



The City Council of the City of St. Charles welcomes you to its Regular Meeting of Tuesday, May 10, 2022 at 6:00 p.m. at 830 Whitewater Avenue, City Council Chambers, St. Charles, Minnesota.

ITEM

ACTION REQUESTED

1. Call to Order	
2. Pledge of Allegiance	
3. May 10, 2022 Agenda	APPROVE
4. Meeting Minutes	APPROVE
-April 12, 2022	
-April 26, 2022	
5. May Payables	APPROVE
6. Notices and Communications (if applicable)	INFORMATION
7. Reports of Boards and Committees:	INFORMATION
7a. Administrator's Report, Nick Koverman	
7b. Public Works Superintendent Report, Kyle Karger	
7c. Chief of Police Report, Jose Pelaez	
7d. Ambulance Director, Josh Smith	
7e. Library Board Report, David Kramer	
7e. Park Board, Dave Braun	
7f. EDA, Wayne Getz	
7g. School Board, John Steffel	
8. Special Assessment Hearing	HOLD
9. #13-2022 Approving a Special Assessment	APPROVE
10. 2021 St. Charles Audit – Smith Schafer & Associates	APPROVE
11. Public Hearing Consideration of TIF 1-10 NRB	HOLD
12. Resolution #14-2022 TIF 1-10 NRB	APPROVE
13. NRB TIF Development Agreement	APPROVE
14. Proposed 2023 Electric Project Proposal	DISCUSS/APPROVE
15. Resolution #15-2022 4-Day Temp. Liquor License	APPROVE
16. Resolution #16-2022 1-Day Temp. Liquor License	APPROVE
17. 2022 Summer Park & Rec Hires (TBD)	APPROVE
18. 2022 Glad Days Button Contest Winner (TBD)	APPROVE
19. EMT Hiring Recommendation	APPROVE
20. Resolution #17-2022 Accepting Donation from Moose Lodge #1114	APPROVE
21. 2022 SEMCAC –CIP Contract	APPROVE
22. Habitat For Humanity-Parkland Dedication Request	DISCUSS/APPROVE
23. May Council Date change—May 23, 2022	APPROVE

UNSCHEDULED PUBLIC APPEARANCES: Members of the audience may address any item not on the agenda. State Statute prohibits the City Council from discussing an item that is not on the agenda, but the City Council does listen to your concerns and has staff follow up on any questions you raise.

ADJOURNMENT



**MEMORANDUM for the CITY COUNCIL of St. Charles for
Tuesday, May 10, 2022**

8. **Special Assessment Hearing.** A special assessment hearing will be held.
9. **#13-2022 Approving a Special Assessment.** Please see the enclosed resolution for consideration.
10. **2021 St. Charles Audit**—Jason Boynton (Smith Schafer & Associates) will be present to provide the 2021 audit.
11. **Public Hearing Consideration of TIF 1-10 NRG.**
12. **Resolution #14-2022 TIF 1-10 NRB.** Enclosed is the proposed resolution for consideration. Mike Bubany of David Drown & Associates will be present.
13. **NRB TIF Development Agreement.** Enclosed is a proposed TIF development agreement. Mr. Bubany will highlight the agreement for Council.
14. **Proposed 2023 Electric Project Proposal.** Please see the enclosed Request For Council Action inside.
15. **Resolution #15-2022 4-Day Temp. Liquor License (WC Fair).** Please see the enclosed resolution.
16. **Resolution #16-2022 1-Day Temp. Liquor License (WC Fair).** Please see the enclosed resolution.
17. **2022 Summer Park & Rec Hires (TBD).** Park Board will consider action Monday evening.
18. **2022 Glad Days Button Contest Winner (TBD).** Park Board will consider action Monday evening.
19. **EMT Hiring Recommendation.** It is the recommendation to hire Dustin Dunavan and Paige Dailey as EMTs. Ms. Dailey currently has an EMT license and Mr. Dunavan will be enrolled in the class.
20. **Resolution #17-2022 Accepting Donation from Moose Lodge #1114.** Please see the enclosed resolution for consideration.
21. **2022 SEMCAC –CIP Contract.** Enclosed is the annual contract for consideration.
22. **Habitat For Humanity-Parkland Dedication Request.** The Park Board will consider the request Monday evening and a recommendation will be presented for consideration.
23. **May Council Date change---May 23, 2022.** Given the May 24, 2022 special election a meeting cannot be held that day.

**MINUTES of the ST. CHARLES CITY COUNCIL
for Tuesday, April 12, 2022 held at 6:00 p.m. at
830 Whitewater Avenue,
St. Charles, Minnesota**

MEMBERS PRESENT:

Councilmen:

Mayor John Schaber

Dave Braun

John Steffel

Wayne Getz

David Kramer

STAFF PRESENT: Josh Smith (Ambulance Director), Jose Pelaez (Chief of Police) and Nick Koverman (City Administrator).

OTHERS IN ATTENDANCE: Holly Jacob (EMSRB), Kim Ihrke (St. Charles Press) and Stephanie Nuttall.

1. ESTABLISH QUORUM/CALL TO ORDER

Quorum was established with Mayor Schaber calling the meeting to order at 6:00 p.m.

2. PLEDGE of ALLEGIANCE

3. APPROVAL of the AGENDA:

Motion to approve the agenda.

Motion to approve: **Dave Braun**

No further discussion.

Motion carried.

4. Meeting Minutes

March 8, 2022

Motion to approve: **John Steffel**

No further discussion.

Motion declared carried.

March 22, 2022

Motion to approve: **Wayne Getz**

No further discussion

Motion declared carried.

5. April Payables. No questions were asked.

Motion to approve: **David Kramer**

No further discussion.

Motion declared carried.

6. Notices and communications: The upcoming Project Fine event is scheduled for June 12 and Admin. Koverman requested that any interested members please let him know.

7. Reports of Boards and Committee: St. Charles Ambulance Director Josh Smith provided Council with an update on the discussions and tasks that he had been working on. He stressed the challenge of filling the schedule and expressed the time commitment it will take. He highlighted upcoming meetings and Holly Jacob of the EMSRB regulatory board was present and relayed that a collective of area directors was planning a monthly meeting to be able to connect and assist in question and answers as they could. Council thanked him and expressed their support in his work.

Various other reports were given.

8. Main Street Live Request. Admin. Koverman presented a portion of the Main Street Live request from the Chamber of Commerce that is a partnership for the continued work of the flowerbasket committee. Clm. Steffel, representing the St. Charles Lions, discussed the proposal to continue the project through the partnership with the City to pay the cost of the golf cart and use of labor during the week through the assistance of the park and rec summer help. Steffel provided an overview of the project that included new suspended pots that will attach to the poles versus the hanging baskets. Similar to the flower pots, the baskets will be self-watering and should require less labor. A brief discussion was held regarding the potential idea of the city purchasing a golf cart and it was explained that staff had discussed this, but it was believed that not having the maintenance or storage, renting the cart for only four months a year was more advantageous. A motion was made to approve the request as presented for the city to fund the golf cart and provide labor during the week for watering.

Motion to approve: **Dave Braun**

Abstained: **John Steffel**

No further discussion.

Motion carried.

9. STORM Police Department Training. Police Chief Jose Pelaez presented information on the change of training from Use of Force to STORM training. He outlined the various differences and how the department would be compliant. Other departments had already moved to this new training style and he felt it was to the benefit of the department.

10. EMT Hiring Recommendation. It was the recommendation of the hiring committee to hire Tom Countryman and Katie Kramer as EMTs. A motion was made to approve the recommendation.

Motion to approve: **John Steffel**

No further discussion.

Motion carried.

11. Pay Request No 3 (Pearson Bros.). A pay request in the amount of \$17,636.34 for the 2021 Chip Seal project was requested. Hearing no questions, a motion was made to approve the request.

Motion to approve: **David Kramer**

No further discussion.

Motion carried.

12. Property Pin Practice. Admin. Koverman highlighted past conversations with the Winona County surveyor, Mike Flaherty of Flaherty & Hood, as well as the surveyor from WHKS. The city's past practice had been to assist property owners in locating property pins. Discussion around the practice of and what the city was doing had been in question for several months and recent court documents that fined cities for the practice of "land surveying" were passed on to the city for review. The discussion with the County Surveyor suggested that the City can provide a map showing the GIS Beacon website as a guide and a metal locator, as property owners are allowed to find their own property pins. If the city needs to verify zoning code and setbacks, the city is acting in that capacity and can verify a setback or an easement. It was suggested that a proposed policy be put in place in order to be able to relay to the residents. In discussions with other neighboring communities regarding this issue, a sample policy was not evident. Koverman relayed he would work with the city attorney to formulate a policy for Council consideration for a later meeting. No action was taken.

13. 2022 SRTS Application Letter of Denial. Admin. Koverman highlighted the letter received regarding the news that the Safe Routes To School application for the proposed 2023 high school crossing had been denied. An email from the coordinator relayed that more applications were received than funding allowed. Admin. Koverman relayed that a great deal of conversation with the MnDOT Region VI office had taken place and that in discussions with Supt. Apse, that they believed coming up with a plan to move forward in 2023 as we have current support might be to our advantage despite not receiving funding through the state. The general consensus of the Council agreed with the idea and more discussions will be held.

Unscheduled Public Appearances. None.

Motion to adjourn at 6:49 p.m.: **Wayne Getz**

No further discussion.

Motion carried.

