



CITY COUNCIL MEETING
Tuesday, July 16, 2024 at 7:00 PM
Council Chambers, City Hall at 540 West Hills Circle
Roll Call: Council Members Raney, Svenby, Voss,
Dotson, Burbank, Boeke & Schultz

PLEASE NOTE: At 5:30 p.m. Council will meet in a Study Session in Council Chambers, City Hall at 540 West Hills Circle. Council will receive presentations on Surface Water Management, Stormwater Utility Rate and updates on the Comprehensive Plan. If time allows, there will also be general updates on various boards/commissions.

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

- 1.1. Council Agenda
- 1.2. Mayor Kuntz
 - 1.2.1. Rainbowatonna Pride Day - July 11, 2024
 - 1.2.2. Night to Unite - August 6, 2024

2. CONSENT AGENDA ITEMS

- 2.1. Minutes – Council Meeting – July 2, 2024
- 2.2. Board/Commission Minutes
 - 2.2.1. Airport Commission Meeting - June 13, 2024
 - 2.2.2. Joint Powers Board Meeting - June 5, 2024
- 2.3. Department Reports:
 - 2.3.1. Building Inspections Monthly Report- June
 - 2.3.2. Weed/Nuisance Inspection Report - July 10, 2024
- 2.4. Licenses/Permits
 - 2.4.1. Event Permit & Temporary Liquor License - Fly High Olivia - Flores Family Benefit - July 27, 2024
 - 2.4.2. Event Permit - Chatty 5k - Owatonna Cross Country - August 17, 2024
 - 2.4.3. Event Permit - Federated Employees Event - September 19, 2024
 - 2.4.4. Event Permit - 2025 Memorial Day Parade - May 26, 2025

3. ACTION ITEMS

- 3.1. Finance Report
- 3.2. Ordinances
 - 3.2.1. Proposed Ordinance 24-03: Park Closing Hours

3.3. Resolutions

- 3.3.1. Resolution 70-24: Appoint Election Judges - 2024 Primary Election - August 13, 2024
- 3.3.2. Resolution 71-24: Award Sale of General Obligation Bonds 2024A
- 3.3.3. Resolution 72-24: Award Sale of General Obligation Tax Abatement Bonds 2024B
- 3.3.4. Resolution 73-24 Premises Permit to Conduct Lawful Gambling at Buffalo Wild Wings - Owatonna Youth Hockey
- 3.3.5. Resolution 74-24 Authorize Sale of Property - State Avenue Parcels to R2 Holdings, LLC

3.4. Miscellaneous

- 3.4.1. Revised Fund Balance Policy
- 3.4.2. Agreement - Autumn Hills Place and Cedardale Drive Life Station Electrical Improvements - Advanced Engineering and Environmental Services, LLC
- 3.4.3. Proposal - Merrill Hall Floors - Genuine Hardwood Floors

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**



CITY OF
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Mayor Kuntz



Proclamation

WHEREAS, June 2024 marked the 55th annual celebration throughout the United States of Lesbian, Gay, Bisexual, Transgender, Queer, (LGBTQ+) PRIDE Month; and

WHEREAS, Pride Month is the positive stance against discrimination and violence toward individuals who identify as lesbian, gay, bisexual, transgender, queer, intersex and asexual (LGBTQ+) and to promote their self-affirmation, dignity, equal rights, increase their visibility as a social group, build community, and celebrate sexual identity, diversity and gender variance; and

WHEREAS, the Owatonna City Council includes diversity and inclusion as one of its strategic initiatives; and

WHEREAS, LGBTQ+ people have made, and continue to make, great and lasting contributions that continue to strengthen the fabric of American society; and

WHEREAS, the LGBTQ+ rights movement has achieved great progress, but there is more work to be done. Youth should feel safe to learn without the fear of harassment, and families and seniors should be allowed to live their lives with dignity and respect; and

WHEREAS, celebrating Pride Month influences awareness and provides support and advocacy for the LGBTQ+ community, and is an opportunity to take action and engage in dialogue to strengthen alliances, build acceptance and advance equal rights; and

WHEREAS, during LGBTQ+ Pride Events, the City of Owatonna calls upon the community to work together to promote equal rights for all, regardless of sexual orientation or gender Identity; and

NOW, THEREFORE, I, Brent Svenby, member of the Owatonna City Council, do hereby recognize and proclaim July 13th, 2024, as

RAINBOWATONNA PRIDE DAY

and call upon the people of Owatonna to turn back discrimination and prejudice everywhere it exists.

Brent Svenby, City Council Member



Proclamation

WHEREAS, the Minnesota Crime Prevention Association, along with AAA, and local law enforcement agencies are sponsoring a statewide program called Night to Unite on August 6, 2024; and

WHEREAS, Night to Unite is designed to get to know one another in your neighborhood, build neighborhood involvement by bringing police and communities together; and to bring an awareness to crime prevention and local law enforcement efforts; and

WHEREAS, Night to Unite supports the idea that crime prevention is an inexpensive, effective tool in strengthening police and community partnerships; and

WHEREAS, Night to Unite provides opportunities to celebrate the ongoing work of law enforcement and neighborhoods in Owatonna by working together to fight crime and victimization and increase public safety for all citizens; and

WHEREAS, the citizens of Owatonna play an important role in assisting the Owatonna Police Department through joint crime, drug and violence prevention efforts;

NOW, THEREFORE, I, THOMAS KUNTZ, Mayor of Owatonna, do hereby proclaim August 6, 2024 *as*

Night to Unite

in the City of Owatonna and call upon the people of Owatonna to observe and celebrate it as such.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the City of Owatonna to be affixed this _____ of _____, 2024.

Thomas A. Kuntz, Mayor

Owatonna City Council Minutes
June 4, 2024 – DRAFT Copy

On Tuesday, July 2, 2024, at 7:00 p.m., Council President Schultz called the regular session of the Owatonna City Council to order in the Chambers of the Charles S. Crandall Center. Present were Council Members Raney, Svenby, Dotson, Burbank, Boeke and Schultz; Community Development Director Klecker; Park & Rec and Facilities Director Tuma; Police Chief Mundale; Police Captain Sorenson; Sr Administrative Tech Roberts; Library Director Blando; Communications Manager Sheely; IT Technician Specialist Enz; City Attorney Walbran; City Administrator Busse and Administrative Coordinator Clawson. Council Member Voss and Mayor Kuntz were unable to attend.

Following the Pledge of Allegiance, Council President Schultz welcomed everyone to the meeting and advised the LMC City of Excellence Award – Coptober Event has been added to the agenda and Staff Comments has been removed. Council Member Raney made a motion to approve the agenda with these changes, Council Member Dotson seconded the motion, all members present voted aye in approval.

Council President Schultz explained the process for the public hearing planned during this meeting regarding a proposed reassessment for a parcel in the 2023 Street and Utility Project. City Attorney Walbran commented assessments were approved for this project on April 2, 2024. On March 26, 2024, the owners of the residence at 340 Riverview Place, Bradley and Allison Ritter, appealed their property's proposed assessment of \$5,637.84. The assessment was based on a frontage of 108.42 feet, which was measured a 30-foot setback based on an earlier City policy; this residence is located on a cul-de-sac with only 64 feet street frontage. The city reevaluated the assessment, considering factors unique to the lot, and recalculated the assessment based on the average frontage of the five lots in this cul-de-sac of 77.24 feet, The proposed reassessment is \$4,016.48 and the owners have accepted this amount. This public hearing is for comments regarding the proposed reassessment of this parcel. At 7:03 p.m. the public hearing was opened, with no comments heard, at 7:04 p.m., Council Member Raney made a motion to close the public hearing, Council Member Burbank seconded this motion, all members present voted aye in approval.

Resolution 67-24: Adopt Reassessment on 340 Riverview Place – 2023 Street and Utility Project

City Walbran presented Resolution 67-24 to adopt the reassessment of the property located at 340 Riverview Place in the 2023 Street and Utility Project. The value of the assessment will be \$4,016.48 with repayment terms similar to those approved by Resolution 29-24 for the assessments in this project. Repayment will be spread over 10 years with an annual interest rate of 6.0% based on the 2023 bond issue true interest costs of 3.99%.

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

City of Excellence Award - Coptober Event

Vice-President Raney commented that the City of Owatonna received a League of Minnesota Cities (LMC) 2024 City of Excellence Award for the "Coptober Event Program." Last week, Council Members Voss, Boeke and Raney, Mayor Kuntz, City Administrator Busse, Police Chief Mundale and Captain Sorenson were presented this award during the League's Annual Conference in Rochester. The Owatonna Police Department partnered with the Owatonna Public Library to organize Coptober, an event that provides a safe and friendly environment where police officers could build relationships with Owatonna youth and their caregivers.

A video was shown with display from Coptober which included hands-on demonstrations for kids including evidence processing, a police uniform photo booth, book readings, squad tours, and K9 visits. These engaging activities informed kids and their caregivers about safety and crime prevention and allowed them to strengthen relationships with Owatonna city employees. Coptober is a free, one-day event held at the Owatonna Public Library. The first event was in October during the 2022 Minnesota Education Association (MEA) break and was repeated in 2023.

The City of Excellence Awards are given yearly by the League of Minnesota Cities in three population categories and one topical category. The City of Owatonna received the award for the population category of 5,000-29,999. Each winning city will receive a plaque, a check for \$1,000, and recognition in League publications and promotional activities throughout the coming year.

Chief Mundale, Sr Admin Tech Pam Roberts, Captain Josh Sorenson and Library Director Mark Blando were present to receive the award. Captain Mundale commented that he got the idea for this program while attending the FBI Academy. The program was created by staff members, who don't expect to receive any credit or recognition but should as they make us look better. Mayor Kuntz suggested this program be nominated for a LMC Excellence of City Award. Last year, Pam Roberts applied for a grant from the MN Chief's Association and received a grant of \$750 towards this program. Library Director Blando prepared the video shown during this meeting which was submitted for award consideration. Council President Schultz commented LMC serves over 830 member cities, so this is quite an honor to receive this peer recognition.

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 – OPU Commission Meeting - May 28, 2024
- Minutes – Human Rights Commission Meeting - June 11, 2024
- Minutes - Planning Commission Meeting - June 11, 2024
- Minutes - Planning Commission Meeting - June 25, 2024
- Minutes - HRA Board Meeting - June 24, 2024
- Weed/Nuisance Inspection Report – June 26, 2024
- Exempt Permit - Raffle - Mn Pheasants, Inc. - July 13 - August 18, 2024
- Exempt Permit - Eagles Ladies Auxiliary #1791 - Pull Tabs at SCFF
- Event Permit - Ride for Hope - July 13, 2024
- Event Permit - Steele County Free Fair - August 13-18, 2024
- Event Permit - August Downtown Thursday - August 1, 2024
- Proposal - City Hall CIP Generator Replacement Scope and Design - ICS

Council Member Svenby advised he is a member of the Steele County Fair Board and abstains voting on the SCFF Event Permit. Council Member Dotson made a motion to approve these Consent Agenda items, Council Member Boeke seconded the motion, all members present voted aye for approval.

Finance Report

Council Vice President Raney recapped payments made for amounts greater than \$20,000 during this period. The total amount of bills presented was \$506,565.50. Council Member Boeke made a motion to approve payment of all bills presented, Council Member Dotson seconded the motion, all members present voted aye in approval.

Resolution 68-24 AT&T Cell Tower CUP

Community Development Director Klecker requested approval of Resolution 68-24 approving a Conditional Use Permit for construction of a cell tower at 1215 Kilworth Drive. The property is owned by the EDA and Jason Hall has proposed entering into a lease agreement for this site's location pending council consent to build the cell tower. The tower area will have a 50' x 40' fenced in compound that will include equipment cabinet's, generators, and an accessory building. The tower will allow for future co-locations in addition to the proposed tenant for this property. The Planning Commission held a public hearing and recommended approval with these conditions:

- a) All fencing shall be constructed in full compliance with the ordinance.
- b) All lease terms shall be met at all times.
- c) All FAA Rules and permits shall be met.
- d) Access drive and any private utilities be located to the north of the current utility easement.

- e) A grading permit will be required for the lease area. All applicable stormwater requirements will be required to be met.

Council Member Raney made a motion for approval as recommended by the Planning Commission, Council Member Burbank seconded the motion, all members present voted aye for approval.

Resolution 69-24: CUP-13 Kerncrest Storage, LLC

Community Development Director Klecker presented Resolution 69-24 to approve Conditional Use Permit 13. Matthew Kern, Kerncrest Storage LLC requesting the conditional use permit to allow for two self-storage buildings to be constructed at 290 & 320 26th Street NW and to amend the minor PUD to change the proposed joint access and off street parking areas. The Planning Commission held a public hearing on this request and recommend approval with these conditions:

- 1) A masonry or stone wainscoting shall be added to the south elevation of the building to tie in with the other structures in the development.
- 2) A 5' setback shall be provided from the south property line to the back of curbing on the access drive.
- 3) Landscaping shall be installed on the east lot as discussed above. A plan shall be submitted prior to a building permit being issued
- 4) A Maintenance Agreement for existing stormwater BMP and accompanying access easements will be required prior to Grading Permit approval. No building permit will be issued until a stormwater management plan and grading permit are approved.
- 5) All retaining walls shall be located outside of the utility easements.
- 6) Trash shall be regularly picked up on site.
- 7) Exterior storage is not permitted.

Council Member Dotson made a motion for approval as recommended by the Planning Commission, Council Member Burbank seconded the motion, and all members voted aye for approval.

Options and Land Lease Agreement - AT&T (New Cingular Wireless PCS, LLC

Community Development Director Klecker requested approval of the Options and Land Lease Agreement for a bare lot located on Kilworth Drive to build a 150' cell tower. The lot, identified as County Tax Parcel No. 17-343-0108, is intended for economic development purposes and is currently used for snow storage in the winter. The tower would be on the southeast corner of the property. The leased area for the tower would consist of a 1,550 square foot fenced area. There would also be a 12-foot access easement from the street to the tower. The property being leased is all outside of any utility easements on the property. The lease is for 5 years and can be extended 5 additional years 5 more times for a total of 30 years. The EDA will receive monthly rent for the duration of the lease starting at \$1,000 per month when the tower is constructed. The rent will increase 3% per year for the

duration of the lease. The City Attorney has reviewed the proposed lease, staff recommends approval provided Exhibit 1 in the agreement conforms to the conditions of the conditional use permit and also that the tower and any associated equipment and buildings are removed by the tenant if the tower is no longer used or at the end of the lease. Council Member Raney made a motion for approval as recommended, Council Member Dotson seconded the motion, and all members present voted aye in approval.

Interior Painting Agreement - Merrill Hall - Right-Way Painting, Inc.

Parks, Trails, Recreation & Facilities Director Tuma presented a proposal received from Right-Way Painting, Inc. for work at Merrill Hall. The current mechanical Capital Improvement Project at Merrill Hall has left the building almost empty, allowing easy access to paint the walls and ceilings. This work falls outside the scope of the current CIP project, but the building has not been painted for several years, so staff feel it is a great time to paint the surfaces on all three floors, excluding the mural and other identified walls. Two bids were received, one for \$49,700 and Right-Way Painting, Owatonna at \$36,800. Council Member Raney made a motion for approval, Council Member Svenby seconded the motion, all members present voted aye for approval.

PUBLIC COMMENTS

Roger Wacek, 646 E Vine commented the Owatonna Public Utilities (OPU) June 2024 newsletter had an excellent article on Cybersecurity. Recent media attention on Cybersecurity & Cyberterrorism reminds him of a PBS presentation that everyone should view: "The Ethics of Cybersecurity" by Admiral James Stavridis at St Mary's University. After this originally aired in June 2015, I wrote my US Senators, my US Representative and the President with recommendation we establish a Cyberforce, like China and Russia already had. I plan to now send follow-up letters to our current elected officials asking for the current status of our country's Cyberforce & ask others to do the same.

Melissa Zimmerman, 2525 Mossy Creek Drive said she is frustrated. She has requested a conversation about the east side corridor project over the last two-year period and hasn't received one. Now the federal government has asked for reports that would not have been needed for consideration of this project, unnecessary reports adding to taxpayer costs. The City Council should represent us, and family safety should be a priority. Many in the community feel Council doesn't listen and do as they want.

Matt Sennott: 2519 Stony Creek Drive 2519 commented there are several contradictory statements in the proposed east side corridor project. Plans show a county highway as the preferred route, but this is on the Right of Way where homes have been built. There are also contradictory statements in the long-term plans between the Steele County and City of Owatonna's Transportation Plans. We ask the council to ensure a safe corridor on the east side of town.

Gayle Jorgenson, 249 E Main Street commented that the Council should see the east side project isn't just about building a road, but it is about building a community. The

young leaders present are this city's future. They are here showing everyone that anyone can say things to help build the community. The task is not always clean cut, and the road is an extra, but these people are building the community, that is what is happening.

COUNCIL & STAFF COMMENTS:

Council Member Svenby commented City Hall will be closed on Thursday for the 4th of July holiday.

Council Member Dotson wished everyone a safe and happy 4th of July holiday.

City Administrator Busse Comments: the city's website design is now online; presentation of the new site was shared with City Council during their Study Session tonight. Fire Chief Hoffman is asking flood damages to be reported, 22 counties in Minnesota have been approved by FEMA. The city will be assessed for needs after the reporting period so asking everyone with any damage complete a report. Chief Hoffman was thankful for the assistance received from the Steele County Emergency Management Team.

Council President Schultz also wished everyone a safe and happy 4th of July.

At 7:37 p.m., Council Member Svenby made a motion to adjourn, Council Member Dotson seconded the motion, and the meeting ended.

Respectfully submitted,

Jeanette Clawson, Administrative Coordinator



CITY OF
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Board Commisison

Airport Commission Meeting Minutes
June 13, 2024 – Charles S. Crandall Center – Meeting Room, City Hall
“DRAFT”

1. Call to Order

Chair Thurnau called the meeting of the Airport Commission to order at 8:00 am.

2. Roll Call

Attending

Madeleine Haberman	Commissioner
Greg Krueger	Commissioner
Anthony Louris	Vice Chair
Tim McManimon	Commissioner
Daren Tarpenning	Commissioner
Matt Thurnau	Chair
Dave Beaver	Airport Manager
Troy Klecker	Community Development Director
Kristen Kopp	Sr. Administrative Technician

Visitors

Melissa Underwood	SEH, Inc.
Dave Pursell	Guest
Chris P.	Hangar Tenant

3. Approval of Agenda

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

4. Minutes

Commissioner Tarpenning made a motion to approve the minutes from the May 9, 2024, Airport Commission meeting and Commissioner Louris seconded the motion. All Commissioners voting Aye, the motion carried.

5. Action Items

Chair Reports

There were no Chair Reports.

Staff Reports

Airport Manager Beaver reported on airport activities and presented the combined aviation fuel volumes dispensed year to date. Activity has been up. Combined aviation fuel volumes dispensed are up from the same period of time last year and trending upward the last four

years. The semi-annual MALSRS inspection was done this past week. They finally got an order of bulbs in and re-lamped the entire MALSRS system. It passed the semi-annual inspection. Mn/DOT conducted the FAA 5010 inspection, which is done every three years and becomes part of the Airport Master Record. They are waiting on results.

City Departments are working on their 2025 budget submittals, which are due next Tuesday to the Department Head. He doesn't anticipate a large increase for any specific line item other than general increases in cost for fuel. They're going to try to stay self-sufficient on the ops budget and work in some different projects through the Capital Improvement Program.

He said that Don Myers, who had a hangar at the airport and served on this Commission for two terms, passed away on June 12.

Beaver presented a request from Civil Air Patrol. They are in a space crunch and are looking to rent one of the empty units. There are four T-Hangar units, and at the ends of those are half units with an overhead garage door. You can't put an airplane in there, and they rent them out for campers and that kind of thing. CAP would like to house some of their supplies. They talk about their benefit of the CAP to the community and how they want to grow. They're asking for a rate reduction from \$230 to \$100. They addressed the letter to the Airport Commission. They're currently storing their supplies in the Accelerated Aviation space, but they are still looking for additional space. Accelerated Aviation also has no room to grow, but they're working with the CAP and they aren't kicking them out, but CAP is still looking for additional space. The rate was set by City Council, so there would need to be a motion to move forward. Klecker said that CAP was located in a trailer for many years. As part of an effort to do some improvements, we allowed them to use the dome hangar space for \$100 / month to encourage them to get rid of the trailer. When Accelerated Aviation came in, they were willing to work with CAP. There is a history of working with CAP at a discounted rate and we do want Accelerated Aircraft to keep growing as well. It would not be unprecedented to give a discount to CAP for space. Haberman asked how long this unit has been open and if there were other inquiries about it. Beaver said it was Tom Harrison's unit and was just cleaned out the end of April. It's about 700 square feet with a 10 x 10 overhead door and a walk-in door. It's an odd shape, it's a half T-hangar. It's a good space. The benefit is the CAP is a good group, they're a community-based aviation group. Haberman said she's in favor of accommodating their request for a reduced rate based on their history with the airport and it would be good for the airport for them to continue to be on site. A motion was made by Commissioners Haberman to rent the space to CAP for the reduced rate of \$100 and Commissioner Louris seconded the motion. Commissioner Tarpenning asked if they want to put a term on it. An amended motion was made by Haberman to approve the request by the Civil Air Patrol, an aeronautical nonprofit organization, for a reduced rental rate of \$100 a month to be reassessed annually. Commissioner Tarpenning seconded the motion. All Commissioners voting Aye, the motion carried.

Mr. Beaver gave an update on painting the T-38 display. He's been talking with Kevin Oylo. He said Oylo doesn't know how much it will cost until he gets up there but thinks the total cost of painting it will be around \$80,000. If he can get \$20,000 or \$30,000 initially, he can go a long way, and he can see what all would be involved to wrap it up for a

phased approach. Mr. Beaver said he's working with Klecker and the Finance Department. There is \$10,000 in the maintenance account, and he's looking at other sources for the remaining \$20,000. The original painter is lined up and thinks they can do it in July or August. He'd like to have something to the Board at the next meeting.

2024 Air Race Classic (ARC) Event Update

Mr. Beaver provided an update on the upcoming Air Race Classic (ARC) event scheduled for June 18th-21st. Mr. Beaver said the event starts in Carbondale, IL, next Tuesday. Owatonna is the sixth stop. It's 2,600 miles and there are 49 teams, including a lot of collegiate teams. We are up to about 35 volunteers, including four or five airport tenants who have agreed to help out with hospitality, greeting pilots, transportation, timer line, wayfinding, and working with people on the ramp. They are bringing in about 25 volunteers from Women in Aviation groups. There are donations lined up from Hy-Vee on food and they are preparing all the signage. Part-time staff is lined up for fueling. Most of the traffic will be on Wednesday. All of the participants will receive an Owatonna tumbler. It is on the City webpage. He's been working with the Chamber and the Communications Specialist on the event. There is a lot of support from the community, such as hotels with discounts. It will be a little disruptive to the airport operations next week. They have notified the tenants. They expect most contestants will stop and fuel here.

Capital Improvement Program (CIP) Project Updates

Everything is in place on the security fence and they are just waiting for cards to be programmed. The gates work great, it's just a matter of getting cards to all of the tenants. It's supposed to be done tomorrow.

Melissa Underwood, Airport Planner with SEH, presented the CIP Project Updates. This is a five-year outlook. The draft CIP provides estimates of project costs with timing under discussion through the budget process. There was some discussion on the zoning.

Other

Krueger asked if it is possible to move this meeting from the second Thursday to the third Thursday of every month. Klecker said we can change the Thursday if we keep the time. The Commissioners agreed that the third Thursday would work. Beaver said if the room is available and there are no issues with the Charter, they could move it. A motion was made by Commissioner McManimon and seconded by Commissioners Haberman to change the meeting date from the second Thursday to the third Thursday of every month. All Commissioners voting Aye, the motion carried.

6. Adjournment

The Airport Commission meeting was adjourned at 8:43 am.

**OFFICIAL PROCEEDINGS OF THE
RICE & STEELE 911 CENTER JOINT POWERS BOARD
Commissioners Room/Rice County Government Service Building
Wednesday, June 5, 2024 3, 2024 at 4:00 PM**

I. Call to Order

A. The meeting was called to order by Commissioner Galen Malecha.
Present: James Brady/Steele County; Galen Malecha/Rice County; Jim Purfeerst/Rice County; Jim Abbe/Steele County; Brad Ness/City of Northfield; Nate Dotson/City of Owatonna; Peter van Sluis/City of Faribault; Jesse Thomas/Rice County Sheriff; Lon Thiele/Steele County Sheriff; Dusty Dienst/Faribault Fire; Tom Nelson/Northfield Fire; Paula O’Connell/Rice County Chief Financial Officer; Brian Becker/Rice & Steele 911 Center Administrator; Nikki Hable/Rice & Steele 911 Center Office Manager.

B. Motion by Brad Ness, seconded by Jim Purfeerst, to approve Agenda.

RESULT: Approved, AYES: James Brady, Jim Purfeerst, Galen Malecha, Jim Abbe, Nate Dotson, Brad Ness, Peter van Sluis. NAYS: None

C. Motion by Peter van Sluis, seconded by Jim Abbe, to approve May 1, 2024 Minutes with correction to attendees names.

RESULT: Approved, AYES: James Brady, Jim Purfeerst, Galen Malecha, Jim Abbe, Nate Dotson, Brad Ness, Peter van Sluis. NAYS: None

II. Finance – Brian Becker

A. Motion by Jim Purfeerst, seconded by James Brady, to approve the Financial Report dated April 30, 2024, as presented.

RESULT: Approved, AYES: James Brady, Jim Purfeerst, Galen Malecha, Jim Abbe, Nate Dotson, Brad Ness, Peter van Sluis. NAYS: None

III. Operations Committee – Jesse Thomas

A. Thomas went over topics discussed at Operations Committee from May 15, 2024 meeting.

IV. Administration – Unfinished Business – Brian Becker

A. Becker provided a staffing update to the Board.

B. Becker went over CAD and Phone Data numbers for the month of April.

C. Becker informed the Board that the State passed the Budget Bill without the Capital Bonding Bill included.

D. Becker said Dispatch Protocol & Call-Take Software has went out for RFP.

- E. The Board discussed services for Steele County Community Corrections. The Board Chair & Vice Chair will continue discussions with Becker and bring back to next meeting.

V. Administration – New Business – Brian Becker

- A. **Motion by Jim Abbe, seconded by Brad Ness, to approve 5 Year Contract from Eaton UPS Service for \$22,132.00.**

RESULT: Approved, AYES: James Brady, Jim Purfeerst, Galen Malecha, Jim Abbe, Nate Dotson, Brad Ness, Peter van Sluis. NAYS: None

- B. There was a NG911 Study recently performed and the Southeast Region should be receiving funds, which the Rice & Steele 911 Center can use for projects such as a new phone system, equipment, etc.
- C. Minimum standards for Dispatch was removed from the State Legislation during this budget cycle. Medical and Family Leave was passed in the State Legislation and set to start January 1, 2026.
- D. Becker said he has been having conversations with Legal and they would like to set-up a pre-meeting in the near future to discuss Union Contract Negotiations with himself, Malecha and Brady.
- C. The July 3, 2024 Joint Powers Board Meeting was moved to July 10, 2024 due to 4th of July Holiday.

VI. Adjournment

- Motion by Brad Ness, seconded by Jim Abbe to adjourn the meeting.**

RESULT: Approved, AYES: James Brady, Jim Purfeerst, Galen Malecha, Jim Abbe, Nate Dotson, Brad Ness, Peter van Sluis. NAYS: None



CITY OF
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Department Reports

COMPARISON REPORT OF BUILDING DONE IN CITY OF OWATONNA IN YEARS 2023 AND 2024														Ken Beck, Building Official			
	DWELLINGS		ACCESSORY		COMMERCIAL		INDUSTRIAL		ADD. & ALT.		DUPLEX/APTS		DEMO	TOTAL			
Month	NO.	VALUE	NO.	VALUE	NO.	VALUE	NO.	VALUE	NO.	VALUE	NO.	VALUE	NO.	NO.	VALUE		
Jan '23	0	0	5	16,600	8	443,880	7	5,117,850	66	494,614	0	0	0	86	6,072,944		
Jan '24	0	0	2	6,500	33	7,806,205		** see below	95	763,150	0	0	0	130	8,575,855		
Feb '23	0	0	8	24,850	22	1,113,838.30	11	25,861,730.75	136	834,982.70	0	0	0	177	27,835,401.75		
Feb '24	2	700,000	4	7,500	52	8,218,972.00			198	1,725,152.62	0	0	0	256	10,651,624.62		
Mar '23	1	200,000	17	44,100	42	2,497,648	20	26,251,710	243	\$ 7,323,261.26	0	0	0	323	\$ 36,316,719.26		
Mar '24	3	940,000	5	8,250	75	10,847,903			289	\$ 2,612,593.78				372	\$ 14,408,746.78		
Apr '23	4	1,968,586	26	96,900	74	31,047,283		**see below	329	8,699,343.89	0	0	1	434	41,812,112.89		
Apr '24	3	940,000	19	81,750	107	44,321,109			446	\$ 3,981,714.59	0	0	0	575	\$49,324,573.59		
May '23	4	1,968,586	37	132,400	94	36,206,219.51		**see below	463	11,204,959.76			1	599	49,512,165.27		
May '24	3	940,000	38	235,738	125	46,373,553.00			586	5,141,328.01				752	52,690,619.00		
Jun '23	4	1,968,586	52	189,068.67	113	45,164,773.51		**see below	594	12,314,075.39	0	0	8	771	59,636,503.57		
Jun '24	3	940,000	52	338,988.00	141	48,105,001.10			730	6,515,257.09	2	400,000	2	930	56,299,246.19		
Jul '23	5	2,168,586	69	242,168.67	132	46,905,945.51			714	13,185,484.99	2	400,000	8	930	62,902,185.17		
Jul '24																	
Aug '23	6	2,568,586	75	257,168.67	162	51,045,367.26			847	14,208,880.97	4	12,400,000	9	1,103	80,480,004		
Aug '24																	
Sep '23	9	3,587,126	83	333,668.67	197	64,081,192.67			990	15,576,116.82	4	12,400,000	9	1,292	95,978,104.16		
Sep '24																	
Oct '23	16	6,739,916	94	382,984.89	217	66,611,382.67			1,153	17,005,042.02	4	12,400,000	10	1,494	103,139,325.55		
Oct '24																	
Nov '23	21	8,119,916	101	424,984.89	235	69,172,169.67			1,281	17,958,715.07	4	12,400,000	13	1,655	108,075,785.63		
Nov ' 24																	
Dec '23	21	8,119,916	106	430,584.89	252	71,144,770.64			1,365	18,435,507.88	4	12,400,000	13	1,761	110,530,779.41		
Dec '24																	

**Starting April 2023, Commerical and Industrial are combined

Owatonna Building Inspection Department Comparison Report- Construction to Date 2023/2024

Construction Report for Permits Issued through June, 2024

TYPE OF WORK	2023 PERMITS ISSUED	PERMITS ISSUED FOR CONSTRUCTION COST	Units	2024 PERMITS ISSUED	PERMITS ISSUED FOR CONSTRUCTION COST	Units
NEW DWELLINGS	4	1,968,586	0	3	940,000	
ACCESSORY BUILDINGS (INCLUDES GARAGES, UTIL. BLDGS, SW. POOLS, ETC.)	52	189,068.67		52	338,988.00	
COMMERCIAL AND INDUSTRIAL PERMITS	113	45,164,773.51		141	48,105,001.10	
RESIDENTIAL ADD. & ALT.	594	12,314,075.39		730	6,515,257.09	
DUPLEXES & APTS. (INCLUDES ATTACHED SF)	0	0	0	2	400,000	0
DEMOLITION PERMITS	8	0		2	0	
TOTAL PERMITS ISSUED	771	59,636,504	0	930	56,299,246	0

Weed/Nuisance Complaint Inspections				OWATONNA FIRE DEPARTMENT			
June 26, 2024 to July 10, 2024							
Address	Complaint Description	Inspection Date	Violation Notice Sent	Correction Due Date	Violation Corrected Date	Comments	Staff Hours
Evergreen Place Northeast	Not cut as of June 26, 2024. June 27, 2024, June 28, 2024. RJS 6/27/24 - Contacted mower. 9609	6/26/2024			7/1/2024	Has been mowed.	1.5
Lemond/Riverwood Road	About half of the vacant lots have been cut as of June 26, 2024. See attached picture 8574 as of 6/26/24. RJS	6/26/2024		6/25/2024	6/28/2024	Have been cut.	1.5
Maple Leaf Lane Northeast	The vacant lots have been cut as of July 5, 2024. RJS	7/5/2024			7/5/2024	Have been cut.	0.5
Mineral Springs Parkway Northeast	The vacant lot has not been mowed as of June 24, 2024.	6/24/2024		6/24/2024	6/25/2024	The vacant lot was mowed as of June 25, 2024. RJS	1
Park Drive	Complaint: Tall grass/weeds on vacant lot south of Target. Has wild parsnips (noxious weed). Per complaint picture 8606 of the vacant lot 17-338-0204 as of July 3, 2024. RJS	7/3/2024	7/10/2024	7/20/2024			0.5
Riverwood Drive Southwest	The vacant lots were half cut per picture (8575) taken on June 26, 2024.	6/26/2024		6/25/2024	6/28/2024	The vacant lots were cut as of June 28, 2024. RJS	1.5
Riverwood Drive Southwest	The vacant lots were not cut as of 6/26/24. See attached picture 8576 of the vacant lots as of June 26, 2024. Lots are still too wet from rain.	6/26/2024		6/25/2024	7/1/2024	They finished the cutting of the vacant lots as of July 1, 2024. RJS	1.5
103 19 Street Northeast	The complaint location has mowed the yards of grass as of June 27, 2024. RJS	6/27/2024			6/27/2024	Has been cut.	0.5
1047 Linn Avenue	Reclining chair on blvd per complaint picture 8584 as of June 27, 2024.	6/27/2024			7/3/2024	Has been removed.	1
1051 Linn Avenue	Two mattresses on the blvd per complaint picture 8594 dated July 1, 2024.	7/1/2024			7/3/2024	Have been removed.	1
108 17 Street Northeast	The complaint location has been mowed as of June 27, 2024. RJS	6/27/2024			6/27/2024	Has been mowed.	0.5
117 North Street East	Long grass and weeds per complaint picture 8583 as of 6/24/24.	6/27/2024			7/1/2024	Has been mowed.	1
1415 Bigelow Avenue	Complaint: Tenant moved out, left stuff on blvd.	7/9/2024			7/9/2024	Have been removed.	0.5
1419 Cedar Avenue North	Long grass and weeds in all yards per complaint picture 8579 as of 6/27/24.	6/27/2024	7/9/2024	7/19/2024			0.5
1421 Lief Avenue Northwest	Complaint: Tall grass.	7/3/2024			7/3/2024	No violation found at the time of the inspection.	0.5
1615 Eagle Ridge Street Northeast	Complaint: Grass hasn't been mowed in weeks, well over 8" tall. Uploaded complainants' pictures. Complaint location pictures 8632 and 8633 as of July 9, 2024.	7/9/2024	7/10/2024	7/20/2024			0.5
1735 Hemlock Avenue	Recliner on blvd per complaint picture 8596 as of July 1, 2024.	7/1/2024			7/3/2024	Has been removed.	1

Weed/Nuisance Complaint Inspections				OWATONNA FIRE DEPARTMENT			
June 26, 2024 to July 10, 2024							
Address	Complaint Description	Inspection Date	Violation Notice Sent	Correction Due Date	Violation Corrected Date	Comments	Staff Hours
1930 Kenyon Road Northeast	The complaint location did not mow the yards as of June 24, 2024. The reinspection picture 8565, 8566 of the complaint location was taken on June 25, 2024. Need to call the mowing service. RJS	6/24/2024			6/27/2024	The complaint location yard has been mowed as of June 27, 2024. RJS	1
221 Beech Avenue	The complaint location mowed the front yard as of 7/1/24. RJS	7/1/2024			7/1/2024	Has been mowed.	0.5
222 McKinley Street West	The complaint location mowed the yards with long grass as of July 3, 2024. RJS	7/3/2024			7/3/2024	Has been mowed.	0.5
222 School Street West	The dumpster was removed as of 6/25/24. Not all complaint items were removed in the areas around the garage and the front porch. RJS	6/25/2024				Need to send violation notice.	1
229 Plainview Street	Long grass and weeds. See complaint picture 8577 as of 6/26/24. RJS	6/26/2024			6/26/2024	Has been mowed.	1
236 Plainview Street	The complaint location has been mowed as of June 27, 2024. RJS	6/27/2024			6/27/2024	Has been mowed.	0.5
239 Rice Street East	Complaint: They aren't mowing along the west side of the house. Uploaded complainant's pictures.	7/11/2024					0.5
308 Cedar Avenue South	Complaint: Tall weeds along the south and west side of the building; tall weeds around the utility pole in southwest corner of the apartment's parking lot. (Along the alley.) Also, the weeds have been spreading down the alley. Uploaded complainant's picture. See attached pictures 8607, 8608, 8609, 8610, 8611 of the complaint building as of July 5, 2024. RJS Some of the tall along the south and west side of the building were some what cut as of 7/9/24 (per picture 8636) Tall weeds around the utility pole was not cut as of 7/9/24 (per picture 8635)	7/5/2024				Review pictures; may send violation notice.	0.5
332 Rose Street East	The backyard has been mowed as of June 28, 2024, per a female person at the complaint location. RJS	6/28/2024			6/28/2024	Has been mowed.	0.5
351 Rose Street East	Long grass and weeds.	6/25/2024			6/26/2024	Has been mowed.	1
360 Riverview Place	Long grass and weeds in all yards per picture 8595 as of July 1, 2024.	7/1/2024			7/5/2024	Has been mowed.	1
426 Sylvan Street	Long grass and weeds per complaint picture 8593 as of July 1, 2024.	7/1/2024			7/5/2024	Has been mowed.	1
434 Dartt Avenue	The reinspection picture 8564 was taken on June 25, 2024. The complaint yards were not mowed. Need to contact the mowing service. RJS	6/25/2024	6/14/2024	6/24/2024		6/27/24 - Contacted mower. 9609	0.5

Weed/Nuisance Complaint Inspections				OWATONNA FIRE DEPARTMENT			
June 26, 2024 to July 10, 2024							
Address	Complaint Description	Inspection Date	Violation Notice Sent	Correction Due Date	Violation Corrected Date	Comments	Staff Hours
436 Glendale Street	Complaint: Backyard has overgrown weeds. See attached pictures 8599, 8600 of the complaint location as of July 3, 2024	7/3/2024	7/10/2024	7/20/2024			0.5
453 Mound Street	Reinspection pictures 8622, 8623 of the complaint location as of July 8, 2024. Need to call the cutting service to remove the common burdock weeds on the west hillside - under tree. RJS	7/8/2024	6/28/2024	7/8/2024		7/9/24 - Contacted mower. 9609	0.5
484 Glendale Street	The complaint location was mowed as of July 1, 2024. RJS	7/1/2024			7/1/2024	Has been mowed.	0.5
505 State Avenue	The complaint location has cut part of the yard areas and did cut the north side of the garage as of June 20, 2024. Will continue to review the location to see if they complete the mowing of the yards.	6/20/2024			7/1/2024	Closed the complaint location due to small amount of uncut grass on the south side of house. Will redo the violation notice as soon we receive or inspect another location complaint.	1
510 20 Street Northeast	Long grass and weeds in all yards as of 7/1/24 per picture 8591.	7/1/2024	7/9/2024	7/19/2024			0.5
510 Maple Drive	Complaint: Doesn't mow backyard. Thistles 3' tall. See attach picture 8615 of the complaint location as of July 5, 2024. RJS	7/5/2024				Need to send violation notice.	0.5
512 Main Street East	Long grass and weeds at the complaint location per picture 8597 as of July 1, 2024.	7/1/2024	7/9/2024	7/19/2024			0.5
520 20 Street Northeast	Mattress on the blvd per complaint picture 8592 as of 7/1/24.	7/1/2024			7/3/2024	Has been removed.	1
544 Hazel Lane	The complaint location was mowed as of July 1, 2024. RJS	7/1/2024			7/1/2024	Has been mowed.	0.5
549 McIndoe Street	Complaint: Tall grass.	7/3/2024			7/3/2024	No violation found at the time of the inspection.	0.5
558 Hazel Lane	Long grass and weeds per complaint picture 8571 as of June 26, 2024.	6/26/2024			7/1/2024	Has been mowed as of July 1, 2024.	1
564 Rose Street East	Long grass and weeds per complaint picture 8563 as of June 25, 2024	6/25/2024			7/1/2024	Has been mowed as of July 1, 2024.	1
580 Ridge Road	The complaint location mowed all the yards as of July 1, 2024. Removed the violation items from the garage area as of July 1, 2024. RJS	7/1/2024			7/1/2024	Has been mowed and items removed.	1
607 Hazel Lane	The complaint location has mowed the tall grass as of June 28, 2024. RJS	6/28/2024			6/28/2024	Has been mowed.	0.5
610 20 Street Northeast	Complaint: Tall grass and weeds and poison berries. See attached complaint pictures 8580, 8581 as of June 27, 2024. RJS	6/27/2024	7/2/2024	7/12/2024			0.5
615 Hazel Lane	Reinspection pictures 8630 and 8631 of the complaint location as of 7/9/24. Need to call lawn service as of July 9, 2024. RJS	7/9/2024	6/26/2024	7/6/2024		7/9/24 - Contacted mower. 9609	0.5
618 Cedar Avenue South	Complaint: Long grass.	7/3/2024			7/5/2024	Has been mowed.	1

Weed/Nuisance Complaint Inspections						OWATONNA FIRE DEPARTMENT	
June 26, 2024 to July 10, 2024							
Address	Complaint Description	Inspection Date	Violation Notice Sent	Correction Due Date	Violation Corrected Date	Comments	Staff Hours
652 22 Street Southeast	Complaint: Backyard hasn't been mowed in a few weeks.	7/3/2024			7/3/2024	No violation found at the time of the inspection.	0.5
716 Oak Avenue South	Complaint: Tall thistles in backyard. Uploaded complainant's photos.	7/11/2024				Need to send violation notice.	0.5
717 Cedar Avenue South	Complaint: Mattress by dumpster in alley. Complaint picture 8637 as of July 9, 2024.	7/9/2024	7/10/2024	7/20/2024			0.5
808 Vine Street East	Another dumpster was placed in driveway as of 7/1/24. Two trailers are full of misc items as of 7/1/24 in the west yard area. RJS	7/1/2024	5/24/2024	7/12/2024			2
902 Elm Avenue North	Couch on blvd area. See attached picture 8582 as of June 27, 2024.	6/27/2024	7/9/2024	7/19/2024			0.5
903 Rose Street East	Long grass and weeds in all yards per pictures 8588, 8589 as of July 1, 2024.	7/1/2024	7/9/2024	7/19/2024			0.5
916 Grove Avenue South	The next-door neighbor will be sending in more complaint data. They are going to talk to other next-door neighbors for more input of the complaint location. They are going to contact Ed Hoffman, Fire Chief for more complaint support at this location. The Blvd area has tall grass and weeds (has been mowed on June 27, 2024). RJ	6/24/2024				6/24/24 - Received complaint in OpenGov - NC-24-39. Assigned to Chief. Uploaded complainant's 6 pictures. 9609	1



CITY OF
OWATONNA

Licenses Permits

EP-24-42

Events Permit
Application

Status: Active
Submitted On: 7/12/2024

Primary Location

No location

Applicant

 Jen Hexum
 507-390-0507
 jenhexum@eagles1791.com
 141 E Rose St
Owatonna, MN 55060

Event Information**Event Name**

Fly High Olivia- Benefit for the Flores
Family

Event Contact*

Jen Hexum

Location of Event*

The event will take place in the banquet hall of the Owatonna Eagles. We do anticipate a possible overflow of patrons attending the event. If we reach building capacity we will have an overflow area setup and ready on the east side of the facility (Rose & Elm) extending our liquor permit. We are also asking that we may close the west side parking lot that is City property in anticipation of media news coverage vehicles as a preventative measure if needed. Lastly, we are asking for an increased uniformed officer patrol, specifically outside of the facility for the anticipated abundance of attendees.

Description of Event* ?

Benefit spaghetti dinner for Olivia Flores

Event Set Up Date

07/27/2024

Event Set Up Time* ?

10 AM

Actual Event Date*

07/27/2024

Actual Event Time* ?

1600-2100

Clean Up Date*

07/27/2024

Clean Up Time ?

2200

Rain Date: In the event of inclement weather, will the event be postponed or canceled?*

Postponed

Reschedule Date

—

Estimated Attendance* ?

800

Application Information

Sponsoring Organization Name*

The Owatonna Eagles

Mailing Address*

141 E Rose Street

City*

Owatonna

State*

MN

Zip*

55060

Website Address*

eagles1791.com

Primary Contact

Name*

Jen Hexum

Phone Number*

5073900507

Cell Phone

5073900501

Email Address*

jenhexum@Eagles1791.com,
jen.hexum@gmail.com

Primary On-site Contact

Name*

Jen Hexum

Cell Phone*

5073900507

Alternate On-site Contact

Name*

Nikki Ihrke

Cell Phone*

5072133480

Refer Media or Citizen Inquiries To:

Name*

Jen Hexum

Phone*

5073900507

Event Features

City Streets or Right-of-Way*

No

Alleys*

Yes

Start/End Time*

1400-2200

Date*

07/27/2024

Name of Requested Alley(s)*

South of Eagles facility

City Sidewalks or Trails*

No

Public Parking Lots or Spaces*

Yes

Start/End Time*

1400-2200

Date*

07/27/2024

Parks*

No

Will any signs/banners be put up?*

Yes

Number and Size*

1 banner 3'x5' approximately

Will there be any inflatables?*

No

Will there be entertainment?*

No

Will sound amplification be used?*

No

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

No

Will there be temporary fencing?* ?

No

Will merchandise/food items be sold?*

No

Will food be prepared on site?*

Yes

Will alcohol be sold?*

Yes

Who will be providing the liquor license?*

the Owatonna Eagles

Is this a caterer with an alcohol endorsement on their license?*

No

A Temporary Liquor License will be required. Complete an application for a Temporary Liquor License.

Will this event require a Temporary Liquor Permit?*

Yes

Additional documentation and fees are required

Will there be a fireworks display?*

No

Describe power needs and location of power source*

N/A

Describe level of advertisement* ?

Facebook- National and local news

Have adjacent property owners been notified of this event?*

No

Will the event need barricade(s)?

No

Will the event need cones?*

Yes

Number Needed*

8

Size Needed*

Large

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

Will Central Park Stage be used?*

No

Will there be any horses?*

No

Describe trash removal and cleanup plan during and after event*

Onsite waste bins provided by the Owatonna Eagles

Will event need traffic control?*

No

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

Liasons will be present to direct building traffic. We do not anticipate outdoor crowd control will be needed

Will "No Parking" signs be needed?*

Yes

Number Needed*

1

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

Will event need security?*

No

Will event need Emergency Medical Services?*

No

Describe the emergency action plan if severe weather should arise?*

Indoors only

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

Name*

Jen Hexum

Phone Number*

507-390-0507

Email*

jenhexum@eagles1791.com.
jen.hexum@gmail.com

List any other pertinent information

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

Applicant Signature

*The sponsor(s) of this event hereby agrees to save the City, its agents, officials and employees harmless from and against all damages to persons or property, all expenses and other liability that may result from this activity. **Depending on the size of and scope of the event a "Certificate of Insurance" may be required.** If insurance is required, the policy must be kept in force during the event of at least the statutory limits for municipalities covering claims that might be brought against the event that arise out of the events authorized and to name the City as an additional insured on their policy "as their interest may appear." As the sponsor or authorized representative, I certify that the information provided is true to the best of my knowledge and agree to pay the permit fee for this event based upon the information provided in this application. I realize my submittal of this application request constitutes a contract between myself and the City of Owatonna and is a release of Liability.*

Signature of Applicant*



Jennifer Hexum

Jul 12, 2024

Internal Use



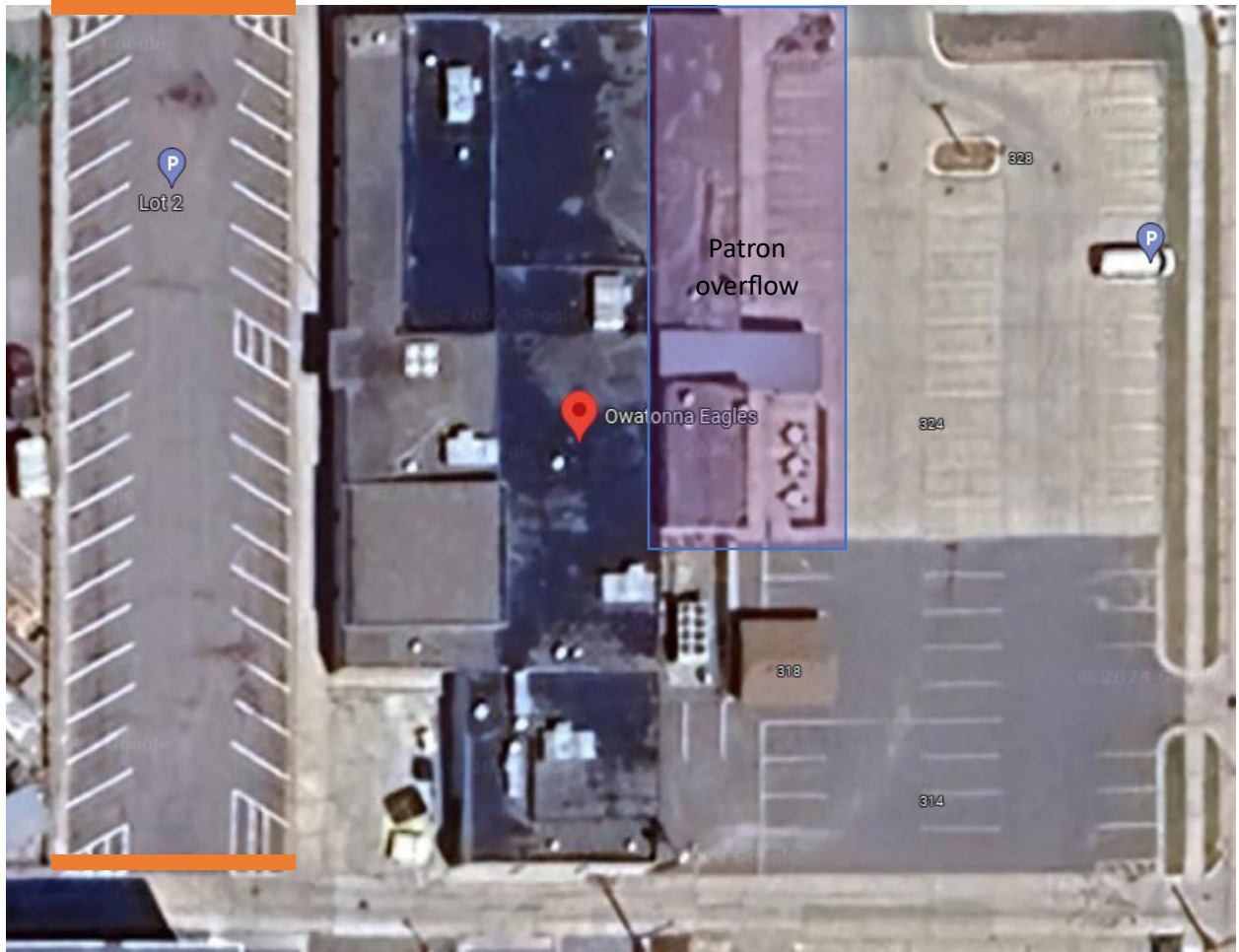
Special Provisions



Fire Department Approval / Comments / Notes



Park & Rec. Department Approval / Comments / Notes





Minnesota Department of Public Safety
Alcohol and Gambling Enforcement Division
445 Minnesota Street, Suite 1600, St. Paul, MN 55101
651-201-7507 TTY 651-282-6555
**APPLICATION AND PERMIT FOR A 1 DAY
TO 4 DAY TEMPORARY ON-SALE LIQUOR LICENSE**

Name of organization		Date of organization		Tax exempt number	
Owatonna Eagles 1791		06/09/1908		41-0463575	
Organization Address (No PO Boxes)		City	State	Zip Code	
141 E Rose Street		Owatonna	Minnesota	55060	
Name of person making application		Business phone		Home phone	
Jennifer Hexum		507-451-3846		507-390-0507	
Date(s) of event		Type of organization ☐ Microdistillery ☐ Small Brewer			
07/27/2024		☒ Club ☐ Charitable ☐ Religious ☐ Other non-profit			
Organization officer's name		City	State	Zip Code	
Ronald Ankrum		Owatonna	Minnesota	55060	
Organization officer's name		City	State	Zip Code	
			Minnesota		
Organization officer's name		City	State	Zip Code	
			Minnesota		

Location where permit will be used. If an outdoor area, describe.
The concrete parking lot to the East of the Owatonna Eagles Facility.

If the applicant will contract for intoxicating liquor service give the name and address of the liquor license providing the service.
The concrete parking lot to the East of the Owatonna Eagles Facility.

If the applicant will carry liquor liability insurance please provide the carrier's name and amount of coverage.

APPROVAL

APPLICATION MUST BE APPROVED BY CITY OR COUNTY BEFORE SUBMITTING TO ALCOHOL AND GAMBLING ENFORCEMENT

City or County approving the license	Date Approved
Fee Amount	Permit Date
Event in conjunction with a community festival ☐ Yes ☐ No	City or County E-mail Address
Current population of city	

Please Print Name of City Clerk or County Official

Signature City Clerk or County Official

CLERKS NOTICE: Submit this form to Alcohol and Gambling Enforcement Division 30 days prior to event
No Temp Applications faxed or mailed. Only emailed.

ONE SUBMISSION PER EMAIL, APPLICATION ONLY.

**PLEASE PROVIDE A VALID E-MAIL ADDRESS FOR THE CITY/COUNTY AS ALL TEMPORARY
PERMIT APPROVALS WILL BE SENT BACK VIA EMAIL. E-MAIL THE APPLICATION SIGNED BY
CITY/COUNTY TO AGE.TEMPORARYAPPLICATION@STATE.MN.US**

EP-24-40

Events Permit Application

Status: Active
Submitted On: 7/9/2024

Primary Location

No location

Applicant

 Tasheena Cooke
 507-475-3364
 tasheenarae@gmail.com
 1428 SE 64th Ave
Owatonna , MN 55060

Event Information

Event Name

Chatty 5K

Event Contact*

Tasheena Cooke

Location of Event*

Owatonna High School

Description of Event*

5k race fundraiser

Event Set Up Date

08/17/2024

Event Set Up Time*

8AM

Actual Event Date*

08/17/2024

Actual Event Time*

8AM

Clean Up Date*

08/17/2024

Clean Up Time

10AM

Rain Date: In the event of inclement weather, will the event be postponed or canceled?*

Canceled

Estimated Attendance* ?

