 40                | 247999                       | 13.5     | 18400       | 232690          | 11.4     | 20400       | 216597          | 9.6      | 22600       | 199626          | 7.9      | 25300       | 2200           |
|           | 45                | 270292                       | 14.5     | 18700       | 253774          | 12.3     | 20700       | 236535          | 10.3     | 23000       | 218377          | 8.5      | 25600       | 2200           |
|           | 50                | 293728                       | 15.4     | 19100       | 275941          | 13.1     | 21000       | 257446          | 11.0     | 23300       | 238068          | 9.2      | 26000       | 2200           |
| 025D      | 35                | 256517                       | 11.4     | 22599       | 239471          | 9.6      | 25004       | 221511          | 8.0      | 27754       | 202508          | 6.6      | 30897       | 2200           |
|           | 40                | 279247                       | 12.2     | 22983       | 261132          | 10.3     | 25388       | 242150          | 8.6      | 28126       | 222091          | 7.1      | 31253       | 2200           |
|           | 45                | 303316                       | 13.0     | 23381       | 283868          | 11.0     | 25806       | 263711          | 9.2      | 28540       | 242502          | 7.7      | 31649       | 2200           |
|           | 50                | 328437                       | 13.8     | 23830       | 307859          | 11.7     | 26238       | 286461          | 9.9      | 28960       | 263725          | 8.2      | 32087       | 2200           |
| 030D      | 35                | 295175                       | 11.9     | 24892       | 276933          | 10.1     | 27285       | 257850          | 8.6      | 30012       | 237685          | 7.2      | 33122       | 4300           |
|           | 40                | 323520                       | 12.8     | 25284       | 303651          | 11.0     | 27673       | 282999          | 9.3      | 30402       | 261273          | 7.8      | 33523       | 4300           |
|           | 45                | 353668                       | 13.8     | 25719       | 332053          | 11.8     | 28097       | 309644          | 10.0     | 30829       | 286202          | 8.4      | 33956       | 4300           |
|           | 50                | 385608                       | 14.7     | 26205       | 362129          | 12.7     | 28567       | 337880          | 10.8     | 31290       | 312535          | 9.1      | 34425       | 4300           |
| 035D      | 35                | 341372                       | 11.3     | 30240       | 321412          | 9.7      | 33156       | 301480          | 8.3      | 36512       | 281110          | 7.0      | 40410       | 4300           |
|           | 40                | 373486                       | 12.2     | 30702       | 351760          | 10.5     | 33628       | 330212          | 8.9      | 37000       | 308328          | 7.5      | 40916       | 4300           |
|           | 45                | 407778                       | 13.1     | 31198       | 384188          | 11.3     | 34130       | 360834          | 9.6      | 37516       | 337238          | 8.1      | 41452       | 4300           |
|           | 50                | 444492                       | 14.0     | 31708       | 418716          | 12.1     | 34664       | 393356          | 10.3     | 38072       | 367920          | 8.8      | 42014       | 4300           |
| 040D      | 35                | 398446                       | 11.6     | 34340       | 374076          | 9.8      | 38020       | 348084          | 8.2      | 42294       | 320278          | 6.8      | 47276       | 4300           |
|           | 40                | 434708                       | 12.4     | 34952       | 408400          | 10.6     | 38634       | 380538          | 8.9      | 42898       | 350938          | 7.3      | 47842       | 4300           |
|           | 45                | 473092                       | 13.3     | 35640       | 444738          | 11.3     | 39304       | 414824          | 9.5      | 43546       | 383034          | 7.9      | 48480       | 4300           |
|           | 50                | 513558                       | 14.1     | 36424       | 482976          | 12.1     | 40066       | 450768          | 10.2     | 44286       | 416792          | 8.5      | 49172       | 4300           |
| 045D      | 35                | 459446                       | 11.7     | 39174       | 429786          | 9.9      | 43402       | 396796          | 8.2      | 48204       | 359816          | 6.7      | 53634       | 4300           |
|           | 40                | 501770                       | 12.6     | 39944       | 469910          | 10.6     | 44156       | 434842          | 8.9      | 48934       | 395870          | 7.3      | 54332       | 4300           |
|           | 45                | 546746                       | 13.4     | 40832       | 512450          | 11.4     | 45010       | 474966          | 9.5      | 49758       | 433686          | 7.9      | 55118       | 4300           |
|           | 50                | 594956                       | 14.2     | 41798       | 557370          | 12.1     | 45998       | 517194          | 10.2     | 50706       | 473382          | 8.5      | 56008       | 4300           |
| 050D      | 35                | 513350                       | 11.4     | 45046       | 476774          | 9.6      | 49722       | 437874          | 7.9      | 55228       | 397114          | 6.4      | 61594       | 4300           |
|           | 40                | 559744                       | 12.2     | 45934       | 521042          | 10.3     | 50640       | 479696          | 8.5      | 56120       | 436342          | 7.0      | 62382       | 4300           |
|           | 45                | 608338                       | 13.0     | 46874       | 567522          | 11.0     | 51604       | 523462          | 9.2      | 57090       | 477100          | 7.5      | 63308       | 4300           |
|           | 50                | 658544                       | 13.7     | 47924       | 615422          | 11.7     | 52700       | 569126          | 9.8      | 58138       | 519880          | 8.1      | 64292       | 4300           |
| 062D      | 35                | 562570                       | 10.9     | 51576       | 526734          | 9.3      | 56902       | 489646          | 7.8      | 63032       | 451290          | 6.5      | 69932       | 6500           |
|           | 40                | 622652                       | 11.8     | 52824       | 584012          | 10.0     | 58150       | 543846          | 8.5      | 64346       | 502074          | 7.0      | 71390       | 6500           |
|           | 45                | 688066                       | 12.7     | 54220       | 645764          | 10.8     | 59614       | 602400          | 9.1      | 65838       | 556948          | 7.6      | 72996       | 6500           |
|           | 50                | 758168                       | 13.6     | 55876       | 713002          | 11.7     | 61194       | 665738          | 9.9      | 67482       | 616532          | 8.3      | 74688       | 6500           |
| 072D      | 35                | 678031                       | 11.2     | 60735       | 628386          | 9.3      | 67539       | 576237          | 7.6      | 75483       | 521593          | 6.2      | 84704       | 8480           |
|           | 40                | 740064                       | 11.9     | 62029       | 687159          | 10.0     | 68897       | 631520          | 8.2      | 76797       | 572816          | 6.7      | 85902       | 8480           |
|           | 45                | 804295                       | 12.7     | 63503       | 748976          | 10.6     | 70468       | 689699          | 8.8      | 78193       | 626439          | 7.2      | 87257       | 8480           |
|           | 50                | 871421                       | 13.4     | 65061       | 812627          | 11.3     | 71966       | 749489          | 9.4      | 79840       | 682600          | 7.7      | 88735       | 8480           |

**NOTE:** Based on sea level altitude and ARI standard 365.

Interpolation is allowed; extrapolation is not permitted. Consult Daikin Applied for performance outside the cataloged ratings.

Total watts comprised of compressors and condenser fans.

**Table 7 (continued): RCS 015D – 140D Unit Capacities**

| Unit Size | Suction Temp (°F) | Ambient Air Temperature (°F) |          |             |                 |          |             |                 |          |             |                 |          |             | Cond Fan Watts |
|-----------|-------------------|------------------------------|----------|-------------|-----------------|----------|-------------|-----------------|----------|-------------|-----------------|----------|-------------|----------------|
|           |                   | 85                           |          |             | 95              |          |             | 105             |          |             | 115             |          |             |                |
|           |                   | Capacity (Btuh)              | Unit EER | Total Watts | Capacity (Btuh) | Unit EER | Total Watts | Capacity (Btuh) | Unit EER | Total Watts | Capacity (Btuh) | Unit EER | Total Watts |                |
| 080D      | 35                | 766780                       | 11.2     | 68388       | 715980          | 9.5      | 75696       | 662572          | 7.9      | 84136       | 606280          | 6.5      | 93842       | 6500           |
|           | 40                | 832982                       | 11.9     | 69872       | 778456          | 10.1     | 77268       | 721972          | 8.4      | 85700       | 662512          | 6.9      | 95390       | 6500           |
|           | 45                | 902216                       | 12.6     | 71502       | 844500          | 10.7     | 78872       | 784582          | 9.0      | 87300       | 720776          | 7.4      | 97106       | 6500           |
|           | 50                | 974136                       | 13.3     | 73320       | 912790          | 11.3     | 80696       | 849172          | 9.5      | 89124       | 781874          | 7.9      | 98862       | 6500           |
| 092D      | 35                | 863690                       | 11.0     | 78420       | 808526          | 9.4      | 85995       | 749216          | 7.9      | 94628       | 685072          | 6.6      | 104427      | 9540           |
|           | 40                | 940232                       | 11.7     | 80243       | 879664          | 10.0     | 87944       | 815750          | 8.4      | 96628       | 746808          | 7.0      | 106530      | 9540           |
|           | 45                | 1019752                      | 12.4     | 82328       | 954888          | 10.6     | 89953       | 886046          | 9.0      | 98659       | 811464          | 7.5      | 108700      | 9540           |
|           | 50                | 1103440                      | 13.1     | 84534       | 1033000         | 11.2     | 92189       | 958830          | 9.5      | 100915      | 879238          | 7.9      | 110937      | 9540           |
| 100D      | 35                | 933060                       | 10.9     | 85882       | 871527          | 9.2      | 94231       | 806325          | 7.8      | 103717      | 736461          | 6.4      | 115676      | 9800           |
|           | 40                | 1015117                      | 11.5     | 88029       | 948826          | 9.8      | 96391       | 878606          | 8.3      | 105923      | 803259          | 6.8      | 117987      | 9800           |
|           | 45                | 1100681                      | 12.2     | 90414       | 1029439         | 10.4     | 98765       | 953934          | 8.8      | 108324      | 873248          | 7.3      | 120404      | 9800           |
|           | 50                | 1189651                      | 12.8     | 93049       | 1112954         | 11.0     | 101408      | 1032093         | 9.3      | 110956      | 945619          | 7.7      | 123058      | 9800           |
| 110D      | 35                | 1030480                      | 11.6     | 89022       | 964184          | 9.9      | 97560       | 893672          | 8.3      | 107386      | 819030          | 6.9      | 118676      | 8700           |
|           | 40                | 1122188                      | 12.3     | 91230       | 1051238         | 10.5     | 99732       | 975514          | 8.9      | 109560      | 895316          | 7.4      | 120854      | 8700           |
|           | 45                | 1218492                      | 13.0     | 93642       | 1141640         | 11.2     | 102212      | 1060658         | 9.5      | 112008      | 974866          | 7.9      | 123266      | 8700           |
|           | 50                | 1318534                      | 13.7     | 96370       | 1236686         | 11.8     | 104866      | 1149416         | 10.0     | 114702      | 1057026         | 8.4      | 126008      | 8700           |
| 120D      | 35                | 1159070                      | 11.2     | 103065      | 1083547         | 9.6      | 112912      | 1005242         | 8.1      | 124587      | 923690          | 6.7      | 138553      | 9800           |
|           | 40                | 1264539                      | 11.9     | 105844      | 1183247         | 10.2     | 115735      | 1098244         | 8.6      | 127495      | 1010026         | 7.1      | 141426      | 9800           |
|           | 45                | 1374733                      | 12.6     | 108909      | 1286887         | 10.8     | 118931      | 1195993         | 9.2      | 130642      | 1100859         | 7.6      | 144541      | 9800           |
|           | 50                | 1489471                      | 13.3     | 112267      | 1395592         | 11.4     | 122349      | 1297368         | 9.7      | 134184      | 1194663         | 8.1      | 148131      | 9800           |
| 125D      | 35                | 1287660                      | 11.0     | 117008      | 1202910         | 9.4      | 128164      | 1116812         | 7.9      | 141688      | 1028350         | 6.5      | 158330      | 10800          |
|           | 40                | 1406890                      | 11.7     | 120358      | 1315256         | 10.0     | 131638      | 1220974         | 8.4      | 145330      | 1124736         | 6.9      | 161898      | 10800          |
|           | 45                | 1530974                      | 12.3     | 124076      | 1432134         | 10.6     | 135550      | 1331328         | 8.9      | 149176      | 1226852         | 7.4      | 165716      | 10800          |
|           | 50                | 1660408                      | 13.0     | 128064      | 1554498         | 11.1     | 139732      | 1445320         | 9.4      | 153566      | 1332300         | 7.8      | 170154      | 10800          |
| 140D      | 35                | 1439178                      | 10.7     | 134529      | 1343902         | 9.1      | 147240      | 1245752         | 7.7      | 162092      | 1143934         | 6.4      | 179611      | 13000          |
|           | 40                | 1567918                      | 11.3     | 138279      | 1465152         | 9.7      | 151101      | 1358559         | 8.2      | 166099      | 1248214         | 6.8      | 183650      | 13000          |
|           | 45                | 1703397                      | 12.0     | 142221      | 1592273         | 10.3     | 155228      | 1476578         | 8.7      | 170420      | ***             | ***      | ***         | 13000          |
|           | 50                | 1844431                      | 12.6     | 146462      | 1724551         | 10.8     | 159679      | 1600715         | 9.2      | 174902      | ***             | ***      | ***         | 13000          |

**NOTE:** Based on sea level altitude and ARI standard 365.

Interpolation is allowed; extrapolation is not permitted. Consult Daikin Applied for performance outside the cataloged ratings.

Total watts comprised of compressors and condenser fans.