ATTEST

John Schaber, Mayor

Nick Koverman, City Administrator

MINUTES of the ST. CHARLES BOARD OF EQUALIZATION
for Wednesday, April 13, 2022 held at 7:00 p.m. at
830 Whitewater Avenue,
St. Charles, Minnesota

MEMBERS PRESENT:

Councilmen:
Mayor John Schaber
Dave Braun
Wayne Getz
David Kramer
John Steffel

STAFF PRESENT: Nick Koverman City Administrator

OTHERS IN ATTENDANCE: John Conway (County Assessor) and Lindsey Wetzel (assessor).

1. ESTABLISH QUORUM/CALL TO ORDER and ROLL CALL

Quorum was established with Mayor Schaber calling the meeting to order at 7:00 p.m.

2. BUSINESS

County Assessor John Conway and Lindsey Wetzel (assistant assessor) presented the information to the Board of Equalization on the assessment trends and what he sees county wide. He relayed that one request for a building value on Oakview Drive was requested for an apartment building. The building was re-evaluated and due to water issues, the value was dropped to \$202,700. Another residence was evaluated but no change was recommended nor given. Hearing all properties, a motion was made to adjust the property discussed at Oakview Drive to \$202,700.00.

Motion to approve: **David Kramer**

No further discussion.

Motion declared carried.

Seeing that no one was in attendance a motion to adjourn was made.

Motion to adjourn at 7:29 p.m.

Motion to approve: **Wayne Getz**

No further discussion.

Motion declared carried.

John Schaber, Mayor

ATTEST

Nick Koverman, City Administrator

MINUTES of the ST. CHARLES CITY COUNCIL
for Tuesday, April 26, 2022 held at 6:00 p.m. at
830 Whitewater Avenue,
St. Charles, Minnesota

MEMBERS PRESENT:

Councilmen:

Mayor John Schaber

Dave Braun

John Steffel

Wayne Getz

David Kramer

STAFF PRESENT: Cris Gastner (EDA Director), Aaron Carlson (Fire Chief) and Scott Schossow (1st Assistant) and Nick Koverman (City Administrator)

OTHERS IN ATTENDANCE: Mike Bubany (David Drown & Associates), Amanda Hedlund and son (Habitat For Humanity), Kim Irlke, (St. Charles Press) and Dan Pearson (Pearson Builders Inc.)

1. ESTABLISH QUORUM/CALL TO ORDER

Quorum was established with Mayor Schaber calling the meeting to order at 6:00 p.m.

2. PLEDGE of ALLEGIANCE

3. APPROVAL of the AGENDA:

Motion to approve: **Dave Braun**

No discussion.

Motion carried.

4. Notices and communications. None

5. Review of Financials. No questions or comments. A motion was made to approve the financials as presented.

Motion to approve: **Wayne Getz**

No further discussion.

Motion carried.

6. 2023-2023 Fire Truck / Resolution #12-2022 Approving the GO Bond. 7. MRWA Application Fire Engine. Admin. Koverman helped to present information along with Fire Chief Aaron Carlson and 1st Assistant Scott Schossow. The three outlined the discussion over the last several years with respect to developing a plan for truck replacement for the department and a financial plan to pay for the truck. The department reviewed the needs and use of various vehicles and concluded that a replacement engine would be the most appropriate of apparatus' for the department as it could also serve as a pumper for the department. Schossow highlighted the 30 year replacement plan and reviewed the various assumptions of financial support that included funds from the fire relief, tax levy increase, service contracts and a portion of funds from the American Reinvestment Program Act dollars. Due to supply chain issues, a purchase agreement would allow the department to be put on a waiting list that could be 15-21 months. A May 1 date will see an increase in costs of 7 percent or approximately \$49,000 on the proposed \$718,000 expenditure. In addition, Mike Bubany of David Drown & Associates was able to secure an interest rate of 2.85 percent which he indicated he could save the city approximately \$30-\$40K from the lease/finance option offered. The proposed structured plan allowed for the department to make annual payments up to 2029 and then at that time, it could be decided whether or not to extend the loan from the 7 years to the 10 years. Either way there was no payment penalty. Mike Bubany of David Drown & Associates presented information to the Council and relayed that the work he performed, should the council choose to do nothing, would not cost the city anything and that Admin. Koverman was acting within his authority to seek outside guidance for the possible general obligation bond placement. Mr. Bubany reviewed the

options of payment and relayed that the Minnesota Rural Water Association (MRWA) was a good and viable option. USDA, while usually a good option, was not an option as the cost exceeded the \$450,000 maximum. Mr. Bubany reviewed the sources and uses and how the city was within its guidelines to see this type of placement for the purchase of the proposed truck. Admin. Koverman relayed that as part of the financing, in order to reach the additional approximate \$100,000 in additional revenues necessary to make the payment, a portion of the city's contract and levy would need to be increased, but it was estimated that it would only impact the levy by approximately .5 percent. This same incremental approach was being instituted for the benefit of the townships as well as their levies would also need to be increased over time. It was also suggested that \$100,000 of the city's ARPA money be used in the payment of this debt. Koverman briefly highlighted how the fire relief provided for a reserve fund through annual donations that were a result of gambling funds. These funds are specifically held for the fire department and since his time with the organization had been stipulated as a truck/equipment fund. The fund currently had nearly \$300,000 and the plan presented maintained a \$25,000 buffer over time. Cln. Kramer relayed to the fire department representatives that they had spent considerable time and energy working on the plan. Mayor Schaber asked if there were any other questions. Hearing none, he called for a motion to approve resolution #12-2022 authorizing the general obligation funds.

Motion to approve: **Dave Braun**

No further discussion.

Motion carried.

A separate motion to provide for \$100,000.00 of ARPA monies toward the purchase of the truck was moved.

Motion to approve: **John Steffel**

No further discussion.

Motion carried.

A separate motion was made to approve the purchase of the truck and sign the purchase agreement.

Motion to approve: **David Kramer**

No further discussion.

Motion carried.

8. Pine Ridge 2nd Development / Security Agreement Discussion. Alissa Harrington of Flaherty & Hood was present to provide the Council with a review of the findings and determinations with respect to the proposed sliding scale development policy. Harrington reviewed the statutory authority and weighed out the potential risks and unknowns with the proposed policy. To summarize, she indicated that case law did not either support nor challenge the proposed policy guideline. She then highlighted the definitions used and the proposed sliding scale and discount for proposed developments. A brief discussion was held with respect to the application of the guideline to commercial/industrial developments, but it was noted that previously development agreements only were used in residential applications. After listening to all the information, it was asked of Mr. Pearson if he felt the proposed policy would aid in the development of more subdivisions. Mr. Pearson relayed that he felt what was discussed and presented matched and that it in essence seemed more like a partnership. A motion was made to adopt the policy as presented.

Motion to approve: **John Steffel**

No further discussion.

Motion carried.

9. Habitat for Humanity Development Agreement. Executive Director of Habitat for Humanity, Amanda Hedlund, was present to provide the Council with the finalized development agreement for the proposed partnership project between Winona County, SEMMCHRA, and the City of St. Charles. The development would see 5-6 townhome units completed over a multi-year period. The project is contingent on Winona County support of ARPA dollars to help fund the purchase of the project. She then outlined the guidelines of roles and responsibilities for the Council. A second request was to consider the waiving of parkland dedication fees associated with the development, which could be as much as \$3,900.00 (\$650/lot). A motion was made to approve the development agreement.

Motion to approve: **Wayne Getz**

No further discussion.

Motion declared carried.

A motion to table the parkland dedication waiver request and forward to Park Board was moved.

Motion to table: **Dave Braun**

No further discussion.

Motion carried.

10. Admin. Assistant Recommendation. Admin. Koverman presented the Mara Ruhoff as the finalist for the Admin., Assistant position and recommended hiring her at the second step at \$18.18/hr. to begin Monday, May 16th. Mayor Schaber asked if there were any questions and hearing none, a motion to approve the recommendation was made.

Motion to approve: **Wayne Getz**

No further discussion.

Motion declared carried.

11. Resolution #11-2022 Appointing of Election Judges. Mayor Schaber presented the resolution for consideration and a motion to approve was moved.

Motion to approve: **Dave Braun**

No further discussion.

Motion declared carried.

12. Pay Request No. 5—2021 Sidewalk Improvements. A pay request in the amount of \$26,725.56 was requested and no discussion was held. A motion to approve was moved.

Motion to approve: **David Kramer**

No further discussion.

Motion declared carried.

UNSCHEDULED PUBLIC APPEARANCES

None.

A motion to adjourn at 7:07 p.m.

Motion to approve: **Wayne Getz**

No further discussion.

Motion carried.

John Schaber, Mayor

ATTEST:

Nick Koverman, City Administrator

The St. Charles Public Library Presents

SCOTT R. MORCOMB

BRIGADIER GENERAL
USA, RETIRED



**FINDING
FREEDOM
THROUGH
LITERACY AND
LEARNING**



**THURSDAY, MAY 26
6:30 PM**

St. Charles Public Library

ST. CHARLES PUBLIC LIBRARY SUMMER READING PROGRAM KICKOFF

**Read Beyond
The Beaten Path**

Wednesday, June 1
Registration 5 - 8pm

MUSIC WITH THE JOLLY POPS - 6PM

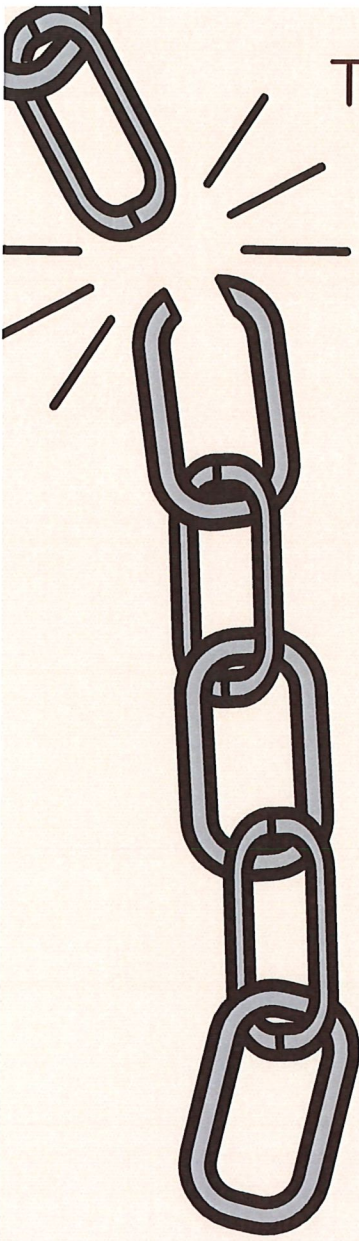
We are Happy Dads,
We are Jolly Pops!