250

Application Information

Sponsoring Organization Name*

Owatonna Cross Country

Mailing Address*

1428 SE 64th Ave

City*

Owatonna

State*

MN

Zip*

55060

Website Address*

Tasheenarae@gmail.com

Primary Contact

Name*

Tasheena Cooke

Phone Number*

5074753364

Cell Phone

Email Address*

tasheenarae@gmail.com

Primary On-site Contact

Name*

Tasheena Cooke

Cell Phone*

5074753364

Alternate On-site Contact

Name*

Luke Holt

Cell Phone*

320-293-3613

Refer Media or Citizen Inquiries To:

Name*

Tasheena Cooke

Phone*

5074753364

Event Features

City Streets or Right-of-Way*

Yes

Start/End Time*

8:00-10:00 AM

Date*

08/17/2024

Name of Requested Street(s)*

See map attached

Alleys*

No

City Sidewalks or Trails*

No

Public Parking Lots or Spaces*

No

Parks*

No

Will any signs/banners be put up?*

No

Will there be any inflatables?*

No

Will there be entertainment?*

No

Will sound amplification be used?*

No

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

No

Will there be temporary fencing?* ?

No

Will merchandise/food items be sold?*

No

Will food be prepared on site?*

No

Will alcohol be sold?*

No

Will this event require a Temporary Liquor Permit?*

No

Will there be a fireworks display?*

No

Describe power needs and location of power source*

Owatonna high school for the timer

Describe level of advertisement* ?

Local social media

Have adjacent property owners been notified of this event?*

No

Will the event need barricade(s)?

No

Will the event need cones?*

No

Will Central Park Stage be used?*

No

Will there be any horses?*

No

Describe trash removal and cleanup plan during and after event*

Cross country teams are responsible for cleanup

Will event need traffic control?*

No

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

Officers needed for runners to cross some streets

Will "No Parking" signs be needed?*

No

Will event need security?*

No

Will event need Emergency Medical Services?*

No

Describe the emergency action plan if severe weather should arise?*

The High School will be open for anyone during this event.

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

Name*

Tasheena Cooke

Phone Number*

5074753364

Email*

tasheenarae@gmail.com

List any other pertinent information

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

Applicant Signature

*The sponsor(s) of this event hereby agrees to save the City, its agents, officials and employees harmless from and against all damages to persons or property, all expenses and other liability that may result from this activity. **Depending on the size of and scope of the event a "Certificate of Insurance" may be required.** If insurance is required, the policy must be kept in force during the event of at least the statutory limits for municipalities covering claims that might be brought against the event that arise out of the events authorized and to name the City as an additional insured on their policy "as their interest may appear." As the sponsor or authorized representative, I certify that the information provided is true to the best of my knowledge and agree to pay the permit fee for this event based upon the information provided in this application. I realize my submittal of this application request constitutes a contract between myself and the City of Owatonna and is a release of Liability.*

Signature of Applicant*



Tasheena Cooke

Jul 9, 2024

Here is the Chatty 5k Course outline directions with a map attached!

Directions:

- 1) Start in Owatonna High School Parking Lot
- 2) Cross 18th street to Cornerstone lane
- 3) Curve left on 14th Street SE
- 4) Take a right on Truman (right past Lincoln Soccer complex)
- 5) Take a right on E University Ave
- 6) Take a right on Minnesota Ave (United Methodist Church)
- 7) Take a left to stay on Minnesota Ave
- 8) Take a left on Havana Rd
- 9) Take a right on Smith Ave (Lincoln pickleball courts)
- 10) Take left on 14th Street SE
- 11) Curve right onto Cornerstone Lane
- 12) Cross 18th street to finish in Owatonna High School Parking Lot

I would think we would probably need officers for sure on 18th street to cross over to Cornerstone, and then maybe on the corner of Havana and Truman, and then Havana and Minnesota. If they have 4 officers then I would say probably Smith and 14th, but we can also put parents on some of those corners as needed as well!

ted Methodist Church

South St

ated Church

Lighthouse Natural
Health Center

coln School

SE

Havana Rd

Bixby Rd

Greenleaf Rd

Greenleaf Rd

Owatonna
Soccer Complex

12th St SE

Esther Ln

14th St SE

14th St SE

15th St SE

Smith Ave

Hay Ave

Jadden Ln

Bixby Rd

16th St SE

All the details

Society

17th St SE

Cornerstone
Evangelical Free

SE 18th St

Richway Ln

Owatonna High School



EP-24-41

Events Permit

Application

Status: Active

Submitted On: 7/9/2024

Primary Location

No location

Applicant

 Courtney Masso
 507-444-6811
 cmmasso@fedins.com
 1929 S Cedar Ave
Owatonna, MN 55060

Event Information

Event Name

Federated Employees Club Fall
Celebration

Event Contact*

Courtney Masso

Location of Event*

Fair Square, Great Outdoors Center, and Beer Gardens of the Fairgrounds

Description of Event* ?

Federated Employees Club Summer Celebration with entertainment

Event Set Up Date

09/19/2024

Event Set Up Time* ?

9:00 AM

Actual Event Date*

09/19/2024

Actual Event Time* ?

4:00 PM

Clean Up Date*

09/19/2024

Clean Up Time ?

9:00 PM

**Rain Date: In the event of inclement weather, will the
event be postponed or canceled?***

Canceled

Estimated Attendance* ?

1500

Application Information

Sponsoring Organization Name*

Federated Employees Club

Mailing Address*

121 E Park Square

City*

Owatonna

State*

MN

Zip*

55060

Website Address*

cmmasso@fedins.com

Primary Contact

Name*

Courtney Masso

Phone Number*

507-4446811

Cell Phone

5074562669

Email Address*

cmmasso@fedins.com

Primary On-site Contact

Name*

Courtney Masso

Cell Phone*

5074562669

Alternate On-site Contact

Name*

Dawn Phelps

Cell Phone*

5076761528

Refer Media or Citizen Inquiries To:

Name*

Courtney Masso

Phone*

5074562669

Event Features

City Streets or Right-of-Way*

Yes

Start/End Time*

2:00 PM/9:00 PM

Date*

09/19/2024

Name of Requested Street(s)*

Elm Ave from Hartle Ave to 18th St SE

Alleys*

No

City Sidewalks or Trails*

No

Public Parking Lots or Spaces*

No

Parks*

No

Will any signs/banners be put up?*

No

Will there be any inflatables?*

No

Will there be entertainment?*

Yes

What Type*

Band

Will sound amplification be used?*

Yes

Type*

Band

Hours*

4-9 PM

Will sound be amplified after 10:00pm?*

No

Sound amplified after 10:00 p.m. will require an Exception to the City's Noise Ordinance. There is a \$150 fee for an Exception to the City's Noise Ordinance which must be paid with this Event Application

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

Yes

Dimensions*

unsure - showmobile from Four Seasons

Fees may apply. No staking without approval.

Will there be temporary fencing?* ?

Yes

Dimensions*

Four Seasons does

Will merchandise/food items be sold?*

Yes

How many vendors expected?*

6

Will food be prepared on site?*

Yes

Will alcohol be sold?*

Yes

Who will be providing the liquor license?*

Owatonna Country Club

Is this a caterer with an alcohol endorsement on their license?*

Yes

Will this event require a Temporary Liquor Permit?*

No

Additional documentation and fees are required

Will there be a fireworks display?*

No

Describe power needs and location of power source*

Four Seasons providing

Describe level of advertisement* ?

none - company only

Have adjacent property owners been notified of this event?*

No

Will the event need barricade(s)?

Yes

Number Needed

4

Size Needed*

Large

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

Will the event need cones?*

Number Needed*

Yes

20

Size Needed*

Large

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

Will Central Park Stage be used?*

Will there be any horses?*

No

No

Describe trash removal and cleanup plan during and after event*

Have own service that is providing

Will event need traffic control?*

Yes

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

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

OPD Manage traffic and road closure on Elm Ave

Will "No Parking" signs be needed?*

Will event need security?*

No

Yes

Will event need Emergency Medical Services?*

No

Describe the emergency action plan if severe weather should arise?*

Great Outdoors Center and Beer Gardens as we have that space rented out

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

Name*

Courtney Masso

Phone Number*

5074562669

Email*

cmmasso@fedins.com

List any other pertinent information

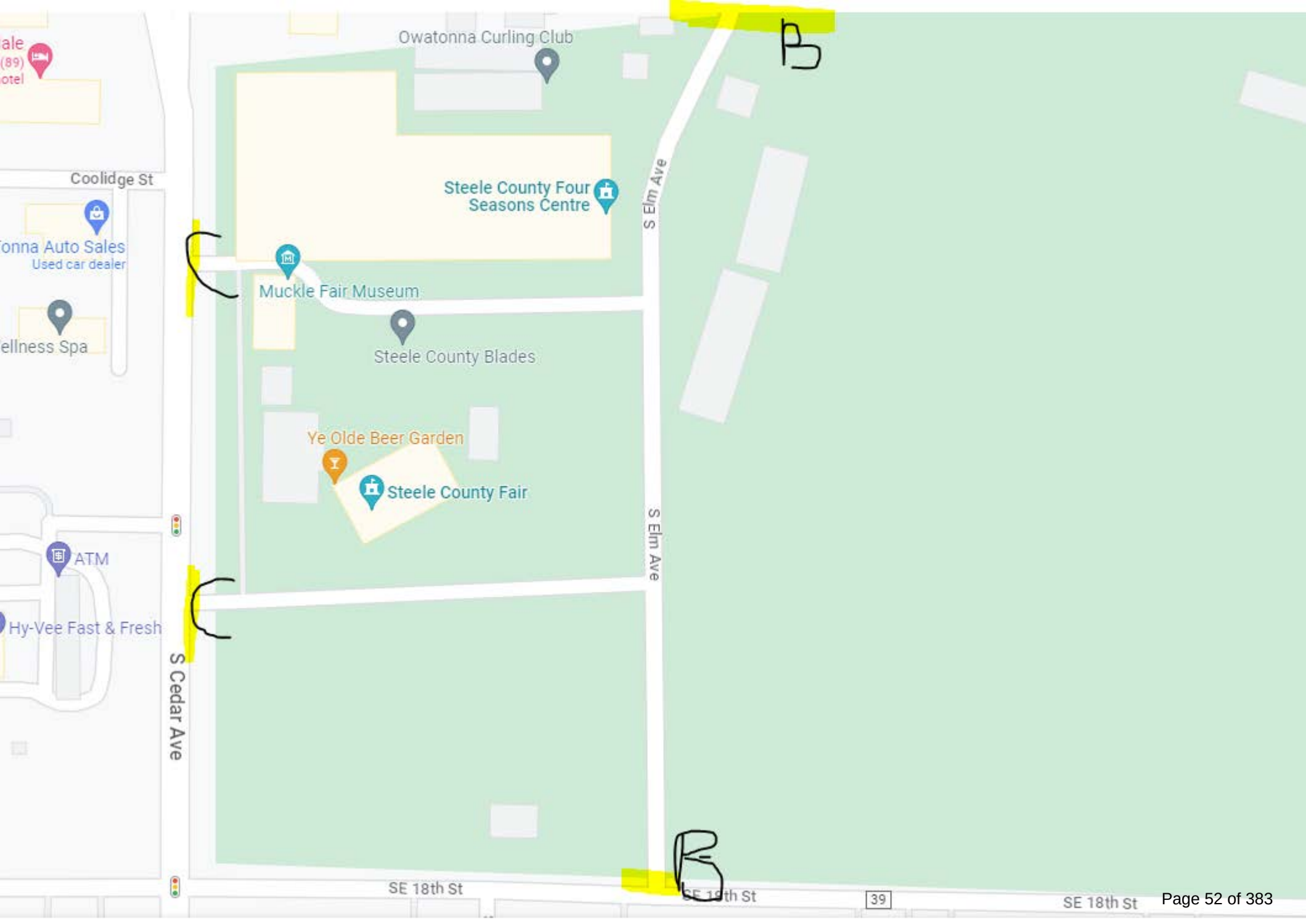
CITY SERVICES - Afer reviewing the event application, City Services may be required for the event

Applicant Signature

The sponsor(s) of this event hereby agrees to save the City, its agents, officials and employees harmless from and against all damages to persons or property, all expenses and other liability that may result from this activity. Depending on the size of and scope of the event a "Certificate of Insurance" may be required. If insurance is required, the policy must be kept in force during the event of at least the statutory limits for municipalities covering claims that might be brought against the event that arise out of the events authorized and to name the City as an additional insured on their policy "as their interest may appear." As the sponsor or authorized representative, I certify that the information provided is true to the best of my knowledge and agree to pay the permit fee for this event based upon the information provided in this application. I realize my submittal of this application request constitutes a contract between myself and the City of Owatonna and is a release of Liability.

Signature of Applicant*

✓ Courtney Marie Masso
Jul 9, 2024



ale
(89)
otel

Coolidge St

onna Auto Sales
Used car dealer

ellness Spa

Owatonna Curling Club

Steele County Four
Seasons Centre

Muckle Fair Museum

Steele County Blades

Ye Olde Beer Garden

Steele County Fair

ATM

Hy-Vee Fast & Fresh

S Cedar Ave

S Elm Ave

S Elm Ave

SE 18th St

SE 18th St

39

SE 18th St

EP-24-38

Events Permit

Application

Status: Active

Submitted On: 7/3/2024

Primary Location

No location

Applicant

 Julie Rethemeier
 507-390-4863
 jereth4@msn.com
 1718 Willow Wood Lane
Owatonna, MN 55060

Event Information

Event Name

Memorial Day Parade

Event Contact*

Julie Rethemeier

Location of Event*

Parade will run on SE Elm beginning at School Street and then south to the Four Seasons at the SCFF.

Description of Event*

Memorial Day Parade

Event Set Up Date

05/26/2025

Event Set Up Time*

7:30 a.m.

Actual Event Date*

05/26/2025

Actual Event Time*

9:30 a.m.

Clean Up Date*

05/26/2025

Clean Up Time

10:30 a.m

Rain Date: In the event of inclement weather, will the event be postponed or canceled?*

Canceled

Estimated Attendance* ?

600

Application Information

Sponsoring Organization Name*

Early Edition Rotary

Mailing Address*

PO Box 394

City*

Owatonna

State*

MN

Zip*

55060

Website Address*

www.eeowatonnarotary.org

Primary Contact

Name*

Julie Rethemeier

Phone Number*

507-390-4863

Cell Phone

507-390-4863

Email Address*

jereth4@msn.com

Primary On-site Contact

Name*

Mike Herman

Cell Phone*

507-649-1389

Alternate On-site Contact

Name*

Julie Rethemeier

Cell Phone*

507-390-4863

Refer Media or Citizen Inquiries To:

Name*

Julie Rethemeier

Phone*

507-390-4863

Event Features

City Streets or Right-of-Way*

Yes

Start/End Time*

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

Date*

05/26/2025

Name of Requested Street(s)*

SE Elm beginning at School Street

Alleys*

No

City Sidewalks or Trails*

Yes

Start/End Time*

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

Date*

05/26/2025

Public Parking Lots or Spaces*

Yes

Start/End Time*

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

Date*

05/26/2025

Parks*

No

Will any signs/banners be put up?*

No

Will there be any inflatables?*

No

Will there be entertainment?*

No

Will sound amplification be used?*

No

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

No

Will there be temporary fencing?* ?

No

Will merchandise/food items be sold?*

No

Will food be prepared on site?*

No

Will alcohol be sold?*

No

Will this event require a Temporary Liquor Permit?*

No

Will there be a fireworks display?*

No

Describe power needs and location of power source*

N/A

Describe level of advertisement* ?

Promoted through the Chamber of Commerce and all sponsoring organizations (VFW, American Legion, Exchange Club and Early Edition Rotary)

Have adjacent property owners been notified of this event?*

Yes

Signatures required.

Will the event need barricade(s)?

Number Needed

Yes

14

Size Needed*

Large

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

Will the event need cones?*

Number Needed*

Yes

8

Size Needed*

Large

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

Will Central Park Stage be used?*

Will there be any horses?*

No

Yes

Number Animals Anticipating*

8

How will horses be used?*

Ridden in the parade. Parade participant.

Please provide insurance information and complete Hold Harmless Agreement

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

- ✔ Horse owners will be responsible
and we will ensure they have agreed.
Jul 3, 2024

Describe trash removal and cleanup plan during and after event*

Volunteers will sweep the area and clean up trash.

Will event need traffic control?*

Yes

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

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

Volunteers on each section of street to ensure safety as well as at each street
barricade to ensure they don't go through while parade is in progress.

Will "No Parking" signs be needed?*

Number Needed*

Yes

45

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

Will event need security?*

Will event need Emergency Medical Services?*

No

No

Describe the emergency action plan if severe weather should arise?*

Make announcement on bullhorn for parade participants. Ask police escort to drive parade route to announce for people to seek shelter.

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

Name*

Phone Number*

Julie Rethemeier

5073904863

Email*

jereth4@msn.com

List any other pertinent information

The parade is coming back after a few year hiatus! Early Edition Rotary, along with the Chamber, VFW, American Legion and Exchange Clubs are coordinating the event this year. We will draft communication for homeowners along the parade route to ensure they are aware of the plan. I do not yet have names of all parade participants as we are just in the process of getting the word out to let organizations know that the parade is back. Once i know who is participating and who has horses, I can better define the names of those responsible for clean up. I am new at pulling this together so appreciate any insights and thoughts on things I may have missed. Thank you for your support and helping us bring back this time honored tradition of remembering our vets.

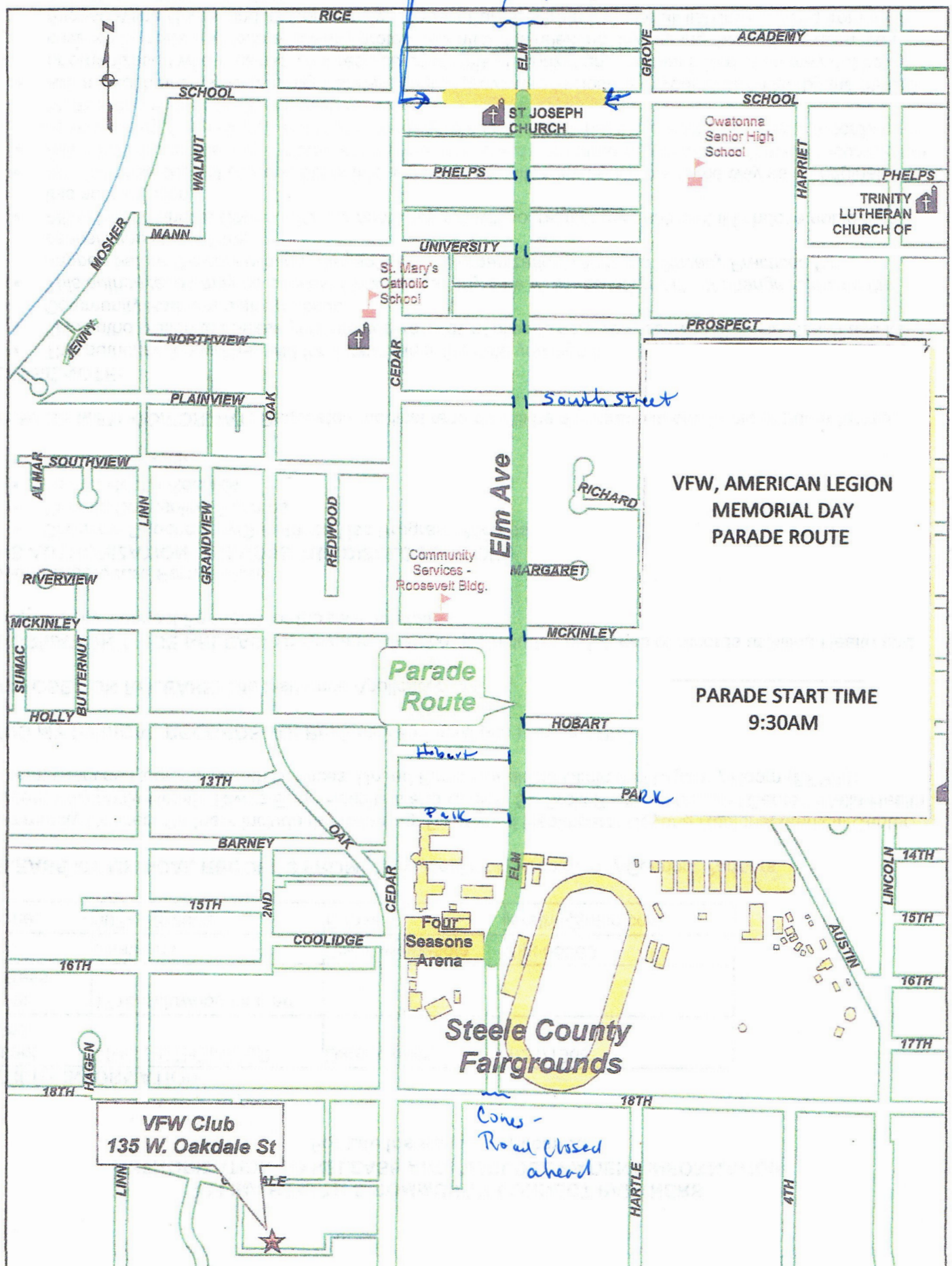
CITY SERVICES - After reviewing the event application, City Services may be required for the event

Applicant Signature

The sponsor(s) of this event hereby agrees to save the City, its agents, officials and employees harmless from and against all damages to persons or property, all expenses and other liability that may result from this activity. Depending on the size of and scope of the event a "Certificate of Insurance" may be required. If insurance is required, the policy must be kept in force during the event of at least the statutory limits for municipalities covering claims that might be brought against the event that arise out of the events authorized and to name the City as an additional insured on their policy "as their interest may appear." As the sponsor or authorized representative, I certify that the information provided is true to the best of my knowledge and agree to pay the permit fee for this event based upon the information provided in this application. I realize my submittal of this application request constitutes a contract between myself and the City of Owatonna and is a release of Liability.

Signature of Applicant*

✓ Julie Rethemeier
Jul 3, 2024



RECAP:

\$	193,997.29	Bosch Automotive - economic development TIF (year 3 out of 9)
	24,495.98	Central Farm Service - fleet fuel
	325,042.18	Costco - economic development TIF (year 3 out of 9)
	139,361.20	Crane Creek Asphalt - asphalt
	103,721.23	Cybex Intl - economic development TIF (year 7 out of 7)
	72,872.98	Daikin Applied Americas - economic development TIF (year 9 out of 9)
	41,942.32	Equity Growth - 111 Vine Apt bldg - redevelopment TIF (year 5 out of 26)
	23,514.75	Fareway Stores - hospital redevelopment TIF (year 10 out of 26)
	61,722.08	Festal Place - CDI - economic development TIF (year 1 out of 9)
	125,000.00	Full Service Organics Mgmt LLC - wastewater facility digester cleaning
	20,533.87	Kerry Inc - economic development TIF (Year 9 out of 9)
	308,750.00	Legence Subsidiary Holdings LLC - Merrill Hall pay est #7
	325,880.40	Motorola Solutions Inc - 57 portable radios, accessories, 3 yr service PD
	26,097.67	Mound Owatonna - Mound St Apt bldg redevelopment TIF (year 3 out of 25)
	94,920.26	Nero Engineering - WWTF expansion services - June 2024
	74,971.68	Owatonna Hospitality - Marriott - redevelopment TIF (year 2 out of 26)
	42,435.38	Owatonna Motor Company - 2024 Ford Explorer-WWTP
	27,132.19	Owatonna Pearl - redevelopment TIF (year 5 out of 26)
	28,506.51	Prairie Creek Fence LLC - park gates for Darts Park/Kohlmier
	25,637.39	Pro-Pet economic development TIF (year 7 out of 9)
	66,366.22	Reinders Inc - chemicals golf course
	954,625.11	Rice Lake Construction Group - WWTP expansion est #17
	21,320.75	South Pointe II - 18th St SW Apt bldg redevelopment TIF (year 3 out of 10)
	30,772.98	South Pointe Owatonna - 18th St SW Apt bldg redevelopment TIF (year 6 out of 14)
	68,379.05	Viracon - economic development TIF (remaining increment funds after final debt service pymt)

194,925.52 OTHER EXPENDITURES

3,422,924.99 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					
378820	07/16/24	A H HERMEL CANDY & TOBACCO CO	6,612.94	R	ACH
378821	07/16/24	ALEXANDER LUMBER COMPANY	2,261.37	0	Regular
378822	07/16/24	ALL FLAGS LLC	1,213.91	0	Regular
378823	07/16/24	ALTERNATORS STARTERS AND PARTS	305.14	0	Regular
378824	07/16/24	APG MEDIA OF SO MINNESOTA LLC	2,620.80	0	Regular
378825	07/16/24	APG MEDIA OF SO MINNESOTA LLC	39.63	0	Regular
378826	07/16/24	ASPEN MILLS INCORPORATED	297.80	0	Regular
378827	07/16/24	B & B COLE PROPERTIES LLC	8,721.61	R	ACH
378828	07/16/24	BAKER & TAYLOR BOOKS	147.69	R	ACH
378829	07/16/24	BENJAMIN R JOHNSON	111.55	0	Regular
378830	07/16/24	BETH TIMM	50.00	0	Regular
378831	07/16/24	BLUEBEAM INC	3,887.00	R	ACH
378832	07/16/24	BOSCH AUTOMOTIVE SERVICE SOLUT	193,997.29	0	Regular
378833	07/16/24	BOUND TREE MEDICAL LLC	188.09	0	Regular
378834	07/16/24	BRIAN FALLINE	3,031.64	R	ACH
378835	07/16/24	CANADIAN PACIFIC RAILWAY CO	240.00	0	Regular
378836	07/16/24	CARQUEST	346.00	0	Regular
378837	07/16/24	CEDAR VALLEY SERVICES INC	406.04	R	ACH
378838	07/16/24	CEMSTONE CONCRETE MATERIAL LLC	2,468.91	0	Regular
378839	07/16/24	CEMSTONE PRODUCTS CO	258.90	0	Regular
378840	07/16/24	CENTRAL FARM SERVICE	24,495.98	0	Regular
378841	07/16/24	CHRISTIAN SKJEVELAND	173.75	0	Regular
378842	07/16/24	CLEAN RIVER PARTNERS	400.00	0	Regular
378843	07/16/24	CLUB CAR LLC	975.00	0	Regular
378844	07/16/24	CONTINENTAL RESEARCH CORP	1,505.41	R	ACH
378845	07/16/24	CORPORATE RECOGNITION	1,350.75	R	ACH
378846	07/16/24	COSTCO WHOLESALE CORPORATION	325,042.18	0	Regular
378847	07/16/24	CRANE CREEK ASPHALT	139,361.20	R	ACH
378848	07/16/24	CULLIGAN OF OWATONNA	33.83	R	ACH
378849	07/16/24	CYBEX INTERNATIONAL INC	103,721.23	0	Regular
378850	07/16/24	DAIKIN APPLIED AMERICAS INC	72,872.98	R	ACH
378851	07/16/24	DAKOTA SUPPLY GROUP	300.69	R	ACH
378852	07/16/24	DEAN'S WESTSIDE TOWING	198.00	R	ACH
378853	07/16/24	DELL MARKETING LP	465.83	R	ACH
378854	07/16/24	DIANE GUSE	157.38	0	Regular
378855	07/16/24	DLL FINANCE LLC	9,156.08	0	Regular
378856	07/16/24	EMPLOYEE STRATEGIES INC	2,320.85	R	ACH
378857	07/16/24	EQUITY GROWTH	41,942.32	0	Regular
378858	07/16/24	FAREWAY STORES INC	23,514.75	0	Regular
378859	07/16/24	FARMERS FEED AND PET SUPPLY	84.95	0	Regular
378860	07/16/24	FASTENAL COMPANY	26.51	R	ACH
378861	07/16/24	FESTAL PLACE, LLC	61,722.08	0	Regular
378862	07/16/24	FIRST SUPPLY OWATONNA	601.17	R	ACH
378863	07/16/24	FLEMMING SIDING & WINDOW INC	2,250.00	0	Regular

Check Number	Check Date	Vendor Name	Net Check Amount	Check Status	Check Type
378864	07/16/24	FOREMOST PROPERTIES	6,686.96	0	Regular
378865	07/16/24	FOUR SEASONS ELECTRIC	1,161.40	R	ACH
378866	07/16/24	FULL SERVICE ORGANICS MGMT LLC	125,000.00	0	Regular
378867	07/16/24	GENESIS LAMP CORPORATION	462.59	R	ACH
378868	07/16/24	GRAINGER	1,669.50	R	ACH
378869	07/16/24	HAWKINS INC	3,582.20	R	ACH
378870	07/16/24	HORIZON COMMERCIAL POOL SUPPLY	1,210.08	R	ACH
378871	07/16/24	HORNUNG'S GOLF PRODUCTS INC	12.25	0	Regular
378872	07/16/24	HOUSE OWATONNA	139.08	0	Regular
378873	07/16/24	HUBER SUPPLY CO INC	16.50	0	Regular
378874	07/16/24	I U O E LOCAL 70	2,751.50	0	Regular
378875	07/16/24	IFACS	337.92	R	ACH
378876	07/16/24	INNOVATIVE OFFICE SOLUTIONS	166.79	0	Regular
378877	07/16/24	INSTY PRINTS	461.95	R	ACH
378878	07/16/24	JOHN DEERE CREDIT	83.82	0	Regular
378879	07/16/24	JON OLESON	50.00	0	Regular
378880	07/16/24	KERRY INC	20,533.87	0	Regular
378881	07/16/24	KOWZ-FM	500.00	R	ACH
378882	07/16/24	KWIK TRIP INC	57.82	0	Regular
378883	07/16/24	LACEYS AT BROOKTREE	2,129.87	0	Regular
378884	07/16/24	LARRY THORNHILL	220.00	0	Regular
378885	07/16/24	LAWSON AUTOMOTIVE LLC	644.42	R	ACH
378886	07/16/24	LAWSON PRODUCTS	292.81	0	Regular
378887	07/16/24	LEGACY SIGNS INC	89.35	R	ACH
378888	07/16/24	LEGENCE SUBSIDIARY HOLDINGS LL	308,750.00	R	ACH
378889	07/16/24	LEGEND TECHNICAL SERVICES INC	895.00	0	Regular
378890	07/16/24	LINDER DIGITAL	1,180.00	0	Regular
378891	07/16/24	LIZ WILLIAMS	95.90	0	Regular
378892	07/16/24	LOGIS	72.50	R	ACH
378893	07/16/24	LOKEN EXCAVATING & DRAINAGE	650.06	R	ACH
378894	07/16/24	MANKE'S OUTDOOR EQUIP & APPL	54.71	R	ACH
378895	07/16/24	MARCO RODRIGUEZ	157.38	0	Regular
378896	07/16/24	MARCO TECHNOLOGIES LLC	366.79	R	ACH
378897	07/16/24	MARIE RIDGEWAY LICSW LLC	160.00	R	ACH
378898	07/16/24	MATTHEW R HOKANSON	5,849.21	R	ACH
378899	07/16/24	METRO SALES INC	340.76	0	Regular
378900	07/16/24	METRONET SYSTEMS HOLDINGS LLC	816.12	R	ACH
378901	07/16/24	MIKE'S REPAIR	4,071.72	R	ACH
378902	07/16/24	MINER'S OUTDOOR & RECREATION	249.22	0	Regular
378903	07/16/24	MINNESOTA SECURITY CONSORTIUM	1,500.00	R	ACH
378904	07/16/24	MN FIRE SERVICE CERT BOARD	25.00	0	Regular
378905	07/16/24	MN OFFICE OF ADMIN HEARINGS	710.50	0	Regular
378906	07/16/24	MN PUBLIC EMPLOYEES ASSOC	1,536.00	R	ACH
378907	07/16/24	MOTOROLA SOLUTIONS INC	325,880.40	R	ACH
378908	07/16/24	MOUND OWATONNA LLC	26,097.67	0	Regular

Check Number	Check Date	Vendor Name	Net Check Amount	Check Status	Check Type
378909	07/16/24	MRI SOFTWARE LLC	150.00	R	ACH
378910	07/16/24	MSOCS	50.00	0	Regular
378911	07/16/24	MTI DISTRIBUTING INC	3,092.87	R	ACH
378912	07/16/24	NAPA AUTO PARTS	1,361.89	R	ACH
378913	07/16/24	NERO ENGINEERING	94,920.26	R	ACH
378914	07/16/24	NICOLE PADGETT	200.00	0	Regular
378915	07/16/24	NORTH CENTRAL LABORATORIES	66.94	0	Regular
378916	07/16/24	NORTHLAND FARM SYSTEMS	742.39	R	ACH
378917	07/16/24	OAK GLENN	361.32	R	ACH
378918	07/16/24	OFFICE OF MNIT SERVICES	245.70	0	Regular
378919	07/16/24	OLYMPIC FIRE PROTECTION CORP	814.16	R	ACH
378920	07/16/24	OWATONNA AREA CHAMBER OF COMM	200.00	0	Regular
378921	07/16/24	OWATONNA HOSPITALITY I, LLC	74,971.68	0	Regular
378922	07/16/24	OWATONNA MOTOR COMPANY	42,435.38	0	Regular
378923	07/16/24	OWATONNA PEARL	27,132.19	0	Regular
378924	07/16/24	OWATONNA PUBLIC UTILITIES	2,494.68	R	ACH
378925	07/16/24	OWATONNA SOFTBALL ASSN	3,010.00	0	Regular
378926	07/16/24	OWATONNA VETERINARY HOSPITAL	231.54	0	Regular
378927	07/16/24	OWATONNA VETERINARY HOSPITAL	120.00	0	Regular
378928	07/16/24	OWT HARDWARE	292.06	0	Regular
378929	07/16/24	PAAPE COMPANIES INC	300.00	R	ACH
378930	07/16/24	PAMELA SEASER	50.00	0	Regular
378931	07/16/24	PEPSI COLA OF ROCHESTER	2,956.00	0	Regular
378932	07/16/24	PLUNKETT'S PEST CONTROL INC	403.08	R	ACH
378933	07/16/24	PRAIRIE CREEK FENCE LLC	28,506.51	0	Regular
378934	07/16/24	PRESENCE TELEHEALTH PLLC	212.00	R	ACH
378935	07/16/24	PRO CAL CORPORATION	102.00	0	Regular
378936	07/16/24	PRO-PET LLC	25,637.39	0	Regular
378937	07/16/24	R&E ENTERPRISES OF MANKATO INC	14,300.00	0	Regular
378938	07/16/24	RAINBOW ECOSCIENCE	207.55	R	ACH
378939	07/16/24	REINDERS INC	66,366.22	R	ACH
378940	07/16/24	RICE LAKE CONSTRUCTION GROUP	954,625.11	R	ACH
378941	07/16/24	RL HOLDINGS	6,453.51	R	ACH
378942	07/16/24	ROOT RIVER HARDWOODS INC	200.00	0	Regular
378943	07/16/24	RUFFRIDGE JOHNSON EQUIP CO INC	908.52	0	Regular
378944	07/16/24	SCHILLING SUPPLY CO	2,069.76	R	ACH
378945	07/16/24	SCHOLASTIC INC	3.98	R	ACH
378946	07/16/24	SENIORPLACE INC	70.00	0	Regular
378947	07/16/24	SHANTEL NELSON	50.00	0	Regular
378948	07/16/24	SHERWIN WILLIAMS COMPANY	1,302.54	0	Regular
378949	07/16/24	SHI INTERNATIONAL CORP	524.80	0	Regular
378950	07/16/24	SHORT ELLIOTT HENDRICKSON INC	112.49	R	ACH
378951	07/16/24	SIGN PRO OF OWATONNA	629.26	0	Regular
378952	07/16/24	SOUTH POINTE II LLC	21,320.75	0	Regular
378953	07/16/24	SOUTH POINTE OWATONNA	30,772.98	0	Regular

Check Number	Check Date	Vendor Name	Net Check Amount	Check Status	Check Type
378954	07/16/24	SPHERION STAFFING LLC	771.60	0	Regular
378955	07/16/24	SPLIT ROCK MANAGEMENT INC	3,860.00	R	ACH
378956	07/16/24	SPS COMPANIES INC	896.80	R	ACH
378957	07/16/24	SRIXON CLEVELAND GOLF XXIO	254.50	0	Regular
378958	07/16/24	STATE INDUSTRIAL PRODUCTS	1,757.08	R	ACH
378959	07/16/24	STEELE CO ATTORNEY'S OFFICE	4,886.40	0	Regular
378960	07/16/24	STEELE COUNTY TREASURER	6,137.99	0	Regular
378961	07/16/24	STEWART COMPANIES INC	360.40	0	Regular
378962	07/16/24	STEWART DENISE	631.71	0	Regular
378963	07/16/24	STEWART SANITATION	1,833.38	0	Regular
378964	07/16/24	SWEET TOWING	135.00	0	Regular
378965	07/16/24	SYNCHRONY BANK	33.77	0	Regular
378966	07/16/24	TAMMY R INGVALDSON	35.50	0	Regular
378967	07/16/24	TANYA ANDERSON	50.00	0	Regular
378968	07/16/24	TARA SCHMIDT	200.00	0	Regular
378969	07/16/24	TERRACON CONSULTANTS INC	648.75	R	ACH
378970	07/16/24	THE FREE PRESS MEDIA	435.36	0	Regular
378971	07/16/24	THOMPSON SANITATION INC	159.00	R	ACH
378972	07/16/24	TOM SCHMOLL	50.00	0	Regular
378973	07/16/24	TOR SPERLING	300.70	R	ACH
378974	07/16/24	TREASURY DIVISION, FINANCE	2,443.20	0	Regular
378975	07/16/24	TRENCHERS PLUS INC	754.79	0	Regular
378976	07/16/24	TRI M GRAPHICS	10,761.37	R	ACH
378977	07/16/24	TRI STATE BOBCAT	130.70	R	ACH
378978	07/16/24	UKG INC	6,063.12	R	ACH
378979	07/16/24	UNITED WAY	100.00	0	Regular
378980	07/16/24	USABBLUEBOOK	106.22	R	ACH
378981	07/16/24	UTILITY CONSULTANTS INC	2,274.24	R	ACH
378982	07/16/24	VAN METER INC	12.19	0	Regular
378983	07/16/24	VAULT HEALTH	1,093.35	0	Regular
378984	07/16/24	VENTURE HYDRAULICS INC	124.77	R	ACH
378985	07/16/24	VERIZON WIRELESS	519.33	0	Regular
378986	07/16/24	VESTIS GROUP INC	252.09	0	Regular
378987	07/16/24	VIRACON	68,379.05	0	Regular
378988	07/16/24	WALBRAN & FURNESS CHARTERED	4,879.25	R	ACH
378989	07/16/24	WOLFF AND SONS INC	604.87	R	ACH
378990	07/16/24	YOUTH 1ST INC	1,425.00	0	Regular
378991	07/16/24	ZACK'S INC	526.30	0	Regular
378992	07/16/24	ZEP MANUFACTURING CO	444.60	R	ACH
378993	07/16/24	RANDALL'S LICENSE BUREAU	16.25	0	Regular

102	Checks total:	1,353,551.19
72	ACH total:	2,069,373.80
0	EFTPS total:	
0	Wire transfer total:	
0	Payment Manager total:	
174	GRAND TOTALS	3,422,924.99



CITY OF
OWATONNA

Ordinances



DATE: July 16, 2024
TO: Mayor and City Council
FROM: Jenna Tuma, Parks, Trails, Recreation & Facilities Director
Mary Knudson, Administrative Coordinator
SUBJECT: Proposed Ordinance 24-03: Park Closing Hours

Purpose:

Request Council to approve the first reading of Proposed Ordinance 24-03 to amend City Code Section 91.01: Recreation and Leisure, General Park and Beach Regulations, Closing Hours.

Background:

This will update the park closing hours to 10 p.m. instead of 11 p.m. Parks will continue to open at 6 a.m. Hard-surface lighted trails will continue to be open 24 hours.

Exceptions to 10 p.m. closing would include programmed parks with City activities extending beyond 10 p.m.; activities approved by Park or Event Permit, and those scheduled by Parks & Recreation; Special Use Parks with posted hours (Brooktree, River Springs Water Park, Archery Range on Elm).

The Park Board reviewed the proposed change in hours and do recommend this ordinance amendment.

Budget Impact:

None

Staff Recommendation:

Staff recommends approval as recommended by the Park Board. The second/final reading of Proposed Ordinance is planned for the next City Council Meeting on August 7th.

Attachments:

1. Proposed Ordinance 24-03 Amend Chapter 91-01 Park Closing Hours

ORDINANCE NO. _____

AN ORDINANCE AMENDING SECTION 91.01 OF THE 2015 ORDINANCE CODE
OF THE CITY OF OWATONNA, ENTITLED PARK CLOSING HOURS

THE CITY COUNCIL OF THE CITY OF OWATONNA DO ORDAIN:

Section 1. Section 91.01 of the 2015 Ordinance Code of the City of Owatonna, as amended, is hereby amended by amending §91.01, to read as follows:

CHAPTER 91: RECREATION AND LEISURE, GENERAL PARK AND BEACH REGULATIONS

SECTION 91.01 CLOSING HOURS.

All city parks in the city, except Cashman Park, shall be closed from 110:00 p.m. until 6:00 a.m. on the following day, exempting the use of hard-surfaced lighted trails, ~~public water and abutting shoreline from which fishing is occurring, and cross-country skiing on designated trails, which may be used 24 hours a day.~~

Exceptions:

- (A) Programmed parks with city activities extending beyond 10 p.m.
- (B) Approved activities permitted through Park Permit, Event Permit or scheduled by Parks and Recreation.
- (C) Special Use Parks
 - (1) River Springs Water Park – only open during posted hours
 - (2) Brooktree Golf Course – only open during posted hours
 - (3) Archery Range on Elm – closes at dusk during the season

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 _____, 2024, with the following roll call vote:

Aye:

No:

Absent:

Approved and signed this _____ day of _____, 2024.

ATTEST:

Thomas A. Kuntz, Mayor

Kris M. Busse, City Administrator/City Clerk/Treasurer

UNDERLINING INDICATES NEW LANGUAGE. STRIKEOUTS INDICATE DELETIONS.



CITY OF
OWATONNA

Resolutions



DATE: July 16, 2024
TO: Mayor and City Council
FROM: Jeanette Clawson, Administrative Coordinator
SUBJECT: Resolution 70-24: Appoint Election Judges - 2024 Primary Election - August 13, 2024

Purpose:

Council to approve Resolution 70-24 appointing Election Judges for the 2024 Primary Election planned for Tuesday, August 13, 2024.

Background:

The Secretary of State requires the appointment of election judges before Election Day. As recommended by the Secretary of State, the resolution appoints judges and also authorizes assignment of Election Judge substitutes if needed. Bi-annually, Election Judges are required to attend a two-hour training to certify to serve as an Election Judge; the training sessions are currently in process at the Steele County Property Tax and Elections Office.

The 2024 Primary Election is Tuesday, August 13th with polls open from 7:00 a.m. to 8:00 p.m. Election Judges will work from 6:00 a.m. until after the polls are closed.

Budget Impact:

Approximately \$15,000 is included in the Administration Election Budget. Election Judges are paid \$13 per hour and Head Judges earn \$14 per hour. Election Judges are also paid to attend training and when serving as Health Care Facility Judges to take requested ballots to residents in the healthcare facilities.

Staff Recommendation:

Staff recommends adoption of Resolution 70-24.

Attachments:

1. Resolution 70-24 Appoint 2024 Primary Election Judges
2. 2024 Primary Election Judges

RESOLUTION NO. 70-24

A RESOLUTION APPOINTING ELECTION
JUDGES FOR THE 2024 PRIMARY ELECTION

BE IT RESOLVED by the City Council of the City of Owatonna, Minnesota, that the persons listed on the attached are hereby appointed judges for the 2024 Primary Election to be held on Tuesday, August 13, 2024. Judges appointed to serve at the Polling Sites will have completed training and be certified to serve as Election Judge.

BE IT FURTHER RESOLVED by the City Council of the City of Owatonna, Minnesota, that City Administration staff may assign additional or substitute election judges as necessary for this 2024 Primary Election.

Passed and adopted this ____ day of __, 2024, with the following vote:
Aye ____; No ____; Absent ____.

Approved and signed this ____ day of ____, 2024.

ATTEST:

Thomas A. Kuntz, Mayor

Kris M. Busse, City Administrator/City Clerk

2024 Primary Election Judges – City of Owatonna

Last Name	First Name		Last Name	First Name		Last Name	First Name
Abbe	Lori		Hoff	Daniel		Sanders	Teresa
Allard	Janet		Hoffman	Linda		Schuler	Chris
Arnold	Tam		Iacavino	Shannon		Schuler	Kristy
Axmark	Daniel		Jensen	Laura		Schumacher	Kathy
Axmark	Shirley Dawn		Johnson	Shelly		Slack	Deloris
Bachman	Renee		Johnston	Bonnie		Slezak	Theodore
Bomar	Valerie		Johnston	Mark		Spellmeyer	Diane
Bomar	Wayne		Kaffine	Steve		Squires	Marilyn
Bonacci	Tom		Kanne	Daryl		Stadtherr	Mark
Boorman	Linda		Kanne	Karen		Stormo	Mike
Brown	Mike		Kehler	Hildie		Strom	Richard
Byam	Randy		Kehler	Peter		Tally	Corinne
Calcamuggio	Sue		Keith	Sheryl		Taylor	James
Chicos	Rochelle		Klein	Sharon		Thompson	John
Christianson	Lilly		Kramer	Jeffrey		Thompson	Julie
Couture	Cheryl		Larson	Marie		Torrey	Cathy
Dahle	Marcia		Louks	Bruce		Torrey	Ken
DePenning	Dwight		Lysne	Beverely		Uber	Naomi
DePenning	Sheila		Lysne	Gwen		Voight	Nancy
Distel	Sheila		Lysne	Mark		Westberg	Jean
Draheim	Edmund		Mohr	Gary		Wild	Pam
Draheim	Jane		Murphy	Therese		Wilson	Diane
Engelstad	Wendell		Newgard	Charles		Wohlenhaus	Eileen
Erck	Judith		Noble	Michelle		Youngquist	Beth
Erickson	Janet		Noble	Roger			
Erickson	Mark		Oanes	Heidi			
Fichten-Rucks	Nancy		Oanes	Michael			
Flowers	LaDonna		Oberg	Beatrice			
Gaul	Mary		Oberle	Kay			
Gaulrapp	Sharon		Oswald	Kirk			
Gerardy	Linda		Parr	Jane			
Gorman	Daniel		Pelton	Timothy			
Gronkowski	Glenda		Pederson	Frances			
Groff	Mary		Pfarr	Marilee			
Gustafson	Clark		Queen	Lisa			
Halliquist	Kelli		Rickel	William			
Hancock	Cheryl		Ritter	Allison			
Hansen	Kim		Rossi	Elizabeth			
Hardcopf	Bob		Rossi	Kent			
Hardy-Hagen	Sandee		Runner	Christine			
Hedstrom	Gary		Salmonsens	Joan			



DATE: July 16, 2024
TO: Mayor and City Council
FROM: Rhonda Moen, Finance Director
SUBJECT: Resolution 71-24: Award Sale of General Obligation Bonds 2024A

Purpose:

To award the sale of general obligation street reconstruction bonds.

Background:

The council had previously authorized Baker Tilly through Council Resolution 64-24 to solicit proposals for the issuance of bonds to finance the 2024 Street & Utility project; the 2024 mill & overlay project; and the acquisition of the law enforcement center. On July 16, 2024, 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.

The City will be in compliance with its debt policy.

Budget Impact:

1. Necessary projects will be funded.
2. There will be future debt service levies for improvements.

Staff Recommendation:

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

Attachments:

1. Resolution 71-24 Sale of GOBonds 2024A
2. Preliminary Official Statement (Owatonna)
3. Bid Tab - Owatonna 2024A
4. Winning Bid - Owatonna 2024A

RESOLUTION NO. 71-24

A RESOLUTION AWARDING THE SALE OF GENERAL OBLIGATION BONDS, SERIES 2024A, IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,690,000; 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 on June 18, 2024, the City authorized the sale of its General Obligation Bonds, Series 2024A (the "Bonds"), to finance (i) the construction of certain street reconstruction projects within the City included in the five (5) year street reconstruction plan adopted by the City Council on May 7, 2024, including, among other projects, the reconstruction of portions of McKinley Street SW, Anderson Place SW, Cedar Avenue North, and 18th Street Trail SP in the City (the "Street Reconstruction"), pursuant to Minnesota Statutes, Chapter 475, as amended (the "Municipal Debt Act"), specifically Section 475.58, subdivision 3b; and (ii) the construction of certain capital improvements included in the five (5) capital improvement plan adopted by the City Council on May 7, 2024, including but not limited to improvements to and renovation of the law enforcement center in the City (the "Capital Improvements"), pursuant to the Municipal Debt Act, specifically Section 475.521.

1.02. Award to the Purchaser and Interest Rates. The proposal of BNY Mellon Capital Markets, LLC, Pittsburgh, Pennsylvania (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 \$1,840,248.57 (the par amount of the Bonds of \$1,690,000.00, plus original issue premium of \$160,961.45, less an underwriter's discount of \$10,712.88), 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>
2026	5.000%	2031	5.000%
2027	5.000	2032	5.000
2028	5.000	2033	5.000
2029	5.000	2034	5.000
2030	5.000	2035	4.000

True interest cost: 3.2338569%

1.03. Purchase Contract. The sum of \$167,148.57, being the amount proposed by the Purchaser in excess of \$1,673,100.00, shall be credited to the accounts of the Debt Service Fund hereinafter created or deposited in the accounts of the Construction Fund hereinafter created, as determined by the Finance Director of the City in consultation with the City's municipal advisor. The Finance Director 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 Municipal Debt Act, specifically Sections 475.521 and 475.58, subdivision 3b, in the total principal amount of \$1,690,000, originally dated August 15, 2024, 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:

Year	Amount	Year	Amount
2026	\$140,000	2031	\$170,000
2027	140,000	2032	180,000
2028	150,000	2033	190,000
2029	155,000	2034	195,000
2030	165,000	2035	205,000

(a) \$1,030,000 of the Bonds (the “Street Reconstruction Bonds”), maturing in the amounts and on March 1 in the years set forth below, will be used to finance the Street Reconstruction:

Year	Amount	Year	Amount
2026	\$ 85,000	2031	\$105,000
2027	85,000	2032	110,000
2028	90,000	2033	115,000
2029	95,000	2034	120,000
2030	100,000	2035	125,000

(b) The remainder of the Bonds in the amount of \$660,000 (the “CIP Bonds”), maturing in the amounts and on March 1 in the years set forth below, will be used to finance the Capital Improvements:

Year	Amount	Year	Amount
2026	\$55,000	2031	\$65,000
2027	55,000	2032	70,000
2028	60,000	2033	75,000
2029	60,000	2034	75,000
2030	65,000	2035	80,000

1.05. Optional Redemption. The City may elect on March 1, 2033, and on any day thereafter to prepay Bonds due on or after March 1, 2034. 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 March 1, 2025, 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 the "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 Finance Director 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 Finance Director 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 Finance Director 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 Bonds, Series 2024A Debt Service Fund (the "Debt Service Fund") hereby created. The Debt Service Fund shall be administered by the Finance Director as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City. The City will maintain the following accounts in the Debt Service Fund: the "Street Reconstruction Account" and the "Capital Improvements Account." Amounts in the Street Reconstruction Account are irrevocably pledged to the Street Reconstruction Bonds, and amounts in the Capital Improvements Account are irrevocably pledged to the CIP Bonds.

(a) Street Reconstruction Account. Ad valorem taxes hereinafter levied for the Street Reconstruction are hereby pledged to the Street Reconstruction Account of the Debt Service Fund. There is appropriated to the Street Reconstruction Account a pro rata portion of 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.

(b) Capital Improvements Account. Ad valorem taxes hereinafter levied for the Capital Improvements are hereby pledged to the Capital Improvements Account of the Debt Service Fund. There is appropriated to the Capital Improvements Account a pro rata portion of 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 Bonds, Series 2024A Construction Fund (the "Construction Fund"). The City will maintain the following accounts in the Construction Fund: the "Street Reconstruction Account" and the "Capital Improvements Account." Amounts in the Street Reconstruction Account are irrevocably pledged to the Street Reconstruction Bonds, and amounts in the Capital Improvements Account are irrevocably pledged to the CIP Bonds.

(a) Street Reconstruction Account. Proceeds of the Street Reconstruction Bonds, less the appropriations made in Section 4.01(a) hereof, together with any other funds appropriated for the Street Reconstruction and ad valorem taxes collected during the construction of the Street Reconstruction, will be deposited in the Street Reconstruction Account of 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 Street Reconstruction Account is to be closed and subsequent collections of ad valorem taxes for the Street Reconstruction are to be deposited in the Street Reconstruction Account of the Debt Service Fund.

(b) Capital Improvements Account. Proceeds of the CIP Bonds, less the appropriations made in Section 4.01(b) hereof, together with any other funds appropriated for the Capital Improvements and ad valorem taxes collected during the construction of the Capital Improvements, will be deposited in the Capital Improvements Account of the Construction Fund to be used solely to defray expenses of the Capital Improvements. When the Capital Improvements are completed and the cost thereof paid, the Capital Improvements Account is to be closed and subsequent collections of ad valorem taxes for the Capital Improvements are to be deposited in the Capital Improvements Account of 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 irrepealable ad valorem tax upon all of the taxable property in the City (the "Taxes"), 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 accounts of 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 irrepealable until all of the Bonds are paid, provided that at the time the City makes its annual tax levies the Finance Director 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 Municipal Debt 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 Finance Director 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 Finance Director 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 Finance Director shall also execute and deliver to the Purchaser a suitable certificate as to absence of material litigation, and the Finance Director 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 Finance Director 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. Qualified Tax-Exempt Obligations. In order to qualify the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code, the City makes the following factual statements and representations:

(a) the Bonds are not “private activity bonds” as defined in Section 141 of the Code;

(b) the City designates the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code;

(c) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) which will be issued by the City (and all subordinate entities of the City) during calendar year 2024 will not exceed \$10,000,000; and

(d) not more than \$10,000,000 of obligations issued by the City during calendar year 2024 have been designated 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 16th day of July, 2024, with the following vote:

Aye____; No ____; Absent ____.

Approved and signed this 16th day of July, 2024.

Thomas A. Kuntz, Mayor

ATTEST:

Kris M. Busse, City Administrator/City Clerk

EXHIBIT A

PROPOSALS



\$1,865,000*

CITY OF OWATONNA, MINNESOTA GENERAL OBLIGATION BONDS, SERIES 2024A

Moody's Rating: Aa1

Sale Date: July 16, 2024

BBi: 3.94%

Average Maturity: 6.295 Years

Bidder	TIC
BNY Mellon Capital Markets, LLC	3.2327%
Robert W. Baird & Co., Incorporated	3.2395%
TD Securities(USA) LLC	3.3152%
Northland Securities, Inc.	3.3236%
BOK Financial Securities, Inc.	3.5013%

Winning Bidder Information	Maturity	Interest Rate	Reoffering Yield	Reoffering Price
BNY MELLON CAPITAL MARKETS, LLC	3/1/2026	5.00%	3.02%	102.964%
	3/1/2027	5.00%	3.01%	104.837%
	3/1/2028	5.00%	3.02%	106.606%
	3/1/2029	5.00%	3.02%	108.347%
	3/1/2030	5.00%	3.03%	109.983%
	3/1/2031	5.00%	3.05%	111.488%
	3/1/2032	5.00%	3.07%	112.908%
	3/1/2033	5.00%	3.08%	114.326%
	3/1/2034	5.00%	3.09%	114.245%
	3/1/2035	4.00%	3.15%	106.322%

Purchase Price: \$2,028,718.00*

Net Interest Cost: \$400,630.89*

TIC: 3.2327%*

* Subsequent to bid opening, the par amount decreased to \$1,690,000; and the price, net interest cost, and true interest cost have changed to \$1,840,248.57, \$370,140.87, and 3.2338%, 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 2024A

<u>Rate</u>	<u>Maturity</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
	March 1, 20__	August 15, 2024	

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 March 1, 2025, 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, 2033, and on any date thereafter to prepay Bonds due on or after March 1, 2034. 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 \$1,690,000 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 July 16, 2024 (the "Resolution"), for the purpose of providing money to defray the expenses incurred and to be incurred in financing certain street reconstruction and certain capital improvements 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 Sections 475.521 and 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.