## Unit Capacity Charts

Figure 6: RCS 015D Unit Capacity Chart

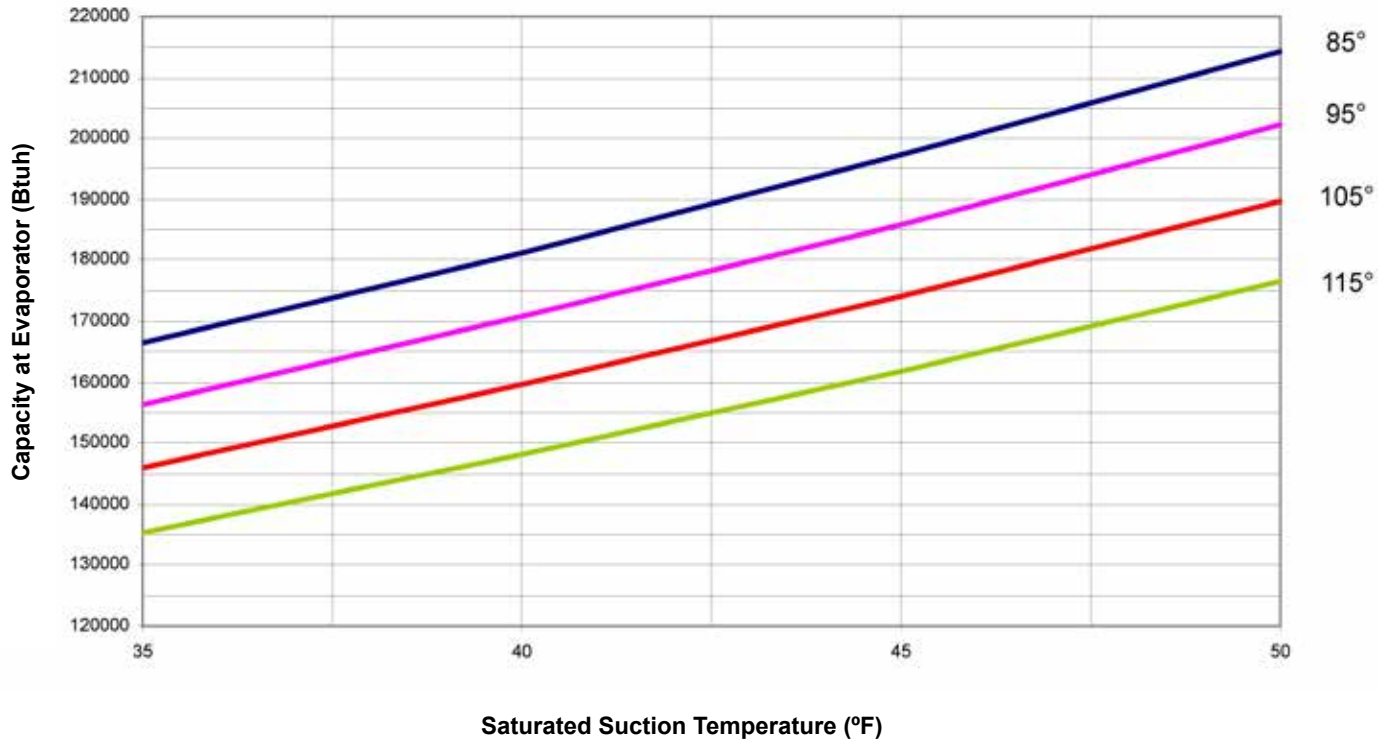


Figure 7: RCS 020D Unit Capacity Chart

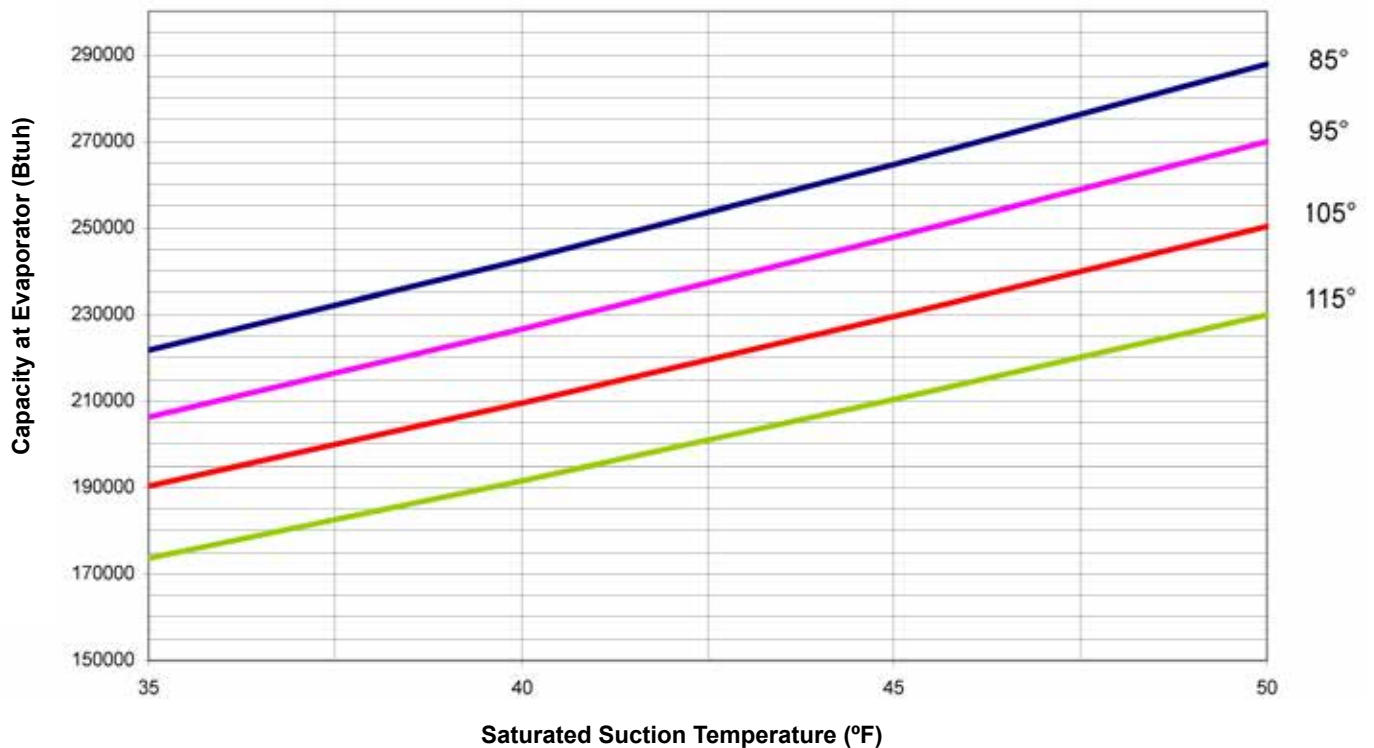




Figure 8: RCS 025D Unit Capacity Chart

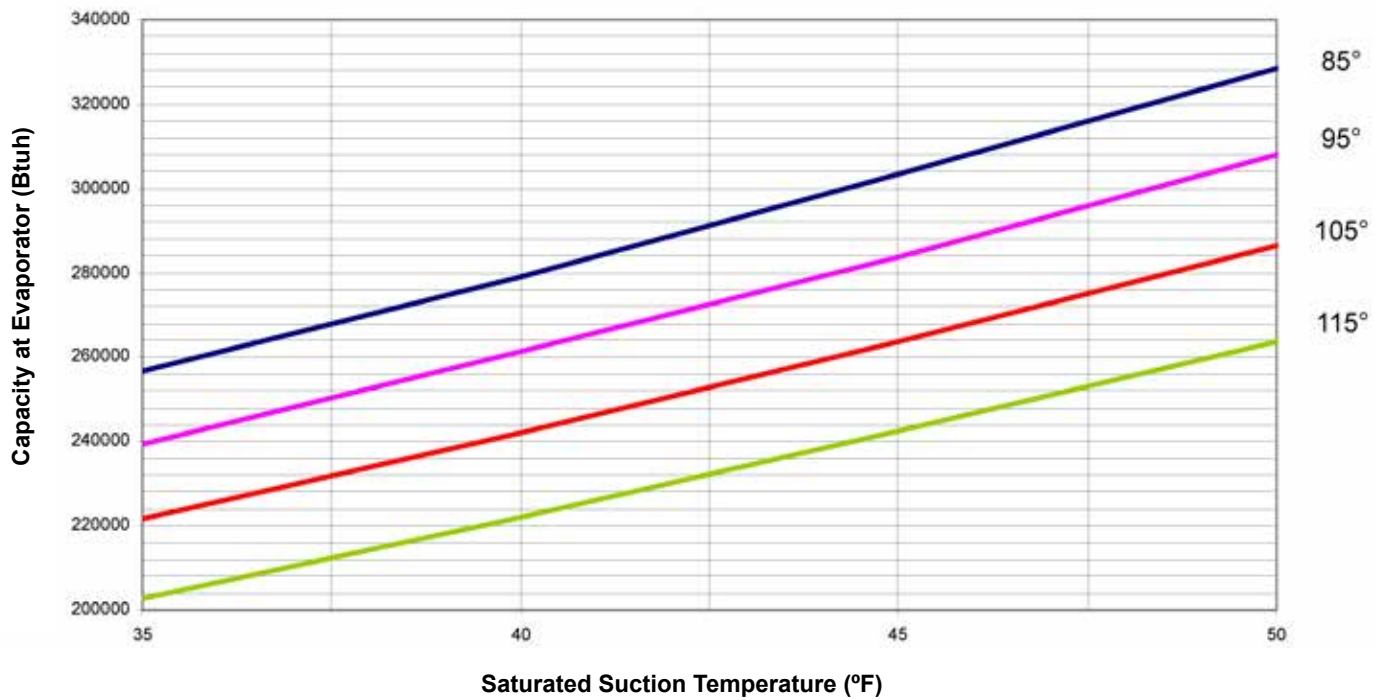


Figure 9: RCS 030D Unit Capacity Chart

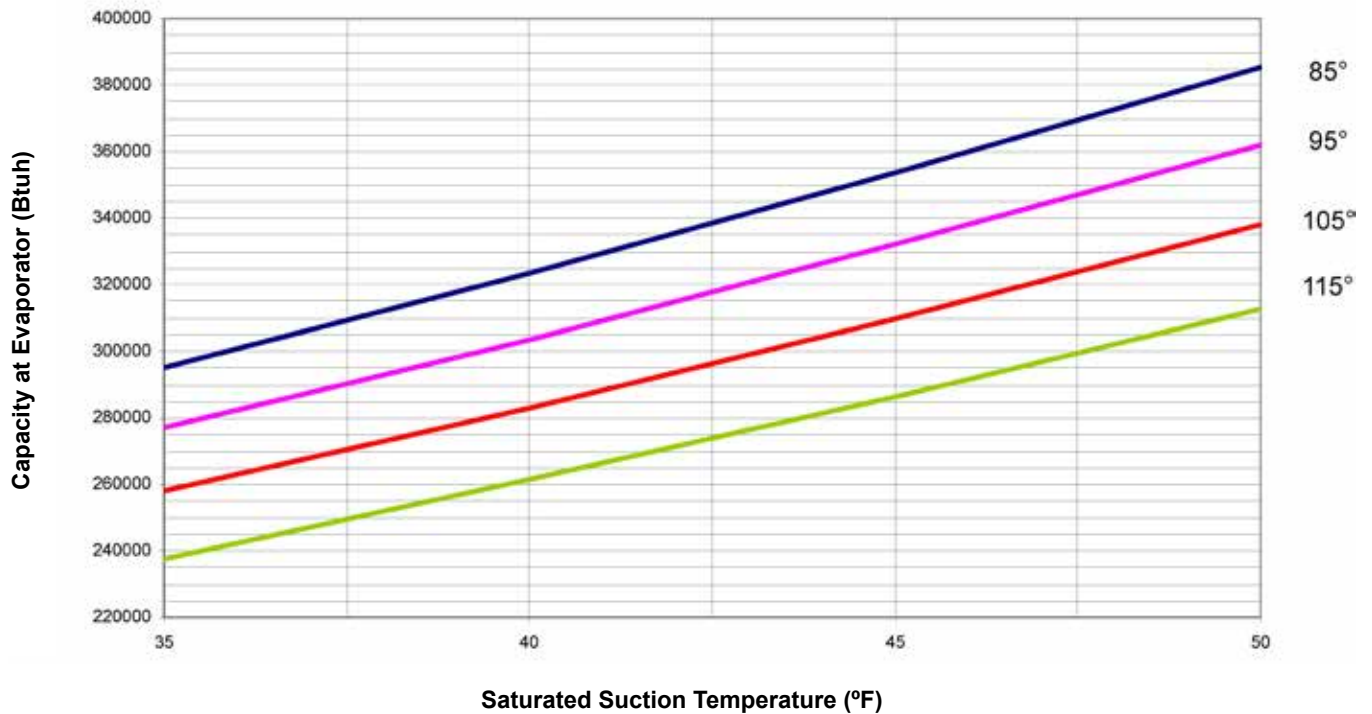




Figure 10: RCS 035D Unit Capacity Chart

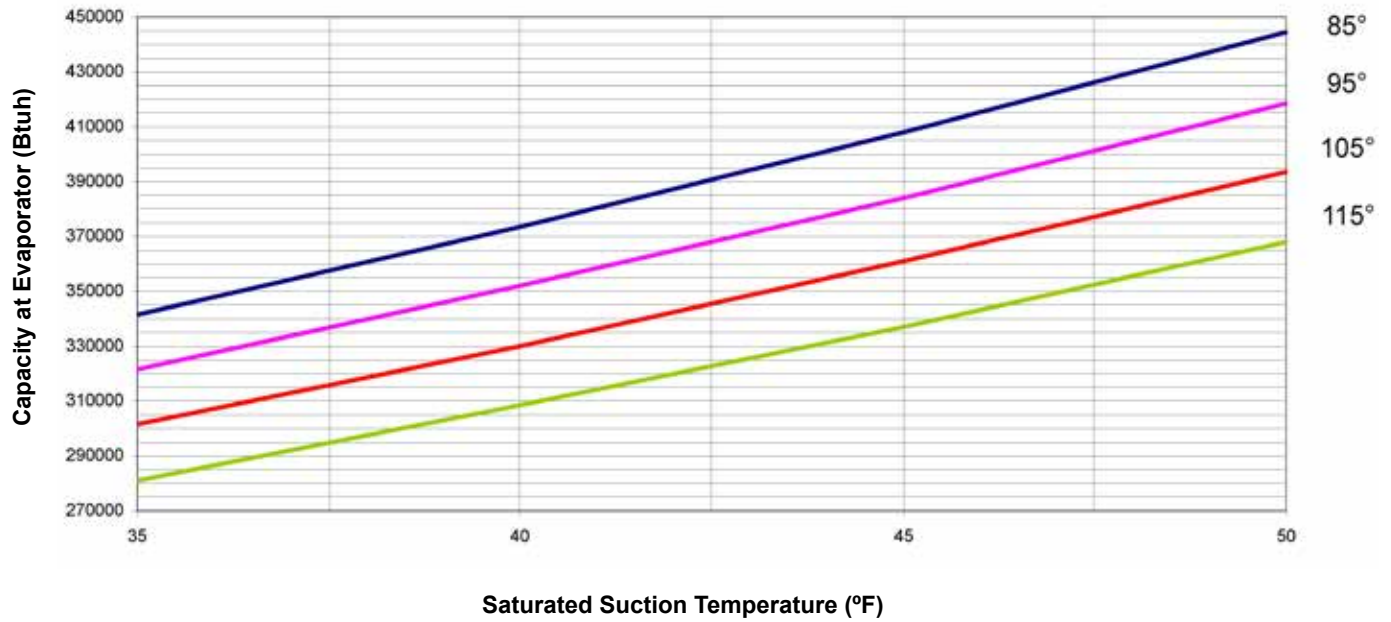


Figure 11: RCS 040D Unit Capacity Chart

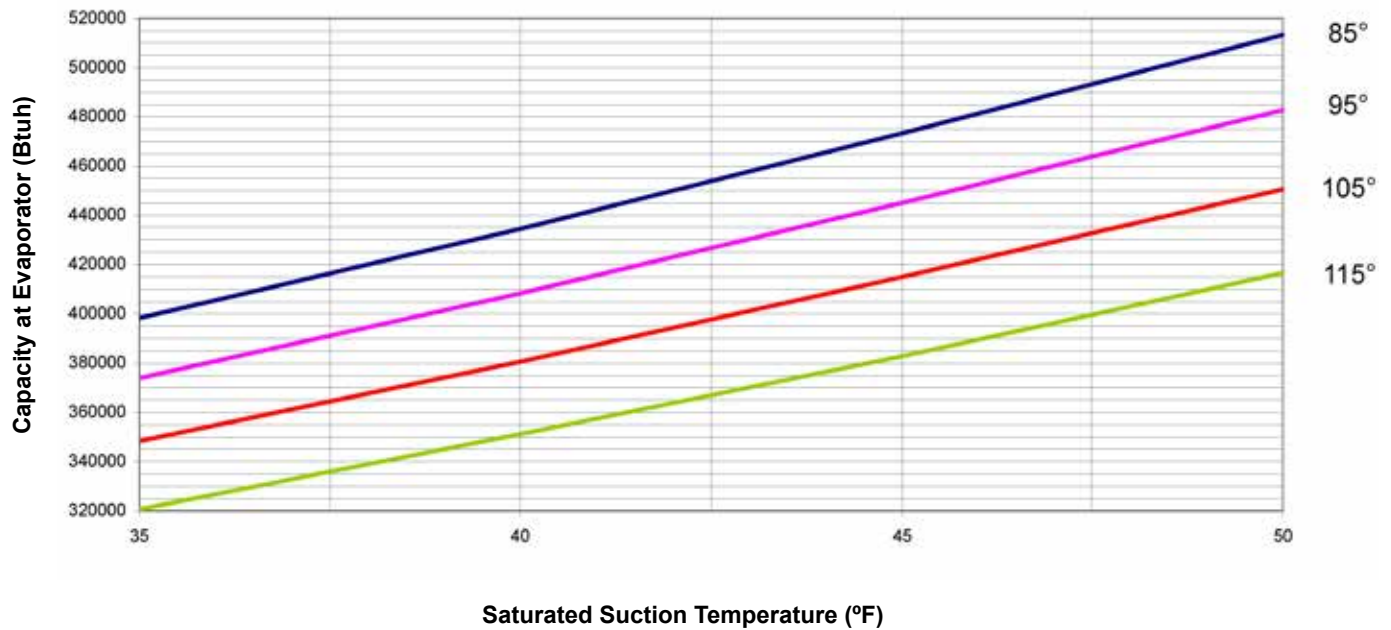


Figure 12: RCS 045D Unit Capacity Chart

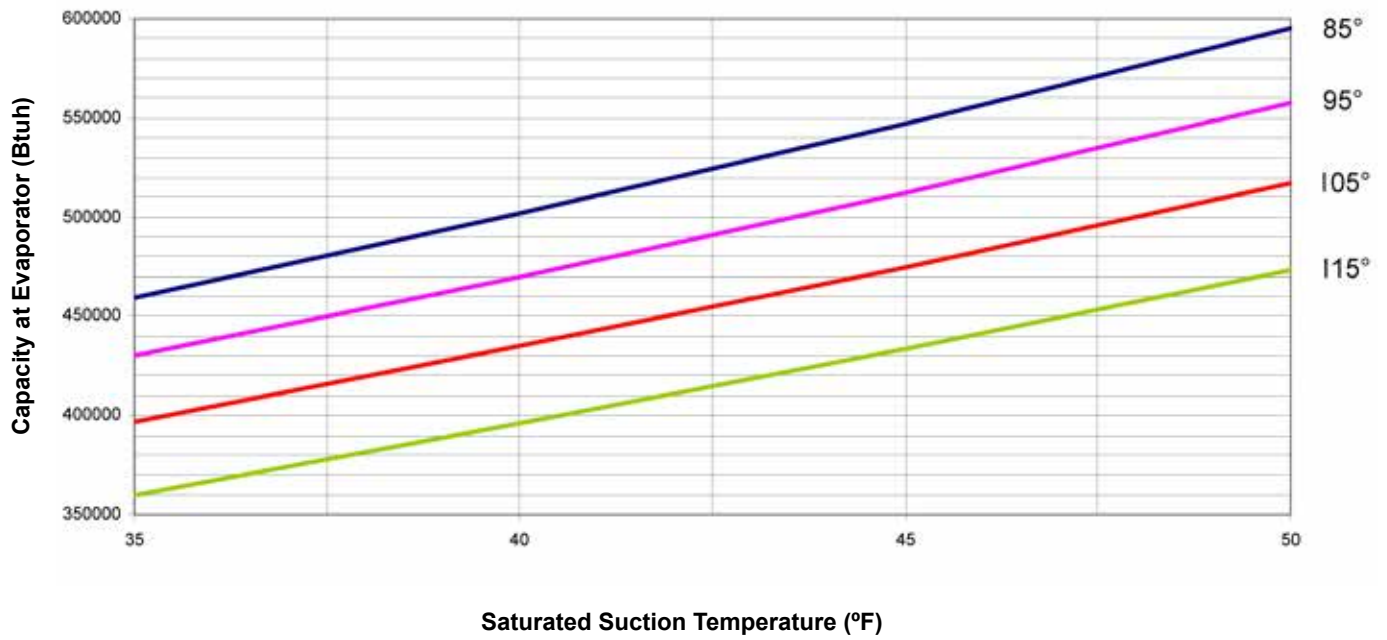


Figure 13: RCS 050D Unit Capacity Chart

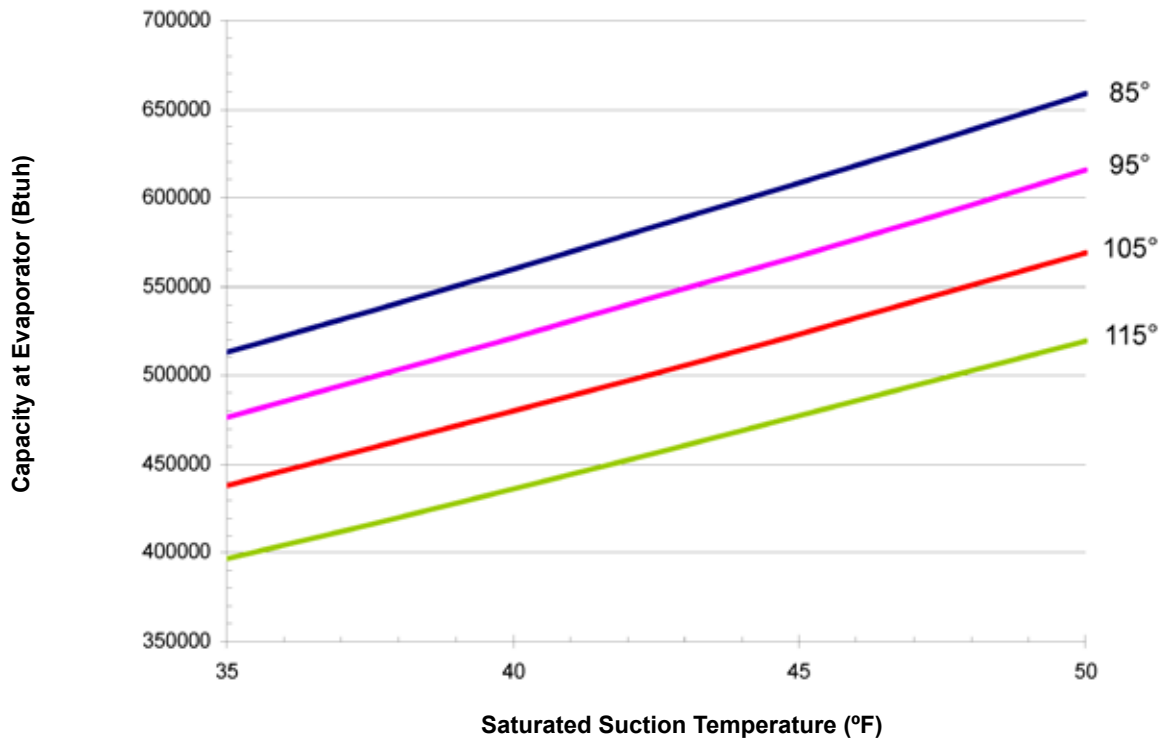


Figure 14: RCS 062D Unit Capacity Chart

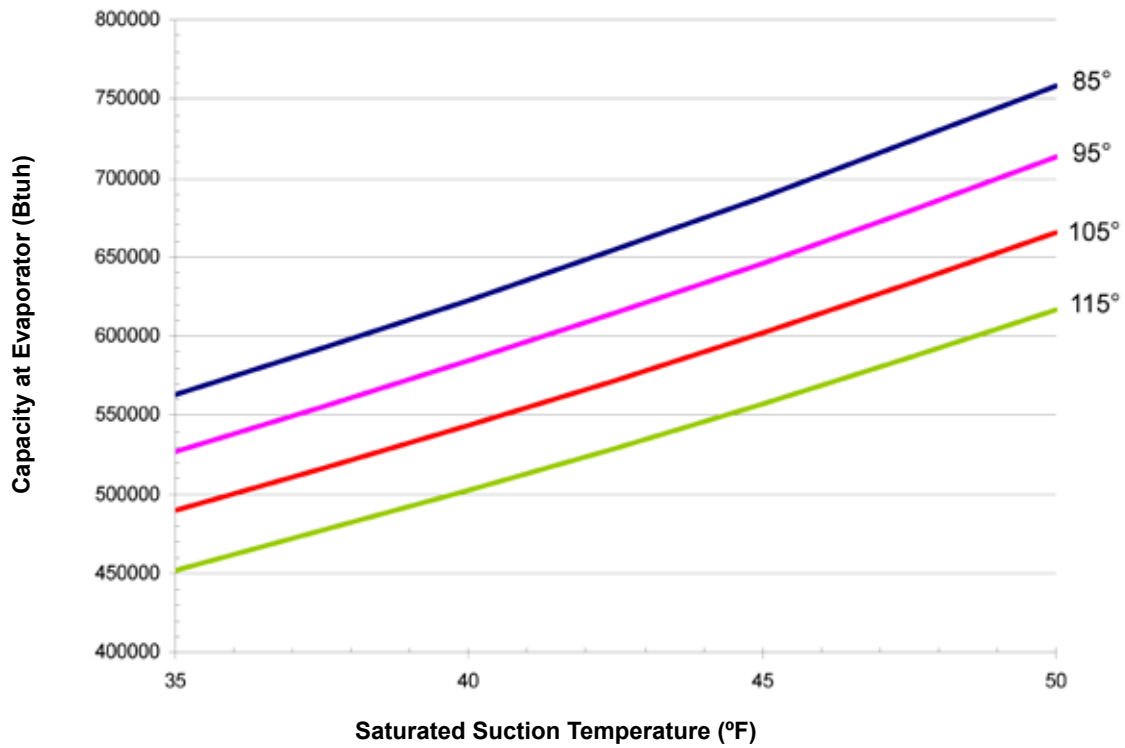


Figure 15: RCS 072D Unit Capacity Chart

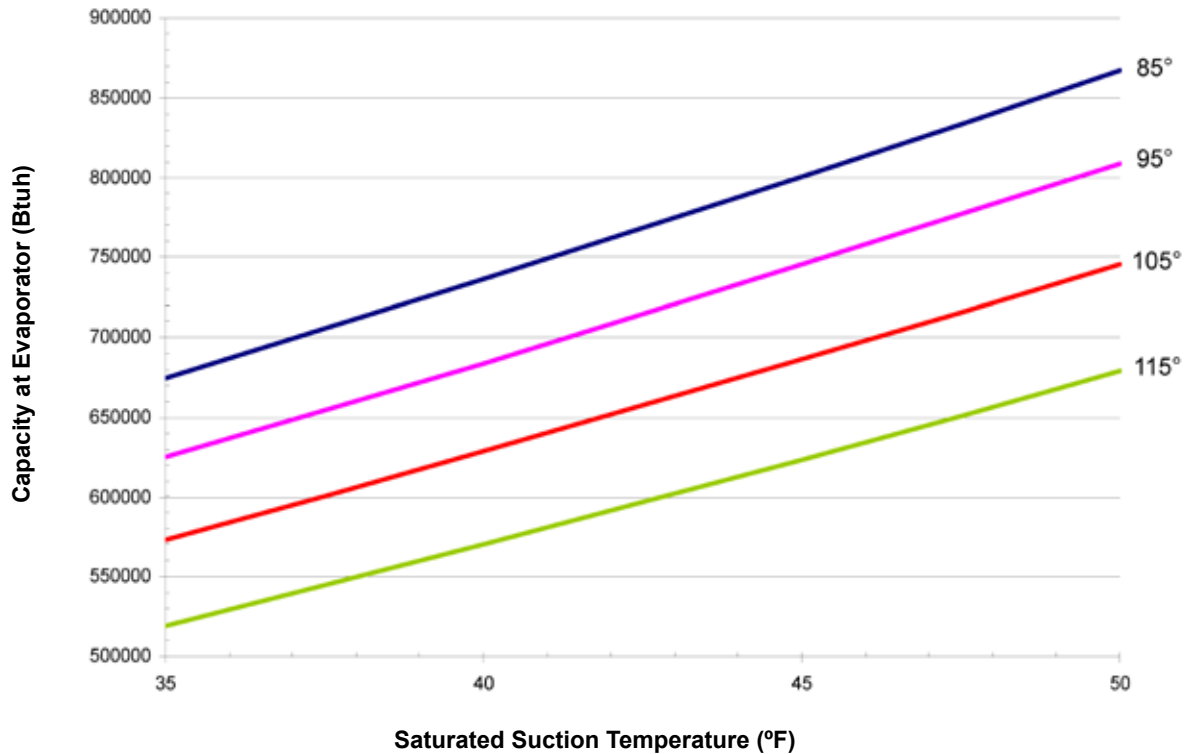


Figure 16: RCS 080D Unit Capacity Chart

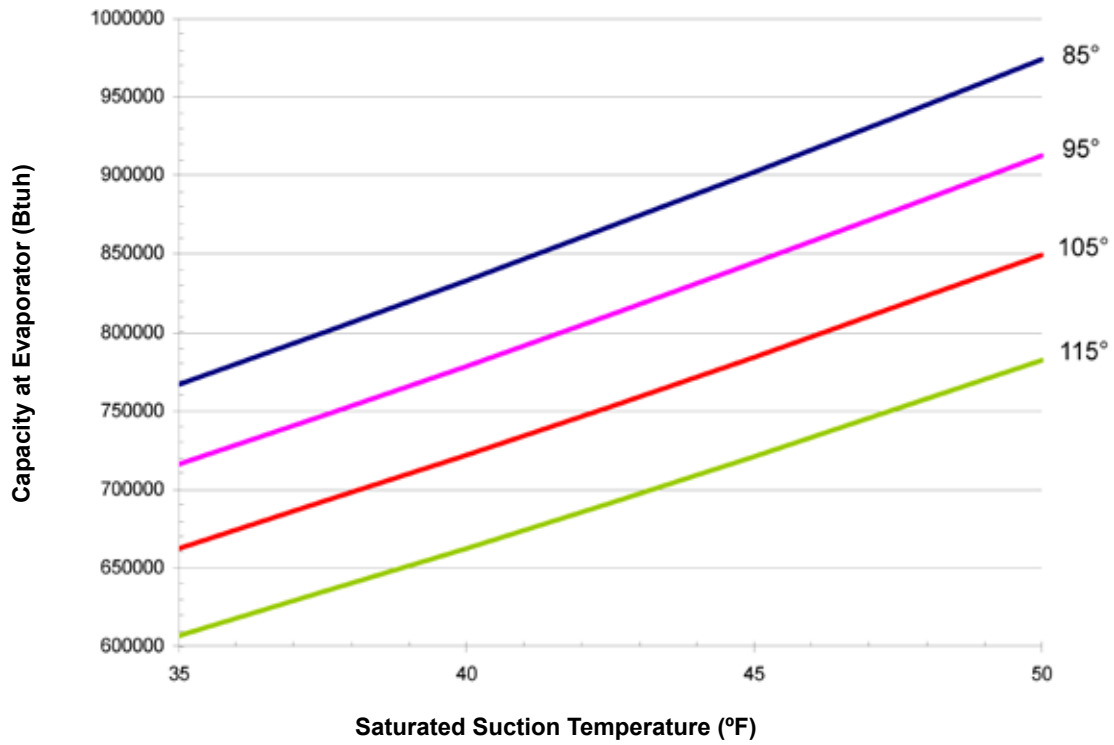


Figure 17: RCS 092D Unit Capacity Chart

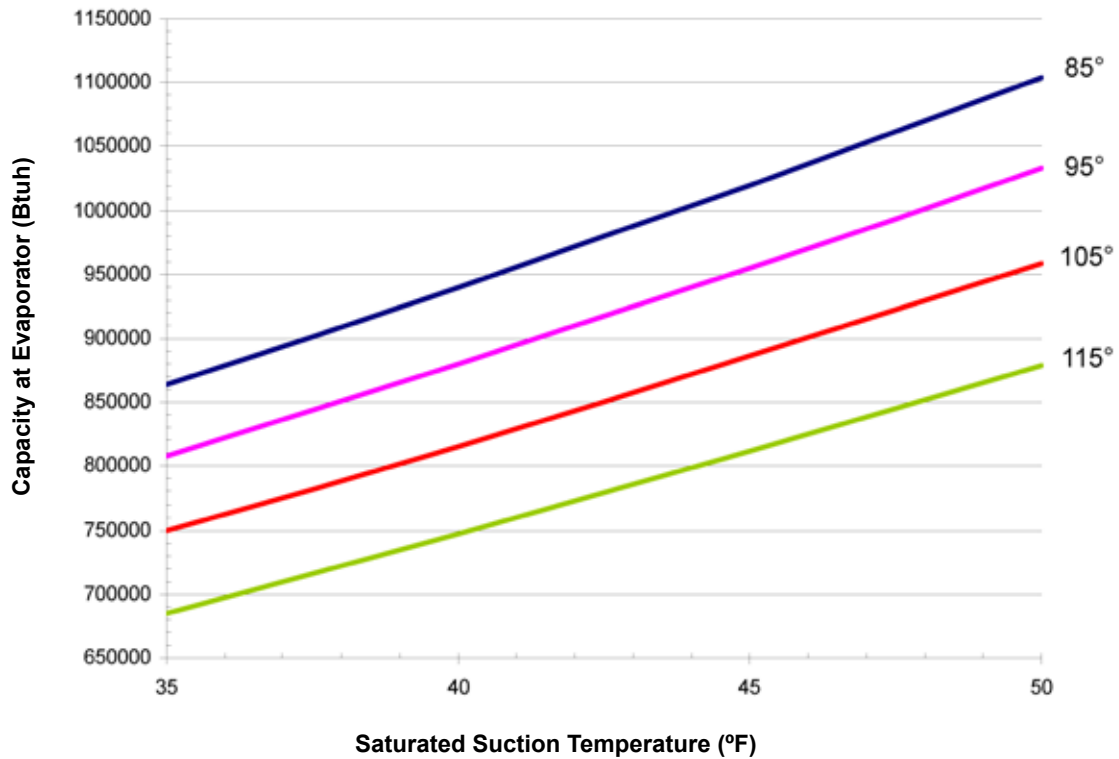


Figure 18: RCS 100D Unit Capacity Chart

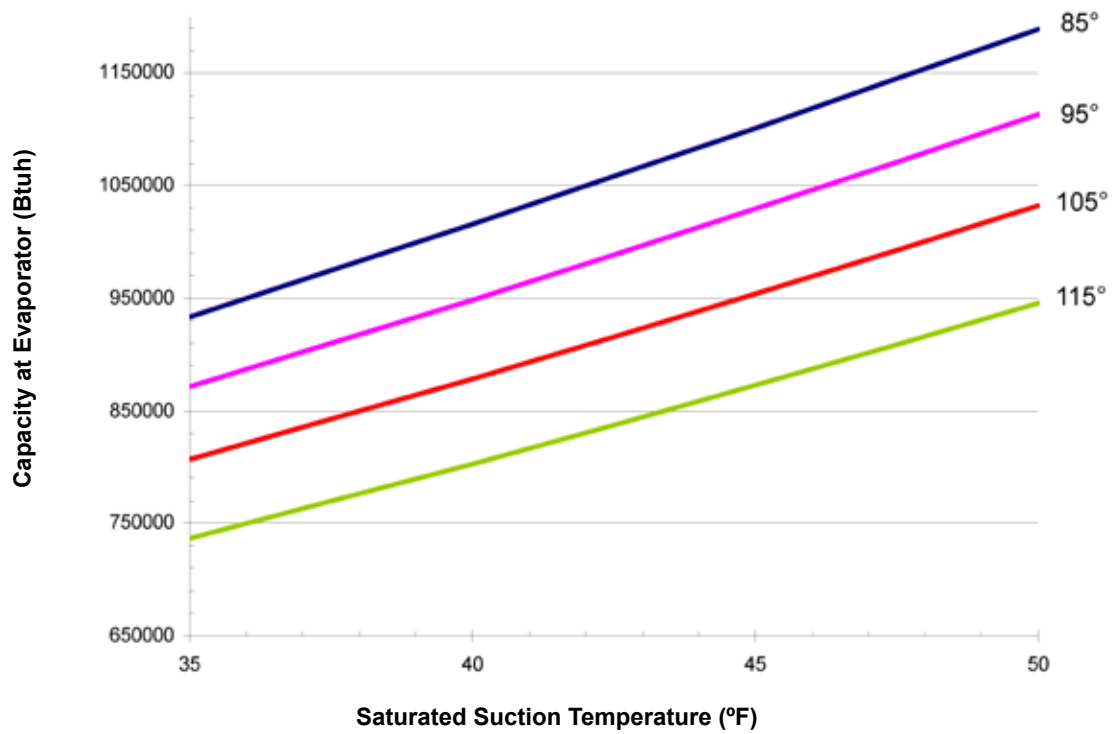


Figure 19: RCS 110D Unit Capacity Chart

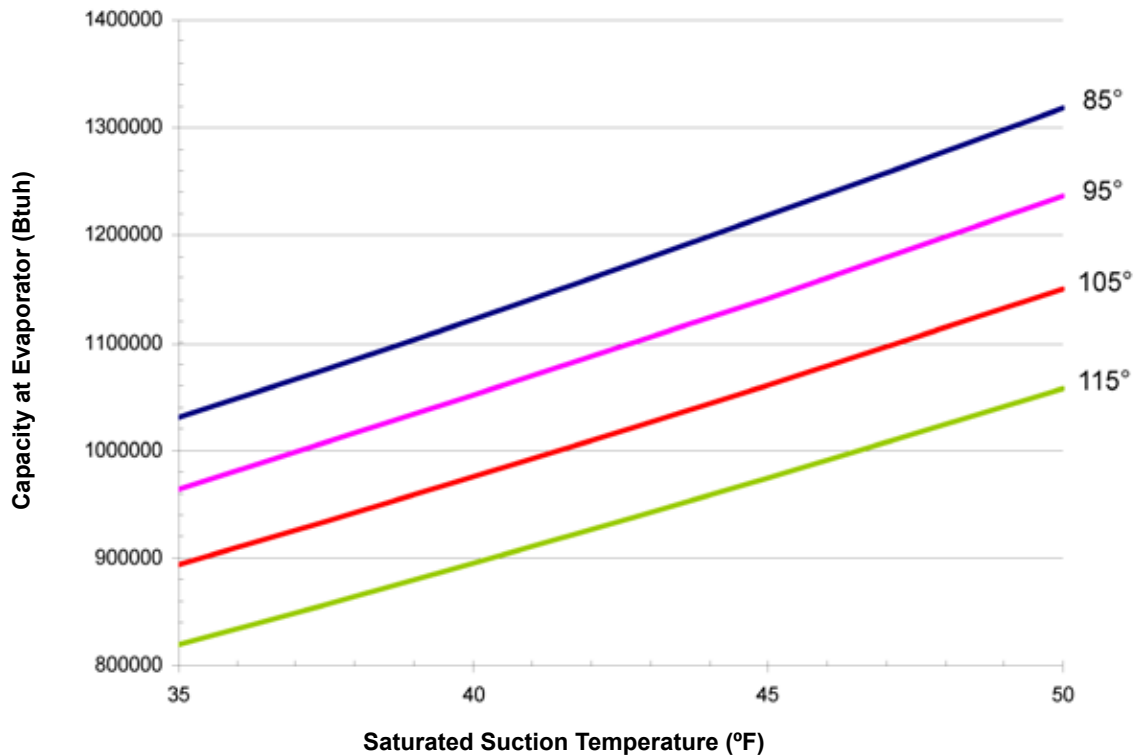


Figure 20: RCS 120D Unit Capacity Chart

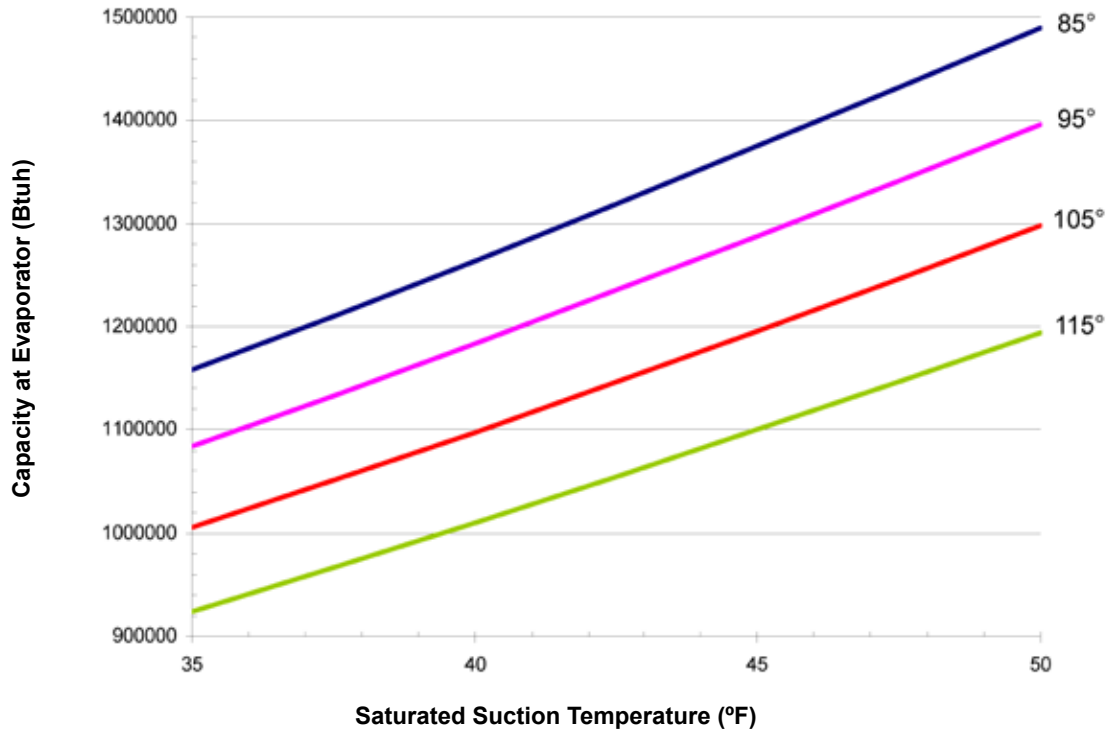


Figure 21: RCS 125D Unit Capacity Chart

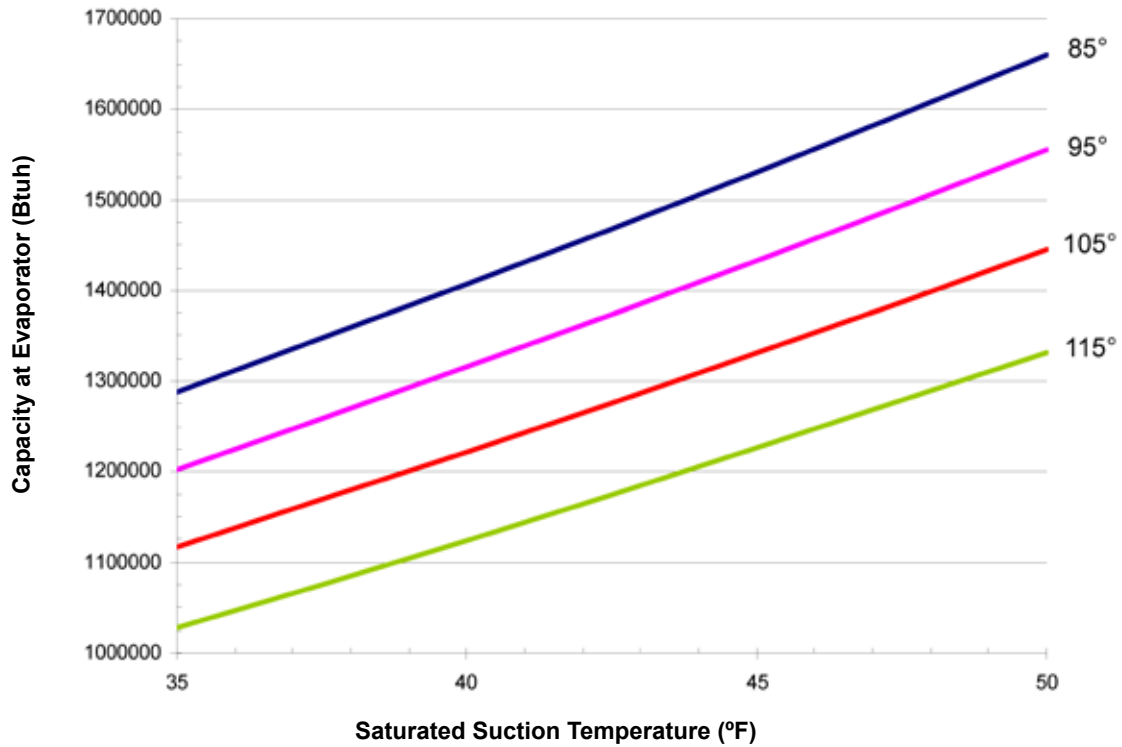
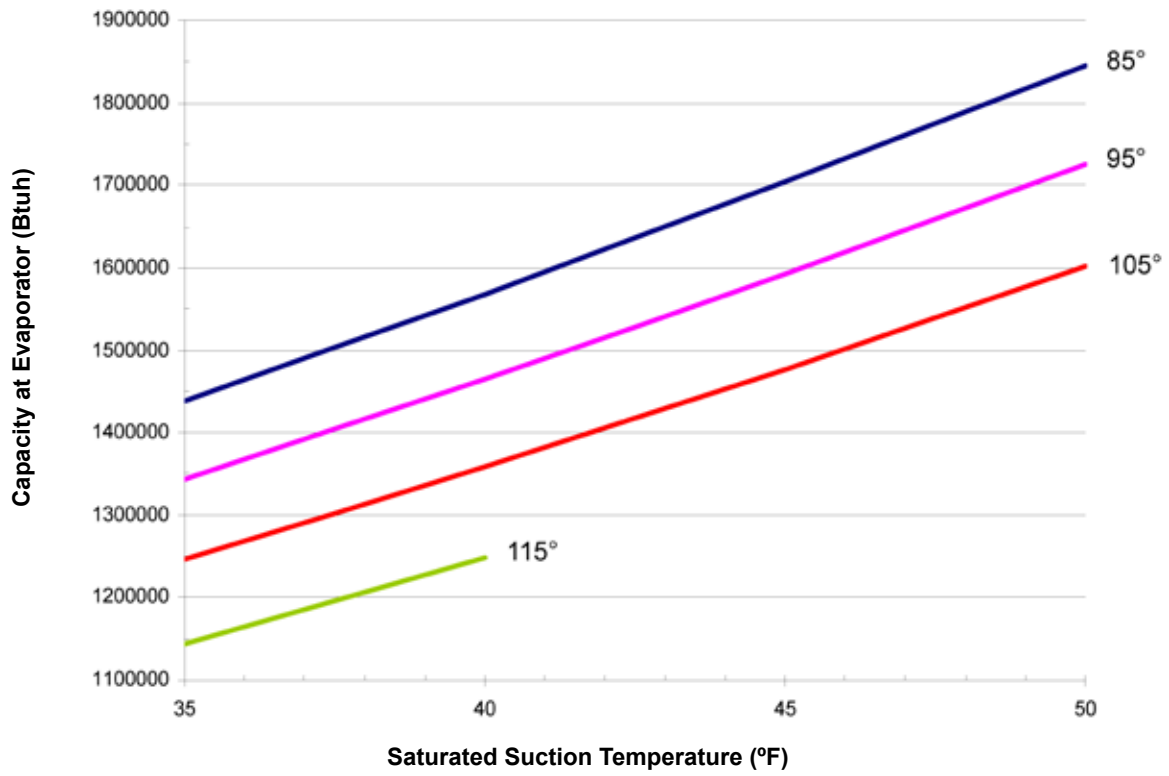


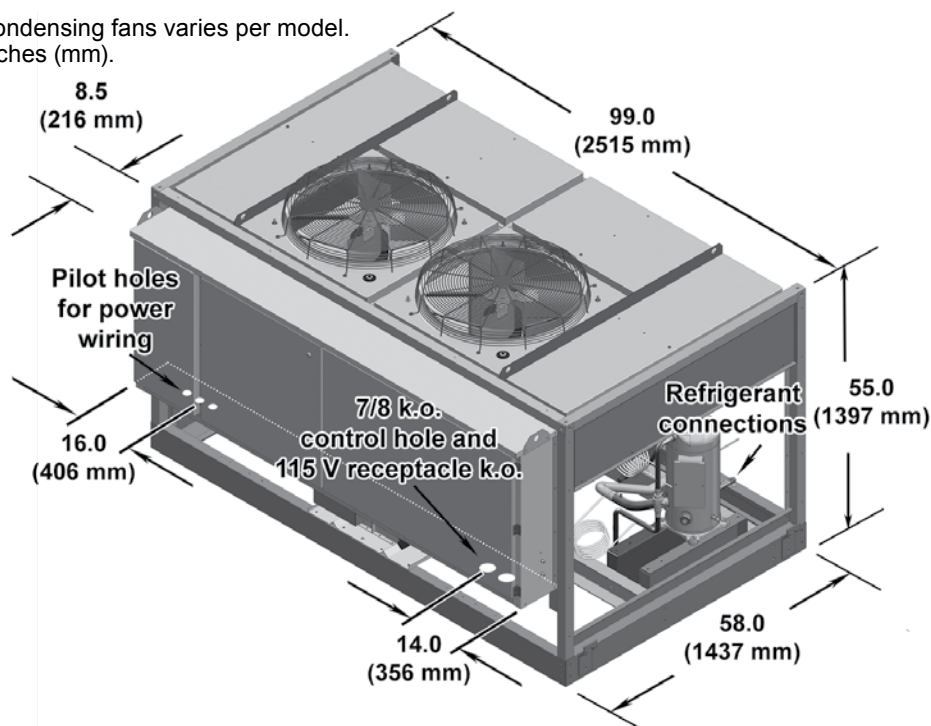
Figure 22: RCS 140D Unit Capacity Chart



## Unit Dimensions

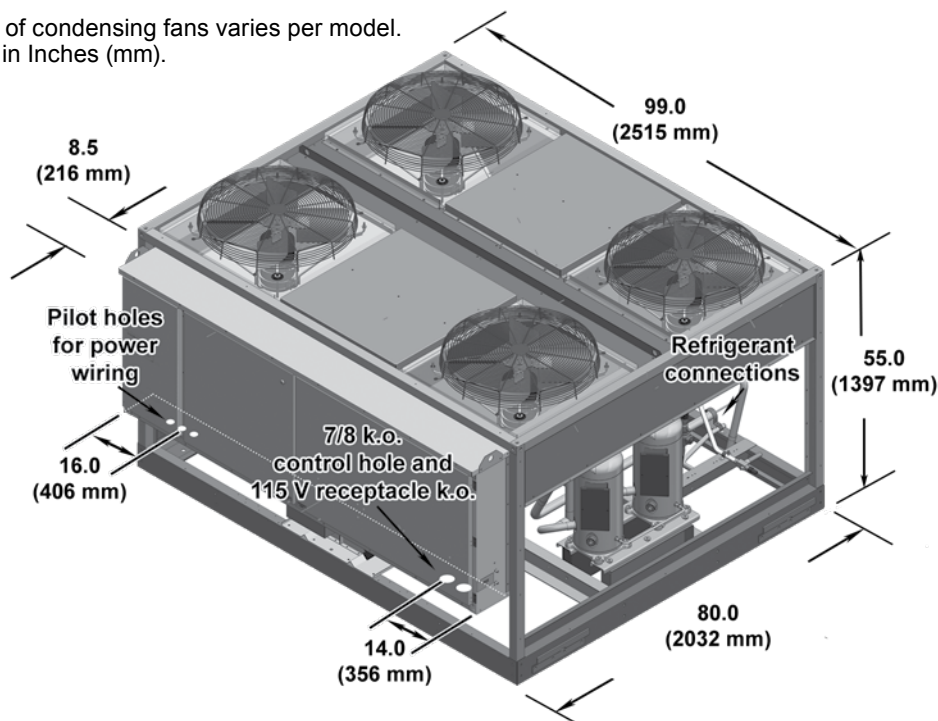
**Figure 23: RCS 015D – 025D**

**NOTE:** The number of condensing fans varies per model.  
Dimensions in Inches (mm).



**Figure 24: RCS 030D - 040D**

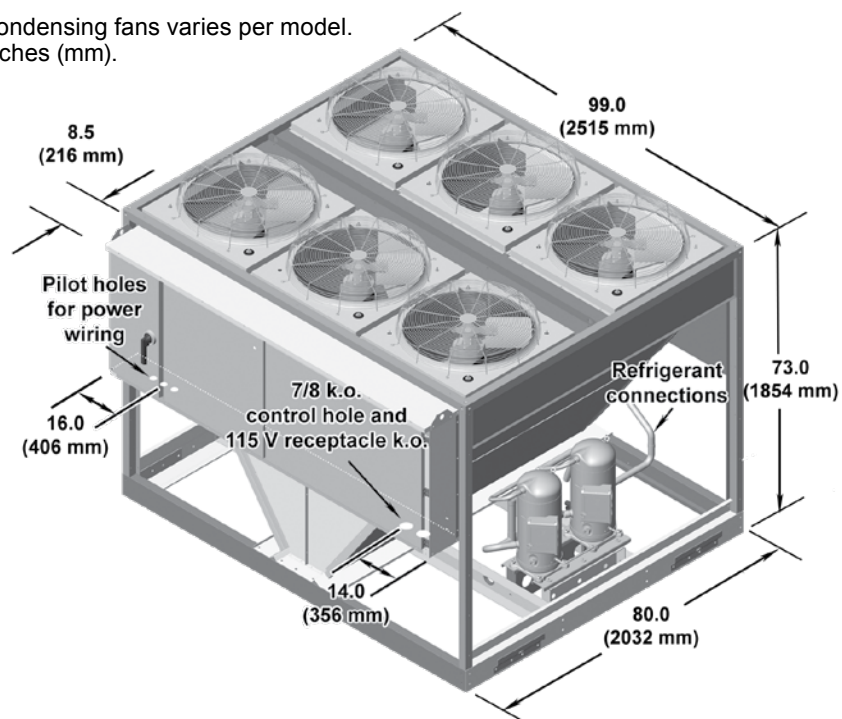
**NOTE:** The number of condensing fans varies per model.  
Dimensions in Inches (mm).





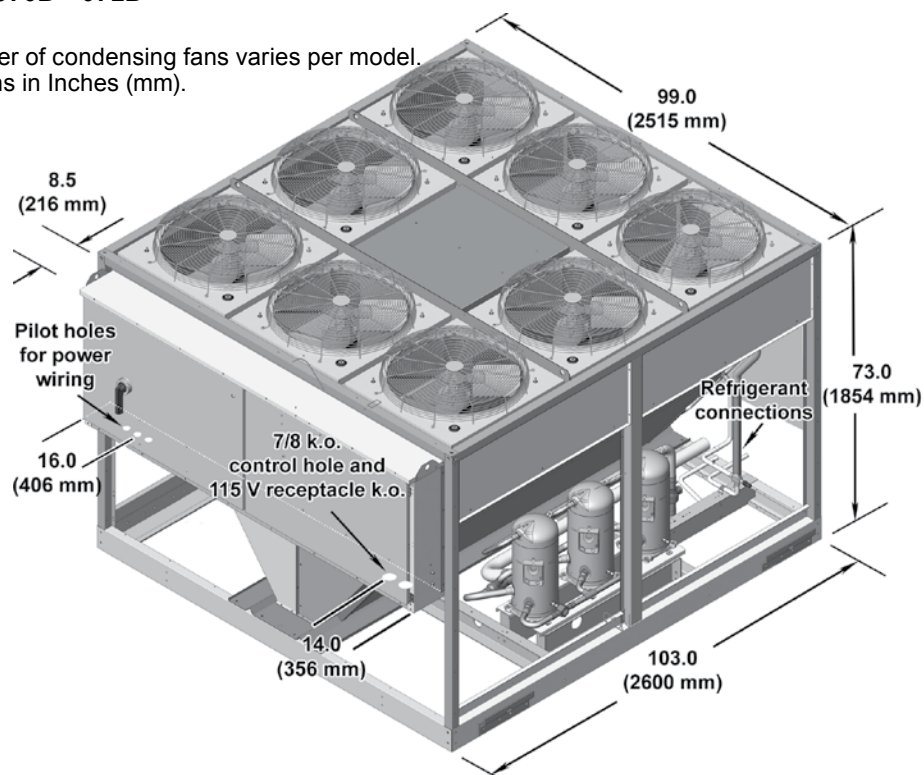
**Figure 25: RCS 045D – 062D**

**NOTE:** The number of condensing fans varies per model.  
Dimensions in Inches (mm).



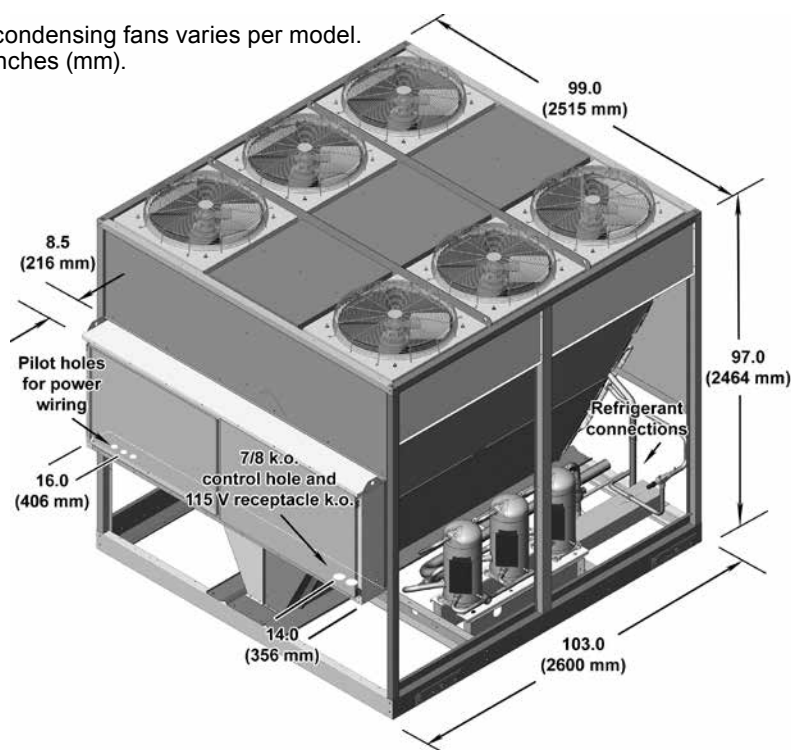
**Figure 26: RCS 070D - 072D**

**NOTE:** The number of condensing fans varies per model.  
Dimensions in Inches (mm).



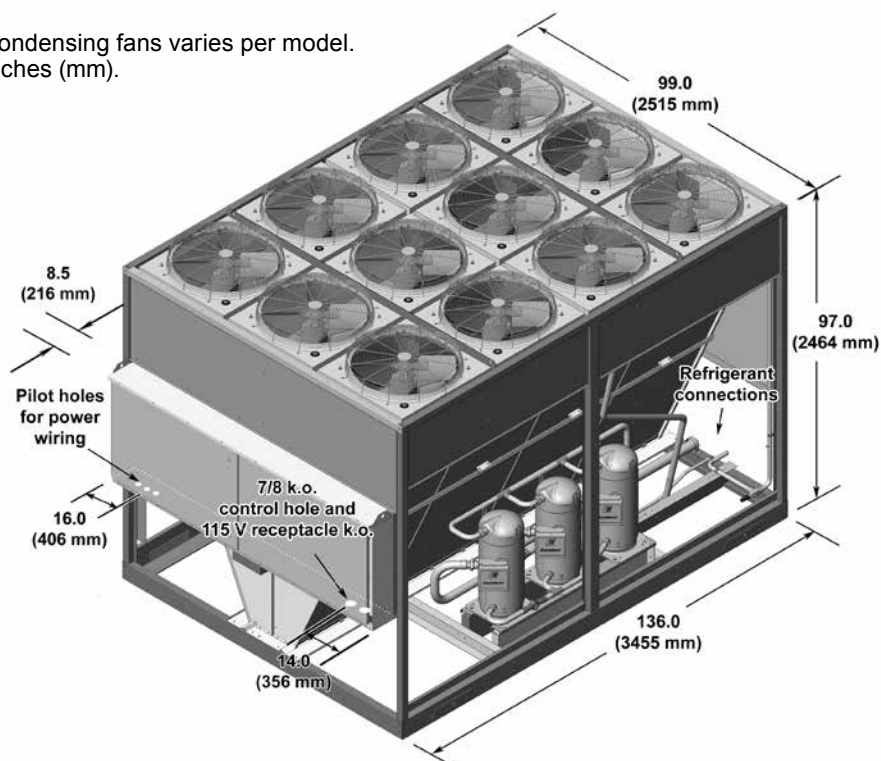
**Figure 27: RCS 080D - 100D**

**NOTE:** The number of condensing fans varies per model.  
Dimensions in Inches (mm).



**Figure 28: RCS 110D - 140D**

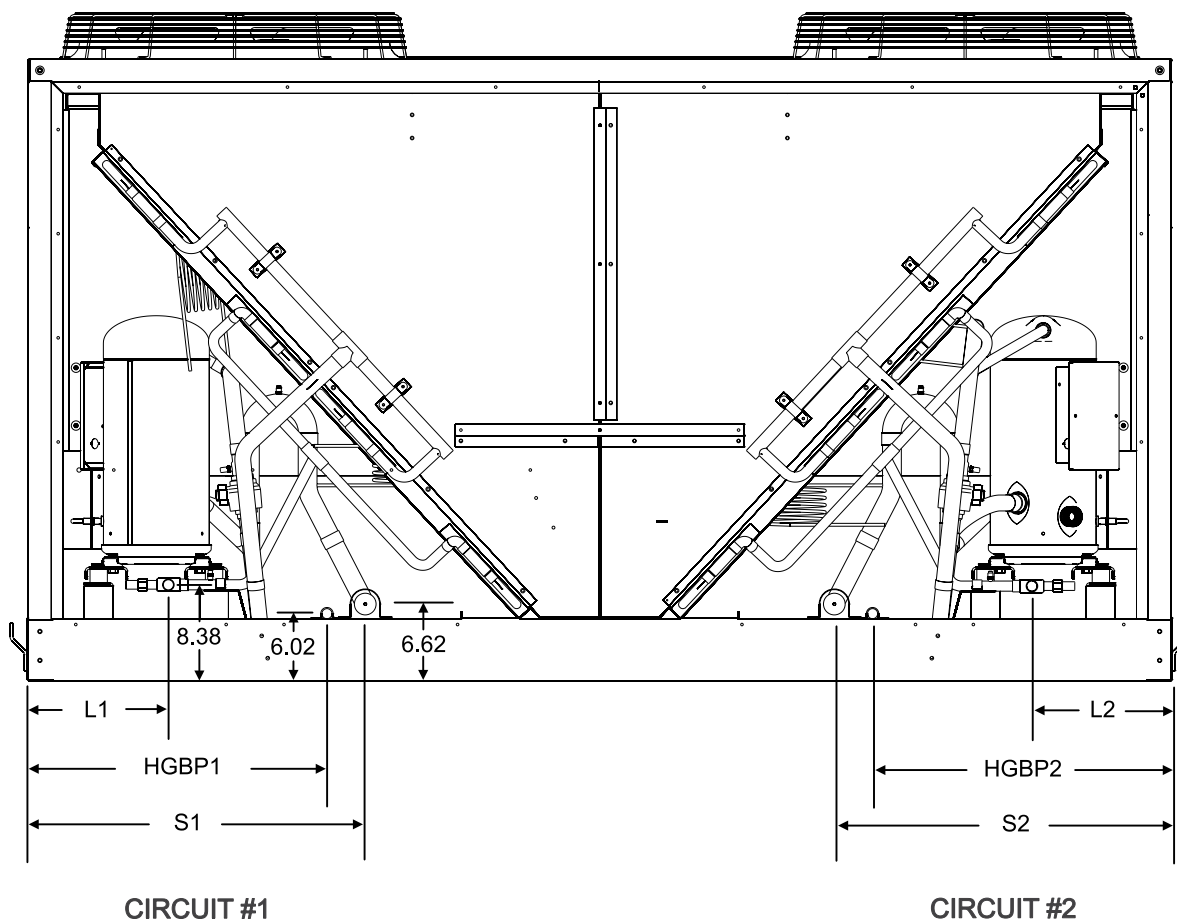
**NOTE:** The number of condensing fans varies per model.  
Dimensions in Inches (mm).



## Piping Connections

**NOTE:** Piping locations are symmetrical on both sides.

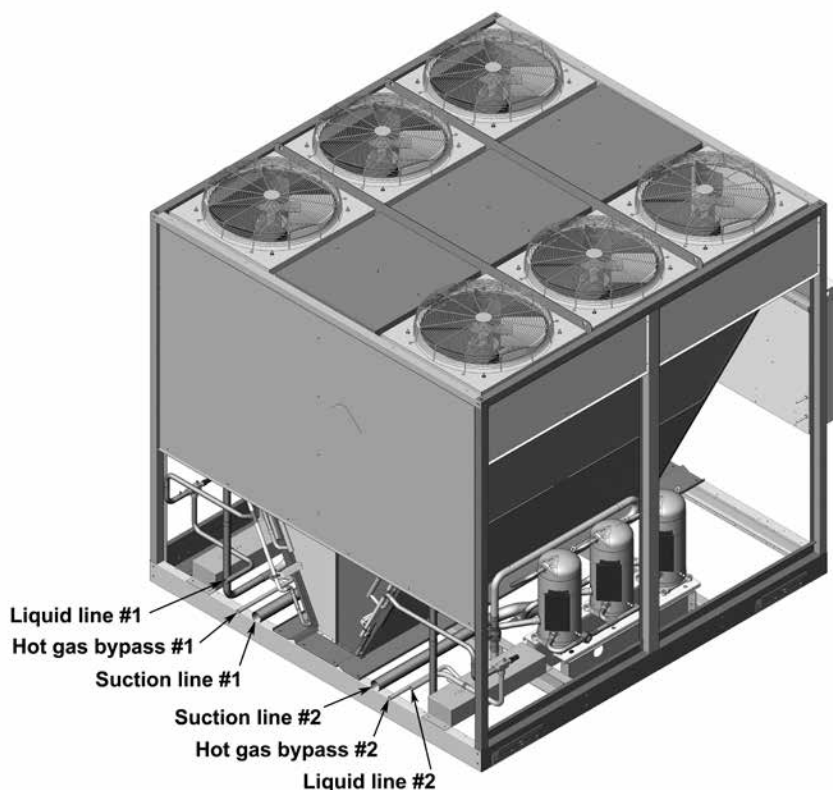
**Figure 29: Refrigerant Piping Connection Locations Example (040 Shown)**



**Table 8: 015D – 140D Connection Locations**

| Component Circuit |                 |       | Connection Location (inches) refer to <a href="#">Figure 29</a> |      |      |      |      |      |      |      |      |
|-------------------|-----------------|-------|-----------------------------------------------------------------|------|------|------|------|------|------|------|------|
|                   |                 |       | 015D                                                            | 020D | 025D | 030D | 035D | 040D | 045D | 050D |      |
| S1                | Suction line #1 | Ckt.1 | 32.1                                                            | 32.1 | 32.1 | 29.3 | 29.3 | 29.3 | 29.4 | 29.4 |      |
| S2                | Suction line #2 | Ckt.2 | 32.1                                                            | 32.1 | 32.1 | 29.3 | 29.3 | 29.3 | 29.4 | 29.4 |      |
| L1                | Liquid line #1  | Ckt.1 | 16.7                                                            | 16.7 | 16.7 | 12.9 | 12.9 | 12.9 | 12.0 | 12.0 |      |
| L2                | Liquid line #2  | Ckt.2 | 16.7                                                            | 16.7 | 16.7 | 12.9 | 12.9 | 12.9 | 12.0 | 12.0 |      |
| HG1               | HGBP line #1    | Ckt.1 | 24.0                                                            | 24.0 | 24.0 | 25.4 | 25.4 | 25.4 | 25.9 | 25.9 |      |
| HG2               | HGBP line #2    | Ckt.2 | 24.0                                                            | 24.0 | 24.0 | 25.4 | 25.4 | 25.4 | 25.9 | 25.9 |      |
| Component Circuit |                 |       | Connection Location (inches) refer to <a href="#">Figure 29</a> |      |      |      |      |      |      |      |      |
|                   |                 |       | 062D                                                            | 072D | 080D | 092D | 100D | 110D | 120D | 125D | 140D |
| S1                | Suction line #1 | Ckt.1 | 29.4                                                            | 32.3 | 32.3 | 32.3 | 32.3 | 32.4 | 32.4 | 32.4 | 32.4 |
| S2                | Suction line #2 | Ckt.2 | 29.4                                                            | 32.3 | 32.3 | 32.3 | 32.3 | 32.4 | 32.4 | 32.4 | 32.4 |
| L1                | Liquid line #1  | Ckt.1 | 12.0                                                            | 13.5 | 11.2 | 11.2 | 11.2 | 20.8 | 20.8 | 20.8 | 20.8 |
| L2                | Liquid line #2  | Ckt.2 | 12.0                                                            | 13.5 | 11.2 | 11.2 | 11.2 | 20.8 | 20.8 | 20.8 | 20.8 |
| HG1               | HGBP line #1    | Ckt.1 | 25.9                                                            | 25.9 | 28.1 | 28.1 | 28.1 | 25.9 | 25.9 | 25.9 | 25.9 |
| HG2               | HGBP line #2    | Ckt.2 | 25.9                                                            | 25.9 | 28.1 | 28.1 | 28.1 | 25.9 | 25.9 | 25.9 | 25.9 |

**Figure 30: Refrigerant Piping Connections Example (080D Shown)**



**Table 9: 015D – 140D Connection Sizes**

| Component Circuit |                 |       | Piping Connection Size (inches) refer to Figure 30 |      |      |      |      |      |      |      |      |
|-------------------|-----------------|-------|----------------------------------------------------|------|------|------|------|------|------|------|------|
|                   |                 |       | 015D                                               | 020D | 025D | 030D | 035D | 040D | 045D | 050D | 062D |
| S1                | Suction line #1 | Ckt.1 | 1.12                                               | 1.38 | 1.62 | 1.62 | 1.62 | 1.62 | 1.62 | 2.12 | 2.12 |
| S2                | Suction line #2 | Ckt.2 | 1.12                                               | 1.38 | 1.62 | 1.62 | 1.62 | 1.62 | 1.62 | 2.12 | 2.12 |
| L1                | Liquid line #1  | Ckt.1 | 0.62                                               | 0.62 | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 |
| L2                | Liquid line #2  | Ckt.2 | 0.62                                               | 0.62 | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 |
| HG1               | HGBP line #1    | Ckt.1 | 0.88                                               | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 |
| HG2               | HGBP line #2    | Ckt.2 | 0.88                                               | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 |
| Component Circuit |                 |       | Piping Connection Size (inches) refer to Figure 30 |      |      |      |      |      |      |      |      |
|                   |                 |       | 072D                                               | 080D | 092D | 100D | 110D | 120D | 125D | 140D |      |
| S1                | Suction line #1 | Ckt.1 | 2.12                                               | 2.12 | 2.12 | 2.62 | 2.62 | 2.62 | 2.62 | 2.62 |      |
| S2                | Suction line #2 | Ckt.2 | 2.12                                               | 2.12 | 2.12 | 2.62 | 2.62 | 2.62 | 2.62 | 2.62 |      |
| L1                | Liquid line #1  | Ckt.1 | 0.88                                               | 1.12 | 1.12 | 1.12 | 1.12 | 1.12 | 1.12 | 1.12 |      |
| L2                | Liquid line #2  | Ckt.2 | 0.88                                               | 1.12 | 1.12 | 1.12 | 1.12 | 1.12 | 1.12 | 1.12 |      |
| HG1               | HGBP line #1    | Ckt.1 | 0.88                                               | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 |      |
| HG2               | HGBP line #2    | Ckt.2 | 0.88                                               | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 |      |

# Power Wiring

**Table 10: Compressor Rated Load Amps**

| Unit Size | Voltage | Compressor |        |        |        |        |        |
|-----------|---------|------------|--------|--------|--------|--------|--------|
|           |         | #1 RLA     | #2 RLA | #3 RLA | #4 RLA | #5 RLA | #6 RLA |
| 015D      | 208     | 27.6       | 27.6   | —      | —      | —      | —      |
|           | 230     | 25.0       | 25.0   | —      | —      | —      | —      |
|           | 460     | 12.2       | 12.2   | —      | —      | —      | —      |
|           | 575     | 9.4        | 9.4    | —      | —      | —      | —      |
| 020D      | 208     | 38.5       | 19.3   | 19.3   | —      | —      | —      |
|           | 230     | 34.8       | 17.4   | 17.4   | —      | —      | —      |
|           | 460     | 19.2       | 8.6    | 8.6    | —      | —      | —      |
|           | 575     | 13.9       | 6.5    | 6.5    | —      | —      | —      |
| 025D      | 208     | 53.2       | 24.8   | 24.8   | —      | —      | —      |
|           | 230     | 48.1       | 22.4   | 22.4   | —      | —      | —      |
|           | 460     | 19.2       | 10.6   | 10.6   | —      | —      | —      |
|           | 575     | 16.0       | 7.7    | 7.7    | —      | —      | —      |
| 030D      | 208     | 56.7       | 25.7   | 25.7   | —      | —      | —      |
|           | 230     | 51.3       | 23.2   | 23.2   | —      | —      | —      |
|           | 460     | 23.1       | 11.2   | 11.2   | —      | —      | —      |
|           | 575     | 19.9       | 8.2    | 8.2    | —      | —      | —      |
| 035D      | 208     | 32.6       | 32.6   | 32.6   | 32.6   | —      | —      |
|           | 230     | 29.5       | 29.5   | 29.5   | 29.5   | —      | —      |
|           | 460     | 14.7       | 14.7   | 14.7   | 14.7   | —      | —      |
|           | 575     | 12.2       | 12.2   | 12.2   | 12.2   | —      | —      |
| 040D      | 208     | 33.7       | 33.7   | 33.7   | 33.7   | —      | —      |
|           | 230     | 30.5       | 30.5   | 30.5   | 30.5   | —      | —      |
|           | 460     | 16.7       | 16.7   | 16.7   | 16.7   | —      | —      |
|           | 575     | 12.2       | 12.2   | 12.2   | 12.2   | —      | —      |
| 045D      | 208     | 42.2       | 42.2   | 42.2   | 42.2   | —      | —      |
|           | 230     | 38.2       | 38.2   | 38.2   | 38.2   | —      | —      |
|           | 460     | 19.2       | 19.2   | 19.2   | 19.2   | —      | —      |
|           | 575     | 13.9       | 13.9   | 13.9   | 13.9   | —      | —      |
| 050D      | 208     | 53.2       | 53.2   | 53.2   | 53.2   | —      | —      |
|           | 230     | 48.1       | 38.2   | 48.1   | 38.2   | —      | —      |
|           | 460     | 19.2       | 19.2   | 19.2   | 19.2   | —      | —      |
|           | 575     | 16.0       | 13.9   | 16.0   | 13.9   | —      | —      |
| 062D      | 208     | 56.7       | 56.7   | 56.7   | 56.7   | —      | —      |
|           | 230     | 51.3       | 51.3   | 51.3   | 51.3   | —      | —      |
|           | 460     | 23.1       | 23.1   | 23.1   | 23.1   | —      | —      |
|           | 575     | 19.9       | 19.9   | 19.9   | 19.9   | —      | —      |
| 072D      | 208     | 42.2       | 42.2   | 42.2   | 42.2   | 42.2   | 42.2   |
|           | 230     | 38.2       | 38.2   | 38.2   | 38.2   | 38.2   | 38.2   |
|           | 460     | 19.2       | 19.2   | 19.2   | 19.2   | 19.2   | 19.2   |
|           | 575     | 13.9       | 13.9   | 13.9   | 13.9   | 13.9   | 13.9   |
| 080D      | 208     | 53.2       | 53.2   | 53.2   | 53.2   | 53.2   | 53.2   |
|           | 230     | 48.1       | 48.1   | 48.1   | 48.1   | 48.1   | 48.1   |
|           | 460     | 19.2       | 19.2   | 19.2   | 19.2   | 19.2   | 19.2   |
|           | 575     | 16.0       | 16.0   | 16.0   | 16.0   | 16.0   | 16.0   |
| 092D      | 208     | 56.7       | 56.7   | 56.7   | 56.7   | 56.7   | 56.7   |
|           | 230     | 51.3       | 51.3   | 51.3   | 51.3   | 51.3   | 51.3   |
|           | 460     | 23.1       | 23.1   | 23.1   | 23.1   | 23.1   | 23.1   |
|           | 575     | 19.9       | 19.9   | 19.9   | 19.9   | 19.9   | 19.9   |
| 100D      | 208     | 63.9       | 56.7   | 63.9   | 56.7   | 63.9   | 56.7   |
|           | 230     | 57.8       | 51.3   | 57.8   | 51.3   | 57.8   | 51.3   |
|           | 460     | 29.0       | 23.1   | 29.0   | 23.1   | 29.0   | 23.1   |
|           | 575     | 23.7       | 19.9   | 23.7   | 19.9   | 23.7   | 19.9   |
| 110D      | 208     | 63.9       | 63.9   | 63.9   | 63.9   | 63.9   | 63.9   |
|           | 230     | 57.8       | 57.8   | 57.8   | 57.8   | 57.8   | 57.8   |
|           | 460     | 29.0       | 29.0   | 29.0   | 29.0   | 29.0   | 29.0   |
|           | 575     | 23.7       | 23.7   | 23.7   | 23.7   | 23.7   | 23.7   |
| 120D      | 208     | 63.9       | 84.3   | 63.9   | 84.3   | 63.9   | 84.3   |
|           | 230     | 57.8       | 76.3   | 57.8   | 76.3   | 57.8   | 76.3   |
|           | 460     | 29.0       | 34.8   | 29.0   | 34.8   | 29.0   | 34.8   |
|           | 575     | 23.7       | 28.4   | 23.7   | 28.4   | 23.7   | 28.4   |
| 125D      | 208     | 84.3       | 84.3   | 84.3   | 84.3   | 84.3   | 84.3   |
|           | 230     | 76.3       | 76.3   | 76.3   | 76.3   | 76.3   | 76.3   |
|           | 460     | 34.8       | 34.8   | 34.8   | 34.8   | 34.8   | 34.8   |
|           | 575     | 28.4       | 28.4   | 28.4   | 28.4   | 28.4   | 28.4   |
| 140D      | 208     | 84.3       | 99.6   | 84.3   | 99.6   | 84.3   | 99.6   |
|           | 230     | 76.3       | 90.1   | 76.3   | 90.1   | 76.3   | 90.1   |
|           | 460     | 34.8       | 45.1   | 34.8   | 45.1   | 34.8   | 45.1   |
|           | 575     | 28.4       | 34.7   | 28.4   | 34.7   | 28.4   | 34.7   |

**Table 11: Condenser Fan Quantity**

| RCS Model                    | Quantity Fans |
|------------------------------|---------------|
| 015D, 020D, 025D             | 2             |
| 030D, 035D, 040D, 045D, 050D | 4             |
| 062D, 080D                   | 6             |
| 072D, 110D                   | 8             |
| 092D, 100D, 120D             | 9             |
| 125D                         | 10            |
| 140D                         | 12            |

**Table 12: Condenser Fan Amps (each)**

| Voltage | Standard Fan, RPM = 1140 |      |
|---------|--------------------------|------|
|         | FLA                      | LRA  |
| 208     | 4.2                      | 21.0 |
| 230     | 4.0                      | 19.8 |
| 460     | 2.0                      | 9.9  |
| 575     | 1.7                      | 9.6  |

**NOTE:** Minimum circuit ampacity (MCA) = 1.25 × largest motor RLA + sum of all other RLA and FLA.

**Table 13: MCA and MOPD Values**

| Model    | Cond Fan | 208V  |       | 230V  |       | 380V/60Hz |       | 380V/50Hz |       | 460V  |       | 575V  |       |
|----------|----------|-------|-------|-------|-------|-----------|-------|-----------|-------|-------|-------|-------|-------|
|          |          | MCA   | MROPD | MCA   | MROPD | MCA       | MROPD | MCA       | MROPD | MCA   | MROPD | MCA   | MROPD |
| RCS 015D | 2        | 71.9  | 90    | 65.6  | 90    | 42.5      | 50    | 33.3      | 45    | 32.3  | 40    | 25.1  | 30    |
| RCS 020D | 2        | 96.5  | 125   | 87.6  | 110   | —         | —     | —         | —     | 46.0  | 60    | 34.3  | 45    |
| RCS 025D | 2        | 125.9 | 175   | 114.2 | 150   | 68.0      | 90    | 51.0      | 70    | 50.0  | 60    | 39.3  | 50    |
| RCS 030D | 4        | 140.5 | 175   | 127.8 | 175   | 77.0      | 100   | 62.1      | 80    | 62.1  | 80    | 48.6  | 60    |
| RCS 035D | 4        | 156.8 | 175   | 142.7 | 150   | 90.3      | 100   | 73.3      | 80    | 71.5  | 80    | 59.2  | 70    |
| RCS 040D | 4        | 161.4 | 175   | 146.9 | 175   | 103.5     | 125   | 81.8      | 90    | 80.0  | 90    | 59.2  | 70    |
| RCS 045D | 4        | 199.0 | 225   | 180.9 | 200   | 118.6     | 125   | 93.1      | 110   | 91.3  | 110   | 66.9  | 80    |
| RCS 050D | 4        | 245.7 | 250   | 222.9 | 250   | 129.7     | 150   | 93.1      | 110   | 91.3  | 110   | 75.8  | 90    |
| RCS 062D | 6        | 269.0 | 300   | 244.5 | 250   | 143.6     | 150   | 114.7     | 125   | 112.1 | 125   | 95.8  | 110   |
| RCS 072D | 8        | 300.2 | 300   | 273.3 | 300   | 179.0     | 200   | 141.5     | 150   | 138.1 | 150   | 101.5 | 110   |
| RCS 080D | 6        | 360.5 | 400   | 327.1 | 350   | 190.3     | 200   | 136.5     | 150   | 133.9 | 150   | 111.2 | 125   |
| RCS 092D | 9        | 395.0 | 450   | 359.1 | 400   | 210.9     | 225   | 168.4     | 175   | 164.6 | 175   | 140.7 | 150   |
| RCS 100D | 9        | 418.4 | 450   | 380.3 | 400   | 237.2     | 250   | 187.6     | 200   | 183.8 | 200   | 153.0 | 175   |
| RCS 110D | 8        | 435.8 | 450   | 395.8 | 450   | 259.0     | 250   | 202.8     | 225   | 199.4 | 225   | 162.7 | 175   |
| RCS 120D | 9        | 506.3 | 500   | 459.9 | 500   | 285.9     | 300   | 224.1     | 250   | 220.3 | 250   | 179.7 | 200   |
| RCS 125D | 10       | 571.7 | 600   | 519.4 | 500   | 310.9     | 350   | 244.0     | 250   | 239.8 | 250   | 195.5 | 200   |
| RCS 140D | 12       | 629.8 | 700   | 572.2 | 600   | 352.3     | 400   | 282.5     | 300   | 277.5 | 300   | 219.4 | 250   |

**NOTE:** Calculations for RCS042D and smaller include 500 VA control transformer.  
Calculations for RCS045D and larger include 1000 VA control transformer.  
Units with 380V/60Hz and 380V/50Hz power include 1.5 HP TEAO condenser fan motors.