The family music group The Jolly Pops (Chanhassen, MN) combine upbeat, original music with a host of children's standards for a concert that is sure to please kids and adults alike. Take a fun ride with the Happy Dads and their puppet friends as they sing about alligator dancing, popsicles, trains, pet dinosaurs...and everything in between!



This program is made possible by a Library Legacy Grant. All programs are free.





The St. Charles Public Library Presents

ABOLITIONISTS AND THE UNDERGROUD RAILROAD IN THE ST. CHARLES AREA

**FEATURING:
CAROL
JEFFERSON**

**MONDAY, JUNE 6
6:30 PM**

ST. CHARLES PUBLIC LIBRARY



Stories of the Underground Railroad running through southeastern Minnesota have been whispered for generations and Carol Jefferson has spent years tracking them down. She has also collected stories of abolitionists that have relocated to the St. Charles area. Learn about what Jefferson has discovered, and perhaps share a few stories of your own in this special program at the St. Charles Public Library.



ST. CHARLES PUBLIC
LIBRARY PRESENTS:

STORY TIME WITH CHIONE QUINTET

Join us for a special musical Story Time based on Twin Cities author Ka Vang's "Shoua and the Northern Lights Dragon." Hear this story set to beautiful and evocative music composed by fellow Minnesotan Jocelyn Hagen! We'll also share the stories of each of our instruments and the ensemble we create--the wind quintet!

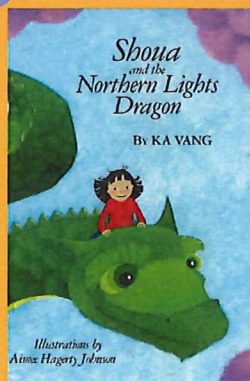
JUNE 9, 2022 | 3:30PM
ST. CHARLES PUBLIC LIBRARY



MINNESOTA
LIBRARY LEGACY



CLEAN
WATER
LAND &
LEGACY
AMENDMENT



St. Charles Public Library
Summer Reading Program
June 1 - August 26, 2022



Weekly Programs

Tuesdays Kids Activity Night
6-8 PM with Winona
County 4-H

Wednesdays
10:30 AM Story Time

Thursdays
6-8 PM Teen Activity Night

Fabulous Fridays
Special Challenges

June 3 Skip

June 10 Tell a Joke

June 17 Wear PJs

June 24 Spin in a Circle

July 1 Dance a Jig

July 8 Make a Funny Face

July 15 Stand on One Foot

July 22 Recommend a Book

July 29 Wear Something Blue

August 5 Flap Your Arms

August 12 Touch Your Toes

August 19 Bark or Meow

August 26 Say "I Love to Read!"

Special Events

Wednesday, June 1

5 - 8 PM Summer Reading
Program Kickoff

6 PM Music with the Jolly Pops

Thursday, June 9

3:30 PM Chione Quintet

Wednesday, June 22

2 PM Snakes of the Blufflands
with Whitewater State
Park

Thursday, June 30

2 PM Fish Printing Program
with Whitewater State
Park

Wednesday, July 13

2 PM Secret Life of Puppets
with Z Puppets
Rosenschnoz

Wednesday, July 27

2 PM Build an Owl with the
International Owl Center

Tuesday, August 2

5:30 - 8 PM National Night Out with
Special Guest Performers
Salsa del Soul

Friday, August 5

2 PM Live Eagle Program
with the National
Eagle Center

Wednesday, August 10

2 PM The Irish Piper with
Laura MacKenzie

Tuesday, August 16

6 PM Water Fight!!
(Rain Date: August 18)



City Administrator's Report—April 2022

April 5—Attended UMMEG steering committee to discuss the REC sales and related transfers.

April 8—Met with WHKS engineers and contractors of the 2021 Street project to receive an update on the plan to complete the project.

April 13—Attended the Board of Equalization meeting.

April 14—Attended the SEMLM executive board meeting to discuss the upcoming policy positions. Also, we heard from the ambulance director of Preston as ambulance services are struggling with staffing levels.

April 15—Met with WHKS to review upcoming trail project and the stream debris removal project.

April 20—Mayor Schaber, Clm. Getz, Melissa Krusmark and myself met with Jason Boynton of Smith Schafer and Associates for the pre-audit.

April 21—Conducted Admin. Assistant Interviews along with Cassie Smith and Shelly Schossow. Held a conference call with interim county administrator Maureen Holte to discuss ambulance services in general.

St. Charles Police Department
830 Whitewater Ave.
St. Charles, MN 55972
Chief, Jose Pelaez #601
(507) 932-8020



May 10, 2022

- Through the month of April, Officers participated in extra distracted driving enforcement campaign. This enforcement campaign is part of the state's Towards Zero Deaths (TZD) traffic safety program aimed to reduce traffic crashes, injuries, and deaths on Minnesota roads.
- Through the month of April, Officers completed OSHA-mandated *Hazardous Materials Awareness Training - Level 1 (Part 2 of 2)*.
- Through the month of April, Officers completed POST-mandated *Mental Health – Part 3 PATROL* training. This course will aid officers in selecting and implementing appropriate intervention strategies to influence the behavior of people in crisis.
- Through the month of April, Officers completed daily department policy trainings (LEXIPOL)
- April 2nd, Officers assisted our Lewiston Police Department partners with traffic control for their annual Fools Five Race in Lewiston.
- April 5th-7th, Chief Pelaez attended the Minnesota Chief's of Police Association's annual conference in Duluth, MN.
- On April 9th, Chief Pelaez represented the St. Charles Police Department at Robyn's Youth Soccer Camp in St. Charles. Kids from 4th-6th grade scrimmaged the members of the St. Charles Police Department, St. Charles Fire Department, and soccer coaching staff during their grand finale game. The event was covered by local news media.
- On April 14th, Chief Pelaez and Sergeant Jones graduated from the Minnesota Crime Prevention Association's *Crime Prevention Practitioner Certification Course*. This was a 3-Day Course hosted in Woodbury, MN. The training covered topics such as Community Policing, Crime Prevention and Strategies, Implementation of Crime Prevention Programs, Crime Prevention Through Environmental Design (CPTED), Current Crime Trends, Crime Analysis, and other topics. The department's goal is to have each Officer obtain this certification.
- On April 26th, Chief Pelaez attended Winona County Emergency Management's *Disaster Response Training for Elected and Senior Officials*. This training was held in the city of Winona and was taught by Minnesota Emergency Management Director, Joe Kelly. The purpose of this course was to introduce senior officials to the important role they play in preparing for, responding to, and recovering from incidents, both natural and manmade.



St. Charles Police Department
830 Whitewater Ave.
St. Charles, MN 55972
Chief, Jose Pelaez #601
(507) 932-8020



- *Community Engagement Art Contest:* The St. Charles Police Department partnered with the St. Charles Elementary School to have an art contest involving students from 3rd-5th grade. The theme of the art contest was "My Friend the Cop". Mrs. Ihrke (Art Teacher) collected all the art contest submissions from her students which were then judged by Mrs. Ihrke and members of the St. Charles Police Department. The winner from each grade will have their art project painted on one of the four new patrol cars. The winners will also have their picture taken next to their art, once they get installed on the new squad cars, and they will also get a police escort/ride to school.

Respectfully submitted,

Chief, Jose Pelaez





St. Charles Police Department

Published by Jose Andres Pelaez · April 9 at 4:46 PM ·



Chief Pelaez joined members of the St. Charles Fire & Rescue and St. Charles Schools staff in a soccer scrimmage game against 5th and 6th graders soccer team. We had great weather and a lot of fun. Maybe we'll win the next game 😊😊👍👍



Reach more people with this post



You could reach up to 676 people daily by boosting your post for \$10.

[See Insights](#)

[Boost post](#)



39

1 Comment · 4 Shares

City of St. Charles

Resolution #13-2022

**RESOLUTION ADOPTING SPECIAL
ASSESSMENT FOR CURRENT SERVICES**

WHEREAS certain accounts for City electric, water, sewer, garbage and recycling services and other services or charges remain past due; and

WHEREAS the owners of said property (29.025.0020; 29.025.0210; and 29.025-0220) have been duly billed and have failed to remit payment for electric, water and sewer and other services or charges; and

WHEREAS, said non-payment was duly brought before the City Council at its regular meeting held May 10, 2022; and

WHEREAS, the owner of the property was advised of the unpaid bill, and have failed to make satisfactory arrangements to pay the same; and

WHEREAS, pursuant to St. Charles City Ordinance §50.06 (H) Collection with Taxes, and MN Section 429.101 the unpaid charges, plus interest at 6% per annum plus County Recording fee, for said services to be assessed against the property service.

NOW THEREFORE, it is resolved by the City Council of St. Charles, Minnesota that the special assessment roll as prepared by the City Clerk, for each account, is hereby adopted, and the clerk is directed to file a copy of the assessment roll with the Winona County Auditor's office for collection with current taxes for the following year(s).