The City Council has designated the issue of Bonds of which this Bond forms a part as "qualified tax-exempt obligations" 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: August 15, 2024

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 SCHEDULES

Tax Levy Schedule for the Street Reconstruction Bonds

Payment Date	Principal	Coupon	Interest	Total P+I	105% Overlevy	Assessments	Levy Amount	Levy/Collection Year
03/01/2025	-	-	27,358.33	27,358.33	28,726.25	-	28,726.25 *	2023/2024
03/01/2026	85,000.00	5.000%	50,250.00	135,250.00	142,012.50	12,723.13	129,289.37	2024/2025
03/01/2027	85,000.00	5.000%	46,000.00	131,000.00	137,550.00	11,769.20	125,780.80	2025/2026
03/01/2028	90,000.00	5.000%	41,750.00	131,750.00	138,337.50	11,350.40	126,987.10	2026/2027
03/01/2029	95,000.00	5.000%	37,250.00	132,250.00	138,862.50	10,931.60	127,930.90	2027/2028
03/01/2030	100,000.00	5.000%	32,500.00	132,500.00	139,125.00	10,512.80	128,612.20	2028/2029
03/01/2031	105,000.00	5.000%	27,500.00	132,500.00	139,125.00	10,094.00	129,031.00	2029/2030
03/01/2032	110,000.00	5.000%	22,250.00	132,250.00	138,862.50	9,675.20	129,187.30	2030/2031
03/01/2033	115,000.00	5.000%	16,750.00	131,750.00	138,337.50	9,256.40	129,081.10	2031/2032
03/01/2034	120,000.00	5.000%	11,000.00	131,000.00	137,550.00	8,837.60	128,712.40	2032/2033
03/01/2035	125,000.00	4.000%	5,000.00	130,000.00	136,500.00	8,418.80	128,081.20	2033/2034
Total	\$1,030,000.00	-	\$317,608.33	\$1,347,608.33	\$1,414,988.75	\$103,569.13	\$1,311,419.62	-

* The March 1, 2025 interest payment will be made with available City funds.

Tax Levy Schedule for the CIP Bonds

Payment Date	Principal	Coupon	Interest	Total P+I	105% Overlevy	Levy Amount	Levy/Collection Year
03/01/2025	-	-	17,531.11	17,531.11	18,407.67	18,407.67 *	03/01/2025
03/01/2026	55,000.00	5.000%	32,200.00	87,200.00	91,560.00	91,560.00	03/01/2026
03/01/2027	55,000.00	5.000%	29,450.00	84,450.00	88,672.50	88,672.50	03/01/2027
03/01/2028	60,000.00	5.000%	26,700.00	86,700.00	91,035.00	91,035.00	03/01/2028
03/01/2029	60,000.00	5.000%	23,700.00	83,700.00	87,885.00	87,885.00	03/01/2029
03/01/2030	65,000.00	5.000%	20,700.00	85,700.00	89,985.00	89,985.00	03/01/2030
03/01/2031	65,000.00	5.000%	17,450.00	82,450.00	86,572.50	86,572.50	03/01/2031
03/01/2032	70,000.00	5.000%	14,200.00	84,200.00	88,410.00	88,410.00	03/01/2032
03/01/2033	75,000.00	5.000%	10,700.00	85,700.00	89,985.00	89,985.00	03/01/2033
03/01/2034	75,000.00	5.000%	6,950.00	81,950.00	86,047.50	86,047.50	03/01/2034
03/01/2035	80,000.00	4.000%	3,200.00	83,200.00	87,360.00	87,360.00	03/01/2035
Total	\$660,000.00	-	\$202,781.11	\$862,781.11	\$905,920.17	\$905,920.17	-

* The March 1, 2025 interest payment will be made with available City funds.

STATE OF MINNESOTA)
)
COUNTY OF STEELE) SS.
)
CITY OF OWATONNA)

I, the undersigned, being the duly qualified and acting City Administrator of the City of Owatonna, Minnesota (the "City"), do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a regular meeting of the City Council of the City held on July 16, 2024, with the original minutes on file in my office and the extract is a full, true and correct copy of the minutes insofar as they relate to the issuance and sale of the City's General Obligation Bonds, Series 2024A, in the original aggregate principal amount of \$1,690,000.

WITNESS My hand officially as such City Administrator and the corporate seal of the City this _____ day of July, 2024.

(SEAL)

City Administrator
City of Owatonna, Minnesota

PRELIMINARY OFFICIAL STATEMENT DATED JULY 3, 2024

NEW ISSUE BANK QUALIFIED BOOK ENTRY ONLY

MOODY'S RATING: Aa1

In the opinion of Kennedy & Graven, Chartered, Bond Counsel to the City, 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 excluded from gross income for federal income tax purposes and, to the same extent, is excluded from taxable net income of individuals, estates and trusts for Minnesota income 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.

The Series 2024B Bonds are "private activity bonds" within the meaning of Section 141(a) of the Code but bear interest not includable in gross income for purposes of federal income taxation under Section 103(a) of the Code, pursuant to the exemption for "qualified 501(c)(3) bonds" provided in Section 145 of the Code.

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 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

\$1,865,000*
General Obligation Bonds, Series 2024A
(the "Series 2024A Bonds")

\$5,205,000*
General Obligation Tax Abatement
Bonds, Series 2024B
(the "Series 2024B Bonds")

(together "the Bonds")

Dated Date	Date of Delivery (anticipated to be August 15, 2024)
Sale Date	Tuesday, July 16, 2024 until 10:00 A.M., Central Time
Consideration of Award	City Council meeting commencing at 7:00 P.M., Central Time on Tuesday, July 16, 2024.
Security	The Bonds will be general obligations of the City of Owatonna, Minnesota (the "City") for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. Additional sources for the Series 2024A Bonds and the Series 2024B Bonds discussed here in.
Authorization	The Series 2024A Bonds are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, including Sections 475.58, subd. 3b, and 475.521. The Series 2024A Bonds are also being issued in accordance with the City's five-year capital improvement plan and five-year street reconstruction plan approved on May 7, 2024. The Series 2024B Bonds are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, and Sections 469.1812-469.1815, as amended. See "Authority and Security" herein.
Purpose	The proceeds of the Series 2024A Bonds will be used to (i) finance the acquisition of a law enforcement center in accordance with the City's 2024-2028 Capital Improvement Plan approved by the City Council on May 7, 2024; (ii) finance the 2024 street and utility improvement projects in accordance with the City's 2024-2028 Street Reconstruction Plan approved by the City Council on May 7, 2024; and (iii) pay costs of issuance. The proceeds of the Series 2024B Bonds, along with available City funds, will be used to (i) finance the renovation of Merrill Hall located on the City's West Hills Campus, and (ii) pay all or a portion of the costs of issuance. See "Authority and Security" herein.
Principal and Interest Payments	Principal will be paid annually on March 1, beginning March 1, 2026. Interest will be payable semiannually on March 1 and September 1, beginning March 1, 2025.

The information contained in this Preliminary Official Statement is deemed by the City to be final as of the date hereof; however, the pricing and underwriting information is subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

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.

Redemption Provisions	The City may elect on March 1, 2033 and on any day thereafter, to redeem the Series 2024A Bonds due on or after March 1, 2034 at a price of par plus accrued interest. The City may elect on March 1, 2034 and on any day thereafter, to redeem the Series 2024B Bonds due on or after March 1, 2035 at a price of par plus accrued interest. The Bonds may be issued as term bonds at the discretion of the Series 2024A Underwriter or the Series 2024B Underwriter (as hereinafter defined) and, in such case, will be subject to mandatory sinking fund redemption.
Book Entry	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".
Denominations	The Bonds are being issued in the denomination of \$5,000 or integral multiple thereof.
Registrar and Paying Agent	U.S. Bank Trust Company, National Association, located in Saint Paul, Minnesota ("Registrar" and "Paying Agent").
Bidding Information	Interested bidders should review the Terms of Proposal for additional instructions. See Appendix G herein.

MATURITY SCHEDULE
(Base CUSIP(1) _____)

Series 2024A Bonds

<u>Maturity</u> <u>(March 1)</u>	<u>Principal(2)</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP(1)</u>
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					

Series 2024B Bonds

<u>Maturity</u> <u>(March 1)</u>	<u>Principal(2)</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP(1)</u>
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					

(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 Series 2024A Underwriter or the Series 2024B 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 Series 2024A Underwriter and the Series 2024B 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 August 15, 2024.

In connection with this offering the Series 2024A Underwriter and the Series 2024B 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 City 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.

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 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

SERIES 2024A UNDERWRITER

SERIES 2024B UNDERWRITER

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OFFICIAL STATEMENT

CITY OF OWATONNA, MINNESOTA

\$1,865,000* GENERAL OBLIGATION BONDS, SERIES 2024A

\$5,205,000* GENERAL OBLIGATION TAX ABATEMENT BONDS, SERIES 2024B

PURPOSE OF THE ISSUE AND USE OF FUNDS

PURPOSE OF THE BONDS

The proceeds of the Series 2024A Bonds will be used to (i) finance the acquisition of a law enforcement center in accordance with the City's 2024-2028 Capital Improvement Plan approved by the City Council on May 7, 2024 (the "CIP Portion"); (ii) finance the 2024 street and utility improvement projects in accordance with the City's 2024-2028 Street Reconstruction Plan approved by the City Council on May 7, 2024 (the "Street Reconstruction Portion"); and (iii) pay costs of issuance.

The proceeds of the Series 2024B Bonds, along with available City funds, will be used to (i) finance the renovation of Merrill Hall located on the City's West Hills Campus, and (ii) pay all or a portion of the costs of issuance.

SOURCES AND USES OF FUNDS

The composition of the Series 2024A Bonds is as follows:

	<u>Capital Improvement Portion</u>	<u>Street Reconstruction Portion</u>
Sources of Funds:		
Principal Amount	\$ _____	\$ _____
Reoffering Premium	_____	_____
Total Sources of Funds	\$ _____	\$ _____
Uses of Funds:		
Deposit to Project Fund	\$ _____	\$ _____
Costs of Issuance(1)	_____	_____
Series 2024A Underwriter's Compensation	_____	_____
Total Uses of Funds	\$ _____	\$ _____

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

The composition of the Series 2024B 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 Project Fund	\$ _____
Costs of Issuance(1)	_____
Series 2024B Underwriter's Compensation	_____
Total Uses of Funds	\$ _____

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

*Preliminary; subject to change.

DESCRIPTION OF THE BONDS

INTEREST CALCULATION

Interest on the Bonds is payable on March 1 and September 1 of each year, commencing March 1, 2025. 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 his 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.

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, 2033 and on any day thereafter, to redeem Series 2024A Bonds due on or after March 1, 2034. The City may elect on March 1, 2034 and on any day thereafter, to redeem Series 2024B Bonds due on or after March 1, 2035. 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]

SERIES 2024A BONDS

The Series 2024A Term Bonds maturing on _____ [and _____] (the "Series 2024A 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> <u>Amount</u>
[first year]	\$ _____
[second/last year]*	\$ _____

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

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

* *Final Maturity.*

The principal amount of the Series 2024A Term Bonds may be reduced through the earlier optional redemption, with any partial optional redemptions of the Series 2024A Term Bonds credited against future mandatory redemption requirements for such Term Series 2024A Term Bonds in such order as the City shall determine.

SERIES 2024B BONDS

The Series 2024B Term Bonds maturing on _____ [and _____] (the "Series 2024B 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> <u>Amount</u>
[first year]	\$ _____
[second/last year]*	\$ _____

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

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

* *Final Maturity.*

The principal amount of the Series 2024B Term Bonds may be reduced through the earlier optional redemption, with any partial optional redemptions of the Series 2024B Term Bonds credited against future mandatory redemption requirements for such Term Series 2024B Term Bonds in such order as the City shall determine.]

AUTHORITY AND SECURITY

AUTHORITY

The Series 2024A Bonds are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, including Sections 475.58, subd. 3b, and 475.521. The Series 2024A Bonds are also being issued in accordance with the City's five-year capital improvement plan and five-year street reconstruction plan approved on May 7, 2024.

The Series 2024B Bonds are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, and Sections 469.1812-469.1815, as amended.

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. Additional sources of security for the Bonds are described below.

Series 2024A Bonds

Street Reconstruction Portion

The City will make its first levy for the Street Reconstruction Portion of the Series 2024A Bonds in 2024 for collection in 2025. 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.

The CIP Portion

Minnesota Statutes, Section 475.521, limits the maximum amount of principal and interest to become due in any year on all outstanding capital improvement plan bonds to be not more than 0.16% of the estimated market value of property for taxes payable in the year in which the bonds are issued or sold. The statutory maximum allowable for annual debt service on the City's capital improvement plan bonds is \$4,688,387, based on the City's 2023/24 estimated market value of \$2,930,241,800. The maximum annual debt service for the CIP Portion of the Series 2024A Bonds, is approximately \$88,812, which is within the statutory limit. The City does not have any other outstanding debt issued under this authority.

The City will make its first levy for the CIP Portion of the Series 2024A Bonds in 2024 for collection in 2025. 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.

Series 2024B Bonds

The City will pledge tax abatement revenues derived from certain abated parcels to repay the principal portion of the Series 2024B Bonds. The City will levy ad valorem taxes for repayment of the interest portion of the Series 2024B Bonds, and will make its first levy in 2024 for collection in 2025. The City will use available funds on hand to make the interest payment due on March 1, 2025. Thereafter, each year's collection of taxes and tax abatement revenues, if collected in full, will be sufficient to pay 105% of the debt service due on the Series 2024B Bonds in each year.

RATING

Moody's Investors Service ("Moody's"), 7 World Trade Center, 250 Greenwich Street, 23rd 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 or 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 BONDS

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. The City cannot predict future impacts of epidemics or 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 cyber security 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

Series 2024A Bonds

The Series 2024A Bonds are being purchased by _____ (the "Series 2024A Underwriter") [and its syndicate] at a purchase price of \$_____, which is the par amount of the Series 2024A Bonds of \$_____, less the Series 2024A Underwriter's discount of \$_____, plus the [net] original issue premium/discount of \$_____, plus accrued interest \$_____.

The Series 2024A Underwriter intends to offer the Series 2024A Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement. The Series 2024A Underwriter may allow concessions to certain dealers (including dealers in a selling group of the Series 2024A Underwriter and other dealers depositing the Series 2024A 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 Series 2024A Bonds.

Series 2024B Bonds

The Series 2024B Bonds are being purchased by _____ (the "Series 2024B Underwriter") [and its syndicate] at a purchase price of \$_____, which is the par amount of the Series 2024B Bonds of \$_____, less the Series 2024B Underwriter's discount of \$_____, plus the [net] original issue premium/discount of \$_____, plus accrued interest \$_____.

The Series 2024B Underwriter intends to offer the Series 2024B Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement. The Series 2024B Underwriter may allow concessions to certain dealers (including dealers in a selling group of the Series 2024B Underwriter and other dealers depositing the Series 2024B 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 Series 2024B Bonds.

CONTINUING DISCLOSURE

In order to assist the Series 2024A Underwriter and the Series 2024B 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 will enter into an undertaking for each issue (the “Undertakings”) for the benefit of holders including beneficial owners of the respective series of 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 each Continuing Disclosure Certificate to be executed and delivered by the City at the time each series of the Bonds are delivered in substantially the form attached hereto as Appendix D

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 Undertakings 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 may issue additional debt in the calendar year 2024.

The Owatonna Public Utilities (OPU) is a component unit of the City and provides electric, natural gas and water services. OPU is governed by a five-member Commission appointed by the City Council. The Commission is considering the acquisition of a facility within the City for operations and storage. The estimated purchase price is \$9.5 million. The total amount financed with future debt obligations as well as the security of any future debt obligations is under consideration by the Commission and City Council.

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 to the City. 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. Legal opinions in substantially the forms 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 to the City, 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 Resolutions, 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.

The Series 2024B Bonds are "private activity bonds" within the meaning of Section 141(a) of the Code but bear interest not includable in gross income for purposes of federal income taxation under Section 103(a) of the Code, pursuant to the exemption for "qualified 501(c)(3) bonds" provided in Section 145 of the Code.

The City will issue the Series 2024B Bonds as "qualified 501(c)(3) bonds" pursuant to Section 145 of the Code. This designation allows the City to lease all or a portion of the project financed with the proceeds of the Series 2024B Bonds to organizations that are exempt from federal income taxation pursuant to Section 501(a) of the Code as a result of the application of Section 501(c)(3) of the Code ("Tax-Exempt Organizations") and enter into long-term use agreements with Tax-Exempt Organizations.

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.

BANK-QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will 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 (the "Municipal Advisor" or "BTMA") as municipal advisor in connection with certain aspects of the issuance of the Bonds. BTMA is a municipal advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. BTMA is a subsidiary of Baker Tilly Advisory Group, LP ("BTAG") which is indirectly owned by (a) H&F Waterloo Holdings, L.P., an affiliate of Hellman & Friedman LLC ("H&F"), an investment adviser registered with the Securities and Exchange Commission (the "SEC"), (b) Valeas Capital Partners Fund I Waterloo Aggregator LP, an affiliate of Valeas Capital Partners Management LP ("Valeas"), an investment adviser registered with the SEC, and (c) individuals who are principals of BTAG. None of these parties own a majority interest in BTAG, or indirectly, BTMA. Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, operate under an alternative practice structure and are members of the global network of Baker Tilly International, Ltd. Baker Tilly US, LLP ("BTUS") is a licensed CPA firm providing assurance services to its clients. BTAG and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

BTMA has been retained by the City to provide certain municipal advisory services to City and, in that capacity, has assisted the City in preparing this Official Statement. The information contained in the Official Statement has been compiled from the sources stated or, if not otherwise sourced, from records and other materials provided by the City. The Municipal Advisor makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Official Statement, and its assistance in preparing this Official Statement should not be construed as a representation that it has independently verified such information.

The Municipal Advisor's duties, responsibilities and fees arise solely as Municipal Advisor to the City, and it has no secondary obligations or other responsibility. However, BTUS is preparing the Parity/Escrow Report for the Bonds. The Parity/Escrow Report is prepared under a separate engagement by a BTUS engagement principal and staff who are independent from the BTMA engagement principal and staff providing municipal advisory services as outlined herein. The Municipal Advisor's fees and the

Parity/Escrow Report fees are expected to be paid from proceeds of the Bonds pursuant to their respective engagements. BTMA provides certain specific municipal advisory services to the City but is neither a placement agent to the City nor a broker/dealer.

Other Financial Industry Activities and Affiliations:

Baker Tilly Wealth Management, LLC ("BTWM"), an SEC registered investment adviser, and Baker Tilly Capital, LLC ("BTC"), a broker/dealer registered with the SEC and member of the Financial Industry Regulatory Authority ("FINRA"), are controlled subsidiaries of BTAG. Both H&F and Valeas, are registered with the SEC as investment advisers and serve as managers of, or advisers to, certain private investment funds, some of which indirectly own BTAG.

BTWM and other subsidiaries of BTAG may provide advisory services to the clients of BTMA. BTMA has no other activities or arrangements that are material to its municipal 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.

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GENERAL INFORMATION OF THE CITY
CITY PROPERTY VALUES

Trend of Values(1)

Assessment/ Collection Year	Assessor's Estimated Market Value	Sales Ratio(2)	Economic Market Value(3)	Market Value Homestead Exclusion	Taxable Market Value	Adjusted Taxable Net Tax Capacity
2023/24	\$2,930,241,800	88.2%	\$3,327,394,688	\$108,947,208	\$2,794,174,292	\$31,610,276
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

(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, May 2024, except as otherwise noted.

2022/23 Adjusted Taxable Net Tax Capacity: \$31,610,276

Real Estate:		
Residential Homestead	\$18,356,477	54.5%
Commercial/Industrial, Railroad and Public Utility	10,939,340	32.5
Residential Non-Homestead	3,801,055	11.3
Agricultural, Seasonal Recreational	436,244	1.3
Personal Property	<u>118,153</u>	<u>0.4</u>
2023/24 Net Tax Capacity	\$33,651,269	100.0%
Less: Captured Tax Increment	<u>(2,040,993)</u>	
2023/24 Adjusted Taxable Net Tax Capacity	\$31,610,276	
Excludes mobile home valuation of \$55,543.		

Ten of the Largest Taxpayers in the City

<u>Taxpayer</u>	<u>Type of Property</u>	<u>2023/24 Net Tax Capacity</u>
Viracon Inc.	Industrial	562,502
Costco Wholesale Corporation	Industrial	538,294
Norman Owatonna LLC	Industrial	347,864
Cybox International, Inc.	Industrial	296,390
Daikin Applied Americas Inc.	Industrial	296,242
Federated Mutual Insurance Co.	Insurance company	221,454
CEFF Medford Property	Agriculture	199,204
SPT Prairie 3900 CD Drive LLC	Commercial	186,058
Cheney Owatonna LLC	Commercial	185,960
Lemond Acquisition	Industrial	<u>170,380</u>
Total		\$3,004,348(1)

(1) Represents 9.5% of the City's 2023/24 adjusted taxable net tax capacity.

CITY INDEBTEDNESS

Legal Debt Limit and Debt Margin(1)

Legal Debt Limit (3% of 2023/24 Estimated Market Value)	\$87,907,251
Less: Outstanding Debt Subject to Limit	<u>10,790,000</u>

Legal Debt Margin as of August 15, 2024	\$77,177,254
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(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 8-15-24</u>
8-25-16	\$1,260,000	Storm Water	3-1-2032	\$ 735,000(2)
8-30-17	145,000	Equipment Certificates	3-1-2025	25,000
7-19-18	4,825,000	Street Reconstruction	3-1-2029	2,660,000
8-6-20	1,785,000	Street Reconstruction	3-1-2031	1,125,000
9-2-21	3,250,000	Street Reconstruction	3-1-2032	2,675,000
10-26-23	2,600,000	Street Reconstruction	3-1-2034	2,440,000
8-15-24	1,865,000	Street Reconstruction and CIP (the Series 2024A Bonds)	3-1-2035	<u>1,865,000</u>
Total				\$11,525,000

(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. This issue is not subject to the legal debt limit.

General Obligation Special Assessment Debt

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 8-15-24</u>
9-3-15	1,225,000	Improvements	3-1-2026	\$ 280,000
8-25-16	1,060,000	Improvements	3-1-2027	340,000
8-30-17	1,870,000	Improvements	3-1-2028	770,000
9-19-19	2,225,000	Improvements	3-1-2030	<u>1,215,000</u>
Total				\$2,605,000

General Obligation Tax Abatement Debt

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 8-15-24</u>
8-15-24	\$5,205,000	Tax Abatement (the Series 2024B Bonds)	3-1-2035	\$5,205,000

General Obligation Utility Revenue Debt

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 8-15-24</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	735,000
2-14-23	35,000,000	PFA Clean Water Loan	8-20-2042	<u>34,230,000(1)</u>
Total				\$36,120,928

- (1) As of the date of this Official Statement the City has drawn down \$24,009,099 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 & Interest(1)</u>	<u>Principal</u>	<u>Principal & Interest</u>
2024 (8-15)	(Paid)	\$ 218,275	(Paid)	\$ 45,372
2025	\$ 1,215,000	1,603,318	\$ 625,000	704,869
2026	1,440,000	1,767,129	635,000	693,494
2027	1,495,000	1,763,624	510,000	549,894
2028	1,530,000	1,743,963	400,000	424,597
2029	1,590,000	1,747,832	215,000	228,100
2030	1,055,000	1,170,713	220,000	224,400
2031	1,075,000	1,163,127		
2032	925,000	986,242		
2033	485,000	523,120		
2034	500,000	517,291		
2035	<u>215,000</u>	<u>218,354</u>		
Total	\$11,525,000(2)	\$13,422,988	\$2,605,000	\$2,870,726

- (1) Includes estimated debt service on the Series 2024A Bonds.

- (2) 98.1% of this debt will be retired within ten years.

Estimated Calendar Year Debt Service Payments (Continued)

<u>Year</u>	<u>G.O. Debt Supported by Tax Abatement</u>		<u>G.O. Utility Revenue Debt</u>	
	<u>Principal</u>	<u>Principal & Interest(1)</u>	<u>Principal</u>	<u>Principal & Interest</u>
2024	-	-	\$ 2,085,000	\$ 2,428,936
2025	-	\$ 198,398	2,206,928	2,856,421
2026	\$ 185,000	371,441	1,654,000	2,263,597
2027	195,000	374,445	1,689,000	2,266,800
2028	200,000	372,564	1,720,000	2,265,379
2029	205,000	370,843	1,756,000	2,268,315
2030	215,000	374,115	1,788,000	2,266,607
2031	220,000	372,264	1,820,000	2,264,226
2032	230,000	375,256	1,858,000	2,267,058
2033	235,000	373,025	1,792,000	2,166,268
2034	240,000	370,603	1,826,000	2,165,951
2035	250,000	372,947	1,861,000	2,165,983
2036	255,000	369,928	1,897,000	2,166,345
2037	265,000	371,398	1,933,000	2,166,017
2038	275,000	372,228	1,970,000	2,166,000
2039	285,000	372,384	2,008,000	2,166,275
2040	295,000	371,913	2,046,000	2,165,822
2041	305,000	370,314	2,086,000	2,166,641
2042	315,000	367,328	2,125,000	2,165,694
2042	330,000	368,378		
2044	345,000	368,610		
2045	<u>360,000</u>	<u>368,010</u>		
Total	\$5,205,000(2)	\$7,626,392	\$36,120,928 (3)	\$42,808,335

(1) Includes estimated debt service on the Series 2024B Bonds.

(2) 37.0% of this debt will be retired within ten years.

(3) 50.9% of this debt will be retired within ten years.

Overlapping Debt

<u>Taxing Unit(1)</u>	<u>2023/24 Adjusted Taxable Net Tax Capacity</u>	<u>Est. G.O. Debt As of 8-15-24(2)</u>	<u>Debt Applicable to Tax Capacity in City</u>	
			<u>Percent</u>	<u>Amount</u>
Steele County	\$65,093,138	\$ 6,580,000	48.6%	\$ 3,197,880
I.S.D. No. 761 (Owatonna)	47,642,107	153,730,000	66.3	<u>101,922,990</u>
Total				\$105,120,870

(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. Direct Debt</u>	<u>G.O. Direct & Overlapping Debt</u>
2023/24 Estimated Market Value (\$2,930,241,800)	0.66%	4.25%
Per Capita (26,534 – 2023 U.S. Census Estimate)	\$729	\$4,690

(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>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>
Steele County	60.562%	57.855%	56.559%	50.133%	44.831%
City of Owatonna	62.481	59.530	62.098	57.305	57.623
I.S.D. No. 761 (Owatonna)(1)	<u>40.167</u>	<u>37.999</u>	<u>34.808</u>	<u>29.993</u>	<u>25.516</u>
Total	163.210%	155.384%	153.465%	137.431%	127.970%

(1) In addition, Independent School District No. 761 (Owatonna) has a 2023/24 market value tax rate of 0.21162% 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 Collection Year</u>		<u>Collected and/or Abated as of 12-31-23</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
2023/24	\$18,214,542	(In Process of Collection)			
2022/23	16,859,964	\$16,791,712	99.6%	\$16,791,712	99.6%
2021/22	15,484,556	15,385,280	99.4%	15,460,656	99.8%
2020/21	14,134,206	14,034,744	99.3	14,127,470	99.9
2019/20	13,740,196	13,616,102	99.1	13,735,303	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 April 30, 2024

<u>Fund</u>	<u>Cash & Investments</u>
City:	
General Fund	\$ 8,120,268
Special Revenue Funds	2,136,175
Debt Service Funds	3,685,608
Capital Project Funds	8,118,409
Enterprise Fund – City	23,118,134
Enterprise Fund – Owatonna Public Utility Commission	30,039,159
Internal Service Funds	<u>2,203,163</u>
Total City	\$77,420,916
Component Units:	
Housing and Redevelopment Authority	\$ 541,227
Economic Development Authority	<u>1,719,506</u>
Total Component Units	\$2,260,733
Total All Funds	\$79,681,649

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 April 30, 2024, the City has investments totaling \$79,681,649. The City's investments are as follows:

Certificates of Deposit	\$22,594,683	28.36%
Money Market Funds	27,506,349	34.52
Agency	27,268,428	34.22
Local Government Obligations	2,301,871	2.89
Cash	8,635	0.01
Pooled Investments	<u>1,683</u>	<u>0.00</u>
Total	\$79,681,649	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>
2023 U.S. Census Estimate	26,534	3.4%
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/ Report Year</u>	<u>0-17</u>	<u>18-34</u>	<u>35-64</u>	<u>65 and Over</u>
2023/24	6,196	5,355	9,788	5,074
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

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.

AREA ECONOMY

Major Employers

<u>Employer</u>	<u>Product/Service</u>	<u>Approximate Number of Employees</u>
Viracon, Inc.	Glass manufacturing	1,530
Jostens	School memorabilia	624
Federated Mutual Insurance Co.	Insurance	469
Wenger Corp	Musical equipment manufacturing	459
Owatonna Hospital- Allina	Hospital and medical services	458
Daikin	HVAC manufacturing	450
Mayo Clinic Health System – Owatonna	Healthcare and medical services	350
Cybex International, Inc.	Exercise equipment manufacturing	262
AmesburyTruth	Hardware design and manufacturing	215
I.S.D. No. 761 (Owatonna)	Public education	208
Bosch Automotive	Manufacturing	207
Climate by Design International	Manufacturing	200
Costco	Retail	180

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: Information obtained from D&B Hoovers, <https://app.dnbhoovers.com/>, and the City. This does not purport to be a comprehensive list.

Labor Force Data

	Annual Average				April
	2020	2021	2022	2023	2024
Labor Force:					
City of Owatonna	14,445	14,236	13,381	13,275	12,573
Steele County	20,653	20,397	19,175	19,034	18,038
State of Minnesota	3,122,015	3,049,037	3,077,500	3,099,922	3,101,808
Unemployment Rate (%):					
City of Owatonna	5.5%	3.5%	2.7%	3.0%	2.7%
Steele County	5.7	3.5	2.7	2.9	2.8
State of Minnesota	6.3	3.7	2.7	2.8	2.7

Source: Minnesota Department of Employment and Economic Development,
<https://apps.deed.state.mn.us/lmi/laus>. 2024 data are preliminary.

Retail Sales and Effective Buying Income (EBI)

City of Owatonna

<u>Data Year/ Report Year</u>	<u>Total Retail Sales (\$000)</u>	<u>Total EBI (\$000)</u>	<u>Median Household EBI</u>
2023/24	\$492,572	\$918,543	\$71,427
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

Steele County

<u>Data Year/ Report Year</u>	<u>Total Retail Sales (\$000)</u>	<u>Total EBI (\$000)</u>	<u>Median Household EBI</u>
2023/24	\$772,248	\$1,331,541	\$73,614
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

The 2023/24 Median Household EBI for the State of Minnesota was \$73,750. The 2023/24 Median Household EBI for the United States was \$67,310.

Source: Claritas, LLC.

Permits Issued by the City

	New Single Family Residential		New Commercial/Industrial		Total Value(1) (All Permits)
	Number	Value	Number	Value	
2024 (to 4-30)	3	\$ 940,000	2	\$23,600,000	\$24,540,000
2023 (	21	8,119,916	9	54,416,624	62,536,540
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 April 30, 2024, development activity in the City for 2024 includes the following:

- Started construction on 15,000 square foot addition onto manufacturing facility
- Started construction on Detention Center Office Addition
- Started construction on new fairgrounds building

Development activity in 2023 included the following:

- Constructed new cement plant
- Constructed new church
- Constructed new restaurant
- Constructed new dental office
- Constructed new recycling center
- Constructed new 75 unit apartment building
- Constructed new 200,000 square foot manufacturing facility
- Constructed new 50,000 square foot manufacturing facility
- Started construction on 88 unit hotel
- Started construction on new animal shelter
- Started construction on 276 unit apartment complex
- Started construction on new riverfront project (includes new brewery, medical center and 69 apartments)
- Started construction on new bank building

Education

Public Education

The following district serves the residents of the City:

<u>School</u>	<u>Location</u>	<u>Grades</u>	<u>2023/24 Enrollment</u>
I.S.D. No. 761 (Owatonna)	City of Owatonna	Pre K-12	4,995

Source: Minnesota Department of Education, 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 Enrollment</u>
Owatonna Christian School	City of Owatonna	K-12	85
St. Mary's School	City of Owatonna	K-8	262

Source: Minnesota Department of Education, 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 138 regular full-time and 20 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	48	December 31, 2024
Minnesota Public Employees Association (Sergeants)	8	December 31, 2024
Minnesota Teamsters Public and Law Enforcement	24	December 31, 2024
Subtotal	88	
Non-unionized employees	70	
Total employees	158	

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, 2023, 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, 2023, 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 \$2,808,991 of American Rescue Plan Act (ARPA) Funds.

Major General Fund Revenue Sources

<u>Revenue</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Property Taxes	\$10,827,829	\$11,299,132	\$11,730,555	\$12,883,552	\$14,427,629
Intergovernmental	5,719,730	7,688,827	6,143,056	6,306,220	6,481,041
Charges for Services	2,128,600	1,415,474	1,770,835	2,071,232	2,494,117
Transfers In	591,500	627,700	623,350	652,730	686,825
Miscellaneous	364,554	408,698	387,441	594,524	685,262
Licenses and Permits	422,036	570,608	407,850	505,746	619,896

Sources: City's Annual Comprehensive Financial Reports.

General Fund Budget Summary

	<u>2023 Budget</u>	<u>2023 Actual</u>	<u>2024 Budget</u>
Revenues:			
Taxes	\$14,276,897	\$14,427,629	\$14,758,748
Licenses and Permits	430,175	619,896	452,200
Intergovernmental	6,370,676	6,481,041	7,263,331
Charges for Services	2,108,795	2,494,117	2,179,515
Fines and Forfeits	151,920	136,186	145,500
Investment Earnings	50,000	719,085	75,000
Miscellaneous	<u>561,875</u>	<u>685,262</u>	<u>644,804</u>
Total Revenues	\$23,950,338	\$25,563,216	\$25,519,098
Expenditures:			
General Government	\$ 4,205,903	\$ 3,971,906	\$ 4,543,367
Public Safety	8,858,504	8,939,081	9,521,896
Public Works	5,320,613	5,041,684	5,656,268
Culture and Recreation	5,609,633	5,490,235	5,857,933
Housing and Economic Development	442,510	394,759	452,154
Capital Outlay	<u>0</u>	<u>39,301</u>	<u>0</u>
Total Expenditures	\$24,437,163	\$23,876,966	\$26,031,618
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (486,825)	\$1,686,250	\$(512,520)
Other Financing Sources (Uses):			
Transfers In	\$ 686,825	\$686,825	\$712,520
Transfers Out	<u>(200,000)</u>	<u>(800,000)</u>	<u>(200,000)</u>
Total Other Financing Sources (Uses)	\$ 486,825	\$(113,175)	\$512,520
Net Change in Fund Balance	\$ 0	\$1,573,075	\$0
Beginning Fund Balance - January 1	\$12,452,321	\$12,452,321	\$14,025,396
Ending Fund Balance - December 31	\$12,452,321	\$14,025,396	\$14,025,396

Sources: City's Annual Comprehensive Financial Reports and 2024 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 [each series of] the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] maturity exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such maturity.]

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.

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.

[A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to its tender/remarketing agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to its tender/remarketing agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to its tender/remarketing agent DTC account.]

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.

FORMS OF BOND COUNSEL OPINION



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

\$ _____
 City of Owatonna, Minnesota
 General Obligation Bonds
 Series 2024A

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 Bonds, Series 2024A (the “Bonds”), originally dated August 15, 2024, 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 August ___, 2024 at Minneapolis, Minnesota.



Fifth Street Towers
150 South Fifth Street, Suite 700
Minneapolis, MN 55402
(612) 337-9300 telephone
(612) 337-9310 fax
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Affirmative Action, Equal Opportunity Employer

\$ _____
City of Owatonna, Minnesota
General Obligation Tax Abatement Bonds
Series 2024B

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 Tax Abatement Bonds, Series 2024B (the “Bonds”), originally dated August 15, 2024, 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 in part from tax abatement revenues and in part 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. The Bonds are “private activity bonds” within the meaning of Section 141(a) of the Internal Revenue Code of 1986, as amended (the “Code”), but bear interest not includable in gross income for purposes of federal income taxation under Section 103(a) of the Code, pursuant to the exception for “qualified 501(c)(3) bonds” provided in Section 145 of the Code. 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 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 August ___, 2024 at Minneapolis, Minnesota.

FORMS OF CONTINUING DISCLOSURE CERTIFICATE

\$ _____
City of Owatonna, Minnesota
General Obligation Bonds
Series 2024A

CONTINUING DISCLOSURE CERTIFICATE

August __, 2024

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 Bonds, Series 2024A (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 Bonds, Series 2024A, 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 July __, 2024, 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, 2024, 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

Mayor

City Administrator

\$ _____
City of Owatonna, Minnesota
General Obligation Tax Abatement Bonds
Series 2024B

CONTINUING DISCLOSURE CERTIFICATE

August __, 2024

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 Tax Abatement Bonds, Series 2024B (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 Tax Abatement Bonds, Series 2024B, 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 July __, 2024, 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.

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(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.

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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.

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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.

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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

Mayor

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**

<u>Property Type</u>	<u>Local Tax Payable 2020-2023</u>	<u>Local Tax Payable 2024</u>
Residential Homestead (1a)		
Up to \$500,000	1.00%	1.00%
Over \$500,000	1.25%	1.25%
Residential Non-homestead		
Single Unit (4bb)		
Up to \$500,000	1.00%	1.00%
Over \$500,000	1.25%	1.25%
2-3 unit and undeveloped land (4b1)	1.25%	1.25%
Market Rate Apartments		
Regular (4a)	1.25%	1.25%
Low-Income (4d)		
Up to \$100,000 ⁽³⁾	0.75%	0.75%
Over \$100,000 ⁽³⁾	0.25%	0.25%
Low-Income (4d1)		0.25%
Low-Income (4d2)		0.75%
Commercial/Industrial/Public Utility (3a)		
Up to \$150,000	1.50% ⁽¹⁾	1.50% ⁽¹⁾
Over \$150,000	2.00% ⁽¹⁾	2.00% ⁽¹⁾
Electric Generation Machinery	2.00%	2.00%
Commercial Seasonal Residential		
Homestead Resorts (1c)		
Up to \$600,000	0.50%	0.50%
\$600,000 - \$2,300,000	1.00%	1.00%
Over \$2,300,000	1.25% ⁽¹⁾	1.25% ⁽¹⁾
Seasonal Resorts (4c1)		
Up to \$500,000	1.00% ⁽¹⁾	1.00% ⁽¹⁾
Over \$500,000	1.25% ⁽¹⁾	1.25% ⁽¹⁾
Non-Commercial (4c12)		
Up to \$500,000	1.00% ⁽¹⁾⁽²⁾	1.00% ⁽¹⁾⁽²⁾
Over \$500,000	1.25% ⁽¹⁾⁽²⁾	1.25% ⁽¹⁾⁽²⁾
Disabled Homestead (1b)		
Up to \$50,000	0.45%	0.45%
\$50,000 - \$500,000		1.00%
Over \$500,000		1.25%
Agricultural Land & Buildings		
Homestead (2a)		
Up to \$500,000	1.00%	1.00%
Over \$500,000	1.25%	1.25%
Remainder of Farm		
Up to \$3,500,000 ⁽⁴⁾	0.50% ⁽²⁾	0.50% ⁽²⁾
Over \$3,500,000 ⁽⁴⁾	1.00% ⁽²⁾	0.50% ⁽²⁾
Non-homestead (2b)	1.00% ⁽²⁾	1.00% ⁽²⁾

⁽¹⁾ State tax is applicable to these classifications.

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

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

⁽⁴⁾ Legislative increases, payable 2024. Historical valuations are: Payable 2023 - \$1,890,000; Payable 2022 - \$1,890,000; Payable 2021 - \$1,890,000; and Payable 2020 - \$1,880,000.

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).

2023 ANNUAL COMPREHENSIVE FINANCIAL REPORT

The following pages include the City's Annual Comprehensive Financial Report for fiscal year ended December 31, 2023 .

Annual Comprehensive Financial Report

Year Ended December 31, 2023

City of Owatonna, Minnesota

CITY OF OWATONNA, MINNESOTA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2023

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, 2023

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CITY OF OWATONNA, MINNESOTA
Annual Comprehensive Financial Report
For the year ended December 31, 2023

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June 10, 2024

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, 2023.

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, 2023. 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. The City is located on the Straight River in the heart of Southern Minnesota. Owatonna's scenic setting, healthy economy, quality lifestyle and proximity to the Twin Cities Metropolitan Area are factors that have contributed to the City's substantial growth. Highway 14 connects half the employment centers in Southern Minnesota and three-quarters of the top employers.

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

ADMINISTRATIVE SERVICES DEPARTMENT

540 WEST HILLS CIRCLE | OWATONNA, MN 55060-4701 | OWATONNA.GOV | 507-444-4300

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 continues to be in a growth mode in terms of economic development. Although the number of permits in 2023 was slightly less than 2022, (1,761 permits as compared to 1,883). The valuation increase was sizable, from \$83 million in 2022 to \$110 million in 2023. Major projects driving this growth include a host of industrial, commercial, and multifamily residential projects. More specifically, Climate by Design (CDI), Kamp Automation, Cemstone, Ascend Riverfront development, West Bank, Foamcraft, Thompson Sanitation, Westlake apartments, Roma's Italian Eatery and Jersey Mikes's. Continued commercial and industrial growth is fueling the rental housing market. Owatonna (124 units) outpaced our neighboring cities of Northfield (11units), Austin (40 units), and New Ulm (0) in terms of multifamily residential permits issued in 2023. Owatonna also had the highest amount in total construction valuation in 2023 with \$110 million.

The City received a long-awaited and overdue increase in LGA allocation. The LGA formula had not been adjusted for many years and did not address increased costs due to inflation. These funds were used to make critical investments in key buildings and other infrastructure projects. The City Council places a high priority on using these funds to advance the goals of the strategic plan, in this case addressing overdue infrastructure needs.

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, body cameras, new in-car cameras, cablecast equipment for simulcasting council meetings, mechanical upgrades at River Springs Water Park and new furniture, new canoes, kayaks and paddleboards at Lake Kohlmier. Key vehicles or equipment purchased through the vehicle replacement fund (VRF) included squad cars, pick-ups, fire pick up street sweeper, skid steer tandem axel truck.

The Owatonna area is a growing region attracting new development, business expansions, business relocations and an expanding workforce. Capital infrastructure investments were required to continue to meet the needs of our community. Work continues on the expansion of the wastewater treatment plant. This capacity 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, relocated from Waseca, a company that specializes in customized automated systems for manufacturing companies finished construction on a new 50,000 square foot facility and employs 50 personnel. Climate by Design completed their 200,000 square foot manufacturing facility and added 50 new employees. Cemstone completed construction of a new cement plant in the industrial park to move all operations to a larger and more suitable site.

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: After completing the review of all key buildings, The building task force was transformed into the Government Buildings Steering committee. Their task was to oversee the development of a Long-Range Asset Management Plan (LRAP) to plan and prioritize capital projects. A funding plan will also be developed. This is a significant project that will take time to achieve. Key projects include roof repair at the fire hall, law enforcement center, main airport hangar and Merrill Hall. New roof top units were replaced at the LEC along with the second half of mechanical upgrades at River Springs

Water Park. A new cablecast server that aids in live streaming and offering of closed captioning for council meetings was added.

The wastewater treatment plant expansion costs had increased dramatically due to supply chain issues and inflation. This expansion was so important to Owatonna's continued growth and development, the city requested assistance from the State of Minnesota for \$22 million in bonding funds. The City partnered with the City of Medford to present a regional wastewater solution to the Legislature. The city was successful and received the full amount requested. The project is approximately 50% complete. The city has also continued its sanitary sewer-lining program implemented in 2013 by completing 3,353 linear feet of sewer lining in 2023. 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.

Several street projects were designed and completed in 2023 as follows: Havana Road, School Street E, Butternut Avenue SW, Riverview Place SW and 15th Street NE. Major street and utility projects involved varying degrees of reconstruction, replaced watermain and services, sanitary and sewer connections. Constructed several storm sewer structures and pipes and curb and gutter.

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. The Ascend mixed use development began construction in 2023. This is the first redevelopment project along the riverfront. The City partnered with Redline Development to redevelop underutilized city owned property along the riverfront within downtown. The commercial space will be occupied by Olmsted Medical Center. They will offer both primary and specialty care for our residents. Mineral Springs Brewery will expand to this new location, tripling their current space. The 69 luxury apartments are gaining strong interest in the community. Several of the units are already leased. The building is scheduled to be completed in early 2025. Home 2 Suites broke ground on an 88-room hotel project located off I-35. They worked with a local company, Rise Modular, to construct the facility. The 26th and Cedar apartment complex was completed in 2023 and the 75 units were leased by the end of the year. The large 5 building apartment complex, Westlake Meadows has completed their first building and work is continuing on the rest of the complex. The city working in partnership with the Chamber of Commerce and local partners completed a branding process. 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. One of the most popular amenities the city has is the parks and trail system thus a new section of trail was added in Kaplans Woods along with additional

maintenance on the existing trail with crack sealing and seal coating. Another well used area is the boat landing. A new entrance road and parking lot were reconstructed. Brooktree golf course had investments in the club house and a new food and beverage provider- Lacey's.

Another critical component of quality of life must be safety and security. The city has the lowest crime rate as compared to the neighboring cities of Albert Lea, Austin, and Faribault. Owatonna ranks 6th 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. The city added a bike patrol with 16 certified police riders. These bikes are used to patrol the trails, parks and at community events for more engagement opportunities. OPD is intentional about looking for positive interactions with the public. A new program added was the Coptober event held at the library. Approximately 130 kids participated in finger printing, evidence processing, story time, sensory booth and photo booth. Demonstrations/tours were given by the K-9, SWAT and Drone. 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. There was a 20% increase in the number of inspections as a high priority was placed on this activity. 7 new paid on-call firefighters were hired and have completed their initial training. They are all state certified at the Firefighter I and II levels. The city has also added a High School firefighter training program for 12th graders to assist with increasing the pool of potential 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 has partnered with Employee Strategies to help improve our workplace culture. Year two of the three-year plan involved developing and identifying core values which would then be incorporated into our city culture. A draft purpose statement and values was created and shared with employees. The employees then completed a "looks and sounds like" exercise, and "best moments" exercise and were able to refine and finalize the purpose statement and values. Then the slow and steady roll-out began of the newly revised purpose and values statement. It was incorporated into agendas, personnel manuals, and posters at work sites. The values were also incorporated into City culture through a regular "City Shines" column in the city employee newsletter, highlighted in job postings, and shared at employee orientations for new employees.

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 several efficiencies and greater transparency. Open Gov has enhanced communication, transparency, and efficiency in customer service across all city departments. Improvements include online permits from engineering, public works, fire, nuisance complaints and planning and zoning. Open Gov also provides a procurement tool that is utilized by all departments. It makes competitive bidding more efficient and ensures the city gets the best value. It ensures transparency and fairness by making records and data accessible to all vendors. Cartegraph is the asset management component of Open Gov that allows the city to track assets, maintenance schedules and work orders. The public facing See Click Fix module allows the public an easy way to report concerns via their phones.

To enhance customer focus, the city is executing a robust communication strategy including a weekly city e-newsletter, coordinated social media posts, production of "City Spotlight videos and two-way engagement platform. The City website is undergoing a redesign to enhance usability and

performance. Plans are to launch the new website in June of 2024. 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.

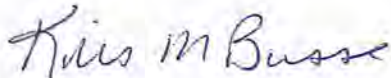
Awards and Acknowledgements

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, 2022. This was the twelfth 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

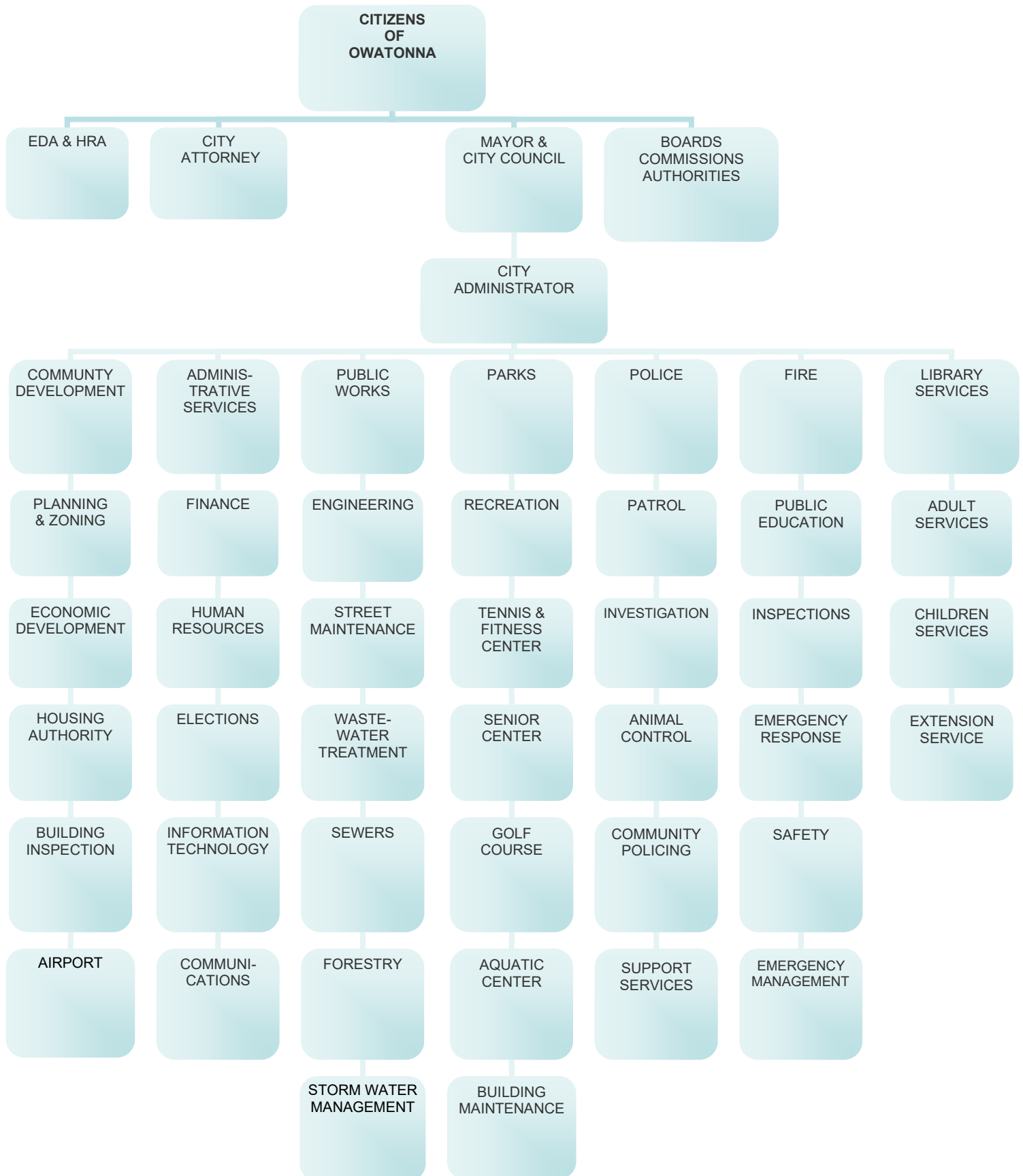
December 31, 2022

Executive Director/CEO

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City of Owatonna, Minnesota

Organization Chart



City of Owatonna, Minnesota

Elected and Appointed Officials

December 31, 2023

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



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, 2023, 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 the 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, 2023, 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 57% and 78%, respectively, of the assets, and revenues of the business-type activities as of December 31, 2023, 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.

Honorable Mayor and
Members of the City Council
City of Owatonna

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.

Honorable Mayor and
Members of the City Council
City of Owatonna

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, and the other auditors, 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

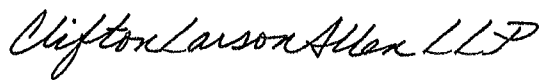
Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not 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 June 10, 2024, 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
June 10, 2024

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 \$300,236,675 (net position). Of this amount, \$67,215,365 (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 \$23,876,240.
- As of the end of the current fiscal year, the City of Owatonna's governmental funds reported combined ending fund balances of \$30,748,092, an increase of \$3,228,066 from the previous year. Over 68% of this amount, \$21,072,441, 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 \$13,788,931, or 57.8% of total general fund expenditures for 2023.
- The City of Owatonna's long-term liabilities increased significantly in 2023. Financing for the wastewater treatment plant expansion was obtained as well as financing for the current and prior year street projects. There was a decrease 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 51-96 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 \$300.2 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 (\$220.5 million, or 73.4%). 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 (\$12.5 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 (\$67.2 million or 22.4%) 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 2023 with their net position increasing by \$23.9 million from \$276.3 million to \$300.2 million.

A condensed version of the Statement of Net Position at December 31, 2023 follows:

Net Position at Year-end (in millions)					
	Governmental Activities		Business-type Activities		Total Government
	2023	2022	2023	2022	2023
Cash and investments	\$34.0	\$32.2	\$51.0	\$40.1	\$85.0
Other assets	9.4	8.2	19.3	13.5	28.7
Capital assets	105.5	101.9	163.6	134.9	269.1
Total assets	<u>148.9</u>	<u>142.3</u>	<u>233.9</u>	<u>188.5</u>	<u>382.8</u>
Deferred outflows of resources	<u>10.2</u>	<u>12.2</u>	<u>1.4</u>	<u>1.9</u>	<u>11.6</u>
Other liabilities	9.0	5.5	15.9	9.6	24.9
Long term outstanding	<u>24.3</u>	<u>37.2</u>	<u>30.2</u>	<u>12.4</u>	<u>54.5</u>
Total liabilities	<u>33.3</u>	<u>42.7</u>	<u>46.1</u>	<u>22.0</u>	<u>79.4</u>
Deferred inflows of resources	<u>10.6</u>	<u>1.7</u>	<u>4.2</u>	<u>2.2</u>	<u>14.8</u>
Net position:					
Net investment in capital assets	89.0	87.0	131.5	131.3	220.5
Restricted	12.5	11.5			12.5
Unrestricted	<u>13.7</u>	<u>11.6</u>	<u>53.5</u>	<u>34.9</u>	<u>67.2</u>
Total net position	<u>\$115.2</u>	<u>\$110.1</u>	<u>\$185.0</u>	<u>\$166.2</u>	<u>\$300.2</u>

Governmental activities. Governmental activities provided a \$5.0 million increase to the City's net position. Investment earnings of \$1.4 million had a positive impact on the financial results for the City. The City benefitted from capital grants in 2023. These include a public safety grant in the amount of \$1.1 million from the state of Minnesota, a housing grant \$0.1 million from the state of Minnesota, municipal state aid for street projects in the amount of \$1.9 million. Planned expenditures were down due to vacant positions during 2023.