Figure 31: Typical RCS Controls Wiring Diagram

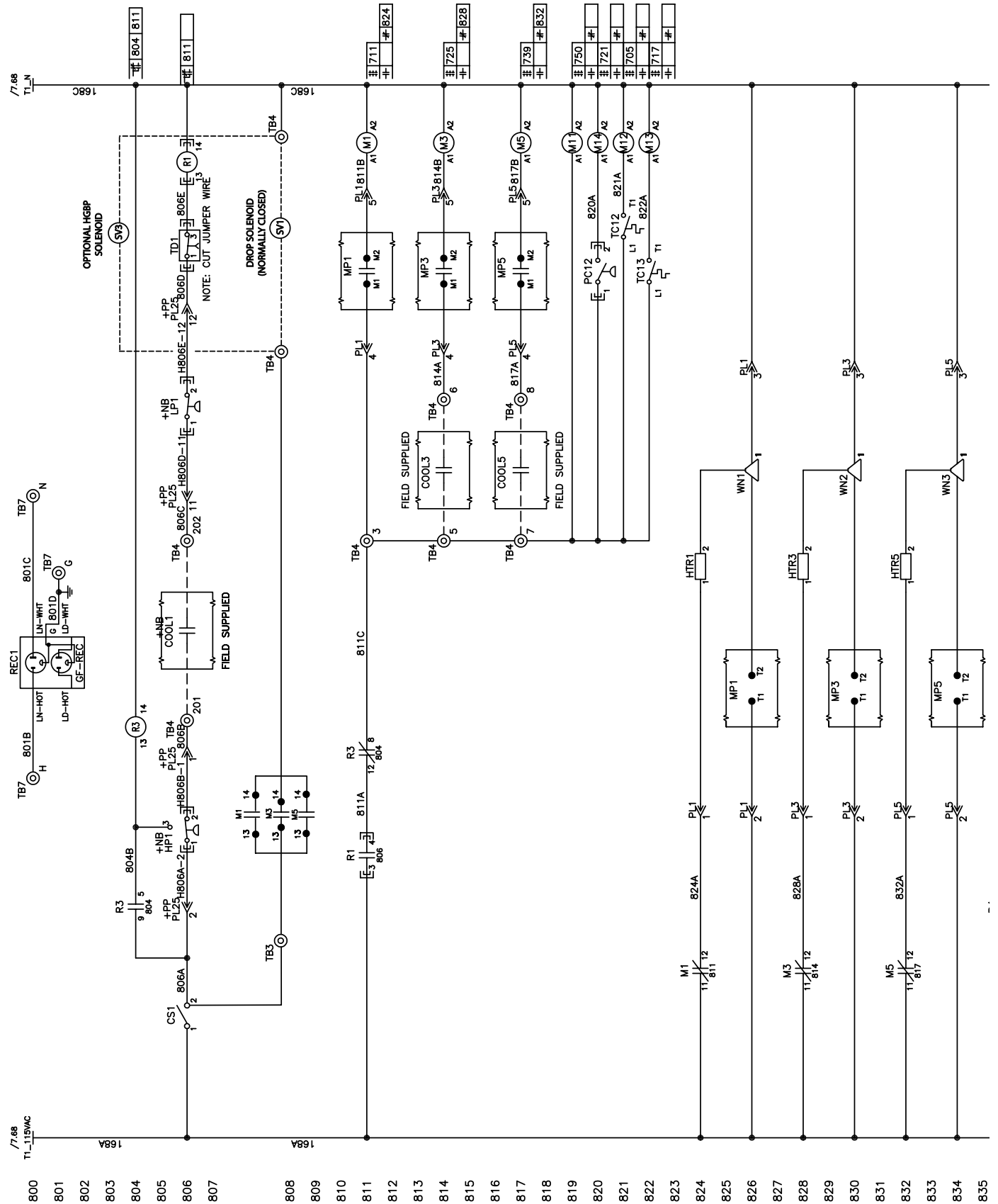
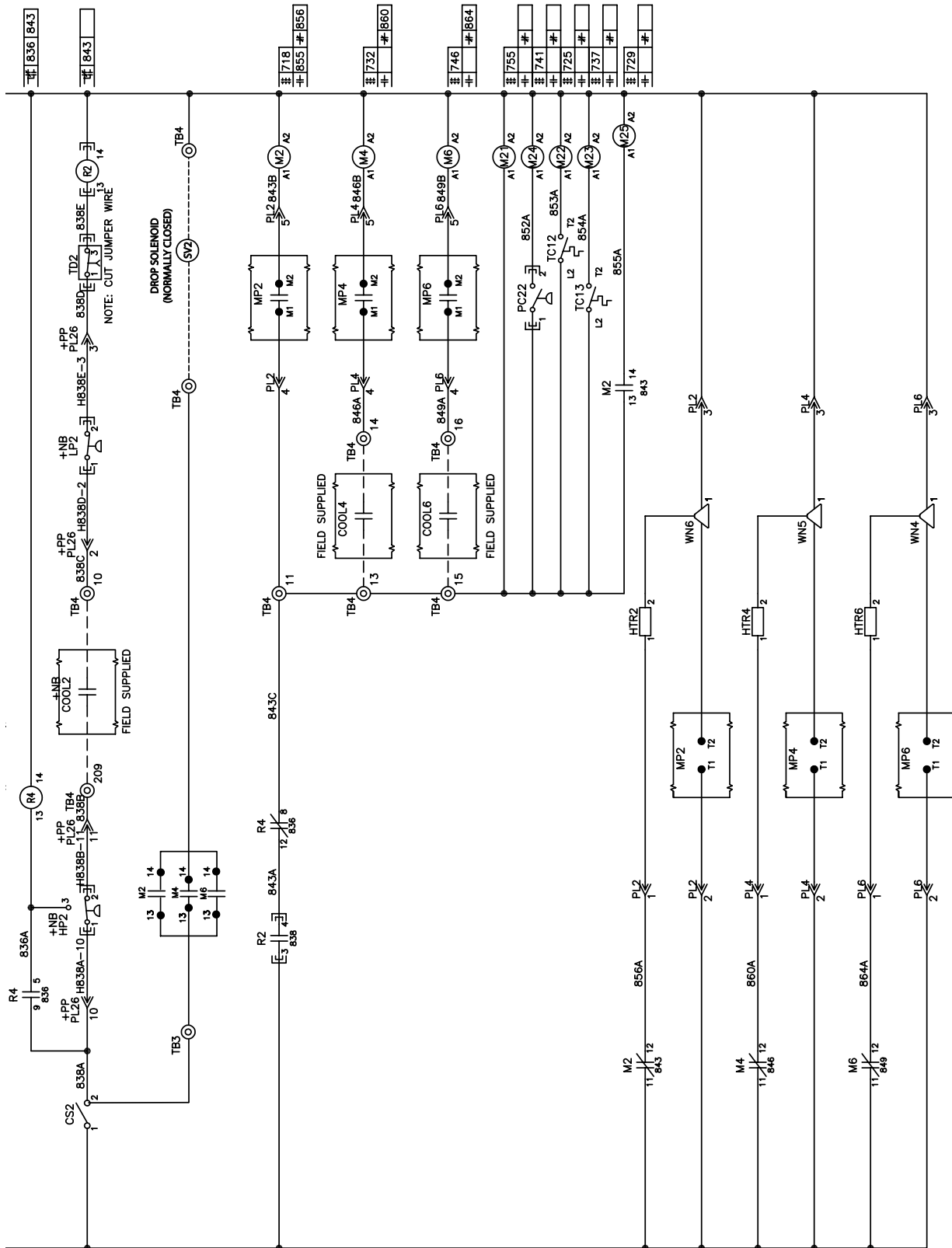




Figure 31: Typical RCS Controls Wiring Diagram (continued)



836 837 838 839 840 841 842 843 844 845 846 847 848 849 850 851 852 853 854 855 856 857 858 859 860 861 862 863 864 865 866 867 868 869 870



Figure 32: Typical RCS Condensing Unit Power Wiring Diagram

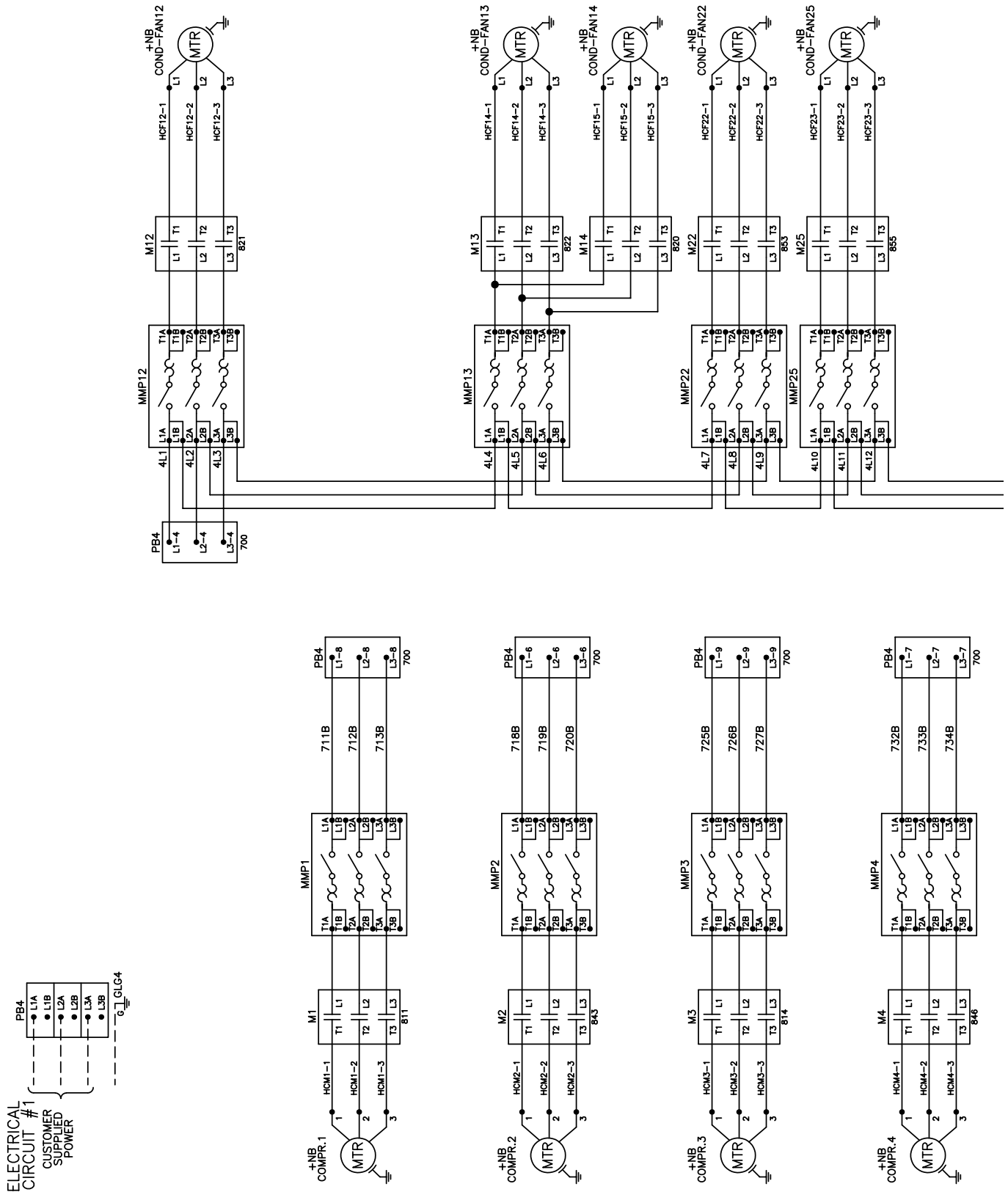
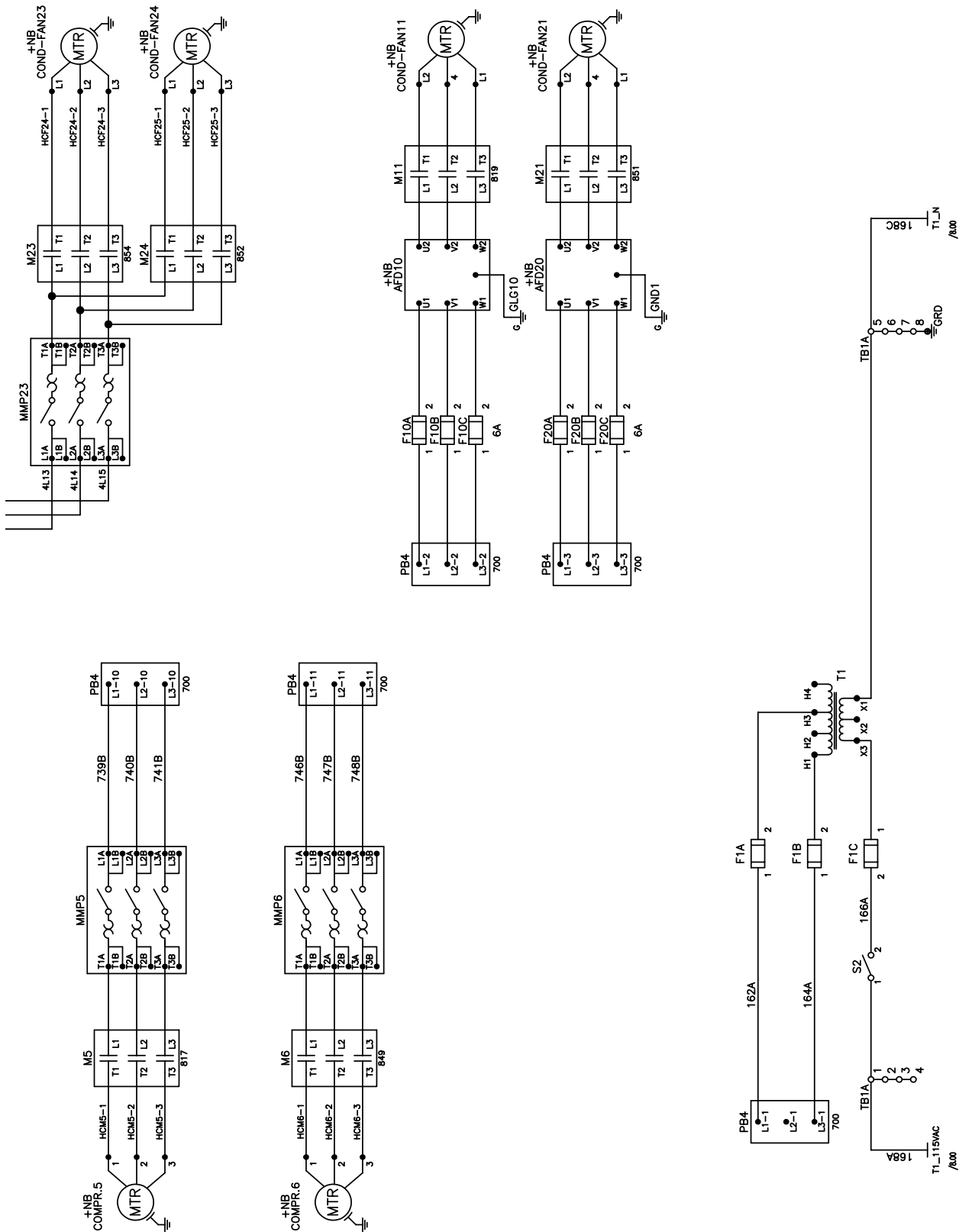


Figure 33: Typical RCS Condensing Unit Power Wiring Diagram (continued)



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## Part 1: General

### 1.01 Summary

- A. Section includes design, performance criteria, refrigerants, and installation requirements for air cooled split condensing units.

### 1.02 References

- A. ARI-365 Commercial and Industrial Unitary Air Cooled Condensing Units.
- B. ANSI/ASHRAE 15 Safety Standard for Refrigerated Systems.

### 1.03 Submittals

- A. Submit Shop drawings and product data in accordance with the specifications.
- B. Submittals shall include the following:
  1. Dimensioned plan and elevation view drawings, required clearances, and location of all field connections.
  2. Summary of all auxiliary utility requirements, such as electricity, water, compressed air, etc. Summary shall indicate quality and quantity of each required utility.
  3. Single-line schematic drawing of the power field hookup requirements, indicating all items that are furnished.
  4. Schematic diagram of control system indicating points for field interface/connection.
  5. Diagram shall fully delineate field and factory wiring.
  6. Installation manuals.

### 1.04 Qualifications

- A. Regulatory Requirements: Comply with the codes and standards specified.
- B. Manufacturer's plant must be ISO Registered.

### 1.05 Delivery and Handling

- A. Condensing units shall be delivered to the job site assembled, leak tested, evacuated, and charged with a holding charge of dry nitrogen.
- B. Comply with the manufacturer's instructions for rigging and handling equipment.

### 1.06 Warranty

- A. The refrigeration equipment manufacturer's initial warranty shall be within 12 months from start-up or 18 months, whichever occurs first.
- B. The warranty shall provide for repair or replacement due to material and workmanship that proves defective within the above period, excluding refrigerant.

### 1.07 Maintenance

- A. Include instructions for installation, maintenance and service.
- B. Maintenance of the units shall be the responsibility of the owner and performed in accordance with the manufacturer's instructions.

## Part 2: Products

### 2.01 Acceptable Manufacturers

- A. Basis of design: McQuay International.
- B. (Approved Equal).

### 2.02 Unit Description

- A. Scroll Option: Provide and install, as shown on the plans, a factory-assembled, air-cooled scroll compressor condensing units in the size and quantity specified. Each unit shall consist of hermetic tandem or triple scroll compressor sets, air-cooled condenser section.

### 2.03 Design Requirements

- A. General: Provide a complete condensing unit as specified herein and as shown on the drawings. The unit shall be in accordance with the standards referenced in section 1.02 and any local codes in effect.
- B. Performance: Refer to the schedule of performance on the drawings. Performance shall be in accordance with ARI Standard 365-94.
- C. Exterior surfaces shall be constructed of painted galvanized steel, for aesthetics and long-term durability. Paint finish will include a base primer with a high-quality polyester resin topcoat. Finished, unabraded panel surfaces shall be exposed to an ASTM B117 salt spray environment and exhibit no visible red rust at a minimum of 3,000 hours exposure. Finished, abraded surfaces shall be tested per ASTM D1654, having a mean scribe creepage not exceeding 1/16" at 1,000 hours minimum exposure to an ASTM B117 salt spray environment. Measurements of results shall be quantified using ASTM D1654 in conjunction with ASTM D610 and ASTM D714 to evaluate blister and rust ratings.

## 2.04 Condensing Section

- A. Air Cooled Condenser
  - 1. Each condenser coil shall be factory leak tested with high-pressure air under water. Each refrigerant circuit shall provide 15 degrees of liquid subcooling.
  - 2. Condenser coils shall be fabricated from cast aluminum micro-channel coils. Each condenser coil shall be factory leak tested with high-pressure air under water. Coils are to be recessed so that the cabinet provides built in hail protection.
  - 3. Condenser fans shall be 1140 rpm direct drive, propeller type designed for low tip speed, vertical air discharge, and include service guards. Fan blades shall be constructed of steel and riveted to a steel center hub. Condenser fan motors shall be heavy-duty, inherently protected, three-phase, non-reversing type with permanently lubricated ball bearing and integral rain shield.
  - 4. Units shall have at least one condenser fan controlled to maintain positive head pressure. An ambient thermostat shall prevent the refrigeration system from operating below 45°F ambient.
- B. Scroll Compressors
  - 1. Unit shall have multiple, heavy-duty Copeland scroll compressors.
  - 2. Each compressor shall be complete with gauge ports, oil sight glass, crank case heater, anti-slug protection, and a time delay to prevent short cycling and simultaneous starting of compressors following a power failure.
  - 3. Compressors shall be isolated with resilient rubber isolators to decrease noise transmission.
  - 4. Refrigeration capacity control shall be accomplished by staging of the unit's multiple compressors. Liquid tight conduit shall be provided on exposed compressor wire.
  - 5. Each compressor shall have motor temperature sensing and current sensing overload protection.
- C. Refrigerant Circuit: Manual charging/evacuation valve and capped connections shall be provided for field connection of refrigerant piping.
  - 1. Refrigerant specialties shall be field supplied and installed.
  - 2. The unit shall have two independent refrigeration circuits.

## 2.05 Controls

- A. Unit shall be equipped with a low pressure and high pressure safety for each refrigerant circuit.
- B. Additional compressor safety controls are referenced in 2.04 Condensing Section - B2 and B5 9 (above).
- C. Unit manufacturer shall provide necessary relays for cooling stages as stated on equipment schedule.
- D. Field powered 115V outlet.

## 2.06 Options and Accessories

**NOTE:** The following options are to be included:

- A. Hot gas bypass kit for one (or both) circuits to allow unit operation to 10 percent of full load.
- B. VFD condenser fan speed control shall be added to the last fan off on each refrigeration circuit to provide cooling operation to ambient temperatures down to 0°F.
- C. Unit shall be equipped with a 24 V terminal strip for field supplied and installed controls.
- D. Non-fused disconnect switch with through-the-door handle.
- E. Baked epoxy coating providing 3000+ hour salt spray resistance (ASTM B117-90) and is applied to both the coil and the coil frames.
- F. Spring vibration isolators for field installation.
- G. Vandal guards.
- H. Factory powered 115 V convenience outlet.
  - I. The manufacturer will provide extended 48 month, parts only, warranty on the compressor.
- J. The condensing unit shall be designed, manufactured, and independently tested, rated, and certified to meet the seismic standards of the 2009 International Building Code and ASCE 7-06.
  - 1. Certificates of Compliance shall be provided with the quotation and include the manufacturer's identification, designation of certified characteristics, and the Independent Certifying Agency's name and report identification.
  - 2. Clear installation instructions shall be provided including all accessory components.
- K. Suction and discharge isolation valves for each refrigeration circuit.

## Part 3: Execution

### 3.01 Installation

- A. Install in strict accordance with manufacturer's requirements, shop drawings, and contract documents.
- B. Adjust and level unit in alignment on supports.
- C. Coordinate electrical installation with electrical contractor.
- D. Coordinate controls with control contractor.

### 3.02 Start-Up

- A. Install proper charge of refrigerant and oil.
- B. Provide testing and starting of machine, and instruct the Owner in its proper operation and maintenance.





### ***Daikin Applied Training and Development***

Now that you have made an investment in modern, efficient Daikin equipment, its care should be a high priority. For training information on all Daikin HVAC products, please visit us at [www.DaikinApplied.com](http://www.DaikinApplied.com) and click on Training, or call 540-248-9646 and ask for the Training Department.

### ***Warranty***

All Daikin equipment is sold pursuant to its standard terms and conditions of sale, including Limited Product Warranty. Consult your local Daikin Applied representative for warranty details. To find your local Daikin Applied representative, go to [www.DaikinApplied.com](http://www.DaikinApplied.com).

### ***Aftermarket Services***

To find your local parts office, visit [www.DaikinApplied.com](http://www.DaikinApplied.com) or call 800-37PARTS (800-377-2787).  
To find your local service office, visit [www.DaikinApplied.com](http://www.DaikinApplied.com) or call 800-432-1342.

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Products manufactured in an ISO Certified Facility.





# Vision<sup>®</sup> and Skyline<sup>®</sup> Semi-custom Air Handlers

Skyline Outdoor Air Handler  
900 to 51,000 cfm



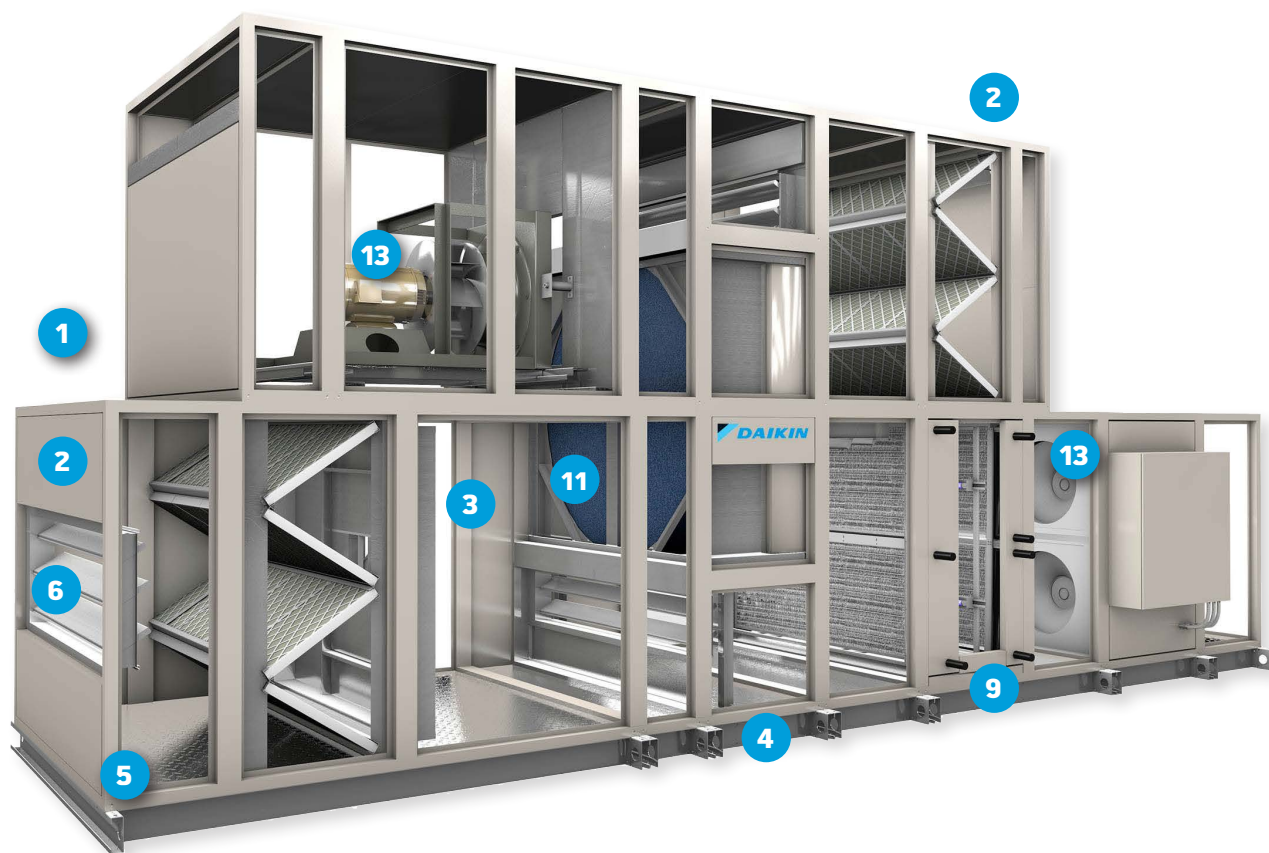
Vision Indoor Air Handler  
900 to 84,500 cfm



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# FEATURES AND BENEFITS



## 1 MODULAR DESIGN FLEXIBILITY

- Allows custom selection and configuration of components to meet performance and application requirements

## 2 DURABLE, WEATHER TIGHT CABINET

- Cross-broken top panels eliminate standing water
- Standing "C" cap over seams provides a watertight seal
- Drip shield on all sides and over doors
- Pre-painted frames and panels
- Stainless steel liners option

## 3 DOUBLE-WALL CONSTRUCTION

- Reduces dirt accumulation and facilitates cleaning
- Protects insulation and improves IAQ

## 4 HEAVY-DUTY BASE RAIL

- Standard base rail in varying heights (4" to 12") or curb ready design forms weather tight seal on roof curb
- Lifting lugs facilitate easy rigging
- Optional single-piece ship, curb ready base



## 5 PATENTED GASKETED FRAME CHANNELS & R-13 FOAM-INJECTED PANELS

- Eliminates metal-to-metal contact between paneling and framework to minimize air leakage
- Provides superior strength
- Promotes high IAQ and long life



## 6 ULTRASEAL™ LOW LEAKAGE DAMPERS

- Maximizes operating efficiency with tight seals
- Reduces operating costs



## 7 DAMPER HOODS WITH SCREENS

- Direct rain, snow and debris away from openings



## 8 OPTIONAL PIPING VESTIBULE

- Encloses piping within easy access cabinet
- Variable depths to meet your piping requirements

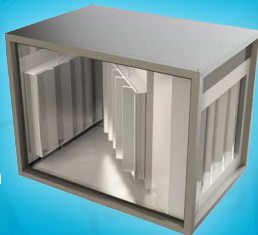


## 9 STAINLESS STEEL, DOUBLE-SLOPED DRAIN PAN

- Prevents standing water and corrosion to inhibit mold growth and improve IAQ
- Recessed into floor with low point drain connection

## 10 ANGLED ECONOMIZER

- Free cooling when outdoor conditions prevail
- Meets local requirements for fresh air provision
- Integrates operation with mechanical cooling
- Increases efficiency with demand control ventilation
- Superior control with outdoor air monitor



## 11 ENERGY RECOVERY (SEE BELOW)

- Recovers up to 70% of lost energies
- Increases efficiency
- Wheel or fixed plate configuration
- Factory installed and tested

## 12 EXTENDED COIL AND DRAIN CONNECTIONS

- Saves installation costs and reduces maintenance
- Aids in proper drainage



## 13 DIRECT-DRIVE VARIABLE SPEED ECM OR VFD FAN MOTORS

- Increase system reliability and efficiency by eliminating belts and bearing setscrews
- Increase energy savings at light-load conditions
- Superior fan efficiencies with airfoil design



## 14 SKYLINE FACTORY ROOF CURB (NOT SHOWN)

- Designed specifically to match custom modular design flexibility
- Variable heights (16" to 30") to meet installation requirements

## 15 SEISMIC-CERTIFIED

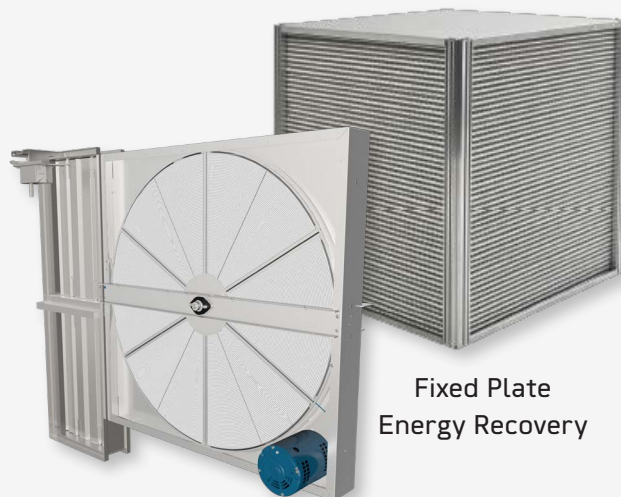
- Meets IBC and OSHPD certification requirements
- Pre-approved for faster building occupancy
- Increases equipment protection and durability
- Compliance label for inspection



## 11 BOOST EFFICIENCY WITH ENERGY RECOVERY SOLUTIONS

The financial burden to condition ventilation air accounts for up to 50% of your building's total energy cost. Reduce that cost with energy recovery options that condition and transfer heat/moisture energies between exhaust and ventilation air streams – effectively recovering 70% of lost energies to dramatically increase operating efficiency.

- Factory-installed and tested
- Available in 100% outdoor air (OA) or economizer configurations with exhaust fans
- AHRI-certified and UL-recognized wheel
- Cuts winter humidification costs up to 60%
- Meets ASHRAE Standard 62.1



Energy Recovery Wheel

Fixed Plate  
Energy Recovery



## MAKE THE MOST OF YOUR SPACE

In addition to Vision and Skyline's broad selection of DWDI, AF, FC, single and dual direct-drive plenum fans, fan array configurations are also available with direct drive or ECM fans that are your key to smooth operations and reliable comfort.

ECMs mount directly to their impellers for a compact design that eliminates almost three feet of cabinet space. That's 46% narrower than models with direct-drive motors and 52% narrower than models with belt-driven fans. When floor space is a premium, a fan array frees up valuable space for use where it's needed most.



## EFFICIENT AND QUIET ECMS

For ECMs, the inverter is an integral component of each motor — a step up from more expensive and space-requiring variable frequency drives. The ability to modulate the speed of individual ECMs allows them to operate more efficiently at part load conditions, resulting in improved energy savings.

## DEPENDABLE OPERATION, REDUNDANCY, AND REDUCED MAINTENANCE

ECM fan array offers redundancy for mission-critical applications requiring uninterrupted airflow. With options to configure for n-1 fans, fan array will always provide operational backup in the event it's needed.

In addition, very little maintenance is required for ECM fans. Their technologically advanced design reduces the need for mechanical maintenance and attributes to reliable performance throughout the ECM's extended lifecycle.



## FLOWGRID SOUND MUTING PERFORMANCE



The optional FlowGrid grill is factory-installed over each fan's air intake to ensure even quieter performance, by reducing the blade-passing noise and the lower frequency octave bands by up to eight decibels.

An upgrade to the already-quiet ECM fan array, FlowGrid technology adds premium sound muting performance to any Vision or Skyline air handler, which can be especially crucial for sound-sensitive applications.

## FACTORY MOUNTED FAN CONTROLLER

The MicroTech 4 controller offers advanced technology with adaptive algorithms making equipment configuration and fan array management easier.

The optional controller is factory installed on the unit, with the option for remote mounting, and can be configured for constant air volume, variable air volume, or fan tracking applications. Fan performance can be monitored via standard, factory installed airflow measurement. System operation and diagnostic information is readily available via the on-board display, for simple, intuitive troubleshooting.



# PUTTING THE IQ IN IAQ

Both Vision and Skyline IAQ solutions are designed to deliver quality indoor air with sustainable and energy efficient technologies.

## BUILDING CONTAMINANT SOLUTIONS

Occupant and building material emissions are a common IAQ issue for buildings. CO<sub>2</sub> generated by space occupants is a common driver of ventilation rates and is one of the most common building contaminants to be managed. Off-gassing from furniture, building materials and the like introduces volatile organic compounds, like formaldehyde, into the air. Daikin technologies for building contaminants focus on ventilation that maximizes effective clean air changes in the space with the lowest energy consumption.

### SORBENT VENTILATION TECHNOLOGY (SVT)

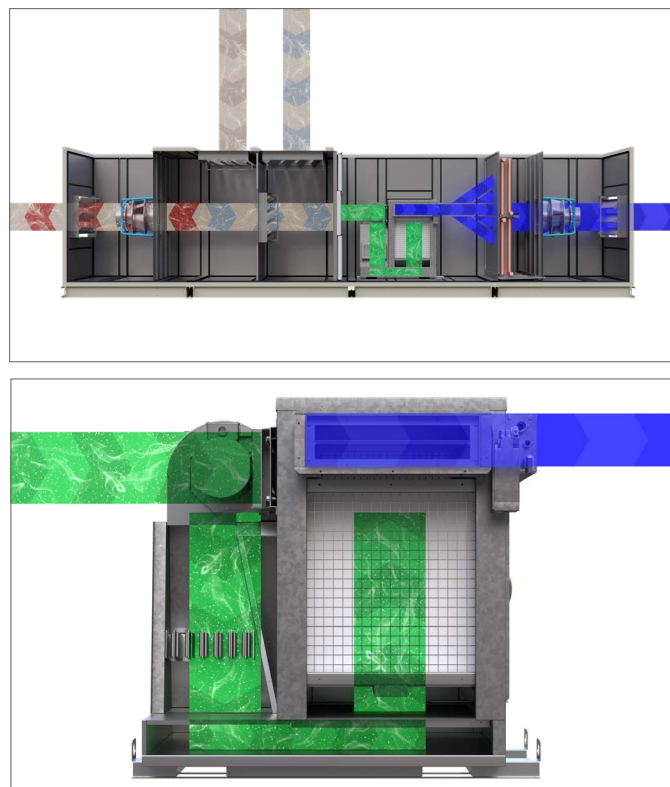
SVT is tested in accordance with ASHRAE 145.2 to remove CO<sub>2</sub>, VOCs and other contaminants using sorbent filtration. When applied using ASHRAE 62.1's IAQ Procedure (IAQP), SVT provides cleaner air and reduces HVAC energy use by up to 30%.

**Better Air:** Promote better IAQ by removing building and occupancy related contaminants.

**Retrofit Flexibility:** Increase occupancy of served spaces without requiring increases in building infrastructure.

**Energy Cost:** Reduce outdoor air by up to 80%, and save up to 30% in HVAC energy use.

**Sustainability:** By reducing HVAC unit energy use by up to 30%, SVT offers a sustainable decarbonization solution that reduces indirect carbon emissions while enhancing building air quality.



### PHOTO-CATALYTIC-OXIDATION (PCO)

UVGI photons react with a Titanium Oxide (TiO<sub>2</sub>) mesh panel to create a powerful oxidizing agent called a hydroxyl radical. As the air passes through the UVGI powered catalyst, the radicals oxidize gaseous organic compounds such as odors and VOCs, reducing them to trace compounds, CO<sub>2</sub> and H<sub>2</sub>O. PCO systems are ideal where ventilation loads are driven by non-occupancy related emissions like Casinos, Airports, and Office buildings.

## PATHOGENS

The COVID-19 pandemic has taught us to consider HVAC's role in pathogen spread and mitigation. Two technologies with the most known pathogen data are Ultra-Violet Germicidal Irradiation (UVGI) and high efficiency filtration.

**FILTRATION:** Vision/Skyline have configurable filtration with cartridge filters up to MERV 16 and HEPA final filters. High efficiency filtration is the number one way to reduce infection risk of airborne pathogens.

**ULTRA-VIOLET GERMICIDAL IRRADIATION:** Factory-mounted UV lights are available in coil cleaning intensity to keep coils clean of harmful microbial growth or airstream disinfection intensity to deactivate airborne pathogens as they pass through the air tunnel.

# CUSTOM SOLUTIONS WITHOUT A CUSTOM PRICE

Vision and Skyline semi-custom air handlers provide education, government, healthcare, and office buildings with efficient, high quality, sustainable design solutions for improving indoor air quality and comfort. Our indoor and outdoor air handlers share many performance enhancing features and options between each other, in extremely flexible configurations. Both allow consulting engineers to build the ideal air handler to meet demanding applications needing reduced footprint, boosted efficiency, improved indoor air quality and quiet operation.

## FLEXIBILITY TO MEET YOUR SPACE REQUIREMENTS

Each Vision and Skyline air handler is of modular platform construction, featuring 2" incremental dimensioning that gives engineers unlimited design capabilities to incorporate valuable features and options into your air handler to specifically match application requirements. Daikin's lean and versatile manufacturing processes present you with the power to create an affordable air handler with many of the same premium features and options typically found only in competitors' expensive "custom" designs. With Vision and Skyline, you are unrestricted to creativity as the configurable design possibilities are unlimited in scope. If you can dream it, we can build it.

- A** 26" - 122" (2" increments)
- B** 36" - 142" (2" increments - std.)
- C** 144" - 228" (4" increments - ext.)



- A** 26" - 122" (2" increments)
- B** 36" - 142" (2" increments - std.)
- C** 144" - 228" (4" increments - ext.)



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# PRECISELINE<sup>®</sup> Air Handlers

Precisely Conditioned Affordable Air

Model BCV/BCA  
600 to 5,000

Model BCH  
600 to 10,000



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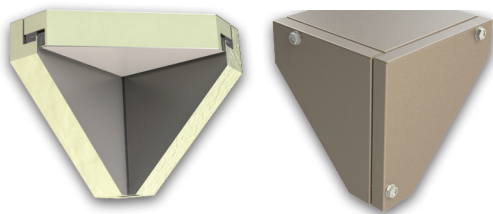
# MORE AIR, LESS COST

## PRECISELINE AIR HANDLERS

No two buildings are created equal. Loads, fresh air, delivery requirements, and other design obstacles are clever problems that call for clever solutions. For a definitive solution to your space's air handling needs, use Daikin **PRECISELINE AIR HANDLERS**, available in both vertical and horizontal configurations, to condition air at precise levels up to 10,000 cfm.

**PRECISELINE'S** compact footprint gives system designers and contractors unmatched design capability when faced with tight space restrictions. It differentiates itself by utilizing innovative, low-leakage and high-quality cabinet construction to efficiently deliver fresh, conditioned air to dedicated spaces within a building – all at a very attractive price point.

## GAIN THE PRECISELINE ADVANTAGE

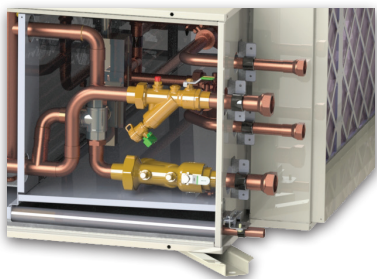
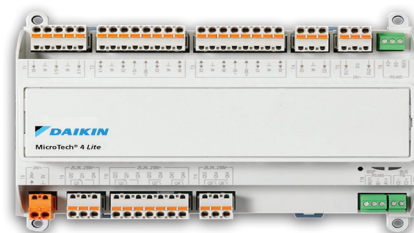


### THERMALLY INSULATED PANELS

All units utilize a galvanized double-wall, 1" foam injected, thermally isolated panel to raise the cabinet's thermal resistance to R-6.5. This thermal resistance is more effective at keeping air cold when in cooling mode and hot when in heating mode. It also provides a cleanable surface and increases panel rigidity for longer unit life.

### FACTORY-INTEGRATED CONTROLS

Intuitive, factory-integrated controls provide for standalone operation or BAS integration, effectively reducing installation time, costs and complexity, while also ensuring the most efficient and reliable operation from your air handler.

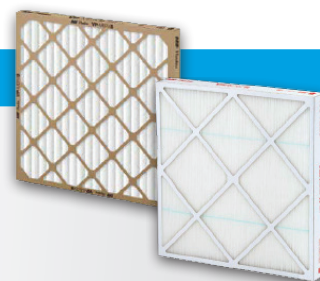


### FACTORY-INSTALLED VALVE PACKAGES

Available for both two-pipe and four-pipe systems (006-020), all packages are leak tested and assembled inside the cabinet. Water connections terminate outside the cabinet for quick field hookup and all valve piping is easily accessible through a single panel for easy service.