Adopted by the Council of the City of St. Charles, Minnesota this 10th day of May 2022.

John Schaber, Mayor

Attest: _____
Nick Koverman, City Administrator

**City of St. Charles, Minnesota
(Winona County)
Economic Development TIF District No. 1-10
(NRB Metals 2022 Expansion Project)
BASIC TERMS FOR FINANCIAL ASSISTANCE CONTRACT**

The "Company":

NRB Metals, LLC
Attention: Nickolas Beyerstedt
202 Industrial Park Drive
St. Charles, MN 55972

The "Development Site":

That part of the Southeast Quarter of the Southwest Quarter of Section 18, Township 106 North, Range 10 West, Winona County, Minnesota, described as follows:

Beginning at the southeast corner of Lot 3, Block 2, WHITEWATER INDUSTRIAL PARK SECOND SUBDIVISION, according to the plat thereof on file at the County Recorder's Office, said Winona County; thence on an assumed bearing of North 89 degrees 57 minutes 30 seconds West along the south line of said Lot 3 a distance of 247.00 feet to the southwest corner of said Lot 3 and the west line of said WHITEWATER INDUSTRIAL PARK SECOND SUBDIVISION; thence South 00 degrees 02 minutes 30 seconds West along the southerly extension of said west line a distance of 120.00 feet; thence South 89 degrees 57 minutes 30 seconds East on a line parallel to the south line of said Lot 3 a distance of 247.00 feet to the southerly extension line of the west right-of-way line of Industrial Park Drive NW, according to said WHITEWATER INDUSTRIAL PARK SECOND SUBDIVISION; thence North 00 degrees 02 minutes 30 seconds East along said southerly extension line a distance of 120.00 feet to the point of beginning.

The Company Agrees To:

1. Substantially complete construction of the Minimum Improvements by December 31, 2022. Minimum Improvements is defined as the construction of a manufacturing facility expansion with an estimated size of 10,800 square feet and associated site improvements.
2. Not challenge taxable market valuation for duration of contract.
3. Indemnify the City for the project.
4. Not transfer the property without prior permission of the City. Doing so will cause the contract to be null and void.

The City Agrees To:

1. Establish Economic Development Tax Increment Financing District No. 1-10. Tax increments shall be used to reimburse the Company for Site Improvement expenses.
2. Total new PAYG Note of \$120,000 with 4% simple interest. First payment date 8/1/2024, final payment date 2/1/2033. 90% of TIF.

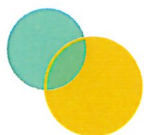
Draft

City of St. Charles, Minnesota

Tax Increment Financing Plan for Tax Increment Financing District No. 1-10 (NRB Metals 2022 Expansion Project)

Public Hearing: May 10, 2022

To be Adopted: May 10, 2022



DDA

David Drown Associates, Inc.

Minneapolis Office:
5029 Upton Avenue South
Minneapolis, MN 55410
612-920-3320 (phone); 612-605-2375 (fax)
www.daviddrown.com

Table of Contents

Section 1	Definitions	2
Section 2	Statement of Need and Public Purpose	2
Section 3	Statutory Authorization.....	2
Section 4	Statement of Objectives.....	2
Section 5	Development Activities for which the City has Designated a Developer	2
Section 6	Property to be Included in the TIF District.....	3
Section 7	Estimated Sources and Uses of Funds (Public Costs).....	3
Section 8	Estimated Impact on Other Taxing Jurisdictions.....	4
Section 9	Fiscal and economic implications.....	4
Section 10	Property to be acquired in the TIF District / Requirement for Agreements	4
Section 11	Estimated Amount of Bonded Indebtedness.....	5
Section 12	Designation of TIF District as an Economic Development District.....	5
Section 13	Original Net Tax Capacity.....	5
Section 14	Original Local Tax Rate	6
Section 15	Projected Retained Captured Net Tax Capacity and Tax Increment.....	6
Section 16	Statutory Duration of the TIF District.....	6
Section 17	Use of Tax Increments – Economic Development Districts	7
Section 18	Use of Tax Increments – General.....	7
Section 19	“Green Acres”	8
Section 20	4-Year Knock-Down Rule.....	8
Section 21	Tax Increment Pooling – 5-year Rule	8
Section 22	Excess Tax Increment	9
Section 23	Limitation on Administrative Expenses	9
Section 24	Prior Planned Improvements.....	9
Section 25	Development Agreements.....	10
Section 26	Business Subsidy Laws.....	10
Section 27	Assessment Agreements	11
Section 28	Modifications of the Tax Increment Financing Plan	11
Section 29	Administration of the Tax Increment Financing Plan	11
Section 30	Financial Reporting and Disclosure Requirements.....	12
Section 31	Findings and Need for Tax Increment Financing.....	13
Exhibits	15

Tax Increment Financing Plan for Tax Increment Financing District No. 1-10

Section 1 Definitions

The terms defined in this section have the meanings given herein, unless the context in which they are used indicates a different meaning:

"City" means the City of St. Charles, Minnesota.

"City Council" means the City Council of the City of St. Charles, Minnesota.

"County" means Winona County, Minnesota.

"County Board" means the County Board of Winona County.

"Developer" means NRB Metals LLC, their successors and assigns, and any other Developer within the boundaries of the Tax Increment Financing District No. 1-10.

"Development District" means Development District No. 1 in the City.

"Development Program" means the Development Program for the Development District.

"Project" means the construction of manufacturing facilities approximately 10,800 square feet in size.

"Project Area" means the geographic area of the Development District.

"School District" means the School District No. 858.

"State" means the State of Minnesota.

"TIF Act" means Minnesota Statutes, Sections 469.174 through 469.1799, both inclusive.

"TIF District" means Economic Development Tax Increment Financing District No. 1-10.

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

Section 2 Statement of Need and Public Purpose

See the Development Program for Development District No. 1 which is on file at the City Administrator's office at City Hall in St. Charles.

Section 3 Statutory Authorization

The City is empowered under the provisions of the TIF Act to establish a tax increment financing district.

Section 4 Statement of Objectives

The objectives of this tax increment financing plan are consistent with the objectives outlined in the Development Program.

Section 5 Development Activities for which the City has Designated a Developer

The Developer has requested tax increment assistance to reimburse them for eligible site improvement expenses for the Project. The request has been made due to the rising construction costs, interest rates, and the general uncertainty in the economy due to the combined impacts of the COVID-19 pandemic and international upheaval.

The City intends to reimburse the Developer for eligible site improvement expenses with tax increments on a Pay-As-You-Go basis.

Section 6 Property to be Included in the TIF District

The boundaries for TIF District No. 1-10 will fully encompass one single tax parcel (PIN to be assigned) described below:

That part of the Southeast Quarter of the Southwest Quarter of Section 18, Township 106 North, Range 10 West, Winona County, Minnesota, described as follows:

Beginning at the southeast corner of Lot 3, Block 2, WHITEWATER INDUSTRIAL PARK SECOND SUBDIVISION, according to the plat thereof on file at the County Recorder's Office, said Winona County; thence on an assumed bearing of North 89 degrees 57 minutes 30 seconds West along the south line of said Lot 3 a distance of 247.00 feet to the southwest corner of said Lot 3 and the west line of said WHITEWATER INDUSTRIAL PARK SECOND SUBDIVISION; thence South 00 degrees 02 minutes 30 seconds West along the southerly extension of said west line a distance of 120.00 feet; thence South 89 degrees 57 minutes 30 seconds East on a line parallel to the south line of said Lot 3 a distance of 247.00 feet to the southerly extension line of the west right-of-way line of Industrial Park Drive NW, according to said WHITEWATER INDUSTRIAL PARK SECOND SUBDIVISION; thence North 00 degrees 02 minutes 30 seconds East along said southerly extension line a distance of 120.00 feet to the point of beginning.

The aforementioned description of land is being split off of an existing parcel (290000160) and will be assigned its own unique PIN once the split is complete.

The boundaries of the TIF District shall include all street rights-of-way and utility or drainage easements located upon or adjacent to the parcel noted above. Refer to Exhibit 1 for the exact boundaries of the TIF District.

Section 7 Estimated Sources and Uses of Funds (Public Costs)

The estimated costs of the proposed development in the TIF District which are eligible for reimbursement with tax increments of the TIF District and the projected sources of revenue available to fund these costs are summarized below.

Estimated Project/Financing Costs to be paid or financed with increment:

<u>Project / Capital Costs:</u>	
Land Acquisition	0
Site Improvement/Prep	120,308
Utilities	0
Other Public Improvements	0
Construction of Affordable Housing	0
Small City Authorized Costs	0
	<u>\$120,308</u>
<u>Finance Costs:</u>	
Bond & Note Interest Expense	<u>\$31,540</u>
<u>Administrative Costs</u>	
Administration funded with TIF	<u>\$16,872</u>
Total Uses of Funds	\$168,720

Estimated Tax Increment Revenues

Tax Increments	168,720
Investment Interest	0
Sales/Lease Proceeds	0
Market Value Homestead Credit	0

Total Sources of Funds **\$168,720**

Estimated Amount of Bonds **\$137,180**

The City reserves the right to adjust the amount of Capital and Administrative line items listed above or to incorporate additional eligible items, so long as the total Capital and Administrative costs are not increased (\$137,180). Adjusting financing costs, principal or interest, will require a public hearing and formal TIF Plan modification process pursuant to Minnesota Statutes Section 469.175 Subd. 4. The City also reserves the right to fund any of the identified costs with any other legally available revenues but anticipates that such costs will be primarily financed with tax increments. Therefore, the total estimated costs to be financed with tax increments, including capital costs, administrative costs and financing costs (interest) is \$168,720.