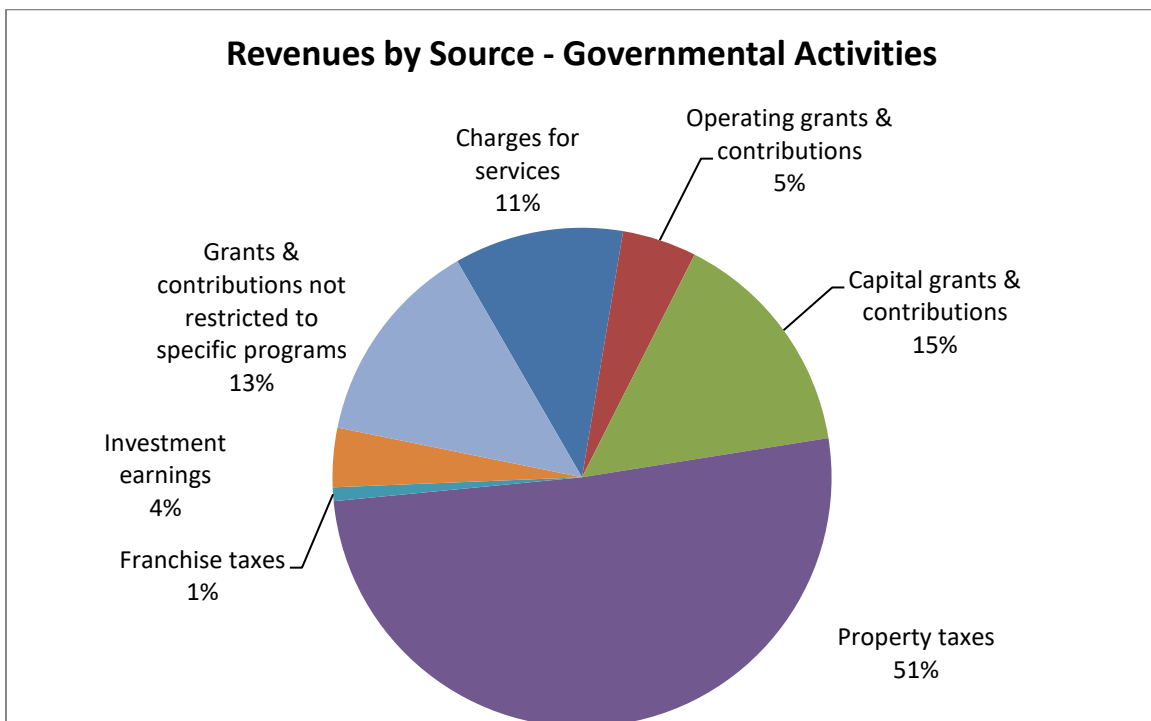
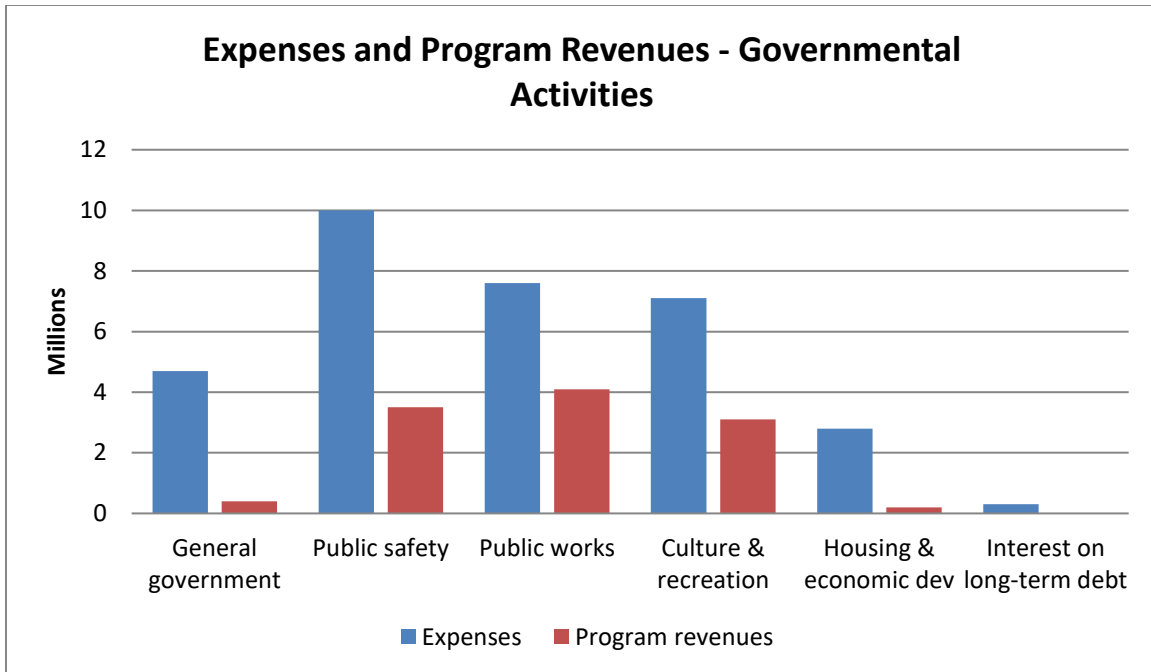
A condensed version of the Statement of Activities follows:

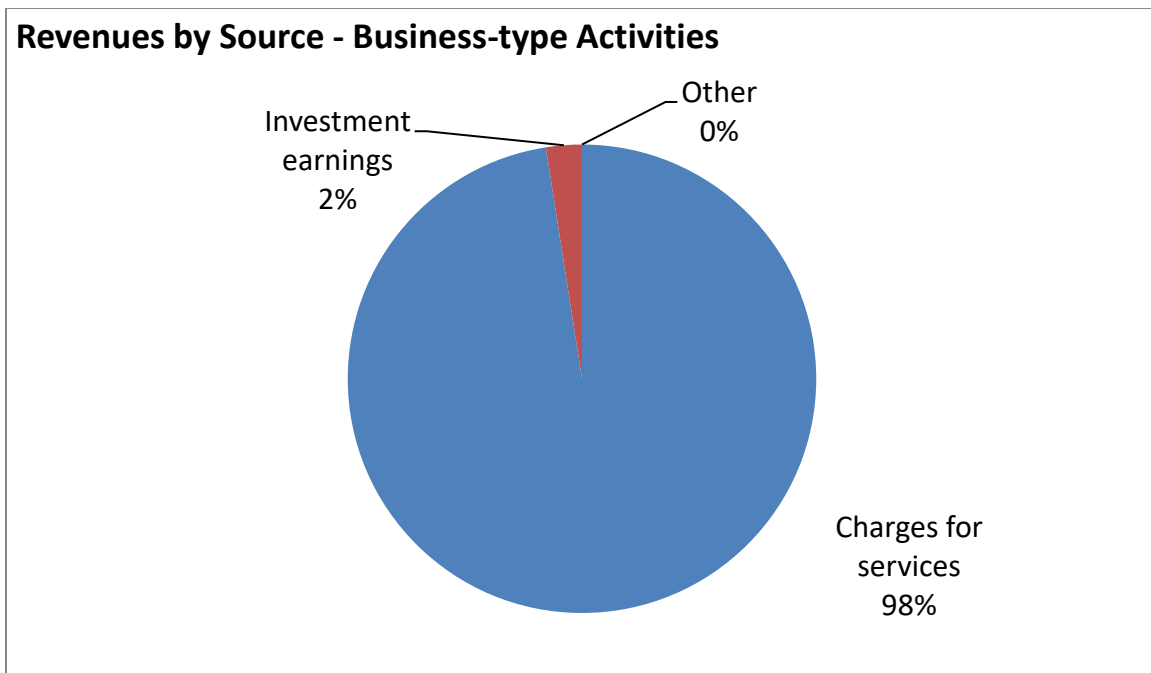
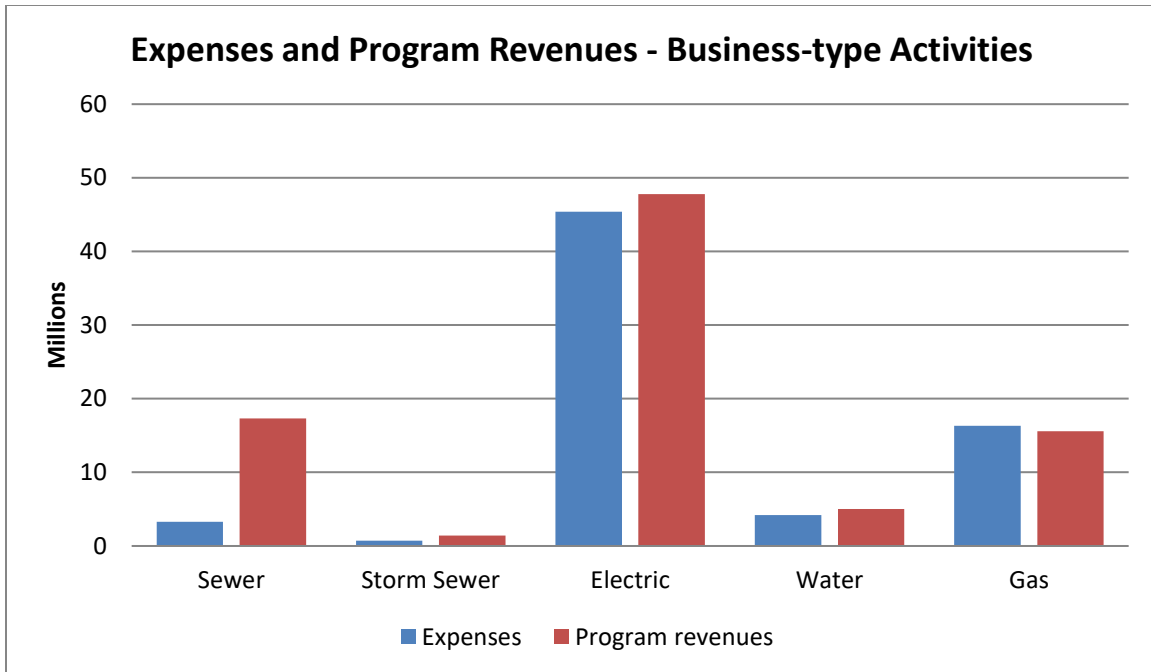
Governmental and Proprietary Activities
For the year ended December 31, 2023
(in millions)

	Governmental Activities		Business-type Activities		Total Government
	2023	2022	2023	2022	2023
Revenues					
Program revenues					
Charges for services	\$4.1	\$3.4	\$75.0	\$73.7	\$79.1
Grants and contributions					
Operating	1.8	1.7			1.8
Capital	5.5	2.1	12.0		17.5
General revenues					
Taxes	19.1	17.6	.3	.3	19.4
Lease revenues			.2	.3	.2
Interest	1.4	(.7)	1.9	(.3)	3.3
Sale of capital assets				.1	
Grants and contributions	5.0	4.8			5.0
Total revenues	<u>36.9</u>	<u>28.9</u>	<u>89.4</u>	<u>74.1</u>	<u>126.3</u>
Expenses					
General government	4.7	4.1			4.7
Public safety	10.0	8.9			10.0
Public works	7.6	5.3			7.6
Culture and recreation	7.1	5.9			7.1
Housing & economic dev	2.8	2.6			2.8
Miscellaneous					
Interest on long-term debt	.3				.3
Sewer			3.3	1.9	3.3
Storm water			.7	.3	.7
Electric			45.4	40.9	45.4
Water			4.2	3.7	4.2
Gas			16.3	18.3	16.3
Total expenses	<u>32.5</u>	<u>26.8</u>	<u>69.9</u>	<u>65.1</u>	<u>102.4</u>
Excess (deficiency) before transfers	4.4	2.1	19.5	9.0	23.9
Transfers	.7	.7	(.7)	(.7)	
Change in net position	5.1	2.8	18.8	8.3	23.9
Beginning net position	110.1	107.3	166.2	157.9	276.3
Ending net position	<u>\$115.2</u>	<u>\$110.1</u>	<u>\$185.0</u>	<u>\$166.2</u>	<u>\$300.2</u>

Business-type activities. Business-type activities provided a \$18.8 million increase to the City's total net position. Key elements of this increase are as follows:

- \$3.6 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 an increase in net position of \$14.0 million. This is attributed to the \$12.0 million in state grant funds received from the State of Minnesota for the wastewater expansion project.
- The Storm Water fund had a gain from operations of \$1.2 million which is consistent with 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 \$30.7 million, a \$3.2 million increase from the prior year. Over two-thirds of this total amount (\$21.1 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 (\$3.0 million), or 2) debt service (\$5.7 million), or 3) a variety of other restricted purposes (\$1.0 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 \$13.8 million, while total fund balance was \$14.0 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 2023. Assigned and unassigned fund balance represents 57.8% of total general fund expenditures, while total fund balance represents 58.7% of that same amount.

The fund balance of the City of Owatonna's general fund increased by \$1.6 million during the current fiscal year. The key factors in this increase included investment earnings, licenses and permits and charges for services in the recreation programs all in excess of budget. On the expenditure side there were staff vacancies in several departments during 2023 and fuel costs were less than anticipated.

The debt service fund has a fund balance of \$5.7 million, all of which is restricted for the payment of debt service. There was an increase of \$0.1 million in fund balance during the year. The government collected \$1.5 million in debt service levy and \$0.6 million in assessments. \$1.9 million in debt was retired in 2023 plus \$0.4 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 \$10.3 million, of which \$2.4 million is restricted for specific capital projects, \$6.1 million has been assigned for future capital projects and the council has committed \$1.8 million for specific capital projects. There was an increase of \$1.5 million in fund balance during the current year. This increase was due to the City issuing bonds for projects costs that were incurred in 2022. Additionally, the council transferred \$0.8 million for future projects they intend to complete.

The ARPA fund has a fund balance of \$0.1 million. The City received \$2.8 million in grant funds in 2021 and 2022, of which \$1.2 million was considered unearned as of the end of the year. The increase in fund balance is due to investment earnings.

There was no change in fund balance for the nonmajor governmental funds in 2023. The majority of activity in these funds is related to tax increment financing (TIF) funds. The increment is received and then disbursed as per the terms of the TIF plans.

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 \$21.2 million for the sewer fund, \$4.6 million for the storm water fund, \$28.0 million for the municipal electric, water and gas utilities. The total change in net position was \$14.1 million for the sewer fund, \$1.2 million for the storm water fund, \$3.6 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 61 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, 2023, amounts to \$269.1 million (net of accumulated depreciation). This investment in capital assets includes land and other rights, building, improvements, equipment, park facilities, roads, bridges, utility systems, and subscription based information technology arrangement assets. The total increase in the City of Owatonna's investment in capital assets for the current fiscal year was 13.6% (a 3.5% increase for governmental activities and a 21.3% increase for business-type activities).

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

- Vehicle acquisitions of \$1.0 million.
- Street reconstruction projects included the annual street and utility projects for 2022 and 2023 being completed in 2023 (\$1.9 million) and a portion of the costs related to the 18th Avenue project that was under construction as of the end of 2023 (\$0.7 million).
- An addition and renovation of the existing city council chambers was completed in 2023 for \$2.0 million.
- A mechanical upgrade to the River Springs waterpark was completed in 2023 for \$0.5 million.
- A major mechanical and electrical upgrade to Merrill Hall was underway at the end of 2023 resulting in an increase in construction in progress of \$1.5 million.
- The expansion of the WWTP which began in 2022, resulted in \$26.1 million increase in construction in progress. This project is expected to be completed in 2024 or 2025.
- Various system improvements were completed for the municipal water, electric and gas utilities at cost of \$10.0 million.

Capital Assets at Year-end
(in millions)

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land and other rights	\$9.1	\$9.0	\$6.6	\$5.7	\$15.7	\$14.7
Buildings	30.2	28.1	47.7	47.7	77.9	75.8
Improvements	1.7	1.7			1.7	1.7
Equipment	19.5	18.4	18.2	18.6	37.7	37.0
Infrastructure	134.1	132.0	130.9	126.1	265.0	258.1
Construction in Progress	2.5	.3	44.8	18.4	47.3	18.7
Subtotal	197.1	189.5	248.2	216.5	445.3	406.0
Accumulated depreciation	92.1	87.6	84.6	81.6	176.7	169.2
Deprec capital assets, net	<u>\$105.0</u>	<u>\$101.9</u>	<u>\$163.6</u>	<u>\$134.9</u>	<u>\$268.6</u>	<u>\$236.8</u>
Subscription Based Information Technology Arrangement (SBITA) Assets	\$.7				\$.7	
Accumulated amortization	.2				.2	
SBITA assets, net	<u>\$.5</u>				<u>\$.5</u>	
Total capital assets, net	<u>\$105.5</u>	<u>\$101.9</u>	<u>\$163.6</u>	<u>\$134.9</u>	<u>\$269.1</u>	<u>\$236.8</u>

Additional information on the City's capital assets can be found in note IV.E. on pages 72-74 of the basic financial statements.

Long-term Debt. At year-end, the City had \$39.8 million in bonds and notes outstanding. There was \$26.4 million in debt issued in 2023. There was a total of \$3.7 million in debt retired during the year.

Debt Outstanding at Year-end
(in millions)

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
G.O. Bonds	\$9.9	\$8.3			\$9.9	\$8.3
G.O. Improvement Bonds	3.5	4.4			3.5	4.4
G.O. Tax Increment Bonds	.1	.3			.1	.3
G.O. Revenue Bonds			\$1.9	\$2.4	1.9	2.4
Revenue Bonds			24.4	1.7	24.4	1.7
Total bonds payable	<u>\$13.5</u>	<u>\$13.0</u>	<u>\$26.3</u>	<u>\$4.1</u>	<u>\$39.8</u>	<u>\$17.1</u>

The City's bond rating is Aa1 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 75-78 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 4.3% since the 2020 census.
- The City of Owatonna was at record low local unemployment rates prior to the pandemic. Development activity has remained busy and employment numbers have bounced back.

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 52.6% 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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CITY OF OWATONNA, MINNESOTA
Statement of Net Position
December 31, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Housing & Redevelopment Activities	Economic Development Activities
ASSETS					
Cash and cash equivalents	\$13,830,815	\$21,724,654	\$35,555,469	\$541,725	\$461,689
Investments	20,158,868	29,298,883	49,457,751		1,300,000
Interest receivable	211,121		211,121		60
Taxes receivable - delinquent	177,087		177,087	2,126	
Accounts receivable	194,582	7,538,779	7,733,361	2,775	18,059
Assessments receivable	2,411,891	8,760	2,420,651		
Due from other governments	3,180,444	6,172,430	9,352,874	58,372	
Due from component units	1,848		1,848		
Inventories	57,398	1,922,346	1,979,744		
Land held for resale		1,526,154	1,526,154	184,208	2,148,713
Loans receivable	659,419		659,419	6,170	2,048,120
Prepaid items	205,074		205,074		
Internal balances	988,191	(988,191)			
Restricted assets:					
Cash and cash equivalents				60,524	
Lease receivable	206,509	2,479,106	2,685,615		
Other assets		660,266	660,266		
Net Pension Asset	1,125,809		1,125,809		
Capital assets:					
Land and land rights	9,102,148	6,575,756	15,677,904		508,251
Buildings	30,213,570	47,746,687	77,960,257	52,000	
Improvements other than buildings	1,742,713		1,742,713		
Equipment	19,487,361	18,228,068	37,715,429		
Infrastructure	134,020,030	130,777,102	264,797,132		
Construction in progress	2,493,173	44,832,516	47,325,689		
Less: accumulated depreciation	(92,092,898)	(84,568,706)	(176,661,604)	(21,396)	
Subscription based information technology arrangement (SBITA) asset	717,310		717,310		
Less: accumulated amortization	(200,559)		(200,559)		
Total assets	148,891,904	233,934,610	382,826,514	886,504	6,484,892
DEFERRED OUTFLOWS OF RESOURCES					
Pension related	10,060,441	1,358,810	11,419,251		
Other post-empl benefits related	113,358	26,104	139,462		
	10,173,799	1,384,914	11,558,713		

LIABILITIES					
Accounts payable	\$2,390,769	\$9,495,590	\$11,852,699	\$6,585	\$63,375
Retainage payable	346,492	1,806,835	2,153,327		
Accrued wages	540,036	373,149	913,185		
Accrued interest payable	157,222	178,649	335,871		
Deposits	135,150		135,150	25,104	
Surcharges payable	18,279		18,279		
Unearned revenue	1,283,241	1,038,921	2,322,162	4,000	
Due to other governments	733,261	185,207	918,468	24,977	
Due to primary government					1,848
Noncurrent liabilities:					
Due within one year	3,356,889	2,853,519	6,210,408		
Due in more than one year	13,259,340	25,147,274	38,406,614		
Accrued OPEB liability	652,337	194,599	846,936		
Net pension liability	10,381,747	4,874,863	15,256,610		
	<u>33,254,763</u>	<u>46,114,946</u>	<u>79,369,709</u>	<u>60,666</u>	<u>65,223</u>
DEFERRED INFLOWS OF RESOURCES					
Pension related	9,886,013	1,656,614	11,542,627		
Other post-employment benefits related	533,649	90,875	624,524		
Lease receivable	202,663	2,407,256	2,609,919		
Gain on bond refunding		1,773	1,773		
	<u>10,622,325</u>	<u>4,156,518</u>	<u>14,778,843</u>		
NET POSITION					
Net investment in capital assets	88,990,330	131,497,179	220,487,509	30,604	508,251
Restricted for:					
Library Hunewill	16,500		16,500		
Library memorials	645,222		645,222		
Net pension asset	1,125,809		1,125,809		
Debt service	7,605,461		7,605,461		
Dam repair	57,056		57,056		
Grant projects	21		21		
Capital projects	3,006,257		3,006,257		
Housing programs				35,420	
Economic development	77,475		77,475		5,803,885
Unrestricted	13,664,484	53,550,881	67,215,365	759,814	107,533
	<u>115,188,615</u>	<u>185,048,060</u>	<u>300,236,675</u>	<u>825,838</u>	<u>\$6,419,669</u>
Total Net Position	<u>\$115,188,615</u>	<u>\$185,048,060</u>	<u>\$300,236,675</u>	<u>\$825,838</u>	<u>\$6,419,669</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, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$4,723,170	\$265,559	\$10,009	\$171,063
Public safety	10,010,175	1,202,958	1,102,008	1,166,081
Public works	7,611,725	853,428	276,216	3,031,757
Culture and recreation	7,073,746	1,680,204	385,013	1,033,553
Housing & economic development	2,769,617	37,525		133,051
Interest on long-term debt	282,711			
Total governmental activities	<u>32,471,144</u>	<u>4,039,674</u>	<u>1,773,246</u>	<u>5,535,505</u>
Business-type activities:				
Sewer	3,342,876	5,288,154		12,035,310
Storm water	663,660	1,405,876		
Electric	45,398,423	47,761,260		
Water	4,272,697	4,954,756		
Gas	16,340,891	15,618,966		
Total business-type activities	<u>70,018,547</u>	<u>75,029,012</u>		<u>12,035,310</u>
Total primary government	<u>\$102,489,691</u>	<u>\$79,068,686</u>	<u>\$1,773,246</u>	<u>\$17,570,815</u>
Component Units:				
Housing & redevelopment authority	\$1,419,767	\$64,587	\$1,276,320	
Economic development authority	<u>989,536</u>	<u>155,191</u>	<u>352,000</u>	
Component Unit	<u>\$2,409,303</u>	<u>\$219,778</u>	<u>\$1,628,320</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.

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Housing & Redevelopment Authority	Economic Development Authority
\$ (4,276,539)		\$ (4,276,539)		
(6,539,128)		(6,539,128)		
(3,450,324)		(3,450,324)		
(3,974,976)		(3,974,976)		
(2,599,041)		(2,599,041)		
(282,711)		(282,711)		
(21,122,719)		(21,122,719)		
	\$13,980,588	\$13,980,588		
	742,216	742,216		
	2,362,837	2,362,837		
	682,059	682,059		
	(721,925)	(721,925)		
	17,045,775	17,045,775		
			\$ (78,860)	
				\$ (482,345)
			(78,860)	(482,345)
18,773,190	320,249	19,093,439	195,388	195,000
325,724		325,724		282,938
	243,915	243,915		
4,961,379		4,961,379		
1,412,326	1,853,795	3,266,121	21,503	73,166
	62,606	62,606		150,912
686,825	(686,825)			
26,159,444	1,793,740	27,953,184	216,891	702,016
5,036,725	18,839,515	23,876,240	138,031	219,671
110,151,890	166,208,545	276,360,435	687,807	6,199,998
\$115,188,615	\$185,048,060	\$300,236,675	\$825,838	\$6,419,669

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Major Funds

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, 2023

	General Fund	Debt Service Fund	Capital Projects Fund
ASSETS			
Cash	\$6,040,589	\$3,135,573	\$2,519,768
Investments	8,508,868	2,500,000	5,750,000
Interest receivable	211,121		
Taxes receivable – delinquent	177,087		
Accounts receivable	190,951		
Assessments receivable		2,142,642	269,249
Due from other funds	3,018		810,140
Due from other governments	587,527		2,592,917
Lease receivable	206,509		
Inventories	57,398		
Advance to other funds	121,136		771,060
Loans receivable			659,419
Total assets	<u>\$16,104,204</u>	<u>\$7,778,215</u>	<u>\$13,372,553</u>
LIABILITIES			
Accounts payable	\$1,050,823	\$144	\$910,274
Retainage payable			346,492
Accrued wages	540,036		
Surcharges payable	18,279		
Deposits	135,150		
Unearned revenue	16,068		51,000
Due to other funds	3,183	23,570	
Due to other governments			733,261
Advance from other funds			121,136
Total liabilities	<u>1,763,539</u>	<u>23,714</u>	<u>2,162,163</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	112,606	2,053,905	928,606
Lease receivable	202,663		
Total deferred inflows of resources	<u>315,269</u>	<u>2,053,905</u>	<u>928,606</u>
FUND BALANCES			
Fund Balances			
Nonspendable:			
Inventories	57,398		
Advance to other funds	121,136		
Restricted for:			
Library Hunewill			
Library memorial			
Debt service		5,700,596	
Dam repair	57,056		
Airport programs	875		
Grant projects			
Capital projects			2,370,563
Economic development			6,010
Committed for:			
Capital projects			1,761,998
Assigned for:			
Capital projects			6,143,213
Compensated absences/OPEB	2,914,999		
Unassigned	10,873,932		
Total fund balances	<u>14,025,396</u>	<u>5,700,596</u>	<u>10,281,784</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$16,104,204</u>	<u>\$7,778,215</u>	<u>\$13,372,553</u>

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

ARPA Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$178,289	\$797,161	\$12,671,380
1,200,000	600,000	18,558,868
		211,121
		177,087
		190,951
		2,411,891
		813,158
		3,180,444
		206,509
		57,398
		892,196
		659,419
<u>\$1,378,289</u>	<u>\$1,397,161</u>	<u>\$40,030,422</u>
\$18,833	\$27,085	\$2,007,159
		346,492
		540,036
		18,279
		135,150
1,216,173		1,283,241
	1,983	28,736
		733,261
	771,060	892,196
<u>1,235,006</u>	<u>800,128</u>	<u>5,984,550</u>
		3,095,117
		202,663
		<u>3,297,780</u>
		57,398
		121,136
	16,500	16,500
	645,222	645,222
		5,700,596
		57,056
		875
	21	21
	634,819	3,005,382
	71,465	77,745
		1,761,998
143,283		6,286,496
		2,914,999
	(770,994)	10,102,938
<u>143,283</u>	<u>597,033</u>	<u>30,748,092</u>
<u>\$1,378,289</u>	<u>\$1,397,161</u>	<u>\$40,030,422</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, 2023

Fund balance – total governmental funds	\$30,748,092
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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.	100,315,924
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Net Pension Asset is included in the Statement of Net Position.	1,125,809
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Deferred pension outflows of \$10,060,441 and inflows of \$(9,886,013) are included in the Statement of Net Position.	174,428
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Deferred other post-employment benefits outflows of \$113,358 and inflows of \$(533,649) are included in the Statement of Net Position	(420,291)
--	-----------

Long-term liabilities, including bonds payable, are not due and payable in the current period and are therefore not reported in the funds.	(27,807,535)
--	--------------

Internal service fund assets and liabilities are included in governmental activities in the Statement of Net Position.	7,957,071
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Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.	3,095,117
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Net Position of Governmental Activities	<u><u>\$115,188,615</u></u>
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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, 2023

	General Fund	Debt Service Fund	Capital Projects Fund
REVENUES			
Taxes	\$14,427,629	\$1,535,227	\$705,000
Licenses and permits	619,896		
Intergovernmental revenue	6,481,041		3,534,623
Charges for service	2,494,117		
Fines and forfeits	136,186		
Special assessments		573,699	33,727
Interest on investments	719,085	207,816	315,312
Miscellaneous	685,262		117,806
Total revenues	<u>25,563,216</u>	<u>2,316,742</u>	<u>4,706,468</u>
EXPENDITURES			
Current:			
General government	3,813,455	5,075	
Public safety	8,939,081		
Public works	5,041,684		
Culture and recreation	5,490,235		
Housing & economic development	394,759		
Miscellaneous			87,519
Capital outlay	39,301		6,437,044
Debt service:			
Principal retired	211,676	1,900,000	
Interest and service charges		416,116	68,012
Total expenditures	<u>23,930,191</u>	<u>2,321,191</u>	<u>6,592,575</u>
Excess of revenues over (under) expenditures	<u>1,633,025</u>	<u>(4,449)</u>	<u>(1,886,107)</u>
OTHER FINANCING SOURCES (USES)			
SBITA proceeds	53,225		
Bond issuance			2,440,000
Premium on bonds			154,263
Transfers out	(800,000)		
Transfers in	686,825	83,520	800,000
Total other financing sources (uses)	<u>(59,950)</u>	<u>83,520</u>	<u>3,394,263</u>
Net change in fund balance	1,573,075	79,071	1,508,156
Fund balance - beginning	<u>12,452,321</u>	<u>5,621,525</u>	<u>8,773,628</u>
Fund balance – ending	<u>\$14,025,396</u>	<u>\$5,700,596</u>	<u>\$10,281,784</u>

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

ARPA Fund	Non-major Governmental Funds	Total Governmental Funds
	\$2,569,808	\$19,237,664
		619,896
\$1,118,242		11,133,906
		2,494,117
		136,186
		607,426
109,234	60,879	1,412,326
	125,778	928,846
<u>1,227,476</u>	<u>2,756,465</u>	<u>36,570,367</u>
		3,818,530
		8,939,081
		5,041,684
		5,490,235
	2,351,889	2,746,648
171,063	83,528	342,110
947,179	278,998	7,702,522
		2,111,676
		484,128
<u>1,118,242</u>	<u>2,714,415</u>	<u>36,676,614</u>
<u>109,234</u>	<u>42,050</u>	<u>(106,247)</u>
		53,225
		2,440,000
		154,263
	(83,520)	(883,520)
		1,570,345
	<u>(83,520)</u>	<u>3,334,313</u>
109,234	(41,470)	3,228,066
34,049	638,503	27,520,026
<u>\$143,283</u>	<u>\$597,033</u>	<u>\$30,748,092</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, 2023

Net change in fund balances – total governmental funds	\$3,228,066
--	-------------

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/amortization expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlays (\$7,469,367) exceeded depreciation (\$4,353,498)/amortization (200,559) in the current period.	2,915,310
--	-----------

Governmental funds report proceeds from the sale of capital assets, in the statement of activities only the gain or (loss) is reported.	(145,712)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	136,464
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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.	(482,587)
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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.	(1,087,305)
--	-------------

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.	152
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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.	155,612
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The net revenue (expense) of the internal service funds is reported with governmental activities.	316,725
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Change in Net Position of Governmental Activities	\$5,036,725
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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, 2023

	Budget		(Budgetary Basis) Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$14,276,897	\$14,276,897	\$14,427,629	\$150,732
Licenses and permits	430,175	430,175	619,896	189,721
Intergovernmental revenue	6,370,676	6,370,676	6,481,041	110,365
Charges for service	2,108,795	2,108,795	2,494,117	385,322
Fines and forfeits	151,920	151,920	136,186	(15,734)
Interest on investments	50,000	50,000	719,085	669,085
Miscellaneous	561,875	561,875	685,262	123,387
Total revenues	23,950,338	23,950,338	25,563,216	1,612,878
EXPENDITURES				
Current:				
General government				
Mayor & council	567,100	567,100	429,505	137,595
Administrative services	2,333,741	2,333,741	2,235,643	98,098
City attorney	272,207	272,207	272,273	(66)
Government buildings	1,032,855	1,032,855	876,034	156,821
Total general government	4,205,903	4,205,903	3,813,455	392,448
Public safety				
Police	6,142,200	6,142,200	6,199,881	(57,681)
Fire	2,161,298	2,161,298	2,138,740	22,558
Building inspection	555,006	555,006	600,460	(45,454)
Total public safety	8,858,504	8,858,504	8,939,081	(80,577)
Public works				
Engineering	1,157,545	1,157,545	923,553	233,992
Street maintenance	3,602,847	3,602,847	3,471,791	131,056
Airport	560,219	560,219	646,340	(86,121)
Total public works	5,320,611	5,320,611	5,041,684	278,927
Culture and recreation				
Library	1,279,353	1,279,353	1,224,068	55,285
Park & rec administration	441,855	441,855	445,184	(3,329)
Park maintenance	2,313,323	2,313,323	2,207,466	105,857
Recreation	1,575,104	1,575,104	1,613,517	(38,413)
Total culture and recreation	5,609,635	5,609,635	5,490,235	119,400
Housing & economic development				
Planning & zoning	442,510	442,510	394,759	47,751
Total housing & economic develop	442,510	442,510	394,759	47,751

(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, 2023

	Budget		(Budgetary Basis) Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Capital outlay	\$0	\$0	\$39,301	\$(39,301)
Principal	0	0	211,676	(211,676)
Total expenditures	24,437,163	24,437,163	23,930,191	506,972
Excess of revenues over (under) expenditures	(486,825)	(486,825)	1,633,025	(2,119,850)
OTHER FINANCING SOURCES (USES)				
SBITA proceeds	0	0	53,225	53,225
Transfers out	(200,000)	(200,000)	(800,000)	600,000
Transfers in	686,825	686,825	686,825	
Total other financing sources and uses	486,825	486,825	(59,950)	546,775
Net change in fund balance			1,573,075	(1,573,075)
Fund balance – beginning	12,452,321	12,452,321	12,452,321	
Fund balance – ending	12,452,321	12,452,321	14,025,396	(1,573,075)

CITY OF OWATONNA, MINNESOTA
Statement of Net Position
Proprietary Funds
December 31, 2023

	Business-type Activities		
	Sewer Fund	Storm Water Fund	Electric Fund
ASSETS			
Current assets:			
Cash and cash equivalents	\$4,445,594	\$1,660,586	\$6,156,390
Investments	10,630,000	2,900,000	5,984,554
Accounts receivable	30,999		4,789,881
Assessments receivable	8,760		
Lease receivable			
Due from other funds	982,047	110,000	28,736
Due from other governments	6,172,430		
Inventories at cost			1,468,761
Other assets			1,327,553
Total current assets	<u>22,269,830</u>	<u>4,670,586</u>	<u>19,755,875</u>
Noncurrent assets:			
Capital assets – net	63,005,761	13,180,970	48,201,277
Lease receivable			
Land held for future use			
Total noncurrent assets	<u>63,005,761</u>	<u>13,180,970</u>	<u>48,201,277</u>
Total assets	<u>85,275,591</u>	<u>17,851,556</u>	<u>67,957,152</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	128,480	16,196	613,927
Other post-employment benefits related	7,235		8,491
Total deferred outflows of resources	<u>135,715</u>	<u>16,196</u>	<u>622,418</u>
LIABILITIES			
Current liabilities:			
Accounts payable	3,602,793	28,641	3,431,429
Retainage payable	1,806,835		
Accrued wages	32,917	4,046	203,470
Accrued interest payable	163,537	15,112	
Due to other funds			1,351,485
Due to other governments			147,982
Unearned revenue			608,377
Accrued compensated absences	70,000		134,296
Notes and bonds payable – net	2,085,000	450,000	
Total current liabilities	<u>7,761,082</u>	<u>497,799</u>	<u>5,877,039</u>
Noncurrent liabilities:			
Notes and bonds payable – net	22,310,027	1,510,727	
Net pension liability	460,707	58,075	2,330,105
Accrued compensated absences	29,544	322	732,051
Accrued OPEB liability	41,637		68,833
Total noncurrent liabilities	<u>22,841,915</u>	<u>1,569,124</u>	<u>3,130,989</u>
Total liabilities	<u>30,602,997</u>	<u>2,066,923</u>	<u>9,008,028</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	149,269	18,816	744,621
Other post-employment benefits related	34,063		25,562
Lease receivable			
Gain on refunding		1,773	
Total deferred inflows of resources	<u>183,332</u>	<u>20,589</u>	<u>770,183</u>
NET POSITION			
Net investment in capital assets	33,424,191	11,222,016	48,201,277
Unrestricted	21,200,786	4,558,224	10,600,082
Total net position	<u>\$54,624,977</u>	<u>\$15,780,240</u>	<u>\$58,801,359</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.

- Enterprise Funds			Governmental Activities
Water Fund	Gas Fund	Total Enterprise Funds	Internal Service Funds
\$3,826,479	\$5,635,605	\$21,724,654	\$1,209,435
3,407,937	6,376,392	29,298,883	1,550,000
393,212	2,324,687	7,538,779	3,631
		8,760	
151,153		151,153	
		1,120,783	
		6,172,430	
61,876	391,709	1,922,346	
72,012	126,589	1,526,154	205,074
<u>7,912,669</u>	<u>14,854,982</u>	<u>69,463,942</u>	<u>2,986,140</u>
21,671,691	17,531,724	163,591,423	5,166,924
2,327,953		2,327,953	
	660,266	660,266	
<u>23,999,644</u>	<u>18,191,990</u>	<u>166,579,642</u>	<u>5,166,924</u>
<u>31,912,313</u>	<u>33,046,972</u>	<u>236,043,584</u>	<u>8,135,064</u>
256,519	343,688	1,358,810	
4,151	6,227	26,104	
<u>260,670</u>	<u>349,915</u>	<u>1,384,914</u>	
173,562	2,225,505	9,461,930	383,610
52,751	79,965	1,806,835	
		373,149	
		178,649	
553,720		1,905,205	
3,565	33,660	185,207	
24,806	405,738	1,038,921	
43,445	70,778	318,519	
		2,535,000	
<u>851,849</u>	<u>2,815,646</u>	<u>17,803,415</u>	<u>383,610</u>
900,901	1,125,075	23,820,754	
259,409	305,194	4,874,863	
33,652	50,477	1,326,520	
		194,599	
<u>1,193,962</u>	<u>1,480,746</u>	<u>30,216,736</u>	
<u>2,045,811</u>	<u>4,296,392</u>	<u>48,020,151</u>	<u>383,610</u>
315,376	428,532	1,656,614	
12,500	18,750	90,875	
2,407,256		2,407,256	
		1,773	
<u>2,735,132</u>	<u>447,282</u>	<u>4,156,518</u>	
21,117,971	17,531,724	131,497,179	5,166,924
6,274,069	11,121,489	53,754,650	2,584,530
<u>\$27,392,040</u>	<u>\$28,653,213</u>	<u>185,251,829</u>	<u>\$7,751,454</u>
		(203,769)	
		<u>\$185,048,060</u>	

CITY OF OWATONNA, MINNESOTA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the year ended December 31, 2023

	Business-type Activities		
	Sewer Fund	Storm Water Fund	Electric Fund
OPERATING REVENUES:			
Charges for service	\$5,287,990	\$1,405,876	\$47,761,260
Miscellaneous	164		
Total operating revenues	<u>5,288,154</u>	<u>1,405,876</u>	<u>47,761,260</u>
OPERATING EXPENSES:			
Operation and maintenance	1,576,671	269,894	38,988,767
Depreciation	1,051,240	373,518	2,305,666
Utility service contributed to city			1,141,256
Capitalized internal costs			
Administrative costs	377,713		2,962,734
Total operating expenses	<u>3,005,624</u>	<u>643,412</u>	<u>45,398,423</u>
Operating income (loss)	<u>2,282,530</u>	<u>762,464</u>	<u>2,362,837</u>
Non-operating revenues (expenses)			
Property taxes		320,249	
Intergovernmental revenue	12,035,310		
Gain/(loss) on capital assets	17,399		18,418
Income (loss) on investments	663,706	188,237	392,911
Lease revenue			
Lease interest income			
Interest expense and fiscal charges	(316,166)	(19,721)	
Total non-operating revenues (expenses)	<u>12,400,249</u>	<u>488,765</u>	<u>411,329</u>
Income (loss) before contributions & transfers	14,682,779	1,251,229	2,774,166
Capital contributions			
Transfer out	(605,625)	(81,200)	
Total contributions & transfers	<u>(605,625)</u>	<u>(81,200)</u>	
Change in net position	14,077,154	1,170,029	2,774,166
Total net position – beginning	<u>40,547,823</u>	<u>14,610,211</u>	<u>56,027,193</u>
Total net position – ending	<u><u>\$54,624,977</u></u>	<u><u>\$15,780,240</u></u>	<u><u>\$58,801,359</u></u>
Change in net position reflected above			
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			
Change in Net Position of Business-type Activities			

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

- Enterprise Funds			Governmental Activities
Water Fund	Gas Fund	Total Enterprise Funds	Internal Service Funds
\$4,954,756	\$15,618,966	\$75,028,848	\$3,780,811
		164	
4,954,756	15,618,966	75,029,012	3,780,811
1,882,906	12,955,933	55,674,171	2,784,477
662,505	750,609	5,143,538	830,330
180,965	238,734	1,560,955	
1,461,407	2,395,615	7,197,469	
4,187,783	16,340,891	69,576,133	3,614,807
766,973	(721,925)	5,452,879	166,004
		320,249	
		12,035,310	
(84,914)	26,789	(22,308)	129,108
197,637	411,304	1,853,795	
200,644		200,644	
43,271		43,271	
		(335,887)	
356,638	438,093	14,095,074	129,108
1,123,611	(283,832)	19,547,953	295,112
			67,078
		(686,825)	
		(686,825)	67,078
1,123,611	(283,832)	18,861,128	362,190
26,268,429	28,937,045	166,390,701	7,389,264
\$27,392,040	\$28,653,213	\$185,251,829	\$7,751,454
		\$18,861,128	
		21,613	
		\$18,839,515	

CITY OF OWATONNA, MINNESOTA
Statement of Cash Flows
Proprietary Funds
For the year ended December 31, 2023

	Business-type Activities		
	Sewer Fund	Storm Water Fund	Electric Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$5,134,241	\$1,405,875	\$46,110,273
Cash payments to suppliers for goods and services	(140,979)	(194,277)	(42,226,849)
Cash payments to employees for services	(868,982)	(106,539)	(724,082)
Other cash receipts			1,570,786
Net cash provided by (used for) operating activities	<u>4,124,280</u>	<u>1,105,059</u>	<u>4,730,128</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer to other funds	(605,625)	(81,200)	
Lease receipts			
Net cash provided by (used for) noncapital financing activities	<u>(605,625)</u>	<u>(81,200)</u>	
CASH FLOWS FROM CAPITAL AND REL. FIN. ACTIVITIES			
Acquisition of capital assets	(24,000,798)	(344,515)	(4,068,719)
Disposition of capital assets	17,399		18,418
Taxes levied for debt service		320,249	
Grant proceeds	5,862,880		
Proceeds from sale of bonds	24,009,099		
Principal paid on revenue bonds/notes payable	(1,336,000)	(435,000)	
Interest expense and fiscal charges	(161,682)	(51,863)	
Net cash used for capital and rel. fin. activities	<u>4,390,898</u>	<u>(511,129)</u>	<u>(4,050,301)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment securities	(4,230,000)		(1,900,000)
Proceeds from sale of investment securities			1,046,000
Interest on investments	663,706	188,237	208,036
Net cash provided by (used for) investing activities	<u>(3,566,294)</u>	<u>188,237</u>	<u>(645,964)</u>
Net increase (decrease) in cash and cash equivalents	4,343,259	700,967	33,863
Cash and cash equivalents – beginning of the year	<u>102,335</u>	<u>959,619</u>	<u>6,122,527</u>
Cash and Cash Equivalents – end of the year	<u><u>\$4,445,594</u></u>	<u><u>\$1,660,586</u></u>	<u><u>\$6,156,390</u></u>
RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income(loss)	\$2,282,530	\$762,464	\$2,362,837
Adjustments			
Depreciation	1,051,240	373,518	2,305,666
Net changes in assets and deferred outflows and liabilities and deferred inflows:			
Accounts receivable	(17,965)		(251,103)
Assessments receivable	1,895		
Inventories at cost			(370,727)
Other current assets	(137,843)		53,689
Deferred outflows	48,045	13,847	186,004
Accounts payable and accrued expenses	867,661	(19,984)	123,868
Unearned revenue			167,339
Net pension liability	(119,501)	(41,273)	(506,257)
OPEB and compensated absences	5,985	27	(19,108)
Deferred inflows	142,233	16,460	677,920
Net cash provided by (used for) operating activities	<u><u>\$4,124,280</u></u>	<u><u>\$1,105,059</u></u>	<u><u>\$4,730,128</u></u>
Noncash investing, capital, and financing activities:			
Amortization of gain on refunding		\$(10,637)	
Amortization of bond premium		(27,791)	
Loss on disposition of capital assets			
Change in fair value of investments			\$23,287
Capital Contributions			
Retainage/Assets purchased on account with contracts payable	\$2,572,996		

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

- Enterprise Funds			Governmental Activities
Water Fund	Gas Fund	Enterprise Funds	Internal Service Funds
\$4,650,946	\$16,527,003	\$73,828,338	\$3,780,963
(3,222,368)	(15,162,460)	(60,946,933)	(2,530,230)
(228,246)	(767,433)	(2,695,282)	
287,615	644,600	2,503,001	
1,487,947	1,241,710	12,689,124	1,250,733
		(686,825)	
208,927		208,927	
208,927		(477,898)	
(661,656)	(2,427,992)	(31,503,608)	(936,108)
4,526	26,789	67,132	131,846
		5,862,880	
		320,249	
		24,009,099	
		(1,771,000)	
		(213,545)	
(657,130)	(2,401,203)	(3,228,793)	(804,262)
(900,000)	(2,148,000)	(9,178,000)	
1,096,000	4,967,287	7,109,287	130,000
103,709	401,347	1,565,035	
299,709	3,220,634	(503,678)	130,000
1,339,453	2,061,141	8,478,683	576,471
2,487,026	3,574,464	13,245,971	632,964
\$3,826,479	\$5,635,605	\$21,724,654	\$1,209,435
\$766,973	\$(721,925)	\$5,452,879	\$506,553
662,505	750,609	5,143,538	436,955
(11,462)	476,057	195,527	1,195
(6,099)	(43,433)	1,895	
17,191	807,289	(420,259)	
124,176	217,831	690,287	(5,100)
23,029	(281,598)	589,903	
(2,936)	316,987	712,976	6,813
(366,763)	(663,404)	481,390	
(9,341)	(14,013)	(1,697,198)	
290,674	397,310	(36,450)	
		1,524,597	
1,487,947	1,241,710	12,639,085	946,416
		\$(10,637)	
\$89,440	\$26,789	(27,791)	\$10,366
27,284	59,167	116,229	
		109,738	241,365
553,720		3,126,716	

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CITY OF OWATONNA, MINNESOTA
Notes to the Basic Financial Statements
December 31, 2023

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, 2023

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, 2023

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, 2023

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, 2023

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.

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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.

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

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

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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.

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, 2023 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, 2023, approximately 19.36% of the total Electric Utility Commodity revenue was accounted from Viracon, Inc. During the year ended December 31, 2023, approximately 8.00% of the Water Utility Commodity revenue was accounted from Lakeside Foods. During the year ended December 31, 2023, approximately 7.96% of the Gas Utility Commodity revenue was accounted from Bushel Boy Farms.

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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.

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.

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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.

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

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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.

19. Restatement Due to Change in Accounting Principle

In connection with the City's implementation of Governmental Accounting Standards Board Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs) for the year ended December 31, 2023, the City reported a SBITA asset and a SBITA liability as disclosed in notes IV. E and IV. G. There was no impact on fund balance.

E. Adoption of New Accounting Standards

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

The Entity adopted the requirements of the guidance effective January 1, 2023 and has applied the provisions of this standard to the beginning of the period of adoption. See Note I.D.19. for the restatement as a result of this implementation.

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 (\$27,807,535) difference are as follows:

Bonds, notes, and leases payable	\$(14,773,859)
Net Pension liability	(10,381,747)
Accrued OPEB liability	(652,337)
Accrued compensated absences	(1,842,370)
Accrued interest payable	<u>(157,222)</u>
Total difference	<u><u>\$ (27,807,535)</u></u>

CITY OF OWATONNA, MINNESOTA
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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 \$136,464 difference are as follows:

Delinquent taxes rec. unavailable revenue:	
At December 31, 2022	\$(251,356)
At December 31, 2023	112,606
Special assessments/development receivable unavailable revenue:	
At December 31, 2022	(2,707,297)
At December 31, 2023	<u>2,982,511</u>
	<u><u>\$136,464</u></u>

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 \$155,612 difference are as follows:

Amortization of bond premium	\$207,813
Change in accrued interest	(6,396)
Change in accrued compensated absences	<u>(45,805)</u>
	<u><u>\$155,612</u></u>

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 2023.

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 30. The City Council holds public hearings. A final budget is adopted by December 28 of each year.

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B. Deficit Fund Balance

At year-end 2023, there were three 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 2023 in the amounts indicated:

TIF 3-8 Daikin Applied Economic Development Fund	\$18,252
TIF 3-14 Bosch Economic Development Fund	270,253
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.

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, 2023 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.

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- 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, 2023 are as follows:

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	\$23,366,724	\$4,109,273	\$17,875,341	\$918,415	\$463,695
US Govt Agencies	N/R	4,814,795	3,748,996	1,062,284	2,053	1,462
Local Govt Obligations	AAA	615,104		615,104		
Local Govt Obligations	AA3	448,077	448,077			
Local Govt Obligations	A1	1,490,955	1,490,955			
Local Govt Obligations	N/R	1,224,202	1,224,202			
Pooled Investments	N/A	1,869		236	1,633	
4M Fund Liquid Asset Fund	N/A	16,010,112	16,010,112			
4M Fund PLUS Fund	N/A	4,865,631	4,865,631			
Wells Fargo Adv MM	N/A	10,663	10,663			
Bremer Bank MM	N/A	1,068,864	1,068,864			
Negotiable CDs	N/A	8,722,221	5,674,017	3,048,204		
		<u>\$62,639,217</u>	<u>\$38,650,790</u>	<u>\$22,601,169</u>	<u>\$922,101</u>	<u>\$465,157</u>

Reconciliation of deposits and investments to Statement of Net Position:

	Primary Government	EDA	HRA	Total Reporting Entity
Cash on hand	\$8,635			\$8,635
Deposits	23,665,368	\$461,689	\$602,249	24,729,306
Investments	61,339,217	1,300,000		62,639,217
Total deposits and investments	<u>\$85,013,220</u>	<u>\$1,761,689</u>	<u>\$602,249</u>	<u>\$87,377,158</u>
Per Statement of Net Position:				
Cash and cash equivalents	\$35,555,469	\$461,689	\$541,725	\$36,558,883
Investments	49,457,751	1,300,000		50,757,751
Restricted cash & cash equivalents			60,524	60,524
Total cash and investments	<u>\$85,013,220</u>	<u>\$1,761,689</u>	<u>\$602,249</u>	<u>\$87,377,158</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.

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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, Freddie Mac 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.

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:

	Level 1	Level 2	Level 3	Total
US Govt Agencies		\$28,181,519		\$28,181,519
Local Govt Obligations		3,778,338		3,778,338
Negotiable CDs		8,722,221		8,722,221
US Govt Agency pools		1,869		1,869
Total		<u>\$40,683,947</u>		<u>\$40,683,947</u>

Assets of the City measured at amortized cost:

4M Fund Liquid Asset Fund	\$16,010,112
4M Fund PLUS Fund	4,865,631
Wells Fargo Advisors Money Market Fund	10,663
Bremer Bank Money Market Fund	<u>1,068,864</u>
Total	<u><u>\$21,955,270</u></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

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days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to 7 days interest on the amount withdrawn.

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 \$112,606; special assessments receivable not yet available (debt service fund and capital projects fund) of \$2,323,092; and a development receivable not yet available (capital projects fund) of \$659,419.

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, 2023 was \$659,419 and is offset by an unavailable revenue. These loans mature in 9-25 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, 2023 was \$42,230 which consists of loans maturing in three to six years with interest ranging from 0 to 2.5 percent. These notes are secured by property, equipment and personal guarantees.

The EDA Loan Fund has made twenty-six 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, 2023. The balance of these forgivable loans was \$203,493 at December 31, 2023.

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, 2023 was \$2,005,890 which consists of loans maturing in 19 to 25 years all with interest rates of 3 percent.

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, 2023 is \$6,170.

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D. Long-term Lease Receivables

Governmental Leases

On January 1, 2022, the City entered into a 36-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, 2023, the value of the lease receivable is \$28,589. 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, 2023, was \$27,654, 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, 2023, 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 \$7,453. As of December 31, 2023, the value of the lease receivable is \$0. The lessee is required to make quarterly fixed payments of \$1,865. The lease has an interest rate of 0.2380%. The value of the deferred inflow of resources as of December 31, 2023, was \$0, and the City recognized lease revenue of \$7,453 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, 2023, the value of the lease receivable is \$2,610. 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, 2023, was \$2,440, 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 \$163,605. As of December 31, 2023, the value of the lease receivable is \$0. 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, 2023, was \$0, and the City recognized lease revenue of \$3,508 during the fiscal year.

On May 2, 2023, the City entered into a 180-month lease as Lessor for the use of public hangar lot 8 - Barta. An initial lease receivable was recorded in the amount of \$6,520. As of December 31, 2023, the value of the lease receivable is \$6,520. The lessee is required to make annual variable principal and interest payments of \$1,088. The lease has an interest rate of 1.4080%. The value of the deferred inflow of resources as of December 31, 2023, was \$6,232, and the City recognized lease revenue of \$289 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, 2023, the value of the lease receivable is \$12,121. 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, 2023, was \$12,114, and the City recognized lease revenue of \$873 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, 2023, the value of the lease receivable is \$15,933. 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, 2023, was \$16,190, and the City recognized lease revenue of \$883 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, 2023, the value of the lease receivable is \$0. The lessee is required to make annual variable principal and interest

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payments of \$840. The lease has an interest rate of 0.3300%. The value of the deferred inflow of resources as of December 31, 2023, was \$0, and the City recognized lease revenue of \$336 during the fiscal year.

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, 2023, the value of the lease receivable is \$9,606. 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, 2023, was \$9,503, and the City recognized lease revenue of \$774 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, 2023, the value of the lease receivable is \$16,500. 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, 2023, was \$16,432, and the City recognized lease revenue of \$1,010 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, 2023, the value of the lease receivable is \$16,147. 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 \$16,027, 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, 2023, the value of the lease receivable is \$3,299. 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, 2023, was \$3,276, 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, 2023, the value of the lease receivable is \$29,666. 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, 2023 was \$27,986, 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, 2023, the value of the lease receivable is \$19,452. 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, 2023, was \$19,112, 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, 2023, the value of the lease receivable is \$14,005. 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, 2023, was \$13,761, 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, 2023, the value of the lease receivable is \$6,057. The lessee is required to make annual

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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, 2023, was \$6,057, 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, 2023, the value of the lease receivable is \$2,382. 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, 2023, was \$2,363, and the City recognized lease revenue of \$2,578 during the fiscal year.