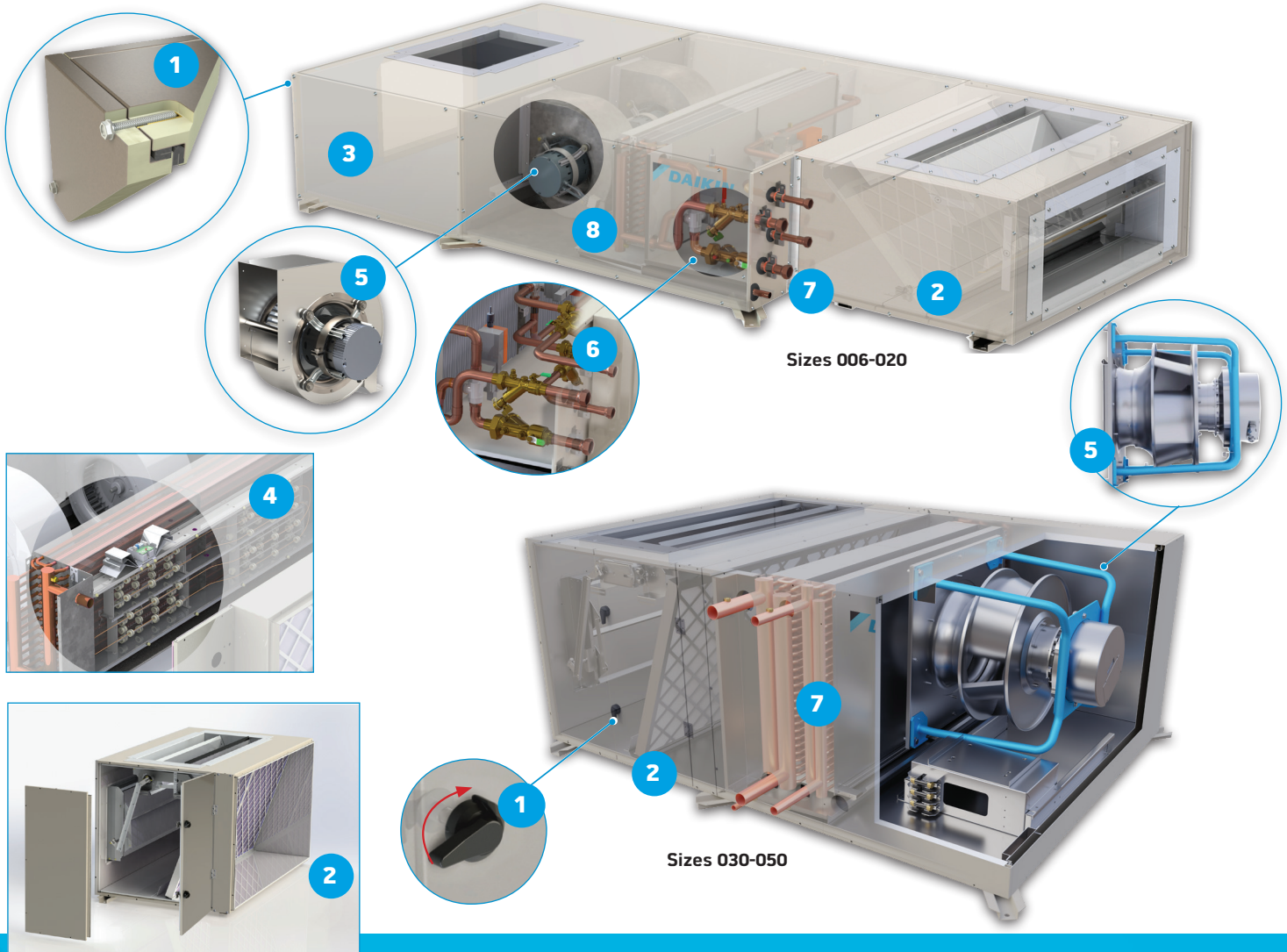
## INDOOR AIR QUALITY SOLUTIONS

- 2" and 4" MERV 8 or MERV 13 options for superior particulate filtration
- Thermally insulated cabinetry reduces fibers/pathogens entering the system
- Double-sloped stainless steel drain pan deters microbial growth





# PRECISELINE FEATURES & BENEFITS



## 1 CABINET

- Double-wall, foam injected
- R-6.5 thermally resistive
- 1/4-turn latches

## 2 MIXING BOX (OPTION)

- Factory-installed 0-10VDC or 24VAC actuators
- Exhaust fans and economizer section available

## 3 DISCHARGE PLENUM (OPTION)

- Smoothly changes air flow to any direction
- Sound attenuation package for less noise
- Final filters up to MERV 13

## 4 ELECTRIC HEAT

- 1/2kW to 39kW
- Single point power with factory safeties
- Single stage or SCR control

## 5 FULLY MODULATING FAN MOTORS

- Internal thermal protection
- Plenum fans with EC motors (030-050)
- Forward curved EC motors (006-020)
- Forward curved NEMA premium ODP motors with VFD (030-050)

## 6 MULTIPLE VALVE PACKAGES

- Internal to cabinet to reduce insulation requirement, 2-way/3-way
- 0-10VDC modulating control for variable volume pumping applications
- 24VAC open/close control with fan coil style thermostats

## 7 MULTIPLE COIL OPTIONS

- VRV primary with hot gas reheat
- 2, 4, 6, or 8 row primary
- 1, 2 row reheat or preheat secondary
- Stainless steel casings

## 8 STAINLESS STEEL DRAIN PAN

- Double sloped prevents standing water
- ASHRAE 62.1 compliant



## OFFICE BUILDINGS

Maximize building efficiency and occupant comfort levels by leveraging energy saving fans, air filtration options, and a thermally resistant cabinet design.

**VARIABLE SPEED DIRECT DRIVE FANS** increase building energy savings at light-load conditions while eliminating service and maintenance of belts and setscrews associated with belt drive motors.

**HIGH FILTRATION** selections to capture greater amounts of microscopic particulate for more hygienic working conditions and healthier occupants.

**ROBUST CONSTRUCTION** featuring durable, thermally insulated, double-wall panel construction that keeps air at precise, comfortable temperature levels.



## EDUCATION

Deliver superior indoor learning environments by ensuring the precise amount of clean and conditioned air is delivered to each classroom.

**INDOOR AIR QUALITY** improves drastically with microbial-resistant stainless steel drain pans and high-filtration MERV filter selections for cleaner air.

**QUIET OPERATION** with variable speed fans that provide the precise amount of cooling required and an optional low sound discharge plenum to minimize classroom distractions.

**LOCAL CONTROL** allows for individual spaces to have a dedicated unit to meet specific space conditioning needs, at a price point that is hard to beat.

**HIGH VENTILATION** conditioning with up to 8-rows of coils provide superior cooling comfort levels, even during the warmest, most humid days.

## COMPLETE SYSTEM SOLUTIONS

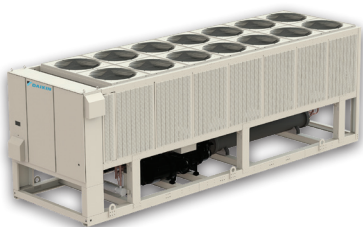
Combine PreciseLine air handlers with Daikin SiteLine™ Building Controls, BACnet® thermostats, and our award-winning Pathfinder® air-cooled chiller to fully tailor your system for superior building performance and indoor air quality.

**SITELINE™ BUILDING CONTROLS** offers a scalable, cloud-based building automation systems (BAS) instantly and easily optimize the performance of any HVAC ecosystem—including other makes and existing building systems.

**BACNET THERMOSTATS** provide fast, remote thermostat connectivity to your air handlers using SiteLine™ Building Controls.

**PATHFINDER® AIR-COOLED CHILLER**, the industry's first fully configurable air-cooled screw chiller, pairs easily with PreciseLine for expanded performance solutions.

**PATHFINDER  
AIR-COOLED  
CHILLER**



**BACNET  
THERMOSTAT**



**SITELINE™ BUILDING CONTROLS**



FOR MORE INFORMATION ABOUT OUR COMPLETE OFFERING OF HVAC SYSTEMS AND SOLUTIONS, VISIT **DAIKINAPPLIED.COM** TO FIND AN OFFICE NEAR YOU.

## Technical Specifications

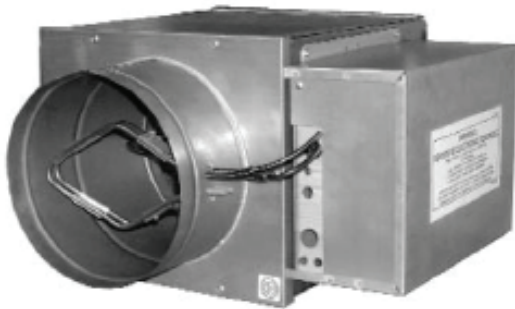
## ASP 31-302

Group: **Controls**

Part Number: **ASP 31-302**

Date: **February 2015**

## Daikin Single Duct VAV Box



MQTH15 Single Duct Air Terminal

### Description

The MQTH15 is our high performance single duct air terminal product line. This series is available in a wide range of sizes with available capacities from 80 to 8000 CFM. The MQTH15 sets the standard in the industry for construction, performance and quality.

### Available Features

Units include:

- Round inlet collar on unit sizes 6"–16"
- Rectangular inlets on sizes 20" and 24"
- Outlets are rectangular with slip and drive connections
- An external 20-gauge control mounting panel
- Control panel covers included on all units

Figure 1: MQTH15 Components

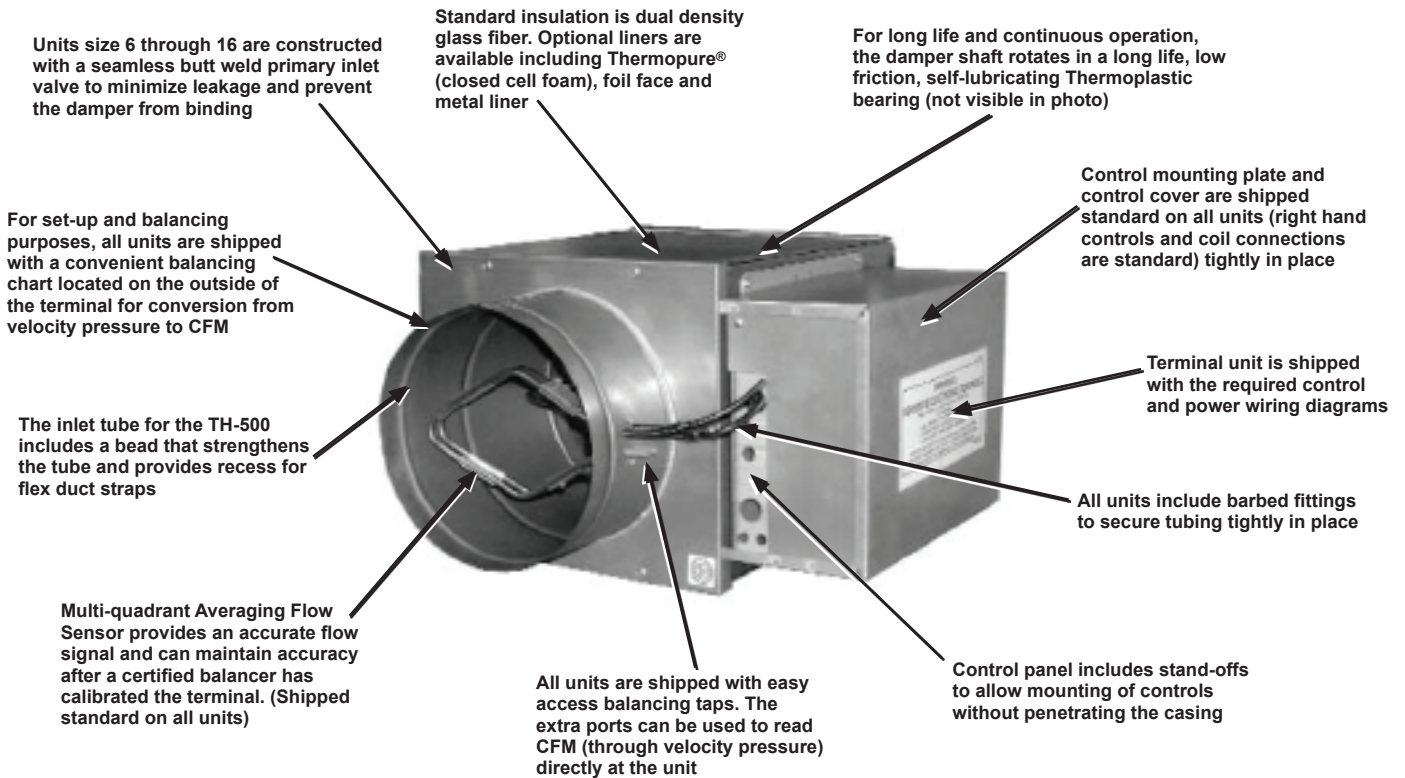
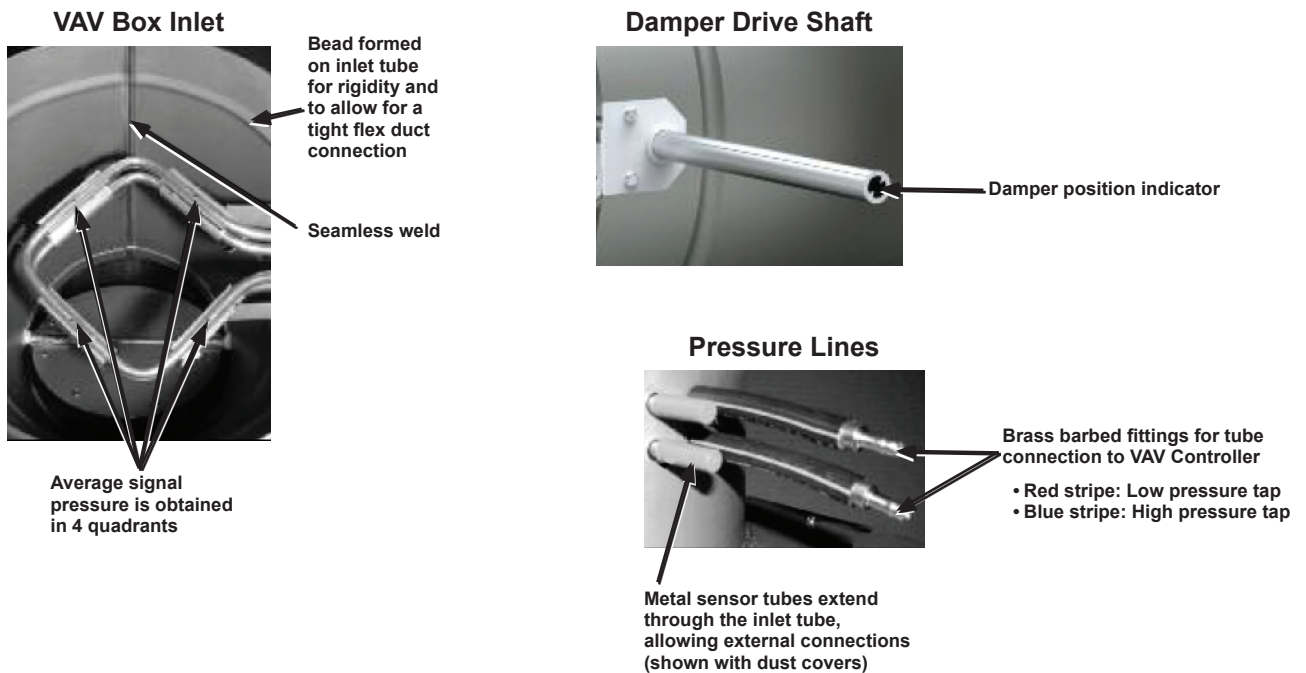
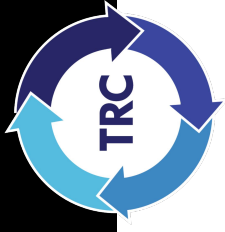


Figure 2: MQTH15 Details

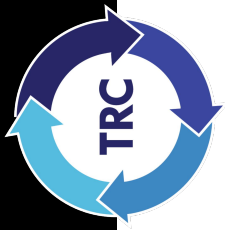


# FIXTURE DETAIL



| Totals                         |                                                            | 443      | 63,672 | 388   | 26,171 | \$9,319                                 | \$4,544 | \$0 | \$0    |         |      |      |     |         |        |      |             |
|--------------------------------|------------------------------------------------------------|----------|--------|-------|--------|-----------------------------------------|---------|-----|--------|---------|------|------|-----|---------|--------|------|-------------|
| Area                           |                                                            | Existing |        |       |        | Proposed Solution                       |         |     |        | Savings |      |      |     |         |        |      |             |
| Room                           | Kit                                                        | Watts    | Qty    | Burn  | kWh    | Proposed                                | Watts   | Qty | % Red. | Burn    | kWh  | Ctrl | Qty | Rebates | Energy | HVAC | Maintenance |
| Merrill Building / Lower Level |                                                            |          |        |       |        |                                         |         |     |        |         |      |      |     |         |        |      |             |
| South Stairwell                | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Wrap 4' Surface       | 58.0     | 4      | 3,120 | 724    | ILP-SQ4-4L-29W-40K                      | 29.0    | 4   | 0      | 3,120   | 362  | 0    |     | \$128   | \$44   | \$0  | \$0         |
| South Stairwell                | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Wrap 8' Surface       | 58.0     | 1      | 3,120 | 181    | ILP-SQ8-4L-32W-40K                      | 32.0    | 1   | 0      | 3,120   | 100  | 0    |     | \$32    | \$10   | \$0  | \$0         |
| South Stairwell                | 1L 9W LEDS-M A19 [0x NULL] /<br>Porcelain Socket * Surface | 9.0      | 1      | 3,120 | 28     | KEYSTONE-14W-<br>A21-40K-1L-G2          | 14.0    | 1   | 0      | 3,120   | 44   | 0    |     | \$0     | -\$2   | \$0  | \$0         |
| LL Hallway                     | 1L 12W LL4B T8 [1x<br>INTEGRATED] /<br>Wrap 4' Surface     | 12.0     | 6      | 3,120 | 225    | SYLVANIA-<br>VOLUME6AS-S044-<br>39W-40K | 39.0    | 6   | 0      | 3,120   | 730  | 0    |     | \$0     | -\$61  | \$0  | \$0         |
| LL Hallway                     | 1L 12W LL4B T8 [1x<br>INTEGRATED] /<br>Wrap 4' Surface     | 12.0     | 9      | 3,120 | 337    | Remove                                  | .0      | 0   | 100    | 0       | 0    | 0    |     | \$0     | \$41   | \$0  | \$0         |
| LL Hallway                     | 1L 12W LL4B T8 [1x<br>INTEGRATED] /<br>Wrap 4' Surface     | 12.0     | 3      | 8,760 | 315    | SYLVANIA-<br>VOLUME6AS-S044-<br>39W-40K | 39.0    | 3   | 0      | 8,760   | 1025 | 0    |     | \$0     | -\$86  | \$0  | \$0         |
| LL Hallway                     | 1L 12W LL4B T8 [1x<br>INTEGRATED] /<br>Wrap 4' Surface     | 12.0     | 2      | 8,760 | 210    | Remove                                  | .0      | 0   | 100    | 0       | 0    | 0    |     | \$0     | \$25   | \$0  | \$0         |
| LL South Corridor              | 4L 32W LF4 T8 [2x ELE T8 IS NP] /<br>Egg Crate 8' Pendant  | 116.0    | 1      | 3,120 | 362    | ILP-SQ8-8L-58W-40K                      | 58.0    | 1   | 0      | 3,120   | 181  | 0    |     | \$50    | \$22   | \$0  | \$0         |
| Set Room                       | 4L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Egg Crate 8' Surface  | 110.0    | 13     | 520   | 744    | ILP-VS8-8L-61W-40K                      | 61.0    | 13  | 0      | 520     | 412  | 0    |     | \$650   | \$40   | \$0  | \$0         |
| Set Room                       | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Egg Crate 4' Surface  | 58.0     | 1      | 520   | 30     | ILP-VS4-4L-33W-40K                      | 33.0    | 1   | 0      | 520     | 17   | 0    |     | \$32    | \$2    | \$0  | \$0         |

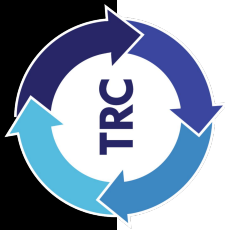
# FIXTURE DETAIL



| Area                         |                                                               | Existing |     |       |     | Proposed Solution               |       |     |        |       |     | Savings  |         |        |             |
|------------------------------|---------------------------------------------------------------|----------|-----|-------|-----|---------------------------------|-------|-----|--------|-------|-----|----------|---------|--------|-------------|
| Room                         | Kit                                                           | Watts    | Qty | Burn  | kWh | Proposed                        | Watts | Qty | % Red. | Burn  | kWh | Ctrl Qty | Rebates | Energy | Maintenance |
| Set Room                     | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Egg Crate 4' Suspended   | 58.0     | 1   | 520   | 30  | ILP-VS4-4L-33W-40K              | 33.0  | 1   | 0      | 520   | 17  | 0        | \$32    | \$2    | \$0         |
|                              | 1L 42W CFS-M SPIRAL [0x NULL]<br>/ Porcelain Socket * Pendant | 42.0     | 1   | 520   | 22  | KEYSTONE-20W-A21-40K-1L-G2      | 20.0  | 1   | 0      | 520   | 10  | 0        | \$20    | \$1    | \$0         |
| Room 3<br>Costume<br>Storage | 4L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Egg Crate 8' Pendant     | 110.0    | 4   | 520   | 229 | SYLVANIA-VOLUME6AS-S044-32W-40K | 32.0  | 4   | 0      | 520   | 67  | 1        | \$128   | \$20   | \$0         |
|                              | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Egg Crate 4' Pendant     | 58.0     | 2   | 520   | 60  | SYLVANIA-VOLUME6AS-S044-32W-40K | 32.0  | 2   | 0      | 520   | 33  | 0        | \$64    | \$3    | \$0         |
| LL Mechanical<br>Room        | 4L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Egg Crate 8' Pendant     | 110.0    | 2   | 1,040 | 229 | ILP-VS8-8L-61W-40K              | 61.0  | 2   | 0      | 1,040 | 127 | 0        | \$100   | \$12   | \$0         |
|                              | 4L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Egg Crate 8' Pendant     | 110.0    | 4   | 520   | 229 | SYLVANIA-VOLUME6AS-S044-32W-40K | 32.0  | 4   | 0      | 520   | 67  | 1        | \$128   | \$20   | \$0         |
| Room 5 Wee<br>Pals Storage   | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Egg Crate 4' Pendant     | 58.0     | 2   | 520   | 60  | SYLVANIA-VOLUME6AS-S044-32W-40K | 32.0  | 2   | 0      | 520   | 33  | 0        | \$64    | \$3    | \$0         |
|                              | 4L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Egg Crate 8' Pendant     | 110.0    | 2   | 520   | 114 | SYLVANIA-VOLUME6AS-S044-32W-40K | 32.0  | 2   | 0      | 520   | 33  | 1        | \$64    | \$10   | \$0         |
| Room 7<br>Costume<br>Storage | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Egg Crate 4' Pendant     | 58.0     | 2   | 520   | 60  | SYLVANIA-VOLUME6AS-S044-32W-40K | 32.0  | 2   | 0      | 520   | 33  | 0        | \$64    | \$3    | \$0         |
|                              | 4L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Egg Crate 8' Pendant     | 110.0    | 6   | 520   | 343 | SYLVANIA-VOLUME6AS-S044-32W-40K | 32.0  | 6   | 0      | 520   | 100 | 1        | \$192   | \$29   | \$0         |
| Room 9<br>Costume<br>Storage | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Egg Crate 4' Pendant     | 58.0     | 2   | 520   | 60  | SYLVANIA-VOLUME6AS-S044-32W-40K | 32.0  | 2   | 0      | 520   | 33  | 0        | \$64    | \$3    | \$0         |
|                              | 4L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Egg Crate 8' Pendant     | 110.0    | 6   | 520   | 343 | SYLVANIA-VOLUME6AS-S044-32W-40K | 32.0  | 6   | 0      | 520   | 100 | 1        | \$192   | \$29   | \$0         |

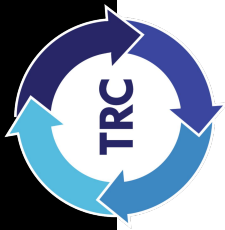


# FIXTURE DETAIL



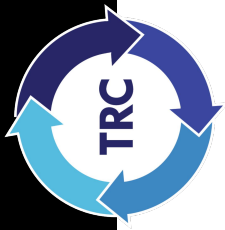
| Area                         |                                                                  | Existing |     |       |       | Proposed Solution                       |       |     |        |       |      |          | Savings |        |      |             |
|------------------------------|------------------------------------------------------------------|----------|-----|-------|-------|-----------------------------------------|-------|-----|--------|-------|------|----------|---------|--------|------|-------------|
| Room                         | Kit                                                              | Watts    | Qty | Burn  | kWh   | Proposed                                | Watts | Qty | % Red. | Burn  | kWh  | Ctrl Qty | Rebates | Energy | HVAC | Maintenance |
| Room 9<br>Costume<br>Storage | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Egg Crate 4' Pendant        | 58.0     | 2   | 520   | 60    | Remove                                  | .0    | 0   | 100    | 0     | 0    | 0        | \$0     | \$7    | \$0  | \$0         |
| LL North<br>Corridor         | 4L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Egg Crate 8' Pendant        | 110.0    | 2   | 3,120 | 686   | SYLVANIA-<br>VOLUME6AS-S044-<br>39W-40K | 39.0  | 2   | 0      | 3,120 | 243  | 0        | \$64    | \$54   | \$0  | \$0         |
| LL North<br>Corridor         | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Egg Crate 4' Pendant        | 58.0     | 1   | 3,120 | 181   | SYLVANIA-<br>VOLUME6AS-S044-<br>39W-40K | 39.0  | 1   | 0      | 3,120 | 122  | 0        | \$32    | \$7    | \$0  | \$0         |
| Room 11 Pink<br>Room         | 4L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Egg Crate 8' Pendant        | 110.0    | 4   | 3,120 | 1,373 | SYLVANIA-<br>VOLUME6AS-S044-<br>32W-40K | 32.0  | 4   | 0      | 3,120 | 399  | 1        | \$128   | \$118  | \$0  | \$0         |
| Room 11 Pink<br>Room         | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Egg Crate 4' Pendant        | 58.0     | 2   | 3,120 | 362   | SYLVANIA-<br>VOLUME6AS-S044-<br>32W-40K | 32.0  | 2   | 0      | 3,120 | 200  | 0        | \$64    | \$20   | \$0  | \$0         |
| Room 12 Lunch<br>Room        | 4L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Egg Crate 8' Pendant        | 110.0    | 9   | 3,120 | 3,089 | ILP-SQ8-8L-58W-40K                      | 58.0  | 9   | 0      | 3,120 | 1629 | 0        | \$450   | \$177  | \$0  | \$0         |
| Room 12 Lunch<br>Room        | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Egg Crate 4' Pendant        | 58.0     | 3   | 3,120 | 543   | ILP-SQ4-4L-29W-40K                      | 29.0  | 3   | 0      | 3,120 | 271  | 0        | \$96    | \$33   | \$0  | \$0         |
| Room 12 Lunch<br>Room        | 1L 30W LED Linear Board [1x LED<br>DRIVER] /<br>Strip 4' Surface | 30.0     | 1   | 3,120 | 94    |                                         | 30.0  | 1   | 0      | 3,120 | 94   | 0        | \$0     | \$0    | \$0  | \$0         |
| North Stairwell              | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Wrap 4' Surface             | 58.0     | 4   | 3,120 | 724   | ILP-SQ4-4L-29W-40K                      | 29.0  | 4   | 0      | 3,120 | 362  | 0        | \$128   | \$44   | \$0  | \$0         |
| North Stairwell              | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Wrap 8' Surface             | 58.0     | 1   | 3,120 | 181   | ILP-SQ8-4L-32W-40K                      | 32.0  | 1   | 0      | 3,120 | 100  | 0        | \$32    | \$10   | \$0  | \$0         |
| North Stairwell              | 1L 9W LEDS-M A19 [0x NULL] /<br>Porcelain Socket * Surface       | 9.0      | 1   | 3,120 | 28    | KEYSTONE-14W-<br>A21-40K-1L-G2          | 14.0  | 1   | 0      | 3,120 | 44   | 0        | \$0     | -\$2   | \$0  | \$0         |

# FIXTURE DETAIL



| Area                               |                                                                   | Existing |     |       |       | Proposed Solution          |       |     |        |       | Savings |          |         |        |      |             |
|------------------------------------|-------------------------------------------------------------------|----------|-----|-------|-------|----------------------------|-------|-----|--------|-------|---------|----------|---------|--------|------|-------------|
| Room                               | Kit                                                               | Watts    | Qty | Burn  | kWh   | Proposed                   | Watts | Qty | % Red. | Burn  | kWh     | Ctrl Qty | Rebates | Energy | HVAC | Maintenance |
| Room 10<br>Makeup Room             | 4L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Egg Crate 8' Suspended       | 110.0    | 17  | 520   | 972   | ILP-VS8-6L-45W-40K         | 45.0  | 17  | 0      | 520   | 398     | 0        | \$544   | \$70   | \$0  | \$0         |
| Room 10<br>Makeup Room             | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Egg Crate 4' Suspended       | 58.0     | 2   | 520   | 60    | ILP-VS4-3L-24W-40K         | 24.0  | 2   | 0      | 520   | 25      | 0        | \$50    | \$4    | \$0  | \$0         |
| Room 10<br>Makeup Room             | 1L 100W INCS-M A21 [0x NULL] /<br>Porcelain Socket * Surface      | 100.0    | 1   | 520   | 52    | KEYSTONE-14W-A21-40K-1L-G2 | 14.0  | 1   | 0      | 520   | 7       | 0        | \$7     | \$5    | \$0  | \$0         |
| Room 10<br>Makeup Room             | 3L 40W INCS-M A19 [0x NULL] /<br>Vanity 1.5ft Wall                | 120.0    | 15  | 520   | 936   | SYLVANIA-6W-G25-27K-3L     | 18.0  | 15  | 0      | 520   | 140     | 0        | \$180   | \$96   | \$0  | \$0         |
| Room 10<br>Makeup Room             | 3L 15W INCS-M A15 [0x NULL] /<br>Vanity 1.5ft Wall                | 45.0     | 11  | 520   | 257   | SYLVANIA-6W-G25-27K-3L     | 18.0  | 11  | 0      | 520   | 103     | 0        | \$132   | \$19   | \$0  | \$0         |
| LL Restroom<br>Chaise              | 1L 42W CFS-M SPIRAL [0x NULL]<br>/<br>Porcelain Socket * Wall     | 42.0     | 1   | 520   | 22    | KEYSTONE-20W-A21-40K-1L-G2 | 20.0  | 1   | 0      | 520   | 10      | 0        | \$20    | \$1    | \$0  | \$0         |
| LL Womens 8                        | 4L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Wrap 8' Surface              | 110.0    | 1   | 2,080 | 229   | ILP-SQ8-8L-58W-40K         | 58.0  | 1   | 0      | 2,080 | 121     | 0        | \$50    | \$13   | \$0  | \$0         |
| LL Mens 6                          | 4L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Wrap 8' Surface              | 110.0    | 1   | 2,080 | 229   | ILP-SQ8-8L-58W-40K         | 58.0  | 1   | 0      | 2,080 | 121     | 0        | \$50    | \$13   | \$0  | \$0         |
| LL 4 Shoe<br>Corridor<br>(Theater) | 1L 42W CFS-M SPIRAL [0x NULL]<br>/<br>Porcelain Socket * Surface  | 42.0     | 4   | 520   | 87    | KEYSTONE-20W-A21-40K-1L-G2 | 20.0  | 4   | 0      | 520   | 42      | 0        | \$80    | \$6    | \$0  | \$0         |
| LL 2 Dressing<br>Room              | 4L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Egg Crate 8' Suspended       | 110.0    | 24  | 520   | 1,373 | ILP-VS8-6L-45W-40K         | 45.0  | 24  | 0      | 520   | 562     | 0        | \$768   | \$98   | \$0  | \$0         |
| LL 2 Dressing<br>Room              | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Egg Crate 4' Suspended       | 58.0     | 2   | 520   | 60    | ILP-VS4-3L-24W-40K         | 24.0  | 2   | 0      | 520   | 25      | 0        | \$50    | \$4    | \$0  | \$0         |
| LL 2 Dressing<br>Room              | 4L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Standard Strip 8' Suspended  | 110.0    | 1   | 520   | 57    | ILP-VS8-6L-45W-40K         | 45.0  | 1   | 0      | 520   | 23      | 0        | \$32    | \$4    | \$0  | \$0         |
| LL 2 Dressing<br>Room              | 1L 42W CFS-M SPIRAL [0x NULL]<br>/<br>Standard Strip 8' Suspended | 42.0     | 3   | 520   | 66    | KEYSTONE-20W-A21-40K-1L-G2 | 20.0  | 3   | 0      | 520   | 31      | 0        | \$60    | \$4    | \$0  | \$0         |

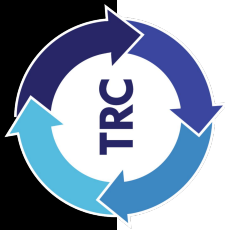
# FIXTURE DETAIL



| Area                            |                                                               | Existing |     |       |       | Proposed Solution               |       |     |        |       | Savings |          |         |        |      |             |
|---------------------------------|---------------------------------------------------------------|----------|-----|-------|-------|---------------------------------|-------|-----|--------|-------|---------|----------|---------|--------|------|-------------|
| Room                            | Kit                                                           | Watts    | Qty | Burn  | kWh   | Proposed                        | Watts | Qty | % Red. | Burn  | kWh     | Ctrl Qty | Rebates | Energy | HVAC | Maintenance |
| Porcelain Socket * Surface      |                                                               |          |     |       |       |                                 |       |     |        |       |         |          |         |        |      |             |
| LL 2 Dressing Room              | 4L 40W INCS-M G25 [0x NULL] / Vanity 2ft Wall                 | 160.0    | 1   | 520   | 83    | SYLVANIA-6W-G25-27K-4L          | 24.0  | 1   | 0      | 520   | 12      | 0        | \$16    | \$9    | \$0  | \$0         |
| LL Back Corridor (Theater)      | 1L 42W CFS-M SPIRAL [0x NULL] / Porcelain Socket * Surface    | 42.0     | 3   | 520   | 66    | KEYSTONE-20W-A21-40K-1L-G2      | 20.0  | 3   | 0      | 520   | 31      | 0        | \$60    | \$4    | \$0  | \$0         |
| LL Back Corridor Storage Room   | 4L 32W LF4 T8 [1x ELE T8 IS NP] / Standard Strip 8' Suspended | 110.0    | 1   | 520   | 57    | ILP-VS8-6L-45W-40K              | 45.0  | 1   | 0      | 520   | 23      | 0        | \$32    | \$4    | \$0  | \$0         |
| Theater Stairwell Storage North | 1L 42W CFS-M SPIRAL [0x NULL] / Porcelain Socket * Surface    | 42.0     | 1   | 520   | 22    | KEYSTONE-20W-A21-40K-1L-G2      | 20.0  | 1   | 0      | 520   | 10      | 0        | \$20    | \$1    | \$0  | \$0         |
| Theater Stairwell Storage South | 1L 42W CFS-M SPIRAL [0x NULL] / Porcelain Socket * Surface    | 42.0     | 1   | 520   | 22    | KEYSTONE-20W-A21-40K-1L-G2      | 20.0  | 1   | 0      | 520   | 10      | 0        | \$20    | \$1    | \$0  | \$0         |
| Merrill Building / Main Level   |                                                               |          |     |       |       |                                 |       |     |        |       |         |          |         |        |      |             |
| South Entry                     | 2L 17W LF2 T8 [1x ELE T8 IS NP] / Wrap 2' Surface             | 31.0     | 1   | 3,120 | 97    | ILP-SQ2-2L-16W-40K              | 16.0  | 1   | 0      | 3,120 | 50      | 0        | \$25    | \$6    | \$0  | \$0         |
| Main Hallway                    | 1L 32W LF4 T8 [1x ELE T8 IS NP] / Wrap 4' Surface             | 32.0     | 8   | 3,120 | 799   | SYLVANIA-VOLUME6AS-S044-39W-40K | 39.0  | 8   | 0      | 3,120 | 973     | 0        | \$0     | -\$21  | \$0  | \$0         |
| Main Hallway                    | 1L 32W LF4 T8 [1x ELE T8 IS NP] / Wrap 4' Surface             | 32.0     | 17  | 3,120 | 1,697 | Remove                          | .0    | 0   | 100    | 0     | 0       | 0        | \$0     | \$206  | \$0  | \$0         |
| Main Hallway                    | 1L 32W LF4 T8 [1x ELE T8 IS NP] / Wrap 4' Surface             | 32.0     | 4   | 8,760 | 1,121 | SYLVANIA-VOLUME6AS-S044-39W-40K | 39.0  | 4   | 0      | 8,760 | 1367    | 0        | \$0     | -\$30  | \$0  | \$0         |
| Main Hallway                    | 1L 32W LF4 T8 [1x ELE T8 IS NP] / Wrap 4' Surface             | 32.0     | 5   | 8,760 | 1,402 | Remove                          | .0    | 0   | 100    | 0     | 0       | 0        | \$0     | \$170  | \$0  | \$0         |

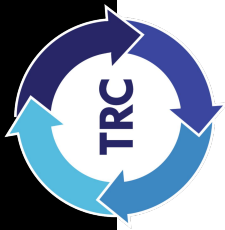


# FIXTURE DETAIL



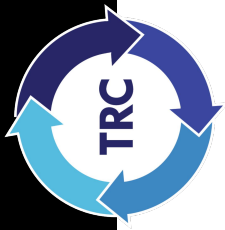
| Area                 |                                                           | Existing  |       |       |                                     | Proposed Solution |             |       |          |         |        | Savings |             |  |  |
|----------------------|-----------------------------------------------------------|-----------|-------|-------|-------------------------------------|-------------------|-------------|-------|----------|---------|--------|---------|-------------|--|--|
| Room                 | Kit                                                       | Watts Qty | Burn  | kWh   | Proposed                            | Watts Qty         | % Red. Burn | kWh   | Ctrl Qty | Rebates | Energy | HVAC    | Maintenance |  |  |
| Main Hallway         | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Wrap 4' Surface      | 58.0 1    | 3,120 | 181   | SYLVANIA-<br>VOLUME6AS-S044-39W-40K | 39.0 1            | 0           | 3,120 | 122      | 0       | \$32   | \$7     | \$0         |  |  |
|                      | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Wrap 4' Surface      | 58.0 2    | 3,120 | 362   | Remove                              | .0 0              | 100         | 0     | 0        | \$0     | \$44   | \$0     | \$0         |  |  |
| Main Entry Vestibule | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Wrap 4' Surface      | 58.0 1    | 8,760 | 508   | ILP-SQ4-4L-29W-40K                  | 29.0 1            | 0           | 8,760 | 254      | 0       | \$32   | \$31    | \$0         |  |  |
| 101 Rainbow Room     | 4L 32W LF4 T8 [2x ELE T8 IS NP] /<br>Egg Crate 8' Pendant | 116.0 6   | 3,120 | 2,172 | SYLVANIA-<br>VOLUME6AS-S044-32W-40K | 32.0 6            | 0           | 3,120 | 599      | 1       | \$192  | \$191   | \$0         |  |  |
| 101 Rainbow Room     | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Egg Crate 4' Pendant | 58.0 2    | 3,120 | 362   | SYLVANIA-<br>VOLUME6AS-S044-32W-40K | 32.0 2            | 0           | 3,120 | 200      | 0       | \$64   | \$20    | \$0         |  |  |
| 101 Rainbow Room     | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Egg Crate 4' Pendant | 58.0 2    | 3,120 | 362   | Remove                              | .0 0              | 100         | 0     | 0        | \$0     | \$44   | \$0     | \$0         |  |  |
| 101 Rainbow Room     | 4L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Wrap 8' Surface      | 110.0 1   | 3,120 | 343   | ILP-SQ8-8L-58W-40K                  | 58.0 1            | 0           | 3,120 | 181      | 0       | \$50   | \$20    | \$0         |  |  |
| 109A Squishy Room    | 4L 32W LF4 T8 [2x ELE T8 IS NP] /<br>Egg Crate 8' Pendant | 116.0 6   | 3,120 | 2,172 | SYLVANIA-<br>VOLUME6AS-S044-32W-40K | 32.0 6            | 0           | 3,120 | 599      | 1       | \$192  | \$191   | \$0         |  |  |
| 109A Squishy Room    | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Egg Crate 4' Pendant | 58.0 2    | 3,120 | 362   | SYLVANIA-<br>VOLUME6AS-S044-32W-40K | 32.0 2            | 0           | 3,120 | 200      | 0       | \$64   | \$20    | \$0         |  |  |
| 109A Squishy Room    | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Egg Crate 4' Pendant | 58.0 1    | 3,120 | 181   | Remove                              | .0 0              | 100         | 0     | 0        | \$0     | \$22   | \$0     | \$0         |  |  |
| 107 LTO Office       | 4L 32W LF4 T8 [2x ELE T8 IS NP] /<br>Egg Crate 8' Pendant | 116.0 1   | 3,120 | 362   | SYLVANIA-<br>VOLUME6AS-S044-32W-40K | 32.0 1            | 0           | 3,120 | 100      | 0       | \$32   | \$32    | \$0         |  |  |

# FIXTURE DETAIL



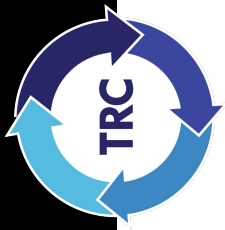
| Area                   |                                                                  | Existing |     |       |       | Proposed Solution                       |       |     |        |       |     | Savings  |         |        |      |             |
|------------------------|------------------------------------------------------------------|----------|-----|-------|-------|-----------------------------------------|-------|-----|--------|-------|-----|----------|---------|--------|------|-------------|
| Room                   | Kit                                                              | Watts    | Qty | Burn  | kWh   | Proposed                                | Watts | Qty | % Red. | Burn  | kWh | Ctrl Qty | Rebates | Energy | HVAC | Maintenance |
| 107 LTO Office         | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Egg Crate 4' Pendant        | 58.0     | 1   | 3,120 | 181   | SYLVANIA-<br>VOLUME6AS-S044-<br>32W-40K | 32.0  | 1   | 0      | 3,120 | 100 | 0        | \$32    | \$10   | \$0  | \$0         |
|                        |                                                                  |          |     |       |       |                                         |       |     |        |       |     |          |         |        |      |             |
| 109 Wee Pals<br>Office | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Lensed Troffer 2x4 Recessed | 58.0     | 3   | 3,120 | 543   | SYLVANIA-<br>VOLUME6AS-S044-<br>24W-40K | 24.0  | 3   | 0      | 3,120 | 225 | 0        | \$75    | \$39   | \$0  | \$0         |
|                        |                                                                  |          |     |       |       |                                         |       |     |        |       |     |          |         |        |      |             |
| 109 Wee Pals<br>Office | 4L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Egg Crate 8' Pendant        | 110.0    | 1   | 3,120 | 343   | SYLVANIA-<br>VOLUME6AS-S044-<br>32W-40K | 32.0  | 1   | 0      | 3,120 | 100 | 0        | \$32    | \$29   | \$0  | \$0         |
|                        |                                                                  |          |     |       |       |                                         |       |     |        |       |     |          |         |        |      |             |
| 109 Wee Pals<br>Office | 4L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Egg Crate 8' Pendant        | .0       | 0   | 0     | 0     | SYLVANIA-<br>VOLUME6AS-S044-<br>32W-40K | 32.0  | 1   | 0      | 3,120 | 100 | 0        | \$0     | -\$12  | \$0  | \$0         |
|                        |                                                                  |          |     |       |       |                                         |       |     |        |       |     |          |         |        |      |             |
| 114 Orange<br>Room     | 4L 32W LF4 T8 [2x ELE T8 IS NP] /<br>Egg Crate 8' Pendant        | 116.0    | 6   | 3,120 | 2,172 | SYLVANIA-<br>VOLUME6AS-S044-<br>32W-40K | 32.0  | 6   | 0      | 3,120 | 599 | 1        | \$192   | \$191  | \$0  | \$0         |
|                        |                                                                  |          |     |       |       |                                         |       |     |        |       |     |          |         |        |      |             |
| 114 Orange<br>Room     | 4L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Wrap 8' Surface             | 110.0    | 1   | 3,120 | 343   | ILP-SQ8-8L-58W-40K                      | 58.0  | 1   | 0      | 3,120 | 181 | 0        | \$50    | \$20   | \$0  | \$0         |
|                        |                                                                  |          |     |       |       |                                         |       |     |        |       |     |          |         |        |      |             |
| 113 Yellow<br>Room     | 4L 32W LF4 T8 [2x ELE T8 IS NP] /<br>Egg Crate 8' Pendant        | 116.0    | 6   | 3,120 | 2,172 | SYLVANIA-<br>VOLUME6AS-S044-<br>32W-40K | 32.0  | 6   | 0      | 3,120 | 599 | 1        | \$192   | \$191  | \$0  | \$0         |
|                        |                                                                  |          |     |       |       |                                         |       |     |        |       |     |          |         |        |      |             |
| 113 Yellow<br>Room     | 4L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Wrap 8' Surface             | 110.0    | 1   | 3,120 | 343   | ILP-SQ8-8L-58W-40K                      | 58.0  | 1   | 0      | 3,120 | 181 | 0        | \$50    | \$20   | \$0  | \$0         |
|                        |                                                                  |          |     |       |       |                                         |       |     |        |       |     |          |         |        |      |             |
| Blue Crib Room         | 4L 32W LF4 T8 [2x ELE T8 IS NP] /<br>Egg Crate 8' Pendant        | 116.0    | 3   | 3,120 | 1,086 | SYLVANIA-<br>VOLUME6AS-S044-<br>32W-40K | 32.0  | 3   | 0      | 3,120 | 300 | 0        | \$96    | \$95   | \$0  | \$0         |
|                        |                                                                  |          |     |       |       |                                         |       |     |        |       |     |          |         |        |      |             |
| Blue Crib Room         | 4L 32W LF4 T8 [2x ELE T8 IS NP] /<br>Egg Crate 8' Pendant        | 116.0    | 2   | 3,120 | 724   | Remove                                  | .0    | 0   | 100    | 0     | 0   | 0        | \$0     | \$88   | \$0  | \$0         |
|                        |                                                                  |          |     |       |       |                                         |       |     |        |       |     |          |         |        |      |             |