Section 8 Estimated Impact on Other Taxing Jurisdictions

Exhibit 4 shows the estimated impact on other taxing jurisdictions if the projected Retained Captured Net Tax Capacity of the TIF District were hypothetically available to the other jurisdictions. The City believes that there will be no adverse impact on other taxing jurisdictions during the life of the TIF District, since the proposed development would not have occurred without the establishment of the TIF District and the provision of public assistance. A positive impact on other taxing jurisdictions will occur when the TIF District is decertified and the development therein becomes part of the general tax base.

Section 9 Fiscal and economic implications

M.S. Section 469.175 Subdivision 2(b) requires a specific description of the fiscal and economic implications of the proposed TIF District. Please refer to Exhibit 4 for an estimate of the captured tax increments by jurisdiction. The probable impact of the TIF District on City-provided services such as police and fire protection, public infrastructure, and the impact of any general obligation tax increment bonds attributable to the TIF District upon the City's ability to issue other debt for general fund purposes are minimal. This statement is made on the following findings:

It is the opinion of the City that the existing sanitary wastewater and water systems of the City have adequate capacity to serve the project and are ultimately paid for through utility rates which this new development will pay. In terms of fire and police protection, it is the City's opinion that there will be no significant increase in police calls or the need for additional fire protection personnel for the City. Additionally, it is the opinion of the City that police and fire protection services can be provided to the TIF District with no identifiable budget impacts or the direct need for any additional capital equipment.

Since the development is taking place in an already developed area of the City, no impact is expected in terms of snow removal and/or road maintenance costs. The factors supporting this finding include the nature of the project, the relatively short duration of this TIF District, its projected tenants, and its location in the City.

The City intends to assist the Project utilizing Pay-As-You-Go financing to reduce site improvement costs for the Developer. This type of debt instrument does not apply to the City's legal debt limit, nor does it carry the City's General Obligation pledge. As such, this TIF District will not have an adverse impact on the City's current bond credit rating or capacity to borrow for future projects.

Section 10 Property to be acquired in the TIF District / Requirement for Agreements

The City does not intend to acquire any parcels directly with tax increments.

Section 11 Estimated Amount of Bonded Indebtedness

The Authority reserves the right to fund all Project costs permitted by law using internal funding, general obligation bonds, pay-as-you-go financing or any other financing mechanism authorized by law. The maximum amount of bonds to be funded with tax increment revenue from TIF District No. 1-10 is \$137,180.

Internal Loans, including a negative balance in the TIF fund, must be authorized by resolution of the entity advancing the loan before money is transferred, advanced or spent. The resolution must include the terms and conditions for repayment of the loan to include, at a minimum, the principal amount of the loan, the interest rate and the maximum term. The interest rate to be charged on internal loans shall not exceed the greater of the rates specified under Minnesota Statutes 270C.40 or 549.09 as of the date this Plan is approved, which is currently 4%.

Section 12 Designation of TIF District as an Economic Development District

Economic development districts are a type of tax increment financing district which consists of any project which the City finds to be in the public interest because:

1. it will discourage commerce, industry, or manufacturing from moving their operations to another state or municipality;
2. it will result in increased employment in the state; or
3. it will result in preservation and enhancement of the tax base of the state.

The TIF District qualifies as an economic development district in that the proposed development described in this TIF Plan (see Sections 5 and 17) and will increase both tax base and employment opportunities within the City. Without establishment of the TIF District, the proposed development would not occur within the City. This finding is supported by a letter submitted by the Developer stating that but for the use of tax increment financing the Project could not proceed.

Section 13 Original Net Tax Capacity

The County Auditor will certify the Original Net Tax Capacity of the TIF District, which will be the total Net Tax Capacity of all property in the TIF District as certified by the State Commissioner of Revenue. For districts certified between January 1 and June 30, inclusive, this value is based on the previous assessment year. For districts certified between July 1 and December 31, inclusive, this value is based on the current assessment year.

The City intends to file the request for certification after July 1, 2022. As such, the Original Tax Capacity will be the net tax capacity as of January 2, 2022 (assessed value for taxes payable 2023).

The Market Value of all property within the TIF District as of January 2, 2022 for taxes payable in 2023 is estimated at \$10,941. At this value, the Original Net Tax Capacity of the TIF District would be \$164 (see Exhibit 2).

Each year the County Auditor will certify the amount that the Original Net Tax Capacity has increased or decreased as a result of:

1. changes in the tax-exempt status of property;
2. reductions or enlargements of the geographic area of the TIF District;
3. changes due to stipulation agreements or abatements; or
4. changes in classification rates.

Section 14 Original Local Tax Rate

The County Auditor shall also certify the Original Local Tax Rate of the TIF District. This rate shall be the sum of all local tax rates that apply to property in the TIF District. This rate shall be for the same taxes payable year as the Original Net Tax Capacity.

In future years, the amount of tax increment generated by the TIF District will be calculated using the lesser of (a) the sum of the current local tax rates at that time or (b) the Original Local Tax Rate of the TIF District.

As noted in Section 13, the City intends to file the TIF District for certification after July 1, 2022; therefore, the Original Local Tax Rate will be the rate that applies for taxes payable in 2023, which is unknown at this time. The rates associated with taxes payable 2022 are included for estimation purposes only:

<u>Taxing Jurisdiction</u>	<u>2021/2022 Local Tax Rate</u>
City of St. Charles	49.166%
Winona County	37.998%
School District 858*	20.756%
Other	3.018%
Total	110.938%

The projected original local tax rate does not include the State of Minnesota property tax rate on commercial, industrial and seasonal recreation property, which is estimated to be 36.289% for 2022. The state property tax is *not* captured as tax increment.

** Minnesota Statutes Section 469.177 Subd. 1a was amended in 2013 redefining what portion of the local school district tax capacity rate will be used in calculating tax increments. Specifically, this amendment now excludes that portion of the school rate attributable to the general education levy under Section 126C.13. The rate shown is an estimate of the applicable rate.*

Section 15 Projected Retained Captured Net Tax Capacity and Tax Increment

Each year the County Auditor will determine the current net tax capacity of all property in the TIF District. To the extent that this total exceeds the Original Net Tax Capacity, the difference shall be known as the Captured Net Tax Capacity of the TIF District. It is the City's intention to retain 100% of the Captured Net Tax Capacity of the TIF District.

Exhibit 3 estimates the total amount of retained net captured tax capacity, gross tax increments, adjustments, and the net tax increment revenues which will be available annually and cumulatively over the life of the TIF District.

Section 16 Statutory Duration of the TIF District

Economic development districts may remain in existence for eight years from the date of receipt of the first tax increment. This produces nine (9) annual collections of tax increments. Modifications of this plan (see Section 28) may not extend these limitations unless the City elects under certain circumstances to extend the duration of TIF District in order to recover eligible pollution cleanup costs incurred by the City (see M.S. Section 469.176, Subd. 1g for details).

The City intends to request certification of this TIF District after July 1st, 2022. As such, the City expects 2024 to be the first year to collect tax increment revenues. The City expects this TIF District to remain in existence the maximum duration allowed by law. Therefore, the expected date of required decertification is stated as December 31st, 2032.

Section 17 Use of Tax Increments – Economic Development Districts

Pursuant to Minnesota Statutes Section 469.176 Subd. 4, tax increments from an economic development district typically must be used solely to provide improvements, loans, subsidies, grants, interest rate subsidies, or other assistance in which at least 85% of the square footage of the facilities to be constructed are used for any of the following purposes:

1. manufacturing, production, or processing of tangible personal property;
2. warehousing, storage and distribution of tangible personal property, excluding retail sales;
3. research and development related to the activities listed in (1) or (2) above;
4. telemarketing if that activity is the exclusive use of the property;
5. tourism facilities as defined in M.S. Section 469.174, Subdivision 22; or
6. space necessary for and related to the activities listed in (1) through (5) above.

This TIF District satisfies the requirements for an Economic Development TIF District. See Section 5.

Section 18 Use of Tax Increments – General

Each year County Treasurer shall deduct an estimated 0.36% of the annual tax increment generated by the TIF District and pay such amount to the state general fund. Such amounts will be appropriated to the state auditor for the cost of financial reporting and auditing of tax increment financing information throughout the state. Exhibit 3 shows the projected deduction for this purpose over the anticipated life of the TIF District.

The City has determined that it will use 100% of the remaining tax increment generated by the TIF District for any of the following purposes:

1. Pay for the estimated public costs of the TIF District (including administrative expenses, see Section 7) and City administrative costs associated with the TIF District (see Section 29);
2. pay principal and interest on tax increment bonds, notes or other financial obligations issued to finance the public costs of the TIF District;
3. accumulate a reserve securing the payment of tax increment bonds or other bonds issued to finance the public costs of the TIF District;
4. pay all or a portion of the County road costs as may be required by the County Board under M.S. Section 469.175, Subdivision 1a; or
5. return excess tax increments to the County Auditor for redistribution to the City, County and School District in proportion to their local tax capacity rates.

Tax increments from property located in one county must be expended for the direct and primary benefit of a project located within that county, unless the County Board involved waives this requirement. Tax increments shall not be used to circumvent levy limitations.

Tax increment may not be used to finance the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the State or Federal government. Further, tax increments may not be used to finance: a commons area used as a public park; facilities used for social or recreational purposes (whether public or private); or publicly owned facilities used for conference purposes; provided that tax increment may be used for a privately owned conference facility, and for parking structures whether public or privately owned and

whether or not they are ancillary to one of the otherwise prohibited uses described above.