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, 2023, the value of the lease receivable is \$2,382. 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, 2023, was \$2,363, and the City recognized lease revenue of \$2,578 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, 2023, the value of the lease receivable is \$2,382. 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, 2023, was \$2,363, and the City recognized lease revenue of \$2,578 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, 2023, the value of the lease receivable is \$2,382. 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, 2023, was \$2,345, and the City recognized lease revenue of \$2,559 during the fiscal year.

On January 1, 2022, the City entered into a 24-month lease as Lessor for the use of hangar #1G – Tom Harrison. An initial lease receivable was recorded in the amount of \$5,028. As of December 31, 2023, the value of the lease receivable is \$0. The lessee is required to make monthly fixed payments of \$210. The lease has an interest rate of 3.2070%. The value of the deferred inflow of resources as of December 31, 2023, was \$0, and the City recognized lease revenue of \$2,514 during the fiscal year.

On February 1, 2022, the City entered into a 24-month lease as Lessor for the use of hangar #1J – Clayton Grotz. An initial lease receivable was recorded in the amount of \$4,070. As of December 31, 2023, the value of the lease receivable is \$170. The lessee is required to make monthly fixed payments of \$170. The lease has an interest rate of .2380%. The value of the deferred inflow of resources as of December 31, 2023, was \$170, and the City recognized lease revenue of \$2,035 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, 2023, the value of the lease receivable is \$2,382. 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, 2023, was \$2,363, and the City recognized lease revenue of \$2,578 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, 2023, the value of the lease receivable is \$2,382. 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, 2023, was \$2,363, and the City recognized lease revenue of \$2,578 during the fiscal year.

On December 6, 2022, the City entered into a 23-month lease as Lessor for the use of hangar #4C – Tim Johnson. An initial lease receivable was recorded in the amount of \$5,123. As of December 31, 2023, the value of the lease receivable is \$2,382. The lessee is required to make monthly fixed payments of \$220.

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The lease has an interest rate of 3.1440%. The value of the deferred inflow of resources as of December 31, 2023, was \$2,364, and the City recognized lease revenue of \$2,579 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, 2023, the value of the lease receivable is \$1,949. 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, 2023, was \$1,919, and the City recognized lease revenue of \$2,093 during the fiscal year.

On January 17, 2023, the City entered into a 24-month lease as Lessor for the use of hangar #4H – Adam Ailabounia. An initial lease receivable was recorded in the amount of \$5,335. As of December 31, 2023, the value of the lease receivable is \$2,807. 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, 2023, was \$2,835, and the City recognized lease revenue of \$2,500 during the fiscal year.

On January 17, 2023, the City entered into a 24-month lease as Lessor for the use of hangar #2I – Chirs Plasek. An initial lease receivable was recorded in the amount of \$5,335. As of December 31, 2023, the value of the lease receivable is \$2,807. 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, 2023, was \$2,835, and the City recognized lease revenue of \$2,500 during the fiscal year.

On January 1, 2022, The City entered into a 17-month lease as Lessor for the use of hangar #2B – Jacob Dahle. An initial lease receivable was recorded in the amount of \$2,885. As of December 31, 2023, the value of the lease receivable is \$0. The lessee is required to make monthly fixed payments of \$170. The lease has an interest rate of 0.2380%. The value of the deferred inflow of resources as of December 31, 2023, was \$0, and the City recognized lease revenue of \$849 during the fiscal year.

On January 1, 2022, The City entered into a 17-month lease as Lessor for the use of hangar #1I – Glen Schuster. An initial lease receivable was recorded in the amount of \$2,885. As of December 31, 2023, the value of the lease receivable is \$0. The lessee is required to make monthly fixed payments of \$170. The lease has an interest rate of 0.2380%. The value of the deferred inflow of resources as of December 31, 2023, was \$0, and the City recognized lease revenue of \$849 during the fiscal year.

On January 1, 2022, The City entered into a 17-month lease as Lessor for the use of hangar #3I – Jon Swenson. An initial lease receivable was recorded in the amount of \$2,206. As of December 31, 2023, the value of the lease receivable is \$0. The lessee is required to make monthly fixed payments of \$130. The lease has an interest rate of 0.2380%. The value of the deferred inflow of resources as of December 31, 2023, was \$0, and the City recognized lease revenue of \$649 during the fiscal year.

On January 1, 2022, The City entered into a 17-month lease as Lessor for the use of hangar #1L – Troy Sybesma. An initial lease receivable was recorded in the amount of \$2,885. As of December 31, 2023, the value of the lease receivable is \$0. The lessee is required to make monthly fixed payments of \$170. The lease has an interest rate of 0.2380%. The value of the deferred inflow of resources as of December 31, 2023, was \$0, and the City recognized lease revenue of \$849 during the fiscal year.

On January 1, 2022, The City entered into a 17-month lease as Lessor for the use of hangar #2A – Waseca Wings. An initial lease receivable was recorded in the amount of \$2,885. As of December 31, 2023, the value of the lease receivable is \$0. The lessee is required to make monthly fixed payments of \$170. The lease has an interest rate of 0.2380%. The value of the deferred inflow of resources as of December 31, 2023, was \$0, and the City recognized lease revenue of \$849 during the fiscal year.

On January 1, 2022, The City entered into a 17-month lease as Lessor for the use of hangar #3A – Eric Weichert. An initial lease receivable was recorded in the amount of \$2,461. As of December 31, 2023, the value of the lease receivable is \$0. The lessee is required to make monthly fixed payments of \$145. 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 \$724 during the fiscal year.

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On January 1, 2022, the City entered into a 23-month lease as Lessor for the use of hangar #3D – Tim Johnson. An initial lease receivable was recorded in the amount of \$3,672. As of December 31, 2023, the value of the lease receivable is \$0. The lessee is required to make monthly fixed payments of \$160. The lease has an interest rate of .2380%. The value of the deferred inflow of resources as of December 31, 2023, was \$0, and the City recognized lease revenue of \$1,756 during the fiscal year.

On January 1, 2022, The City entered into a 28-month lease as Lessor for the use of hangar #1A - Climate by Design. An initial lease receivable was recorded in the amount of \$11,169. 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 \$1,596, and the City recognized lease revenue of \$4,787 during the fiscal year.

On January 1, 2022, The City entered into a 19-month lease as Lessor for the use of hangar #1E – Justin Lindee. An initial lease receivable was recorded in the amount of \$3,224. As of December 31, 2023, the value of the lease receivable is \$0. The lessee is required to make monthly fixed payments of \$170. The lease has an interest rate of 0.2380%. The value of the deferred inflow of resources as of December 31, 2023, was \$0, and the City recognized lease revenue of \$1,188 during the fiscal year.

On January 1, 2022, The City entered into a 19-month lease as Lessor for the use of hangar #2G – Justin Lindee. An initial lease receivable was recorded in the amount of \$3,224. As of December 31, 2023, the value of the lease receivable is \$0. The lessee is required to make monthly fixed payments of \$170. The lease has an interest rate of 0.2380%. The value of the deferred inflow of resources as of December 31, 2023, was \$0, and the City recognized lease revenue of \$1,188 during the fiscal year.

On January 1, 2022, The City entered into a 19-month lease as Lessor for the use of hangar #2C – Don McDonald. An initial lease receivable was recorded in the amount of \$3,224. As of December 31, 2023, the value of the lease receivable is \$0. The lessee is required to make monthly fixed payments of \$170. The lease has an interest rate of 0.2380%. The value of the deferred inflow of resources as of December 31, 2023, was \$0, and the City recognized lease revenue of \$1,188 during the fiscal year.

On January 1, 2022, The City entered into a 19-month lease as Lessor for the use of hangar #1D – Richard Wefald. An initial lease receivable was recorded in the amount of \$3,224. As of December 31, 2023, the value of the lease receivable is \$0. The lessee is required to make monthly fixed payments of \$170. The lease has an interest rate of 0.2380%. The value of the deferred inflow of resources as of December 31, 2023, was \$0, and the City recognized lease revenue of \$1,188 during the fiscal year.

On January 1, 2022, The City entered into a 19-month lease as Lessor for the use of hangar #2E – Mike Powell. An initial lease receivable was recorded in the amount of \$3,224. As of December 31, 2023, the value of the lease receivable is \$0. The lessee is required to make monthly fixed payments of \$170. The lease has an interest rate of 0.2380%. The value of the deferred inflow of resources as of December 31, 2023, was \$0, and the City recognized lease revenue of \$1,188 during the fiscal year.

On January 1, 2022, The City entered into a 19-month lease as Lessor for the use of hangar #3E – Jim Van Reeth. An initial lease receivable was recorded in the amount of \$2,750. As of December 31, 2023, the value of the lease receivable is \$0. The lessee is required to make monthly fixed payments of \$145. The lease has an interest rate of 0.2380%. The value of the deferred inflow of resources as of December 31, 2023, was \$0, and the City recognized lease revenue of \$1,013 during the fiscal year.

On January 1, 2022, The City entered into a 19-month lease as Lessor for the use of hangar #3K – Becky Wolfe. An initial lease receivable was recorded in the amount of \$2,465. As of December 31, 2023, the value of the lease receivable is \$0. The lessee is required to make monthly fixed payments of \$130. The lease has an interest rate of 0.2380%. The value of the deferred inflow of resources as of December 31, 2023, was \$0, and the City recognized lease revenue of \$908 during the fiscal year.

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On January 1, 2022, The City entered into a 22-month lease as Lessor for the use of hangar #3L – Ken Beck. An initial lease receivable was recorded in the amount of \$4,730. As of December 31, 2023, the value of the lease receivable is \$0. The lessee is required to make monthly fixed payments of \$210. The lease has an interest rate of 0.2380%. The value of the deferred inflow of resources as of December 31, 2023, was \$0, and the City recognized lease revenue of \$2,150 during the fiscal year.

On January 1, 2022, The City entered into a 19-month lease as Lessor for the use of hangar #1F – Raymond Kinsbury. An initial lease receivable was recorded in the amount of \$3,732. As of December 31, 2023, the value of the lease receivable is \$0. The lessee is required to make monthly fixed payments of \$170. The lease has an interest rate of 0.2380%. The value of the deferred inflow of resources as of December 31, 2023, was \$0, and the City recognized lease revenue of \$1,696 during the fiscal year.

On January 1, 2022, The City entered into a 18-month lease as Lessor for the use of hangar #1B – Jayne Wiese. An initial lease receivable was recorded in the amount of \$3,055. As of December 31, 2023, the value of the lease receivable is \$0. The lessee is required to make monthly fixed payments of \$170. The lease has an interest rate of 0.2380%. The value of the deferred inflow of resources as of December 31, 2023, was \$0, and the City recognized lease revenue of \$1,018 during the fiscal year.

Annual lease revenues for governmental activities are as follows:

Year	Governmental Activities		
	Principal	Interest	Total
2024	\$124,948	\$2,032	\$126,980
2025	10,771	1,236	12,007
2026	4,775	1,118	5,893
2027	4,848	1,045	5,893
2028	4,710	1,429	6,139
2029-2033	22,133	4,211	26,344
2034-2038	25,967	2,148	28,115
2039-2042	8,357	381	8,738
Total	<u>\$206,509</u>	<u>\$13,600</u>	<u>\$220,109</u>

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, 2023 was as follows:

Description	Issue Date	Discount Rate	Current Year Inflow of Resources	Ending Balance
ATT 14 th St Tower Antenna	12/01/12	0.65	\$29,909	\$91,516
Owatonna Bus Company	04/01/22	2.29	8,034	24,456
T-Mobile Academy St Tower Antenna	01/01/20	1.59	31,389	594,931
T-Mobile 14 th St Tower Antenna	06/01/23	4.30	34,778	579,673
T-Mobile 26 th St Tower Antenna	12/01/05	0.40	19,032	9,478
Verizon 14 th St Tower Antenna	01/01/21	1.06	47,610	353,381
Verizon Fairgrounds Tower Antenna	06/26/18	1.67	32,044	652,691
Zayo 14 th St Lease	12/01/10	1.59	2,420	40,465
Zayo 26 th St Lease	12/01/10	1.59	2,420	92,050
Zayo Academy St	12/01/10	1.59	2,420	40,465
				<u>\$2,479,106</u>

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Annual lease revenues for business type activities are as follows:

Year	Business-type Activities		
	Principal	Interest	Total
2024	\$151,153	\$52,103	\$203,256
2025	148,552	49,904	198,456
2026	159,307	47,501	206,808
2027	126,028	45,240	171,268
2028	131,337	42,977	174,314
2029-2033	581,748	179,283	761,031
2034-2038	687,176	111,449	798,625
2039-2043	493,805	25,191	518,996
Total	<u>\$2,479,106</u>	<u>\$553,648</u>	<u>\$3,032,754</u>

E. Capital Assets

Capital asset activity for governmental activities for the year ended December 31, 2023 was as follows:

	Beginning Balances Restated	Increases	Decreases	Ending Balances
Land	\$8,990,764	\$111,384		\$9,102,148
Construction in Progress	272,324	4,808,524	\$2,587,675	2,493,173
Total Non-depreciable	<u>9,263,088</u>	<u>4,919,908</u>	<u>2,587,675</u>	<u>11,595,321</u>
Depreciable capital assets:				
Buildings	28,175,859	2,037,711		30,213,570
Improvements Other than Bldgs	1,653,271	89,442		1,742,713
Equipment	18,453,427	1,904,233	870,299	19,487,361
Infrastructure	131,978,174	2,041,856		134,020,030
Total depreciable	<u>180,260,731</u>	<u>6,073,242</u>	<u>870,299</u>	<u>185,463,674</u>
Accumulated Depreciation				
Buildings	13,823,226	712,692		14,535,918
Improvements Other than Bldgs	605,186	96,989		702,175
Equipment	11,172,967	1,167,091	721,849	11,618,209
Infrastructure	62,029,540	3,207,056		65,236,596
Total accumulated depreciation	<u>87,630,919</u>	<u>5,183,828</u>	<u>721,849</u>	<u>92,092,898</u>
Depreciable capital assets, net	<u>\$101,892,900</u>	<u>\$5,809,322</u>	<u>\$2,736,125</u>	<u>\$104,966,097</u>
Subscription Based Information Technology Arrangement Assets	\$664,085	\$53,225		\$717,310
Less Accumulated Amortization		200,559		200,559
Total SBITA assets, net	<u>664,085</u>	<u>(147,334)</u>		<u>516,751</u>
Govtl capital assets, net	<u>\$102,556,985</u>	<u>\$5,661,988</u>	<u>\$2,736,125</u>	<u>\$105,482,848</u>

The beginning balance was restated due to the implementation of GASB Statement 96. See Note I.D.19.

Depreciation expense for governmental activities is charged to functions as follows:

General government	\$276,603
Public safety	158,125
Public works	3,373,210
Culture and recreation	545,560
Internal service funds	<u>830,330</u>
Total depreciation for governmental activities	<u>\$5,183,828</u>

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Amortization expense for governmental activities is charged to functions as follows:

General government	\$153,487
Public safety	4,112
Public works	42,960
Culture and recreation	
Total amortization for governmental activities	<u><u>\$200,559</u></u>

Capital asset activity for business-type activities for the year ended December 31, 2023 was as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Land and other rights	\$5,727,663	\$848,093			\$6,575,756
Construction in Progress	18,359,644	29,469,115	\$2,996,243		44,832,516
Total Non-depreciable	<u>24,087,307</u>	<u>30,317,208</u>	<u>2,996,243</u>		<u>51,408,272</u>
Depreciable capital assets:					
Buildings	47,715,671	73,555	42,539		47,746,687
Equipment	18,630,104	998,769	1,400,805		18,228,068
Infrastructure	126,110,025	5,550,626	883,549		130,777,102
Total depreciable	<u>192,455,800</u>	<u>6,622,950</u>	<u>2,326,893</u>		<u>196,751,857</u>
Accumulated Depreciation					
Buildings	18,313,407	978,921	23,566		19,268,762
Equipment	13,680,492	708,597	1,335,913		13,053,176
Infrastructure	49,668,722	3,456,020	877,974		52,246,768
Total accumulated depreciation	<u>81,662,621</u>	<u>5,143,538</u>	<u>2,237,453</u>		<u>84,568,706</u>
Business-type activities capital assets, net	<u><u>\$134,880,486</u></u>	<u><u>\$31,796,620</u></u>	<u><u>\$3,085,683</u></u>		<u><u>\$163,591,423</u></u>

Depreciation expense for business-type activities is charged to functions as follows:

Sewer	\$1,051,240
Storm water	373,518
Electric	2,305,666
Water	662,505
Gas	750,609
Total depreciation for business-type activities	<u><u>\$5,143,538</u></u>

Discretely Presented Component Units

Capital asset activity for the component units was as follows:

Economic Development Authority

	Beginning Balances	Increases	Decreases	Ending Balances
Land	<u>\$508,251</u>			<u>\$508,251</u>

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Housing and Redevelopment Authority

	Beginning Balances	Increases	Decreases	Ending Balances
Buildings	\$52,000			\$52,000
Accumulated Depreciation	20,356	\$1,040		21,396
Capital assets, net	<u>\$31,644</u>	<u>\$1,040</u>		<u>\$30,604</u>

Depreciation expense was charged to functions/programs of the component unit as follows:

Housing & economic development	\$1,040
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F. Interfund Balances and Transfers

The composition of interfund balances as of December 31, 2023 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 Fund	Capital Projects Fund	Sewer Fund	Storm Water Fund	Electric Fund	Total
Due from:						
General Fund					\$3,183	\$3,183
Debt Service Fund					23,570	23,570
Nonmajor Govtl Funds					1,983	1,983
Electric Fund	\$3,018	\$256,420	\$982,047	\$110,000		1,351,485
Water Fund		553,720				553,720
Gas Fund						
Total Due to:	<u>\$3,018</u>	<u>\$810,140</u>	<u>\$982,047</u>	<u>\$110,000</u>	<u>\$28,736</u>	<u>\$1,933,941</u>

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 Fund	Capital Projects Fund	Total
Due from:			
Capital Projects Fund	\$121,136		\$121,136
Nonmajor Govtl Funds		\$771,060	771,060
Total Due to:	<u>\$121,136</u>	<u>\$771,060</u>	<u>\$892,196</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>\$1,848</u>

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Interfund transfers

	General Fund	Nonmajor Govtl Funds	Sewer Fund	Storm Water Fund	Total
Transfers In:					
General Fund			\$605,625	\$81,200	\$686,825
Debt Service Fund		\$83,520			83,520
Capital Projects Fund	\$800,000				800,000
Total Transfers Out	<u>\$800,000</u>	<u>\$83,520</u>	<u>\$605,625</u>	<u>\$81,200</u>	<u>\$1,570,345</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. Five general obligation bonds with an original issue amount of \$12,205,000 are currently outstanding as follows:

G.O. Equipment Certificates Series 2017A	2024-2025	3.00%	\$45,000
G.O. Street Reconstruction Series 2018A	2024-2029	3.00-5.00%	3,130,000
G.O. Street Reconstruction Series 2020A	2024-2031	2.00-4.00%	1,270,000
G.O. Street Reconstruction Series 2021A	2024-2032	1.00-4.00%	2,965,000
G.O. Street Reconstruction Series 2023B	2025-2034	5.00%	2,440,000
			<u>\$9,850,000</u>

Annual debt service requirements to maturity for general obligation improvement bonds are as follows:

Year	Governmental Activities	
	Principal	Interest
2024	\$925,000	\$338,021
2025	1,130,000	310,135
2026	1,190,000	256,910
2027	1,240,000	206,235
2028	1,270,000	159,210
2029-2033	3,800,000	295,735
2034	<u>295,000</u>	<u>14,750</u>
	<u>\$9,850,000</u>	<u>\$1,580,996</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

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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	2024-2024	2.750%	\$280,000
G.O. Improvement Series 2015A	2024-2026	2.50-3.000%	415,000
G.O. Improvement Series 2016A	2024-2027	2.00-3.000%	450,000
G.O. Improvement Series 2017A	2024-2028	2.00-3.000%	960,000
G.O. Improvement Series 2019A	2024-2030	4.00-5.000%	1,395,000
			<u>\$3,500,000</u>

Annual debt service requirements to maturity for general obligation improvement bonds are as follows:

Year	Governmental Activities	
	Principal	Interest
2024	\$895,000	\$105,619
2025	625,000	79,868
2026	635,000	58,494
2027	510,000	41,643
2028	400,000	24,597
2029-2031	435,000	17,500
	<u>\$3,500,000</u>	<u>\$327,721</u>

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	2024	2.75%	\$140,000

Annual debt service requirements to maturity for the general obligation revenue bonds are as follows:

Year	Governmental Activities	
	Principal	Interest
2024	\$140,000	\$1,925

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 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

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are due immediately. The City's outstanding notes from direct borrowings related to business-type activities of 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. There are two separate bonds that had original issue amounts of \$7,929,333 and \$24,009,099 respectively and are fully payable from the revenues of the sewer fund. The 2023 bonds have not been fully disbursed as of December 31, 2023. There is \$10,990,901 available to borrow under this bond agreement. If the full amount of the bond issue is not drawn upon, the repayment schedule will be re-amortized to provide proportionately reduced principal payments in each year.

The general obligation revenue bonds currently outstanding are as follows:

Business-type Activities			
Direct borrowing - MPFA Revenue Bonds Series 2011	2023-2025	1.423%	\$1,155,928
Direct borrowing - MPFA Revenue Bonds Series 2023	2023-2042	1.915%	23,239,099
Revenue Bonds Series 2016A	2023-2032	2.00-3.00%	1,630,000
Revenue Bonds Series 2016A - Refunding	2023-2024	3.00%	290,000
			<u>\$26,315,027</u>

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	
2024	\$450,000	\$38,588	\$2,085,000	\$445,029	\$3,018,617
2025	170,000	29,286	2,121,928	416,093	2,737,307
2026	170,000	25,038	1,569,000	386,602	2,150,640
2027	180,000	20,456	1,599,000	356,556	2,156,012
2028	180,000	17,936	1,630,000	325,935	2,153,871
2029-2033	770,000	33,445	6,871,000	1,148,722	8,823,167
2034-2038			7,517,000	296,105	7,813,105
2039			1,002,099	12,154	1,014,253
Total	\$1,920,000	\$164,749	\$24,395,027	\$3,387,196	\$29,866,972

Subscription-Based Information Technology Arrangements

The City has entered into subscription-based information technology arrangements (SBITAs) various software used by the City. These subscriptions had an initial subscription liability of \$717,310. The SBITA arrangements expire at various dates through 2027.

OpenGov (ERP)	\$289,951
UKG (payroll & time management)	175,773
DebtBook (lease, subscription, debt)	22,577
Clear Proflex (law enforcement case mgmt)	17,333
	<u>\$505,634</u>

As of December 31, 2023, SBITA assets and the related accumulated amortization totaled \$717,310 and \$200,559 respectively.

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Future payments under SBITA agreements are as follows:

Year	Governmental Activities		
	Principal	Interest	Total
2024	\$211,889	\$13,188	\$225,077
2025	221,005	7,407	228,412
2026	58,628	1,425	60,053
2027	14,112	100	14,212
Total	<u>\$505,634</u>	<u>\$22,120</u>	<u>\$527,754</u>

Change in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2023 was as follows:

	Beginning Balance (Restated)	Increase	Decrease	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
G.O. Bonds	\$8,305,000	\$2,440,000	\$895,000	\$9,850,000	\$925,000
G.O. Tax Increment Bonds	275,000		135,000	140,000	140,000
G.O. Improvement Bonds	4,370,000		870,000	3,500,000	895,000
Plus: bond premium	831,775	154,263	207,813	778,225	
Total bonds payable	<u>13,781,775</u>	<u>2,594,263</u>	<u>2,107,813</u>	<u>14,268,225</u>	<u>1,960,000</u>
Subscriptions Payable	664,085	53,225	211,676	505,634	211,889
Accrued Compensated Absences	1,796,565	1,231,361	1,185,556	1,842,370	1,185,000
Governmental Activity					
Long-term liabilities	<u>\$16,242,425</u>	<u>\$3,878,849</u>	<u>\$3,505,045</u>	<u>\$16,616,229</u>	<u>\$3,356,889</u>

The beginning balance was restated due to the implementation of GASB Statement 96. See Note I.D.19.

	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Business-type Activities					
Bonds Payable					
G.O. Revenue Bonds	\$2,355,000		\$435,000	\$1,920,000	\$450,000
Notes from direct borrowings and direct placements	1,721,928	\$24,009,099	1,336,000	24,395,027	2,085,000
Plus: bond premium	57,881		17,154	40,727	
Total notes & bonds payable	<u>4,134,809</u>	<u>24,009,099</u>	<u>1,788,154</u>	<u>26,355,754</u>	<u>2,535,000</u>
Accrued Compensated Absences	1,476,531	\$453,128	284,620	1,645,039	318,519
Business-type Activity					
Long-term liabilities	<u>\$5,611,340</u>	<u>\$24,462,227</u>	<u>\$2,072,774</u>	<u>\$28,000,793</u>	<u>\$2,853,519</u>

For the governmental activities, accrued compensated absences, net pension liability and OPEB are generally liquidated by the general fund.

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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, 2023, there were eight outstanding bond issues with an original issue amount of \$39,680,545 and a balance of \$30,543,703.

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 seven tax increment financing districts which includes ten economic development districts which end between December 31, 2024-December 31, 2032; one housing and redevelopment districts which ends December 31, 2042; and sixteen redevelopment districts which end between December 31, 2040-December 31, 2050. For the year ended December 31, 2023, the City paid tax increment in the amount of \$2,569,808. 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.

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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. 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 \$28,228,383 at December 31, 2023.

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. The cost recovery was completed in late 2023 and lump-sum capacity payments resumed.

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 2027. The rates paid are in accordance with the Federal Energy Regulatory Commission.

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 3,873,310 MMBTU of natural gas through December 2027 for a total commitment of \$20,859,230 at December 31, 2023.

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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 132 active participants, 35 actives waiving coverage, 6 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 2023, the City contributed \$48,649 to the plan.

c. Total OPEB Liability

The City's total OPEB liability was measured as of December 31, 2022 and was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to the reporting date of 12/31/23. Liabilities in this report were calculated as of the valuation date and rolled forward to the measurement date using standard actuarial roll forward techniques.

Actuarial Assumptions

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Health Care Trend Rates	7.60% for FY 2023, gradually decreasing over several decades to an ultimate rate of 3.9% in FY 2075 and later years.

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For general employees, mortality rates were based on the Pub-2010 general mortality tables with projected mortality improvements based on scale MP-2021, and other adjustments. For police and fire, mortality rates were based on the Pub-2010 public safety mortality tables with projected mortality improvements based on scale MP-2021, and other adjustments.

The discount rate used to measure the total OPEB liability was 4.05%. 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, 2023	\$823,869
Changes for the Year:	
Service Cost	133,517
Interest	17,168
Change in Assumptions	(109,189)
Difference between expected and actual experience	(122,742)
Benefit Payments	(48,649)
Net change in Total OPEB Liability	(129,895)
Balances at December 31, 2023	<u>\$693,974</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 (3.05%)	Discount Rate (4.05%)	1% Increase (5.05%)
Total OPEB Liability	\$740,802	693,974	646,765

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 In trend rate	Current Trend rate	1% Increase In trend rate
Total OPEB Liability	\$600,600	\$693,974	\$806,584

For the year ended December 31, 2023, the City recognized OPEB expense of \$48,486.

At December 31, 2023, the City'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	\$17,416	\$460,245
Assumption Changes	54,528	107,467
City Contributions Made Subsequent to Measurement Date	48,649	
Total	<u>\$120,593</u>	<u>\$567,712</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, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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Year Ended December 31,	Amount
2024	\$(102,199)
2025	(102,199)
2026	(97,842)
2027	(87,165)
2028	(23,064)
Thereafter	(83,299)

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 2023, Owatonna Public Utilities contributed \$18,869 to the plan.

c. Total OPEB Liability

Owatonna Public Utility's total OPEB liability was measured as of January 1, 2023 and was determined by an actuarial valuation as of January 1, 2023.

Actuarial Assumptions

The total OPEB liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Expected LT Investment Return	4.0%
Inflation	2.5%
Salary Increases	Service graded table
Medical Trend Rates	6.5% as of January 1, 2023 grading to 5.00% over 6 years and then to 4.00% over the next 48 years

The discount rate used to measure the total OPEB liability was 4.00%. Assets were projected using the expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset 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 20-year municipal bond rate. The equivalent single rate is the discount rate.

Mortality tables were updated from the Pub-2010 Public Retirement Plans General Headcount-weighted Mortality Tables with MP-2020 General Improvement Scale to the Pub-2010 Public Retirement General Headcount-Weighted Mortality Tables with MP-2021 Generational Improvement Scale.

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The actuarial assumptions used in the January 1, 2023 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, 2023	\$195,424
Changes for the Year:	
Service Cost	11,456
Interest	3,990
Change in Assumptions	(13,692)
Difference between expected and actual experience	(29,381)
Benefit Payments	(14,835)
Net change in Total OPEB Liability	(42,462)
Balances at December 31, 2023	<u>\$152,962</u>

Since the prior measurement date, there were no changes in benefits.

Since the prior measurement date, the following assumption changes were made:

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans General Headcount-weighted Mortality Tables with MP-2020 General Improvement Scale to the Pub-2010 Public Retirement General Headcount-Weighted Mortality Tables with MP-2021 Generational Improvement Scale.
- The inflation rate was changed from 2.00% to 2.50%.
- The discount rate was changed from 2.00% to 4.00%.

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 (3.00%)	Discount Rate (4.00%)	1% Increase (5.00%)
Total OPEB Liability	\$161,396	\$152,962	\$144,877

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:

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	1% Decrease In trend rate	Current Trend rate	1% Increase In trend rate
Total OPEB Liability	\$141,029	\$152,962	\$166,739

For the year ended December 31, 2023, Owatonna Public Utilities recognized OPEB expense of \$23,657.

At December 31, 2023, 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		\$42,754
Assumption Changes		14,058
Utility Contributions Made Subsequent to Measurement Date	\$18,869	
Total	<u>\$18,869</u>	<u>\$56,812</u>

\$18,869 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, 2024. 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
2024	\$(15,384)
2025	(13,538)
2026	(13,533)
2027	(7,179)
2028	(7,178)

3. Combined OPEB Liability

	OPEB Liability	Deferred Inflow	Deferred Outflow	OPEB Expense
City	\$693,974	\$567,712	\$120,593	\$48,486
Owatonna Public Utilities	152,962	56,812	18,869	13,177
Total	<u>846,936</u>	<u>624,524</u>	<u>139,462</u>	<u>61,663</u>

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

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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.

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. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

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.

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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.

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 2023 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, 2023, were \$1,057,718. 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 2023 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, 2023, were \$761,653. 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, 2023, the City reported a liability of \$9,763,437 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 \$269,124. The net pension liability was measured as of June 30, 2023, 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, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was .1746% at the end of the measurement period and .1690% for the beginning of the period.

City's proportionate share of the net pension liability	\$9,763,437
State of Minnesota's proportionate share of the net pension liability associated with the City	269,124
Total	<u>\$10,032,561</u>

For the year ended December 31, 2023, the City recognized pension expense of \$1,639,327 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$1,209 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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At December 31, 2023, 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	\$319,092	\$67,027
Assumption Changes	1,574,085	2,676,075
Net Difference between Projected and Actual Earnings on Pension Plan Investments		436,042
Change in Proportion	297,689	61,372
City Contributions Made Subsequent to Measurement Date	531,250	
Total	<u>\$2,722,116</u>	<u>\$3,240,516</u>

The \$531,250 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, 2024. 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
2024	\$278,280
2025	(1,350,730)
2026	234,599
2027	(211,799)

B. Police and Fire Fund Pension Costs

At December 31, 2022, the City reported a liability of \$5,493,173 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City's proportion share was 0.3181% at the end of the measurement period and .3234% 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, 2023. 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, 2022. 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, 2023, the City recognized pension expense of \$1,583,418 for its proportionate share of the Police and Fire Plan's pension expense. The City

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recognized \$(13,326) 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 \$221,260 for the year ended December 31, 2023 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	\$5,493,173
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>221,260</u>
Total	<u>\$5,714,433</u>

At December 31, 2023, 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	1,514,652	
Change of Assumptions	6,374,383	\$7,723,467
Net Difference between Projected and Actual Earnings on Pension Plan Investments		263,699
Change in Proportion	151,207	179,657
City Contributions Made Subsequent to Measurement Date	<u>399,078</u>	
Total	<u>\$8,439,320</u>	<u>\$8,166,823</u>

\$399,078 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, 2024. 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
2024	\$233,782
2025	21,802
2026	1,353,935
2027	(360,030)
2028	(1,376,070)

4. Actuarial Assumptions

The total pension liability in the June 30, 2023, 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 7.0%. 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 7.0% 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 27 years of service. 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 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 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 2023:

General Employees Fund

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.
- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

Police and Fire Fund

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.
- The single discount rate changed from 5.4 percent to 7.0 percent.
- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50 percent vesting after five years, increasing incrementally to 100 percent after 10 years.
- A one-time, non-compounding benefit increase of 3.0 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

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:

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Asset Class	Target Allocation	Long-Term Expected Rate of 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 2023 was 7.0%. 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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	6.0%	\$17,272,303	6.0%	\$10,899,111
Current Discount Rate	7.0%	9,763,437	7.0%	5,493,173
1% Higher	8.0%	3,587,108	8.0%	1,048,769

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.

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

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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 2023 were:

Contribution Amount		Percentage of Covered Payroll		Required Rates
Employee	Employer	Employee	Employer	
\$5,070	\$5,070	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, 2022, membership includes 28 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 \$13,850 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.

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 \$13,850 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.

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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:

	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 \$201,506 in fire state aid paid by the City to the Relief Association for the year ended December 31, 2022. 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, 2022 was \$0.

4. Pension Costs

At December 31, 2023, the City reported an asset of \$1,125,809 for the Association's net pension asset. The net pension asset was measured as of December 31, 2022, 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 \$300,212 for the year ended December 31, 2023. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$201,199	\$78,487
Changes of Actuarial Assumptions	42,673	56,801
Net Difference between Projected and Actual Earnings on Pension Plan Investments	13,943	
Total	<u>\$257,815</u>	<u>\$135,288</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
2024	\$(81,015)
2025	1,872
2026	32,263
2027	86,889
2028	13,407
Thereafter	69,113

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5. Actuarial Assumptions

The actuarial total pension asset was determined as of December 31, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	12/31/22
Actuarial Cost Method	Entry Age Normal
Amortization Method	Straight-line Closed
Actuarial Assumptions:	
Discount Rate	6.50%
Investment Rate of Return	6.50%
20-Year Municipal Bond Yield	4.05%
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 (2.5%). All results are then rounded to the nearest quarter percentage point.

The best-estimates of expected future asset class returns were published in the 2023 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, 2022 are summarized in the following table:

Asset Class	Allocation at December 31, 2020	Long-Term Expected Real Rate of Return	Long-Term Expected Nominal Rate of Return
Domestic Equity	51.00%	4.91%	7.41%
International Equity	15.00%	5.32%	7.82%
Fixed Income	12.00%	2.30%	4.80%
Real Estate	0.00%	3.79%	6.29%
Cash Equivalents	22.00%	.77%	3.27%
Total	100.00%		6.64%
Reduced for assumed investment expense			(0.10%)
Net assumed investment return (rounded to ¼%)			6.50%

6. Discount Rate

The discount rate used to measure the total pension liability was 6.50%. 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

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pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

7. Pension Liability Sensitivity

The following presents the City of Owatonna's net pension asset of the Association, calculated using the discount rate of 6.5%, 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 (5.5%) or one percentage point higher (7.5%) than the current rate:

	<u>1% Decrease</u>	<u>Selected Discount Rate</u>	<u>1% Increase</u>
Net Pension Asset	\$1,017,481	\$1,125,809	\$1,227,093
Discount Rate	5.5%	6.5%	7.5%

8. Plan's Fiduciary Net Position

Information about the Plan's fiduciary net position is as follows:

	<u>2022</u>
Assets	
Cash and Investments	\$2,902,552
Total Assets	<u>\$2,902,552</u>
Net Position	
Unrestricted	<u>\$2,902,552</u>
Revenues	
Fire State Aid	\$201,506
Interest	(176,742)
Total Revenues	<u>24,764</u>
Expenses	
Benefit Payments	977,062
Administrative	6,830
Total Expenses	<u>983,892</u>
Change in Net Position	(959,128)
Beginning Net Position	<u>3,861,680</u>
Ending Net Position	<u><u>\$2,902,552</u></u>

CITY OF OWATONNA, MINNESOTA
Notes to the Basic Financial Statements
December 31, 2023

Information about the changes in the Plan's net pension asset is as follows:

	Measurement Date December 31, 2022
<u>Total Pension Liability</u>	
Service Cost	\$154,970
Interest	107,621
Difference between expected and actual experience	211,700
Changes of assumptions	(58,700)
Changes of benefit terms	210,977
Benefit payments, including member contribution refunds	(977,062)
Net Change in Total Pension Liability	(350,494)
 Total Pension Liability – Beginning	 2,127,237
Total Pension Liability – Ending (a)	\$1,776,743
 <u>Plan Fiduciary Net Position</u>	
State Contributions	\$201,506
Net Investment Income	(176,742)
Benefit Payments	(977,062)
Administrative Expenses	(6,830)
Net Change in Fiduciary Net Position	(959,128)
 Fiduciary Net Position – Beginning	 3,861,680
Fiduciary Net Position – Ending (b)	\$2,902,552
 Association's Net Pension Liability/(Asset) – Ending (a) – (b)	 <u>\$(1,125,809)</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 Employees Plan	Police & Fire Plan	Fire Relief Association	Total
Net Pension Asset			\$1,125,809	\$1,125,809
Net Pension Liability	\$9,763,437	\$5,493,173		15,256,610
Deferred Outflows of Resources	2,722,116	8,439,320	257,815	11,419,251
Deferred Inflows of Resources	3,240,516	8,166,823	135,288	11,542,627
Pension Expense	1,640,536	1,570,092	300,212	3,510,840

CITY OF OWATONNA, MINNESOTA
Required Supplementary Information
Schedule of Changes in the Total OPEB Liability and Related Ratios

The City

Measurement Date	12/31/22	12/31/21	12/31/20	12/31/19
Total OPEB Liability				
Service Cost	\$133,517	\$126,615	\$94,965	\$83,991
Interest	17,168	16,749	20,567	25,242
Change in Assumptions	(109,189)	8,373	(14,037)	4,927
Difference between expected and actual experience	(122,742)	(1,810)	25,331	
Benefit Payments	(48,649)	(73,745)	(64,085)	(51,214)
Net Change in Total OPEB Liability	(129,895)	76,182	62,740	62,946
Total OPEB Liability – Beginning	823,869	747,687	684,946	622,000
Total OPEB Liability – Ending	\$693,974	\$823,869	\$747,687	\$684,946
Covered-Employee Payroll	\$11,112,609	\$10,385,499	\$9,873,847	\$9,633,244
City's Total OPEB Liability as a Percentage of Covered-Employee Payroll	6%	8%	8%	7%

Measurement Date	12/31/18	12/31/17
Total OPEB Liability		
Service Cost	\$84,233	\$74,266
Interest	39,428	46,808
Change in Assumptions	57,376	62,955
Difference between expected and actual experience	(647,385)	(193,904)
Benefit Payments	(37,166)	(37,841)
Net Change in Total OPEB Liability	(503,514)	(47,716)
Total OPEB Liability – Beginning	1,125,514	1,173,230
Total OPEB Liability – Ending	\$622,000	\$1,125,514
Covered-Employee Payroll	\$9,144,510	\$8,834,953
City's Total OPEB Liability as a Percentage of Covered-Employee Payroll	7%	13%

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 Changes in the Total OPEB Liability and Related Ratios

Owatonna Public Utilities (Electric Fund, Water Fund, and Gas Fund)

Measurement Date	12/31/22	12/31/21	12/31/20	12/31/19
Total OPEB Liability				
Service Cost	\$11,456	\$14,720	\$14,291	\$11,714
Interest	3,990	3,929	8,503	8,141
Change in Assumptions	(13,692)		(4,703)	
Difference between expected and actual experience	(29,381)		(33,446)	
Benefit Payments	(14,835)	(9,865)	(14,816)	(11,011)
Net Change in Total OPEB Liability	(42,462)	8,784	(30,171)	8,844
Total OPEB Liability – Beginning	195,424	186,640	216,811	207,967
Total OPEB Liability – Ending	\$152,962	\$195,424	\$186,640	\$216,811
Covered-Employee Payroll	\$5,580,619	\$5,452,413	\$5,293,603	\$4,774,288
OPU's Total OPEB Liability as a Percentage of Covered-Employee Payroll	3%	4%	4%	5%

Measurement Date	12/31/18	12/31/17
Total OPEB Liability		
Service Cost	\$11,373	\$11,721
Interest	7,221	7,011
Change in Assumptions	(9,309)	
Difference between expected and actual experience	(1,782)	
Benefit Payments	(13,832)	(10,266)
Net Change in Total OPEB Liability	(6,329)	8,466
Total OPEB Liability – Beginning	214,296	205,830
Total OPEB Liability – Ending	\$207,967	\$214,296
Covered-Employee Payroll	\$4,635,231	\$4,460,144
OPU's Total OPEB Liability as a Percentage of Covered-Employee Payroll	4%	5%

CITY OF OWATONNA, MINNESOTA
Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability

PERA General Employee's Retirement Fund (GEP)

Fiscal Year Ending	Proportion Of Net Pension Liability	Proportionate Share of Net Pension Liability	State's Proportionate Share of NPL Associated With the City	Total	Covered Payroll	Proportionate Share of the NPL (asset) As a % of Covered Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
6/30/23	.1746%	\$9,763,437	\$269,124	\$10,032,561	\$13,750,074	72.54%	83.10%
6/30/22	.1690%	13,384,856	392,506	13,777,362	12,623,020	109.14%	76.67%
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)

Fiscal Year Ending	Proportion Of Net Pension Liability	Proportionate Share of Net Pension Liability	State's Proportionate Share of NPL Associated With the City	Total	Covered Payroll	Proportionate Share of the NPL (asset) As a % of Covered Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
6/30/23	.3234%	\$5,493,173	\$221,260	\$5,714,433	\$4,177,006	136.81%	86.47%
6/30/22	.3234%	14,073,091	614,740	14,687,831	3,932,669	373.48%	70.53%
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)

Year Ending	Contractually Required Contribution	Contributions In Relation To the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contribution as A Percentage of Covered Payroll
12/31/23	\$1,057,718	\$1,057,718	\$0	\$14,104,112	7.5%
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)

Year Ending	Contractually Required Contribution	Contributions In Relation To the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contribution as A Percentage of Covered Payroll
12/31/23	\$761,653	\$761,653	\$0	\$4,303,121	17.70%
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

Year Ending	Contractually Required Contribution	Contributions In Relation To the Contractually Required Contribution	Contribution Deficiency (Excess)	Association's Covered Payroll	Contribution as A Percentage of Covered Payroll
12/31/23	\$0	\$0	\$0	N/A	N/A
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

2023 – The investment return assumption and single discount rate were changed from 6.5% to 7.0%.

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

2023 – An additional one-time direct state aid contribution of 170.1 million will be contributed to the Plan on October 1, 2023. The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service. The benefit increase delay for early retirements on or after January 1, 2023, was eliminated. A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

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.

CITY OF OWATONNA, MINNESOTA
Required Supplementary Information
Schedule of Changes in Net Pension Asset and Related Ratios – Relief Association

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 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

2023 – The investment return assumption was changed from 6.5% to 7.0%. The single discount rate changed from 5.4% to 7.0%.

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 mortality projection scale was changed from MP-2018 to MP-2019.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality 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

CITY OF OWATONNA, MINNESOTA
Required Supplementary Information
Schedule of Changes in Net Pension Asset and Related Ratios – Relief Association

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. 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

2023 - Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023. Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50 percent vesting after five years, increasing incrementally to 100% after 10 years. A one-time, non-compounding benefit increase of 3.0 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024. Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation. The total and permanent duty disability benefit was increased, effective July 1, 2023.

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

2023 – The expected investment return and discount rate increased from 6.0% to 6.5% to reflect updated capital market assumptions. The disability, mortality and withdrawal assumptions were updated from the rates used in the July 1, 2020 Minnesota PERA Police & Fire Plan actuarial valuation to the rates used in the July

CITY OF OWATONNA, MINNESOTA
Required Supplementary Information
Schedule of Changes in Net Pension Asset and Related Ratios – Relief Association

1, 2022 Minnesota PERA Police & Fire Plan actuarial valuation. The inflation assumption increased from 2.25% to 2.50%.

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

2022 - Lump sum benefit increased to 13,850 from \$12,050

2021 - Lump sum benefit increased to \$12,050 from \$7,500

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

2023 - The discount rate was changed from 1.84% to 4.05% based on updated 20-year municipal bond rates. Healthcare trend rates were reset to reflect updated costs increase expectations. Medical per capita claims costs were updated to reflect experience and new plan offerings. Withdrawal, retirement, mortality, disability, and salary increase rates were updated from the rates used in the 7/1/2020 PERA General Employees Plan and 7/1/20 PERA Police and Fire valuations to the rates used in the 7/1/22 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 2.25% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations. The payroll growth assumption was changed from 3.00% to 3.25% based on updated inflation 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.

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 3.31% 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

2023 – There have been no changes since the prior valuation.

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

2023 – The healthcare trend rates were changed to better anticipate short term and long term medical increases. The mortality tables were updated from the Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality tables with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Plans General Headcount-weighted Mortality Tables with MP-2021 Generational Improvement Scale. The inflation rate was changed from 2.0% to 2.5%. The discount rate was changed from 2.0% to 4.0%.

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%.

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

2023 – There have been no changes since the prior valuation.

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 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
Total Pension Liability				
Service Cost	\$154,970	\$98,704	\$79,789	\$74,059
Interest	107,621	88,014	100,866	120,472
Differences between expected and actual experience	211,700		(56,749)	
Changes of assumptions	(58,700)		21,869	
Changes of benefit terms	210,977	704,322	62,864	116,163
Benefit Payments, Including member refunds	(977,062)	(264,000)	(485,026)	(775,201)
Net Change in Total Pension Liability	(350,494)	627,040	(276,387)	(464,507)
Total Pension Liability – Beginning	2,127,237	1,500,197	1,776,584	2,241,091
Total Pension Liability – Ending (a)	\$1,776,743	\$2,127,237	\$1,500,197	\$1,776,584
Plan Fiduciary Net Position				
State Contributions	\$201,506	\$192,743	\$182,734	\$172,284
Net Investment Income	(176,742)	432,685	351,109	595,639
Benefit Payments	(977,062)	(264,000)	(485,026)	(775,201)
Administrative Expenses	(6,830)	(6,775)	(6,630)	(6,577)
Net Change in Fiduciary Net Position	(959,128)	354,653	42,187	(13,855)
Fiduciary Net Position – Beginning	3,861,680	3,507,027	3,464,840	3,478,695
Fiduciary Net Position – Ending (b)	2,902,552	3,861,680	3,507,027	3,464,840
Association's Net Pension Liability/(Asset) – Ending (a) – (b)	<u>\$(1,125,809)</u>	<u>\$(1,734,443)</u>	<u>\$(2,006,830)</u>	<u>\$(1,688,256)</u>
Fiduciary Net Position as a Percentage of the Total Pension Liability	163.36%	181.54%	233.77%	195.03%
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 31, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
\$64,491	\$61,804	\$66,200	\$53,176	\$51,753
143,064	137,411	140,109	130,326	135,178
12,562		(121,874)		
28,310	(8,549)	20,753	19,092	
105,546	62,880	107,406	61,077	
<u>(335,717)</u>	<u>(165,835)</u>	<u>(25,640)</u>		<u>(506,107)</u>
18,256	87,711	186,954	263,671	(319,176)
<u>2,222,835</u>	<u>2,135,124</u>	<u>1,948,170</u>	<u>1,684,499</u>	<u>2,003,675</u>
\$2,241,091	\$2,222,835	\$2,135,124	\$1,948,170	\$1,684,499
\$168,599	\$164,842	\$164,223	\$169,227	\$154,878
(208,750)	528,546	200,390	9,916	260,890
(335,717)	(165,835)	(25,640)		(506,107)
(6,549)	(6,340)	(6,311)	(6,291)	(6,218)
<u>(382,417)</u>	<u>521,213</u>	<u>332,662</u>	<u>172,852</u>	<u>(96,557)</u>
<u>3,861,112</u>	<u>3,339,899</u>	<u>3,007,237</u>	<u>2,834,385</u>	<u>2,930,942</u>
3,478,695	\$3,861,112	\$3,339,899	\$3,007,237	\$2,834,385
<u><u>\$(1,237,604)</u></u>	<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>
155.22%	173.70%	156.43%	165.70%	168.26%
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A

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Nonmajor Governmental Funds

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 115-116

CITY OF OWATONNA, MINNESOTA
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2023

	Library Reserve & Memorial Fund	Special Revenue MIF Fund
ASSETS		
Cash and cash equivalents	\$673,816	\$21
Investments		
Total assets	<u>\$673,816</u>	<u>\$21</u>
LIABILITIES		
Accounts payable	\$12,094	
Due to other funds		
Advance from other funds		
Total liabilities	<u>12,094</u>	
FUND BALANCES		
Restricted for:		
Hunewill	16,500	
Memorials	645,222	
Grant projects		\$21
Capital projects		
Economic development		
Unassigned		
Total fund balances	<u>661,722</u>	<u>21</u>
Total liabilities and fund balances	<u>\$673,816</u>	<u>\$21</u>

Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Total		
\$673,837	\$123,324 600,000	\$797,161 600,000
\$673,837	\$723,324	\$1,397,161
 \$12,094	 \$14,991 1,983 771,060	 \$27,085 1,983 771,060
12,094	788,034	800,128
 16,500 645,222 21	 634,819 71,465 (770,994)	 16,500 645,222 21 634,819 71,465 (770,994)
661,743	(64,710)	597,033
\$673,837	\$723,324	\$1,397,161

CITY OF OWATONNA, MINNESOTA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended December 31, 2023

	Library Reserve & Memorial Fund	Special Revenue MIF Fund
REVENUES		
Taxes		
Interest on investments	\$27,472	
Miscellaneous	125,778	
Total revenues	<u>153,250</u>	
EXPENDITURES		
Current:		
Housing & economic development		
Miscellaneous	83,528	
Capital outlay		
Total expenditures	<u>83,528</u>	
Excess of revenues over (under) expenditures	69,722	
OTHER FINANCING SOURCES (USES)		
Transfers out		
Total other financing sources (uses)		
Net change in fund balances	69,722	
Fund balances – beginning	<u>592,000</u>	<u>\$21</u>
Fund balances – ending	<u><u>\$661,722</u></u>	<u><u>\$21</u></u>

Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Total		
\$24,472	\$2,569,808	\$2,569,808
125,778	33,407	60,879
153,250	2,603,215	125,778
		2,756,465
83,528	2,351,889	2,351,889
	278,998	83,528
83,528	2,630,887	278,998
69,722	(27,672)	2,714,415
	(83,520)	42,050
	(83,520)	(83,520)
69,722	(111,192)	(83,520)
592,021	46,482	(41,470)
\$661,743	\$(64,710)	638,503
		\$597,033

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Nonmajor Capital Projects Funds

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 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 10-2 Marriott 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.