# FIXTURE DETAIL



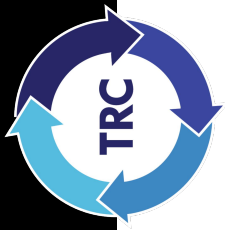
| Area           |                                                                        | Existing |     |       |       | Proposed Solution                       |                    |      |        |       | Savings |          |         |        |      |             |
|----------------|------------------------------------------------------------------------|----------|-----|-------|-------|-----------------------------------------|--------------------|------|--------|-------|---------|----------|---------|--------|------|-------------|
| Room           | Kit                                                                    | Watts    | Qty | Burn  | kWh   | Proposed                                | Watts              | Qty  | % Red. | Burn  | kWh     | Ctrl Qty | Rebates | Energy | HVAC | Maintenance |
| 112 Blue Room  | 4L 32W LF4 T8 [2x ELE T8 IS NP] /<br>Egg Crate 8' Pendant              | 116.0    | 6   | 3,120 | 2,172 | SYLVANIA-<br>VOLUME6AS-S044-<br>32W-40K | 32.0               | 6    | 0      | 3,120 | 599     | 1        | \$192   | \$191  | \$0  | \$0         |
|                |                                                                        | 110.0    | 1   | 3,120 | 343   |                                         | ILP-SQ8-8L-58W-40K | 58.0 | 1      | 0     | 3,120   | 181      | 0       | \$50   | \$20 | \$0         |
| 112 Blue Room  | 4L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Wrap 8' Surface                   | 110.0    | 1   | 3,120 | 343   | ILP-SQ8-8L-58W-40K                      | 58.0               | 1    | 0      | 3,120 | 181     | 0        | \$50    | \$20   | \$0  | \$0         |
| 110 Custodial  | 1L 9W LEDS-M A19 [0x NULL] /<br>Porcelain Socket * Surface             | 9.0      | 1   | 1,040 | 9     | KEYSTONE-14W-<br>A21-40K-1L-G2          | 14.0               | 1    | 0      | 1,040 | 15      | 0        | \$0     | -\$1   | \$0  | \$0         |
| 108 Womens     | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Lensed Troffer 2x4 Recessed       | 58.0     | 3   | 2,080 | 362   | SYLVANIA-<br>VOLUME6AS-S044-<br>24W-40K | 24.0               | 3    | 0      | 2,080 | 150     | 0        | \$75    | \$26   | \$0  | \$0         |
| 106 Theater    | 1L 17W LEDS-M PAR38 [0x NULL] /<br>Decorative Shade Pendant            | 17.0     | 23  | 520   | 203   |                                         | 17.0               | 23   | 0      | 520   | 203     | 0        | \$0     | \$0    | \$0  | \$0         |
| 106 Theater    | 1L 100W INCS-M A21 [0x NULL] /<br>Decorative Shade Pendant             | 100.0    | 4   | 520   | 208   |                                         | 100.0              | 4    | 0      | 520   | 208     | 0        | \$0     | \$0    | \$0  | \$0         |
| 106 Theater    | 1L 9W LEDS-M A19 [0x NULL] /<br>Decorative Sconce Wall                 | 9.0      | 6   | 520   | 28    |                                         | 9.0                | 6    | 0      | 520   | 28      | 0        | \$0     | \$0    | \$0  | \$0         |
| 106 Theater    | 4L 17W LL4B T8 [4x<br>INTEGRATED] /<br>Economy Industrial 8' Suspended | 51.0     | 2   | 520   | 53    |                                         | 51.0               | 2    | 0      | 520   | 53      | 0        | \$0     | \$0    | \$0  | \$0         |
| 106 Theater    | 4L 17W LL4B T8 [4x<br>INTEGRATED] /<br>Standard Strip 8' Suspended     | 51.0     | 3   | 520   | 80    |                                         | 51.0               | 3    | 0      | 520   | 80      | 0        | \$0     | \$0    | \$0  | \$0         |
| 104 Mens       | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Lensed Troffer 2x4 Recessed       | 58.0     | 3   | 2,080 | 362   | SYLVANIA-<br>VOLUME6AS-S044-<br>24W-40K | 24.0               | 3    | 0      | 2,080 | 150     | 0        | \$75    | \$26   | \$0  | \$0         |
| 102 Green Room | 4L 32W LF4 T8 [2x ELE T8 IS NP] /<br>Egg Crate 8' Pendant              | 116.0    | 6   | 3,120 | 2,172 | SYLVANIA-<br>VOLUME6AS-S044-<br>32W-40K | 32.0               | 6    | 0      | 3,120 | 599     | 1        | \$192   | \$191  | \$0  | \$0         |

# FIXTURE DETAIL



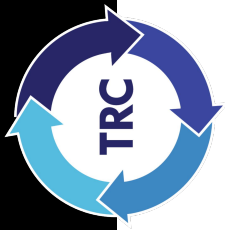
| Area                            |                                                           | Existing |     |       |       | Proposed Solution               |       |     |        |       |      | Savings  |         |        |      |             |
|---------------------------------|-----------------------------------------------------------|----------|-----|-------|-------|---------------------------------|-------|-----|--------|-------|------|----------|---------|--------|------|-------------|
| Room                            | Kit                                                       | Watts    | Qty | Burn  | kWh   | Proposed                        | Watts | Qty | % Red. | Burn  | kWh  | Ctrl Qty | Rebates | Energy | HVAC | Maintenance |
| 102 Green Room                  | 4L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Wrap 8' Surface      | 110.0    | 1   | 3,120 | 343   | ILP-SQ8-8L-58W-40K              | 58.0  | 1   | 0      | 3,120 | 181  | 0        | \$50    | \$20   | \$0  | \$0         |
| Merrill Building / Second Level |                                                           |          |     |       |       |                                 |       |     |        |       |      |          |         |        |      |             |
| 2nd Floor Hallway               | 1L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Wrap 4' Surface      | 32.0     | 7   | 3,120 | 699   | SYLVANIA-VOLUMEGAS-S044-39W-40K | 39.0  | 7   | 0      | 3,120 | 852  | 0        | \$0     | -\$19  | \$0  | \$0         |
| 2nd Floor Hallway               | 1L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Wrap 4' Surface      | 32.0     | 11  | 3,120 | 1,098 | Remove                          | .0    | 0   | 100    | 0     | 0    | 0        | \$0     | \$133  | \$0  | \$0         |
| 2nd Floor Hallway               | 1L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Wrap 4' Surface      | 32.0     | 3   | 8,760 | 841   | SYLVANIA-VOLUMEGAS-S044-39W-40K | 39.0  | 3   | 0      | 8,760 | 1025 | 0        | \$0     | -\$22  | \$0  | \$0         |
| 2nd Floor Hallway               | 1L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Wrap 4' Surface      | 32.0     | 3   | 8,760 | 841   | Remove                          | .0    | 0   | 100    | 0     | 0    | 0        | \$0     | \$102  | \$0  | \$0         |
| 204 Mens                        | 4L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Egg Crate 8' Pendant | 110.0    | 2   | 2,080 | 458   | ILP-SQ8-8L-58W-40K              | 58.0  | 2   | 0      | 2,080 | 241  | 0        | \$100   | \$26   | \$0  | \$0         |
| 206 Indigo Room                 | 4L 32W LF4 T8 [2x ELE T8 IS NP] /<br>Egg Crate 8' Pendant | 116.0    | 6   | 3,120 | 2,172 | SYLVANIA-VOLUMEGAS-S044-32W-40K | 32.0  | 6   | 0      | 3,120 | 599  | 1        | \$192   | \$191  | \$0  | \$0         |
| 206 Indigo Room                 | 4L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Wrap 8' Surface      | 110.0    | 1   | 3,120 | 343   | ILP-SQ8-8L-58W-40K              | 58.0  | 1   | 0      | 3,120 | 181  | 0        | \$50    | \$20   | \$0  | \$0         |
| 200 Storage                     | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Wrap 8' Surface      | 58.0     | 3   | 520   | 90    | SYLVANIA-VOLUMEGAS-S044-24W-40K | 24.0  | 3   | 0      | 520   | 37   | 0        | \$75    | \$6    | \$0  | \$0         |
| 201 Costume Storage             | 4L 32W LF4 T8 [2x ELE T8 IS NP] /<br>Egg Crate 8' Pendant | 116.0    | 6   | 520   | 362   | SYLVANIA-VOLUMEGAS-S044-32W-40K | 32.0  | 6   | 0      | 520   | 100  | 1        | \$192   | \$32   | \$0  | \$0         |
| 201 Costume Storage             | 4L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Wrap 8' Surface      | 110.0    | 1   | 520   | 57    | ILP-SQ8-8L-58W-40K              | 58.0  | 1   | 0      | 520   | 30   | 0        | \$50    | \$3    | \$0  | \$0         |

# FIXTURE DETAIL



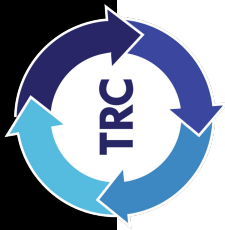
| Area            |                                                                  | Existing  |       |       |                        | Proposed Solution |             |           |          |         | Savings |      |             |  |
|-----------------|------------------------------------------------------------------|-----------|-------|-------|------------------------|-------------------|-------------|-----------|----------|---------|---------|------|-------------|--|
| Room            | Kit                                                              | Watts Qty | Burn  | kWh   | Proposed               | Watts Qty         | % Red. Burn | kWh       | Ctrl Qty | Rebates | Energy  | HVAC | Maintenance |  |
| 203 Violet Room | 4L 32W LF4 T8 [2x ELE T8 IS NP] /<br>Egg Crate 8' Pendant        | 116.0 6   | 3,120 | 2,172 | SYLVANIA-              | 32.0 6            | 0           | 3,120 599 | 1        | \$192   | \$191   | \$0  | \$0         |  |
|                 |                                                                  |           |       |       | VOLUME6AS-S044-32W-40K |                   |             |           |          |         |         |      |             |  |
| 203 Violet Room | 4L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Wrap 8' Surface             | 110.0 1   | 3,120 | 343   | ILP-SQ8-8L-58W-40K     | 58.0 1            | 0           | 3,120 181 | 0        | \$50    | \$20    | \$0  | \$0         |  |
| 205 Conference  | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Lensed Troffer 2x4 Recessed | 58.0 3    | 2,080 | 362   | SYLVANIA-              | 24.0 3            | 0           | 2,080 150 | 0        | \$75    | \$26    | \$0  | \$0         |  |
|                 |                                                                  |           |       |       | VOLUME6AS-S044-24W-40K |                   |             |           |          |         |         |      |             |  |
| 205 Conference  | 4L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Wrap 8' Surface             | 110.0 1   | 2,080 | 229   | ILP-SQ8-8L-58W-40K     | 58.0 1            | 0           | 2,080 121 | 0        | \$50    | \$13    | \$0  | \$0         |  |
| 212 Commons     | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Lensed Troffer 2x4 Recessed | 58.0 1    | 8,760 | 508   | SYLVANIA-              | 24.0 1            | 0           | 8,760 210 | 0        | \$25    | \$36    | \$0  | \$0         |  |
|                 |                                                                  |           |       |       | VOLUME6AS-S044-24W-40K |                   |             |           |          |         |         |      |             |  |
| 212A            | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Lensed Troffer 2x4 Recessed | 58.0 2    | 2,080 | 241   | SYLVANIA-              | 24.0 2            | 0           | 2,080 100 | 0        | \$50    | \$17    | \$0  | \$0         |  |
| 212B            | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Lensed Troffer 2x4 Recessed | 58.0 2    | 2,080 | 241   | SYLVANIA-              | 24.0 2            | 0           | 2,080 100 | 0        | \$50    | \$17    | \$0  | \$0         |  |
|                 |                                                                  |           |       |       | VOLUME6AS-S044-24W-40K |                   |             |           |          |         |         |      |             |  |
| 212C            | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Lensed Troffer 2x4 Recessed | 58.0 2    | 2,080 | 241   | SYLVANIA-              | 24.0 2            | 0           | 2,080 100 | 0        | \$50    | \$17    | \$0  | \$0         |  |
| 212D            | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Lensed Troffer 2x4 Recessed | 58.0 2    | 2,080 | 241   | SYLVANIA-              | 24.0 2            | 0           | 2,080 100 | 0        | \$50    | \$17    | \$0  | \$0         |  |
|                 |                                                                  |           |       |       | VOLUME6AS-S044-24W-40K |                   |             |           |          |         |         |      |             |  |
| 214             | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Lensed Troffer 2x4 Recessed | 58.0 3    | 2,080 | 362   | SYLVANIA-              | 24.0 3            | 0           | 2,080 150 | 0        | \$75    | \$26    | \$0  | \$0         |  |

# FIXTURE DETAIL



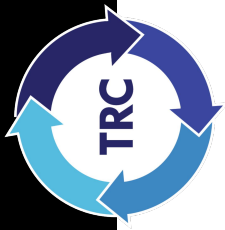
| Area           |                                                                    | Existing |     |       |       | Proposed Solution                   |       |     |        |       |     | Savings  |         |        |      |             |
|----------------|--------------------------------------------------------------------|----------|-----|-------|-------|-------------------------------------|-------|-----|--------|-------|-----|----------|---------|--------|------|-------------|
| Room           | Kit                                                                | Watts    | Qty | Burn  | kWh   | Proposed                            | Watts | Qty | % Red. | Burn  | kWh | Ctrl Qty | Rebates | Energy | HVAC | Maintenance |
| 214            | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Wrap 4' Suspended             | 58.0     | 1   | 2,080 | 121   | ILP-SQ4-4L-29W-40K                  | 29.0  | 1   | 0      | 2,080 | 60  | 0        | \$32    | \$7    | \$0  | \$0         |
| 214 Mechanical | 4L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Wrap 8' Suspended             | 110.0    | 1   | 1,040 | 114   | ILP-VS8-6L-45W-40K                  | 45.0  | 1   | 0      | 1,040 | 47  | 0        | \$32    | \$8    | \$0  | \$0         |
| 211 Commons    | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Lensed Troffer 2x4 Recessed   | 58.0     | 2   | 8,760 | 1,016 | SYLVANIA-<br>VOLUME6AS-S044-24W-40K | 24.0  | 2   | 0      | 8,760 | 420 | 0        | \$50    | \$72   | \$0  | \$0         |
| 211D           | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Lensed Troffer 2x4 Recessed   | 58.0     | 1   | 2,080 | 121   | SYLVANIA-<br>VOLUME6AS-S044-24W-40K | 24.0  | 1   | 0      | 2,080 | 50  | 0        | \$25    | \$9    | \$0  | \$0         |
| 211A           | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Paracube Troffer 2x4 Recessed | 58.0     | 2   | 2,080 | 241   | SYLVANIA-<br>VOLUME6AS-S044-24W-40K | 24.0  | 2   | 0      | 2,080 | 100 | 0        | \$50    | \$17   | \$0  | \$0         |
| 211A           | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Wrap 4' Surface               | 58.0     | 1   | 2,080 | 121   | ILP-SQ4-4L-29W-40K                  | 29.0  | 1   | 0      | 2,080 | 60  | 0        | \$32    | \$7    | \$0  | \$0         |
| 211B           | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Lensed Troffer 2x4 Recessed   | 58.0     | 2   | 2,080 | 241   | SYLVANIA-<br>VOLUME6AS-S044-24W-40K | 24.0  | 2   | 0      | 2,080 | 100 | 0        | \$50    | \$17   | \$0  | \$0         |
| 211B           | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Wrap 4' Surface               | 58.0     | 1   | 2,080 | 121   | ILP-SQ4-4L-29W-40K                  | 29.0  | 1   | 0      | 2,080 | 60  | 0        | \$32    | \$7    | \$0  | \$0         |
| 211C           | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Lensed Troffer 2x4 Recessed   | 58.0     | 2   | 2,080 | 241   | SYLVANIA-<br>VOLUME6AS-S044-24W-40K | 24.0  | 2   | 0      | 2,080 | 100 | 0        | \$50    | \$17   | \$0  | \$0         |
| 209            | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Lensed Troffer 2x4 Recessed   | 58.0     | 3   | 2,080 | 362   | SYLVANIA-<br>VOLUME6AS-S044-24W-40K | 24.0  | 3   | 0      | 2,080 | 150 | 0        | \$75    | \$26   | \$0  | \$0         |
| 207 Commons    | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Lensed Troffer 2x4 Recessed   | 58.0     | 1   | 2,080 | 121   | SYLVANIA-<br>VOLUME6AS-S044-24W-40K | 24.0  | 1   | 0      | 2,080 | 50  | 0        | \$25    | \$9    | \$0  | \$0         |

# FIXTURE DETAIL



| Area                        |                                                                    | Existing |     |       |     | Proposed Solution                       |       |     |             |       |          | Savings |        |      |             |
|-----------------------------|--------------------------------------------------------------------|----------|-----|-------|-----|-----------------------------------------|-------|-----|-------------|-------|----------|---------|--------|------|-------------|
| Room                        | Kit                                                                | Watts    | Qty | Burn  | kWh | Proposed                                | Watts | Qty | % Red. Burn | kWh   | Ctrl Qty | Rebates | Energy | HVAC | Maintenance |
| 207A                        | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Lensed Troffer 2x4 Recessed   | 58.0     | 4   | 2,080 | 483 | SYLVANIA-<br>VOLUME6AS-S044-<br>24W-40K | 24.0  | 4   | 0           | 2,080 | 200      | \$100   | \$34   | \$0  | \$0         |
| 207B                        | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Paracube Troffer 2x4 Recessed | 58.0     | 6   | 2,080 | 724 | SYLVANIA-<br>VOLUME6AS-S044-<br>24W-40K | 24.0  | 6   | 0           | 2,080 | 300      | \$150   | \$51   | \$0  | \$0         |
| 207B                        | 4L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Wrap 8' Surface               | 110.0    | 1   | 2,080 | 229 | ILP-SQ8-8L-58W-40K                      | 58.0  | 1   | 0           | 2,080 | 121      | \$50    | \$13   | \$0  | \$0         |
| 210 Custodial               | 1L 32W CFS-M SPIRAL [0x NULL]<br>/<br>Porcelain Socket * Surface   | 32.0     | 1   | 1,040 | 33  | KEYSTONE-14W-<br>A21-40K-1L-G2          | 14.0  | 1   | 0           | 1,040 | 15       | \$7     | \$2    | \$0  | \$0         |
| 208 Womens                  | 4L 32W LF4 T8 [2x ELE T8 IS NP] /<br>Egg Crate 8' Pendant          | 116.0    | 1   | 2,080 | 241 | ILP-SQ8-8L-58W-40K                      | 58.0  | 1   | 0           | 2,080 | 121      | \$50    | \$15   | \$0  | \$0         |
| 208 Womens                  | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Egg Crate 4' Pendant          | 58.0     | 1   | 2,080 | 121 | ILP-SQ4-4L-29W-40K                      | 29.0  | 1   | 0           | 2,080 | 60       | \$32    | \$7    | \$0  | \$0         |
| 206 Theater<br>Balcony      | 1L 100W INCS-M A21 [0x NULL] /<br>Decorative Shade Pendant         | 100.0    | 5   | 520   | 260 |                                         | 100.0 | 5   | 0           | 520   | 260      | \$0     | \$0    | \$0  | \$0         |
| Dimming Panel<br>Room       | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Wrap 4' Surface               | 58.0     | 1   | 520   | 30  | ILP-VS4-3L-24W-40K                      | 24.0  | 1   | 0           | 520   | 12       | \$25    | \$2    | \$0  | \$0         |
| 206C Control<br>Room        | 2L 32W LF4 T8 [1x ELE T8 IS NP] /<br>Wrap 4' Surface               | 58.0     | 2   | 520   | 60  | ILP-VS4-3L-24W-40K                      | 24.0  | 2   | 0           | 520   | 25       | \$50    | \$4    | \$0  | \$0         |
| Balcony Storage             | 1L 60W INCS-M A19 [0x NULL] /<br>Porcelain Socket * Surface        | 60.0     | 1   | 520   | 31  | KEYSTONE-14W-<br>A21-40K-1L-G2          | 14.0  | 1   | 0           | 520   | 7        | \$7     | \$3    | \$0  | \$0         |
| Merrill Building / Exterior |                                                                    |          |     |       |     |                                         |       |     |             |       |          |         |        |      |             |

# FIXTURE DETAIL



| Area                  |                                                                    | Existing |     |        |     | Proposed Solution           |       |     |        |        | Savings |          |         |         |      |             |
|-----------------------|--------------------------------------------------------------------|----------|-----|--------|-----|-----------------------------|-------|-----|--------|--------|---------|----------|---------|---------|------|-------------|
| Room                  | Kit                                                                | Watts    | Qty | Burn   | kWh | Proposed                    | Watts | Qty | % Red. | Burn   | kWh     | Ctrl Qty | Rebates | Energy  | HVAC | Maintenance |
| NW Daycare<br>Exit    | 1L 100W HPS MOG BASE HID [1x<br>MAG] /<br>Decorative Lollipop Wall | 130.0    | 1   | 4,380  | 569 | GC-34W-PS30-EX39-<br>50K-1L | 34.0  | 1   | 0      | 4,380  | 149     | 0        | \$20    | \$51    | \$0  | \$0         |
|                       | 1L 100W HPS MED BASE HID [1x<br>MAG] /<br>Decorative Lollipop Wall | 126.0    | 1   | 4,380  | 552 | GC-24W-A21-50K-1L-<br>HID   | 24.0  | 1   | 0      | 4,380  | 105     | 0        | \$20    | \$54    | \$0  | \$0         |
| SW Theater Exit       | 1L 100W HPS MED BASE HID [1x<br>MAG] /<br>Decorative Lollipop Wall | 126.0    | 1   | 4,380  | 552 | GC-24W-A21-50K-1L-<br>HID   | 24.0  | 1   | 0      | 4,380  | 105     | 0        | \$20    | \$54    | \$0  | \$0         |
|                       | 1L 100W HPS MOG BASE HID [1x<br>MAG] /<br>Decorative Lollipop Wall | 130.0    | 1   | 4,380  | 569 | GC-34W-PS30-EX39-<br>50K-1L | 34.0  | 1   | 0      | 4,380  | 149     | 0        | \$20    | \$51    | \$0  | \$0         |
| South Daycare<br>Exit | 1L 30W LEDS-MOG HID [0x NULL]<br>/<br>Decorative Lollipop Wall     | 30.0     | 1   | 4,380  | 131 | GC-34W-PS30-EX39-<br>50K-1L | 34.0  | 1   | 0      | 4,380  | 149     | 0        | \$0     | -\$2    | \$0  | \$0         |
| Totals                |                                                                    | 443      |     | 63,672 |     | 388                         |       |     |        | 26,171 |         | \$9,319  |         | \$4,544 |      | \$0         |



## EXHIBIT D: ENERGY and OPERATING SAVINGS SUMMARY

In order to review and estimate the amount of savings that the proposed project will result in, ICS has assembled energy savings calculations based on data in increased equipment efficiency, as well as estimated operating cost savings from a reduction of costs in maintenance. These savings would be recognized as actual reductions in current operating budgets. To define what these added costs would be, several variables need to be considered to recognize a true future avoidance cost, such as current systems' life expectancy, the addition of cost inflation over time, and anticipated interest rates on debt service. With the current projects identified and utilization of a normalized baseline to reflect the current building operation with proper ventilation, the anticipated annual energy savings is \$20,673, the anticipated annual operating savings in \$4,450, and anticipated long-term operating savings (or capital cost avoidance) is \$264,892.

Calculations for annual energy savings are based on standard and sound engineering principles using building energy model simulations, equipment nameplate data, and engineering calculations. The baseline and operating parameters of the equipment was collected and identified during the project development process by interviews with facility staff regarding typical equipment operation and review of historical energy consumption supplied by district staff and the utility provider (Owatonna Public Utilities). Calculations for rebates are also included below, however please note that **utility rebates are not guaranteed incentives and are based solely on estimated energy savings and discussions with program managers at Owatonna Public Utilities.**

Baseline HVAC Energy Use

| Source    | January | February | March | April | May   | June   | July  | August | September | October | November | December | Total      |
|-----------|---------|----------|-------|-------|-------|--------|-------|--------|-----------|---------|----------|----------|------------|
| Fan kWh   | 1,666   | 1,419    | 1,152 | 905   | 963   | 1,181  | 1,058 | 1,390  | 1,089     | 944     | 1,070    | 1,070    | 13,907 kWh |
| Clog. kWh | 0       | 0        | 0     | 504   | 2,886 | 10,471 | 7,372 | 12,296 | 6,654     | 416     | 0        | 0        | 40,599 kWh |
| Total kWh | 1,666   | 1,419    | 1,152 | 1,409 | 3,849 | 11,652 | 8,429 | 13,686 | 7,743     | 1,361   | 1,070    | 1,070    | 54,506 kWh |
| Vent. CCF | 1,525   | 1,344    | 1,154 | 618   | 470   | 0      | 0     | 0      | 235       | 478     | 1,053    | 1,262    | 8,138 CCF  |

Adjusted HVAC Energy Use

| Source    | January | February | March | April | May    | June   | July   | August | September | October | November | December | Total       |
|-----------|---------|----------|-------|-------|--------|--------|--------|--------|-----------|---------|----------|----------|-------------|
| Fan kWh   | 10,798  | 9,196    | 7,466 | 5,868 | 6,244  | 7,653  | 6,856  | 9,008  | 7,058     | 6,120   | 6,937    | 6,937    | 90,139 kWh  |
| Clog. kWh | 0       | 0        | 0     | 1,079 | 6,184  | 22,439 | 15,796 | 26,350 | 14,259    | 892     | 0        | 0        | 86,998 kWh  |
| Total kWh | 10,798  | 9,196    | 7,466 | 6,947 | 12,427 | 30,092 | 22,653 | 35,357 | 21,317    | 7,012   | 6,937    | 6,937    | 177,138 kWh |
| Vent. CCF | 2,593   | 2,284    | 1,961 | 1,051 | 798    | 0      | 0      | 0      | 400       | 812     | 1,790    | 2,146    | 13,835 CCF  |

Utility Baseline Adjustment

| Source    | January | February | March | April | May   | June   | July   | August | September | October | November | December | Total       |
|-----------|---------|----------|-------|-------|-------|--------|--------|--------|-----------|---------|----------|----------|-------------|
| Fan kWh   | 9,132   | 7,777    | 6,314 | 4,963 | 5,280 | 6,472  | 5,798  | 7,618  | 5,969     | 5,175   | 5,866    | 5,866    | 76,232 kWh  |
| Clog. kWh | 0       | 0        | 0     | 576   | 3,298 | 11,967 | 8,425  | 14,053 | 7,605     | 476     | 0        | 0        | 46,399 kWh  |
| Total kWh | 9,132   | 7,777    | 6,314 | 5,538 | 8,578 | 18,440 | 14,223 | 21,671 | 13,574    | 5,651   | 5,866    | 5,866    | 122,631 kWh |
| Htng. CCF | 1,068   | 941      | 808   | 433   | 329   | 0      | 0      | 0      | 165       | 334     | 737      | 884      | 5,697 CCF   |

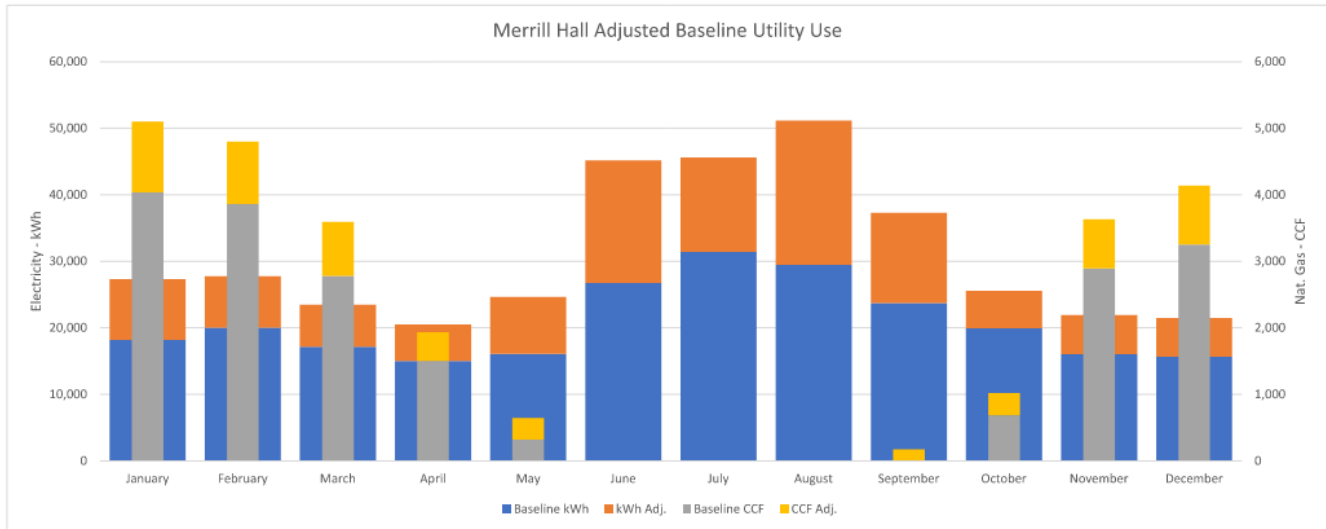
5-Year Ave Utility Use

|           | January | February | March  | April  | May    | June   | July   | August | September | October | November | December | Total       |
|-----------|---------|----------|--------|--------|--------|--------|--------|--------|-----------|---------|----------|----------|-------------|
| Total kWh | 18,187  | 20,000   | 17,173 | 15,013 | 16,080 | 26,720 | 31,387 | 29,467 | 23,733    | 19,920  | 16,053   | 15,627   | 249,360 kWh |
| Htng. CCF | 4,034   | 3,859    | 2,782  | 1,500  | 319    | 8      | 1      | 0      | 10        | 686     | 2,892    | 3,253    | 8,138 CCF   |

Adjusted Baseline Energy Use

|           | January | February | March  | April  | May    | June   | July   | August | September | October | November | December | Total       |
|-----------|---------|----------|--------|--------|--------|--------|--------|--------|-----------|---------|----------|----------|-------------|
| Total kWh | 27,318  | 27,777   | 23,487 | 20,552 | 24,658 | 45,160 | 45,610 | 51,138 | 37,307    | 25,571  | 21,920   | 21,493   | 371,991 kWh |
| Htng. CCF | 5,102   | 4,800    | 3,590  | 1,933  | 647    | 8      | 1      | 0      | 175       | 1,020   | 3,629    | 4,137    | 25,041 CCF  |

|              | January | February | March  | April  | May    | June   | July   | August | September | October | November | December | Total       | % Incr. | Totals  |
|--------------|---------|----------|--------|--------|--------|--------|--------|--------|-----------|---------|----------|----------|-------------|---------|---------|
| Baseline kWh | 18,187  | 20,000   | 17,173 | 15,013 | 16,080 | 26,720 | 31,387 | 29,467 | 23,733    | 19,920  | 16,053   | 15,627   | 249,360 kWh | 49.2%   | kWh     |
| kWh Adj.     | 9,132   | 7,777    | 6,314  | 5,538  | 8,578  | 18,440 | 14,223 | 21,671 | 13,574    | 5,651   | 5,866    | 5,866    | 122,631 kWh |         | 371,991 |
| Baseline CCF | 4,034   | 3,859    | 2,782  | 1,500  | 319    | 8      | 1      | 0      | 10        | 686     | 2,892    | 3,253    | 19,345 CCF  | 29.4%   | CCF     |
| CCF Adj.     | 1,068   | 941      | 808    | 433    | 329    | 0      | 0      | 0      | 165       | 334     | 737      | 884      | 5,697 CCF   |         | 25,041  |



## MERRILL HALL ENERGY SAVINGS SUMMARY

PROJECT OWNER      **City of Owatonna, MN**  
PROJECT NAME      Merrill Hall Building Upgrade

| FACILITY IMPROVEMENT<br>MEASURE (FIM) | Calc.<br>Method | Savings<br>\$   | % of Total<br>Savings | ELECTRICITY |            |               |                | Nat. Gas      |                 |
|---------------------------------------|-----------------|-----------------|-----------------------|-------------|------------|---------------|----------------|---------------|-----------------|
|                                       |                 |                 |                       | kW          | \$kW       | kWh           | \$kWh          | CCF           | \$CCF           |
| LED Lighting Retrofit                 | SPRDSHT         | \$4,544         | 21.98%                | 18.9        | \$0        | 37,500        | \$4,544        | 0             | \$0             |
| Install Hi-E Boilers/Stm-HW Conv.     | SPRDSHT         | \$7,057         | 34.14%                | 0.0         | \$0        | 0             | \$0            | 7,479         | \$7,057         |
| Install HW Pump VFD                   | SPRDSHT         | \$1,413         | 6.84%                 | 0.0         | \$0        | 11,663        | \$1,413        | 0             | \$0             |
| Unocc. Temperature Setback            | SPRDSHT         | \$2,548         | 12.33%                | 0.0         | \$0        | 5,870         | \$711          | 1,947         | \$1,837         |
| Premium Efficiency ACCU               | SPRDSHT         | \$1,637         | 7.92%                 | 15.0        | \$0        | 13,507        | \$1,637        | 0             | \$0             |
| Demand Controlled Ventilation         | SPRDSHT         | \$3,473         | 16.80%                | 0.0         | \$0        | 6,041         | \$732          | 2,905         | \$2,742         |
| <b>TOTALS</b>                         |                 | <b>\$20,672</b> | <b>100.00%</b>        | <b>33.9</b> | <b>\$0</b> | <b>74,580</b> | <b>\$9,036</b> | <b>12,331</b> | <b>\$11,636</b> |
|                                       |                 |                 |                       |             |            | <b>254.5</b>  | <b>MMBtu</b>   | <b>1276.3</b> | <b>MMBtu</b>    |

|                           |          |              |
|---------------------------|----------|--------------|
| BUILDING FT² =            | 36,470   |              |
| ANNUAL ELEC. USE =        | 371,991  | Adjusted kWh |
| ANNUAL ELEC. COST =       | \$45,070 |              |
| ANNUAL FUEL USE =         | 25,041   | Adjusted CCF |
| ANNUAL FUEL COST =        | \$23,629 |              |
| ANNUAL UTILITY BILLS =    | \$68,700 |              |
| CURRENT EUI kBtu/FT²/YEAR | 105.9    |              |
| CURRENT \$/FT² =          | \$1.88   |              |
| POST EUI kBtu/FT²/YEAR    | 63.9     |              |
| POST RETROFIT \$/FT² =    | \$1.32   |              |
| SAVINGS % =               | 30.09%   |              |
| SAVINGS % ELECTRICAL =    | 20.05%   |              |
| SAVINGS % FUEL =          | 49.24%   |              |
| TOTAL SAVINGS =           | \$20,672 |              |

Daycare      Theater  
26,550      9,920      sqft

HVAC Upgrade  
kWh      \$      CCF      \$  
23,573      2,856      12,331      11,636

#### Merrill Hall Building Project Impact

| Project               | Utility Impact |             |               | Comment                    |
|-----------------------|----------------|-------------|---------------|----------------------------|
|                       | kWh Saved      | kW Saved    | CCF           |                            |
| LED Lighting Retrofit | 37,500         | 18.9        | 0             | Audit done by TRC Lighting |
| HVAC System Upgrade   | 37,080         | 15.0        | 12,331        | Dependent on bldg. ops.    |
| <b>Total</b>          | <b>74,580</b>  | <b>33.9</b> | <b>12,331</b> |                            |

#### Merrill Hall Building Potential Rebates

| Project                   | Estimated Rebate                                     | Rebate Type | Comment                     |
|---------------------------|------------------------------------------------------|-------------|-----------------------------|
| LED Lighting Retrofit     | \$9,320                                              | Prescribed  | Est. by TRC; based on audit |
| High Efficiency Boilers   | \$16,200                                             | Prescribed  | 2 @ 750 MBH condensing      |
| High Efficiency Boilers   | \$45,000                                             | Custom      | 1/2 cost of boilers         |
| Hot Water Pump VFD        | \$1,500                                              | Prescribed  | 2 @ 7.5 hp hot water pumps  |
| AHU Supply Fan VFD        | \$1,600                                              | Prescribed  | 20 hp AHU supply fan        |
| AHU Return Fan VFD        | \$1,250                                              | Prescribed  | 15 hp AHU supply fan        |
| Hi-E Hot Water Pump       | \$200                                                | Prescribed  | 2 @ 7.5 hp hot water pumps  |
| AHU Hi-E Supply Fan       | \$320                                                | Prescribed  | 20 hp Hi-E fan w/ VFD       |
| AHU Hi-E Return Fan       | \$300                                                | Prescribed  | 15 hp Hi-E fan w/ VFD       |
| HVAC System DDC*          | \$91,175                                             | Custom      | 1/2 cost of DDC System      |
| High Efficiency ACCU      | \$4,125                                              | Prescribed  | 75-ton DX ACCU              |
| High Efficiency ACCU      | \$31,875                                             | Custom      | 1/2 cost of DX ACCU         |
| HVAC System Commissioning | \$18,250                                             | Custom      | 1/2 cost of HVAC Cx         |
| Electric Service Upgrade  | OPU provides new service up to and incl. transformer |             |                             |
| <b>Total</b>              | <b>\$221,115</b>                                     |             |                             |

\* Critical to the efficient operation of the HVAC system.

## Measurement & Verification Methods

Energy savings measurement and verification methods are provided by the International Performance Measurement & Verification Protocol (IPMVP) as federally accepted methods of validating energy savings and are listed in the table below. Both parties agree to utilize Option A, stipulated savings based on engineered calculations and sample-size post installation measurements, for all energy savings to be accounted for in this project. All annual energy savings are subject to similar inflation values as approved for energy rate cost increases.

| IPMVP Measurement & Verification Option                                | Performance and Usage Factors                                                                                                                                                                                                                                                                                                                                   | Savings Calculation                                                                                              |
|------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|
| Option A - Estimated and Short Term Measured Factors                   | Based on combination of measured and estimated factors. Measurements are spot or short-term taken at the component or system level. Estimated (non-measured) factors are supported by historical or manufacturer's data.                                                                                                                                        | Engineered calculations, component or system models, nameplate data.                                             |
| Option B - Periodically or continuously Measured and Estimated Factors | Based on periodic or continuous measurements taken at the component or system level when variations in factors are expected. Spot or short-term measurements may suffice when variations in factors are not expected.                                                                                                                                           | Engineered calculations, component or system models, nameplate data.                                             |
| Option C - Utility Billing Data Analysis                               | Based on long-term whole-building utility meter, facility level, or sub-meter data.                                                                                                                                                                                                                                                                             | Based on regression analysis of utility billing meter data to account for factors that drive energy consumption. |
| Option D - Calibrated Computer Simulation                              | Computer simulation inputs may be based on a combination of the following: reasonable assumptions based on historical data gathered at facilities, performance specifications of equipment of system being installed, engineering estimates, spot, short-term or long-term measurements of systems components, and long-term whole-building utility meter data. | Based on computer simulation model calibrated with whole-building or metered data or both.                       |

The existing power draw can be measured using a true RMS meter prior to installation of new lamps/fixtures. Fixtures with similar lamps and ballasts, counts and types, will be grouped together with a lamp/ballast code.

Measured wattages will be used when possible. In some situations, such as when a certain type of lighting fixture is not available by itself on a switch, typical wattages as published by ANSI (American National Standards Institute) will be used. The pre-retrofit kW sample will be measured once prior to installation. These values will not be measured again. Burn hours for space types for each building are based on typical use for space types and are shown below.

Lighting system burn hours and occupancy schedules were determined during project development from Client provided data and from typical facility operating data.

DRAFT COPY FOR REVIEW

## EXHIBIT E: PROJECT SCHEDULE

The anticipated project schedule, in general, will be completed between October 2023 and October 2024. Project development plans and design work will commence immediately, with remediation and construction preparation to begin in January 2024. The tentative schedule has been created and is shown in the table below.

| ID | Task Name              | Duration        | Start              | Finish              | Qtr 4, 2023 | Qtr 1, 2024 | Qtr 2, 2024 | Qtr 3, 2024 | Qtr 4, 2024 |
|----|------------------------|-----------------|--------------------|---------------------|-------------|-------------|-------------|-------------|-------------|
| 1  | <b>Design Phase</b>    | <b>91 days</b>  | <b>Mon 9/11/23</b> | <b>Mon 1/15/24</b>  | ■           | ■           |             |             |             |
| 2  | ACM Removal Plan       | 91 days         | Mon 9/11/23        | Mon 1/15/24         | ■           | ■           |             |             |             |
| 3  | Project Plans          | 91 days         | Mon 9/11/23        | Mon 1/15/24         | ■           | ■           |             |             |             |
| 4  | <b>Bid Project</b>     | <b>1 day</b>    | <b>Mon 1/22/24</b> | <b>Mon 1/22/24</b>  |             | ■           |             |             |             |
| 5  | ACM Removal            | 1 day           | Mon 1/22/24        | Mon 1/22/24         |             | ■           |             |             |             |
| 6  | <b>Order Equipment</b> | <b>160 days</b> | <b>Mon 1/22/24</b> | <b>Fri 8/30/24</b>  |             | ■           | ■           | ■           | ■           |
| 7  | Electrical             | 160 days        | Mon 1/22/24        | Fri 8/30/24         |             | ■           | ■           | ■           | ■           |
| 8  | Mechanical             | 115 days        | Mon 1/22/24        | Fri 6/28/24         |             | ■           | ■           | ■           | ■           |
| 9  | <b>Construction</b>    | <b>154 days</b> | <b>Mon 4/1/24</b>  | <b>Thu 10/31/24</b> |             |             | ■           | ■           | ■           |
| 10 | ACM Removal/Demo.      | 30 days         | Mon 4/1/24         | Fri 5/10/24         |             |             | ■           | ■           | ■           |
| 11 | Central Heating Plant  | 107 days        | Mon 5/6/24         | Tue 10/1/24         |             |             | ■           | ■           | ■           |
| 12 | HVAC System/Piping     | 125 days        | Mon 5/6/24         | Fri 10/25/24        |             |             | ■           | ■           | ■           |
| 13 | Fire Alarm/Sprinkler   | 66 days         | Mon 6/10/24        | Mon 9/9/24          |             |             | ■           | ■           | ■           |
| 14 | ACT/LED Lighting       | 90 days         | Mon 6/24/24        | Fri 10/25/24        |             |             | ■           | ■           | ■           |

## EXHIBIT F: SCHEDULE OF PAYMENTS

A schedule of payments will be developed and finalized with the Client prior to submittal of the first invoice. It is anticipated that monthly progress billings will be based upon actual work completed and materials and equipment for which orders are pending. All values will be based on the total contract amount. Below is an anticipated billing schedule based on percentage of project completion, however this may vary greatly depending on project logistics, requirements of payments for equipment, etc. ICS project management staff will work closely with the City of Owatonna on financial tracking of the project to ensure that project billing can be anticipated as much as possible.

**Please note the total of the schedule of payments below INCLUDES the budget amount for asbestos-containing materials removal, but is NOT included in the scope of work of this contract.**

|                       |              |
|-----------------------|--------------|
| <b>\$5,297,847.09</b> | <b>TOTAL</b> |
| \$1,059,569.42        | Nov-23       |
| \$529,784.71          | Dec-23       |
| \$529,784.71          | Feb-24       |
| \$529,784.71          | Mar-24       |
| \$264,892.35          | May-24       |
| \$264,892.35          | Jun-24       |
| \$1,059,569.42        | Jul-24       |
| \$1,059,569.42        | Oct-24       |

## EXHIBIT G: CERTIFICATE OF SUBSTANTIAL COMPLETION FOR WARRANTY

Pursuant to this Energy Efficiency Projects Agreement, by and between ICS and the Client, the Client does hereby acknowledge the following:

The Client agrees that the scope of work specified in Exhibit C of this Contract and any applicable amendments thereof have been sufficiently completed as to allow beneficial use of said systems and/or equipment and that the client hereby acknowledges the commencement of warranties as of the date specified.

| Project Selection Worksheet |                                                                                     | Owner Approval |      |
|-----------------------------|-------------------------------------------------------------------------------------|----------------|------|
| Select ed                   | Facility Improvement Measure (FIM) Description                                      | Signature      | Date |
| <b>MERRILL BUILDING</b>     |                                                                                     |                |      |
|                             | <b>Mechanical/Electrical</b>                                                        |                |      |
| x                           | Inter/Exterior LED Lighting Retrofit (Does not incl. theater, green/dressing rooms) |                |      |
| x                           | HVAC System Upgrade - Convert to Hot Water/DDC Upgrade (Daycare area only)          |                |      |
| x                           | Building Electric Service & Distribution Upgrade                                    |                |      |
| x                           | Fire Sprinkler System & New Water Service                                           |                |      |
| x                           | Fire Detection System Upgrade                                                       |                |      |
|                             |                                                                                     |                |      |
|                             | <b>Envelope/Interiors</b>                                                           |                |      |
| x                           | Remove Asbestos Containing Material                                                 |                |      |
| x                           | Replace Roofing                                                                     |                |      |

City of Owatonna, MINNESOTA

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

ICS CONSULTING, LLC.

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

## EXHIBIT H: CERTIFICATE OF COMPLETION AND ACCEPTANCE

Pursuant to this Energy Efficiency Projects Agreement, by and between ICS and the Client, the Client does hereby acknowledge the following:

1. Completion and Acceptance: The Client agrees that the scope of work specified in Exhibit C of this agreement and any applicable amendments thereof have been completed and are hereby accepted by the Client. The Client hereby releases contractor obligations under any performance and payment bonds posted for the projects as of the date of signature indicated below.
2. Savings Acceptance: The Client hereby agrees that the savings calculation and validation process has been met as outlined in Exhibit D.
3. Project Completion Documents: The Client acknowledges receipt of finalized project costs, all amended exhibits, as-built drawings, operation and maintenance manuals, manufacturer warranty information, contact names and numbers of all vendors and applicable service representatives, and training required under the agreement.

| Project Selection Worksheet |                                                                                     | Owner Approval |      |
|-----------------------------|-------------------------------------------------------------------------------------|----------------|------|
| Select ed                   | Facility Improvement Measure (FIM) Description                                      | Signature      | Date |
| <b>MERRILL BUILDING</b>     |                                                                                     |                |      |
|                             | <b>Mechanical/Electrical</b>                                                        |                |      |
| x                           | Inter/Exterior LED Lighting Retrofit (Does not incl. theater, green/dressing rooms) |                |      |
| x                           | HVAC System Upgrade - Convert to Hot Water/DDC Upgrade (Daycare area only)          |                |      |
| x                           | Building Electric Service & Distribution Upgrade                                    |                |      |
| x                           | Fire Sprinkler System & New Water Service                                           |                |      |
| x                           | Fire Detection System Upgrade                                                       |                |      |
|                             |                                                                                     |                |      |
|                             | <b>Envelope/Interiors</b>                                                           |                |      |
| x                           | Remove Asbestos Containing Material                                                 |                |      |
| x                           | Replace Roofing                                                                     |                |      |

### City of Owatonna, MINNESOTA

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

### ICS CONSULTING, LLC.

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_



## EXHIBIT I: CLIENT RESPONSIBILITIES

The Client hereby agrees to assume the following responsibilities as part of this Agreement:

1. Maintain and/or Replace Faulty Equipment
  - a. The Client shall properly maintain all equipment that is being repaired, replaced, or modified as a result of the work, or that will have an impact on the total estimated energy, operating, or long-term operating savings.
  - b. Upon receiving a written notice from the Contractor describing any operational or maintenance deficiency, the Client shall immediately make arrangements to remedy the deficiency. Once the deficiency is corrected, the Client shall notify the Contractor to perform inspection on the remedial improvements.
2. Notification of Problems
  - a. The Client shall promptly notify the Contractor of any system or building changes, which may impact the Contractor's ability to meet its obligations.
3. Current Responsibilities
  - a. The Client shall perform the following work before the Completion Date:
    - i. Be available for a project kick off meeting and project completion meeting.
    - ii. Be available for construction progress meetings at regular intervals.
    - iii. Be available for any on-site safety concerns as they may arise during project construction.
    - iv. Designate appropriate personnel for signing off on Certificates of Completion for Warranty
    - v. Designate appropriate personnel for signing off on Certificates of Completion and Acceptance
    - vi. Client to make the Contractor aware of any specific site conditions that will need to be adhered to during construction of the project.

## **EXHIBIT J: GENERAL REQUIREMENTS**

### **1.0 CONTRACTOR'S USE OF PREMISES**

The Contractor shall limit his or her use of premises for work and storage to allow for facility occupancy in all areas. The Contractor shall assume full responsibility for the protection and safekeeping of products under this contract stored on the site and shall move any products under his or her control that interfere with Facility operations.

### **2.0 BUILDING OCCUPANCY**

The Contractor shall cooperate with the Client to establish work schedules if disruption is necessary in any area.

### **3.0 ENERGY SYSTEM DISRUPTION**

The Contractor shall consult with the Client prior to disrupting any energysystems.

### **4.0 STORAGE OF MATERIALS**

The Contractor shall make arrangements with Client to provide for the storage of materials on the job site. If such arrangements cannot be made, contractor shall provide facilities necessary for storage. This may also include crew quarters and lunchroom facilities if necessary. All contractor storage areas must be confined to the area designated by the Client.