If there exist any type of agreement or arrangement providing for the developer, or other beneficiary of assistance, to repay all or a portion of the assistance that was paid or financed with tax increments, such payments shall be subject to all of the restrictions imposed on the use of tax increments. Assistance includes sales of property at less than the cost of acquisition or fair market value, grants, ground or other leases at less than fair market rent, interest rate subsidies, utility service connections, roads, or other similar assistance that would otherwise be paid for by the developer or beneficiary.

Section 19 “Green Acres”

The TIF District may not include parcels that qualified as “green acres” in any of the five (5) years preceding the request for certification, unless 85% of development in the district is restricted to Qualified Facilities which pay at least 90% of employee’s wages equal to or greater than 160% of the federal minimum wage.

None of the parcels located within the TIF District was enrolled in the Green Acres program (see M.S. 273.111) within the prior five years of the anticipated certification request date.

Section 20 4-Year Knock-Down Rule

If after four years from certification of the TIF District no demolition, rehabilitation, renovation, or qualified improvement of an adjacent street has commenced on a parcel located within the TIF District, then that parcel shall be excluded from the TIF District, and the Original Net Tax Capacity shall be adjusted accordingly. Qualified improvements of a street are limited to construction or opening of a new street, relocation of a street, or substantial reconstruction or rebuilding of an existing street. The City must submit to the County Auditor, by February 1 of the fifth year, evidence that the required activity has taken place for each parcel in the TIF District.

If a parcel is excluded from the TIF District and the City or owner of the parcel subsequently commences any of the above activities, the City shall certify to the County Auditor that such activity has commenced, and the parcel shall once again be included in the TIF District. The County Auditor shall certify the Net Tax Capacity of the parcel, as most recently certified by the Commissioner of Revenue, and add such amount to the Original Net Tax Capacity of the TIF District.

Section 21 Tax Increment Pooling – 5-year Rule

At least 80% of the tax increments from the TIF District must be expended on activities within the district or to pay for bonds used to finance the estimated public costs of the TIF District. No more than 20% of the tax increments may be spent on costs outside of the TIF District, but within the boundaries of the Project Area. All administrative expenses are considered to have been spent outside of the TIF District. Tax increments are considered to have been spent within the TIF District if such amounts are:

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

Beginning with the sixth year following certification of the TIF District, at least 80% of the tax increments must be used to pay outstanding bonds or make contractual payments obligated within the first five years. When

outstanding bonds have been defeased and sufficient money has been set aside to pay for such contractual obligations, the TIF District must be decertified.

The City does not anticipate the need to pool tax increment revenues between this TIF District and other existing or future TIF Districts within Development District No. 1.

Section 22 Excess Tax Increment

On December 31st of each year, the City must determine the amount of excess increments for the TIF District. See M.S. Section 469.176 subdivision 2 for a complete definition. Excess increments may only be used to:

1. prepay any outstanding tax increment Bonds
2. discharge the pledge of tax increments on any outstanding Bonds
3. pay amounts into an escrow account dedicated to the payment of any outstanding Bonds, or
4. return excess tax increments to the County Auditor for redistribution to the City, County and School District in proportion to their local tax capacity rates. The County Auditor must report to the Commissioner of Education the amount of any excess tax increment redistributed to the School District within 30 days of such redistribution.

Allocation of excess increments must be completed by September 30th in the year following the year in which excess increments were generated.

Section 23 Limitation on Administrative Expenses

Administrative expenses are defined as all costs of the City other than:

1. amounts paid for the purchase of land
2. amounts paid for materials and services, including architectural and engineering services directly connected with the proposed development within the TIF District
3. relocation benefits paid to, or services provided for, persons or businesses located within the TIF District or
4. amounts used to pay interest on, fund a reserve for, or sell at a discount, tax increment bonds
5. amounts used to make payments on other financial obligations used to finance costs outlined above

Administrative expenses include amounts paid for services provided by bond counsel, fiscal consultants, planning or economic development consultants, and actual costs incurred by the City in administering the TIF District. For TIF Districts with certification request dates after July 31, 2001 tax increments may be used to pay administrative expenses of the TIF District up to the lesser of (a) 10% of the total tax increment expenditures authorized by the TIF plan or (b) 10% of the total tax increments received by the TIF District. However, tax increments used to pay County expenses pursuant to M.S. Section 469.176 Subd. 3(d) are not subject to these percentage limits.

The City intends to retain the full 10% of tax increment collected allowed by law to pay its expenses related to administering the TIF District. See Exhibit 3.

Section 24 Prior Planned Improvements

The City shall accompany its request for certification to the County Auditor with a listing of all properties within the TIF District for which building permits have been issued during the 18 months immediately preceding approval of the TIF Plan. The County Auditor shall increase the Original Net Tax Capacity of the TIF District by the net tax capacity of each improvement for which a building permit was issued.

The City has issued no building permits for properties within the TIF District during the past 18 months.

Section 25 Development Agreements

If more than 10% of the acreage of a project (which contains an economic development district) is to be acquired by the City with proceeds from tax increment bonds then, prior to such acquisition, the City must enter into an agreement for the development of the property. Such agreement must provide recourse for the City should the development not be completed.

The City does not intend to acquire any land within the TIF District utilizing tax increments. See Section 10.

Section 26 Business Subsidy Laws

Minnesota Statutes 116J.994 requires a City or Authority providing financial assistance of between \$25,000-150,000 or a business subsidy worth \$150,000 or more to complete an approval process as described below. Housing projects and many redevelopment projects are exempt from the requirements.

For financial assistance of \$25,000-149,999:

1. Adopt criteria for awarding business subsidies following a public hearing
2. Complete the Financial Assistance Report annually for two years

For a business subsidy of \$150,000 or more, the Authority must complete the following:

1. Adopt criteria for awarding business subsidies following a public hearing
2. Conduct a public hearing on the subsidy, after providing at least 10 days published notice in the local newspaper
3. Enter into a subsidy agreement which must include the following information and requirements:
 - a. A description of the subsidy
 - b. A statement of the public purpose and goals of the subsidy
 - c. Wage and job creation goals (or job retention goals, if job loss is imminent and demonstrable) to be achieved within 2 years of receiving the subsidy
 - d. A description of the recipient's financial obligation if the goals are not met. The recipient must pay back the assistance with interest if goals are not met, although pro-ratio to reflect partial fulfillment of goals is permitted
 - e. A statement of why the subsidy is needed
 - f. A commitment from the recipient to continue operations at the site for at least 5 years
 - g. The name and address of the parent company of the recipient
 - h. A list of all other financial assistance to the project; and
 - i. A requirement for the recipient to provide the Authority and the Department of Employment and Economic Development with annual information regarding goals for two years after receiving the subsidy or until the goals are achieved. The reports must be filed by March 1 for the prior year.

The amount of assistance contemplated in this plan is expected to fall below \$150,000 and therefore will not require a public hearing per the Business Subsidy Act.

Section 27 Assessment Agreements

The City may, upon entering into a development agreement, also enter into an assessment agreement with the Developer or any other person, which establishes a minimum market value of the land and improvements for each year during the life of the TIF District.

The assessment agreement shall be presented to the County or City Assessor who shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land, and so long as the minimum market value contained in the assessment agreement appears to be a reasonable estimate, shall certify the assessment agreement as reasonable. The assessment agreement shall be filed for record in the office of the County Recorder of each county where the property is located. Any modification or premature termination of this agreement must first be approved by the City, and if the project is valued below the minimum market value, also approved by the County and School District.

Section 28 Modifications of the Tax Increment Financing Plan

Any reduction or enlargement in the geographic area of the Project Area or the TIF District; increase in the amount of bonded indebtedness to be incurred; increase in the amount of capitalized interest; increase in that portion of the Captured Net Tax Capacity to be retained by the City; increase in the total estimated capital and administrative costs; or designation of additional property to be acquired by the City shall be approved only after satisfying all the necessary requirements for approval of the original TIF Plan. This paragraph does not apply if:

1. the only modification is elimination of parcels from the Project Area or the TIF District; and
2. the current net tax capacity of the parcels eliminated equals or exceeds the net tax capacity of those parcels in the TIF District's Original Net Tax Capacity, or the City agrees that the TIF District's Original Net Tax Capacity will be reduced by no more than the current net tax capacity of the parcels eliminated.

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

Section 29 Administration of the Tax Increment Financing Plan

After adoption of the TIF Plan, the City shall submit a copy of such plan to the State Auditor's Office. The City shall also request that the County Auditor certify the Original Net Tax Capacity and Net Tax Capacity Rate of the TIF District. To assist the County Auditor in this process, the City shall submit copies of the TIF Plan, the resolution establishing the TIF District and adopting the TIF Plan, and a listing of any prior planned improvements. The City shall also send the County Assessor any assessment agreement establishing the minimum market value of land and improvements in the TIF District and shall request that the County Assessor review and certify this assessment agreement as reasonable.

The County shall distribute to the City the amount of tax increment as it becomes available. The amount of tax increment in any year represents the applicable property taxes generated by the Retained Captured Net Tax Capacity of the TIF District. The amount of tax increment may change due to development anticipated by the TIF Plan, other development, inflation of property values, or changes in property classification rates or formulas.

In administering and implementing the TIF Plan, the following actions should occur on an annual basis:

1. Prior to July 1, the City shall notify the County Assessor of any new development that has occurred in the TIF District during the past year to ensure that the new value will be recorded in a timely manner.
2. If the County Auditor receives the request for certification of a new TIF District, or for modification of an existing TIF District, before July 1, the request shall be recognized in determining local tax rates for the

current and subsequent levy years. Requests received on or after July 1 shall be used to determine local tax rates in subsequent years.