TIF 16-1 202 Bridge 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, 2023

	Sales Tax Capital Projects Fund	TIF 3-6 Viracon Fund	TIF 3-7 Kerry Fund	TIF 3-8 Daikin Fund
ASSETS				
Cash and cash equivalents	\$45,086	\$70,362		\$66
Investments	600,000			
Total assets	\$645,086	\$70,362	\$0	\$66
LIABILITIES				
Accounts payable	\$10,267			
Due to other funds		\$1,983		
Advance from other funds				\$18,318
Total liabilities	10,267	1,983		18,318
FUND BALANCES				
Restricted for:				
Capital projects	\$634,819			
Economic development				
Unassigned		68,379		(18,252)
Total fund balances	634,819	68,379		(18,252)
Total liabilities, deferred inflows of resources and fund balances	\$645,086	\$70,362	\$0	\$66

	TIF 5-1 Tailwind Fund	TIF 7-1 Gateway #2 Fund	TIF 8-1 South Pointe #1 Fund	TIF 8-2 South Pointe #2 Fund
ASSETS				
Cash and cash equivalents				
Investments				
Total assets	\$0	\$0	\$0	\$0
LIABILITIES				
Accounts payable				
Due to other funds				
Advance from other funds				
Total liabilities				
FUND BALANCES				
Restricted for:				
Capital projects				
Economic development				
Unassigned				
Total fund balances				
Total liabilities, deferred inflows of resources and fund balances	\$0	\$0	\$0	\$0

TIF 3-9 Cybex Fund	TIF 3-10 ProPet Fund	TIF 3-11 Cemstone Fund	TIF 3-12 Costco Fund	TIF 3-13 Daikin #2 Fund	TIF 3-14 Bosch Fund	TIF 4-1 Hospital Redevelop Fund
		\$4,724				\$3,086
\$0	\$0	\$4,724	\$0	\$0	\$0	\$3,086
		\$4,724				
		4,724			\$270,253	
					270,253	
						\$3,086
					(270,253)	
					(270,253)	3,086
\$0	\$0	\$0	\$0	\$0	\$0	\$3,086

(Continued)

CITY OF OWATONNA, MINNESOTA
Combining Balance Sheet (Continued)
Nonmajor Capital Projects Funds
December 31, 2023

	TIF 15-1 Mound St Fund	TIF 16-1 202 Bridge Fund	Total Nonmajor Capital Project Funds
ASSETS			
Cash and cash equivalents			\$123,324
Investments			600,000
Total assets	<u>\$0</u>	<u>\$0</u>	<u>\$723,324</u>
LIABILITIES			
Accounts payable			\$14,991
Due to other funds			1,983
Advance from other funds			771,060
Total liabilities			<u>788,034</u>
FUND BALANCES			
Restricted for:			
Capital projects			634,819
Economic development			71,465
Unassigned			(770,994)
Total fund balances			<u>(64,710)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$0</u>	<u>\$0</u>	<u>\$723,324</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, 2023

	Sales Tax Capital Projects Fund	TIF 3-6 Viracon Fund	TIF 3-7 Kerry Fund	TIF 3-8 Daikin Fund
REVENUES				
Taxes		\$427,427	\$44,921	\$194,015
Interest on investments	\$33,407			
Total revenues	<u>33,407</u>	<u>427,427</u>	<u>44,921</u>	<u>194,015</u>
EXPENDITURES				
Current				
Housing & economic development		263,355	44,921	176,538
Capital outlay	278,998			
Total expenditures	<u>278,998</u>	<u>263,355</u>	<u>44,921</u>	<u>176,538</u>
Excess of revenues over (under) expenditures	(245,591)	164,072		17,477
OTHER FINANCING SOURCES (USES)				
Transfers out		(83,520)		
Total other financing sources (uses)		<u>(83,520)</u>		
Net change in fund balances	(245,591)	80,552		17,477
Fund balances- beginning	880,410	(12,173)		(35,729)
Fund balances – ending	<u>\$634,819</u>	<u>\$68,379</u>	<u>\$0</u>	<u>\$(18,252)</u>

	TIF 5-1 Tailwind Fund	TIF 7-1 Gateway #2 Fund	TIF 8-1 South Pointe #1 Fund	TIF 8-2 South Pointe #2 Fund
REVENUES				
Taxes	\$12,066	\$27,247	\$62,965	\$43,690
Interest on investments				
Total revenues	<u>12,066</u>	<u>27,247</u>	<u>62,965</u>	<u>43,690</u>
EXPENDITURES				
Current				
Housing & economic development	12,066	27,247	62,965	43,690
Capital outlay				
Total expenditures	<u>12,066</u>	<u>27,247</u>	<u>62,965</u>	<u>43,690</u>
Excess of revenues over (under) expenditures				
OTHER FINANCING SOURCES (USES)				
Transfers out				
Total other financing sources (uses)				
Net change in fund balances				
Fund balances- beginning				
Fund balances – ending	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

TIF 3-9 Cybex Fund	TIF 3-10 ProPet Fund	TIF 3-11 Cemstone Fund	TIF 3-12 Costco Fund	TIF 3-13 Daikin #2 Fund	TIF 3-14 Bosch Fund	TIF 4-1 Hospital Redevelop Fund
\$226,848	\$55,705	\$4,220	\$713,084	\$162,547	\$258,075	\$60,540
<u>226,848</u>	<u>55,705</u>	<u>4,220</u>	<u>713,084</u>	<u>162,547</u>	<u>258,075</u>	<u>60,540</u>
226,848	55,705	4,935	713,084	162,547	223,862	57,494
<u>226,848</u>	<u>55,705</u>	<u>4,935</u>	<u>713,084</u>	<u>162,547</u>	<u>223,862</u>	<u>57,494</u>
		(715)			34,213	3,046
		(715)			34,213	3,046
		715			(304,466)	40
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$(270,253)</u>	<u>\$3,086</u>

TIF 9-1 Arrow Ace Fund	TIF 10-1 E Pearl Fund	TIF 10-2 Marriott Fund	TIF 11-1 Toreys Fund	TIF 12-1 Metropolitan Fund	TIF 13-1 Foremost Fund	TIF 14-1 Eastgate Fund
\$19,932	\$12,170	\$27,258	\$18,718	\$94,828	\$13,201	\$30,492
<u>19,932</u>	<u>12,170</u>	<u>27,258</u>	<u>18,718</u>	<u>94,828</u>	<u>13,201</u>	<u>30,492</u>
20,106	12,170	27,258	18,718	94,828	13,201	30,492
<u>20,106</u>	<u>12,170</u>	<u>27,258</u>	<u>18,718</u>	<u>94,828</u>	<u>13,201</u>	<u>30,492</u>
(174)						
(174)						
<u>174</u>						
<u>\$0</u>	<u>\$0</u>	<u>\$0</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, 2023

	TIF 15-1 Mound Street Fund	TIF 16-1 202 Bridge Fund	Total Nonmajor Capital Projects Funds
REVENUES			
Taxes	\$47,207	\$12,652	\$2,569,808
Interest on investments			33,407
Total revenues	<u>47,207</u>	<u>12,652</u>	<u>2,603,215</u>
EXPENDITURES			
Current			
Housing & economic development	47,207	12,652	2,351,889
Capital outlay			278,998
Total expenditures	<u>47,207</u>	<u>12,652</u>	<u>2,630,887</u>
Excess of revenues over (under) expenditures			(27,672)
OTHER FINANCING SOURCES (USES)			
Transfers out			(83,520)
Total other financing sources (uses)			<u>(83,520)</u>
Net change in fund balances			(111,192)
Fund balances- beginning			46,482
Fund balances – ending	<u>\$0</u>	<u>\$0</u>	<u>\$(64,710)</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, 2023

	EDA Administration Fund	EDA Loan Fund	EDA Land Fund	Total EDA Funds
ASSETS				
Cash and cash equivalents	\$127,829	\$54,750	\$279,110	\$461,689
Investments		800,000	500,000	1,300,000
Interest receivable		60		60
Accounts receivable	18,059			18,059
Loans receivable		42,230	2,005,890	2,048,120
Land held for resale			2,148,713	2,148,713
Total assets	<u>\$145,888</u>	<u>\$897,040</u>	<u>\$4,933,713</u>	<u>\$5,976,641</u>
LIABILITIES				
Accounts payable	\$38,355	\$25,020		\$63,375
Total liabilities	<u>38,355</u>	<u>25,020</u>		<u>63,375</u>
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue			\$597,973	597,973
Total deferred inflows of resources			<u>597,973</u>	<u>597,973</u>
FUND BALANCES				
Restricted for:				
Economic development		872,020	4,335,740	5,207,760
Unrestricted	107,533			107,533
Total fund balances	<u>107,533</u>	<u>872,020</u>	<u>4,335,740</u>	<u>5,315,293</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$145,888</u>	<u>\$897,040</u>	<u>\$4,933,713</u>	<u>\$5,976,641</u>

Fund balances – component unit \$5,315,293

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 506,473

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 \$6,419,669

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, 2023

	EDA Administration Fund	EDA Loan Fund	EDA Land Fund	Total EDA Funds
REVENUES				
Taxes	\$477,938			\$477,938
Intergovernmental revenue	352,000			352,000
Interest on investments	5,335	\$36,049	\$31,782	73,166
Interest on loans		1,187	43,073	44,260
Miscellaneous	60,410	300	184,566	245,276
Total revenues	<u>895,683</u>	<u>37,536</u>	<u>259,421</u>	<u>1,192,640</u>
EXPENDITURES				
Current – miscellaneous	878,306	79,359	31,871	989,536
Capital Outlay				
Total expenditures	<u>878,306</u>	<u>79,359</u>	<u>31,871</u>	<u>989,536</u>
Excess of revenues over (under)				
Expenditures	17,377	(41,823)	227,550	203,104
Fund balance - beginning	<u>90,156</u>	<u>913,843</u>	<u>4,108,190</u>	<u>5,112,189</u>
Fund balance – ending	<u>\$107,533</u>	<u>\$872,020</u>	<u>\$4,335,740</u>	<u>\$5,315,293</u>

Net change in fund balances – component unit \$203,104

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

Revenues in the Statement of Activities that do not provide current
financial resources are not reported as revenues in the funds. 16,567

Change in Net position – component unit \$219,671

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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, 2023

	Land	Buildings	Improv. Other than Buildings	Equipment
General Government				
Administrative Services	\$1,872,554	\$6,535,842		\$1,354,682
Government Buildings		4,194,400	\$44,649	73,137
Total General Government	<u>1,872,554</u>	<u>10,730,242</u>	<u>44,649</u>	<u>1,427,819</u>
Public Safety				
Police	80,472	963,405	89,442	404,328
Fire	248,982	2,702,625		1,657,831
Building Inspection				37,097
Total Public Safety	<u>329,454</u>	<u>3,666,030</u>	<u>89,442</u>	<u>2,099,256</u>
Public Works				
Engineering				30,995
Street Maintenance	405,756	1,811,138	55,367	923,718
Airport	4,399,281	3,811,486		400,345
Total Public Works	<u>4,805,037</u>	<u>5,622,624</u>	<u>55,367</u>	<u>1,355,058</u>
Culture and Recreation				
Library	244,940	2,730,730	7,253	530,300
Parks	1,652,046	2,158,098	1,267,567	1,207,858
Recreation	198,117	5,305,846	278,435	986,066
Total Culture and Recreation	<u>2,095,103</u>	<u>10,194,674</u>	<u>1,553,255</u>	<u>2,724,224</u>
Construction in Progress				
Subtotal	<u>9,102,148</u>	<u>30,213,570</u>	<u>1,742,713</u>	<u>7,606,357</u>
Internal Service Funds				<u>11,881,004</u>
Total governmental fund capital assets	<u>\$9,102,148</u>	<u>\$30,213,570</u>	<u>\$1,742,713</u>	<u>\$19,487,361</u>

Infrastructure	Construction In Progress	Total
		\$9,763,078
		4,312,186
		14,075,264
		1,537,647
		4,609,438
		37,097
		6,184,182
		30,995
\$127,491,997		130,687,976
5,406,712		14,017,824
132,898,709		144,736,795
		3,513,223
712,422		6,997,991
408,899		7,177,363
1,121,321		17,688,577
	\$2,493,173	2,493,173
134,020,030	2,493,173	185,177,991
		11,881,004
\$134,020,030	\$2,493,173	\$197,058,995

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, 2023

	Beginning Balances	Additions	Deletions	Ending Balances
General Government				
Administrative Services	\$7,578,171	\$2,368,975	\$184,068	\$9,763,078
Government Buildings	4,312,186			4,312,186
Total General Government	<u>11,890,357</u>	<u>2,368,975</u>	<u>184,068</u>	<u>14,075,264</u>
Public Safety				
Police	1,415,573	122,074		1,537,647
Fire	4,480,327	129,111		4,609,438
Building Inspection	37,097			37,097
Total Public Safety	<u>5,932,997</u>	<u>251,185</u>		<u>6,184,182</u>
Public Works				
Engineering	30,995			30,995
Street Maintenance	128,821,285	1,866,691		130,687,976
Airport	14,080,663		62,839	14,017,824
Total Public Works	<u>142,932,943</u>	<u>1,866,691</u>	<u>62,839</u>	<u>144,736,795</u>
Culture and Recreation				
Library	3,486,477	26,746		3,513,223
Parks	6,829,482	175,165	6,656	6,997,991
Recreation	6,684,686	492,677		7,177,363
Total Culture & Recreation	<u>17,000,645</u>	<u>694,588</u>	<u>6,656</u>	<u>17,688,577</u>
Construction in Progress	<u>272,324</u>	<u>4,808,524</u>	<u>2,587,675</u>	<u>2,493,173</u>
Subtotal	178,029,266	9,989,963	2,841,238	185,177,991
Internal Service Funds	<u>11,494,553</u>	<u>1,003,186</u>	<u>616,735</u>	<u>11,881,004</u>
Total governmental fund capital assets	<u>\$189,523,819</u>	<u>\$10,993,149</u>	<u>\$3,457,973</u>	<u>\$197,058,995</u>

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.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	134-145
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.	146-150
Debt Capacity 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.	151-156
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	157-158
Operating Information 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.	159-161

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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Governmental activities				
Net investment in capital assets	\$88,990,330	\$87,004,737	\$82,080,996	\$79,875,698
Restricted	12,533,801	11,532,764	13,608,287	12,889,531
Unrestricted	<u>13,664,484</u>	<u>11,614,389</u>	<u>11,621,123</u>	<u>8,480,035</u>
Total governmental activities	<u>\$115,188,615</u>	<u>\$110,151,890</u>	<u>\$107,310,406</u>	<u>\$101,245,264</u>
Business-type activities				
Net investment in capital assets	\$131,497,179	\$131,356,887	\$113,783,109	\$104,622,010
Restricted				
Unrestricted	<u>53,550,881</u>	<u>34,851,658</u>	<u>44,110,948</u>	<u>45,964,958</u>
Total business-type activities	<u>\$185,048,060</u>	<u>\$166,208,545</u>	<u>\$157,894,057</u>	<u>\$150,586,968</u>
Primary government				
Net investment in capital assets	\$220,487,509	\$218,361,624	\$195,864,105	\$184,497,708
Restricted	12,533,801	11,532,764	13,608,287	12,889,531
Unrestricted	<u>67,215,365</u>	<u>46,466,047</u>	<u>55,372,071</u>	<u>54,444,993</u>
Total primary government net position	<u>\$300,236,675</u>	<u>\$276,360,435</u>	<u>\$265,204,463</u>	<u>\$251,832,232</u>

Note: In 2015 GASB 68 was implemented

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$80,190,115	\$79,004,771	\$81,046,952	\$80,110,407	\$75,953,125	\$75,256,663
11,740,372	12,129,868	10,837,315	10,411,098	11,942,498	12,177,716
<u>7,743,706</u>	<u>6,752,131</u>	<u>6,993,466</u>	<u>7,877,023</u>	<u>9,427,621</u>	<u>15,929,892</u>
<u>\$99,674,193</u>	<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>
\$98,084,910	\$92,586,465	\$90,321,448	\$88,935,574	\$90,824,949	\$86,780,807
47,000,604	44,901,652	41,691,305	38,745,124	36,259,217	910,766
<u>\$145,085,514</u>	<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>
\$178,275,025	\$171,591,236	\$171,368,400	\$169,045,981	\$166,778,074	\$162,037,470
11,740,372	12,129,868	10,837,315	10,411,098	11,942,498	13,088,482
<u>54,744,310</u>	<u>51,653,783</u>	<u>48,684,771</u>	<u>46,622,147</u>	<u>45,686,838</u>	<u>56,108,137</u>
<u>\$244,759,707</u>	<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>

CITY OF OWATONNA, MINNESOTA
Changes in Net Position
Last Ten Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$265,559	\$250,752	\$323,466	\$396,420
Public safety	1,202,958	974,940	917,428	1,033,653
Public works	853,428	668,318	375,986	478,469
Culture and recreation	1,680,204	1,499,556	1,213,757	754,448
Other activities	37,525	21,990	19,440	39,313
Operating grants & contributions	1,773,246	1,708,928	1,722,034	2,519,643
Capital grants & contributions	5,535,505	2,148,119	7,330,068	1,640,688
Total governmental activities	<u>11,348,425</u>	<u>7,272,603</u>	<u>11,902,179</u>	<u>6,862,634</u>
Business-type activities:				
Charges for services:				
Sewer	5,288,154	4,453,045	4,150,093	3,894,053
Storm water	1,405,876	1,420,412	1,307,822	1,208,514
Electric	47,761,260	43,670,362	43,340,773	40,916,882
Water	4,954,756	4,650,426	4,721,999	4,465,627
Gas	15,618,966	19,437,918	22,942,554	12,316,516
Aquatic center				
Operating grants and contributions	12,035,310	48,555		
Capital grants and contributions	87,064,322	73,680,718	76,463,241	62,801,592
Total business-type activities	<u>87,064,322</u>	<u>73,680,718</u>	<u>76,463,241</u>	<u>62,801,592</u>
Total primary government	<u><u>98,412,747</u></u>	<u><u>\$80,953,321</u></u>	<u><u>\$88,365,420</u></u>	<u><u>\$69,664,226</u></u>
Expenses				
Governmental activities:				
General government	\$4,723,170	\$4,066,030	\$3,475,539	\$4,318,885
Public safety	10,010,175	8,945,032	6,838,715	7,595,141
Public works	7,611,725	5,314,296	7,732,201	7,367,252
Culture and recreation	7,073,746	5,880,158	4,975,493	4,474,475
Other activities	2,769,617	2,594,838	1,522,053	2,077,187
Interest on long-term debt	282,711	10,280	395,235	351,113
Total governmental activities	<u>32,471,144</u>	<u>26,810,634</u>	<u>24,939,236</u>	<u>26,184,053</u>
Business-type activities:				
Sewer	3,342,876	1,866,594	2,446,611	2,732,848
Storm water	663,660	281,138	590,887	685,583
Electric	45,398,423	40,964,869	40,046,387	39,131,242
Water	4,272,697	3,729,354	3,617,865	3,366,652
Gas	16,340,891	18,304,396	22,224,734	11,799,218
Aquatic center				
Total business-type activities	<u>70,018,547</u>	<u>65,146,351</u>	<u>68,926,484</u>	<u>57,715,543</u>
Total primary government	<u><u>\$102,489,691</u></u>	<u><u>\$91,956,985</u></u>	<u><u>\$93,865,720</u></u>	<u><u>\$83,899,596</u></u>

Note: The Aquatic center was transferred from a business-type activity to a governmental activity in 2016.

2019	2018	2017	2016	2015	2014
\$453,359	\$348,509	\$321,021	\$354,171	\$325,810	\$353,387
852,832	833,619	778,822	821,115	646,479	704,699
555,541	543,571	673,815	658,045	583,402	433,409
1,359,896	1,356,050	1,321,495	1,308,683	1,167,819	1,147,686
18,045	21,072	19,208	19,528	9,640	13,121
1,719,641	1,493,152	1,562,720	1,499,973	1,411,675	1,692,420
2,853,965	1,262,057	3,749,360	1,985,442	3,351,342	2,596,415
7,813,279	5,858,030	8,426,441	6,646,957	7,496,167	6,941,137
3,755,393	3,675,717	3,416,993	3,322,407	3,106,003	2,995,373
1,212,090	1,068,692	923,459	784,774	397,464	399,983
41,517,739	40,814,286	39,025,342	38,219,579	35,805,919	35,756,468
4,142,576	4,169,129	3,948,324	3,804,917	3,489,771	3,433,348
13,946,020	14,762,244	14,019,597	13,266,847	13,795,668	21,471,393
	5,000			195,018	174,787
236,174	9,262	135,032	188,135	50,000	25,688
64,809,992	64,504,330	61,468,747	59,586,659	56,839,843	64,257,040
\$72,623,271	\$70,362,360	\$69,895,188	\$66,233,616	\$64,336,010	\$71,198,177
\$3,461,354	\$3,205,461	\$3,243,404	\$3,099,636	\$2,856,561	\$2,680,256
7,349,429	6,812,922	7,652,397	8,377,228	6,348,914	6,310,828
7,834,535	7,474,091	7,072,006	6,691,503	7,270,857	6,925,355
5,202,377	5,165,302	5,201,248	5,040,588	4,652,758	4,279,720
1,156,663	1,111,126	791,706	1,063,892	747,447	570,317
404,670	335,781	234,573	287,028	288,678	300,765
25,409,028	24,104,683	24,195,334	24,559,875	22,165,215	21,067,241
2,868,854	2,798,229	2,847,495	3,006,694	2,492,185	2,452,577
780,772	660,873	591,835	682,131	516,915	508,608
38,886,514	39,303,834	37,610,225	37,738,830	34,612,064	34,319,736
3,244,405	3,420,096	3,250,860	3,046,878	3,159,786	2,734,692
12,898,582	13,740,097	13,730,892	11,789,863	13,066,535	20,613,979
				291,201	249,672
58,679,127	59,923,129	58,031,307	56,264,396	54,138,686	60,879,264
\$84,088,155	\$84,027,812	\$82,226,641	\$80,824,271	\$76,303,901	\$81,946,505

CITY OF OWATONNA, MINNESOTA
Changes in Net Position - Continued
Last Ten Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net (Expense)/Revenue				
Governmental activities	\$(21,122,719)	\$(19,538,031)	\$(13,037,057)	\$(19,321,419)
Business-type activities	17,045,775	8,534,367	7,536,757	5,086,049
Total primary government	<u>\$(4,076,944)</u>	<u>\$(11,003,664)</u>	<u>\$(5,500,300)</u>	<u>\$(14,235,370)</u>
General Revenues and Other				
Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes, (general purposes)	\$17,237,963	\$15,751,725	\$13,487,199	\$12,860,742
Property taxes, (debt service)	1,535,227	1,523,313	1,261,710	1,343,083
Sales & excise tax				
Franchise tax	325,724	339,926	335,187	343,202
Lodging tax				
Unrestricted grants and contributions	4,961,379	4,783,290	4,791,022	5,351,753
Investment earnings	1,412,326	(671,469)	(41,936)	387,414
Other				
Transfers	686,825	652,730	(730,983)	606,296
Total governmental activities	<u>26,159,444</u>	<u>22,379,515</u>	<u>19,102,199</u>	<u>20,892,490</u>
Business-type activities:				
Property taxes, (debt service)	320,249	311,853	317,938	312,070
Lease revenues	243,915	299,549		
Unrestricted grants and contributions				
Investment earnings	1,853,795	(291,116)	265,166	698,614
Other	62,606	63,548	(1,543,755)	11,017
Transfers	(686,825)	(652,730)	730,983	(606,296)
Total business-type activities	<u>1,793,740</u>	<u>(268,896)</u>	<u>(229,668)</u>	<u>415,405</u>
Total primary government	<u>\$27,953,184</u>	<u>\$22,110,619</u>	<u>\$18,872,531</u>	<u>\$21,307,895</u>
Change in Net Position				
Governmental activities	\$5,036,725	\$2,841,484	\$6,065,142	\$1,571,071
Business-type activities	18,839,515	8,265,471	7,307,089	5,501,454
Total primary government	<u>\$23,876,240</u>	<u>\$11,106,955</u>	<u>\$13,372,231</u>	<u>\$7,072,525</u>

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$(17,595,749)	\$(18,246,653)	\$(15,768,893)	\$(17,912,918)	\$(14,669,048)	\$(14,126,104)
6,130,865	4,581,201	3,437,440	3,322,263	2,701,157	3,377,776
<u>\$(11,464,884)</u>	<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>
\$12,229,960	\$11,810,733	\$10,407,798	\$9,864,056	\$9,148,313	\$8,620,566
1,353,663	1,018,307	991,067	1,134,938	1,150,319	1,096,471
352,715	353,476	348,769	346,777	339,322	342,607
4,364,245	4,387,352	4,341,397	4,201,348	4,103,313	4,253,144
652,930	440,334	240,752	134,961	190,031	511,958
					195,095
429,659	48,162	(81,685)	3,306,122	90,441	(249,425)
<u>19,383,172</u>	<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>
312,938	314,930	322,411	247,970	248,410	251,775
1,074,075	678,629	490,519	332,421	284,548	485,348
509,178					
(429,659)	(48,162)	81,685	(3,306,122)	(90,441)	249,425
<u>1,466,532</u>	<u>945,397</u>	<u>894,615</u>	<u>(2,725,731)</u>	<u>442,517</u>	<u>986,548</u>
<u>\$20,849,704</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>
\$1,787,423	\$(188,289)	\$479,205	\$1,075,284	\$352,691	\$644,312
7,597,397	5,526,598	4,332,055	596,532	3,143,674	4,364,324
<u>\$9,384,820</u>	<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>

CITY OF OWATONNA, MINNESOTA
Fund Balance – Governmental Funds
Last Ten Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
General Fund				
Nonspendable	\$178,534	\$222,991	\$177,009	\$153,417
Restricted	57,931	44,872	46,797	46,608
Assigned	2,914,999	2,869,345	3,004,811	3,119,384
Unassigned	10,873,932	9,315,113	8,922,998	8,544,022
Total general fund	<u>14,025,396</u>	<u>12,452,321</u>	<u>12,151,615</u>	<u>11,863,431</u>
 All Other Governmental Funds				
Nonspendable				
Restricted	9,445,196	8,629,388	10,388,117	8,788,419
Committed	1,761,998	1,440,278	1,226,804	1,408,436
Assigned	6,286,496	5,832,896	6,563,115	6,115,477
Unassigned	(770,994)	(834,857)	(892,801)	(911,539)
Total all other governmental funds	<u>16,722,696</u>	<u>15,067,705</u>	<u>17,285,235</u>	<u>15,400,793</u>
 Total governmental funds	<u>\$30,748,092</u>	<u>\$27,520,026</u>	<u>\$29,436,850</u>	<u>\$27,264,224</u>

2019	2018	2017	2016	2015	2014
\$160,637	\$169,421	\$169,529	\$200,044	\$283,764	\$224,489
45,912	44,943	44,198	43,717	43,432	43,058
2,980,474	3,084,017	2,216,436	2,066,020	2,050,503	1,912,882
8,166,473	7,665,558	8,245,075	8,088,843	8,075,845	7,851,566
<u>11,353,496</u>	<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>
7,921,803	8,476,883	7,199,761	7,282,461	9,414,768	74,064
768,512	1,112,446	1,036,672	1,114,534	1,114,534	8,953,592
6,064,409	6,072,226	5,438,542	5,240,474	3,905,230	1,528,371
(131,923)	(157,552)	(189,851)	(239,266)	(216,589)	4,360,834
<u>14,622,801</u>	<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>14,697,000</u>
<u>\$25,976,297</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>

CITY OF OWATONNA, MINNESOTA
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Revenues				
Taxes	\$19,237,664	\$17,559,007	\$15,054,201	\$14,460,256
Licenses and permits	619,896	505,746	407,850	570,608
Intergovernmental revenue	11,133,906	7,856,534	12,626,913	8,749,452
Charges for service	2,494,117	2,071,232	1,770,835	1,415,474
Fines and forfeits	136,186	132,961	146,250	137,314
Special assessments	607,426	689,091	708,911	812,614
Interest on investments	1,412,326	(671,469)	(41,936)	387,414
Miscellaneous	928,846	780,522	1,092,385	660,574
Total revenues	<u>36,570,367</u>	<u>28,923,624</u>	<u>31,765,409</u>	<u>27,193,706</u>
Expenditures				
Current operating				
General government	3,818,530	3,531,567	3,182,519	3,868,465
Public safety	8,939,081	8,471,517	7,876,675	7,724,843
Public works	5,041,684	4,756,639	4,414,957	4,378,073
Culture and recreation	5,490,235	5,143,282	4,682,111	4,090,156
Housing & economic development	2,746,648	2,567,050	1,424,670	2,060,099
Miscellaneous	342,110	528,805	243,320	129,243
Capital outlay	7,702,522	4,321,367	9,713,725	3,942,857
Debt service:				
Principal retired	2,111,676	1,690,000	1,750,000	1,625,000
Interest and service charges	484,128	482,951	521,013	486,867
Payment to refunding escrow agent				
Total all other governmental funds	<u>36,676,614</u>	<u>31,493,178</u>	<u>33,808,990</u>	<u>28,305,603</u>
Excess of revenues over (under) expenditures	<u>(106,247)</u>	<u>(2,569,554)</u>	<u>(2,043,581)</u>	<u>(1,111,897)</u>
Other finance sources (uses)				
SBITA proceeds	53,225			
Bond issuance	2,440,000		3,250,000	1,545,000
Premium (Discount) on bonds	154,263		342,857	227,124
Other				
Sale of capital assets				
Transfers out	(883,520)	(349,690)	(487,850)	(1,350,920)
Transfers in	1,570,345	1,002,420	1,111,200	1,978,620
Total other financing sources (uses)	<u>3,334,313</u>	<u>652,730</u>	<u>4,216,207</u>	<u>2,399,824</u>
Net change in fund balance	<u>\$3,228,066</u>	<u>\$(1,916,824)</u>	<u>\$2,172,626</u>	<u>\$1,287,927</u>
Debt service as a percentage of noncapital expenditures	8.18%	7.92%	8.79%	8.68%

2019	2018	2017	2016	2015	2014
\$13,926,612	\$13,230,823	\$11,762,834	\$11,315,685	\$10,658,545	\$10,089,188
422,036	449,857	445,702	428,138	292,628	349,311
7,048,268	6,599,704	8,199,031	6,869,605	7,290,973	7,755,657
2,128,600	2,042,584	2,122,977	2,132,546	1,857,471	1,704,610
160,072	156,847	157,683	142,447	157,719	172,951
829,705	677,503	839,631	936,065	1,137,312	1,099,194
652,930	440,334	240,752	134,961	190,031	511,958
925,334	514,841	624,897	621,632	1,452,189	853,621
26,093,557	24,112,493	24,393,507	22,581,079	23,036,868	22,536,490
3,074,250	2,902,381	2,815,113	2,674,639	2,528,782	2,338,333
7,390,178	6,909,832	6,841,352	6,605,121	6,200,216	6,094,080
4,525,795	4,345,785	4,031,989	3,850,262	3,681,956	3,444,217
4,737,918	4,659,725	4,634,202	4,495,841	4,035,671	3,796,924
1,149,628	1,093,759	773,449	1,028,038	734,410	462,086
146,218	83,457	100,110	146,547	127,580	294,163
6,651,508	5,990,656	5,632,005	3,613,361	5,905,097	4,615,949
1,250,000	1,335,000	1,615,000	1,765,000	1,890,000	1,845,000
468,986	297,878	257,834	330,154	293,620	313,028
			810,000		
29,394,481	27,618,473	26,701,054	25,318,963	25,397,332	23,203,780
(3,300,924)	(3,505,980)	(2,307,547)	(2,737,884)	(2,360,464)	(667,290)
1,860,000	4,825,000	2,015,000	1,300,000	1,685,000	1,135,000
357,779	402,560	108,582	99,109	98,893	32,211
				110,979	
				5,584	215,518
(148,300)	(170,920)	(148,190)	(658,975)	(128,000)	(564,000)
739,800	756,920	695,690	1,123,090	530,500	929,000
2,809,279	5,813,560	2,671,082	1,863,224	2,302,956	1,747,729
\$(491,645)	\$2,307,580	\$363,535	\$(874,660)	\$(57,508)	\$1,080,439
7.46%	7.30%	8.63%	13.18%	10.55%	10.84%

CITY OF OWATONNA, MINNESOTA
Program Revenues and Expenses by Function
Last Ten Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$265,559	\$250,752	\$323,466	\$396,420
Public safety	1,202,958	974,940	917,428	1,033,653
Public works	853,428	668,318	375,986	478,469
Culture and recreation	1,680,204	1,499,556	1,213,757	754,448
Other activities	37,525	21,990	19,440	39,313
Operating grants & contributions	1,773,246	1,708,928	1,722,034	2,519,643
Capital grants & contributions	5,535,505	2,148,119	7,330,068	1,640,688
Total governmental activities	<u>11,348,425</u>	<u>7,272,603</u>	<u>11,902,179</u>	<u>6,862,634</u>
Business-type activities:				
Charges for services:				
Sewer	5,288,154	4,453,045	4,150,093	3,894,053
Storm water	1,405,876	1,420,412	1,307,822	1,208,514
Electric	47,761,260	43,670,362	43,340,773	40,916,882
Water	4,954,756	4,650,426	4,721,999	4,465,627
Gas	15,618,966	19,437,918	22,942,554	12,316,516
Aquatic center				
Operating grants and contributions				
Capital grants and contributions	12,035,310	48,555		
Total business-type activities	<u>87,064,322</u>	<u>73,680,718</u>	<u>76,463,241</u>	<u>62,801,592</u>
Total primary government	<u>\$98,412,747</u>	<u>\$80,953,321</u>	<u>\$88,365,420</u>	<u>\$69,664,226</u>
Expenses				
Governmental activities:				
General government	\$4,723,170	\$4,066,030	\$3,475,539	\$4,318,885
Public safety	10,010,175	8,945,032	6,838,715	7,595,141
Public works	7,611,725	5,314,296	7,732,201	7,367,252
Culture and recreation	7,073,746	5,880,158	4,975,493	4,474,475
Other activities	2,769,617	2,594,838	1,522,053	2,077,187
Interest on long-term debt	282,711	10,280	395,235	351,113
Total governmental activities	<u>32,471,144</u>	<u>26,810,634</u>	<u>24,939,236</u>	<u>26,184,053</u>
Business-type activities:				
Sewer	3,342,876	1,866,594	2,446,611	2,732,848
Storm water	663,660	281,138	590,887	685,583
Electric	45,398,423	40,964,869	40,046,387	39,131,242
Water	4,272,697	3,729,354	3,617,865	3,366,652
Gas	16,340,891	18,304,396	22,224,734	11,799,218
Aquatic center				
Housing and economic development				
Total business-type activities	<u>70,018,547</u>	<u>65,146,351</u>	<u>68,926,484</u>	<u>57,715,543</u>
Total primary government	<u>\$102,489,691</u>	<u>\$91,956,985</u>	<u>\$93,865,720</u>	<u>\$83,899,596</u>

2019	2018	2017	2016	2015	2014
\$453,359	\$348,509	\$321,021	\$354,171	\$325,810	\$353,387
852,832	833,619	778,822	821,115	646,479	704,699
555,541	543,571	673,815	658,045	583,402	433,409
1,359,896	1,356,050	1,321,495	1,308,683	1,167,819	1,147,686
18,045	21,072	19,208	19,528	9,640	13,121
1,719,641	1,493,152	1,562,720	1,499,973	1,411,675	1,692,420
2,853,965	1,262,057	3,749,360	1,985,442	3,351,342	2,596,415
7,813,279	5,858,030	8,426,441	6,646,957	7,496,167	6,941,137
3,755,393	3,675,717	3,416,993	3,322,407	3,106,003	2,995,373
1,212,090	1,068,692	923,459	784,774	397,464	399,983
41,517,739	40,814,286	39,025,342	38,219,579	35,805,919	35,756,468
4,142,576	4,169,129	3,948,324	3,804,917	3,489,771	3,433,348
13,946,020	14,762,244	14,019,597	13,266,847	13,795,668	21,471,393
	5,000			195,018	174,787
236,174	9,262	135,032	188,135	50,000	25,688
64,809,992	64,504,330	61,468,747	59,586,659	56,839,843	64,257,040
\$72,623,271	\$70,362,360	\$69,895,188	\$66,233,616	\$64,336,010	\$71,198,177
\$3,461,354	\$3,205,461	\$3,243,404	\$3,099,636	\$2,856,561	\$2,680,256
7,349,429	6,812,922	7,652,397	8,377,228	6,348,914	6,310,828
7,834,535	7,474,091	7,072,006	6,691,503	7,270,857	6,925,355
5,202,377	5,165,302	5,201,248	5,040,588	4,652,758	4,279,720
1,156,663	1,111,126	791,706	1,063,892	747,447	570,317
404,670	335,781	234,573	287,028	288,678	300,765
25,409,028	24,104,683	24,195,334	24,559,875	22,165,215	21,067,241
2,868,854	2,798,229	2,847,495	3,006,694	2,492,185	2,452,577
780,772	660,873	591,835	682,131	516,915	508,608
38,886,514	39,303,834	37,610,225	37,738,830	34,612,064	34,319,736
3,244,405	3,420,096	3,250,860	3,046,878	3,159,786	2,734,692
12,898,582	13,740,097	13,730,892	11,789,863	13,066,535	20,613,979
				291,201	249,672
58,679,127	59,923,129	58,031,307	56,264,396	54,138,686	60,879,264
\$84,088,155	\$84,027,812	\$82,226,641	\$80,824,271	\$76,303,901	\$81,946,505

CITY OF OWATONNA, MINNESOTA
General Governmental Tax Revenues by Source
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>Franchise Fees</u>	<u>Sales/Excise Tax¹</u>	<u>Other Taxes</u>	<u>Total Taxes</u>
2023	\$16,342,132	\$325,724		\$2,569,808	\$19,237,664
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

Sources of Data: Includes general fund, special revenue funds, capital project funds and debt service fund

¹ 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
2023	\$16,670,310	\$16,533,550	99.18%	\$63,888	\$16,597,438	99.56%
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%

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		
2023	\$31,202,756	\$2,734,636,900	\$112,183	\$6,656,600	\$31,314,939	\$2,741,293,500	.0114:1	57.305
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

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 Total	Direct & Over- Lapping Total
	General	Debt Service	Capital Improve- Ment	Other	Direct Total	School District	County		
2023	47.347	6.238	2.395	1.325	57.305	29.880	50.055	79.935	137.240
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

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>2023</u>			<u>2013</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%	\$239,508	2	1.46%
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	1.49%
Daikin, Inc.	Manufacturing	298,604	5	1.12%			
Cybex	Manufacturing	295,188	6	1.11%	110,706	7	.67%
SMMPA	Utility	233,016	7	.88%			
Cheney Owatonna LLC	Apartments	189,278	8	.71%			
Cabela's Retail	Retail	180,778	9	.68%	173,320	3	1.05%
Lemond Acquisitions	Industrial	172,452	10	.65%			
Owatonna Clinic – Mayo	Health System				151,310	5	.92%
Mills Properties	Retail				163,253	4	.99%
Wenger Corp (JAS)	Musical Equip				119,896	6	.73%
Wal-Mart	Retail				109,378	8	.66%
Lowes Home Centers	Retail				105,236	10	.65%
Lakeside Foods	Manufacturing				107,460	9	.65%
		<u>\$3,169,858</u>		<u>11.93%</u>	<u>\$1,525,899</u>		<u>9.27%</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 ²	SBITAs	Capital Leases	Revenue Bonds	G.O. Revenue Bonds			
2023	\$10,442,283	\$3,685,941	\$140,000	\$505,634	\$0	\$0	\$26,355,754	\$41,129,612	N/A	N/A
2022	8,881,889	4,624,886	275,000	0	0	0	4,134,809	17,916,584	1.18%	\$650.47
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

*Personal income and population data can be found in the demographic statistics on page 157.

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements

² Other Bonds consisted of TIF bonds in 2014-2023.

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
2023	\$10,442,283	\$1,467,007	\$8,975,276	.2866:1	N/A
2022	8,881,889	1,244,384	7,637,505	.2873:1	\$277.28
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

CITY OF OWATONNA, MINNESOTA
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Debt Limit	\$82,239	\$69,985	\$65,520	\$60,975	\$57,736	\$54,740	\$51,609	\$50,240	\$48,836	\$47,451
Total net debt applicable to limit	8,975	7,638	8,838	5,930	5,041	5,709	887	1,099	1,333	1,256
Legal debt margin	73,264	62,347	56,682	55,045	52,695	49,031	50,722	49,141	47,503	46,195
Total net debt applicable to the limit as a % of debt limit	12.25%	12.25%	13.49%	9.73%	8.38%	10.43%	1.72%	2.19%	2.73%	2.65%

Legal Debt Margin Calculation for Current Fiscal Year

Market Value of Taxable Property	\$2,741,293
Debt limit (3% of market value)	82,239
Debt applicable to limit:	
General obligation bonds	10,442
Less: Amount set aside for repayment of general obligation debt	1,467
Total net debt applicable to limit	<u>8,975</u>
Legal debt margin	<u><u>\$73,264</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 2023

Jurisdiction	Net Debt Outstanding	Percentage Applicable to City of Owatonna	City of Owatonna's Share of Debt
Direct:			
City of Owatonna	\$14,268,224	100.00%	\$14,268,224
Overlapping:			
School District	158,825,000	70.7%	112,289,275
Steele County	6,580,000	53.0%	3,487,400
Total overlapping debt			<u>115,776,675</u>
Total direct and overlapping debt			<u>\$130,044,899</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 Principal	Interest	Total	Coverage
2023	\$69,336,834	\$62,208,317	\$7,128,517	\$0	\$0	\$0	N/A
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

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
2023	\$1,914,362	\$269,894	\$1,644,468	\$435,000	\$51,863	\$486,863	3.38
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

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 ¹	Personal Income ²	Per Capita Personal Income ³	School Enrollment ⁴	Average Annual Unemployment Rate ⁵
2023	N/A	N/A	N/A	4,947	3.0%
2022	27,544	\$1,511,118,928	\$54,862	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%

¹ State demographer estimate. 2020 Census

² Estimation; Calculated (population multiplied by per capita personal income)

³ Bureau of Economic Analysis; <http://www.bea.gov/regional/reis/> (Steele County)

⁴ Owatonna School District #761 – regular average daily membership

⁵ 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>	2023			2013		
		Number Of Employees	Rank	% of Total City Employment	Number Of Employees	Rank	% of Total City Employment
Federated Mutual Insurance	Insurance	1,450	1	8.81%	1,520	1	8.47%
Viracon, Inc.	Glass products	1,162	2	8.70%	1,440	2	8.03%
Owatonna ISD# 761	Education	777	3	4.81%	690	3	3.85%
Josten's Inc.	Recognition products	300	9	3.02%	430	7	2.40%
Daikin	HVAC manufacturing	512	4	2.98%			
Truth Hardware Corp	Window hardware	450	5	2.97%	643	4	3.58%
Wenger Corp	Musical equipment	437	6	2.69%	450	6	2.51%
Bosch	Specialty tools	377	7	2.34%	540	5	3.01%
Cabela's	Outfitters/sporting goods	140		2.26%			
Mayo Clinic Health System	Healthcare	350	8	2.17%	413	8	2.30%
Cybex	Exercise equipment mfg	295	10		295	10	1.64%
Steele County	County government				335	9	1.87%
Total		7,138		44.29%	6,756		37.67%

Source: 2013 – Infogroup (www.salesgenie.com), written and telephone survey (June 2013), and the MN Department of Employment and Economic Development.
2023 – phone interview July 2023.
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)

Function	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General government										
Admin services	12.2	11.7	10.7	11.4	10.0	10.0	10.0	9.5	9.5	8.0
Govt buildings	7.4	7.4	7.4	8.1	9.1	9.1	9.1	10.1	10.1	10.1
Public safety										
Police	40.4	40.4	40.4	40.4	43.1	42.8	42.8	42.8	42.8	43.1
Fire	11.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Inspection	4.7	4.7	4.0	4.0	4.0	4.0	4.0	3.7	3.7	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	18.0	17.0	17.0	17.0	17.0
Airport	2.25	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.0	1.0
Culture & recreation										
Library	10.67	10.6	11.9	13.1	14.1	14.1	14.1	13.9	12.5	11.4
P&R admin	3.0	5.0	5.7	4.7	5.2	5.2	5.9	4.2	4.0	3.5
Park maintenance	15.2	13.2	10.6	10.9	10.7	10.6	11.2	11.2	11.2	11.2
Recreation	6.5	5.0	5.7	6.1	7.5	6.8	7.1	8.1	7.7	8.7
Housing & econ develop										
Planning & zoning	5.0	4.7	4.0	4.6	4.0	4.0	4.0	4.0	4.0	3.0
Total	<u>143.3</u>	<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>

Source: Adopted 2014-2023 Budgets

CITY OF OWATONNA, MINNESOTA
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol/CSO units – marked	14	14	14	14	14	12	13	13	13	13
Patrol units – unmarked	8	8	8	8	9	8	8	8	8	8
Police reserve unit - marked	2	2	2	2	2	3	3	2	2	2
Parking control	1	1	1	1	1	1	1	1	1	1
Off-road vehicle	0	0	0	0	0	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)	168.2	163.5	163.1	163.1	162.8	162.3	162.3	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	13	16	16	16	16	16
Parks acreage	867	851	851	851	851	851	851	851	848	848
Parks	36	36	36	36	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	1,257	1,237	1,246	1,249	1,233	1,229	1,240	1,232	1,234	1,319
Electric										
Number of customers	12,372	12,249	12,475	12,257	12,213	12,075	12,075	11,994	11,907	11,916
Gas										
Number of customers	10,855	10,803	10,749	10,616	10,584	10,497	10,487	10,447	10,385	10,411
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

Function	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Police										
Events	42,472	43,757	43,312	42,367	46,335	41,853	41,602	28,856	30,868	43,622
Group A crimes	704	870	762	254	438	462	428	608	739	665
Group B crimes	325	489	367	447	670	596	527	743	895	864
Traffic citations	1285	1,574	1,548	1,660	1,572	1,656	1,614	1,249	1,436	2,130
Fire										
Number of calls	523	593	535	464	545	476	495	441	444	467
Aquatic Center										
Admissions	37,394	33,492	35,021	8,040	28,300	25,837	23,485	23,414	30,306	26,455
Library										
Circulation	147,274	142,693	141,988	129,468	240,423	259,075	256,732	271,978	283,172	293,025
Registered Users	18,228	18,060	19,116	23,881	25,227	26,734	26,775	26,442	28,720	26,959
Water										
Avg daily consumption (thousands of cubic ft)	491	460	493	503	465	497	497	477	482	488
Electric										
Avg daily consumption (thousands of KWh)	1,153	1,155	1,165	1,168	1,126	1,079	1,043	1,039	1,018	1,019
Gas										
Avg daily consumption (thousands of cubic ft)	5,321	5,863	5,323	5,524	6,242	5,940	5,350	4,860	5,353	6,189
Wastewater										
Avg daily sewage treatment (millions of gallons)	3.66	3.39	3.48	4.20	4.93	4.14	4.17	4.01	3.94	4.09

Source: Various government departments

TERMS OF PROPOSAL

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

\$1,865,000*

CITY OF OWATONNA, MINNESOTA

GENERAL OBLIGATION BONDS, SERIES 2024A

(BOOK ENTRY ONLY)

Proposals for the above-referenced obligations (the "Series 2024A Bonds") will be received by the City of Owatonna, Minnesota (the "City") on Tuesday, July 16, 2024 (the "Sale Date") until 10:00 A.M., Central Time (the "Sale Time") at the offices of Baker Tilly Municipal Advisors, LLC ("Baker Tilly MA"), 30 East 7th Street, Suite 3025, Saint Paul, MN 55101, after which time proposals will be opened and tabulated. Consideration for award of the Series 2024A 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 Series 2024A 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, 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 Series 2024A 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, 2nd 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. © 2024 Baker Tilly Municipal Advisors, LLC.

DETAILS OF THE SERIES 2024A BONDS

The Series 2024A 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 March 1, 2025. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Series 2024A Bonds will mature March 1 in the years and amounts* as follows:

2026	\$165,000	2028	\$170,000	2030	\$180,000	2032	\$195,000	2034	\$205,000
2027	\$165,000	2029	\$180,000	2031	\$190,000	2033	\$200,000	2035	\$215,000

*The City reserves the right, after proposals are opened and prior to award, to increase or reduce the principal amount of the Series 2024A 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 Series 2024A 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 Series 2024A Bonds will be issued by means of a book entry system with no physical distribution of Series 2024A Bonds made to the public. The Series 2024A Bonds will be issued in fully registered form and one Series 2024A Bond, representing the aggregate principal amount of the Series 2024A 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 Series 2024A Bonds. Individual purchases of the Series 2024A 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 Series 2024A 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 Series 2024A Bonds, will be required to deposit the Series 2024A 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 Series 2024A Bonds, and shall be subject to applicable regulations of the Securities and Exchange Commission. The City will pay for the services of the Registrar.

OPTIONAL REDEMPTION

The City may elect on March 1, 2033, and on any day thereafter, to redeem Series 2024A Bonds due on or after March 1, 2034. 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 Series 2024A 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 Series 2024A 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 Series 2024A Bonds will be used to (i) finance the acquisition of a law enforcement center in accordance with the City's 2024-2028 Capital Improvement Plan approved by the City Council on May 7, 2024; (ii) finance the 2024 street and utility improvement projects in accordance with the City's 2024-2028 Street Reconstruction Plan approved by the City Council on May 7, 2024; and (iii) pay costs of issuance.

BANK QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will designate the Series 2024A 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 \$1,846,350 plus accrued interest, if any, on the total principal amount of the Series 2024A 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 Series 2024A 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 Series 2024A Bonds is adjourned, recessed, or continued to another date without award of the Series 2024A Bonds having been made. Series 2024A Bonds of the same maturity shall bear a single rate from the date of the Series 2024A 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 Series 2024A 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 Series 2024A Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity): (i) the interest rate; (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; and (iii) pricing wires or equivalent communications supporting such offering or sale price if the hold-offering-price rules apply. 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 Series 2024A 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 Series 2024A Bonds; and
- (iv) the City anticipates awarding the sale of the Series 2024A 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 Series 2024A 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 Series 2024A Bonds, to include provisions requiring compliance with the provisions of the Code and the Regulation regarding the initial sale of the Series 2024A 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 Series 2024A 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 Series 2024A Bonds, the Purchaser shall advise the City and Baker Tilly MA if 10% of any maturity of the Series 2024A 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. 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 Series 2024A Bonds or until all of the Series 2024A 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 \$18,650 (the “Deposit”) no later than 1:00 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 Series 2024A 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 Series 2024A 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 Series 2024A Bonds. If the Series 2024A 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 Series 2024A Bonds shall

not constitute cause for failure or refusal by the successful bidder to accept delivery of the Series 2024A Bonds.

CUSIP NUMBERS

If the Series 2024A Bonds qualify for the assignment of CUSIP numbers such numbers will be printed on the Series 2024A Bonds; however, neither the failure to print such numbers on any Series 2024A Bond nor any error with respect thereto will constitute cause for failure or refusal by the Purchaser to accept delivery of the Series 2024A 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 August 15, 2024, the Series 2024A 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 Series 2024A 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 Series 2024A 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 Series 2024A 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 Series 2024A Bonds will be conditioned upon receiving evidence of this undertaking at or prior to delivery of the Series 2024A Bonds.

OFFICIAL STATEMENT

The City has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the Series 2024A 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.

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 Series 2024A Bonds, together with any other information required by law. By awarding the Series 2024A 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 June 18, 2024

BY ORDER OF THE CITY COUNCIL

/s/ Kris Busse
City Administrator

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

\$5,205,000*

CITY OF OWATONNA, MINNESOTA

GENERAL OBLIGATION TAX ABATEMENT BONDS, SERIES 2024B

(BOOK ENTRY ONLY)

Proposals for the above-referenced obligations (the "Series 2024B Bonds") will be received by the City of Owatonna, Minnesota (the "City") on Tuesday, July 16, 2024 (the "Sale Date") until 10:00 A.M., Central Time (the "Sale Time") at the offices of Baker Tilly Municipal Advisors, LLC ("Baker Tilly MA"), 30 East 7th Street, Suite 3025, Saint Paul, MN 55101, after which time proposals will be opened and tabulated. Consideration for award of the Series 2024B 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 Series 2024B 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, 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 Series 2024B 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, 2nd 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 Advisory Group, LP. Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, operate under an alternative practice structure and are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm and provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms. ©2024 Baker Tilly Municipal Advisors, LLC

DETAILS OF THE SERIES 2024B BONDS

The Series 2024B 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 March 1, 2025. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Series 2024B Bonds will mature March 1 in the years and amounts* as follows:

2026	\$185,000	2030	\$215,000	2034	\$240,000	2038	\$275,000	2042	\$315,000
2027	\$195,000	2031	\$220,000	2035	\$250,000	2039	\$285,000	2043	\$330,000
2028	\$200,000	2032	\$230,000	2036	\$255,000	2040	\$295,000	2044	\$345,000
2029	\$205,000	2033	\$235,000	2037	\$265,000	2041	\$305,000	2045	\$360,000

*The City reserves the right, after proposals are opened and prior to award, to increase or reduce the principal amount of the Series 2024B 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 Series 2024B 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 Series 2024B Bonds will be issued by means of a book entry system with no physical distribution of Series 2024B Bonds made to the public. The Series 2024B Bonds will be issued in fully registered form and one Series 2024B Bond, representing the aggregate principal amount of the Series 2024B 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 Series 2024B Bonds. Individual purchases of the Series 2024B 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 Series 2024B 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 Series 2024B Bonds, will be required to deposit the Series 2024B 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 Series 2024B Bonds, and shall be subject to applicable regulations of the Securities and Exchange Commission. The City will pay for the services of the Registrar.

OPTIONAL REDEMPTION

The City may elect on March 1, 2034, and on any day thereafter, to redeem Series 2024B Bonds due on or after March 1, 2035. 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 Series 2024B 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 Series 2024B 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. In addition, the City will pledge tax abatement revenues derived from an abatement levy to repay the principal portion of the Series 2024B Bonds. The proceeds of the Series 2024B Bonds, along with available City Funds, will be used to (i) finance the

renovation of Merrill Hall located on the City's West Hills Campus, and (ii) pay all or a portion of the costs of issuance.

BANK QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will designate the Series 2024B 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 \$5,132,130 plus accrued interest, if any, on the total principal amount of the Series 2024B 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 Series 2024B 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 Series 2024B Bonds is adjourned, recessed, or continued to another date without award of the Series 2024B Bonds having been made. Series 2024B Bonds of the same maturity shall bear a single rate from the date of the Series 2024B 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 Series 2024B 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 Series 2024B Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity): (i) the interest rate; (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; and (iii) pricing wires or equivalent communications supporting such offering or sale price if the hold-offering-price rules apply. 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 Series 2024B 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 Series 2024B Bonds; and
- (iv) the City anticipates awarding the sale of the Series 2024B 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 Series 2024B 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 Series 2024B Bonds, to include provisions requiring compliance with the provisions of the Code and the Regulation regarding the initial sale of the Series 2024B 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 Series 2024B 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 Series 2024B Bonds, the Purchaser shall advise the City and Baker Tilly MA if 10% of any maturity of the Series 2024B 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. 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 Series 2024B Bonds or until all of the Series 2024B 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 \$52,050 (the “Deposit”) no later than 1:00 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 Series 2024B 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 Series 2024B 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 Series 2024B Bonds. If the Series 2024B 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 Series 2024B Bonds shall not constitute cause for failure or refusal by the successful bidder to accept delivery of the Series 2024B Bonds.

CUSIP NUMBERS

If the Series 2024B Bonds qualify for the assignment of CUSIP numbers such numbers will be printed on the Series 2024B Bonds; however, neither the failure to print such numbers on any Series 2024B Bond nor any error with respect thereto will constitute cause for failure or refusal by the Purchaser to accept delivery of the Series 2024B 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 August 15, 2024, the Series 2024B 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 Series 2024B 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 Series 2024B 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 Series 2024B 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 Series 2024B Bonds will be conditioned upon receiving evidence of this undertaking at or prior to delivery of the Series 2024B Bonds.

OFFICIAL STATEMENT

The City has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the Series 2024B 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.

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 Series 2024B Bonds, together with any other information required by law. By awarding the Series 2024B 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 June 18, 2024

BY ORDER OF THE CITY COUNCIL

/s/ Kris Busse
City Administrator

CITY OWATONNA, MINNESOTA
\$1,865 * General Obligation Bonds, Series 2024A

For the Series 2024A 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 \$1,846,350) plus accrued interest, if any, to the date of delivery.

<u>Year</u>	<u>Interest Rate (%)</u>	<u>Yield (%)</u>	<u>Dollar Price</u>	<u>Year</u>	<u>Interest Rate (%)</u>	<u>Yield (%)</u>	<u>Dollar Price</u>
2026	_____ %	_____ %	_____ %	2031	_____ %	_____ %	_____ %
2027	_____ %	_____ %	_____ %	2032	_____ %	_____ %	_____ %
2028	_____ %	_____ %	_____ %	2033	_____ %	_____ %	_____ %
2029	_____ %	_____ %	_____ %	2034	_____ %	_____ %	_____ %
2030	_____ %	_____ %	_____ %	2035	_____ %	_____ %	_____ %

Designation of Term Maturities

Years of Term Maturities _____

In making this offer on the sale date of July 16, 2024 we accept all of the terms and conditions of the Terms of Proposal published in the Preliminary Official Statement dated July 3, 2024 including the City’s right to modify the principal amount of the Series 2024A Bonds. (See “Terms of Proposal” herein.) In the event of failure to deliver these Series 2024A 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 Series 2024A 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
Email: bids@bakertilly.com

* Preliminary; subject to change.

For the Series 2024B 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 \$5,132,130) plus accrued interest, if any, to the date of delivery.

<u>Year</u>	<u>Interest Rate (%)</u>	<u>Yield (%)</u>	<u>Dollar Price</u>	<u>Year</u>	<u>Interest Rate (%)</u>	<u>Yield (%)</u>	<u>Dollar Price</u>
2026	_____ %	_____ %	_____ %	2036	_____ %	_____ %	_____ %
2027	_____ %	_____ %	_____ %	2037	_____ %	_____ %	_____ %
2028	_____ %	_____ %	_____ %	2038	_____ %	_____ %	_____ %
2029	_____ %	_____ %	_____ %	2039	_____ %	_____ %	_____ %
2030	_____ %	_____ %	_____ %	2040	_____ %	_____ %	_____ %
2031	_____ %	_____ %	_____ %	2041	_____ %	_____ %	_____ %
2032	_____ %	_____ %	_____ %	2042	_____ %	_____ %	_____ %
2033	_____ %	_____ %	_____ %	2043	_____ %	_____ %	_____ %
2034	_____ %	_____ %	_____ %	2044	_____ %	_____ %	_____ %
2035	_____ %	_____ %	_____ %	2045	_____ %	_____ %	_____ %

Years of Term Maturities	_____	_____
	_____	_____

In making this offer on the sale date of July 16, 2024 we accept all of the terms and conditions of the Terms of Proposal published in the Preliminary Official Statement dated July 3, 2024 including the City's right to modify the principal amount of the Series 2024B Bonds. (See "Terms of Proposal" herein.) In the event of failure to deliver these Series 2024B 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 Series 2024B 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

By: _____ Account Manager
Phone: _____

.....