### **5.0 RECEIVING, HANDLING, AND STORAGE**

The Contractor shall receive from carriers at the Client and check, unload, handle and store all materials and equipment that are to be incorporated in the construction under these Specifications. The Contractor shall be responsible for the prompt unloading of materials and equipment. The Contractor shall provide all storage facilities for contractor-furnished materials and equipment. The Contractor MAY NOT use the Client receiving area, personnel or equipment to receive any materials unless approved by the Client.

### **6.0 TEMPORARY LIGHT, POWER AND WATER**

The Client will furnish all AC electricity and water. However, the Contractor shall furnish and pay for any/all temporary conduit, wiring and piping, as may be required from the nearest available point of service and shall remove same upon completion of the Work at no cost to the Client.

### **7.0 SANITARY FACILITIES**

The Contractor shall make arrangements with the Client for the use of sanitary facilities and shall be responsible for the cleanliness and conditions of said facilities until completion of the project. The Contractor shall remove any workman creating a nuisance on the premises from the site.

### **8.0 DEMOLITION AND REMODELING WORK:**

The Contractor shall remove existing equipment and materials noted on the Drawings or in the Specifications to be removed or as required for the installation of new construction. Dust, noise and vibration shall be controlled and held to a minimum. Demolition work shall be coordinated and conducted in a manner that will not interfere with the normal operation of the adjacent work areas. This work shall be planned in advance with the Client.

## **EXHIBIT K: SITE-SPECIFIC REQUIREMENTS**

In addition to the General Requirements, the Contractor shall conduct all operations in accordance with the following specific conditions at the Client

### **1.1 CLIENT RESPONSIBILITIES**

The Contractor shall direct all questions and concerns on the following items directly to the Client Contact:

- A. Any item that affects the Contract.
- B. All items that affect the project schedule, work schedule, or hours of work.
- C. All items that affect materials handling and staging.

The Contractor shall direct all questions and concerns on the following items directly to the Client:

- A. All items involving building security.
- B. All items involving work access to a specific area.
  - This does not relieve the Contractor of detailed schedule and work plans. However, the Client will administer all discrepancies in the schedule.
- C. All items involving housekeeping and final work area clean up.

### **2.1 SCHEDULE**

The Contractor shall provide a detailed schedule showing the type of work and the areas by building. The Client Contact will incorporate the Contractor's schedule in the project schedule. Updates of the project schedule will be the basis for the program reports. The Contractor shall consider the following items when preparing the schedule and work plans.

- A. Access
  - The Client will be open Monday through Friday. No work will be performed on weekends or off-hours without the permission of the Client.
- B. Non-office Areas
  - Non-office areas such as classrooms, hallways, lobbies and equipment rooms, will be available during the business day excepting scheduled classes or events. The Work in these areas shall not prohibit safe movement of building users.
- C. Exterior Work
  - The Client will be open Monday through Friday. No work will be performed on weekends or off-hours without the permission of the Client.
- D. Scheduling Adjustments
  - The Contractor will be required to adjust the construction schedule to accommodate both scheduled and unscheduled events.

### **3.1 DISPOSAL**

The Contractor shall be responsible for disposal or storage of all construction waste, trash and removed equipment.

- A. Disposal Facilities
  - The Contractor must furnish all disposal facilities. Disposal in Client disposal canisters will not be permitted.
- B. Existing Equipment
  - Existing equipment removed during the retrofit must be stored in a trailer provided by contractor. The Client will establish which equipment will be placed in storage.
- C. Lamp Disposal

- The Contractor shall dispose of all removed lamps in accordance with all necessary environmental regulations. The Contractor may furnish a storage trailer on Client property.
- D. Ballast Disposal
  - The Contractor shall dispose of all removed ballasts in accordance with all necessary environmental regulations. The Contractor shall furnish storage and containers for ballasts.

#### **4.1 OFFICE AND STORAGE FACILITIES**

The Contractor shall furnish office and storage trailers in accordance with their need and the following conditions:

- A. Office and storage trailers will be located in the designated area.
- B. All trailers shall be provided with pads and blocking to prevent damage to blacktop or grass.
- C. The Contractor's equipment, materials and waste must be enclosed and secured. Piles of material around trailers will not be permitted.
- D. The Contractor must receive all materials and equipment. Materials cannot be stored or staged at the loading dock. Parking will not be allowed at the loading dock

#### **5.0 TELEPHONE SERVICE**

The Contractors must provide for their own telephone service as required.

#### **6.0 ELECTRIC SERVICE**

The Contractor must furnish and install the electric service for the trailers as required.

#### **7.0 RESTROOMS**

The Contractor may use Client restrooms. The Contractor must furnish all restrooms outside the building.

#### **8.0 EATING AND LUNCH AREAS**

The Contractors shall be responsible for maintaining a clean, well picked up area presentable to Client occupants. "Pin-ups" or other offensive material will not be tolerated.

#### **9.0 PARKING**

Parking will be available as designated by the Client.

#### **10.1 CLEAN-UP AND RESTORATION OF DISTURBED AREAS**

The Contractor shall be responsible for cleaning all work areas.

- A. Interiors
  - At the end of each day or shift, the Contractor shall pick-up, sweep or vacuum the work area to prevent tracking dirt through the facility. Damage to the facility including equipment, structures or the contractor at his or her cost must restore finish.
- B. Exterior
  - All sidewalk and other areas must be clear of excavated material and equipment. The walk areas must be swept clean to prevent tracking into building. Excavation must be well barricaded and lit at night. The Contractor must repair any damage to blacktop, concrete or grass areas from excavation or equipment.

## EXHIBIT L: INSURANCE

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 listing the Owner as an additional insured**. 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<br>\$2,000,000 Aggregate |
| Comprehensive Automobile Injury Liability Insurance                              | \$500,000 Per Claim<br>\$500,000 Aggregate     |
| Comprehensive Automobile Property Damage Liability Insurance                     | \$500,000                                      |
| Professional Liability Insurance                                                 | \$5,000,000 Per Claim<br>\$5,000,000 Aggregate |
| Umbrella Liability Coverage                                                      | \$10,000,000                                   |

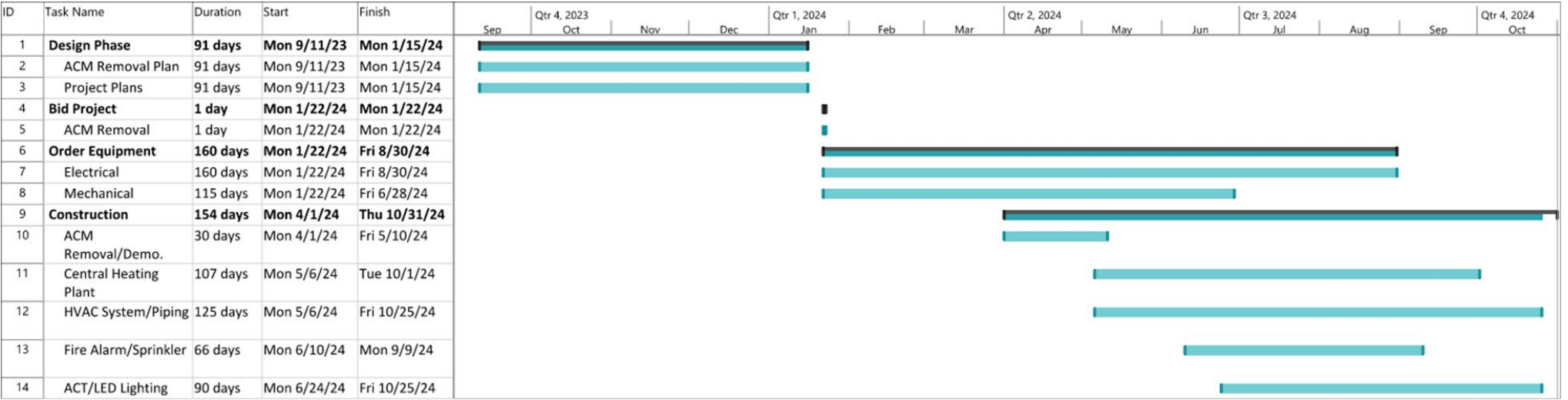
Client Initials Indicating Acceptance: \_\_\_\_\_

#### **EXHIBIT M: BOND COVERAGE**

The Performance-Payment Bond shall cover completion of the physical work per the approved design. The Performance-Payment Bond shall not cover any of the energy savings as provided in the Agreement. Any suit on the Performance-Payment Bond must be brought within the period of one (1) year after substantial completion, as defined in the Agreement, provided, however, if this suit limitation is void or prohibited by law, the minimum period of limitation available to sureties as a defense in the jurisdiction of the suit shall be applicable.

Client Initials Indicating Acceptance: \_\_\_\_\_

Merrill Hall Construction Timeline - ICS





## Community Development Department

DATE: October 3, 2023  
TO: Mayor and City Council  
FROM: Troy Klecker, Community Development Director  
SUBJECT: Resolution 100-23: Purchase Property - 139 East Pearl Street

### **Purpose:**

Approve Resolution 100-23 to authorize the purchase of property at 139 East Pearl Street.

### **Background:**

The City has pursued many redevelopment projects to help revitalize the downtown. Many have started with the City purchasing property to help make a future project happen. These are long-term projects that start with taking advantage of opportunities when they are presented. This strategy has led to many redevelopment projects that have helped recreate the downtown. Examples of projects that the City initiated by purchasing a property include Ace Hardware, Marriot Courtyard, The Pearl Apartments, Monson Eye Clinic, and the Ascend Riverfront project. Staff was approached about the owner's interest in selling this property at 139 East Pearl Street. This property is directly behind the Marriot Courtyard Hotel and is in an area for potential redevelopment. Staff viewed the property and determined that too much money would have to be invested to make it rentable. Staff recommends demolishing the building and making it a green space in the short term while staff pursues a future project.

### **Budget Impact:**

The purchase price of the property is \$106,500. We estimate a cost of \$20,000 to demolish the building to be paid for by funds set aside for blighted properties.

### **Staff Recommendation:**

Staff recommends approval.

### **Attachments:**

1. Resolution 100-23 Purchase Agreement - 139 East Pearl Street
2. 139 East Pearl Street



RESOLUTION NO. 100-23

A RESOLUTION FOR AUTHORIZATION TO EXECUTE A  
PURCHASE AGREEMENT FOR PURCHASE OF PROPERTY  
AT 139 EAST PEARL STREET

WHEREAS, Resolution 37-23 approved by City Council on May 2, 2023, approves a Purchase Agreement with Lorraine Kim; and

WHEREAS, the Agreement provides that Lorraine Kim will convey to the City the property at 139 East Pearl Street for future redevelopment;

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

1. That the Purchase Agreement for the purchase of property is hereby authorized.
2. That the Community Development Director is hereby authorized to execute this Agreement and any amendments on behalf of the City of Owatonna.

Passed and adopted this \_\_\_\_\_ day of \_\_\_\_\_, 2023, with the following vote:

Aye \_\_\_\_\_; No \_\_\_\_\_; Absent \_\_\_\_\_.

Approved and signed this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

\_\_\_\_\_  
Thomas A. Kuntz, Mayor

ATTEST:

\_\_\_\_\_  
Kris M. Busse, City Administrator/City Clerk

139 Pearl Street E  
City of Owatonna



 Site

September 28, 2023



1:600

1 in = 50 ft

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.



## Police Department

DATE: October 3, 2023  
TO: Mayor and City Council  
FROM: Jeffrey Mundale, Police Chief  
SUBJECT: Resolution 101-23 Joint Powers Agreement - Third Judicial District Court - State of Minnesota

### **Purpose:**

Seeking council to approve Resolution 101-23 to update and renew a Joint Powers Agreement (JPA) between the State of Minnesota acting through the Third Judicial District ("Court") with the City of Owatonna on behalf of its Police Department ("Agency"), to utilize the Agencies Criminal Justice Data Communications Network (CJDN) to conduct state and national criminal history database searches when a person applies for a name change through the Court.

### **Background:**

The Bureau of Criminal Apprehension's (BCA) Minnesota Justice Information Services (MNJIS) operates the Criminal Justice Data Communications Network. Further, the FBI Criminal Justice Information Services (CJIS) security policies require an interagency Agreement between the parties accessing criminal justice information within Minnesota.

Therefore, such an Agreement is required between the Agency and the Court requesting the Agencies' assistance to conduct a criminal background check upon a name change application with the Court.

### **Budget Impact:**

None

### **Staff Recommendation:**

I recommend approval of Resolution 101-23.

### **Attachments:**

1. Resolution 101-23 JPA District Court - State of Mn
2. Steele D3 Law Enforcement District Court Name Change Search Joint Powers Agreement 230524



RESOLUTION NO. 101-23

RESOLUTION APPROVING STATE OF MINNESOTA JOINT POWERS  
AGREEMENTS WITH THE CITY OF OWATONNA

WHEREAS, the City of Owatonna acting through its Police Department (“Agency”) and the State of Minnesota acting through the Third Judicial District (“Court”) wish to utilize the Agencies Criminal Justice Data Network (CJDN) to conduct state and national criminal history database searches when a person applies for a name change through the Court.

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

1. That the State of Minnesota Joint Powers Agreements by and between the State of Minnesota acting through the Court and the City, to utilize the Agencies Criminal Justice Data Network (CJDN) to conduct state and national criminal history database searches, is hereby approved.
2. That the Chief of Police, Jeff Mundale, or his or her successor, is designated the Authorized Representative for the Police Department.
3. That Thomas A. Kuntz, the Mayor for the City of Owatonna, and Kris M. Busse, the City Administrator/City Clerk or his or her successors, are authorized to sign the State of Minnesota Joint Powers Agreements.

Passed and adopted this \_\_\_\_ day of \_\_\_\_, 2023, with the following vote:

Aye \_\_\_\_; No \_\_\_\_; Absent \_\_\_\_.

Approved and signed this \_\_\_\_ day of \_\_\_\_, 2023.

\_\_\_\_\_  
Thomas A. Kuntz, Mayor

ATTEST:

\_\_\_\_\_  
Kris M. Busse, City Administrator/City Clerk

# STATE OF MINNESOTA

## JOINT POWERS AGREEMENT

This agreement is between the City of Owatonna acting through its Police Department, a law enforcement agency, address 204 East Pearl Street, Owatonna, MN 55060 ("Agency") and the State of Minnesota, acting through the Third Judicial District ("Court"), address 1696 Greenview Drive SW, Rochester, MN 55902.

### Recitals

The Agency and the Court are each empowered to enter into joint powers agreements pursuant to Minn. Stat § 471.59. According to Minn. Stat. §259.11(b), when a person applies for a name change, the court shall determine whether the person has a criminal history in this or any other state, and the court may conduct a search of national records through the Federal Bureau of Investigation by submitting a set of fingerprints to the Bureau of Criminal Apprehension. A court may also have a law enforcement agency perform the search via the agency's CJDN access provided the agency and the court have an agreement in place to perform such searches and protect the search data. The Agency has agreed to perform name change background searches for the Court using the Agency's access to the CJDN, in accordance with this agreement.

### Agreement

#### 1 Term of Agreement

- 1.1 **Effective date:** This Agreement is effective on the date that all required signatures have been obtained.
- 1.2 **Expiration date:** This Agreement shall remain in effect until terminated.

#### 2 Agreement between the Parties

In order to assist the Court in complying with Minn. Stat. § 259.11(b), the Agency will at no cost to the Court determine whether the name change applicant has a criminal history in this or any other state by conducting a search of national records through the Federal Bureau of Investigation via the CJDN. Employees of the Court involved in the processing of name change applications will request the search and the Agency will perform the requested criminal background search using the Agency's CJDN access and return the search results to the Court. The following additional requirements apply:

- 2.1 In submitting name change background searches via the CJDN, the Agency must
  - 2.1.1 Use Message Key QHM and Purpose CodeM (or any updated purpose code approved by the BCA);
  - 2.1.2 Use the Court's Originating Agency Identifier (ORI); and
  - 2.1.3 Enter into the ATN field of the CJDN inquiry screen a unique identifier for the recipient of the name change background check search results along with a case number and/or a literal description of why the check is being run.

#### 3 Authorized Representatives

The Agency's Authorized Representative is:

Name: Chief Jeffrey Mundale  
Address: 204 East Pearl Street, Owatonna, MN 55060  
Phone Number: 507-444-3800

The Court's Authorized Representative is:

Name: Robin Hoesley  
Address: 111 East Main Street, Owatonna, MN 55060  
Phone Number: (507) 686-7012

Either party may name a successor Authorized Representative by written notice to the other party indicating the successor's name, address and phone number.

#### **4 Assignment; Amendments, Waiver, and Contract Complete**

- 4.1 **Assignment.** Neither party may assign or transfer any rights or obligations under this agreement without the prior consent of the other party and a fully executed Assignment Agreement, executed and approved by the same parties who executed and approved this agreement, or their successors in office.
- 4.2 **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.
- 4.3 **Waiver.** If either party fails to enforce any provision of this agreement, that failure does not waive the provision or that party's right to enforce it.
- 4.4 **Contract Complete.** This agreement contains all negotiations and agreements between the parties. No other understanding regarding this agreement, whether written or oral, may be used to bind either party.

#### **5 Liability**

To the extent authorized by law the Court shall indemnify the County in the matters subject to this agreement. Liability shall be governed by applicable law. Without limiting the foregoing, liability of the Court shall be governed by the provisions of the Minnesota Tort Claims Act, Minnesota Statutes, Section 3.376, and other applicable law.

#### **6 State Audits**

The Agency's and the Court's books, records, documents, and accounting procedures and practices relevant to this agreement are subject to examination by the BCA and/or the State Auditor or Legislative Auditor, as appropriate, for a minimum of six years from the end of this agreement.

#### **7 Government Data Practices**

The Court is not subject to Minn. Stat. Ch. 13 (see section 13.90) and the Court must comply with the Rules of Public Access to Records of the Judicial Branch promulgated by the Minnesota Supreme Court. Without limiting the foregoing:

- 7.1 Court will provide the Agency with name change background check search criteria in a secure manner that does not permit unauthorized persons to access the same, and the Agency shall return the name change background search results in a secure manner that does not permit unauthorized persons to access the same. It is understood that clear text in e-mails is not a secure means of exchanging such information.
- 7.2 Court will safeguard the results received from the Agency by placing the results in a secure portion of a physical file and if imaged, will ensure that the results are given a security classification of confidential or sealed.

#### **8 Venue**

Venue for all legal proceedings out of this agreement, or its breach, must be in the appropriate state or federal court with competent jurisdiction in Agency's County in Minnesota.

#### **9 Termination**

The Agency or the Court may terminate this agreement at any time, with or without cause, upon 30 days' written notice to the other party.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed intending to be bound thereby.

1. Agency:

|                                                                                                        |
|--------------------------------------------------------------------------------------------------------|
| The Agency certifies that the appropriate persons have executed the Agreement on behalf of the Agency. |
| By                                                                                                     |
| <i>Title</i>                                                                                           |
| <i>Date:</i>                                                                                           |
| By                                                                                                     |
| Title                                                                                                  |
| Date:                                                                                                  |

2. Court:

|                                                                                                     |
|-----------------------------------------------------------------------------------------------------|
| The Court certifies that the appropriate persons have executed the Agreement on behalf of the Court |
| By                                                                                                  |
| <i>Title: Judicial District Administrator</i>                                                       |
| Date:                                                                                               |
| <i>Approved as to form and execution for the Court</i><br>By                                        |
| Title: Senior Legal Counsel                                                                         |
| <i>Date:</i>                                                                                        |





## Police Department

DATE: October 3, 2023  
TO: Mayor and City Council  
FROM: Jeffrey Mundale, Police Chief  
SUBJECT: Resolution 102-23: Joint Powers Agreement - Criminal Justice Network

### **Purpose:**

Council to approve Resolution 102-23 authorizing the Criminal Justice System Service Agreement between the Criminal Justice Network (CJN) and the City of Owatonna and its Police Department through the term of this Agreement, expiring on December 31, 2026. CJN uses the latest technology to link timely public safety information and sharing as possible in a secure CJN environment that meets the FBI Criminal Justice Information Services Security Policy (CJIS Security Policy).

### **Background:**

The City of Owatonna Police Department ("Agency") has been a member agency with Criminal Justice Information Integration Network (CJIIN) since 2009. CJIIN was established by Dakota County and supported by a grant from 2001-2005. In 2006, CJIIN became a department of Dakota County. Along the way, CJIIN became CJN. As of January 1, 2022, CJN became independent and as such, requires a Joint Powers Agreement between member Agencies and governing bodies. Currently, there are 26 member agencies supporting 2,060 users.

### **Budget Impact:**

The 2024 budgeted annual subscription fee is \$7,678.00.

### **Staff Recommendation:**

I recommend approval of Resolution 102-23.

### **Attachments:**

1. Resolution 102-23 JPA Criminal Justice Network
2. Criminal Justice System Services Agreement

RESOLUTION NO. 102-23

RESOLUTION APPROVING CRIMINAL JUSTICE SYSTEM SERVICE AGREEMENT  
WITH THE CITY OF OWATONNA

WHEREAS, the City of Owatonna acting through its Police Department (“Agency”) and the Criminal Justice Network (CJN) enter into this agreement to share, receive and document public safety information and sensitive law enforcement data through a secure CJN network that meets the FBI Criminal Justice Information Services Security Policies.

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

1. That the Criminal Justice System Service Agreement by and between the Criminal Justice Network (CJN) and the City, to receive and share timely and sensitive law enforcement data within the CJN environment, is hereby approved.
2. That the Chief of Police, Jeff Mundale, or his or her successor, is designated the Authorized Representative for the Police Department.
3. That Thomas A. Kuntz, the Mayor for the City of Owatonna, and Kris M. Busse, the City Administrator/City Clerk or his or her successors, are authorized to sign the State of Minnesota Joint Powers Agreements.

Passed and adopted this \_\_\_\_ day of \_\_\_\_, 2023, with the following vote:

Aye \_\_\_\_; No \_\_\_\_; Absent \_\_\_\_.

Approved and signed this \_\_\_\_ day of \_\_\_\_, 2023.

\_\_\_\_\_  
Thomas A. Kuntz, Mayor

ATTEST:

\_\_\_\_\_  
Kris M. Busse, City Administrator/City Clerk

**Criminal Justice System Services Agreement  
Between the Criminal Justice Network  
And City of Owatonna - Police Department**

**THIS CRIMINAL JUSTICE SYSTEM SERVICES AGREEMENT** (the “Agreement”) is made and entered into by and between the Criminal Justice Network, a joint powers organization created pursuant to Minn. Stat. § 471.59, located at 8150 Barbara Ave. Inver Grove Heights, MN 55077, (“CJN”), and **Owatonna Police Department** (“the Agency”). CJN and the Agency are referred to individually as a “Party” and collectively as the “Parties.” The Parties enter into this Agreement pursuant to the authority in Minn. Stat. §471.59.

**1. Definitions.**

“**Agency Data**” means the data that the Agency’s Permitted Users enter into the CJN System.

“**CJN System**” means the Internet site operated by CJN, accessible by the Agency through secure access points, with a specific Uniform Resource Locator (URL) to be provided to the Agency (or any successor URL).

“**Days**” refers to calendar days, unless stated differently in the Agreement or its Attachments.

“**Documentation**” means any CJN user manuals, training or education materials, technical manuals, and specifications describing the System Software and Services created by CJN, and any Provider Content made available to the Agency in printed and/or electronic form, including all Updates.

“**Downtime**” means a loss of service ability that is five (5) minutes or more in duration. A Downtime Event does not include: (a) scheduled maintenance or repairs in accordance with Sections 3.2 and 3.3; (b) disruptions of service caused by issues beyond CJN’s control, such as denial of service attacks, disruptions of third-party supporting systems (e.g., ISP), disruptions of third-party interfacing systems (e.g., Minnesota Bureau of Criminal Apprehension, MNCIS, LOGIS, etc.), end-user computer issues, catastrophic hardware failures, or outages resulting from a force majeure event as defined in the Agreement.

“**Equipment**” means the minimum required hardware and operating environment used by the Agency to access the CJN System as detailed in **Attachment B** to this Agreement.

“**Permitted User**” means the Agency’s employees and agents who are provided access to the System Software in accordance with the procedures in Section 9 of this Agreement.

“**Provider Content**” means CJN’s reports, information, and data, other than the Agency’s Data, made available to the Agency and its Permitted Users as part of the Services.

“**Services**” means the operation and maintenance of the System Software and utilities in CJN’s host computer system, providing Provider Content to the Agency storing Agency Data, and making the System Software, Provider Content, and Agency Data available to Permitted Users via the CJN System, as more fully described in the System Overview. Services do not include integrating the CJN System or Agency Data with any application or computer system outside of the CJN Applications.

“**System Software**” means CJN’s proprietary computer software program(s) set forth in **Attachment A** to this Agreement (the “System Overview”), in object code form only, including all Updates.

“**Update**” means, as applicable, any update, modification, or new release of the System Software, Documentation, or Provider Content that CJN makes generally available to the Agency.

**2. Provision of On-line Services.**

- 2.1. The Agency hereby engages CJN, and CJN hereby agrees to provide the Services described in this Agreement and in the System Overview. CJN agrees to provide the Services to the Agency in accordance with this Agreement and grants to the Agency a non-exclusive, non-assignable, and non-transferable license during the Term of this Agreement to enter Agency Data into the CJN System and for its Permitted Users to access and use the System Software and Provider Content.

- 2.2. The Agency acknowledges and agrees that CJN's provision and performance of the Services is dependent and conditioned upon the Agency's full performance of its duties, obligations, and responsibilities hereunder.
- 2.3. The Liaisons of the respective Parties for purposes of this Agreement are as follows:

Agency Liaison: Jeffrey E. Mundale  
 Telephone: 507-774-7202  
 Email Address:  
[jeffrey.mundale@owatonna.gov](mailto:jeffrey.mundale@owatonna.gov)

CJN Liaison: Mary Cerkvenik  
 Telephone: 651-438-4559  
 Email Address: [mary.cerkvenik@co.dakota.mn.us](mailto:mary.cerkvenik@co.dakota.mn.us)

The Liaison, or successor, has authority to assist the Parties in the day-to-day performance of this Agreement, ensure compliance, and provide ongoing consultation related to the performance of this Agreement. The Parties shall promptly provide Notice to each other when a Liaison's successor is appointed. The Liaison's successor shall thereafter be the Liaison.

### 3. **Additional CJN Responsibilities.**

- 3.1. CJN will provide all required hosting and operations support for the applications described in the System Overview.
- 3.2. CJN will cause the Services to be accessible to the Agency, except for scheduled maintenance or required repairs, and except for any interruption due to causes beyond the reasonable control of CJN including, but not limited to, any Force Majeure Event (as defined in Section 17).
- 3.3. CJN may from time to time, in its sole discretion, install Updates, modify the Services or any component thereof provided that such Updates must perform and contain functionality that is equivalent to or better than the current version of the Services. CJN will complete such installations and modifications to minimize any impact on the Agency's use of the System Software and Services. CJN will notify the Agency Liaison by standard methods of notification such as email, system generated messages on the System home page for Agency users, or similar communication methods, in advance of the installation of an Update or modification to the Services.
- 3.4. CJN will provide support and System maintenance to the Agency as more fully described in this Agreement and the System Overview.
- 3.5. If requested, CJN will provide best practices advice to the Agency for implementing the Services at the Agency's business locations.
- 3.6. CJN will provide training on the use of CJN's System for the Agency's Permitted Users as set forth in Section 8 of this Agreement.
- 3.7. CJN is responsible for ensuring that its Services and the performance of CJN's other obligations hereunder comply with all laws applicable to CJN.

### 4. **Agency Responsibilities.**

- 4.1. The Agency will provide, at no cost to CJN, all communications equipment, telephone and communication lines, power, telephone service and other utilities at the Agency's facilities as may be necessary or reasonably desirable to utilize the Services and accomplish the purposes of this Agreement.
- 4.2. The Agency will provide, at no cost to CJN, the necessary personnel and facilities to meet the Agency's obligations hereunder.
- 4.3. The Agency will follow the identity management procedures and provide the first-line support, maintenance, and other services more fully described in this Agreement and the System Overview and such other procedures and services as the Parties may establish from time to time.

- 4.4. The Agency agrees that CJN's logos may appear on the pages of the Agency's web site or the Agency's internal criminal justice applications screens.
- 4.5. The Agency will be responsible for ensuring that the Agency's use of the Services and the performance of its other obligations hereunder comply with this Agreement and all laws applicable to the Agency.

## **5. System Features and Configuration.**

The Agency acknowledges and agrees that it will be using criminal justice applications that are also utilized by other criminal justice agencies in the State of Minnesota. The capabilities and functions of the System Software now and in the future will be determined primarily by direction from the CJN Board and available funding. When settings or features have been added to the System Software that are designed by CJN to be configurable for specific users of the System, the Parties will work cooperatively to identify System features or functionality (common practices, processes, and procedures conducted by the Agency in day-to-day operations as they relate to utilizing the System Software and Provider Content) that are configurable to best fit the Agency's business practices. CJN will set available configurations in the System Software for the Agency or will train designated Agency staff how to configure the Services and System Software.

## **6. Ownership, Protection and Security.**

- 6.1. The Agency acknowledges and agrees that nothing in this Agreement or any other agreement grants the Agency any licenses or other rights with respect to CJN's Software System (source code or object code) or Services other than the right to receive Services as expressly provided herein. CJN retains all ownership in the intellectual property and all other proprietary rights and interests associated with CJN's Software System and Services and all components thereof and associated documentation, except as expressly provided herein.
- 6.2. Ownership of any Agency Data including text, graphics or other information or content materials and all records and databases supplied or furnished or entered into the System by the Agency hereunder for incorporation into or delivery through the application(s) described in the System Overview will remain with the Agency and CJN will cease use of all such material upon termination of this Agreement.
- 6.3. CJN grants to the Agency a limited license during the term of this Agreement to use and reproduce CJN's trademarks and logos for purposes of including such trademarks and logos in Agency's materials and links solely as permitted hereunder. All uses of such trademarks and logos will conform to the Agency's standard guidelines and requirements for use of such trademarks and logos.
- 6.4. By storing Agency Data on CJN's equipment and System, CJN does not obtain any ownership interest in Agency's Data. As between the Agency and CJN, Agency's Data is and will remain the sole and exclusive property of the Agency, including all applicable rights to copyrights, trademarks or other proprietary or intellectual property rights thereto.

## **7. Implementation.**

If the Agency has never used the Services before, the parties will complete a mutually agreed-upon implementation plan that includes an access schedule and a System training and testing schedule.

## **8. Maintenance/Support/Training.**

CJN will provide the Agency and its Permitted Users with technical support and training regarding the use of the Services. The technical support will include: (i) unlimited telephone, facsimile and e-mail "hot-line" support during CJN's business hours, and (ii) other support set forth in **Attachment B** to this Agreement. If Agency has never used the Services before, CJN will provide eight hours of user and administrator training to Permitted Users of the Agency on the use of the Services, with individual sessions of not more than two hours in length. The training will occur remotely or at the Agency's facilities and be of sufficient detail for a "train the trainer" model of instruction. CJN will provide the Agency with any training materials and documentation it has created for use by Permitted Users and the Agency's internal trainers.

## **9. Identity Management Responsibilities.**

- 9.1. **User Access Restrictions.** The Parties acknowledge and agree that access to the System Software and Services will be restricted to Agency's Permitted Users who have a business need to enter and view Agency Data or Provider Content. The Agency will restrict access to the System to Permitted Users with verified identities that have created a digital identity on the CJN System using the procedures in this Section 9.
- 9.2. **Request for Access.**
- 9.2.1. The Agency commences the identity authentication process by completing and electronically submitting a request for CJN system access in the CJN Administration Application. The Agency official or employee signing this Agreement cannot be the same person who completes the request for access.
- 9.2.2. The request for access must be signed by two Agency employees: the person initiating the request for access and another person approving the request for access. These signatures may be electronic signatures.
- 9.2.3. The Agency may authorize one or more persons to initiate the request for access and one or more persons to approve the request for access. These authorized persons can be identified by name or by position title. The Agency must notify CJN of the authorized persons and the Agency must provide notification of any changes to the list of authorized persons.
- 9.3. **Permitted Users Digital Identities.** The Agency must identify each Permitted User who will have access to the CJN Software System or Services CJN will notify verified Permitted Users of the procedures for creating a unique digital identity on the CJN system.
- 9.4. **Terms and Conditions.** When a Permitted User accesses the CJN System for the first time, the individual will be presented with the Terms and Conditions for the acceptable use of the CJN System. To create a digital identity in CJN System and access the CJN Applications, the Permitted User must read and accept the Terms and Conditions.

## **10. Warranties & Exclusions.**

- 10.1. **Warranties.**
- 10.1.1. CJN warrants that the System Software, Provider Content, and Services will conform in all material respects to the specifications, functions, descriptions, standards, and criteria set forth in this Agreement, its Attachments, and the applicable specifications and Documentation, not including any modifications or alterations to the Documentation which represent a material change to the functionality of the System Software, Service, or Provider Content; when used on the Equipment in accordance with the Documentation and all of the terms and conditions hereof.
- 10.1.2. CJN warrants that it is the sole owner of, or otherwise has the right and authority to provide, the System Software, Provider Content and Services to the Agency and Permitted Users as set forth in this Agreement. If CJN's ownership rights are successfully challenged to the extent that the Agency must cease using the Services, CJN shall refund a prorated portion of the annual fees paid by the Agency for the current year, as measured from the date the Agency must cease using the Services.
- 10.2. In the event that the Agency discovers a non-conformance with any of CJN's warranties or representations as stated in this Agreement, the Agency must promptly provide CJN with Notice and, upon receipt of such Notice: (i) CJN will correct the non-conformity within a reasonable period of time not to exceed thirty (30) days without any additional charge to the Agency, or (ii) in the event that CJN cannot effect such corrections within a reasonable time using best efforts, the Agency may immediately terminate the Agreement by providing Notice to CJN and CJN will refund a prorated portion of the annual fees paid by Agency for the current year, apportionable to the period after termination of this Agreement.

- 10.3. **THE SERVICE LEVEL WARRANTY SET FORTH HEREIN WILL ONLY APPLY TO THE SYSTEM PROVIDED BY CJN AND DOES NOT APPLY TO: (A) ANY PROFESSIONAL SERVICES; (B) ANY SUPPLEMENTAL SERVICES; (C) ANY SERVICE(S) THAT EXPRESSLY EXCLUDE THIS SERVICE LEVEL WARRANTY (AS STATED IN THE SYSTEM OVERVIEW FOR SUCH SERVICES). THIS SECTION STATES THE AGENCY'S SOLE AND EXCLUSIVE REMEDY FOR ANY FAILURE BY CJN TO PROVIDE SERVICE(S).**
- 10.4. ***No Other Warranty.* EXCEPT FOR THE EXPRESS WARRANTIES SET FORTH IN THIS AGREEMENT, THE SERVICES ARE PROVIDED ON AN "AS IS" BASIS, AND THE AGENCY'S USE OF THE SERVICES IS AT ITS OWN RISK. CJN DOES NOT MAKE, AND HEREBY DISCLAIMS, ANY AND ALL OTHER EXPRESS AND/OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NONINFRINGEMENT AND TITLE, AND ANY WARRANTIES ARISING FROM A COURSE OF DEALING, USAGE, OR TRADE PRACTICE. CJN DOES NOT WARRANT THAT THE SERVICES WILL BE UNINTERRUPTED, ERROR-FREE, OR COMPLETELY SECURE.**
- 10.5. ***Disclaimer of Actions Caused by and/or Under the Control of Third Parties.* CJN DOES NOT AND CANNOT CONTROL THE FLOW OF DATA BETWEEN THE POINT THAT THE CJN SYSTEM CONNECTS TO THE INTERNET (WHETHER SECURE OR NOT) AND THE AGENCY'S OFFICE'S FACILITIES AND EQUIPMENT. SUCH FLOW DEPENDS IN LARGE PART ON THE PERFORMANCE OF THE INTERNET SERVICES PROVIDED OR CONTROLLED BY THIRD PARTIES. ACTIONS OR INACTIONS OF SUCH THIRD PARTIES CAN IMPAIR OR DISRUPT THE AGENCY'S OFFICE'S CONNECTIONS TO CJN'S SYSTEM. ALTHOUGH CJN WILL USE REASONABLE EFFORTS IT DEEMS APPROPRIATE TO REMEDY AND AVOID SUCH EVENTS, CJN CANNOT GUARANTEE THAT SUCH EVENTS WILL NOT OCCUR. ACCORDINGLY, CJN DISCLAIMS ANY AND ALL LIABILITY RESULTING FROM OR RELATED TO SUCH EVENTS.**

#### **11. Nondisclosure of Security or Trade Secret Information.**

Through exercise of each Party's rights under this Agreement, each Party may be exposed to the other Party's security information or trade secret information that is classified as not public data ("Confidential Information"). In recognition of the other Party's need to protect its legitimate business interests and legal obligations, each Party agrees that it will regard and treat each item of information constituting Confidential Information of the other Party as not public, and that, except as required by law including the Minnesota Government Data Practices Act, it will not redistribute or disclose to any other person, firm or entity, or use or modify for use, directly or indirectly in any way for any person or entity any of the other Party's Confidential Information. If Confidential Information is required by subpoena, court order or government requirement to be disclosed, each Party will give the other Party prompt Notice of such subpoena, court order or government requirement to allow the other Party an opportunity to obtain a protective order to prohibit or restrict such disclosure.

#### **12. Data Security & Compliance.**

- 12.1. CJN will, at a minimum, implement the following procedures designed to protect the security of Agency Data: User identification and access controls; industry standard firewalls and back-up and archival procedures; disaster recovery plan industry standard back-up and archival procedures; and regular CJN employee training regarding the security and data recovery programs referenced in this Section.
- 12.2. The Parties additionally agree to the terms stated in **Attachment C** to this Agreement concerning data access, sharing, management, and compliance.

#### **13. Liability Limitations.**

- 13.1. **CJN WILL NOT BE LIABLE TO THE AGENCY OR TO ANY OTHER PERSON OR ENTITY, UNDER ANY CIRCUMSTANCE OR DUE TO ANY EVENT WHATSOEVER, FOR INDIRECT, INCIDENTAL, PUNITIVE, EXEMPLARY, OR CONSEQUENTIAL DAMAGES, INCLUDING, WITHOUT LIMITATION, LOSS OF PROFIT, LOSS OF DATA, BREACH OF DATA CONFIDENTIALITY, LOSS OF USE, OR BUSINESS STOPPAGE.**
- 13.2. The cumulative, aggregate liability of CJN, its affiliates, officers, employees, or agents to Agency or any other person or entity which arise out of or relate to this Agreement, whether in contract, tort, or



otherwise, shall not exceed the fees paid by Agency to CJN for the specific Services from which the claim or liability arises during the twelve (12) months immediately preceding the date on which the claim or liability accrued.

- 13.3. Under no circumstances shall CJN, its officers, employees or agents have liability to the Agency, its officers, employees, agents, or any other person or entity, in connection with or related to the performance of transport services pursuant to the Sheriff's Mutual Aid Agreement, if applicable.

#### **14. Indemnity.**

Each Party (the "Indemnifying Party") agrees to defend, indemnify, and hold harmless the other Party against any and all third-party claims, liability, loss, damage or expenses arising under the provisions of this Agreement and caused by or resulting from negligent acts or omissions of the Indemnifying Party or those of the Indemnifying Party's officers, employees or agents. In the event claims, losses, damages, or expenses are caused by the joint or concurrent negligence of CJN and Agency, they shall be borne by each Party in proportion to its own negligence. Under no circumstances will the Indemnifying Party be required to pay on behalf of itself and the other Party any amounts in excess of the limits of liability established in Minnesota Statutes Chapter 466 applicable to any one Party. The limits of liability for all Parties may not be added together to determine the maximum amount of liability for either Party. The intent of this paragraph is to impose on each Party a limited duty to defend and indemnify each other subject to the limits of liability under Minnesota law. The purpose of creating this duty to defend and indemnify is to simplify the defense of claims by eliminating conflicts among the Parties. Nothing in this Agreement will be construed as a waiver by either Party of any immunity defenses or other limitations on liability to which either Party is entitled by law. Notwithstanding the above, CJN will indemnify, defend, and hold harmless the Agency and its officers, employees and agents with respect to claims, losses, damages, causes of action and liability of any kind, including court costs, attorneys' fees and expert witness fees ("Claims") to the extent that it is based upon any third party claim that the Services, System Software, Provider Content or Documentation infringes any copyright, patent, trademark, trade secret or other intellectual property right of any third party (an "Infringement Claim").

#### **15. Term and Termination.**

- 15.1. Term. This Agreement shall commence upon approval of each Party and signature of the official with authority to bind the Party and shall remain in effect until December 31, 2026.
- 15.2. Termination. Either Party may immediately terminate this Agreement if the Services become illegal or contrary to any applicable law, rule, regulation, or public policy. Either Party may terminate this Agreement without cause upon ninety (90) days prior Notice. If the Agency has not breached this Agreement and CJN terminates this Agreement pursuant to this Section 15 (b), within thirty (30) days CJN shall refund to the Agency that portion of the annual fee paid by the Agency that is equivalent to the remainder of the current Term of this Agreement. If CJN has not breached this Agreement and the Agency terminates this Agreement pursuant to this Section 15 (b), CJN shall retain all the annual fee(s) paid by the Agency for the current Term of this Agreement.
- 15.3. Termination for Chronic Problems. The Agency may terminate this Agreement for cause and without penalty by notifying CJN within ten (10) days following the end of a calendar month in the event either of the following occurs: (i) the Agency experiences more than ten (10) Downtime events during the calendar month; or (ii) the Agency experiences more than forty-eight (48) consecutive hours of Downtime due to any single event. Such termination will be effective thirty (30) days after receipt of such Notice. If the Agency terminates this Agreement for such chronic problems, within thirty (30) days CJN will refund a prorated share of the annual fees paid by the Agency for the current year.

#### **16. Fees and Payments.**

- 16.1. Fees. For the services provided by CJN under this Agreement, the Agency shall pay CJN the fees set forth in **Attachment D** to this Agreement for the types of Services it uses. The amount of any annual fee will be prorated for the number of months in the current year that Agency accesses to the application. Fees for any consulting services provided by CJN that are outside the Services that CJN must provide under this Agreement shall be at the rates stated in **Attachment D** to this Agreement.
- 16.2. Invoice and Time of Payment. CJN will submit invoices to Agency summarizing the Services provided and compensation due. Agency shall pay CJN within thirty-five (35) days after the date on which CJN's



invoice is received. If the invoice is incorrect, defective, or otherwise improper, Agency will notify CJN within ten (10) days after the date on which the invoice is received. Agency will pay CJN within thirty-five (35) days after the date on which the corrected invoice is received. Agency shall pay interest of at least of 1 ½ percent per month or any part of a month to CJN on any undisputed amount that is not paid on time. The minimum monthly interest penalty payment for an unpaid balance of \$100 or more is \$10. For unpaid balances of less than \$100, Agency shall pay the actual interest penalty due CJN.

- 16.3. Annual Fee Adjustments. CJN reserves the right to adjust the fees on an annual basis, and Agency will be obligated to pay CJN the updated fees. The CJN Board will set the fees for the Services provided herein each calendar year. All fees set by the CJN Board are effective January 1. On or after January 1 of each year, the Agency can contact CJN for updated fee information.

## **17. Force Majeure.**

Neither Party will be liable to the other Party for any damages, costs, expenses or other consequences incurred by a Party or by any other person or entity as a result of delay in or inability to deliver any Services or comply with other obligations and responsibilities under this Agreement due to circumstances or events beyond the Party's reasonable control, including, without limitation: (i) acts of God; (ii) changes in or in the interpretation of any law, rule, regulation or ordinance; (iii) strikes, lockouts or other labor problems; (iv) transportation delays; (v) unavailability of supplies or materials; (vi) fire or explosion; (vii) riot, military action or usurped power; or (viii) actions or failures to act on the part of a governmental authority. If such circumstances occur, the nonperforming Party shall, within a reasonable time of being prevented from performing, give Notice to the other Party describing the circumstances preventing continued performance and the efforts made to resume performance of this Agreement.

## **18. Miscellaneous.**

- 18.1. Assignment. Agency may not assign its rights or obligations under this Agreement without the prior written consent of CJN. CJN may assign its rights and obligations under this Agreement after providing Notice to Agency.
- 18.2. Severability. The provisions of this Agreement are severable. If any provision of this Agreement is void, invalid, or unenforceable, it will not affect the validity and enforceability of the remainder of this Agreement unless the void, invalid, or unenforceable provision substantially impairs the value of the entire Agreement with respect to either Party.
- 18.3. Waiver and Amendment. No modification, amendment, or waiver of any provision of this Agreement is effective unless in writing and signed by the Parties. No failure or delay by either Party in exercising any right, power, or remedy under this Agreement operates as a waiver of any such right, power or remedy.
- 18.4. Governing Law and Venue. This Agreement is governed by the laws of the State of Minnesota, and the Parties hereby submit to exclusive jurisdiction in the federal and state courts located in Dakota County, Minnesota for all disputes in connection with this Agreement or the transaction contemplated hereby.
- 18.5. Authorized Representatives and Notices.
- 18.5.1. The Authorized Representatives of the respective parties for purposes of this Agreement are as follows:

**To Agency:**

Jeffrey E. Mundale  
Chief of Police  
204 E. Pearl Street  
Owatonna, MN 55060  
jeffrey.mundale@owatonna.gov

**To CJN:**

Jim Constantineau  
Board Chair  
Criminal Justice Network  
8150 Barbara Ave  
Inver Grove Heights, MN 55077  
[jconstantineau@farmingtonmn.gov](mailto:jconstantineau@farmingtonmn.gov)

Each Authorized Representative, or successor, has authority to bind the Party and sign this Agreement. CJN's Authorized Representative shall have only the authority granted by CJN's Board. The Parties shall promptly provide Notice to each other when an Authorized Representative's successor is appointed. The Authorized Representative's successor shall thereafter be the Authorized Representative for purposes of this Agreement.

- 18.5.2. Except as provided otherwise in this Agreement, any notice or demand (collectively, a "Notice") must be in writing and provided to the Party's Authorized Representative by at least one of the following: (i) registered or certified mail, in each case receipt requested and postage prepaid; (ii) personal delivery; (iii) nationally recognized overnight courier, with tracking service and all fees and costs prepaid; or (iv) email (except for Notices of termination). Notice will be effective one business day after the date of mailing, personal delivery, or emailing.
- 18.6. **Independent Contractors.** CJN is an independent contractor. Nothing in this Agreement is intended to create an employer and employee relationship between the Agency and CJN. CJN is not entitled to receive any of the benefits received by Agency employees and is not eligible for workers' or unemployment compensation benefits. It is CJN's sole obligation to comply with the applicable provisions of all State and Federal tax laws. Under no circumstances will either Party have the right or authority to enter into any contracts or assume any obligations for the other or to give any warranty to or make any representation on behalf of the other.
- 18.7. **Records Disclosure/Retention.** CJN's books, records, documents, and accounting procedures and practices that are relevant to this Agreement are subject to the examination by Agency and either the Legislative or State Auditor, pursuant to Minn. Stat. § 16C.05, subd. 5. CJN agrees to maintain such evidences for a period of six (6) years from the date Services or payment were last provided or made or longer if any audit in progress requires a longer retention period.
- 18.8. **Electronic Signatures.** The Parties agree that this Agreement may be electronically signed and that they are bound by the terms and conditions of the Agreement through their electronic signatures. The parties further agree that the electronic signatures appearing on this Agreement are valid, enforceable, and admissible.
- 18.9. **Entire Agreement.** This Agreement constitutes the entire agreement of the Parties and supersedes all prior communications, understandings and agreements relating to the subject matter hereof, whether oral or written.