Each year the County Auditor shall certify the amount of the Original Net Tax Capacity of the TIF District. The amount certified shall reflect any changes that occur as a result of the following:

1. the value of property that changes from tax-exempt to taxable shall be added to the Original Net Tax Capacity of the TIF District. The reverse shall also apply.
2. the Original Net Tax Capacity may be modified by any approved enlargement or reduction of the TIF District
3. if laws governing the classification of real property cause changes to the percentage of Estimated Market Value to be applied for property tax purposes, then the resulting increase or decrease in net tax capacity shall be applied proportionately to the Original Net Tax Capacity and the Retained Captured Net Tax Capacity of the TIF District

The County Auditor shall notify the City of all changes made to the Original Net Tax Capacity of the TIF District.

Section 30 Financial Reporting and Disclosure Requirements

The City is responsible for information and financial reporting on the activities of the TIF District. These responsibilities include:

1. Prepare and Publish an Annual Statement. No later than August 1 of each year, the City must prepare and publish an annual statement which includes at least the following information:
 - (a) tax increment received and expended in that year
 - (b) Original Net Tax Capacity
 - (c) captured Net Tax Capacity
 - (d) amount of outstanding bonded indebtedness
 - (e) increments paid to other government bodies
 - (f) administrative costs
 - (g) increments paid directly or indirectly outside of the district
 - (h) if a fiscal disparities contribution is computed under section 469.177, Subd. 3(a), the increase in property tax imposed on other properties in the municipality as a result of the fiscal disparities contribution in the manner prescribed by the commissioner of revenue.

A copy of the annual statement must also be provided to the State Auditor, county board and county auditor, and the municipality.

2. Prepare an Annual Report. (469.175 Subds. 5 and 6) The State Auditor enforces the provisions of the TIF Act and has full responsibility for financial and compliance auditing of the City's use of tax increment financing. The State Auditor's office provides detailed tax increment reporting forms for use in complying with annual reporting requirements. On or before August 1 of each year, the City and/or the City must prepare a status and financial report for the TIF District and submit it to the state auditor, the county board, the county auditor, and the governing body of the municipality, if the municipality is not also the City.
3. Prepare a Minnesota Business Assistance Form. (116J.994) By April 1, the Authority must submit a report to the Department of Employment and Economic Development:
 - a. "Financial Assistance" Report for assistance greater than \$25,000 but less than \$150,000.

- b. A "JOBZ Business Subsidy Form" or "Non-JOBZ Business Subsidy" for assistance of \$150,000 or greater to report on wage and job goals and progress made in achieving them. A reporting form is provided by the Department and must be submitted for each business which has received TIF assistance.

Section 31 Findings and Need for Tax Increment Financing

In establishing the TIF District, the City makes the following findings:

1. The TIF District qualifies as an economic development district.

The TIF District qualifies as an economic development district in that the proposed development described in this TIF Plan (see Section 5) meets all of the criteria listed in Sections 12, 17 and 18 above.

2. The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future, and the increased market value of the site that could reasonably be expected to occur without the use of tax increment would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan;

The above finding is based on a letter submitted by the Developer stating that without the use of tax increment financing the Project could not proceed.

The City has further determined that no other development is expected to occur that would create a greater market value than that proposed, adjusting for the tax increment assistance. Any other development of the TIF District would have to create a market value increase of more than \$715,384 in order to exceed the value increase expected under the current proposal, after subtracting the present value of the tax increment for 9 years (See Market Value Analysis, Exhibit 5). Due to the amount of time the site in question has sat in its current condition the City has no reason to expect any significant development to occur without tax increment assistance. Therefore, the City reasonably believes that the expected increase in market value at this site without TIF assistance is limited to appreciation in existing real estate value, estimated to be approximately \$1,094 over the life of the TIF District.

To summarize the basis for the City's findings, the City makes the following determinations:

- a) *The City's estimate of the amount by which the market value of the site will increase without the use of tax increment financing is \$1,094 (for the reasons described above).*
- b) *If the proposed development to be assisted with tax increment occurs in the TIF District, the total increase in market value would be approximately \$849,059. The increase in market value would be due primarily to new construction within the TIF District. (See Exhibit 3)*
- c) *The present value of tax increments from the TIF District for the maximum duration of the district permitted by the TIF Plan is estimated to \$133,676 (See Exhibit 5)*
- d) *Even if some development other than the proposed development were to occur, the City Council finds that no alternative would occur that would produce a market value increase greater than \$715,383 (the amount in clause b less the amount in clause c) without tax increment assistance.*

3. The TIF Plan conforms to the general plan for development or redevelopment of the City as a whole.

The reasons and facts supporting this finding are that the development proposal is consistent with the City's zoning ordinances and comprehensive plans for the area and serves to promote the City's development objectives.

4. The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development of the Project Area by private enterprise.

The reasons and facts supporting this finding are that the assistance provided in this TIF Plan will assist in the construction of manufacturing facilities.

Exhibits

Map of Tax Increment Financing District and Project Area..... Exhibit 1

Parcels and Valuations..... Exhibit 2

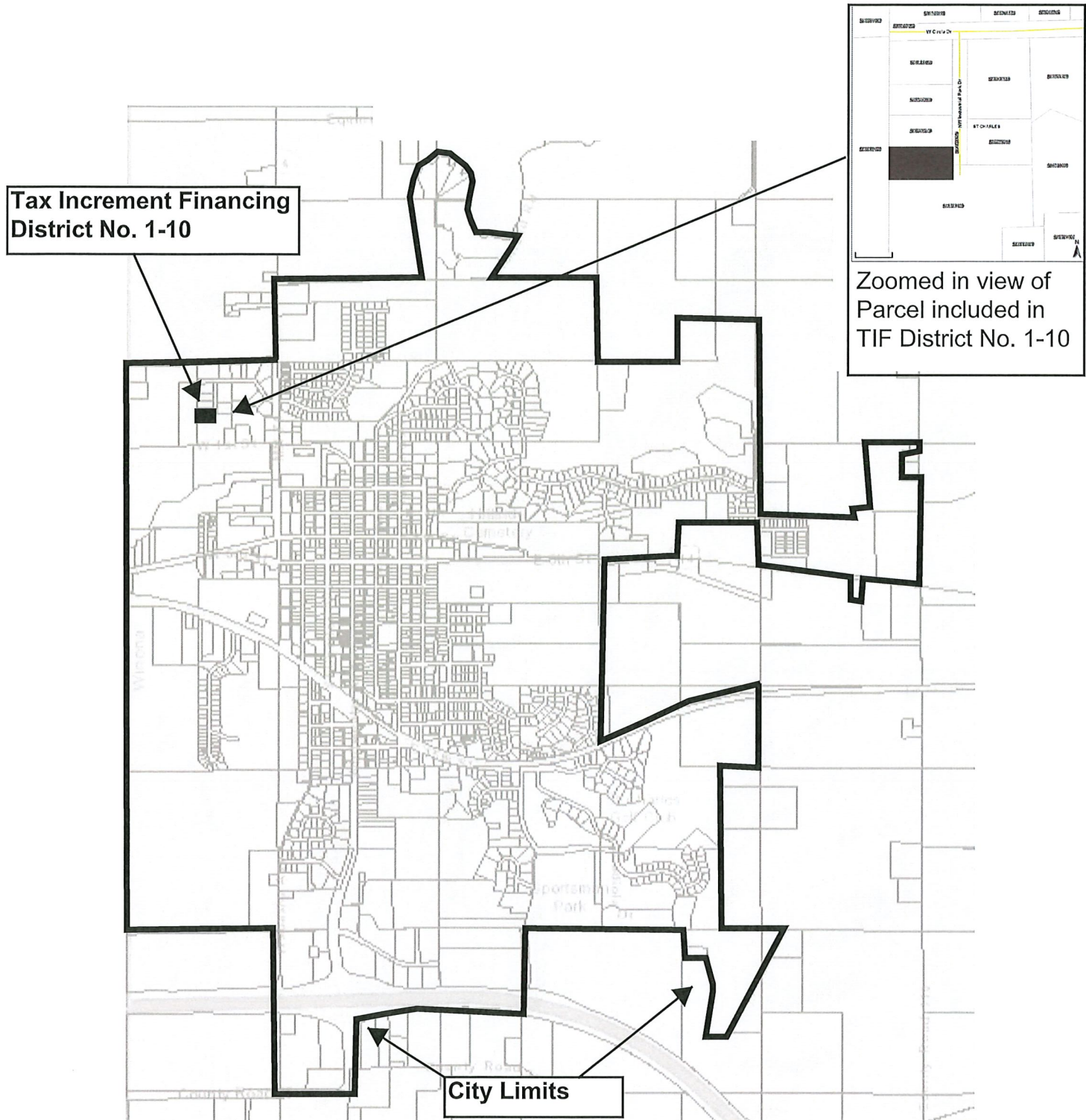
Tax Increment Projections..... Exhibit 3

Statement of Fiscal and Economic Impacts..... Exhibit 4

Market Value Analysis..... Exhibit 5

City of St. Charles, Minnesota

Tax Increment Financing District No. 1-10



The boundaries of Municipal Development District No. 1 are coterminous with City Limits.