The foregoing proposal has been accepted by the City.

Attest: _____ Date: _____ Phone: 651-223-3000

* Preliminary; subject to change. Email: bids@bakertilly.com

\$1,865,000*

**CITY OF OWATONNA, MINNESOTA
GENERAL OBLIGATION BONDS, SERIES 2024A**

Moody's Rating: Aa1

Sale Date: July 16, 2024

**BBI: 3.94%
Average Maturity: 6.295 Years**

Bidder	TIC
BNY Mellon Capital Markets, LLC	3.2327%
Robert W. Baird & Co., Incorporated	3.2395%
TD Securities(USA) LLC	3.3152%
Northland Securities, Inc.	3.3236%
BOK Financial Securities, Inc.	3.5013%

Winning Bidder Information	Maturity	Interest Rate	Reoffering Yield	Reoffering Price
BNY MELLON CAPITAL MARKETS, LLC	3/1/2026	5.00%	3.02%	102.964%
	3/1/2027	5.00%	3.01%	104.837%
	3/1/2028	5.00%	3.02%	106.606%
	3/1/2029	5.00%	3.02%	108.347%
	3/1/2030	5.00%	3.03%	109.983%
	3/1/2031	5.00%	3.05%	111.488%
	3/1/2032	5.00%	3.07%	112.908%
	3/1/2033	5.00%	3.08%	114.326%
	3/1/2034	5.00%	3.09%	114.245%
	3/1/2035	4.00%	3.15%	106.322%

Purchase Price: \$2,028,718.00*
Net Interest Cost: \$400,630.89*
TIC: 3.2327%*

* Subsequent to bid opening, the par amount decreased to \$1,690,000; and the price, net interest cost, and true interest cost have changed to \$1,840,248.57, \$370,140.87, and 3.2338%, respectively.

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BNYMellon Capital Markets - Pittsburgh, PA's Bid
City of Owatonna, Minnesota
\$1,865,000 \$1,690,000 General Obligation Bonds, Series 2024A

For the aggregate principal amount of ~~\$1,865,000.00~~ \$1,690,000.00, we will pay you ~~\$2,028,718.00~~ \$1,840,248.57, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount \$	Amount \$	Coupon %	Yield %	Dollar Price	Bond Insurance
03/01/2026	165M	165M	5.0000	3.0200	102.964	
03/01/2027	165M	165M	5.0000	3.0100	104.837	
03/01/2028	170M	170M	5.0000	3.0200	106.606	
03/01/2029	180M	180M	5.0000	3.0200	108.347	
03/01/2030	180M	180M	5.0000	3.0300	109.983	
03/01/2031	190M	190M	5.0000	3.0500	111.488	
03/01/2032	195M	195M	5.0000	3.0700	112.908	
03/01/2033	200M	200M	5.0000	3.0800	114.326	
03/01/2034	205M	205M	5.0000	3.0900	114.245	
03/01/2035	215M	215M	4.0000	3.1500	106.322	

Total Interest Cost:	\$564,348.89	\$520,389.44
Premium:	\$163,718.00	\$150,248.57
Net Interest Cost:	\$400,630.89	\$370,140.87
TIC:	3.232739	3.233856
Total Insurance Premium:	\$0.00	\$0.00
Time Last Bid Received On:07/16/2024 9:31:37 CDST		

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: BNYMellon Capital Markets, Pittsburgh, PA
Contact: Andrew Wandler
Title: Trader
Telephone:212-815-8282

Issuer Name: City of Owatonna, Minnesota	Company Name: BNYMellon Capital Markets
Accepted By: _____	Accepted By: <u>Andrew Richless</u>
Date: July 16, 2024	Date: July 16, 2024



DATE: July 16, 2024
TO: Mayor and City Council
FROM: Rhonda Moen, Finance Director
SUBJECT: Resolution 72-24: Award Sale of General Obligation Tax Abatement Bonds 2024B

Purpose:

To award the sale of general obligation street reconstruction bonds.

Background:

The council had previously authorized Baker Tilly through Council Resolution 65-24 to solicit proposals for the issuance of bonds to finance the improvements at Merrill Hall. On July 16, 2024, 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.

The City will be in compliance with its debt policy.

Budget Impact:

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

Staff Recommendation:

Staff recommends the adoption of Resolution 72-24 awarding the sale of the bonds.

Attachments:

1. Resolution 72-24 Sale of Gen Obligation Tax Abatement Bonds 2024B
2. Bid Tab - Owatonna 2024B
3. Winning Bid - Owatonna 2024B - Signed by Purchaser

RESOLUTION NO. 72-24

A RESOLUTION AWARDING THE SALE OF GENERAL OBLIGATION TAX ABATEMENT BONDS, SERIES 2024B, IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$4,875,000; 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 on June 18, 2024, the City authorized the sale of its General Obligation Tax Abatement Bonds, Series 2024B (the "Bonds"), to finance the construction of improvements to Merrill Hall in the City, which is owned by the City (the "Project"), pursuant to Minnesota Statutes, Chapter 475, as amended, and Sections 469.1812 through 469.1815, as amended (the "Act").

1.02. Award to the Purchaser and Interest Rates. The proposal of Robert W. Baird & Co., Inc., Milwaukee, Wisconsin, as syndicate manager (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 \$5,158,889.67 (the par amount of the Bonds of \$4,875,000.00, plus original issue premium of \$331,109.50, less an underwriter's discount of \$47,219.83), 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>
2026	5.000%	2036	5.000%
2027	5.000	2037	4.000
2028	5.000	2038	4.000
2029	5.000	2039	4.000
2030	5.000	2040	4.000
2031	5.000	2041	4.000
2032	5.000	2042	4.000
2033	5.000	2043	4.000
2034	5.000	2044	4.000
2035	5.000	2045	4.000

True interest cost: 3.6676826%

1.03. Purchase Contract. The sum of \$352,139.67, being the amount proposed by the Purchaser in excess of \$4,806,750.00, shall be credited to the Debt Service Fund hereinafter created or deposited in the Construction Fund hereinafter created, as determined by the Finance Director of the City in consultation with the City's municipal advisor. The Finance Director 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 \$4,875,000, originally dated August 15, 2024, 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>
2026	\$150,000	2036	\$245,000
2027	160,000	2037	260,000
2028	165,000	2038	270,000
2029	175,000	2039	280,000
2030	185,000	2040	290,000
2031	190,000	2041	300,000
2032	200,000	2042	315,000
2033	210,000	2043	325,000
2034	225,000	2044	340,000
2035	235,000	2045	355,000

1.05. Optional Redemption. The City may elect on March 1, 2034, and on any day thereafter to prepay Bonds due on or after March 1, 2035. 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 March 1, 2025, 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 the "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 Finance Director 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 Finance Director 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 Finance Director 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 Tax Abatement Bonds, Series 2024B Debt Service Fund (the "Debt Service Fund") hereby created. The Debt Service Fund shall be administered by the Finance Director as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City. The Finance Director shall timely deposit in the Debt Service Fund the abatements (the "Abatements") from the property identified and described as the "Abatement Property" in the resolution approving the property tax abatement adopted by the City Council on May 7, 2024 (the "Abatement Resolution") and proceeds of ad valorem taxes hereinafter levied for the Project (the "Taxes"). There is also appropriated to the Debt Service Fund amounts over the minimum purchase price 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 Tax Abatement Bonds, Series 2024B 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 Project, will be deposited in the Construction Fund to be used solely to defray expenses of the Project described herein and in the Abatement Resolution, including costs of issuance of the Bonds. When the Project is completed and the cost thereof paid, the Construction Fund is to be closed and any funds remaining 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 a portion of the principal of and interest on the Bonds, there is levied a direct annual irrepealable 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 Abatements and 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 irrepealable until all of the Bonds are paid, provided that at the time the City makes its annual tax levies the Finance Director 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 Municipal Debt 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 Finance Director 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 Finance Director 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 Finance Director shall also execute and deliver to the Purchaser a suitable certificate as to absence of material litigation, and the Finance Director 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 Finance Director 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. Qualified Users of the Project. Pursuant to the Abatement Resolution, following a duly noticed public hearing, the City Council approved the designation of one or more nonprofit organizations exempt from federal income taxation under Section 501(a) of the Internal Revenue Code of 1986, as amended (the "Code"), as a result of the application of Section 501(c)(3) of the Code, as qualified 501(c)(3) users of the Project (the "Qualified Users"), including but not limited to the Little Theatre of Owatonna, Inc. and Wee Pals Child Care Center, Inc., both Minnesota nonprofit corporations and organizations described in Section 501(c)(3) of the Code.

6.02. Qualified 501(c)(3) Bonds. Pursuant to the Abatement Resolution, following a duly noticed public hearing, the City Council approved the designation of the Bonds as "qualified

501(c)(3) bonds.” The City shall not take any action or authorize any action to be taken in connection with the application or investment of the proceeds of the Bonds or any related activity which would cause the Bonds to be deemed to be “private activity bonds,” within the meaning of Section 141 of the Code, other than “qualified 501(c)(3) bonds” within the meaning of Section 145 of the Code. The City shall not take any action or authorize any action to be taken in connection with the application or investment of the proceeds of the Bonds or any related activity which would cause the Bonds to be deemed to be “arbitrage bonds,” within the meaning of Section 148 of the Code. Furthermore, the City shall take all such actions as may be required under the Code to ensure that interest on the Bonds is not and does not become includable in gross income for federal income tax purposes.

6.03. Costs of Issuance. No more than two percent (2%) of the proceeds of the Bonds will be used for the costs of issuing the Bonds.

6.04. 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.

6.05. Qualified Tax-Exempt Obligations. In order to qualify the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code, the City makes the following factual statements and representations:

(a) the Bonds are “qualified 501(c)(3) bonds” and are therefore not considered “private activity bonds” pursuant to Section 265(b)(3)(B) of the Code;

(b) the City designates the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code;

(c) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) which will be issued by the City (and all subordinate entities of the City) during calendar year 2024 will not exceed \$10,000,000; and

(d) not more than \$10,000,000 of obligations issued by the City during calendar year 2024 have been designated for purposes of Section 265(b)(3) of the Code.

6.06. 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 16th day of July, 2024, with the following vote:

Aye _____; No _____; Absent _____.

Approved and signed this 16th day of July, 2024.

Thomas A. Kuntz, Mayor

ATTEST:

Kris M. Busse, City Administrator/City Clerk

EXHIBIT A

PROPOSALS



\$5,205,000*

CITY OF OWATONNA, MINNESOTA

GENERAL OBLIGATION TAX ABATEMENT BONDS, SERIES 2024B

Moody's Rating: Aa1

Sale Date: July 16, 2024

BBI: 3.94%

Average Maturity: 12.157Years

Bidder	TIC
Robert W. Baird & Co. Inc.	3.6564%
BNY Mellon Capital Markets, LLC	3.7194%
Northland Securities, Inc.	3.7368%
TD Securities (USA) LLC	3.7429%
BOK Financial Securities, Inc.	3.8497%
Hilltop Securities Inc.	3.8727%

Winning Bidder Information	Maturity	Interest Rate	Reoffering Yield	Reoffering Price
ROBERT W. BAIRD & CO. INC.	3/1/2026	5.00%	3.12%	102.811%
C.L. King & Associates, Inc.	3/1/2027	5.00%	3.06%	104.712%
Colliers Securities	3/1/2028	5.00%	3.03%	106.572%
Edward Jones	3/1/2029	5.00%	3.00%	108.436%
Fidelity Capital Markets	3/1/2030	5.00%	3.00%	110.144%
Crews & Associates, Inc.	3/1/2031	5.00%	3.00%	111.802%
Bernardi Securities, Inc.	3/1/2032	5.00%	3.00%	113.412%
Country Club Bank	3/1/2033	5.00%	3.02%	114.812%
Oppenheimer & Co. Inc.	3/1/2034	5.00%	3.05%	116.040%
The Baker Group	3/1/2035	5.00%	3.08%	115.771%
Alliance Global Partners	3/1/2036	5.00%	3.13%	115.324%
Celadon Financial Group, LLC	3/1/2037	4.00%	3.30%	105.690%
Isaak Bond Investments	3/1/2038	4.00%	3.35%	105.271%
Carty & Company, Inc.	3/1/2039	4.00%	3.45%	104.439%
UMB Bank, N.A.	3/1/2040	4.00%	3.55%	103.614%
United Bankers' Bank	3/1/2041	4.00%	3.65%	102.797%
Wintrust Investments, LLC	3/1/2042	4.00%	3.70%	102.392%
FMS Bonds Inc.	3/1/2043	4.00%	3.75%	101.988%
Midland Securities Limited	3/1/2044	4.00%	3.80%	101.587%
First Southern Securities, LLC	3/1/2045	4.00%	3.85%	101.187%
Dinosaur Securities, LLC				
First Bankers' Banc Securities Inc.				
Mountainside Securities LLC				
Blaylock Van, LLC				
StoneX Financial, Inc.				
Falcon Square Capital				
Caldwell Sutter Capital, Inc.				

Purchase Price: \$5,515,100.40*
Net Interest Cost: \$2,387,732.93*
TIC: 3.6564%*

* Subsequent to bid opening, the par amount decreased to \$4,875,000; and the price, net interest cost, and true interest cost have changed to \$5,158,889.67, \$2,306,528.11, and 3.6676%, respectively.

Baker Tilly Municipal Advisors, LLC is a registered municipal advisor and controlled subsidiary of Baker Tilly Advisory Group, LP. Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, operate under an alternative practice structure and are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm and provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms. ©2024 Baker Tilly Municipal Advisors, LLC

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 2024B

<u>Rate</u>	<u>Maturity</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
	March 1, 20__	August 15, 2024	

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 March 1, 2025, 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, 2034, and on any date thereafter to prepay Bonds due on or after March 1, 2035. 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 \$4,875,000 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 July 16, 2024 (the "Resolution"), for the purpose of providing money to defray the expenses incurred and to be incurred in financing the construction of public facilities 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, and Sections 469.1812 through 469.1815, as amended. The principal hereof and interest hereon are payable from abatements collected from certain property in the City and 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 in abatements and taxes pledged, 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.

The City Council has designated the issue of Bonds of which this Bond forms a part as "qualified tax-exempt obligations" 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: August 15, 2024

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

Custodian _____
(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	Abatement Revenues	Levy Amount	Levy/Collection Year
03/01/2025	-	-	117,817.78	117,817.78	123,708.67	-	123,708.67 *	2023/2024
03/01/2026	150,000.00	5.000%	216,400.00	366,400.00	384,720.00	150,000.00	234,720.00	2024/2025
03/01/2027	160,000.00	5.000%	208,900.00	368,900.00	387,345.00	160,000.00	227,345.00	2025/2026
03/01/2028	165,000.00	5.000%	200,900.00	365,900.00	384,195.00	165,000.00	219,195.00	2026/2027
03/01/2029	175,000.00	5.000%	192,650.00	367,650.00	386,032.50	175,000.00	211,032.50	2027/2028
03/01/2030	185,000.00	5.000%	183,900.00	368,900.00	387,345.00	185,000.00	202,345.00	2028/2029
03/01/2031	190,000.00	5.000%	174,650.00	364,650.00	382,882.50	190,000.00	192,882.50	2029/2030
03/01/2032	200,000.00	5.000%	165,150.00	365,150.00	383,407.50	200,000.00	183,407.50	2030/2031
03/01/2033	210,000.00	5.000%	155,150.00	365,150.00	383,407.50	210,000.00	173,407.50	2031/2032
03/01/2034	225,000.00	5.000%	144,650.00	369,650.00	388,132.50	225,000.00	163,132.50	2032/2033
03/01/2035	235,000.00	5.000%	133,400.00	368,400.00	386,820.00	235,000.00	151,820.00	2033/2034
03/01/2036	245,000.00	5.000%	121,650.00	366,650.00	384,982.50	245,000.00	139,982.50	2034/2035
03/01/2037	260,000.00	4.000%	109,400.00	369,400.00	387,870.00	260,000.00	127,870.00	2035/2036
03/01/2038	270,000.00	4.000%	99,000.00	369,000.00	387,450.00	270,000.00	117,450.00	2036/2037
03/01/2039	280,000.00	4.000%	88,200.00	368,200.00	386,610.00	280,000.00	106,610.00	2037/2038
03/01/2040	290,000.00	4.000%	77,000.00	367,000.00	385,350.00	290,000.00	95,350.00	2038/2039
03/01/2041	300,000.00	4.000%	65,400.00	365,400.00	383,670.00	300,000.00	83,670.00	2039/2040
03/01/2042	315,000.00	4.000%	53,400.00	368,400.00	386,820.00	315,000.00	71,820.00	2040/2041
03/01/2043	325,000.00	4.000%	40,800.00	365,800.00	384,090.00	325,000.00	59,090.00	2041/2042
03/01/2044	340,000.00	4.000%	27,800.00	367,800.00	386,190.00	340,000.00	46,190.00	2042/2043
03/01/2045	355,000.00	4.000%	14,200.00	369,200.00	387,660.00	355,000.00	32,660.00	2043/2044
Total	\$4,875,000.00	-	\$2,590,417.78	\$7,465,417.78	\$7,838,688.67	\$4,875,000.00	\$2,963,688.67	-

*The March 1, 2025 interest payment will be paid with available City funds.

STATE OF MINNESOTA)
)
COUNTY OF STEELE) SS.
)
CITY OF OWATONNA)

I, the undersigned, being the duly qualified and acting City Administrator of the City of Owatonna, Minnesota (the “City”), do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a regular meeting of the City Council of the City held on July 16, 2024, with the original minutes on file in my office and the extract is a full, true and correct copy of the minutes insofar as they relate to the issuance and sale of the City’s General Obligation Tax Abatement Bonds, Series 2024B, in the original aggregate principal amount of \$4,875,000.

WITNESS My hand officially as such City Administrator and the corporate seal of the City this _____ day of July, 2024.

(SEAL)

City Administrator
City of Owatonna, Minnesota

\$5,205,000*

CITY OF OWATONNA, MINNESOTA

GENERAL OBLIGATION TAX ABATEMENT BONDS, SERIES 2024B

Moody's Rating: Aa1

Sale Date: July 16, 2024

BBI: 3.94%

Average Maturity: 12.157Years

Bidder	TIC
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Northland Securities, Inc.	3.7368%
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First Bankers' Banc Securities Inc.				
Mountainside Securities LLC				
Blaylock Van, LLC				
StoneX Financial, Inc.				
Falcon Square Capital				
Caldwell Sutter Capital, Inc.				

Purchase Price: \$5,515,100.40*
Net Interest Cost: \$2,387,732.93*
TIC: 3.6564%*

* Subsequent to bid opening, the par amount decreased to \$4,875,000; and the price, net interest cost, and true interest cost have changed to \$5,158,889.67, \$2,306,528.11, and 3.6676%, respectively.

Baker Tilly Municipal Advisors, LLC is a registered municipal advisor and controlled subsidiary of Baker Tilly Advisory Group, LP. Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, operate under an alternative practice structure and are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm and provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms. ©2024 Baker Tilly Municipal Advisors, LLC



Robert W. Baird & Co., Inc. - Milwaukee, WI's Bid
City of Owatonna, Minnesota

~~\$5,205,000~~ \$4,875,000 General Obligation Tax Abatement Bonds, Series 2024B

For the aggregate principal amount of ~~\$5,205,000.00~~ \$4,875,000.00, we will pay you ~~\$5,515,100.40~~ \$5,158,889.67, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount \$	Amount \$	Coupon %	Yield %	Dollar Price
03/01/2026	185M	185M	5.0000	3.1200	102.811
03/01/2027	195M	195M	5.0000	3.0600	104.712
03/01/2028	200M	200M	5.0000	3.0300	106.572
03/01/2029	205M	205M	5.0000	3.0000	108.436
03/01/2030	215M	215M	5.0000	3.0000	110.144
03/01/2031	220M	220M	5.0000	3.0000	111.802
03/01/2032	230M	230M	5.0000	3.0000	113.412
03/01/2033	235M	235M	5.0000	3.0200	114.812
03/01/2034	240M	240M	5.0000	3.0500	116.040
03/01/2035	250M	250M	5.0000	3.0800	115.771
03/01/2036	255M	255M	5.0000	3.1300	115.324
03/01/2037	265M	265M	4.0000	3.3000	105.690
03/01/2038	275M	275M	4.0000	3.3500	105.271
03/01/2039	285M	285M	4.0000	3.4500	104.439
03/01/2040	295M	295M	4.0000	3.5500	103.614
03/01/2041	305M	305M	4.0000	3.6500	102.797
03/01/2042	315M	315M	4.0000	3.7000	102.392
03/01/2043	330M	330M	4.0000	3.7500	101.988
03/01/2044	345M	345M	4.0000	3.8000	101.587
03/01/2045	360M	360M	4.0000	3.8500	101.187

Total Interest Cost:	\$2,697,833.33	\$2,590,417.78
Premium:	\$310,100.40	\$283,889.67
Net Interest Cost:	\$2,387,732.93	\$2,306,528.11
TIC:	3.656413	3.667682

Time Last Bid Received On:07/16/2024 9:58:51 CDST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Robert W. Baird & Co., Inc., Milwaukee , WI
Contact: Peter Anderson
Telephone:414-765-7331

Issuer Name: City of Owatonna, Minnesota Company Name: Robert W. Baird & Co., Inc.

Accepted By: _____ Accepted By: Peter Anderson

Date: July 16, 2024 Date: July 16, 2024



DATE: July 16, 2024
TO: Mayor and City Council
FROM: Jeanette Clawson, Administrative Coordinator
SUBJECT: Resolution 73-24 Premises Permit to Conduct Lawful Gambling at Buffalo Wild Wings - Owatonna Youth Hockey

Purpose:

Council approval of Resolution 73-24 approving an application for a Premises Permit from Owatonna Youth Hockey (OYH) to conduct lawful gambling (pull tabs) under a lease agreement with Buffalo Wild Wings at 1100 W Frontage Road.

Background:

City Code Section 120.07 Premises Permit Limitation of a Charitable Gambling Permit, allows an organization to hold up to five (5) premises permits at establishments which hold an On-Sale Liquor License within the City. This request will modify the locations they can operate at using their current Charitable Gambling Permit. This will be OYH's fifth site, they currently hold Premises Permits at: Sparetime Entertainment, Foremost Brewing Cooperative, WingsTavern & Grille, and Timberlodge SteaHoujse.

Budget Impact:

None, OYH holds an active Charitable Gambling Permit with the city. The annual \$250 fee for a Charitable Gambling Permit was just renewed effective July 1st and annual license fee of \$250.00.

Staff Recommendation:

Staff recommends approval of Resolution 73-24.

Attachments:

1. Resolution 73-24 Premises Permit - Lawful Gambling - Owatonna Youth Hockey at Buffalo Wild Wings
2. LG214 Premises Permit Application
3. LG215 Lease for Lawful Gambling Activity

RESOLUTION NO. 73-24

A RESOLUTION APPROVING
APPLICATION FOR PREMISES PERMIT

WHEREAS, Owatonna Youth Hockey has made application for a premises permit to conduct lawful gambling under a lease agreement with Buffalo Wild Wings Grill & Bar #282 at 1100 West Frontage Road, Owatonna MN; and

WHEREAS, the application for premises permit (LG214) and lease (LG215) have been filed with the City; and

WHEREAS, it otherwise appears to the Council that the application for a premises permit and lease are in conformity with Section 127:00, et seq., of the 2015 Ordinance Code of the City of Owatonna, as amended,

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

1. Pursuant to Section 127:07, of the 2015 Ordinance Code of the City of Owatonna, as amended, the application for premises permit submitted by Owatonna Youth Hockey Association may be and hereby is approved.

Passed and adopted this ____ day of ____, 2024, with the following votes:

Aye ____; No ____; Absent ____.

Approved and signed this ____ day of ____, 2024.

Thomas A. Kuntz, Mayor

ATTEST:

Kris M. Busse, City Administrator/City Clerk

LG214 Premises Permit Application**Annual Fee \$150 (NON-REFUNDABLE)****REQUIRED ATTACHMENTS TO LG214**

1. If the premises is leased, attach a copy of your lease. Use **LG215 Lease for Lawful Gambling Activity**.
2. \$150 annual premises permit fee, for each permit (non-refundable). Make check payable to "**State of Minnesota**."

Mail the application and required attachments to:

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

Questions? Call 651-539-1900 and ask for Licensing.**ORGANIZATION INFORMATION**

Organization Name: Owatonna Youth Hockey Association Inc. License Number: 74008
 Chief Executive Officer (CEO) Scott R. Mohs Daytime Phone: 507-456-7019
 Gambling Manager: Colleen M. Rehman Daytime Phone: 507-213-0605

GAMBLING PREMISES INFORMATION

Current name of site where gambling will be conducted: Buffalo Wild Wings Grill & Bar #282
 List any previous names for this location:
N/A
 Street address where premises is located: 1100 West Frontage Rd, #190-2,
(Do not use a P.O. box number or mailing address.)

City: Owatonna **OR** Township: _____ County: Steele Zip Code: 55060

Does your organization own the building where the gambling will be conducted?

☐

Yes

☒

No

If no, attach LG215 Lease for Lawful Gambling Activity.

A lease is not required if only a raffle will be conducted.

Is any other organization conducting gambling at this site?

☐

Yes

☒

No

☐

Don't know

Note: Bar bingo can only be conducted at a site where another form of lawful gambling is being conducted by the applying organization or another permitted organization. Electronic games can only be conducted at a site where paper pull-tabs are played.

Has your organization previously conducted gambling at this site?

☐

Yes

☒

No

☐

Don't know

GAMBLING BANK ACCOUNT INFORMATION; MUST BE IN MINNESOTA

Bank Name: HomeTown Credit Union Bank Account Number: 65001225435
 Bank Street Address: 2400 W Bridge St. City: Owatonna State: **MN** Zip Code: 55060

ALL TEMPORARY AND PERMANENT OFF-SITE STORAGE SPACES

Address (Do not use a P.O. box number):	City:	State:	Zip Code:
<u>670 24th Ave NW</u>	<u>Owatonna</u>	MN	<u>55060</u>
_____	_____	MN	_____
_____	_____	MN	_____

ACKNOWLEDGMENT BY LOCAL UNIT OF GOVERNMENT: APPROVAL BY RESOLUTION

CITY APPROVAL for a gambling premises located within city limits	COUNTY APPROVAL for a gambling premises located in a township
City Name: _____	County Name: _____
Date Approved by City Council: _____	Date Approved by County Board: _____
Resolution Number: _____ (If none, attach meeting minutes.)	Resolution Number: _____ (If none, attach meeting minutes.)
Signature of City Personnel: _____	Signature of County Personnel: _____
Title: _____ Date Signed: _____	Title: _____ Date Signed: _____
Local unit of government must sign.	TOWNSHIP NAME: _____ Complete below only if required by the county. On behalf of the township, I acknowledge that the organization is applying to conduct gambling activity within the township limits. (A township has no statutory authority to approve or deny an application, per Minnesota Statutes 349.213, Subd. 2.) Print Township Name: _____ Signature of Township Officer: _____ Title: _____ Date Signed: _____

ACKNOWLEDGMENT AND OATH

- | | |
|--|---|
| <ol style="list-style-type: none"> 1. I hereby consent that local law enforcement officers, the Board or its agents, and the commissioners of revenue or public safety and their agents may enter and inspect the premises. 2. The Board and its agents, and the commissioners of revenue and public safety and their agents, are authorized to inspect the bank records of the gambling account whenever necessary to fulfill requirements of current gambling rules and law. 3. I have read this application and all information submitted to the Board is true, accurate, and complete. 4. All required information has been fully disclosed. 5. I am the chief executive officer of the organization. | <ol style="list-style-type: none"> 6. I assume full responsibility for the fair and lawful operation of all activities to be conducted. 7. I will familiarize myself with the laws of Minnesota governing lawful gambling and rules of the Board and agree, if licensed, to abide by those laws and rules, including amendments to them. 8. Any changes in application information will be submitted to the Board no later than ten days after the change has taken effect. 9. I understand that failure to provide required information or providing false or misleading information may result in the denial or revocation of the license. 10. I understand the fee is non-refundable regardless of license approval/denial. |
|--|---|

Signature of Chief Executive Officer (designee may not sign)
Date

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 your organization's application. Your organization's name and address will be public

information when received by the Board. All other information provided will be private data about your organization until the Board issues the permit. When the Board issues the permit, all information provided will become public. If the Board does not issue a permit, all information provided remains private, with the exception of your organization's name and address which will remain public. Private data about your organization are available to: Board members, Board staff whose work requires access to the information;

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

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

An equal opportunity employer

LG215 Lease for Lawful Gambling Activity

6/15 Page 1 of 2

LEASE INFORMATION

Organization:	License/Site Number:	Daytime Phone:
Owatonna Youth Hockey Association, Inc.	74008	507-213-0605
Address:	City:	State: Zip:
PO Box 76	Owatonna	MN 55060
Name of Leased Premises:	Street Address:	
Buffalo Wild Wings Grill & Bar #282	1100 West Frontage Rd, #190-2	
City:	State: Zip:	Daytime Phone:
Owatonna	MN 55060	507-455-2700
Name of Legal Owner:	Business/Street Address:	
AMD PROPERTIES, LLC	PO Box 227	
City:	State: Zip:	Daytime Phone:
Spring Valley	MN 55975	507-282-6361
Name of Lessor (if same as legal owner, write "SAME"):	Address:	
Blazin Wings Inc.	Attn: Laura Carlson-Heideman, 3 Glenlake Pkwy	
City:	State: Zip:	Daytime Phone:
Atlanta	GA 30328	952-510-8175

Check applicable item:

- ☒ **New or amended lease.** Effective date: _____. Submit changes at least ten days **before** the effective date of the change.
- ☐ **New owner.** Effective date: _____. Submit new lease **within** ten days after new lessor assumes ownership.

CHECK ALL ACTIVITY THAT WILL BE CONDUCTED (no lease required for raffles)

- | | |
|--|---|
| ☐ Pull-Tabs (paper) | ☒ Electronic Pull-Tabs |
| ☒ Pull-Tabs (paper) with dispensing device | ☒ Electronic Linked Bingo |
| ☐ Bar Bingo ☐ Bingo | Electronic games may only be conducted: |
| ☐ Tipboards | 1. at a premises licensed for the on-sale of intoxicating liquor or the on-sale of 3.2% malt beverages; or |
| ☐ Paddlewheel ☐ Paddlewheel with table | 2. at a premises where bingo is conducted as the primary business and has a seating capacity of at least 100. |

PULL-TAB, TIPBOARD, AND PADDLEWHEEL RENT (separate rent for booth and bar ops)

BOOTH OPERATION: Some or all sales of gambling equipment are conducted by an employee/volunteer of a licensed organization at the leased premises.

- ALL GAMES, including electronic games:** Monthly rent to be paid: ____%, not to exceed **10%** of gross profits for that month.
- Total rent paid from all organizations for only booth operations at the leased premises **may not exceed \$1,750**.
 - The rent cap does not include BAR OPERATION rent for electronic games conducted by the lessor.

BAR OPERATION: All sales of gambling equipment conducted by the lessor or lessor's employee.

ELECTRONIC GAMES: Monthly rent to be paid: 15%, not to exceed **15%** of the gross profits for that month from electronic pull-tab games and electronic linked bingo games.

- ALL OTHER GAMES:** Monthly rent to be paid: 20%, not to exceed **20%** of gross profits from all other forms of lawful gambling.
- If any booth sales conducted by a licensed organization at the premises, rent may not exceed **10%** of gross profits for that month and is subject to booth operation **\$1,750** cap.

BINGO RENT (for leased premises where bingo is the primary business conducted, such as bingo hall)

Bingo rent is limited to one of the following:

- Rent to be paid: ____%, not to exceed **10%** of the monthly gross profit from all lawful gambling activities held during bingo occasions, excluding bar bingo.
- OR -
- Rate to be paid: \$ _____ per square foot, not to exceed 110% of a comparable cost per square foot for leased space, as approved by the director of the Gambling Control Board. The lessor must attach documentation, verified by the organization, to confirm the comparable rate and all applicable costs to be paid by the organization to the lessor.
 - ⇒ **Rent may not be paid for bar bingo.**
 - ⇒ Bar bingo does not include bingo games linked to other permitted premises.

LEASE TERMINATION CLAUSE (must be completed)

The lease may be terminated by either party with a written 30 day notice. Other terms:

LG215 Lease for Lawful Gambling Activity

6/15 Page 2 of 2

Lease Term: The term of this agreement will be concurrent with the premises permit issued by the Gambling Control Board (Board).

Management: The owner of the premises or the lessor will not manage the conduct of lawful gambling at the premises. The organization may not conduct any activity on behalf of the lessor on the leased premises.

Participation as Players Prohibited: The lessor will not participate directly or indirectly as a player in any lawful gambling conducted on the premises. The lessor's immediate family and any agents or gambling employees of the lessor will not participate as players in the conduct of lawful gambling on the premises, except as authorized by Minnesota Statutes, Section 349.181.

Illegal Gambling: The lessor is aware of the prohibition against illegal gambling in Minnesota Statutes 609.75, and the penalties for illegal gambling violations in Minnesota Rules 7865.0220, Subpart 3. In addition, the Board may authorize the organization to withhold rent for a period of up to 90 days if the Board determines that illegal gambling occurred on the premises or that the lessor or its employees participated in the illegal gambling or knew of the gambling and did not take prompt action to stop the gambling. Continued tenancy of the organization is authorized without payment of rent during the time period determined by the Board for violations of this provision, as authorized by Minnesota Statutes, Section 349.18, Subd. 1(a).

To the best of the lessor's knowledge, the lessor affirms that any and all games or devices located on the premises are not being used, and are not capable of being used, in a manner that violates the prohibitions against illegal gambling in Minnesota Statutes, Section 609.75.

Notwithstanding Minnesota Rules 7865.0220, Subpart 3, an organization must continue making rent payments under the terms of this lease, if the organization or its agents are found to be solely responsible for any illegal gambling, conducted at this site, that is prohibited by Minnesota Rules 7861.0260, Subpart 1, item H, or Minnesota Statutes, Section 609.75, unless the organization's agents responsible for the illegal gambling activity are also agents or employees of the lessor.

The lessor must not modify or terminate the lease in whole or in part because the organization reported, to a state or local law enforcement authority or to the Board, the conduct of illegal gambling activity at this site in which the organization did not participate.

Other Prohibitions: The lessor will not impose restrictions on the organization with respect to providers (distributor or linked bingo game provider) of gambling-related equipment and services or in the use of net profits for lawful purposes.

The lessor, the lessor's immediate family, any person residing in the same residence as the lessor, and any agents or employees of the lessor will not require the organization to perform any action that would violate statute or rule. The lessor must not modify or terminate this lease in whole or in part due to the lessor's violation of this provision. If there is a dispute as to whether a violation occurred, the lease will remain in effect pending a final determination by the Compliance Review Group (CRG) of the Board. The lessor agrees to arbitration when a violation of this provision is alleged. The arbitrator shall be the CRG.

Access to Permitted Premises: Consent is given to the Board and its agents, the commissioners of revenue and public safety and their agents, and law enforcement personnel to enter and inspect the permitted premises at any reasonable time during the business hours of the lessor. The organization has access to the premises during any time reasonable and when necessary for the conduct of lawful gambling.

Lessor Records: The lessor must maintain a record of all money received from the organization, and make the record available to the Board and its agents, and the commissioners of revenue and public safety and their agents upon demand. The record must be maintained for 3-1/2 years.

Rent All-Inclusive: Amounts paid as rent by the organization to the lessor are all-inclusive. No other services or expenses provided or contracted by the lessor may be paid by the organization, including but not limited to:

- trash removal
- electricity, heat
- snow removal
- storage
- janitorial and cleaning services
- other utilities or services
- lawn services
- security, security monitoring
- cost of any communication network or service required to conduct electronic pull-tabs games or electronic bingo
- in the case of bar operations, cash shortages.

Any other expenditures made by an organization that is related to a leased premises must be approved by the director of the Board. Rent payments may not be made to an individual.

ACKNOWLEDGMENT OF LEASE TERMS

I affirm that this lease is the total and only agreement between the lessor and the organization, and that all obligations and agreements are contained in or attached to this lease and are subject to the approval of the director of the Gambling Control Board.

Other terms of the lease:

Signature of Lessor:

Date:

Signature of Organization Official (Lessee):

Date:

Print Name and Title of Lessor:

Print Name and Title of Lessee:

Questions? Contact the Licensing Section, Gambling Control Board, at 651-539-1900. This publication 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 become public information when received by the Board, and will be used to determine your compliance with Minnesota statutes and rules governing lawful gambling activities.

Mail or fax lease to:

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



DATE: July 16, 2024
TO: Mayor and City Council
FROM: Troy Klecker, Community Development Director
SUBJECT: Resolution 74-24 Authorize Sale of Property - State Avenue Parcels to R2 Holdings, LLC

Purpose:

Authorize the sale of property on State Avenue to R2 Holdings, LLC.

Background:

The Economic Development Authority owns 2 parcels on State Avenue that are for sale for business development. These parcels are part of the inventory of property the EDA has to attract new development to Owatonna. In this case, the City has a purchase agreement for these 2 lots on State Avenue with R2 Holdings, LLC. to construct a new building for a business looking to locate to Owatonna. The purchase price for the 2 lots is \$200,000.

Renneberg Hardwood Inc. is proposing to construct a 12,100 square foot facility on the two lots. One lot is not large enough for the proposed building and loading area and the company would like room to expand. The company services the area already but wants a retail facility for their hardwood products. They are looking to start with 3 employees with plans to expand.

This project came together within the last month. The EDA has not had a chance to review this proposed purchase. The company would like to proceed quickly and begin construction as soon as possible. The EDA meets on Wednesday, June 17th and will review the proposed sale at that time. Since the next City Council meeting is on August 7th, staff is bringing this before the City Council now to expedite the project. Staff would recommend approval by the City Council contingent on EDA recommending approval.

Budget Impact:

The property would be sold for \$200,000 which will be put into the EDA land fund for future economic development projects.

Staff Recommendation:

Staff recommends approval of Resolution 74-24 authorizing the sale of these 2 parcels to R2 Holdings, LLC contingent on the EDA recommending approval.

Attachments:

1. Resolution 74-24 Purchase Agreement - R2 Holdings LLC
2. Purchase Agreement with R2 Holdings LLC
3. Map of State Avenue parcels

RESOLUTION NO. 74-24

A RESOLUTION AUTHORIZING EXECUTION OF A PURCHASE
AGREEMENT FOR THE PURCHASE AND SALE OF
CITY OWNED PROPERTY TO R2 HOLDINGS, LLC

WHEREAS, City is owner of the following described property within the City:

Lots 1 and 2, Block 1, State Avenue Addition No. 3; and

WHEREAS, R2 Holdings, LLC desires to purchase the property as the site for a 12,100 square foot building for it's company, Renneberg Hardwood, Inc.;

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

1. The City Council approves the sale of the above-described property to R2 Holdings, LLC; and

2. The Council hereby approves the Purchase Agreement in substantially the form attached as Exhibit A, and the Community Development Director is hereby authorized and directed to execute the Purchase Agreement on behalf of the Council. The approval hereby given to the Purchase Agreement includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by the City officials authorized by this resolution to execute the Purchase Agreement. The execution of the Purchase Agreement by the appropriate officer or officers of the City shall be conclusive evidence of the approval of the Purchase Agreement in accordance with the terms hereof; and

3. That the Community Development Director is hereby authorized to execute this Purchase Agreement and any amendments on behalf of the City of Owatonna and to execute any and all other documents and to perform all other acts and things necessary and expedient to the project.

Passed and adopted this _____ day of _____, 2024, with the following vote:

Aye ____; No ____; Absent _____.

Approved and signed this _____ day of _____, 2024.

Thomas A. Kuntz, Mayor

ATTEST:

Kris M. Busse, City Administrator/City Clerk

**PURCHASE AGREEMENT:
VACANT LAND (RESIDENTIAL)**

This form approved by the Minnesota Association of REALTORS®,
which disclaims any liability arising out of use or misuse of this form.
© 2023 Minnesota Association of REALTORS®

1. Date 06/26/2024

2. Page 1

3. BUYER(S): R2 HOLDINGS, LLC,
4. _____
5. Buyer's earnest money in the amount of _____
6. five thousand Dollars (\$ 5,000.00)
7. shall be delivered to listing broker, or, if checked, to ☐ BHHS _____ no later than two (2) Business
Days after Final Acceptance Date. Buyer and Seller agree that earnest money shall be deposited in the trust account
of Earnest Money Holder as specified above within three (3) Business Days of receipt of the earnest money or Final
Acceptance Date, whichever is later.
11. Said earnest money is part payment for the purchase of the property located at
12. Street Address: XXX State Ave
13. City of Owatonna, County of Steele State of Minnesota,
14. Zip Code 55060, legally described as State Ave Addition #3 Parcel Numbers 17-607-0101 &
15. 17-607-0102
16. _____
17. including all fixtures, if any, **AND** including the following personal property, if any, which shall be transferred with no
additional monetary value, and free and clear of all liens and encumbrances:
19. _____
20. _____
21. _____ (collectively the "Property").
22. Notwithstanding the foregoing, the following item(s) are excluded from the purchase:
23. _____

PURCHASE PRICE:

25. Seller has agreed to sell the Property to Buyer for the sum of (\$ 200,000)
26. two hundred thousand
27. _____ Dollars,
28. which Buyer agrees to pay in the following manner:
29. 1. 100 percent (%) of the sale price in **CASH**, or more in Buyer's sole discretion, including earnest money;
30. 2. _____ percent (%) of the sale price in **MORTGAGE FINANCING**. (See following Mortgage Financing
31. section.)
32. 3. _____ percent (%) of the sale price by **ASSUMING** Seller's current mortgage. (See attached *Addendum to*
33. *Purchase Agreement: Assumption Financing*.)
34. 4. _____ percent (%) of the sale price by **CONTRACT FOR DEED**. (See attached *Addendum to Purchase*
35. *Agreement: Contract for Deed Financing*.)

CLOSING DATE:

37. The date of closing shall be 08/30/2024.

**PURCHASE AGREEMENT:
VACANT LAND (RESIDENTIAL)**

38. Page 2 Date 06/26/2024

39. Property located at XXX State Ave Owatonna, MN 55060.

MORTGAGE FINANCING:

40.
41. This Purchase Agreement ☐ IS ☒ IS NOT subject to the mortgage financing provisions below. If IS, complete the
------(Check one.)-----

42. **MORTGAGE FINANCING** section below. If IS NOT, proceed to the **SELLER'S CONTRIBUTIONS TO BUYER'S**
43. **COSTS** section.

44. Such mortgage financing shall be: (Check one.)

45. ☐ **FIRST MORTGAGE only** ☐ **FIRST MORTGAGE AND SUBORDINATE FINANCING.**

46. Buyer shall apply for and secure, at Buyer's expense, a: (Check all that apply.)

47. ☐ **CONVENTIONAL OR PRIVATELY INSURED CONVENTIONAL**

48. ☐ **DEPARTMENT OF VETERANS' AFFAIRS ("DVA") GUARANTEED**

49. ☐ **FEDERAL HOUSING ADMINISTRATION ("FHA") INSURED**

50. ☐ **UNITED STATES DEPARTMENT OF AGRICULTURE ("USDA") RURAL DEVELOPMENT**

51. ☐ **OTHER** _____

52. mortgage in the amount stated in this Purchase Agreement, amortized over a period of not more than
53. _____ years, with an initial interest rate at no more than _____ percent (%) per annum. The mortgage
54. application **IS TO BE MADE WITHIN FIVE (5) BUSINESS DAYS** after the Final Acceptance Date. Buyer agrees to
55. use best efforts to secure a commitment for such financing and to execute all documents required to consummate
56. said financing.

57. **MORTGAGE FINANCING CONTINGENCY:** This Purchase Agreement is contingent upon the following and applies
58. to the first mortgage and any subordinate financing. (Check one.)

59. ☐ If Buyer cannot secure the financing specified in this Purchase Agreement, and this Purchase Agreement does not
60. close on the closing date specified, this Purchase Agreement is canceled. Buyer and Seller shall immediately
61. sign a *Cancellation of Purchase Agreement* confirming said cancellation and directing all earnest money paid here
62. to be ☐ **REFUNDED TO BUYER** ☐ **FORFEITED TO SELLER.**
------(Check one.)-----

63. **NOTE:** If this Purchase Agreement is subject to DVA or FHA financing, **FORFEITED TO SELLER** may be
64. prohibited. See the following DVA and FHA Escape Clauses.

65. OR

66. ☐ Buyer shall provide Seller, or licensee representing or assisting Seller, with the Written Statement, on
67. or before _____.

68. For purposes of this Contingency, "**Written Statement**" means a Written Statement prepared by Buyer's mortgage
69. originator(s) or lender(s) after the Final Acceptance Date that Buyer is approved for the loan(s) specified in this
70. Purchase Agreement, including both the first mortgage and any subordinate financing, if any, and stating that an
71. appraisal, satisfactory to the lender(s), has been completed or the lender(s) has waived the appraisal and stating
72. conditions required by lender(s) to close the loan.

73. Upon delivery of the Written Statement to Seller, or licensee representing or assisting Seller, the obligation for
74. satisfying all conditions required by mortgage originator(s) or lender(s), except those conditions specified below,
75. are deemed accepted by Buyer:

76. (a) work orders agreed to be completed by Seller;

77. (b) any other financing terms agreed to be completed by Seller here; and

78. (c) any contingency for the sale and closing of Buyer's property pursuant to this Purchase Agreement.

MN:PA:VL-2 (8/23)

PURCHASE AGREEMENT: VACANT LAND (RESIDENTIAL)

79. Page 3 Date 06/26/2024

80. Property located at XXX State Ave, Owatonna, MN 55060

81. Upon delivery of the Written Statement, if this Purchase Agreement does not close on the stated closing date for
82. ANY REASON relating to financing, including, but not limited to interest rate and discount points, if any, then Seller
83. may, at Seller's option, declare this Purchase Agreement canceled, in which case this Purchase Agreement is
84. canceled. If Seller declares this Purchase Agreement canceled, Buyer and Seller shall immediately sign a
85. *Cancellation of Purchase Agreement* confirming said cancellation and directing all earnest money paid here to
86. be forfeited to Seller as liquidated damages. In the alternative, Seller may seek all other remedies allowed by law.

87. Notwithstanding the language in the preceding paragraph, Seller may not declare this Purchase Agreement
88. canceled if the reason this Purchase Agreement does not close was due to:

89. (a) Seller's failure to complete work orders to the extent required by this Purchase Agreement;
90. (b) Seller's failure to complete any other financing terms agreed to be completed by Seller here; or
91. (c) any contingency for the sale and closing of Buyer's property pursuant to this Purchase Agreement, except
92. as specified in the contingency for sale and closing of Buyer's property.

93. If the Written Statement is not provided by the date specified on line 66, Seller may, at Seller's option, declare this
94. Purchase Agreement canceled by written notice to Buyer at any time prior to Seller receiving the Written Statement,
95. in which case this Purchase Agreement is canceled. In the event Seller declares this Purchase Agreement
96. canceled, Buyer and Seller shall immediately sign a *Cancellation of Purchase Agreement* confirming said cancellation
97. and directing all earnest money paid here to be ☐ **RETAINED BY SELLER** ☐ **REFUNDED TO BUYER.**

--(Check one.)

98. If the Written Statement is not provided, and Seller has not previously canceled this Purchase Agreement, this
99. Purchase Agreement is canceled as of the closing date specified in this Purchase Agreement. Buyer and Seller
100. shall immediately sign a *Cancellation of Purchase Agreement* confirming said cancellation and directing all
101. earnest money paid here to be ☐ **RETAINED BY SELLER** ☐ **REFUNDED TO BUYER**.

---(Check one.)-----

102. **LOCKING OF MORTGAGE INTEREST RATE ("RATE"):** The Rate shall be locked with the lender(s) by Buyer:
103. *(Check one.)*

104. ☐ **WITHIN FIVE (5) BUSINESS DAYS OF FINAL ACCEPTANCE DATE; OR**
105. ☐ **AT ANY TIME PRIOR TO CLOSING OR AS REQUIRED BY LENDER(S).**

106. **LENDER COMMITMENT WORK ORDERS:** Seller agrees to pay up to \$ _____ to
107. make repairs as required by the lender commitment. If the lender commitment is subject to any work orders for which
108. the cost of making said repairs shall exceed this amount, Seller shall have the following options:

109. (a) making the necessary repairs; or
110. (b) negotiating the cost of making said repairs with Buyer; or
111. (c) declaring this Purchase Agreement canceled, in which case this Purchase Agreement is canceled. Buyer and Seller
112. shall immediately sign a *Cancellation of Purchase Agreement* confirming said cancellation and directing all
113. earnest money paid here to be refunded to Buyer, unless Buyer provides for payment of the cost of said repairs
114. or escrow amounts related thereto above the amount specified on line 105 of this Purchase Agreement.

115. ☐ **SELLER** ☐ **BUYER** agrees to pay any reinspection fee required by Buyer's lender(s).
-----*(Check one.)*-----

-(Check one.)-----

116. **FHA ESCAPE CLAUSE (FHA Financing only):** "It is expressly agreed that, notwithstanding any other provisions
117. of this contract, the purchaser shall not be obligated to complete the purchase of the Property described here or to
118. incur any penalty by forfeiture of earnest money deposits or otherwise, unless the purchaser has been given in
119. accordance with the Department of Housing and Urban Development ("HUD")/FHA or DVA requirements a written
120. statement by the Federal Housing Commissioner, Department of Veterans' Affairs, or a Direct Endorsement lender
121. setting forth the appraised value of the Property as not less than \$ _____.

(sale price)

122. The purchaser shall have the privilege and option of proceeding with consummation of the contract without regard
123. to the amount of the appraised valuation. The appraised valuation is arrived at to determine the maximum mortgage
124. HUD will insure; HUD does not warrant the value nor the condition of the Property. The purchaser should satisfy
125. himself/herself that the price and condition of the Property are acceptable.”

126. **LENDER PROCESSING FEES (FHA, DVA Financing Only):** Seller agrees to pay Buyer's closing fees and
127. miscellaneous processing fees which cannot be charged to Buyer, not to exceed \$ _____.
128. This amount is in addition to Seller's Contributions to Buyer's Costs, if applicable.

**PURCHASE AGREEMENT:
VACANT LAND (RESIDENTIAL)**

129. Page 4 Date 06/26/2024

130. Property located at XXX State Ave, Owatonna, MN 55060.

131. **DVA FUNDING FEE (DVA Financing only):** Pursuant to federal regulations, a one-time Funding Fee based on loan
132. amount must be paid at the closing of this transaction as follows:

133. _____ paid by Buyer ☐ **AT CLOSING** ☐ **ADDED TO MORTGAGE AMOUNT**
------(Check one.)-----

134. _____ paid by Seller

135. **NOTE: DVA regulations limit the fees and charges Buyer can pay to obtain a DVA loan.**

136. **DEPARTMENT OF VETERANS' AFFAIRS ESCAPE CLAUSE (DVA Financing only):** "It is expressly agreed that,
137. notwithstanding any other provisions of this contract, the purchaser shall not incur any penalty by forfeiture of earnest
138. money or otherwise be obligated to complete the purchase of the Property described here, if the contract purchase
139. price or cost exceeds the reasonable value of this Property established by the Department of Veterans' Affairs. The
140. purchaser shall, however, have the privilege and option of proceeding with the consummation of this contract without
141. regard to the amount of reasonable value established by the Department of Veterans' Affairs."

142. **NOTE: Verify DVA requirements relating to payment of all special assessments levied and pending, and**
143. **annual installments of special assessments certified to yearly taxes.**

144. **OTHER MORTGAGE FINANCING ITEMS:** _____

145. _____

SELLER'S CONTRIBUTIONS TO BUYER'S COSTS:

147. Seller ☐ **IS** ☒ **IS NOT** contributing to Buyer's costs. If answer is **IS**, Seller agrees to pay at closing, up to: (Check one.)
------(Check one.)-----

148. ☐ \$ _____

149. ☐ _____ percent (%) of the sale price

150. towards Buyer's closing fees, title service fees, title searches, title examinations, abstracting, lender's title insurance,
151. owner's title insurance, prepaid items, other Buyer's costs allowable by lender, if any, and/or mortgage discount points. Any
152. amount of Seller's contribution that exceeds Buyer's allowable costs, or which cannot be used because Seller's
153. contribution exceeds the maximum Seller contribution allowed by law or by mortgage requirements, shall be retained
154. by Seller.

155. **NOTE: The amount paid by Seller cannot exceed the maximum Seller contribution allowed by FHA, DVA, or**
156. **lender. All funds paid by Seller on behalf of Buyer must be stated on the Closing Disclosure at closing.**

SALE OF BUYER'S PROPERTY:

157. _____
158. (Check one.)

159. ☐ 1. This Purchase Agreement is subject to an *Addendum to Purchase Agreement: Sale of Buyer's Property*
160. *Contingency* for the sale of Buyer's property. (If checked, see attached *Addendum*.)

161. OR

162. ☐ 2. This Purchase Agreement is contingent upon the successful closing on the Buyer's property located at
163. _____, which is scheduled to close on

164. _____ pursuant to a fully executed purchase agreement. If Buyer's
165. property does not close by the closing date specified in this Purchase Agreement, this Purchase Agreement
166. is canceled. Buyer and Seller shall immediately sign a *Cancellation of Purchase Agreement* confirming said
167. cancellation and directing all earnest money paid here to be refunded to Buyer. The language in this paragraph
168. supersedes any other provision to the contrary in any financing contingency made a part of this Purchase
169. Agreement, if applicable.

170. OR

171. ☒ 3. Buyer represents that Buyer has the financial ability to perform on this Purchase Agreement without the sale
172. and closing on any other property.

PURCHASE AGREEMENT: VACANT LAND (RESIDENTIAL)

173. Page 5 Date 06/26/2024

174. Property located at XXX State Ave, Owatonna, MN 55060

175. **REAL ESTATE TAXES/SPECIAL ASSESSMENTS:**

176. **REAL ESTATE TAXES:** Seller shall pay on the date of closing all real estate taxes due and payable in all prior years
177. including all penalties and interest.

178. Buyer shall pay ☒ **PRORATED FROM DAY OF CLOSING** ☐ **ALL** ☐ **NONE** ☐ _____/12ths OF real estate
 -----(Check one.)-----
 179. taxes due and payable in the year of closing.

180. Seller shall pay ☒ **PRORATED TO DAY OF CLOSING** ☐ **ALL** ☐ **NONE** ☐ _____/12ths OF real estate taxes
 -----(Check one.)-----
 181. due and payable in the year of closing.

182. Buyer shall pay real estate taxes due and payable in the year following closing and thereafter, the payment of which
183. is not otherwise here provided. No representations are made concerning the amount of subsequent real estate
184. taxes.

185. **DEFERRED TAXES/SPECIAL ASSESSMENTS:**

186. ☐ BUYER SHALL PAY ☒ SELLER SHALL PAY on date of closing any deferred real estate taxes
-----*(Check one.)*-----

187. (e.g. Green Acres) or special assessments, payment of which is required as a result of the closing of this sale.

188. ☐ BUYER AND SELLER SHALL PRORATE AS OF THE DATE OF CLOSING ☒ SELLER SHALL PAY ON
----- (Check one.) -----

189. **DATE OF CLOSING** all installments of special assessments certified for payment, with the real estate taxes due and
190. payable in the year or closing.