**IN WITNESS WHEREOF**, the Parties have caused this Agreement to be executed as of the date(s) set forth.

#### **THE AGENCY**

Approved by its Governing Body:  
Resolution No. \_\_\_\_\_

\_\_\_\_\_  
Name \_\_\_\_\_

\_\_\_\_\_  
Title \_\_\_\_\_

\_\_\_\_\_  
Date of Signature \_\_\_\_\_

Approved by CJN Board  
on May 20, 2022, Res. # 13

#### **CRIMINAL JUSTICE NETWORK**

\_\_\_\_\_  
Jim Constantineau  
Board Chair

\_\_\_\_\_  
Date of Signature \_\_\_\_\_

Approved as to Form:

\_\_\_\_\_  
Attorney/Date

Dakota County Attorney's Office  
Attorney for Criminal Justice Network  
1560 Highway 55  
Hastings, MN 55033  
651-438-4438

File Number:

**ATTACHMENT A**  
**SYSTEM OVERVIEW**

The CJN System includes the following applications:

**eBriefing:** eBriefing is a web application that enables the data entry, viewing, and tracking of police roll call briefing information. Multiple categories of data are available and shared between law enforcement agencies. The application includes notifications of situational changes, various levels of security, and advanced auditing. eBriefing is upgraded on a regular basis based on the suggestions of the eBriefing user community.

**Search, Preference, Clipboard:** The CJN Search application provides criminal justice users the ability to search local databases for briefing, forms, prisoner, warrant and arrest information. Configurable Preferences allow agencies to customize the CJN applications for their personal and agency use. The Clipboard application is the foundation for allowing personnel to enter information once, and then copy data to the CJN Clipboard to re-use that information throughout the criminal justice process.

**eForms:** eForms is CJN's field based reporting application for law enforcement. It is a web application that enables the data entry, viewing, and tracking of law enforcement forms. Multiple form types are available to local agencies. The application includes notifications of situational changes, various levels of security, and advanced auditing. eForms is upgraded on a regular basis based on the suggestions of the eForms user community.

**Scheduling:** CJN Scheduling provides criminal justice users the ability to electronically create, modify, view, and distribute staff work schedules. Scheduling includes the ability to set agency specific work patterns, work types, teams/groups, and assignment areas for all staff as well as set the agency's schedules for weeks, months, even years in advance.

**CJN Integration Hub:** The CJN Integration Hub is based on Microsoft's BizTalk integration middleware and is used for the routing of information among CJN partners. Fully deployed, the Integration Hub will link regional criminal justice information systems in Dakota County.

**Sheriff's Jail Transportation Management System:** The CJN Sheriff's Jail Transportation Management System provides Minnesota sheriff's offices with a software application that coordinates the scheduling of secure transports of persons subject to detention for a criminal offense and of other persons according to a lawful duty or obligation, all as defined and governed by the Mutual Aid Agreement by and between the participating sheriff's offices.

**Gun Permit Application for Processing Applications and Renewals and Conducting Background Investigations:** The CJN Gun Permit application allows easy processing of permit applications and renewals; including a supervisor work flow module for processing the application and renewal. In addition, CJN's integration hub electronically links criminal justice data of participating CJN partners to allow CJN partners secured, direct access to search and retrieve data in connection with gun permit background investigations as authorized by Minnesota law.

**ATTACHMENT B****1. MAINTENANCE AND SUPPORT SERVICES**

- 1.1. CJN will maintain all CJN applications including related hardware and software.
- 1.2. CJN will maintain the following regular business hours: 8:00 a.m. – 4:30 p.m. Central Standard Time, Monday – Friday, except for holidays.
- 1.3. CJN support will include the following:
  - 1.3.1. Unlimited phone support, facsimile and email, including the use of the “CJNSUPPORT” email ([CJNsupport@co.dakota.mn.us](mailto:CJNsupport@co.dakota.mn.us)) system available to all Permitted Users during regular business hours.
  - 1.3.2. 24x7x365 afterhours support for major system failures will be available by contacting CJN Support at 651 438-8348 and following the emergency phone procedures.
  - 1.3.3. 24x7 phone to respond to emergencies.
  - 1.3.4. All applications will include the ability to email [CJNsupport@co.dakota.mn.us](mailto:CJNsupport@co.dakota.mn.us) at any time. This email account will be monitored during regular business hours.

**2. MINIMUM EQUIPMENT AND HARDWARE SPECIFICATIONS**

The following are Agency’s minimum equipment and hardware specifications:

- 2.1. A secure modern web browser – Microsoft Edge or Google Chrome, for example – over a secure connection to the internet.
- 2.2. A CJDN Network IP is required to ensure that you are accessing Law Enforcement Data from a secure location.
- 2.3. 1024 X 768 resolution or better will provide the best experience.
- 2.4. Keyboard and pointing device. Tabbing can be used to access most functionality, but a Mouse or other point and click device will help speed up navigation in certain instances.

**ATTACHMENT C**  
**DATA MANAGEMENT, SHARING AND COMPLIANCE**

1. Background.
  - 1.1 The Parties are authorized recipients and users of criminal justice information and criminal history records information for authorized criminal justice purposes.
  - 1.2 The Parties find it to be of mutual benefit to engage in facilitated sharing and exchanging of electronic criminal justice data to provide the most efficient utilization of their resources and services for criminal justice efforts and as authorized by the Minnesota Government Data Practices Act, Minn. Stat. Ch. 13, ("MGDPA") and the FBI Criminal Justice Information Services Security Policy ("CJIS Security Policy") and all other local, state and federal laws.
  - 1.3 Agency desires to share its Agency Data with other CJN criminal justice user agencies ("CJN Participating Agency/Agencies") under the conditions set forth in this Attachment and the Agreement for authorized criminal justice purposes.
  - 1.4 Agency is responsible for the accuracy and completeness of its Agency Data and abiding by the data management requirements as contained herein.
  - 1.5 CJN agrees to implement, build out and maintain the CJN System capable of allowing CJN Participating Agencies to access Agency Data for authorized purposes under the conditions set forth in this Attachment and the Agreement.
2. Purpose. This Attachment is a supplement to the Agreement. Its purpose is to provide CJN with access to Agency's electronic management system for CJN to implement, build out and maintain the CJN System capable of allowing CJN Participating Agencies to have direct access to Agency Data for authorized criminal justice purposes. Additionally, this Attachment defines the expectations of the Parties regarding data access, management, and retention.
3. Additional Agencies. From time to time, additional criminal justice agencies may wish to contract with CJN, share data, and participate in the benefits of the CJN System. All such agencies will enjoy all the benefits and be bound by all the responsibilities as set for in this Attachment and the services agreements. Agency expressly agrees that all future subscribing criminal justice agencies are included within the meaning of "CJN Participating Agencies."
4. Data Privacy and Security. The Parties agree to enforce and maintain the privacy, security, and access to data in the CJN System pursuant to state and federal law and industry regulations for data collection, maintenance, storage, dissemination, access, usage, release, and sharing, including, but not limited to, the MGDPA, Minn. Stat. §§ 299C, 171 and 28 CFR Parts 20 and 23 (multijurisdictional criminal intelligence systems) and the CJIS Security Policy. Misuse of any data may result in administrative, civil, or criminal action and must be reported to the appropriate authority. In addition, and as an example, the MGDPA requires notification to individuals if there has been an unauthorized acquisition of data maintained by a government entity that compromises the security and classification of the data.
5. Data Access, Generally. Access to the CJN System is only granted to Agency as provided for in the Agreement. In addition to the identity management responsibilities in Section 9 of the Agreement, Agency must, at a minimum: (i) ensure that its Permitted Users do not reveal their access credentials to anyone; (ii) ensure that Permitted Users will not share access credentials; (iii) immediately inform CJN if there is a reason to believe that anyone may have learned of or used any Permitted User's access credentials; (iv) keep CJN updated on all Permitted Users' access rights and regularly review all access rights to ensure current access rights to the CJN System are appropriate and no greater than are required for a Permitted User to perform his/her functions; (v) remove a Permitted User's access rights within the CJN System if there is a change (e.g. termination, reassignment, etc.) in the Permitted User's status or access requirements within three (3) business days of such change; and (vi) ensure that Permitted Users do not attempt to, nor assist others, in subverting CJN network security to impair its functionality or to bypass restrictions set by IT administrators or CJN.

6. Driver and Vehicle Data Access. The following clause applies if Agency subscribes to the eForms, eBriefing or Search applications. The Parties agree that Agency's Permitted Users must comply with the Driver's Privacy Protection Act (DPPA), Minn. Stat. §§ 168.346 and 171.12 when accessing driver and vehicle services (DVS) data through CJN's Bureau of Criminal Apprehension (BCA) portal. Agency is solely responsible and liable for any actions taken by Permitted Users regarding DVS access. Agency must, at a minimum: (i) ensure that access to the DVS system is restricted to Permitted Users who need access to perform their job duties; (ii) train all Permitted Users on the proper use and dissemination of DVS data; (iii) ensure that all Permitted Users with access to the DVS system sign an Individual Access Agreement that is available to CJN upon request; (iv) disable a Permitted User's access within three (3) days of an assignment change or separation from employment; (v) ensure each Permitted User has a unique username and password, which is only available to the Permitted User (no shared usernames/passwords); and (vi) cooperate with CJN regarding any audit of Permitted Users' DVS searches. CJN will maintain a way to verify DVS searches for at least five (5) years from the date of the search and will present the records to DVS upon request, or a longer period if requested by the MN Department of Public Safety or BCA.
7. Data Sharing. The Parties agree that Agency is responsible for its decision to allow other CJN Participating Agencies or third-parties to access Agency Data through the CJN System. If Agency is a law enforcement agency, it expressly agrees that Minn. Stat. § 13.82, subd. 24 applies, and it agrees to share all Agency Data with all other current and future law enforcement CJN Participating Agencies, unless Agency does one or both of the following: (a) marks specific forms, information or identities as protected through available CJN administrative tools; and/or (b) requests in writing to CJN to limit data sharing in the Records Management System/Search application interface. Upon request, CJN will provide Agency with a list of all CJN Participating Agencies with access to Agency Data. From time-to-time Agency may request in writing specialized business rules to route Agency Data externally through the CJN System. Agency is responsible for compliance with any legal requirements governing the routing of Agency Data using specialized business rules through the CJN System.
8. Data Retention and Deletion. Agency is responsible for complying with the Official Records Act, Minn. Stat. § 15.17, and the Records Management Act, Minn. Stat. § 138.17, with respect to its Agency Data. CJN is not the records custodian of Agency Data. Any retention of Agency Data by CJN is for Agency's business use while using the CJN System. Within sixty (60) days after expiration or termination of the Agreement, CJN will provide Agency with a copy of Agency Data. Within a reasonable time after providing the Agency Data, CJN will delete and remove all the Agency Data from CJN's servers and data storage facilities.
9. Data Requests. If Agency receives a request under the MGDPA, or similar law, for another CJN Participating Agency's data, it must refer the requestor to the originating CJN Participating Agency. If Agency receives a court order or subpoena for another CJN Participating Agency's data, it must notify the originating CJN Participating Agency and CJN. Additionally, CJN will notify Agency if it receives a court order, subpoena, or data request for Agency's Data. CJN will direct the requestor to the Agency for the requested Agency Data. In the event CJN must respond to the court order, subpoena, or data request, it will consult with Agency on the data production and Agency must cooperate with CJN in fulfilling the request, and pay all costs associated with producing the data.
10. Litigation Holds. If Agency determines that CJN maintains relevant information to a notice of claim or other legal action, it must provide Notice to CJN and include the specific CJN information relevant to the notice of claim or other legal action. Within ten (10) business days of the receipt of Agency's Notice, CJN will prepare a copy of all requested information, including available metadata, and provide it to Agency. CJN will not have any further obligation to preserve the relevant information after it provides a copy to Agency.
11. Data Management. It is the responsibility of Agency to maintain Agency Data within the CJN System in accordance with the MGDPA and all other laws and rules governing the data. Agency must, at a minimum: (i) delete records in compliance with an expungement/seal order and in compliance with the destruction requirements of Minn. Stat. § 299C.11 (destruction of arrest records); (ii) delete Gun Permit application data in accordance with Minn. Stat. §§ 624.714, subd. 14 (permit to carry) and 624.7132, subd. 10 (permit to purchase); (iii) protect the identities of individuals qualifying for protection under Minn. Stat. § 13.82, subd. 17, Minn. Stat. § 13.822 (sexual assault victims), Minn. Stat. § 13.045 (Safe at Home participants) and all other laws protecting the identity of an individual, by utilizing the CJN administrative tools; (iv) clear probable cause pick-ups and hold alerts in the eBriefing application in a timely manner but not to exceed two (2) hours from the time of pick-up; and (v) prohibit the entry of private personnel data in the Employee Comments



section of the Scheduling application and caution Permitted Users that the Employee Comments are viewable by other employees.

12. Data Accuracy and Verification. Agency acknowledges that other CJN Participating Agencies' data made available to Agency pursuant to this Agreement may not be accurate or complete and may contain not public information, for example active criminal investigative data, protected identities, vulnerable adult/child maltreatment identity data, or deliberative process data. The Agency agrees to make every effort to share only data that is accurate and reliable. It is the responsibility of the Agency when it requests or uses any other CJN Participating Agency's data to confirm its accuracy with the originating CJN Participating Agency that authored the data before taking any action in reliance. CJN does not warrant the accuracy or completeness of any data in the CJN System and cannot and will not provide such verification of its accuracy or completeness.
13. Data Breach. Agency must notify CJN by emailing [CJNsupport@co.dakota.mn.us](mailto:CJNsupport@co.dakota.mn.us) or calling 651-438-8348 immediately, but not to exceed two (2) business days, after Agency's or a Permitted User's discovery of an actual or suspected Data Security Incident. A "Data Security Incident" is defined herein as the unauthorized or unlawful processing, accessing, viewing, acquiring, or disclosing of any data in the CJN System, including Agency Data, the unauthorized or accidental loss, destruction, damage, alteration of any data in the CJN System, including Agency Data, or the breach or attempted breach of CJN's security measures. The notification must include, at a minimum: (i) the nature of the Data Security Incident; (ii) the types of potentially compromised data; (iii) the duration and expected consequences of the Data Security Incident; and (iv) any mitigation or remediation measures taken or planned by Agency in response to the Data Security Incident. Agency must cooperate with CJN in the investigation, containment, and mitigation of any Data Security Incident as requested and directed by CJN. After learning of a Data Security Incident of the CJN System impacting Agency Data, CJN must notify Agency in a timely manner, not to exceed two (2) business days.
14. Training. The Parties agree that Agency must provide its Permitted Users with ongoing data privacy and security training and is responsible for its Permitted Users' compliance with this Attachment and the Agreement.
15. System Administration. CJN representatives, employees, vendors, and consultants will have limited access to Agency Data solely for providing, supporting, and improving the CJN System.
16. Sanctions. CJN may immediately temporarily suspend Agency's or any Permitted Users' right to access or use any portion or all of the CJN System if Agency or Permitted Users use of the CJN System may: (i) pose a security risk to the CJN System, Dakota County network (if applicable) or a third party; (ii) adversely impact the CJN System, Dakota County network (if applicable), or another CJN Participating Agency's data; (iii) violates the law; or (iv) violates this Attachment or the Agreement. Following the temporary suspension, CJN will provide Agency with prompt Notice as well as the opportunity to correct the occurrence at the sole discretion of CJN.
17. CJIS Management Control Agreement. As required by the CJIS Security Policy, CJN will maintain a management control agreement ("MCA") with one or more of the CJN member criminal justice agencies, which stipulates that management control of the criminal justice function remains solely with the criminal justice agency. Additionally, the Dakota County Information Technology Department will maintain a MCA with one or more of the CJN member criminal justices agencies during such time as Dakota County hosts criminal justice information ("CJI") on behalf of CJN. CJN will provide Agency with copies of the MCAs upon request.

**ATTACHMENT D****2022 FEE SCHEDULE**

Except as expressly stated below in the case of the Scheduling Application, the following fees are in effect for Services provided during 2022, are subject to increase on January 1 of each calendar year as determined by the CJN Board:

**eForms Application**

|                                                |            |
|------------------------------------------------|------------|
| Sign On Fee (per user).....                    | \$150.00   |
| Annual Fee (per user) .....                    | \$57.50    |
| Annual Hosting Fee.....                        | \$3,450.50 |
| Countywide eForms Hosting Fee (per user) ..... | \$48.00    |

**eBriefing Application**

|                             |         |
|-----------------------------|---------|
| Annual Fee (per user) ..... | \$33.00 |
|-----------------------------|---------|

**Scheduling Application (2023)**

|                             |     |
|-----------------------------|-----|
| Monthly Fee (per user)..... | \$3 |
|-----------------------------|-----|

**Scheduling Application (2024)**

|                             |     |
|-----------------------------|-----|
| Monthly Fee (per user)..... | \$4 |
|-----------------------------|-----|

**Scheduling Application (2025)**

|                             |     |
|-----------------------------|-----|
| Monthly Fee (per user)..... | \$5 |
|-----------------------------|-----|

**Training and Consulting**

|                                                                     |          |
|---------------------------------------------------------------------|----------|
| (per hour, including travel time, but not including expenses) ..... | \$150.00 |
|---------------------------------------------------------------------|----------|

**Sheriff's Jail Transportation Management System Annual Maintenance and Support Fee**  
(to be paid by the Minnesota Sheriff's Association on behalf of the participating Agency)

**County-Wide Alternative Fee for Search, eBriefing and Gun Permit Applications\*\*:**

|                                             |        |
|---------------------------------------------|--------|
| Annual Fee (per valid permit to carry)..... | \$2.00 |
|---------------------------------------------|--------|

\*\*Under this county-wide alternative fee, a county sheriff's office agrees to subscribe to, and purchase, the Search and Gun Permit Applications for purposes of performing background checks for permits to carry to access multiple local records systems through CJN. The annual cost paid by the subscribing sheriff's office for Search and Gun Permit Applications is calculated based on the total number of valid permits to carry in the jurisdiction. All local law enforcement agencies within the jurisdiction of the subscribing sheriff's office are also entitled to receive the Search, eBriefing, and Gun Permit Applications for no charge upon execution of all appropriate CJN agreements.





# Miscellaneous





## Public Works Department

DATE: October 3, 2023  
TO: Mayor and City Council  
FROM: Sean Murphy, Public Works Director  
SUBJECT: Purchase 2023 John Deere Motorgrader - RDO Equipment Co

### **Purpose:**

Requesting City Council approval of the purchase of a 2023 John Deere Motorgrader with plow wing from RDO Equipment Co.

### **Background:**

A 2003 John Deere Motorgrader will be traded for a 2023 John Deere Motorgrader. The purchase of this equipment has been identified as necessary by the Street Maintenance Manager. Rotation of equipment is critical to ensure trade value can be applied towards new vehicle purchases and to keep maintenance costs low. The equipment is anticipated to be delivered and operational as part of the fleet for this winter season.

### **Budget Impact:**

The purchase price of the 2023 John Deere Motorgrader with plow wing is \$407,600. The 2003 has a trade value of \$70,000, but was originally purchased with State Bond funds through the Airport. The Airport Manager is inquiring about potential payback to the State for sale of the 2003 motorgrader. Costs will be paid for with the Vehicle Replacement Fund.

### **Staff Recommendation:**

Staff recommends approval.

### **Attachments:**

1. RDO Equipment - 2023 John Deere Motorgrader



# Retail Purchase Order

RDO Equipment Co.  
1910 LorRay Drive  
North Mankato MN, 56003  
Phone: (507) 387-1836 - Fax: (507) 387-1838

Bill To:  
CITY OF OWATONNA  
540 W HILLS CIR  
OWATONNA, MN, 550604701  
(507) 444-2458

Purchase Order Date: 3/8/2023  
Purchase Order #: 1617322  
Purchaser Account #: 2458013

Customer Purchaser Type: Governmental - City/Town/Village  
Customer Market Use: Earth Moving - Land Improvement  
Location of First Working Use: OWATONNA, MN, 550604701  
Sales Professional: Jerod Gadiant  
Phone:  
Fax:  
Email: JGadiant@rdoequipment.com

## Equipment Information

| Quantity            | Serial Number<br>Stock Number | Hours<br>(approx.) | Status / Year / Make / Model<br>Additional Items    | Cash Price   |
|---------------------|-------------------------------|--------------------|-----------------------------------------------------|--------------|
| 1                   | TBD<br>TBD                    | 0                  | New 2023 JOHN DEERE 772G                            | \$378,798.00 |
|                     |                               |                    | Freight in from falls                               | \$1,202.00   |
| 1                   | TBD<br>TBD                    | 0                  | Attachment - New 2023 LITTLE FALLS MACHINE 3012A IM | \$27,600.00  |
| Equipment Subtotal: |                               |                    |                                                     | \$407,600.00 |

## Trade Information

| Serial Number         | Year / Make / Model   | Payoff Information | Trade In Hours | Trade In Value |
|-----------------------|-----------------------|--------------------|----------------|----------------|
| DW772CH586109         | 2003 JOHN DEERE 772CH | \$0.00             | 3888           | (\$70,000.00)  |
| Total Trade in Value: |                       |                    |                | (\$70,000.00)  |
| Trade Balance Owed:   |                       |                    |                | \$0.00         |
| Net Difference:       |                       |                    |                | (\$70,000.00)  |

## Purchase Order Totals

|                       |              |
|-----------------------|--------------|
| Balance:              | \$337,600.00 |
| Total Taxable Amount: | \$0.00       |
| MN STATE TAX:         | \$0.00       |
| MN CITY TAX:          | \$0.00       |
| MN SPECIAL TAX:       | \$0.00       |
| Sales Tax Total:      | \$0.00       |
| Sub Total:            | \$337,600.00 |
| Cash with Order:      | \$0.00       |
| Balance Due:          | \$337,600.00 |

## Legal Information

### For the Construction Product(s)

**ACKNOWLEDGMENTS** - Purchaser offers to sell, transfer, and convey the item(s) listed as "Trade In" to the Dealer at or prior to the time of delivery of the above Product(s), as a "trade-in" to be applied against the cash price. Purchaser represents that each "trade-in" item shall be free and clear of all security interests, liens, and encumbrances at the time of transfer to the Dealer except to the extent shown below. The price to be allowed for each "trade-in" item is listed on this document. The Purchaser promises to pay the balance due shown hereon in cash, or to execute a Time Sale Agreement (Retail Installment Contract), or a Loan Agreement for the purchase price of the Product(s), plus additional charges shown thereon, or to execute a Lease Agreement, on or before delivery of the Product(s) ordered herein. Despite delivery of the Product(s) to the Purchaser, title shall remain with the Seller until one of the foregoing is accomplished. Except as provided herein and as necessary to protect RDO Equipment from the claims of a bankruptcy trustee or a buyer in the ordinary course of business, the Purchaser and the Dealer agree that this Purchase Order is not a security agreement and that delivery of the Product(s) to the Purchaser pursuant to this Purchase Order will not constitute possession of the Product(s) by the Purchaser, as a debtor, for the purposes of the purchase money security provisions in any statutes relating to personal property security or its equivalent. Purchaser understands that its rights in connection with this purchase are limited as set forth in this Purchase Order. I (we) hereby grant a security interest to RDO Equipment in the Product.

**DISCLOSURE OF REGULATION APPLICABILITY** - When operated in California, any off-road diesel vehicle may be subject to the California Air Resources Board In-Use Off-Road Diesel Vehicle Regulation. It therefore could be subject to retrofit or accelerated turnover requirements to reduce emissions of air pollutants. More information is available on the California Air Resources Board website at <http://www.arb.ca.gov/msprog/ordiesel/ordiesel.htm>.

**IMPORTANT WARRANTY NOTICE** - The Standard Warranty for new John Deere construction and forestry products is set forth in a separate document provided by the dealer. Please read the Standard Warranty carefully before signing. No express warranty is made unless specified in the Warranty Statement. PURCHASER'S RIGHTS AND REMEDIES PERTAINING TO THIS PURCHASE ARE LIMITED AS INDICATED IN THE STANDARD WARRANTY AND PURCHASE ORDER. WHERE PERMITTED BY LAW, NO IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS IS MADE.

**Telematics:** Orders of telematic devices include only the hardware. Where available, telematics software, including JDLink™ connectivity service, may be enabled from your local John Deere Operations Center or JDLink website. Please see your authorized John Deere dealer for assistance.

The undersigned purchaser(s) (the "Purchaser") hereby orders the product (the "Product") described above from the Dealer. The Dealer shall not be liable for failure to provide the Product or for any delay in delivery if such failure or delay is due to the Dealer's inability to obtain such Product from the manufacturer or supplier or other cause beyond the Dealer's control. The cash price shown above is subject to the Dealer receiving the Product from the manufacturer or supplier prior to any change in price by the manufacturer or supplier and is also subject to any new or increased taxes being imposed upon the sale of the Product after the date of this Purchase Order.

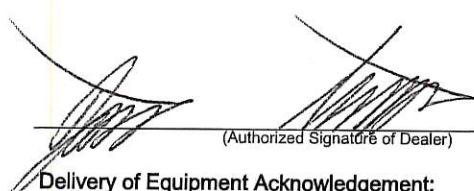
Upon signature of delivery acknowledgment, customer is accepting the equipment, including attachments, in "AS IS" condition, agreeing to notify RDO Equipment Co. within 24 hours of any damages or discrepancies found upon receipt of equipment.

## Signature Area

### Purchase Order Accepted By:

  
(Customer's Signature)

3-8-23  
(Date Accepted)

  
(Authorized Signature of Dealer)

3-8-23  
(Date Accepted)

### Delivery of Equipment Acknowledgement:

\_\_\_\_\_  
(Customer's Signature)

\_\_\_\_\_  
Date Accepted

### Standard Warranty Acknowledgement:

\_\_\_\_\_  
(Delivered On)

\_\_\_\_\_  
(Warranty Begins)



## **Parks, Trails, Recreation & Facilities Department**

DATE: October 3, 2023  
TO: Mayor and City Council  
FROM: Jenna Tuma, Parks, Trails, Recreation & Facilities Director  
Aaron Fitzloff  
Facility Manager  
SUBJECT: Change Orders #5 and #6 - Ebert Construction - Council Chamber Renovation Project

### **Purpose:**

Request City Council approval for the Ebert Construction Change Orders 5 & 6 for the Council Chambers Project.

### **Background:**

The change orders 5 & 6 support the overall project and reflect several on-site adjustments to HVAC, ductwork, demo and removal of old wiring and piping, dias changes to the staff seating area and wall repairs. A detailed report is attached with itemized charges.

Teresa McCormack from CRW will attend the meeting for questions.

### **Budget Impact:**

The change orders will be paid through the project's contingencies.

|                |                    |
|----------------|--------------------|
| Change Order 5 | \$15,962.51        |
| Change Order 6 | <u>\$58,876.64</u> |
| Total          | \$74,839.15        |

Total Ebert Construction project change orders: \$129,388

### **Staff Recommendation:**

Staff recommends approval.

### **Attachments:**

1. Change Order 5 - Ebert Construction
2. Change Order 5 Support Doc's

3. CRW Detailed Report Change Order 6
4. Change Order 6 - Ebert Construction



**AIA**<sup>®</sup>**Document G701<sup>®</sup> – 2017****Change Order****PROJECT:** *(Name and address)*Owatonna City Hall  
Owatonna, Minnesota**CONTRACT INFORMATION:**Contract For: General Construction  
Date: December 14, 2022**CHANGE ORDER INFORMATION:**Change Order Number: 005  
Date: September 13, 2023**OWNER:** *(Name and address)*City of Owatonna  
540 West Hills Circle  
Owatonna, MN 55060  
Kris Busse, City Administrator**ARCHITECT:** *(Name and address)*CRW architecture + design group  
211 11th Ave NW  
Rochester, MN 55901  
Teresa Thoreson McCormack, AIA**CONTRACTOR:** *(Name and address)*Ebert, Inc(DBA Ebert Construction)  
233350 County Road 10  
Corcoran, MN 55375  
Josh Busse, Project Manager**THE CONTRACT IS CHANGED AS FOLLOWS:***(Insert a detailed description of the change and, if applicable, attach or reference specific exhibits. Also include agreed upon adjustments attributable to executed Construction Change Directives.)*

|                                                               |                             |
|---------------------------------------------------------------|-----------------------------|
| Enclosures for Type D1 Light Fixtures                         | \$ 1,997.30 Additional Cost |
| Move Main Conduit Feed for Existing Basement Electrical Panel | \$ 591.94 Additional Cost   |
| Demo Old Conduit and Wire From Stage area                     | \$ 392.83 Additional Cost   |
| Additional Brick Work at New Door Opening                     | \$ 2,799.33 Additional Cost |
| Replace Heat Pipes Above IT Room                              | \$ 3,270.96 Additional Cost |
| Omit All Seeding Work                                         | (\$ 3,998.42) Reduced Cost  |
| ASI 3 Plumbing and Cabinetry Components                       | \$10,908.57 Additional Cost |

|                                                                          |                 |
|--------------------------------------------------------------------------|-----------------|
| The original Contract Sum was                                            | \$ 1,626,400.00 |
| The net change by previously authorized Change Orders                    | \$ 54,549.10    |
| The Contract Sum prior to this Change Order was                          | \$ 1,680,949.10 |
| The Contract Sum will be increased by this Change Order in the amount of | \$ 15,962.51    |
| The new Contract Sum including this Change Order will be                 | \$ 1,696,911.61 |

The Contract Time will be unchanged by Zero (0) days.

The new date of Substantial Completion will be October 19, 2023

**NOTE:** This Change Order does not include adjustments to the Contract Sum or Guaranteed Maximum Price, or the Contract Time, that have been authorized by Construction Change Directive until the cost and time have been agreed upon by both the Owner and Contractor, in which case a Change Order is executed to supersede the Construction Change Directive.

**NOT VALID UNTIL SIGNED BY THE ARCHITECT, CONTRACTOR AND OWNER.**

CRW architecture and design

**ARCHITECT** *(Firm name)***SIGNATURE**Teresa Thoreson McCormack, AIA,  
Partner**PRINTED NAME AND TITLE**

September 13, 2023

**DATE**

Ebert Companies

**CONTRACTOR** *(Firm name)***SIGNATURE**

Josh Busse, Project Manager

**PRINTED NAME AND TITLE**

9/13/2023

**DATE****OWNER** *(Firm name)***SIGNATURE**

Kris Busse, City Administrator

**PRINTED NAME AND TITLE****DATE**





23350 County Road 10  
Corcoran, MN 55357  
Ph : 763-498-7844

## Change Proposal

**To:** City of Owatonna  
540 West Hill Circle  
Owatonna, MN 55060  
Ph: (507)444-4370 Fax: (507)444-4351

**Number:** CP015  
**Date:** 7/31/23  
**Job:** 6595 Owatonna City Hall Remodel  
**Phone:**

**Description:** Enclosures for Type D1 Light Fixtures

Proposed are the following changes:

The type D1 light fixtures in the addition are not IC (insulation contact) rated by themselves and required IC rated enclosures within the recessed ceiling space to block any blown insulation from coming into contact with these light fixtures. This pricing includes the Type D1 fixtures in the addition space only. It is assumed the Type D fixtures in the existing chamber space will not require any enclosures. Backup pricing from Four Seasons Electric is included for reference.

The total amount to provide this work is .....  
(Please refer to attached sheet for details.)

\$1,997.30

If you have any questions, please contact me at 763-498-7844.

Pricing subject to review/change if not approved within 14 days of receipt.

Submitted by: Josh Busse  
Ebert

Approved by: \_\_\_\_\_  
Date: \_\_\_\_\_



23350 County Road 10  
Corcoran, MN 55357  
Ph : 763-498-7844

## Change Proposal CP015 Price Breakdown Continuation Sheet

**Description:** Enclosures for Type D1 Light Fixtures

| Description                                                                                             | Labor | Material | Equipment | Subcontract | Other | Price      |
|---------------------------------------------------------------------------------------------------------|-------|----------|-----------|-------------|-------|------------|
| Supply and install IC rated light enclosures for Type D1 light fixtures in the new addition space only. |       |          |           | \$1,855.80  |       | \$1,855.80 |

**Subtotal:** **\$1,855.80**

Self-Performed OH&P \$0.00

Sub-Performed OH&P \$1,855.80 5.00% \$92.79

Bond, Insurance \$1,948.59 2.50% \$48.71

**Total:** **\$1,997.30**

Four Seasons Electric

3127 S County Rd 45  
Owatonna, MN 55060

Change Order

|           |            |
|-----------|------------|
| Date      | Estimate # |
| 7/28/2023 | 5226       |

| Name / Address                                              |
|-------------------------------------------------------------|
| EBERT Construction<br>23350 Cty RD 10<br>Corcoran, MN 55357 |

| Project                                                                                    |     |          |            |
|--------------------------------------------------------------------------------------------|-----|----------|------------|
| Type D1 Recess Enclosures                                                                  |     |          |            |
| Description                                                                                | Qty | Cost     | Total      |
| Supply / install IC rated light enclosure for Type D1 light fixtures in new addition only: | 1   | 1,855.80 | 1,855.80   |
| THANK YOU!!                                                                                |     | Total    | \$1,855.80 |

Customer Signature \_\_\_\_\_



23350 County Road 10  
Corcoran, MN 55357  
Ph : 763-498-7844

## Change Proposal

**To:** City of Owatonna  
540 West Hill Circle  
Owatonna, MN 55060  
Ph: (507)444-4370 Fax: (507)444-4351

**Number:** CP017  
**Date:** 8/15/23  
**Job:** 6595 Owatonna City Hall Remodel  
**Phone:**

**Description:** Move Main Conduit Feed For Existing Basement Panel

Proposed are the following changes:

Cost to relocate the main conduit feeding the existing basement panel out of the way of the new ductwork chases. Photo and backup pricing from Four Seasons Electric is included for reference.

The total amount to provide this work is ..... \$591.94  
(Please refer to attached sheet for details.)

If you have any questions, please contact me at 763-498-7844.

Pricing subject to review/change if not approved within 14 days of receipt.

Submitted by: Josh Busse  
Ebert

Approved by: \_\_\_\_\_  
Date: \_\_\_\_\_



23350 County Road 10  
Corcoran, MN 55357  
Ph : 763-498-7844

## Change Proposal CP017 Price Breakdown Continuation Sheet

**Description:** Move Main Conduit Feed For Existing Basement Panel

| Description                                                      | Labor | Material | Equipment | Subcontract | Other | Price    |
|------------------------------------------------------------------|-------|----------|-----------|-------------|-------|----------|
| Relocate conduit feeding basement panel for new ductwork chases. |       |          |           | \$550.00    |       | \$550.00 |

**Subtotal:** **\$550.00**

Self-Performed OH&P \$0.00

Sub-Performed OH&P \$550.00 5.00% \$27.50

Bond, Insurance \$577.50 2.50% \$14.44

**Total:** **\$591.94**

Four Seasons Electric

3127 S County Rd 45  
Owatonna, MN 55060

Change Order

|           |            |
|-----------|------------|
| Date      | Estimate # |
| 8/14/2023 | 5252       |

|                                                             |
|-------------------------------------------------------------|
| Name / Address                                              |
| EBERT Construction<br>23350 Cty RD 10<br>Corcoran, MN 55357 |

| Project                                                                |     |        |          |
|------------------------------------------------------------------------|-----|--------|----------|
| Duct Work Conduit Relocation                                           |     |        |          |
| Description                                                            | Qty | Cost   | Total    |
| Relocate conduit feeding basement panel for new duct work installation | 1   | 550.00 | 550.00   |
| THANK YOU!!                                                            |     | Total  | \$550.00 |

Customer Signature \_\_\_\_\_









23350 County Road 10  
Corcoran, MN 55357  
Ph : 763-498-7844

## Change Proposal

**To:** City of Owatonna  
540 West Hill Circle  
Owatonna, MN 55060  
Ph: (507)444-4370 Fax: (507)444-4351

**Number:** CP019  
**Date:** 8/16/23  
**Job:** 6595 Owatonna City Hall Remodel  
**Phone:**

**Description:** Additional Brick Work at New Cut Opening

Proposed are the following changes:

Pricing demo/tooth out the cut brick on the vestibule side of opening 100C. Only includes the brick located below the existing stone band that won't be covered by the new door frame. The cut edges of the stone band to be sanded and buffed to hide saw cut marks. Only work included exactly as described on backup pricing from J&K Masonry which is included for reference.

The total amount to provide this work is ..... \$2,799.33  
(Please refer to attached sheet for details.)

If you have any questions, please contact me at 763-498-7844.

Pricing subject to review/change if not approved within 14 days of receipt.

Submitted by: Josh Busse  
Ebert

Approved by: \_\_\_\_\_  
Date: \_\_\_\_\_





23350 County Road 10  
Corcoran, MN 55357  
Ph : 763-498-7844

## Change Proposal CP019 Price Breakdown Continuation Sheet

**Description:** Additional Brick Work at New Cut Opening

| Description                                                                               | Labor | Material | Equipment | Subcontract | Other | Price      |
|-------------------------------------------------------------------------------------------|-------|----------|-----------|-------------|-------|------------|
| Demo/tooth/relay brick at newly cut opening as described on quote sheet from J&K Masonry. |       |          |           | \$2,601.00  |       | \$2,601.00 |

**Subtotal:** **\$2,601.00**

Self-Performed OH&P \$0.00

Sub-Performed OH&P \$2,601.00 5.00% \$130.05

Bond, Insurance \$2,731.05 2.50% \$68.28

**Total:** **\$2,799.33**

# Proposal



## J&K MASONRY

15760 Acorn Trail PO Box 156  
Faribault, Minnesota 55021  
Phone:(507) 332-6852  
Fax:(507)334-3440

Proposed By: Ryan Jandro

|                                                         |                              |                                 |
|---------------------------------------------------------|------------------------------|---------------------------------|
| PROPOSAL SUBMITTED TO<br><b>Ebert Construction</b>      | CONTACT<br><b>Josh Busse</b> | DATE<br><b>8/16/23</b>          |
| STREET ADDRESS<br><b>23350 County Road 10</b>           | PHONE                        | PAGE <u>1</u> OF <u>1</u> PAGES |
| CITY STATE ZIP<br><b>Corcoran, MN 55357</b>             | FAX                          | ARCHITECT<br><b>CRW</b>         |
| PROJECT TITLE<br><b>Owatonna Council Brick Toothing</b> | EMAIL                        | DATE OF PLANS<br><b>10/6/22</b> |

We hereby submit specifications and estimates for:

### Inclusions:

1. Demolition / Toothing of Opening 100C from Stone Band Down to Top of Slab
2. Relay New Brick on Vestibule 100 side Stopping at Door Frame 100C
3. Sand/Buf out Existing Stone Piece on Both Sides of door

### Labor:

1 Bricklayer for 16 Hours @ \$98.00 an hr - \$1,568.00  
1 Laborer for 4 Hours @ \$98.00 an hr - \$392.00  
Total - \$1,960.00

### Material:

Mortar, Saw Blade, and Misc. Accessories - \$250.00

### Equipment:

Pickup, Gas Saw, Misc Tools - \$155.00

### Exclusions:

1. Waterproofing
2. Backup wall repair behind brick
3. Salvaging Existing Brick
4. Rework of Brick on Room 101 Side of the Opening

Subtotal - \$2,365.00  
OH & Profit (10%) - \$236.00  
Total - \$2,601.00

**We propose** to furnish material and labor - complete in accordance with above specifications, for the sum of:

Two Thousand Six Hundred One and No/100's \_\_\_\_\_ dollars ( 2,601.00 )

Payment to be made as follows

All material is guaranteed to be as specified. All work to be completed in a workmanlike manner according to standard practices. Any alteration or deviation from above specifications involving extra costs will be executed only upon written orders, and will become an extra charge over and above the estimate. All agreements contingent upon strikes, accidents or delays beyond our control. Owner to carry fire, tornado and other necessary insurance. Our workers are fully covered by Workmen's Compensation Insurance.

Authorized  
Signature \_\_\_\_\_

Note: This proposal may be  
withdrawn by us if not accepted within \_\_\_\_\_ days

**Acceptance of proposal** The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined above.

Date of Acceptance \_\_\_\_\_

Signature \_\_\_\_\_

Signature \_\_\_\_\_





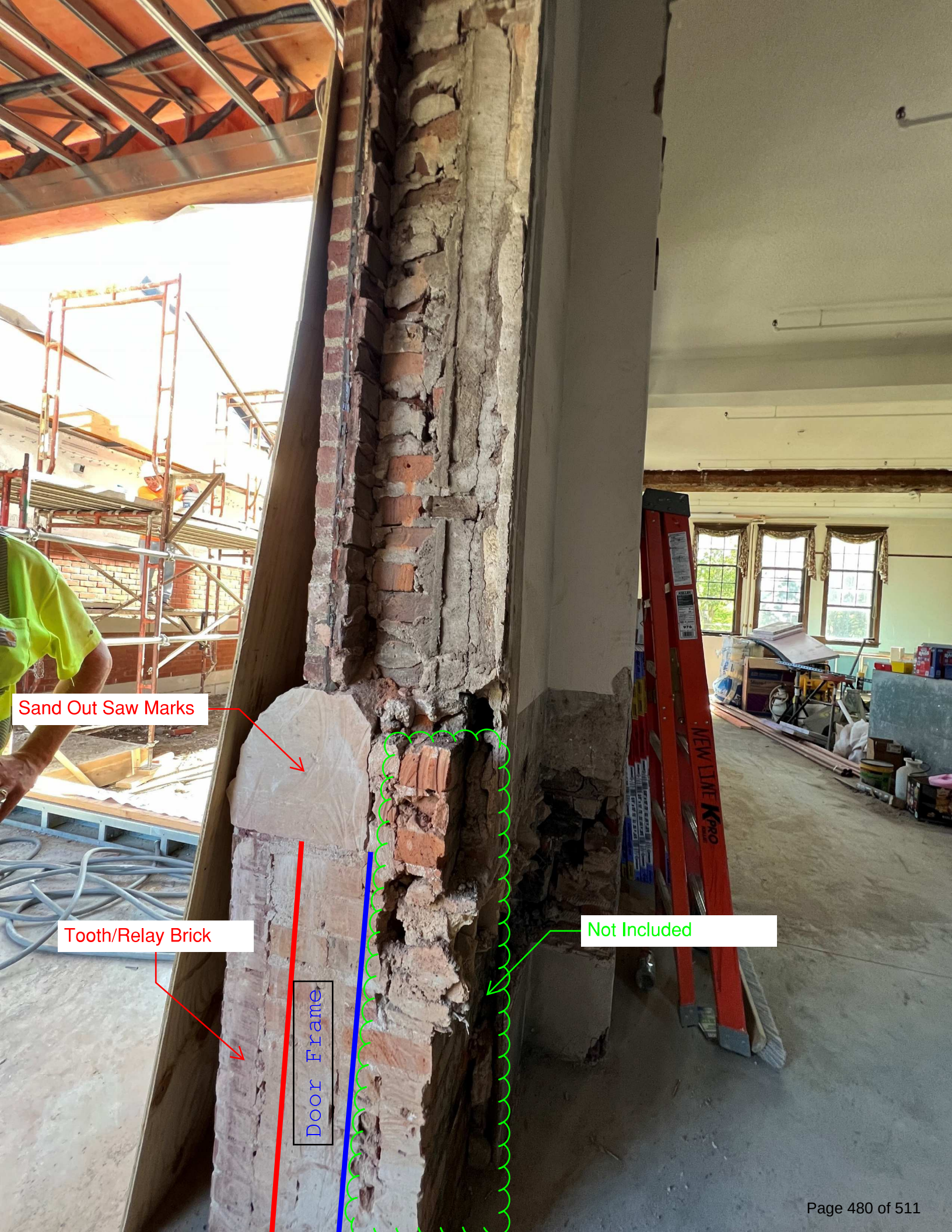
Not Included

Door Frame

Sand Out Saw Marks

Tooth/Relay Brick





Sand Out Saw Marks

Tooth/Relay Brick

Door Frame

Not Included





23350 County Road 10  
Corcoran, MN 55357  
Ph : 763-498-7844

## Change Proposal

**To:** City of Owatonna  
540 West Hill Circle  
Owatonna, MN 55060  
Ph: (507)444-4370 Fax: (507)444-4351

**Number:** CP020  
**Date:** 8/16/23  
**Job:** 6595 Owatonna City Hall Remodel  
**Phone:**

**Description:** Replace Heat Pipes Above IT Room

Proposed are the following changes:

Pricing to demolish the horizontal sections of existing heat piping and install new piping/insulation run through the existing joist space. The vertical portion of this pipe is to remain as it will be enclosed in a chase wall later on. Horizontal pipe would be installed above new ceiling per owner's request. Backup pricing from New Line Mechanical is included for reference.

The total amount to provide this work is ..... \$3,270.96  
(Please refer to attached sheet for details.)

If you have any questions, please contact me at 763-498-7844.

Pricing subject to review/change if not approved within 14 days of receipt.

Submitted by: Josh Busse  
Ebert

Approved by: \_\_\_\_\_  
Date: \_\_\_\_\_



23350 County Road 10  
Corcoran, MN 55357  
Ph : 763-498-7844

## Change Proposal CP020 Price Breakdown Continuation Sheet

**Description:** Replace Heat Pipes Above IT Room

| Description                                             | Labor | Material | Equipment | Subcontract | Other | Price      |
|---------------------------------------------------------|-------|----------|-----------|-------------|-------|------------|
| Piping changes on main level to accomodate new ceiling. |       |          |           | \$3,039.22  |       | \$3,039.22 |

**Subtotal:** **\$3,039.22**

Self-Performed OH&P \$0.00

Sub-Performed OH&P \$3,039.22 5.00% \$151.96

Bond, Insurance \$3,191.18 2.50% \$79.78

**Total:** **\$3,270.96**



1527 Voll Drive NW  
Byron, MN 55920

Phone: (507) 315-1995 Fax: (507) 315-1997

## Change Order Request

| Name / Address     |
|--------------------|
| Ebert Construction |

| Date                  | Request #       |
|-----------------------|-----------------|
| 08/16/23              | ML Pipe Changes |
| Project               |                 |
| Owatonna City Council |                 |
| Project #             |                 |
|                       |                 |

| Description                                                           | Qty          | Total              |
|-----------------------------------------------------------------------|--------------|--------------------|
| <b>Pricing to change piping on main level to accommodate ceilings</b> |              |                    |
| <b>Material:</b>                                                      |              |                    |
| Material Cost                                                         |              | \$ 827.35          |
| Sales Tax 8%                                                          |              | \$ 67.22           |
| <b>Total Material:</b>                                                |              | <b>\$ 894.57</b>   |
| <b>Labor:</b>                                                         |              |                    |
| Labor Cost Rate: \$ 92.00                                             | 15           | \$ 1,380.00        |
| <b>Total Labor Cost:</b>                                              |              | <b>\$ 1,380.00</b> |
| <b>Insulation</b>                                                     |              |                    |
| <b>Material:</b>                                                      |              |                    |
| Material Cost                                                         |              | \$ 174.20          |
| Sales Tax 8%                                                          |              | \$ 14.15           |
| <b>Total Material:</b>                                                |              | <b>\$ 188.35</b>   |
| <b>Labor:</b>                                                         |              |                    |
| Labor Cost Rate: \$ 100.00                                            | 3            | \$ 300.00          |
| <b>Total Labor Cost:</b>                                              |              | <b>\$ 300.00</b>   |
| <b>Mark-up</b>                                                        | 10%          | \$ 276.29          |
| <b>Subcontractor</b>                                                  |              |                    |
| Name                                                                  |              |                    |
| Mark-up 5%                                                            |              | \$ -               |
| <b>Total :</b>                                                        |              | <b>\$ -</b>        |
| <i>All quotes are subject to change after 30 days!</i>                |              |                    |
| Thank you for your business!                                          | <b>TOTAL</b> | <b>\$ 3,039.22</b> |

## Labor Summary List

**Company:** New Line Mechanical Inc.  
**Site:** FastEST-Server.site  
**Job:** FastEST-Server>>OWATONNA CITY COUNCIL (Added piping on first floor)  
**Factor Set:** Commercial  
**Type:** All Sections  
**Report Includes:** Pipe

| Sect    | Spec      | Area | System           | Remarks | Mult | Base | Job Hours |
|---------|-----------|------|------------------|---------|------|------|-----------|
| 1       | • HWSHWR1 | main | HVAC             | add     | 1.0  | 15.5 | 11.1      |
| 2       | • PVCSC40 | main | condensate drain | add     | 1.0  | 4.8  | 3.5       |
| Totals: |           |      |                  |         |      | 20.3 | 14.6      |



## Material Summary List

**Company:** New Line Mechanical Inc.  
**Site:** FastEST-Server.site  
**Job:** FastEST-Server>>OWATONNA CITY COUNCIL (Added piping on first floor)  
**Discount Set:** FastEST  
**Type:** All Sections  
**Report Includes:** Pipe

| Group Name               | Code   | Mfgr         | List Date | Qty | Gross Wt | Net Total |
|--------------------------|--------|--------------|-----------|-----|----------|-----------|
| Copper Fittings Elkhart  | copfit | Elkhart Prod | 01/09/23  | 8   | 1        | \$84.36   |
| Copper Tube Mueller      | coptub | Mueller      | 06/13/23  | 50  | 33       | \$331.20  |
| Upper Attachments        | uppera | B-Line       | 06/15/22  | 14  | 8        | \$64.04   |
| Shields/Saddles          | shield | B-Line       | 06/15/22  | 10  | 9        | \$159.39  |
| Hangers                  | hanger | B-Line       | 06/15/22  | 14  | 14       | \$82.04   |
| PVC Sch 40 Fittings      | pvc40m | Spears       | 05/16/22  | 5   | 0        | \$5.42    |
| PVC Sch 40 Pressure Pipe | pvc40p | Charlotte    | 07/28/23  | 20  | 4        | \$17.91   |
| Threaded Rod             | blin6  | B-Line       | 06/15/22  | 56  | 0        | \$54.08   |
| Joints                   | joint  | Varies       | 08/17/21  | 26  | 0        | \$12.72   |
| Hangers & Supports       | fnwhgr | FNW          | 05/22/23  | 56  | 0        | \$16.18   |
| Totals:                  |        |              |           |     |          | \$827.35  |



23350 County Road 10  
Corcoran, MN 55357  
Ph : 763-498-7844

## Change Proposal

**To:** City of Owatonna  
540 West Hill Circle  
Owatonna, MN 55060  
Ph: (507)444-4370 Fax: (507)444-4351

**Number:** CP021R1  
**Date:** 8/22/23  
**Job:** 6595 Owatonna City Hall Remodel  
**Phone:**

**Description:** Omit All Seeding Work

Proposed are the following changes:

Credit to omit all seeding work associated with this project. Please note that the subcontractor has some upfront administrative time and cost into this project already, which is why the proposed credit does not equal the scheduled value for this trade. Backup from subcontractor is included for reference.

The total amount to provide this work is ..... \$-3,998.42  
(Please refer to attached sheet for details.)

If you have any questions, please contact me at 763-498-7844.

Pricing subject to review/change if not approved within 14 days of receipt.

Submitted by: Josh Busse  
Ebert

Approved by: \_\_\_\_\_  
Date: \_\_\_\_\_



23350 County Road 10  
Corcoran, MN 55357  
Ph : 763-498-7844

## Change Proposal CP021R1 Price Breakdown Continuation Sheet

**Description:** Omit All Seeding Work

| Description                         | Labor | Material | Equipment | Subcontract | Other | Price              |
|-------------------------------------|-------|----------|-----------|-------------|-------|--------------------|
| Omit all seeding work from project. |       |          |           | \$-3,998.42 |       | \$-3,998.42        |
| <b>Subtotal:</b>                    |       |          |           |             |       | <b>\$-3,998.42</b> |
| Self-Performed OH&P                 |       |          |           |             |       | \$0.00             |
| Sub-Performed OH&P                  |       |          |           |             |       | \$0.00             |
| Bond, Insurance                     |       |          |           |             |       | \$0.00             |
| <b>Total:</b>                       |       |          |           |             |       | <b>\$-3,998.42</b> |

# Proposal

## Minnesota Sodding Company

**Client Name:** Ebert Construction

**Project Name:** Owatonna City Hall

**Jobsite Address:** 540 West Hills Circle Owatonna, Minnesota  
55060

**Estimate ID:** EST3805399

**Date:** Apr 17, 2023

**Billing Address:** 23350 County Road 10 Corcoran, MN  
55357

**Drawing #:** 2023

|                                        |            |
|----------------------------------------|------------|
| Seed - .18 Acres MNDOT 25-131 Seed Mix | \$2,516.43 |
|----------------------------------------|------------|

|                                                                                |          |
|--------------------------------------------------------------------------------|----------|
| Deduct CO - Seed - Revision 2 - Sanitary Sewer - MNDOT 25-131 Seed Area Credit | -\$40.08 |
|--------------------------------------------------------------------------------|----------|

Previously removed from contract in Change Order 002 (CP008)

|                                                   |            |
|---------------------------------------------------|------------|
| Blanket - 1000 SY CAT3-NN Erosion Control Blanket | \$2,829.75 |
|---------------------------------------------------|------------|

|                                                                         |           |
|-------------------------------------------------------------------------|-----------|
| Deduct CO - Blanket - Revision 2 - Sanitary Sewer - Blanket Area Credit | -\$308.07 |
|-------------------------------------------------------------------------|-----------|

Previously removed from contract in Change Order 002 (CP008)

|                                                      |             |
|------------------------------------------------------|-------------|
| Deduct Change Order - Base Bid Contract Cancellation | -\$3,998.42 |
|------------------------------------------------------|-------------|

Total proposed seeding credit.

|          |          |
|----------|----------|
| Subtotal | \$999.61 |
|----------|----------|

|       |        |
|-------|--------|
| Taxes | \$0.00 |
|-------|--------|

|                |          |
|----------------|----------|
| Estimate Total | \$999.61 |
|----------------|----------|

Cost for site visits and purchased materials.

\*\*Grades ready to receive seed assumed to be new construction +/- 1/10', free of weeds, debris, and temporary erosion control devices

\*\*\*All dirt work done by others besides Final Grade

\*\*\*All soil testing and amendments done by others

\*\*\*See above for material and quantities

14 Old Deerfield Rd  
Welch, MN 55089  
Owatonna City Hall [EST3805399]

p. 651-438-3867  
f. 651-438-3867

email: sschwarz@mnsodco.com

Page 1 of 2



23350 County Road 10  
Corcoran, MN 55357  
Ph : 763-498-7844

## Change Proposal

**To:** City of Owatonna  
540 West Hill Circle  
Owatonna, MN 55060  
Ph: (507)444-4370 Fax: (507)444-4351

**Number:** CP023  
**Date:** 9/6/23  
**Job:** 6595 Owatonna City Hall Remodel  
**Phone:**

**Description:** Remaining ASI 003 Components Minus HVAC

Proposed are the following changes:

Remaining cost related to project document changes outlined in ASI 003. Backup pricing from affected subcontractors is included. Casework pricing changes for ASI 002 are included in this proposal. HVAC changes related to ASI 003 have been removed from this proposal with the understanding they will be included under separate pricing pending final plan markups related to RFI 031.

**\*\*Please note that pricing for contractor to provide and install the added standing desks was previously rejected. There is still discussions in the works on how the tables will be handled. No pricing for these components is included in this ASI 003 proposal.**

The total amount to provide this work is ..... \$10,908.57  
(Please refer to attached sheet for details.)

If you have any questions, please contact me at 763-498-7844.

Pricing subject to review/change if not approved within 14 days of receipt.

Submitted by: Josh Busse  
Ebert

Approved by: \_\_\_\_\_  
Date: \_\_\_\_\_



## Change Proposal CP023 Price Breakdown Continuation Sheet

**Description:** Remaining ASI 003 Components Minus HVAC

| Description                                                                                                                                                                                                                                                               | Labor | Material | Equipment | Subcontract | Other | Price       |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|----------|-----------|-------------|-------|-------------|
| ASI 002: New trim on either side of stage front.                                                                                                                                                                                                                          |       |          |           | \$225.00    |       | \$225.00    |
| ASI 002: Credit back for areas of removed wood paneling.                                                                                                                                                                                                                  |       |          |           | \$-2,619.00 |       | \$-2,619.00 |
| ASI 002: Added wood paneling in dais desk in lieu of salvaged metal grilles.                                                                                                                                                                                              |       |          |           | \$1,381.00  |       | \$1,381.00  |
| ASI 002: Added casework install for exisitng stage front assembly and reinstalling exisitng metal grilles.                                                                                                                                                                |       |          |           | \$1,300.00  |       | \$1,300.00  |
| Remaining plumbing changes included through ASI 003. Includes work required to accomodate changes from RFI 015 (removal of piping not shown on plans to accomodate flooring removal) as well as updated piping layouts noted in the ASI 003 mechanical drawing revisions. |       |          |           | \$9,663.17  |       | \$9,663.17  |

|                     |             |       |                  |                    |
|---------------------|-------------|-------|------------------|--------------------|
|                     |             |       | <b>Subtotal:</b> | <b>\$9,950.17</b>  |
| Self-Performed OH&P |             |       |                  | \$0.00             |
| Sub-Performed OH&P  | \$12,569.17 | 5.00% |                  | \$628.46           |
| Bond, Insurance     | \$13,197.63 | 2.50% |                  | \$329.94           |
|                     |             |       | <b>Total:</b>    | <b>\$10,908.57</b> |



# CHANGE REQUEST

**DATE: 06/12/23**

**CR #: 3-REV1**

| SUB CONTRACTOR                                                                                                                                                 |  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| DISTINCTIVE CABINET DESIGN<br>30 2ND AVENUE WEST<br>FOLEY, MN 56329<br><br>PHONE: (320) 968-4351<br>FAX: (320) 968-4352<br>EMAIL: mikel@distinctivecabinet.com |  |

**FOLEY, MN 56329**

**FAX: (320) 968-4352**

**EMAIL: [mikel@distinctivecabinet.com](mailto:mikel@distinctivecabinet.com)**

| CONTRACTOR/PROJECT NAME & ADDRESS  |  |
|------------------------------------|--|
| Ebert Construction                 |  |
| 2942 - Owatonna City Council Renov |  |
| 540 West Hills Circle              |  |
| Owatonna, MN 55060                 |  |
| Attn: Josh Busse                   |  |

Owatonna, MN 55060

**Attn: Josh Busse**

**DESCRIPTION AND PRICING OF PROPOSED WORK ADD OR (DEDUCT)**  
**NO MATERIAL, PRODUCT OR HARDWARE WILL BE ORDERED UNTIL A SIGNED CHANGE ORDER IS RECEIVED**

**NO MATERIAL, PRODUCT OR HARDWARE WILL BE ORDERED UNTIL A SIGNED CHANGE ORDER IS RECEIVED**

[illegible]

**THIS CONTRACT AMOUNT WILL BE ADJUSTED BY THIS AMOUNT**

**\$287.00**

**RETURN THIS REQUEST TO DISTINCTIVE CABINET DESIGN IMMEDIATELY. NONE OF THE ABOVE  
WORK WILL BE MANUFACTURED UNTIL THIS APPROVED CHANGE REQUEST OR AN OFFICIAL CHANGE  
ORDER HAS BEEN RETURNED TO DISTINCTIVE CABINET DESIGN**

## DISTINCTIVE CABINET DESIGN

**APPROVED BY:**

**PRINTED NAME:**



1527 Voll Drive NW  
Byron, MN 55920

Phone: (507) 315-1995 Fax: (507) 315-1997

## Change Order Request

| Name / Address     |
|--------------------|
| Ebert Construction |

| Date                  | Request # |
|-----------------------|-----------|
| 06/26/23              | ASI 003   |
| Project               |           |
| Owatonna City Council |           |
| Project #             |           |
|                       |           |

| Description                                            | Qty          | Total               |
|--------------------------------------------------------|--------------|---------------------|
| <b>Pricing for RFI #15, RFI #20 and ASI 003</b>        |              |                     |
| <b>Material:</b>                                       |              |                     |
| Material Cost                                          |              | \$ 5,028.93         |
| Sales Tax 8%                                           |              | \$ 408.60           |
| <b>Total Material:</b>                                 |              | <b>\$ 5,437.53</b>  |
| <b>Labor:</b>                                          |              |                     |
| Labor Cost Rate: \$ 92.00                              | 50           | \$ 4,600.00         |
| <b>Total Labor Cost:</b>                               |              | <b>\$ 4,600.00</b>  |
| <b>Insulation</b>                                      |              |                     |
| <b>Material:</b>                                       |              |                     |
| Material Cost                                          |              | \$ 110.77           |
| Sales Tax 8%                                           |              | \$ 9.00             |
| <b>Total Material:</b>                                 |              | <b>\$ 119.77</b>    |
| <b>Labor:</b>                                          |              |                     |
| Labor Cost Rate: \$ 100.00                             | 4            | \$ 400.00           |
| <b>Total Labor Cost:</b>                               |              | <b>\$ 400.00</b>    |
| <b>Mark-up</b>                                         | 10%          | \$ 1,055.73         |
| <b>Subcontractor</b>                                   |              |                     |
| Name                                                   |              |                     |
| Mark-up 5%                                             |              | \$ -                |
| <b>Total :</b>                                         |              | <b>\$ -</b>         |
| <i>All quotes are subject to change after 30 days!</i> |              |                     |
| Thank you for your business!                           | <b>TOTAL</b> | <b>\$ 11,613.03</b> |



## Josh Busse

**From:** Jeremy Bantley <jeremy@newlinemech.com>  
**Sent:** Tuesday, July 18, 2023 1:12 PM  
**To:** Josh Busse  
**Cc:** Brandon Ohm  
**Subject:** RE: RE: ASI 003 Pricing and Time Extension Backup - Owatonna Council Chambers Remodel  
**Attachments:** ASI 003 Pricing.pdf; RFI 15, RFI 20, and ASI 003 backup.pdf  
**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

**CAUTION:** This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Josh,

See attached. The first six pages are for the time and material to remove the hydronic lines in Lower level (RFI 15) that served the small air handling unit and a couple small units on second floor. All of these lines needed to be demo'd as they were too high for the new floor structure to be installed. The lines that served the second floor units were not shown on the drawings at all. The next couple pages are the material and labor breakdown to reinstall the AHU piping on the ASI 003 drawings, a new piping drawing was not shown so I did what I thought would work. The last page is the cost for RFI 20, we need to rent a larger lift to get to the roof to cap the vent. The insulation cost is for the piping (ASI 003) that would have needed to be replaced on the drawings, I left out the drops to the unit as they would still be the same as base bid. Hopefully this is the backup they are wanting.

Material costs for RFI #15- \$1683.32  
Labor costs for RFI #15- 28 hours  
Material for ASI 003 piping changes- \$2300.63  
Labor for ASI 003 piping changes- 15 hours  
Material for RFI #20- \$1045.00  
Labor for RFI #20- 7 hours

Thanks,

Jeremy Bantley  
**NEW LINE**  
MECHANICAL  
Office: (507) 315-1995  
Mobile: (507) 993-1525

Pricing for remaining work from New Line Mechanical:

Total Cost = \$11,613.03  
Minus Amount Approved in CP016 = \$1,949.86  
**Remaining Cost = \$9,663.17**

These items were included  
in CP016 and approved in  
change order 004.

## Labor Summary List

**Company:** New Line Mechanical Inc.  
**Site:** FastEST-Server.site  
**Job:** FastEST-Server>>OWATONNA CITY COUNCIL RFI 15 (RFI 15 putback of piping)  
**Factor Set:** Commercial  
**Type:** All Sections  
**Report Includes:** Pipe

| Sect Spec   | Area        | System  | Remarks | Mult | Base | Job Hours |
|-------------|-------------|---------|---------|------|------|-----------|
| 1 • HWSHWR1 | Lower Level | Heating | ADD     | 1.0  | 21.6 | 15.3      |
| Totals:     |             |         |         | 21.6 | 15.3 |           |

## Material Summary List

**Company:** New Line Mechanical Inc.  
**Site:** FastEST-Server.site  
**Job:** FastEST-Server>>OWATONNA CITY COUNCIL RFI 15 (RFI 15 putback of piping)  
**Discount Set:** FastEST  
**Type:** All Sections  
**Report Includes:** Pipe

| Group Name               | Code    | Mfgr         | List Date | Qty | Gross Wt | Net Total |
|--------------------------|---------|--------------|-----------|-----|----------|-----------|
| Ball Valves Milwaukee    | milbal  | Milwaukee    | 01/09/23  | 4   | 0        | \$467.03  |
| Copper Fittings Elkhart  | copfit  | Elkhart Prod | 01/09/23  | 16  | 6        | \$455.22  |
| Copper Tube Mueller      | coptub  | Mueller      | 06/13/23  | 20  | 20       | \$200.18  |
| Upper Attachments        | uppera  | B-Line       | 06/15/22  | 4   | 2        | \$18.30   |
| Shields/Saddles          | shield  | B-Line       | 06/15/22  | 4   | 4        | \$68.33   |
| Hangers                  | hanger  | B-Line       | 06/15/22  | 4   | 6        | \$31.45   |
| Pump Accessories         | tacopa  | Taco         | 02/04/13  | 2   | 8        | \$476.50  |
| Specialty Products Watts | wt-spec | Watts        | 03/06/23  | 4   | 0        | \$515.00  |
| Threaded Rod             | blin6   | B-Line       | 06/15/22  | 16  | 0        | \$15.45   |
| Joints                   | joint   | Varies       | 08/17/21  | 56  | 1        | \$48.54   |
| Hangers & Supports       | fnwhgr  | FNW          | 05/22/23  | 16  | 0        | \$4.62    |

Totals: \$2,300.63

September 26, 2023

Memo

**RE: City of Owatonna Council Chamber  
Change Order items**



## PROJECT UNDERSTANDING

See Clarification of items within the change order.

### Architectural:

#### Stoop at Existing Door -

Add Augured Foundation, insulation, reinforcing and thickness in stoop.

Backer Rod and sealant

Reason: No frost footing present when existing stoop was removed.

\$ 2197.00 Base Cost      \$2,364.52 w/OH&P

#### Distinctive Cabinet Desk Addition

Solid Surface Countertops, cleating, brackets, cladding and wall caps at Staff tables.

Material      \$ 7,049.00

Installation      \$ 2,970.00

Reason: Desk was originally designed to be mobile furniture, but changed to stationary with ballistic safety panels

Supply Radiator Caps, Brackets- Trim for salvaged grilles.

Material      \$ 2,745.00

Installation      \$ 1,204.00

\$ 13,968.00 Base Cost      \$15,110.14 w/OH&P

Reason: Existing structure could not accommodate large openings for floor grills. Bases were designed to match utilize existing trim profile and conceal above floor ducting. Large grilles are being integrated into wall at locations to replicate original building Construction.

#### Gypsum Board, Framing and Ballistic Panels

Additional Wall for Chase, Wall Repair, Ballistic at Desk

Drywall labor and materials for the following: (south wall) 3 5/8 metal studs 20ga 16" o.c. rock one side only to deck and finish tape.

Materials      \$ 494.00

Labor      \$ 2,156.00

Reason: Repair at Plaster damage from earlier moisture intrusion

Boxing Columns

Materials      \$ 521.00

Labor      \$ 136.00

Reason: Repair at Plaster damage from aging and matching finishes

Staff table at Dias, wall framing and ballistic panels.

|           |             |
|-----------|-------------|
| Materials | \$ 5,273.00 |
| Labor     | \$ 3,430.00 |
| Painting  | \$ 283.50   |

Reason: Desk was originally designed to be mobile furniture, but changed to stationary with ballistic safety panels

Drywall soffits, revised framing at drywall soffits

|           |             |
|-----------|-------------|
| Materials | \$ 588.00   |
| Labor     | \$ 3,724.00 |

Reason: Clarification of fastening and bracing requested on Safety inspection. Additional framing detail added.

|                     |                    |
|---------------------|--------------------|
| \$ 19,605 Base Cost | \$21,208.61 w/OH&P |
|---------------------|--------------------|

|                                              |                       |                    |
|----------------------------------------------|-----------------------|--------------------|
| <u>Additional Changes in Fire Protection</u> | \$ 2,505.00 Base Cost | \$ 2,709.83 w/OH&P |
|----------------------------------------------|-----------------------|--------------------|

Reason: Accommodate change in location of HVAC unit in basement, new ceiling at stage demolition.

The existing floor structure could not accommodate large openings for floor grills. Bases were designed to match utilize existing trim profile and conceal above floor ducting. Large grilles are being integrated into wall at locations to replicate original building Construction.

#### Additional Heating and Cooling Changes

Register Boxes, Additional Louver, Ductwork And Insulation.

|                       |             |
|-----------------------|-------------|
| Materials             | \$ 2,917.00 |
| Labor                 | \$ 6,820.00 |
| Associated Floor Demo | \$ 800.00   |

|                       |                    |
|-----------------------|--------------------|
| \$10,537.00 Base Cost | \$11,398.59 w/OH&P |
|-----------------------|--------------------|

Reason: Accommodate change in location of HVAC unit in basement to coordinate with additional structure and provide better maintenance access.

|                                         |                             |
|-----------------------------------------|-----------------------------|
| <u>Ebert Management and Supervision</u> | \$ 6,048.95 Additional Cost |
|-----------------------------------------|-----------------------------|

Further Subcontractor breakdown is within the attached proposals from Subcontractors.

#### Change order Recap:

|                                                          |                  |
|----------------------------------------------------------|------------------|
| The net change by previously authorized Change Orders    | \$ 70,511.61     |
| The Contract Sum prior to this Change Order was          | \$ 1,696,911.61  |
| The Contract Sum will be increased by this               |                  |
| Change Order in the amount of                            | \$ 58,876.64     |
| The new Contract Sum including this Change Order will be | \$ 1,755,788.25. |

**AIA**<sup>®</sup>**Document G701<sup>®</sup> – 2017****Change Order****PROJECT:** *(Name and address)*Owatonna City Hall  
Owatonna, Minnesota**CONTRACT INFORMATION:**Contract For: General Construction  
Date: December 14, 2022**CHANGE ORDER INFORMATION:**Change Order Number: 006  
Date: September 26, 2023**OWNER:** *(Name and address)*City of Owatonna  
540 West Hills Circle  
Owatonna, MN 55060  
Kris Busse, City Administrator**ARCHITECT:** *(Name and address)*CRW architecture + design group  
211 11th Ave NW  
Rochester, MN 55901  
Teresa Thoreson McCormack, AIA**CONTRACTOR:** *(Name and address)*Ebert, Inc(DBA Ebert Construction)  
233350 County Road 10  
Corcoran, MN 55375  
Josh Busse, Project Manager**THE CONTRACT IS CHANGED AS FOLLOWS:***(Insert a detailed description of the change and, if applicable, attach or reference specific exhibits. Also include agreed upon adjustments attributable to executed Construction Change Directives.)*

|                                                           |                              |
|-----------------------------------------------------------|------------------------------|
| Stoop at Existing Door                                    | \$ 2,364.52 Additional Cost  |
| Distinctive Cabinet Desk Addition                         | \$15,110.14 Additional Cost  |
| Additional Wall for Chase, Wall Repair, Ballistic at Desk | \$ 21,208.61 Additional Cost |
| Additional Changes in Fire Protection                     | \$ 2,709.83 Additional Cost  |
| Additional Heating and Cooling Changes                    | \$ 11,398.59 Additional Cost |
| Ebert Management and Supervision                          | \$ 6,048.95 Additional Cost  |

|                                                                          |                 |
|--------------------------------------------------------------------------|-----------------|
| The original Contract Sum was                                            | \$ 1,626,400.00 |
| The net change by previously authorized Change Orders                    | \$ 70,511.61    |
| The Contract Sum prior to this Change Order was                          | \$ 1,696,911.61 |
| The Contract Sum will be increased by this Change Order in the amount of | \$ 58,876.64    |
| The new Contract Sum including this Change Order will be                 | \$ 1,755,788.25 |

The Contract Time will be increased by Zero (21) days.

The new date of Substantial Completion will be November 9, 2023

**NOTE:** This Change Order does not include adjustments to the Contract Sum or Guaranteed Maximum Price, or the Contract Time, that have been authorized by Construction Change Directive until the cost and time have been agreed upon by both the Owner and Contractor, in which case a Change Order is executed to supersede the Construction Change Directive.

**NOT VALID UNTIL SIGNED BY THE ARCHITECT, CONTRACTOR AND OWNER.**

CRW architecture and design

**ARCHITECT** *(Firm name)***SIGNATURE**Teresa Thoreson McCormack, AIA,  
Partner**PRINTED NAME AND TITLE**

September 26, 2023

**DATE****Ebert Companies****CONTRACTOR** *(Firm name)***SIGNATURE**

Josh Busse, Project Manager

**PRINTED NAME AND TITLE**

9/26/2023

**DATE****OWNER** *(Firm name)***SIGNATURE**

Kris Busse, City Administrator

**PRINTED NAME AND TITLE****DATE**



## Owatonna Degner Regional Airport

**TO:** Honorable Mayor and City Council Members, City Administrator  
**FROM:** Dave Beaver, Airport Manager  
**DATE:** September 27, 2023  
**RE:** Addendum No. 1 to Work Order #9 with Bolton and Menk Inc.

### **Purpose:**

To approve Addendum No. 1 to Work Order No. 9 with Bolton & Menk Inc. for professional engineering services for the 10 Unit T-Hangar and Taxi-lane project.

### **Background:**

In early 2022 Change Order No. 2 was approved for this project and included design modifications needed to provide additional storm water construction in order to meet the City of Owatonna MS4 storm water permit requirements. The engineering and construction work to meet those requirements have since been completed. While the change order modified the construction contract an addendum is needed to document the change to the engineering work order for the previously approved work and for FAA grant documentation.

Addendum No. 1 has been reviewed by the Airport Commission and approval is recommended.

### **Budget Impact:**

Previously approved Change Order No. 2 resulted in additional engineering costs of \$10,500.00 as reflected in this addendum. These costs are eligible for 90% federal funding reimbursement. The local share is anticipated to be \$1,050.00.

### **Recommendation:**

Staff recommends approval.

### **Attachment:**

Addendum No 1 – Work Order 9 – Bolton & Menk





Real People. Real Solutions.

12224 Nicollet Avenue  
Burnsville, MN 55337-1649

Ph: (952) 890-0509  
Fax: (952) 890-8065  
Bolton-Menk.com

**ADDENDUM NO. 1**  
**STORM SEWER MODIFICATIONS TO MEET MS4 REQUIREMENTS**  
**TO**  
**WORK ORDER #9**  
**PROFESSIONAL SERVICES CONTRACT**  
**(DESIGN, BIDDING, CONSTRUCTION AND GRANT ADMINISTRATION SERVICES)**  
**10 UNIT T-HANGAR SITE, FOUNDATION AND BUILDING**  
**OWATONA DEGNER REGIONAL AIRPORT**  
**OWATONNA, MINNESOTA**

This Addendum shall become a part of the original Agreement as described in the Work Order No. 9, Design, Bidding, Construction and Grant Administration Services for the 10 Unit T-Hangar Site, Foundation and Building dated June 2, 2020. This addendum is in regard to assisting the City of Owatonna with additional storm water analysis and associated additions of storm sewer and detention pond to meet MS4 Standards.

WHEREAS, Bolton & Menk, Inc. has an existing Agreement with the City of Owatonna dated June 2, 2020.

WHEREAS, it was determined after the execution of the Professional Services Agreement that the new site work and building for the 10 Unit T-Hangar would need to meet MS4 storm water treatment standards.

WHEREAS, FAA has determined that the additional work for modifications and additions to the storm water design is eligible for reimbursement under AIP Entitlement funds.

THEREFORE, BE IT MUTUALLY AGREED, that Bolton & Menk is authorized to complete the additional work described herein.

**II.A. SCOPE OF WORK**

Work that will be completed will include the following:

1. Complete a storm water analysis for the new 10 Unit T-Hangar runoff and determine the storm water treatment requirements to meet MS4 Standards. Complete a Storm Water MS4 Report.
2. Design the storm sewer system to collect the required amount of stormwater run off from the project site.
3. Design the storm water retention system pond to treat the storm water runoff from the proposed site.
4. Modify and update the project plans and complete additional construction specifications.
5. Negotiate and complete a Change Order for this work with the low bidder.
6. Coordinate funding and seek approval from the FAA for this additional engineering and construction work.



## II.B. CONSIDERATION

The cost for the above-described services is as follows:

|                                     |                               |
|-------------------------------------|-------------------------------|
| Task 3 MS4 Storm Water Improvements | <u>\$10,500.00</u> (Lump Sum) |
| TOTAL AUTHORIZED FEE                | \$10,500.00                   |
| Estimated Federal Share (90%)       | \$ 9,450.00                   |
| Estimated State Share (0%)          | \$ 0.00                       |
| Estimated Local Share (10%)         | \$ 1,050.00                   |

This work will be completed using the standard hourly rates per the original agreement.

## II.C. SCHEDULE

| TASK | SERVICE DESCRIPTION          | DATE         |
|------|------------------------------|--------------|
| 3    | MS4 Storm Water Improvements | January 2022 |
|      |                              |              |

## II.D. AUTHORIZATION

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to the Agreement to be executed in their behalf.

**City of Owatonna MN**

By: \_\_\_\_\_  
Kris M. Busse Date  
City Administrator

**Bolton & Menk, Inc.**

By:  7/7/2023  
Ronald A. Roetzel, P.E. Date  
Aviation Services Manager

Attest: \_\_\_\_\_  
\_\_\_\_\_



## Owatonna Degner Regional Airport

**TO:** Honorable Mayor and City Council Members, City Administrator  
**FROM:** Dave Beaver, Airport Manager  
**DATE:** September 27, 2023  
**RE:** Change Order No. 4 to Everstrong Construction contract for T-Hangar and Taxi-lane project.

**Purpose:**

To authorize approval of Change Order No 4.

**Background:**

The purpose of the change order is to document the liquidated damages due to delays in construction and to add one year of warranty to the hangar floor. The T-Hangar was not fully complete by the date of completion provided for in the contract. Liquidated damages per the contract documents were incurred at \$1,000 per day beginning on October 24, 2022 for a total of 40 days and a total sum amount of \$40,000. The change order does allow for an additional seven working days and a deduct for additional electrical work for liquidated damages and a net change order decrease totaling \$25,660.

Additional work on the hangar floor was also required in order to meet contract specifications. The contract provides that the warranty with respect to work repaired or replaced will run for one year from the date of repair. Therefore, the additional warranty for the work completed on the floors is included in the change order.

The engineer has documented the additional project costs, reviewed the process of payment, and ensured conformance with contract and FAA requirements. Bolton and Menk Inc., the airport engineering consultant, has prepared and recommends approval of Change Order No. 4. The Airport Commission has reviewed and recommends approval.

**Budget Impact:**

Change Order No. 4 results in no additional costs. Liquidated damages in the amount of \$25,660 will be paid by the contractor to cover additional project costs due to delays.

**Recommendation:**

Staff recommends approval.

**Attachment:**

Change Order #4 – Everstrong Construction

## CHANGE ORDER NO. 4

**10 UNIT T-HANGAR  
OWATONNA-DEGNER REGIONAL AIRPORT**

DATE OF ISSUANCE August 10, 2023EFFECTIVE DATE August 10, 2023OWNER CITY OF OWATONNA, MNContract No. FAA AIP 3-27-0074-23-21 / SP NO. A7401-100CONTRACTOR EVERSTRONG CONSTRUCTION INC.ENGINEER BOLTON & MENK, INC.

|                                                      |                                                                                              |
|------------------------------------------------------|----------------------------------------------------------------------------------------------|
| CHANGE IN CONTRACT PRICE:<br>Original Contract Price | CHANGE IN CONTRACT TIMES:<br>Original Contract Times                                         |
| <u>\$ 1,532,537.89</u>                               | Substantial Completion: <u>July 1, 2022</u><br>Final Completion: <u>August 1, 2022</u>       |
| Net changes from previous Change Orders No.          | Net changes from previous Change Orders No.                                                  |
| <u>\$56,818.74</u>                                   | Substantial Completion: <u>October 21, 2022</u><br>Final Completion: <u>November 4, 2022</u> |
| Contract Price Prior to this Change Order            | Contract Times prior to this Change Order                                                    |
| <u>\$ 1,589,356.63</u>                               | Substantial Completion: <u>October 21, 2022</u><br>Final Completion: <u>November 4, 2022</u> |
| Net Decrease of this Change Order                    | Net Increase (decrease) of this Change Order                                                 |
| <u>\$ -25,660.00</u>                                 | 0                                                                                            |
| Contract Price with all approved Change Orders       | Contract Times with all approved Change Orders                                               |
| <u>\$ 1,563,696.63</u>                               | Substantial Completion: <u>October 21, 2022</u><br>Final Completion: <u>November 4, 2022</u> |

RECOMMENDED:

APPROVED:

ACCEPTED:

By:

  
 Ronald Roetzel, P.E.,  
 Bolton & Menk

By:

 Kris Busse  
 City Administrator

By:

  
 Paul U'Ren  
 Everstrong Construction Inc.

CHANGE ORDER NO. 4

---

10 UNIT T-HANGAR  
OWATONNA-DEGNER REGIONAL AIRPORT

DATE OF ISSUANCE August 10, 2023

EFFECTIVE DATE August 10, 2023

---

OWNER CITY OF OWATONNA, MN

Contract No. FAA AIP 3-27-0074-23-21 / SP NO. A7401-100

CONTRACTOR EVERSTRONG CONSTRUCTION INC.

ENGINEER BOLTON & MENK, INC.

---

**HAS THIS CHANGE ORDER BEEN DISCUSSED WITH FAA OFFICIALS?**

Does not apply in that this change order does not affect the federal portion of this contract.

**1. BRIEF DESCRIPTION OF THE PROPOSED CONTRACT CHANGE(S) AND LOCATION(S).**

- a. Per Change Order 3 for the Owatonna T-Hangar project, the Substantial Completing Date was October 21, 2022, and the Final Completion date was November 4, 2022. The T-Hangar was not fully complete by that date and is not considered complete until all building components and electrical service are installed and functioning and all punchlist items are completed on the project per the contract specification.
- b. In accordance with Section 90-10 Construction Warranty, paragraph (b), the warranty is for a period of one (1) year from the date the owner takes possession. This occurred on November 28, 2022 when tenants of the new hangar moved into the facility. Section 90-10 Construction Warranty, paragraph (d) states "*The Contractors warranty with respect to work repaired or replaced will run for a one year from the date of repair or replacement*".

**2. REASON(S) FOR THE CHANGE(S).**

- a. A final building permit inspection was completed by the City of Owatonna on November 17, 2022, and an Occupancy Permit (OP) was issued on November 28, 2022. Key structural documents requested including wind analysis on the hangar doors and the concrete slab joints was received by November 28, 2022. They were reviewed and approved on November 30, 2022. With the issuance of an OP by the City of Owatonna, and receipt of the requested structural documentation, the building is now accepted and the liquidated damages have stopped as of November 30, 2022.
- b. Additional work on the hangar floor was required since the Owner took possession to meet the contract specifications. An additional warranty on the hangar floor shall



CHANGE ORDER NO. 4

10 UNIT T-HANGAR  
OWATONNA-DEGNER REGIONAL AIRPORT

DATE OF ISSUANCE August 10, 2023

EFFECTIVE DATE August 10, 2023

OWNER CITY OF OWATONNA, MN

Contract No. FAA AIP 3-27-0074-23-21 / SP NO. A7401-100

CONTRACTOR EVERSTRONG CONSTRUCTION INC.

ENGINEER BOLTON & MENK, INC.

commence upon completion of the floor sealant for a period of one (1) year. This additional warranty shall cover the same requirements as stated in Section 90-10.

**3. JUSTIFICATIONS FOR UNIT PRICES OR TOTAL COST.**

a. Liquidated Damages per the contract documents were incurred at \$1,000 per day beginning on October 24, 2022 for a total of 40 days and a total sum amount of \$40,000.00 for liquidated damages. The Sponsor and the Contractor negotiated the final liquidated damages amount and agreed to the following:

1. That an additional 7 days would be added to the construction working days due to delays in delivery of materials to the construction site.
2. The additional costs for the electrical work as described in the attached Four Season Electric Estimate #5754, dated June 29, 2022 would be covered by the Contractor and deducted from the liquidated damages. A summary of the final liquidated damages is as follows:

|                                      |              |
|--------------------------------------|--------------|
| Total Liquidated Damages Accumulated | \$40,000.00  |
| Deduct for 7 additional working days | -\$ 7,000.00 |
| Deduct for electrical work           | -\$ 7,340.00 |
| FINAL Liquidated Damages             | \$25,660.00  |

This sum shall be paid directly to the Owner by the Contractor.

b. There is no additional cost for the additional one (1) year warranty for the hangar floor.

**4. CONSEQUENCES OF CHANGE ORDER ATTACHMENT.**

There are no consequences to the FAA or the federally funded portion of this project.

**5. CONFORMANCE TO AIP STANDARDS AND REGULATIONS.**

All items mentioned in this Change Order will meet FAA requirements.

3127 S County Rd 45  
Owatonna, MN 55060

| Date       | Estimate # |
|------------|------------|
| 10/24/2022 | 4902       |

| Name / Address                                                               |
|------------------------------------------------------------------------------|
| Everstrong Construction<br>30263 County Highway 1<br>Redwood Falls, MN 56283 |

|                                                                                                                                                                                                                                                                                                                                                | Project             |          |            |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|----------|------------|
|                                                                                                                                                                                                                                                                                                                                                | OH Door Disconnects |          |            |
| Description                                                                                                                                                                                                                                                                                                                                    | Qty                 | Cost     | Total      |
| <p>Add a disconnecting means at each overhead door location at an accessible location other than the ceiling disconnecting means:</p> <p>- Current location is in the ceiling with equipment cord / plug</p> <p><br/></p> <p>** Inspector will not allow and is requiring us to install a disconnect at ground level at each door location</p> |                     |          |            |
| LABOR                                                                                                                                                                                                                                                                                                                                          | 1                   | 4,625.00 | 4,625.00   |
| MATERIALS                                                                                                                                                                                                                                                                                                                                      | 1                   | 2,715.00 | 2,715.00   |
| - Electrical specs did not specify this requirement                                                                                                                                                                                                                                                                                            |                     |          |            |
| THANK YOU!!                                                                                                                                                                                                                                                                                                                                    | <b>Total</b>        |          | \$7,340.00 |

Customer Signature \_\_\_\_\_

## Nick Grahek

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**From:** Paul U'Ren <paul@everstrongconstruction.com>  
**Sent:** Friday, June 30, 2023 1:25 PM  
**To:** Nick Grahek  
**Subject:** RE: OWA T Hangar Liquidated Damages

Nick,

Yes that is the verbal agreement that we had at our meeting.

**Paul U'Ren** CFO/Manager



30263 County Highway 1  
Redwood Falls, MN 56283  
[paul@everstrongconstruction.com](mailto:paul@everstrongconstruction.com)  
(507) 644-3616 Office  
(507) 644-8188 Fax  
(507) 640-0250 Cell

**From:** Nick Grahek <Nick.Grahek@bolton-menk.com>  
**Sent:** Tuesday, June 27, 2023 12:48 PM  
**To:** Paul U'Ren <paul@everstrongconstruction.com>  
**Cc:** Ronald Roetzel <Ronald.Roetzel@bolton-menk.com>; Dave J. Beaver <David.Beaver@ci.owatonna.mn.us>; Cindy LaBrie <cindy@everstrongconstruction.com>  
**Subject:** OWA T Hangar Liquidated Damages

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Paul,

Thank you for meeting with us yesterday to discuss the liquidated damages. To recap our conversation, it was agreed to deduct out the Electrical change order (\$7,340) and seven (7) working days of project delay (\$7,000) from the liquidated damages total. This brings the total negotiated amount in liquidated damages paid to the city in the amount of \$25,660.00. Please respond if Everstrong is in agreement with this amount to be paid directly to the city in liquidated damages.

Very Respectfully,

**Nick Grahek, EIT**  
Aviation Design Engineer  
Bolton & Menk, Inc.  
Mobile: 651-285-6296  
[Bolton-Menk.com](http://Bolton-Menk.com)

CHANGE ORDER NO. 4

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10 UNIT T-HANGAR  
OWATONNA-DEGNER REGIONAL AIRPORT

DATE OF ISSUANCE August 10, 2023

EFFECTIVE DATE August 10, 2023

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OWNER CITY OF OWATONNA, MN

Contract No. FAA AIP 3-27-0074-23-21 / SP NO. A7401-100

CONTRACTOR EVERSTRONG CONSTRUCTION INC.

ENGINEER BOLTON & MENK, INC.

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You are directed to make the following changes in the Contract Documents.

Description: The change order will document the liquidated damages due to delays in construction and expenses incurred by the Sponsor. This change order also adds one (1) additional year of warranty to the hangar floor.

Attachments:

1. Email from Everstrong dated June 30, 2023
2. Four Season Electric Estimate #5754, dated June 29, 2022





## Owatonna Degner Regional Airport

**TO:** Honorable Mayor and City Council Members, City Administrator  
**FROM:** Dave Beaver, Airport Manager  
**DATE:** September 27, 2023  
**RE:** Addendum No. 2 to Work Order #9 with Bolton and Menk Inc.

### **Purpose:**

To approve Addendum No. 2 to Work Order No. 9 with Bolton & Menk Inc. for professional engineering services for the 10 Unit T-Hangar and Taxi-lane project.

### **Background:**

The original contract completion date of the hangar was August 1, 2022. Due to the delay in delivery of materials, the substantial completion date was changed to October 21, 2022 per Change Order No. 3 as requested by the contractor and agreed to by the engineer and FAA. Subsequently, the construction of the T-Hangar building went past the substantial completion date indicated in Change Order No. 3. The final Occupancy Permit was issued, and the building was accepted on November 30, 2022. Thus, the Contractor incurred liquidated damages during that time. The purpose of this amendment is to cover additional engineering and architectural costs during this period as well as additional engineering time beyond that date for the additional hangar floor work required to meet project specifications.

The engineer has documented the additional project costs, reviewed the process of payment, and ensured conformance with contract and FAA requirements. Addendum No. 2 has been reviewed by the Airport Commission and approval is recommended subject to the approval of Change Order No. 4 to cover the costs due to delays.

### **Budget Impact:**

The addendum provides for additional project costs for engineering and architectural services of \$20,655.75 incurred due to project delays. These costs are to be covered through liquidated damages per Change Order No. 4 via the contractor.

### **Recommendation:**

Staff recommends approval.

### **Attachment:**

Addendum No 2 – Work Order 9 – Bolton and Menk



Real People. Real Solutions.

12224 Nicollet Avenue  
Burnsville, MN 55337-1649

Ph: (952) 890-0509  
Fax: (952) 890-8065  
Bolton-Menk.com

**ADDENDUM NO. 2  
ADDITIONAL CONSTRUCTION SERVICES  
TO**

**WORK ORDER #9**

**PROFESSIONAL SERVICES CONTRACT  
(DESIGN, BIDDING, CONSTRUCTION AND GRANT ADMINISTRATION SERVICES)  
10 UNIT T-HANGAR SITE, FOUNDATION AND BUILDING**

**OWATONA DEGNER REGIONAL AIRPORT  
OWATONNA, MINNESOTA**

This Addendum shall become a part of the original Agreement as described in the Work Order No. 9, Design, Bidding, Construction and Grant Administration Services for the 10 Unit T-Hangar Site, Foundation and Building dated June 2, 2020. This addendum is in regard to assisting the City of Owatonna with additional work associated with the delays in construction after the contract completion date of November 4, 2022.

WHEREAS, Bolton & Menk, Inc. has an existing Agreement with the City of Owatonna dated June 2, 2020.

WHEREAS, additional construction engineering services is needed during the period of construction completed after November 4, 2022 due to project delays by the contractor.

WHEREAS, the Contractor has agreed to pay for these additional construction engineering services through liquidated damages per the contract.

THEREFORE, BE IT MUTUALLY AGREED, that Bolton & Menk is authorized to complete the additional work described herein.

**II.A. SCOPE OF WORK**

All work for construction engineering services, including both engineering and architectural will be completed as described in Task 2 Construction Engineering Services per the original contract.

The original contract completion date was August 1, 2022. Due to the delay in delivery of components of the building surpassed the contract completion date of August 1, 2022, the substantial completion date was changed per the request of the contractor to October 21, 2022 under Change Order No. 3. The Change Order was agreed by the Contractor, City and FAA. Subsequently, the construction of the T-Hangar building went past the substantial completion date indicated in Change Order No. 3. The final Occupancy Permit was issued by the City of Owatonna and the building was accepted on November 30, 2022. Thus, the Contractor incurred liquidated damages during that time. The purpose of this amendment is to cover the additional engineering and architectural time during this period as well as additional engineering time up to the present date for installation of the floor covering.

## II.B. CONSIDERATION

The cost for the above-described services is as follows:

### Task 4 Construction Engineering Under Liquidated Damages

|                              |                    |
|------------------------------|--------------------|
| a. Bolton & Menk Engineering | \$15,000.00        |
| b. ISG Architects            | \$ 2,785.50        |
| c. Braun Intertec            | <u>\$ 2,900.25</u> |
| TOTAL AUTHORIZED FEE         | \$20,655.75        |

Via Everstrong Construction (100%) \$ 20,655.75

Local Share (0%) \$ 0.00

This work will be completed using the standard hourly rates per the original agreement.

## II.C. SCHEDULE

| TASK | SERVICE DESCRIPTION                               | DATE                               |
|------|---------------------------------------------------|------------------------------------|
| 4    | Construction Engineering Under Liquidated Damages | November 5, 2021 – September 2023. |
|      |                                                   |                                    |

## II.D. AUTHORIZATION

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to the Agreement to be executed in their behalf.

**City of Owatonna MN**

By: \_\_\_\_\_  
Kris M. Busse Date  
City Administrator

**Bolton & Menk, Inc.**

By:  \_\_\_\_\_  
Ronald A. Roetzel, P.E. Date  
Aviation Services Manager

Attest: \_\_\_\_\_  
\_\_\_\_\_