191. ☐ **BUYER SHALL ASSUME** ☒ **SELLER SHALL PAY** on date of closing all other special assessments levied as
-----*(Check one.)*-----
192. of the Date of this Purchase Agreement.

193. ☐ BUYER SHALL ASSUME ☒ SELLER SHALL PROVIDE FOR PAYMENT OF special assessments pending as
----- (Check one.) -----

194. of the Date of this Purchase Agreement for improvements that have been ordered by any assessing authorities.
195. (Seller's provision for payment shall be by payment into escrow of two (2) times the estimated amount of the
196. assessments or less, as required by Buyer's lender.)

197. Buyer shall pay any unpaid special assessments payable in the year following closing and thereafter, the payment of
198. which is not otherwise here provided.

199. As of the Date of this Purchase Agreement, Seller represents that Seller ☐ HAS ☒ HAS NOT received a notice
------(Check one.)-----

200. regarding any new improvement project from any assessing authorities, the costs of which project may be assessed
201. against the Property. Any such notice received by Seller after the Date of this Purchase Agreement and before
202. closing shall be provided to Buyer immediately. If such notice is issued after the Date of this Purchase Agreement and
203. on or before the date of closing, then the parties may agree in writing, on or before the date of closing, to pay, provide
204. for the payment of, or assume the special assessments. In the absence of such agreement, either party may declare
205. this Purchase Agreement canceled by written notice to the other party, or licensee representing or assisting the other
206. party, in which case this Purchase Agreement is canceled. If either party declares this Purchase Agreement canceled,
207. Buyer and Seller shall immediately sign a *Cancellation of Purchase Agreement* confirming said cancellation and
208. directing all earnest money paid here to be refunded to Buyer.

209. **ADDITIONAL PROVISIONS:**

210. **PREVIOUSLY EXECUTED PURCHASE AGREEMENT:** This Purchase Agreement ☐ IS ☒ IS NOT subject to
-----*(Check one.)*-----

211. cancellation of a previously executed purchase agreement dated .

212. (If answer is **IS**, said cancellation shall be obtained no later than _____).

213. If said cancellation is not obtained by said date, this Purchase Agreement is canceled. Buyer and Seller shall
214. immediately sign a *Cancellation of Purchase Agreement* confirming said cancellation and directing all earnest money
215. paid here to be refunded to Buyer.)

**PURCHASE AGREEMENT:
VACANT LAND (RESIDENTIAL)**

216. Page 6 Date 06/26/2024

217. Property located at XXX State Ave, Owatonna, MN 55060.

218. **SPECIAL CONTINGENCIES:** This Purchase Agreement is subject to the following contingencies, and if the
219. contingencies checked below are not satisfied or waived, in writing, by Buyer by 08/15/2024,
220. this Purchase Agreement is canceled as of said date. Buyer and Seller shall immediately sign a *Cancellation of*
221. *Purchase Agreement* confirming said cancellation and directing all earnest money paid here to be refunded to
222. Buyer.

223. (Select appropriate options a–k.)

224. ☐ (a) Buyer obtaining a physical inspection of the Property, satisfactory to Buyer.

225. ☒ (b) Buyer obtaining evidence of utility connections available, and costs for connection to the Property, satisfactory
226. to Buyer.

227. ☒ (c) ☒ **BUYER** ☐ **SELLER** shall provide a certificate of survey of the Property, at ☒ **BUYER** ☐ **SELLER**
228. -----(Check one.)----- expense.

229. ☒ (d) Buyer obtaining approval of city/township of proposed building plans and specifications at
230. ☒ **BUYER** ☐ **SELLER** expense.
------(Check one.)-----

231. ☐ (e) Buyer obtaining approval of city/township of proposed subdivision development plans at
232. ☐ **BUYER** ☐ **SELLER** expense.
------(Check one.)-----

233. ☐ (f) Buyer obtaining approval of city/township for rezoning or use permits at ☐ **BUYER** ☐ **SELLER** expense.
------(Check one.)-----

234. ☐ (g) Buyer obtaining, at ☐ **BUYER** ☐ **SELLER** expense, percolation tests which are acceptable to Buyer.
------(Check one.)-----

235. ☐ (h) Buyer obtaining, at ☐ **BUYER** ☐ **SELLER** expense, soil tests which indicate that the Property may be
236. improved without extraordinary building methods or cost.
------(Check one.)-----

237. ☐ (i) Buyer obtaining approval of building plans and/or specifications in accordance with any recorded subdivision
238. covenants and approval of the architectural control committee.

239. ☐ (j) Buyer obtaining, at ☒ **BUYER** ☐ **SELLER** expense, copies of all covenants, reservations, and restrictions
240. -----(Check one.)----- affecting the Property, satisfactory to Buyer.

241. ☒ (k) Other: Buyer determines the property is satisfactory for their intended purposes and meets the buyer
242. requirements.

243. _____
244. _____

245. Seller's expenses for these contingencies (if any) shall not exceed \$ _____.

246. **DEED/MARKETABLE TITLE:** Upon performance by Buyer, Seller shall deliver a: (Check one.)

247. ☒ **WARRANTY DEED** ☐ **PERSONAL REPRESENTATIVE'S DEED** ☐ **CONTRACT FOR DEED**

248. ☐ **TRUSTEE'S DEED** ☐ Other: _____ **Deed** joined in by spouse, if any, conveying
249. marketable title, subject to

250. (a) building and zoning laws, ordinances, state and federal regulations;

251. (b) restrictions relating to use or improvement of the Property without effective forfeiture provisions;

252. (c) reservation of any mineral rights by the State of Minnesota;

253. (d) utility and drainage easements which do not interfere with existing improvements;

254. (e) **rights of tenants as follows** (unless specified, not subject to tenancies): _____
255. _____ and

256. (f) others (must be specified in writing): _____
257. _____

**PURCHASE AGREEMENT:
VACANT LAND (RESIDENTIAL)**

258. Page 7 Date 06/26/2024

259. Property located at XXX State Ave, Owatonna, MN 55060.
260. **POSSESSION:** Seller shall deliver possession of the Property: *(Check one.)*
261. ☒ **IMMEDIATELY AFTER CLOSING;** or
262. ☐ **OTHER:** _____.
263. Seller agrees to remove ALL DEBRIS AND ALL PERSONAL PROPERTY NOT INCLUDED HERE from the Property
264. by possession date.
265. **PRORATIONS:** All interest; unit owners' association dues; rents; and charges for city water, city sewer, electricity,
266. and natural gas shall be prorated between the parties as of date of closing. Buyer shall pay Seller for remaining
267. gallons of fuel oil or liquid petroleum gas on the day of closing, at the rate of the last fill by Seller.
268. **TITLE AND EXAMINATION:** Within a reasonable time period after Final Acceptance Date, Seller shall provide one of
269. the following title evidence options, at Seller's selection, which shall include proper searches covering bankruptcies,
270. state and federal judgments and liens, and levied and pending special assessments to Buyer or Buyer's designated
271. title service provider:
272. (a) A commitment for an owner's policy of title insurance on a current ALTA form issued by an insurer licensed to write
273. title insurance in Minnesota as selected by Buyer. Seller shall be responsible for the title search and exam costs
274. related to the commitment. Buyer shall be responsible for all additional costs related to the issuance of the title
275. insurance policy(ies), including but not limited to the premium(s), Buyer's name search and plat drawing, if
276. any. Seller shall deliver any abstract of title and a copy of any owner's title insurance policy for the Property,
277. if in Seller's possession or control, to Buyer or Buyer's designated title service provider. Any abstract of title or
278. owner's title insurance policy provided shall be immediately returned to Seller, or licensee representing or
279. assisting Seller, upon cancellation of this Purchase Agreement.
280. (b) An Abstract of Title certified to date if Abstract Property or a Registered Property Abstract ("RPA") certified to date
281. if Registered (Torrens) Property. Seller shall pay for the abstracting or RPA costs and deliver any abstract for
282. this Property in Seller's possession or control to Buyer or Buyer's designated title service provider. Any abstract
283. provided shall be immediately returned to Seller, or licensee representing or assisting Seller, upon cancellation of
284. this Purchase Agreement. If Property is Abstract and Seller does not have an abstract of title, Option (a) will
285. automatically apply.
286. Seller shall use Seller's best efforts to provide marketable title by the date of closing. In the event that Seller has not
287. provided marketable title by the date of closing, Seller shall have an additional thirty (30) days to make title marketable
288. or, in the alternative, Buyer may waive title defects by written notice to Seller. In addition to the thirty (30)-day
289. extension, Buyer and Seller may by mutual agreement further extend the closing date. Lacking such extension,
290. either party may declare this Purchase Agreement canceled by written notice to the other party, or licensee
291. representing or assisting the other party, in which case this Purchase Agreement is canceled. If either party declares
292. this Purchase Agreement canceled, Buyer and Seller shall immediately sign a *Cancellation of Purchase Agreement*
293. confirming said cancellation and directing all earnest money paid here to be refunded to Buyer.
294. **SUBDIVISION OF LAND, BOUNDARIES, AND ACCESS:** If this sale constitutes or requires a subdivision of land
295. owned by Seller, Seller shall pay all subdivision expenses and obtain all necessary governmental approvals. This
296. provision deals with the necessity of subdividing land to complete the sale of the Property described here in contrast
297. to the subdivision provision of lines 230-231 which deals with the future development plans of Buyer. Seller warrants
298. the legal description of the real Property to be conveyed has been or shall be approved for recording as of the date
299. of closing. Seller warrants that there is a right of access to the Property from a public right-of-way.
300. **MECHANIC'S LIENS:** Seller warrants that prior to the closing, payment in full will have been made for all labor,
301. materials, machinery, fixtures, or tools furnished within the 120 days immediately preceding the closing.
302. **NOTICES:** Seller warrants that Seller has not received any notice from any governmental authority as to condemnation
303. proceedings or violation of any law, ordinance, or regulation. If the Property is subject to restrictive covenants, Seller
304. warrants that Seller has not received any notice from any person or authority as to a breach of the covenants. Any
305. such notices received by Seller shall be provided to Buyer immediately. Discriminatory restrictive covenants (e.g.
306. provisions against conveyance of property to any person of a specified religious faith, creed, national origin, race, or
307. color) are illegal and unenforceable. An owner of real property may permanently remove such restrictive covenants
308. from the title by recording a statutory form in the office of the county recorder of any county where the property is located.

**PURCHASE AGREEMENT:
VACANT LAND (RESIDENTIAL)**

309. Page 8 Date 06/26/2024

310. Property located at XXX State Ave, Owatonna, MN 55060.

311. **DIMENSIONS**: Buyer acknowledges any dimensions, square footage, or acreage of land or improvements provided
312. by Seller, third party, or broker representing or assisting Seller are approximate. Buyer shall verify the accuracy of
313. information to Buyer's satisfaction, if material, at Buyer's sole cost and expense.

314. **ACCESS AGREEMENT**: Seller agrees to allow Buyer reasonable access to the Property for performance of any
315. surveys, inspections or tests, or for water, sewer, gas, or electrical service hookup as agreed to here. Buyer shall
316. restore the premises to the same condition it was in prior to the surveys, inspections, or tests and pay for any
317. restoration costs relative thereto.

318. **RISK OF LOSS**: If there is any loss or damage to the Property between the Date of this Purchase Agreement and
319. the date of closing for any reason, including fire, vandalism, flood, earthquake, or act of God, the risk of loss shall
320. be on Seller. If the Property is destroyed or substantially damaged before the closing date, this Purchase Agreement
321. is canceled, at Buyer's option, by written notice to Seller or licensee representing or assisting Seller. If Buyer cancels
322. this Purchase Agreement, Buyer and Seller shall immediately sign a *Cancellation of Purchase Agreement* confirming
323. said cancellation and directing all earnest money paid here to be refunded to Buyer.

324. **TIME OF ESSENCE**: Time is of the essence in this Purchase Agreement.

325. **CALCULATION OF DAYS**: Any calculation of days begins on the first day (Calendar or Business Days as specified)
326. following the occurrence of the event specified and includes subsequent days (Calendar or Business Days as
327. specified) ending at 11:59 P.M. on the last day.

328. **BUSINESS DAYS**: "Business Days" are days which are not Saturdays, Sundays, or state and federal holidays
329. unless stated elsewhere by the parties in writing.

330. **CALENDAR DAYS**: "Calendar Days" include Saturdays, Sundays, or state or federal holidays. For purposes of this
331. Agreement, any reference to "days" means "Calendar Days" unless otherwise required by law.

332. **RELEASE OF EARNEST MONEY**: Buyer and Seller agree that the Earnest Money Holder shall release earnest
333. money from the Earnest Money Holder's trust account:

- 334. (a) at or upon the successful closing of the Property;
- 335. (b) pursuant to written agreement between the parties, which may be reflected in a *Cancellation of Purchase*
336. *Agreement* executed by both Buyer and Seller;
- 337. (c) upon receipt of an affidavit of a cancellation under MN Statute 559.217; or
- 338. (d) upon receipt of a court order.

339. **DEFAULT**: If Buyer defaults in any of the agreements here, Seller may cancel this Purchase Agreement, and any
340. payments made here, including earnest money, shall be retained by Seller as liquidated damages and Buyer and
341. Seller shall affirm the same by a written cancellation agreement.

342. If Buyer defaults in any of the agreements here, Seller may terminate this Purchase Agreement under the
343. provisions of either MN Statute 559.21 or MN Statute 559.217, whichever is applicable. If either Buyer or Seller
344. defaults in any of the agreements here or there exists an unfulfilled condition after the date specified for fulfillment,
345. either party may cancel this Purchase Agreement under MN Statute 559.217, Subd. 3. Whenever it is provided here
346. that this Purchase Agreement is canceled, said language shall be deemed a provision authorizing a Declaratory
347. Cancellation under MN Statute 559.217, Subd. 4.

348. If this Purchase Agreement is not canceled or terminated as provided here, Buyer or Seller may seek actual damages
349. for breach of this Purchase Agreement or specific performance of this Purchase Agreement; and, as to specific
350. performance, such action must be commenced within six (6) months after such right of action arises.

351. **NOTICE REGARDING AIRPORT ZONING REGULATIONS**: The Property may be in or near an airport safety zone
352. with zoning regulations adopted by the governing body that may affect the Property. Such zoning regulations are
353. filed with the county recorder in each county where the zoned area is located. If you would like to determine if such
354. zoning regulations affect the Property, you should contact the county recorder where the zoned area is located.

355. **NOTICE REGARDING PREDATORY OFFENDER INFORMATION**: Information regarding the predatory offender
356. registry and persons registered with the predatory offender registry under MN Statute 243.166 may be
357. obtained by contacting the local law enforcement offices in the community where the Property is located
358. or the Minnesota Department of Corrections at (651) 361-7200, or from the Department of Corrections web
359. site at <https://coms.doc.state.mn.us/publicregistrantsearch>

**PURCHASE AGREEMENT:
VACANT LAND (RESIDENTIAL)**

360. Page 9 Date 06/26/2024

361. Property located at XXX State Ave Owatonna, MN 55060.
362. **SPECIAL DISCLOSURES:** Seller discloses, to the best of Seller's knowledge, that the Property described in this
363. Purchase Agreement consists of approximately 2.59 ☒ **ACRES** ☐ **SQUARE FEET** and is currently zoned
------(Check one.)-----
364. Commercial.
365. Seller discloses, to the best of Seller's knowledge, that the Property ☐ **IS** ☒ **IS NOT** in a designated flood zone.
------(Check one.)-----
366. Seller discloses, to the best of Seller's knowledge, that the Property ☐ **DOES** ☒ **DOES NOT** currently receive
------(Check one.)-----
367. preferential tax treatment (e.g. Green Acres, Managed Forest Land, Non-Profit Status, Rural Preserve, SFIA, etc.).
368. Seller discloses, to the best of Seller's knowledge, that the Property ☐ **IS** ☒ **IS NOT** enrolled in any federal, state, or
------(Check one.)-----
369. local governmental programs (e.g., conservation programs, CREP, CRP, EQIP, Green Acres, Managed Forest Land,
370. RIM, riparian buffers, Rural Preserve, SFIA, WRP/RIM-WRP, etc.).

371. **BUYER HAS THE RIGHT TO A WALK-THROUGH REVIEW OF THE PROPERTY PRIOR TO CLOSING TO**
372. **ESTABLISH THAT THE PROPERTY IS IN SUBSTANTIALLY THE SAME CONDITION AS OF THE DATE OF THIS**
373. **PURCHASE AGREEMENT.**
374. BUYER HAS RECEIVED A: (Check any that apply.) ☐ **DISCLOSURE STATEMENT: VACANT LAND** OR A
375. ☐ **DISCLOSURE STATEMENT: SELLER'S DISCLOSURE ALTERNATIVES** FORM.
376. **DESCRIPTION OF PROPERTY CONDITION:** See *Disclosure Statement: Vacant Land* or *Disclosure Statement:*
377. *Seller's Disclosure Alternatives* for description of disclosure responsibilities and limitations, if any.
378. **BUYER HAS RECEIVED THE INSPECTION REPORTS, IF REQUIRED BY MUNICIPALITY.**
379. BUYER IS NOT RELYING ON ANY ORAL REPRESENTATIONS REGARDING THE CONDITION OF THE PROPERTY.

380. **PLEASE NOTE:** Buyer may incur additional charges improving the Property, including, but not limited to, hookup and/
381. or access charges; municipal charges; costs for sewer access, stubbing access, water access, park dedication, road
382. access, curb cuts, utility connection and connecting fees; and tree planting charges.

383. **(Check appropriate boxes.)**
384. SELLER WARRANTS THAT THE PROPERTY IS EITHER DIRECTLY OR INDIRECTLY CONNECTED TO:
385. **CITY SEWER** ☐ **YES** ☒ **NO** / **CITY WATER** ☐ **YES** ☒ **NO**
386. **SUBSURFACE SEWAGE TREATMENT SYSTEM**
387. SELLER ☐ **DOES** ☒ **DOES NOT** KNOW OF A SUBSURFACE SEWAGE TREATMENT SYSTEM ON OR
------(Check one.)-----
388. SERVING THE PROPERTY. (If answer is **DOES**, and the system does not require a state permit, see *Disclosure*
389. *Statement: Subsurface Sewage Treatment System*.)
390. **PRIVATE WELL**
391. SELLER ☐ **DOES** ☒ **DOES NOT** KNOW OF A WELL ON OR SERVING THE PROPERTY.
------(Check one.)-----
392. (If answer is **DOES** and well is located on the Property, see *Disclosure Statement: Well*.)
393. TO THE BEST OF SELLER'S KNOWLEDGE, THE PROPERTY ☐ **IS** ☒ **IS NOT** IN A SPECIAL WELL
------(Check one.)-----
394. CONSTRUCTION AREA.
395. THIS PURCHASE AGREEMENT ☐ **IS** ☒ **IS NOT** SUBJECT TO AN ADDENDUM TO PURCHASE AGREEMENT:
------(Check one.)-----
396. **SUBSURFACE SEWAGE TREATMENT SYSTEM AND WELL INSPECTION CONTINGENCY.**
397. (If answer is **IS**, see attached *Addendum*.)
398. **IF A WELL OR SUBSURFACE SEWAGE TREATMENT SYSTEM EXISTS ON THE PROPERTY, BUYER HAS**
399. **RECEIVED A DISCLOSURE STATEMENT: WELL AND/OR A DISCLOSURE STATEMENT: SUBSURFACE**
400. **SEWAGE TREATMENT SYSTEM.**

**PURCHASE AGREEMENT:
VACANT LAND (RESIDENTIAL)**

401. Page 10 Date 06/26/2024

402. Property located at XXX State Ave, Owatonna, MN 55060

403.

AGENCY NOTICE

404. Darcy Ihrke is ☐ Seller's Agent ☒ Buyer's Agent ☐ Dual Agent ☐ Facilitator.
(Licensee) -----(Check one.)-----

405. BHHS
(Real Estate Company Name)

406. _____ is ☐ Seller's Agent ☐ Buyer's Agent ☐ Dual Agent ☐ Facilitator.
(Licensee) -----(Check one.)-----

407. _____
(Real Estate Company Name)

408. **THIS NOTICE DOES NOT SATISFY MINNESOTA STATUTORY AGENCY DISCLOSURE REQUIREMENTS.**

409.

DUAL AGENCY REPRESENTATION

410. **PLEASE CHECK ONE OF THE FOLLOWING SELECTIONS:**

411. ☒ Dual Agency representation DOES NOT apply in this transaction. *Do not complete lines 411-427.*

412. ☐ Dual Agency representation DOES apply in this transaction. *Complete the disclosure in lines 412-427.*

413. Broker represents both the Seller(s) and the Buyer(s) of the Property involved in this transaction, which creates a
414. dual agency. This means that Broker and its salespersons owe fiduciary duties to both Seller(s) and Buyer(s). Because
415. the parties may have conflicting interests, Broker and its salespersons are prohibited from advocating exclusively for
416. either party. Broker cannot act as a dual agent in this transaction without the consent of both Seller(s) and Buyer(s).
417. Seller(s) and Buyer(s) acknowledge that

418. (1) confidential information communicated to Broker which regards price, terms, or motivation to buy or sell will
419. remain confidential unless Seller(s) or Buyer(s) instructs Broker in writing to disclose this information. Other
420. information will be shared;
421. (2) Broker and its salespersons will not represent the interest of either party to the detriment of the other; and
422. (3) within the limits of dual agency, Broker and its salespersons will work diligently to facilitate the mechanics of
423. the sale.

424. With the knowledge and understanding of the explanation above, Seller(s) and Buyer(s) authorize and instruct Broker
425. and its salesperson to act as dual agents in this transaction.

426. Seller

Buyer

427. Seller

Buyer

428. Date _____

Date 06/05/2024

429. **CLOSING COSTS:** Buyer or Seller may be required to pay certain closing costs, which may effectively increase the
430. cash outlay at closing or reduce the proceeds from the sale.

431. **SETTLEMENT STATEMENT:** Buyer and Seller authorize the title company, escrow agent, and/or their representatives
432. to disclose and provide copies of the disbursing agent's settlement statement to the real estate licensees involved
433. in the transaction at the time these documents are provided to Buyer and Seller.

**PURCHASE AGREEMENT:
VACANT LAND (RESIDENTIAL)**

434. Page 11 Date 06/26/2024

435. Property located at XXX State Ave, Owatonna, MN 55060.

436. **FOREIGN INVESTMENT IN REAL PROPERTY TAX ACT ("FIRPTA"):** Section 1445 of the Internal Revenue Code
437. provides that a transferee ("Buyer") of a United States real property interest must be notified in writing and must withhold
438. tax if the transferor ("Seller") is a foreign person and no exceptions from FIRPTA withholding apply. Buyer and Seller
439. agree to comply with FIRPTA requirements under Section 1445 of the Internal Revenue Code.

440. Seller shall represent and warrant, under the penalties of perjury, whether Seller is a "foreign person" (as the same
441. is defined within FIRPTA), prior to closing. Any representations made by Seller with respect to this issue shall survive
442. the closing and delivery of the deed.

443. Buyer and Seller shall complete, execute, and deliver, on or before closing, any instrument, affidavit, or statement
444. reasonably necessary to comply with the FIRPTA requirements, including delivery of their respective federal taxpayer
445. identification numbers or Social Security numbers.

446. Due to the complexity and potential risks of failing to comply with FIRPTA, including the Buyer's responsibility for
447. withholding the applicable tax, Buyer and Seller should **seek appropriate legal and tax advice regarding FIRPTA**
448. **compliance, as the respective licensee's representing or assisting either party will be unable to assure either**
449. **party whether the transaction is exempt from FIRPTA withholding requirements.**

450. **FULLY EXECUTED PURCHASE AGREEMENT AND FINAL ACCEPTANCE:** To be binding, this Purchase Agreement
451. and all addenda must be fully executed by both parties and a copy must be delivered.

452. **ELECTRONIC SIGNATURES:** The parties agree the electronic signature of any party on any document related to
453. this transaction constitute valid, binding signatures.

454. **ENTIRE AGREEMENT:** This Purchase Agreement and all addenda and amendments signed by the parties shall
455. constitute the entire agreement between Buyer and Seller. Any other written or oral communication between Buyer
456. and Seller, including, but not limited to, e-mails, text messages, or other electronic communications are not part of this
457. Purchase Agreement. This Purchase Agreement can be modified or canceled only in writing signed by Buyer and
458. Seller or by operation of law. All monetary sums are deemed to be United States currency for purposes of this
459. Purchase Agreement.

460. **SURVIVAL:** All warranties specified in this Purchase Agreement shall survive the delivery of the deed or contract
461. for deed.

462. **DATE OF THIS PURCHASE AGREEMENT:** Date of this Purchase Agreement to be defined as the date on line one
463. (1) of this Purchase Agreement.

464. **OTHER:** This offer is contingent upon the City of Owatonna obtaining approval from City Council.

465. _____

466. **ADDENDA:** The following addenda are attached and made a part of this Purchase Agreement.

467. **NOTE:** Disclosures and optional Arbitration Agreement are not part of this Purchase Agreement.

468. ☐ Addendum to Purchase Agreement

469. ☐ Addendum to Purchase Agreement: Additional Signatures

470. ☐ Addendum to Purchase Agreement: Assumption Financing

471. ☒ Addendum to Purchase Agreement: Buyer Purchasing "As Is" and Limitation of Seller Liability

472. ☐ Addendum to Purchase Agreement: Condominium/Townhouse/Cooperative Common Interest Community ("CIC")

473. ☐ Addendum to Purchase Agreement: Contract for Deed Financing

474. ☐ Addendum to Purchase Agreement: Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards

475. ☐ Addendum to Purchase Agreement: Sale of Buyer's Property Contingency

476. ☐ Addendum to Purchase Agreement: Seller's Purchase/Lease Contingency

477. ☐ Addendum to Purchase Agreement: Seller's Rent Back Agreement

478. ☐ Addendum to Purchase Agreement: Short Sale Contingency

479. ☐ Addendum to Purchase Agreement: Subsurface Sewage Treatment System and Well Water Inspection Contingency

480. ☐ Other: _____

**PURCHASE AGREEMENT:
VACANT LAND (RESIDENTIAL)**

481. Page 12 Date 06/26/2024

482. Property located at XXX State Ave, Owatonna, MN 55060

483. I agree to sell the Property for the price and on the terms
484. and conditions set forth above.

485. **I have reviewed all pages of this Purchase**
486. **Agreement.**

I agree to purchase the Property for the price and on
the terms and conditions set forth above.

I have reviewed all pages of this Purchase
Agreement.

487. ☐ If checked, this Purchase Agreement is subject to
488. attached **Addendum to Purchase Agreement:**
489. **Counteroffer** and the Final Acceptance Date shall
490. be noted on the **Addendum.**

491. **FIRPTA:** Seller represents and warrants, under penalty
492. of perjury that Seller ☐ **IS** ☒ **IS NOT** a foreign person (i.e., a
-----*(Check one.)*-----
493. non-resident alien individual, foreign corporation, foreign
494. partnership, foreign trust, or foreign estate for purposes of
495. income taxation. (See lines 435-448.) This representation
496. and warranty shall survive the closing of the transaction
497. and the delivery of the deed.

498. X
(Seller's Signature) (Date)

X
(Buyer's Signature) (Date)

499. X Troy Klecker for the City OF Owatonna
(Seller's Printed Name)

X R2 HOLDINGS, LLC, By Wes Renneberg, Memeber
(Buyer's Printed Name)

500. X
(Seller's Signature) (Date)

X
(Buyer's Signature) (Date)

501. X _____
(Seller's Printed Name)

X _____
(Buyer's Printed Name)

502. **FINAL ACCEPTANCE DATE:** _____ The Final Acceptance Date
503. is the date on which the fully executed Purchase Agreement is delivered.

504. **THIS IS A LEGALLY BINDING CONTRACT BETWEEN BUYER(S) AND SELLER(S).**
505. **IF YOU DESIRE LEGAL OR TAX ADVICE, CONSULT AN APPROPRIATE PROFESSIONAL.**

506. **I ACKNOWLEDGE THAT I HAVE RECEIVED AND HAVE HAD THE OPPORTUNITY TO REVIEW THE**
507. **DISCLOSURE STATEMENT: ARBITRATION DISCLOSURE AND RESIDENTIAL REAL PROPERTY ARBITRATION**
508. **AGREEMENT, WHICH IS AN OPTIONAL, VOLUNTARY AGREEMENT SEPARATE FROM THIS PURCHASE**
509. **AGREEMENT.**

510. **SELLER(S)**

BUYER(S)

511. **SELLER(S)**

BUYER(S)



ADDENDUM TO PURCHASE AGREEMENT: BUYER PURCHASING "AS IS" AND LIMITATION OF SELLER LIABILITY

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1. Date 07/11/2024
2. Page 1

3. **IN THE EVENT SELLER HAS COMPLETED, AND BUYER HAS RECEIVED, A**
4. **SELLER'S PROPERTY DISCLOSURE STATEMENT, DO NOT USE THIS**
5. **ADDENDUM WITHOUT FIRST SEEKING LEGAL ADVICE.**

6. Addendum to Purchase Agreement between parties, dated 06/26/2024
7. (Date of this Purchase Agreement), pertaining to the purchase and sale of the Property at
8. XXXX State AVE, Owatonna, MN 55060

9. Limitation of Seller Liability: The Property is being sold in its existing condition. Buyer acknowledges that the Property,
10. including all improvements, is being sold on an "As-Is" and "Where-Is" basis, with all existing faults. Prior to closing,
11. Buyer will make such inspections of the Property as are consistent with the terms of this Purchase Agreement in
12. order to satisfy Buyer as to the condition of the Property. The Seller warranties contained in the Purchase
13. Agreement shall remain unmodified by this Addendum.

14. The "Risk of Loss" provisions of the Purchase Agreement shall remain unmodified by this Addendum.

15. Seller and Buyer shall execute a *Disclosure Statement: Seller's Disclosure Alternatives* with the "Waiver" section
16. completed. Seller remains obligated to make "Other Required Disclosures" in the *Disclosure Statement: Seller's*
17. *Disclosure Alternatives*. Except for "Other Required Disclosures," Buyer acknowledges that Seller has not made any
18. oral or written representations regarding the condition of the Property subject to this Purchase Agreement. By
19. accepting delivery of the deed at closing, Buyer will be deemed to have accepted the condition of the Property subject
20. to this Purchase Agreement as satisfactory to Buyer, and Seller shall have no liability with respect to the condition of
21. such Property. Buyer waives any claims related in any way to the condition of the Property.

22. **WARNING: THIS ADDENDUM WILL AFFECT THE LEGAL RIGHTS OF BUYER**
23. **AND SELLER. BUYER AND SELLER ARE STRONGLY ENCOURAGED TO OBTAIN**
24. **LEGAL ADVICE BEFORE AGREEING TO THIS ADDENDUM.**

25.

	<i>R2 HOLDINGS LLC</i>
(Seller)	(Buyer)
(Date)	(Date)

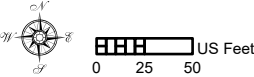
26.

(Seller)	(Buyer)
(Date)	(Date)

27. **THIS IS A LEGALLY BINDING CONTRACT BETWEEN BUYER(S) AND SELLER(S).**
28. **IF YOU DESIRE LEGAL OR TAX ADVICE, CONSULT AN APPROPRIATE PROFESSIONAL.**

MN:APA:AI (8/20)

Property Map
City of Owatonna



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.

July 11, 2024



CITY OF
OWATONNA

Miscellaneous



DATE: July 16, 2024
TO: Mayor and City Council
FROM: Rhonda Moen, Finance Director
SUBJECT: Revised Fund Balance Policy

Purpose:

Council to adopt a revised fund balance policy.

Background:

The purpose of having a fund balance policy is to enable realistic long-term planning, assist with effective development of annual budgets, and to promote clear communications with the general public, staff and administration.

The City adopted its previous fund balance policy in 2012. Fund balance reserves are an important component in ensuring the overall financial health of a community, by giving the City cushion to meet contingency or cash-flow timing needs. The state auditor's office suggests a fund balance between 35-50% of fund operating revenues or no less than 5 months of expenditures (42%). At the time the previous policy was considered, a very conservative approach was taken, and the fund balance policy was set at the high end of 50% of next year's expenditures.

Based on the City's past success with maintaining an unreserved fund balance of 50% and our commitment to conservative budgeting which allows the City to add to fund balance annually, staff is recommending lowering the fund balance policy to 45% of next year's expenditures. This will allow some more flexibility in the development of the City's annual budget as the community continues to grow.

At the end of 2023, the city's fund balance was 53% of 2024 budgeted expenditures.

Budget Impact:

Compliance with the fund balance policy is reviewed annually as the next year's budget is being prepared. This will lower the required level of fund balance.

Staff Recommendation:

Staff would recommend approval of this policy.

Attachments:

1. Fund Balance Policy 2024

City of Owatonna

Fund Balance Policy

I. PURPOSE AND NEED FOR POLICY

The City understands it has a responsibility to maintain prudent financial operations to ensure stable city operations for the benefit of city residents and businesses. Fund balance reserves are an important component in ensuring the overall financial health of a community, by giving the City cushion to meet contingency or cash-flow timing needs. The Office of the State Auditor recommends that at year-end, local governments maintain an unreserved fund balance in their general fund and special revenue funds of approximately 35 to 50% of fund operating revenues, or no less than five months of operating expenditures. While the bond rating agencies do not have recommended fund balance levels, the agencies look favorably on larger fund balances, which protect against contingencies and cash flow needs.

Fund balance is comprised of nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance. The last three components combined make up “unreserved fund balance”.

II. POLICY

- Provide and maintain an unreserved General Fund balance of 45% of the next year’s budgeted operating expenditures in the General Fund.
- Annual proposed budgets shall include this benchmark policy.
- Council shall review the amounts in fund balance in conjunction with the annual budget approval, and make adjustments as necessary to meet expected cash-flow needs.
- Council may consider appropriating (for authorized purposes) fund balance in excess of the policy level. An example of preferred use of excess fund balance would be for one-time expenditures such as capital expenditures.
- The use of fund balance below the specified 45% target will be limited to unforeseen circumstances only.
- Should the use of fund balance be required, the plan for replenishment will be specified. The replenishment plan should not exceed three years.
- Authority to assign fund balance shall be granted to the City Administrator.
- Restricted fund balance shall be used prior to unrestricted fund balance. The order of use for unrestricted fund balance shall be committed, assigned and then unassigned.

III. PROCEDURES

- City shall maintain necessary funds in accordance with City policy and Minnesota statutes.

- Annual financial statements shall be prepared in accordance with generally accepted accounting principles establishing the fund balance at the end of each year.
- Council shall review fund balance and cash-flow needs during the budget process in accordance with this policy.
- Staff and Council should review the policy periodically, especially if the composition or timing of revenue receipts change.

IV. RESPONSIBILITY AND AUTHORITY

Administrative implementation of policies is the responsibility of staff and council.



DATE: July 16, 2024
TO: Mayor and City Council
FROM: Sean Murphy, Public Works Director
SUBJECT: Agreement - Autumn Hills Place and Cedardale Drive Life Station Electrical Improvements - Advanced Engineering and Environmental Services, LLC

Purpose:

Requesting City Council approval of an agreement with Advanced Engineering and Environmental Services, LLC (AE2S) to provide professional engineering services for the Autumn Hills Place and Cedardale Drive Lift Stations Electrical Improvements.

Background:

The Autumn Hills Place and Cedardale Drive Lift Stations are in need of control panel replacement and electrical system updates. AE2S will provide professional services related to the design, bidding and construction administration.

Budget Impact:

The total is not to exceed \$41,898 without prior approval from the City of Owatonna. Costs will be paid by the Wastewater Enterprise Fund as a Capital Improvement.

See the attached agreement for the full scope of services.

Staff Recommendation:

Staff recommends approval.

Attachments:

1. Autumn Hills Place and Cedardale Drive Life Station Agreement - AE2S

**SHORT FORM OF AGREEMENT
BETWEEN OWNER AND ENGINEER
FOR
PROFESSIONAL SERVICES**

THIS IS AN AGREEMENT effective as of June 6, 2024 (“Effective Date”) between City of Owatonna ("Owner") and Advanced Engineering and Environmental Services, LLC (“Engineer”). Owner's Project, of which Engineer's services under this Agreement are a part, is generally identified as follows: *Autumn Hills and Cedardale Wastewater Lift Station Electrical Improvements* (“Project”). Engineer’s services under this Agreement are generally identified as follows:

Scope of Basic Services

Engineer will perform the following tasks required for Lift Station improvements related to Control Panel replacement and electrical system updates for both Autumn Hills and Cedardale Lift Stations:

1. Design Phase Services
2. Bidding Phase Services
3. Construction Administration Services

Final Design Phase

The Final Design phase includes the specific design of all project elements necessary for a successful construction project, including:

- Coordinate and conduct a project team kickoff meeting attended by Owner representatives and Engineer.
- Perform preliminary engineering calculations to size associated electrical system(s).
- 60 Percent Design Completion Milestone:
 - Prepare a preliminary set of drawings. Drawings will be sufficiently detailed to understand project but will lack details required of construction.
 - Submit to Owner draft of Preliminary Design documents for review.
- Review Preliminary Design documents with Owner, make changes and updates as required.
- Prepare 90 Percent construction drawings, specifications, and probable cost estimate based upon review of preliminary design documents.
- 90 Percent Design Completion Milestone:
 - Prepare a revised set of drawings.
 - Prepare draft specifications.
 - Prepare an updated opinion of probable construction cost.
 - Submit to Owner review copy of 90 Percent Design PDF for Owner review.
 - Meeting to discuss final quote package.
- Review 90 Percent Design documents with Owner, make updates as appropriate.
- Prepare Final construction drawings, specifications, and probable cost estimate based upon review of 90 Percent Design documents.

- Submit electronic copies format (PDF) of Final bidding documents to the Owner.

Bidding / Contractor Quotes Phase

The Bidding / Contractor Quotes Phase will consist of:

- Preparing a single quite package for lift station control panel replacement.
- Pre-bid administration services – solicit quotes from contractors and respond to questions.
- Provide bidding support services including communications with Owner representatives, bidders, suppliers, and others as necessary.
- Provide addendums and clarifications to the quote documents, if required.
- Facilitate the tabulation of quotes
- Supply a letter of recommendation to the Owner for the recommendation of a contractor to complete the work.

Construction Phase

The Construction Phase consists of construction activities management and oversight and hours are shown as per lift station, including:

- Construction Kickoff Meeting – attend kickoff meeting with Contractor to review the scope of work. (5 hours)
- Project management, support and communications with Owner, Contractor(s), and all other project team members. Review, recommend action, and process of contractor pay requests. (8 hours)
- Attend site during panel startup to provide oversight and providing installation clarifications. (8 hours)
- Shop Drawing and O&M manual Review – review equipment data for installed equipment. (12 hours)
- Visit site upon project completion and create punch list or list of items to be completed by contractor to meet the requirements of final completion of the project. (5 hours)
- Installation Documentation – complete record drawings. (5 hours)

Owner and Engineer further agree as follows:

1.01 Basic Agreement and Period of Service

- A. Engineer shall provide, or cause to be provided, the services set forth in this Agreement. If authorized by Owner, or if required because of changes in the Project, Engineer shall furnish services in addition to those set forth above. Owner shall pay Engineer for its services as set forth in Paragraphs 7.01 and 7.02.
- B. Engineer shall complete its services within a reasonable time, or within the following specific time period.
- C. If the Project includes construction-related professional services, then Engineer's time for completion of services is conditioned on the time for Owner and its contractors to complete construction not exceeding 6 months. If the actual time to complete construction exceeds the number of months indicated, then Engineer's period of service and its total compensation shall be appropriately adjusted.

2.01 Payment Procedures

- A. *Invoices:* Engineer shall prepare invoices in accordance with its standard invoicing practices and submit the invoices to Owner on a monthly basis. Invoices are due and payable within 30 days of receipt. If Owner

fails to make any payment due Engineer for services and expenses within 30 days after receipt of Engineer's invoice, then the amounts due Engineer will be increased at the rate of 1.75% per month (or the maximum rate of interest permitted by law, if less) from said thirtieth day. In addition, Engineer may, after giving seven days written notice to Owner, suspend services under this Agreement until Engineer has been paid in full all amounts due for services, expenses, and other related charges. Owner waives any and all claims against Engineer for any such suspension. Payments will be credited first to interest and then to principal. All payments under this Agreement shall be in United States Dollars.

- B. *Obligation to Pay*: Owner's obligation to pay for Engineer's services under this Agreement is not contingent on Owner's ability to obtain financing, third-party payments, governmental or regulatory agency approval, permits, final adjudication of lawsuit in which Engineer is not involved, Owner's successful completion of a project, or any other event. No retainage will be withheld. Engineer's compensation is exclusive of any applicable sales or use taxes imposed by any governmental authority on Engineer's compensation under this Agreement. Owner shall reimburse Engineer for the cost of such sales or use taxes. Engineer's invoices shall state all such applicable sales or use taxes, if any.

3.01 *Termination*

- A. The obligation to continue performance under this Agreement may be terminated:

1. For cause,

- a. By either party upon 30 days written notice in the event of substantial failure by the other party to perform in accordance with the Agreement's terms through no fault of the terminating party. Failure to pay Engineer for its services is a substantial failure to perform and a basis for termination.
- b. By Engineer:
- 1) upon seven days written notice if Owner demands that Engineer furnish or perform services contrary to Engineer's responsibilities as a licensed professional; or
- 2) upon seven days written notice if the Engineer's services for the Project are delayed for more than 90 days for reasons beyond Engineer's control.

Engineer shall have no liability to Owner on account of a termination by Engineer under Paragraph 3.01.A.1.b.

- c. Notwithstanding the foregoing, this Agreement will not terminate as a result of a substantial failure under Paragraph 3.01.A.1.a if the party receiving such notice begins, within seven days of receipt of such notice, to correct its substantial failure to perform and proceeds diligently to cure such failure within no more than 30 days of receipt of notice; provided, however, that if and to the extent such substantial failure cannot be reasonably cured within such 30 day period, and if such party has diligently attempted to cure the same and thereafter continues diligently to cure the same, then the cure period provided for herein shall extend up to, but in no case more than, 60 days after the date of receipt of the notice.

2. For convenience, by Owner effective upon Engineer's receipt of written notice from Owner.

- B. The terminating party under Paragraph 3.01.A may set the effective date of termination at a time up to 30 days later than otherwise provided to allow Engineer to complete tasks whose value would otherwise be lost, to

prepare notes as to the status of completed and uncompleted tasks, and to assemble Project materials in orderly files.

- C. In the event of any termination under Paragraph 3.01, Engineer will be entitled to invoice Owner and to receive full payment for all services performed or furnished in accordance with this Agreement and all reimbursable expenses incurred through the effective date of termination.

4.01 *Successors, Assigns, and Beneficiaries*

- A. Owner and Engineer are hereby bound and the successors, executors, administrators, and legal representatives of Owner and Engineer (and to the extent permitted by Paragraph 4.01.B the assigns of Owner and Engineer) are hereby bound to the other party to this Agreement and to the successors, executors, administrators, and legal representatives (and said assigns) of such other party, in respect of all covenants, agreements, and obligations of this Agreement.
- B. Neither Owner nor Engineer may assign, sublet, or transfer any rights under or interest (including, but without limitation, moneys that are due or may become due) in this Agreement without the written consent of the other, except to the extent that any assignment, subletting, or transfer is mandated or restricted by law. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement.
- C. Unless expressly provided otherwise, nothing in this Agreement shall be construed to create, impose, or give rise to any duty owed by Owner or Engineer to any contractor, subcontractor, supplier, other individual or entity, or to any surety for or employee of any of them. All duties and responsibilities undertaken pursuant to this Agreement will be for the sole and exclusive benefit of Owner and Engineer and not for the benefit of any other party.

5.01 *General Considerations*

- A. The standard of care for all professional engineering and related services performed or furnished by Engineer under this Agreement will be the care and skill ordinarily used by members of the subject profession practicing under similar circumstances at the same time and in the same locality. Engineer makes no warranties, express or implied, under this Agreement or otherwise, in connection with Engineer's services. Subject to the foregoing standard of care, Engineer and its consultants may use or rely upon design elements and information ordinarily or customarily furnished by others, including, but not limited to, specialty contractors, manufacturers, suppliers, and the publishers of technical standards.
- B. Engineer shall not at any time supervise, direct, control, or have authority over any contractor's work, nor shall Engineer have authority over or be responsible for the means, methods, techniques, sequences, or procedures of construction selected or used by any contractor, or the safety precautions and programs incident thereto, for security or safety at the Project site, nor for any failure of a contractor to comply with laws and regulations applicable to such contractor's furnishing and performing of its work.
- C. Engineer neither guarantees the performance of any contractor nor assumes responsibility for any contractor's failure to furnish and perform its work in accordance with the contract between Owner and such contractor. Engineer is not responsible for variations between actual construction bids or costs and Engineer's opinions or estimates regarding construction costs.
- D. Engineer shall not be responsible for the acts or omissions of any contractor, subcontractor, or supplier, or of any of their agents or employees or of any other persons (except Engineer's own employees) at the Project site or otherwise furnishing or performing any construction work; or for any decision made regarding the

construction contract requirements, or any application, interpretation, or clarification of the construction contract other than those made by Engineer.

- E. The general conditions for any construction contract documents prepared hereunder are to be the "Standard General Conditions of the Construction Contract" as prepared by the Engineers Joint Contract Documents Committee (EJCDC C-700) unless the parties agree otherwise.
- F. All documents prepared or furnished by Engineer are instruments of service, and Engineer retains an ownership and property interest (including the copyright and the right of reuse) in such documents, whether or not the Project is completed. Owner shall have a limited license to use the documents on the Project, extensions of the Project, and for related uses of the Owner, subject to receipt by Engineer of full payment for all services relating to preparation of the documents and subject to the following limitations: (1) Owner acknowledges that such documents are not intended or represented to be suitable for use on the Project unless completed by Engineer, or for use or reuse by Owner or others on extensions of the Project, on any other project, or for any other use or purpose, without written verification or adaptation by Engineer; (2) any such use or reuse, or any modification of the documents, without written verification, completion, or adaptation by Engineer, as appropriate for the specific purpose intended, will be at Owner's sole risk and without liability or legal exposure to Engineer or to its officers, directors, members, partners, agents, employees, and consultants; (3) Owner shall indemnify and hold harmless Engineer and its officers, directors, members, partners, agents, employees, and consultants from all claims, damages, losses, and expenses, including attorneys' fees, arising out of or resulting from any use, reuse, or modification of the documents without written verification, completion, or adaptation by Engineer; and (4) such limited license to Owner shall not create any rights in third parties.
- G. To the fullest extent permitted by law, Owner and Engineer (1) waive against each other, and the other's employees, officers, directors, agents, insurers, partners, and consultants, any and all claims for or entitlement to special, incidental, indirect, or consequential damages arising out of, resulting from, or in any way related to the Project, and (2) agree that Engineer's total liability to Owner under this Agreement shall be limited to \$50,000 or the total amount of compensation received by Engineer, whichever is greater.
- H. The parties acknowledge that Engineer's scope of services does not include any services related to a Hazardous Environmental Condition (the presence of asbestos, PCBs, petroleum, hazardous substances or waste as defined by the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§9601 et seq., or radioactive materials). If Engineer or any other party encounters a Hazardous Environmental Condition, Engineer may, at its option and without liability for consequential or any other damages, suspend performance of services on the portion of the Project affected thereby until Owner: (1) retains appropriate specialist consultants or contractors to identify and, as appropriate, abate, remediate, or remove the Hazardous Environmental Condition; and (2) warrants that the Site is in full compliance with applicable Laws and Regulations.
- I. Owner and Engineer agree to negotiate each dispute between them in good faith during the 30 days after notice of dispute, after which, if such negotiations are unsuccessful, the parties may exercise their rights at law.
- J. This Agreement is to be governed by the law of the State of Minnesota, without regard to its conflicts of laws principles.

6.01 *Total Agreement*

- A. This Agreement (including any expressly incorporated attachments), constitutes the entire agreement between Owner and Engineer and supersedes all prior written or oral understandings. This Agreement may only be amended, supplemented, modified, or canceled by a duly executed written instrument.

7.01 *Basis of Payment—Hourly Rates Plus Reimbursable Expenses*

- A. Using the procedures set forth in Paragraph 2.01, Owner shall pay Engineer as follows:
1. An amount equal to the cumulative hours charged to the Project by each class of Engineer's employees times standard hourly rates for each applicable billing class for all services performed on the Project, plus reimbursable expenses and Engineer's consultants' charges, if any.
 2. Engineer's Standard Hourly Rates are attached as Appendix 1.
 3. The total compensation for services and reimbursable expenses is estimated to be \$ 41,898.

7.02 *Additional Services:* For additional services of Engineer's employees engaged directly on the Project, Owner shall pay Engineer an amount equal to the cumulative hours charged to the Project by each class of Engineer's employees times standard hourly rates for each applicable billing class; plus reimbursable expenses and Engineer's consultants' charges, if any. Engineer's standard hourly rates are attached as Appendix 1.

Attachments:

- Appendix 1, Engineer's Reimbursable Expense Rates & Standard Hourly Rates

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, the Effective Date of which is indicated on page 1.

OWNER:

By: _____

Title: _____

Date Signed: _____

Address for giving notices:

ENGINEER:

 _____

By: Justin Klabo

Title: Operations Manager

Date Signed: June 25, 2024

Address for giving notices:

6901 East Fish Lake Road, Suite 184

Maple Grove, MN 55369

Attn: General Counsel

This is **Appendix 1, Engineer's Reimbursable Expense Rates & Standard Hourly Rates Schedules**, referred to in and part of the Short Form of Agreement between Owner and Engineer for Professional Services dated June 6, 2024.

Engineer's Reimbursable Expense Rates & Standard Hourly Rates Schedules

Reimbursable Expenses and Standard Hourly Rates in effect on the date of the Agreement are set forth below. Rates are subject to annual adjustment effective January 1.

Labor Rates*

Administrative 1	\$67.00		
Administrative 2	\$82.00		
Administrative 3	\$99.00	I&C Assistant 1	\$104.00
		I&C Assistant 2	\$129.00
Communications Specialist 1	\$109.00	I&C 1	\$154.00
Communications Specialist 2	\$127.00	I&C 2	\$182.00
Communications Specialist 3	\$146.00	I&C 3	\$205.00
Communications Specialist 4	\$176.00	I&C 4	\$218.00
Communications Specialist 5	\$194.00	I&C 5	\$228.00
Construction Services 1	\$130.00	IT 1	\$135.00
Construction Services 2	\$159.00	IT 2	\$182.00
Construction Services 3	\$176.00	IT 3	\$223.00
Construction Services 4	\$195.00		
Construction Services 5	\$216.00	Land Surveyor Assistant	\$99.00
		Land Surveyor 1	\$119.00
Engineering Assistant 1	\$88.00	Land Surveyor 2	\$144.00
Engineering Assistant 2	\$103.00	Land Surveyor 3	\$163.00
Engineering Assistant 3	\$130.00	Land Surveyor 4	\$179.00
Engineer 1	\$140.00	Land Surveyor 5	\$197.00
Engineer 2	\$168.00		
Engineer 3	\$197.00	Operations Specialist 1	\$104.00
Engineer 4	\$228.00	Operations Specialist 2	\$130.00
Engineer 5	\$244.00	Operations Specialist 3	\$161.00
		Operations Specialist 4	\$184.00
Engineering Technician 1	\$87.00	Operations Specialist 5	\$206.00
Engineering Technician 2	\$109.00		
Engineering Technician 3	\$131.00	Project Coordinator 1	\$120.00
Engineering Technician 4	\$146.00	Project Coordinator 2	\$135.00
Engineering Technician 5	\$167.00	Project Coordinator 3	\$150.00
		Project Coordinator 4	\$166.00
Financial Analyst 1	\$116.00	Project Coordinator 5	\$187.00
Financial Analyst 2	\$132.00		
Financial Analyst 3	\$159.00	Project Manager 1	\$213.00
Financial Analyst 4	\$173.00	Project Manager 2	\$233.00
Financial Analyst 5	\$193.00	Project Manager 3	\$249.00
		Project Manager 4	\$264.00
GIS Specialist 1	\$109.00	Project Manager 5	\$282.00
GIS Specialist 2	\$132.00	Project Manager 6	\$295.00
GIS Specialist 3	\$156.00		
GIS Specialist 4	\$174.00	Sr. Designer 1	\$185.00
GIS Specialist 5	\$194.00	Sr. Designer 2	\$205.00
		Sr. Designer 3	\$220.00
		Sr. Financial Analyst 1	\$218.00
		Sr. Financial Analyst 2	\$239.00
		Sr. Financial Analyst 3	\$259.00
		Technical Expert 1	\$335.00
		Technical Expert 2	Negotiable

Reimbursable Expense Rates

Transportation	\$0.75/mile
Survey Vehicle	\$0.95/mile
Laser Printouts/Photocopies	\$0.30/copy
Plotter Printouts	\$1.00/s.f.
UAS - Photo/Video Grade	\$100.00/day
UAS – Survey	\$50.00/day
Total Station – Robotic	\$35.00/hour
Mapping GPS	\$25.00/hour
Fast Static/RTK GPS	\$50.00/hour
All-Terrain Vehicle/Boat	\$100.00/day
Cellular Modem	\$75.00/month
Web Hosting	\$26.00/month
Legal Services Reimbursement	\$280.00/hour
Outside Services	cost * 1.15
Geotechnical Services	cost * 1.30
Out of Pocket Expenses	cost * 1.15
Rental Car	cost * 1.20
Project Specific Equipment	Negotiable

* Position titles are for labor rate grade purposes only.

These rates are subject to adjustment each year on January 1.



DATE: July 16, 2024
TO: Mayor and City Council
FROM: Jenna Tuma, Parks, Trails, Recreation & Facilities Director
SUBJECT: Proposal - Merrill Hall Floors - Genuine Hardwood Floors

Purpose:

Accept Genuine Hardwood Floor refinish bid for the Merrill Hall building.

Background:

The ongoing mechanical Capital Improvement Project (CIP) at Merrill Hall has left the building almost empty, making accessing the first and second floors convenient. These floors have not been refinished for several years, so this presents an ideal opportunity to refinish them while the spaces are vacant.

The City has received two bids for the project. Genuine Hardwood Floors has submitted the lowest bid and can meet the construction project timeline.

Two bids:

Genuine Hardwood Floors \$ 38,310

Creative Hardwood Floors \$101,916

Budget Impact:

This work falls outside the scope of the CIP project. The funds will be sourced from the Building Maintenance Fund or project cost savings.

Staff Recommendation:

Staff recommends approval for the Genuine Hardwood Floors bid.

Attachments:

1. Merrill Building Genuine Hardwood Floors

GENUINE HARDWOOD FLOORS

40610 100TH STREET

WASECA, MN 56093

JULY 5, 2024

CITY OF OWATONNA

THE MERRILL BUILDING

560 MERRILL DRIVE

ATTN: AARON FITZLOFF

OWATONNA , MN 55060

LEVEL 1 (G0 2)

SAND & FINISH	4 COATS	4,627sq ft	\$18,758.00
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LEVEL 2 (G0 3)

SAND \$ FINISH	4 COATS	4,888 sq ft	\$19,552.00
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TOTAL	\$38,310.00
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DUST & DEBRIS IS THE PROPERTY OWNER'S RESPONSIBILITY. DUMPSTER IS REQUIRED. FINAL PAYMENT IS DUE UPON THE LAST APPLICATION OF FINISH.

ANY QUESTIONS PLEASE FEEL FREE TO CALL.

THANK YOU

TROY O'NEILL

507-521-1478