City of St. Charles, Minnesota
Economic Development Tax Increment Financing District No. 1-10
Parcel Summary

NRB Metals 2022 Expansion Project

<u>Property Owner</u>	<u>Parcel ID Nos.</u>	<u>Market Value</u> <u>Building</u>	<u>Market Value Land</u>	<u>TOTAL MARKET</u> <u>VALUE</u>	<u>Estimated</u> <u>Original Tax</u> <u>Capacity</u>
Pearson Properties Inc	290000160*	\$ -	\$ 10,941	\$ 10,941	\$164
TOTALS		\$ -	\$ 10,941	\$ 10,941	\$ 164

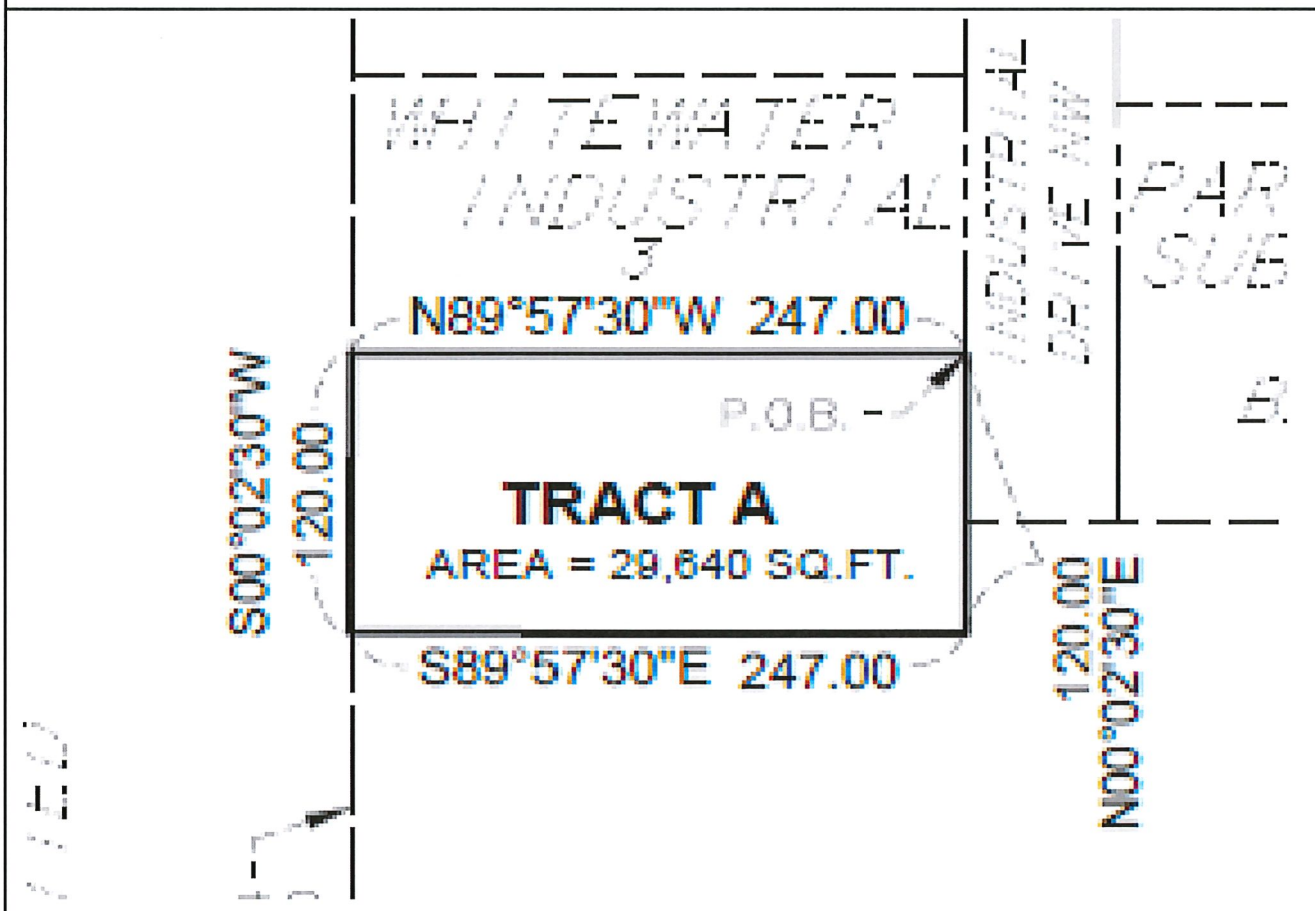
NOTE: Original Market Values and Tax Capacity figures are based upon taxes payable 2022. These figures are subject to change as the City intends to request certification AFTER July 1, 2022. Therefore actual numbers will be based on assessed values for taxes payable 2023 which are unknown at this time.

* The Developer for the Project will only be purchasing a portion of the parcel noted above, which will be assigned a new parcel number once the split is complete. Only a prorated estimate of value is used for estimating Original Tax Capacity. The TIF District boundaries will be coterminous with this new tax parcel.

LEGAL DESCRIPTION OF NEW PARCEL

That part of the Southeast Quarter of the Southwest Quarter of Section 18, Township 106 North, Range 10 West, Winona County, Minnesota, described as follows:

Beginning at the southeast corner of Lot 3, Block 2, WHITEWATER INDUSTRIAL PARK SECOND SUBDIVISION, according to the plat thereof on file at the County Recorder's Office, said Winona County; thence on an assumed bearing of North 89 degrees 57 minutes 30 seconds West along the south line of said Lot 3 a distance of 247.00 feet to the southwest corner of said Lot 3 and the west line of said WHITEWATER INDUSTRIAL PARK SECOND SUBDIVISION; thence South 00 degrees 02 minutes 30 seconds West along the southerly extension of said west line a distance of 120.00 feet; thence South 89 degrees 57 minutes 30 seconds East on a line parallel to the south line of said Lot 3 a distance of 247.00 feet to the southerly extension line of the west right-of-way line of Industrial Park Drive NW, according to said WHITEWATER INDUSTRIAL PARK SECOND SUBDIVISION; thence North 00 degrees 02 minutes 30 seconds East along said southerly extension line a distance of 120.00 feet to the point of beginning.



City of St. Charles, Minnesota
Economic Development Tax Increment Financing District No. 1-10

NRB Metals 2022 Expansion Project

Tax Increment Projections

Valuations & Projected Increases

	Market Value	Tax Capacity
Original Values*	\$ 10,941	\$ 164
Projected New Value	\$ 860,000	\$ 16,450
Captured Values	\$ 849,059	\$ 16,286

Tax Rate Assumptions:

	2021/2022 Rate*	Applicable TIF Tax Rate*
City of St. Charles	49.166%	49.166%
County of Winona	37.998%	37.998%
ISD No. 858**	24.100%	20.756%
Other	3.018%	3.018%
	<u>114.282%</u>	<u>110.938%</u>

Projected Tax Increment

1.0% MV Inflation

Payable Year	Original Tax Capacity	Projected Tax Capacity	Net Captured Tax Capacity	Less Fiscal Disparities	Retained Net Captured Tax Capacity	Projected Tax Rate*	Less State Auditor's Deduction	Gross Tax Increment	Adjustments 10.00% Admin. Retainage	TOTAL NET REVENUES
2022	164	164	-	-	-	110.938%	-	-	-	-
2023	164	164	-	-	-	110.938%	-	-	-	-
2024	164	16,450	16,286	-	16,286	110.938%	(65)	18,002	1,800	16,202
2025	164	16,615	16,450	-	16,450	110.938%	(66)	18,184	1,818	16,366
2026	164	16,781	16,617	-	16,617	110.938%	(66)	18,368	1,837	16,531
2027	164	16,948	16,784	-	16,784	110.938%	(67)	18,553	1,855	16,698
2028	164	17,118	16,954	-	16,954	110.938%	(68)	18,740	1,874	16,866
2029	164	17,289	17,125	-	17,125	110.938%	(68)	18,930	1,893	17,037
2030	164	17,462	17,298	-	17,298	110.938%	(69)	19,121	1,912	17,209
2031	164	17,637	17,473	-	17,473	110.938%	(70)	19,314	1,931	17,382
2032	164	17,813	17,649	-	17,649	110.938%	(70)	19,509	1,951	17,558
								<u>168,720</u>	<u>16,872</u>	<u>151,848</u>

NET PRESENT VALUE @ 4% >>

120,308

NOTES:

* Original Values and Local Tax Rate are based upon Taxes Payable Year 2021/2022 and are subject to change as request for certification will take place AFTER July 1, 2022. The actual Original Local Tax Capacity Rate will be based upon rates associated with taxes payable 2023 which are unknown at this time.

** Due to changes of Minnesota Statutes Section 469.177 Subd. 1a, that portion of the school tax rate attributable to the general education levy is no longer included in determining the Original Local Tax Capacity Rate for TIF Districts with certification request dates after April 15, 2013. State commercial property taxes are excluded as well.

City of St. Charles, Minnesota
Economic Development Tax Increment Financing District No. 1-10

NRB Metals 2022 Expansion Project

STATEMENT OF FISCAL AND ECONOMIC IMPACTS OF PROPOSED TIF DISTRICT

Without TIF District			With TIF District					
Taxing Jurisdiction	Taxable Net Tax Capacity ⁽¹⁾	Local Tax Rate	Taxable Net Tax Capacity ⁽¹⁾	Projected PV Captured Net Tax Capacity	Hypothetical Tax Generated By TIF	New Taxable Net Tax Capacity	Hypothetical Adjusted Local Tax Rate	Hypothetical Decrease in Tax Rate
City of St. Charles, Minnesota	3,039,963	49.166%	3,039,963	16,286	8,007	3,056,249	48.904%	0.262%
Winona County, Minnesota	52,494,479	37.998%	52,494,479	16,286	6,188	52,510,765	37.986%	0.012%
ISD No. 858	7,308,468	17.450%	7,308,468	16,286	2,842	7,324,754	17.411%	0.039%
Other ⁽²⁾	—		—	—	—	—	0.00%	—
Totals		104.614%			17,037		104.301%	0.313%

Statement #1: If all of the projected captured net tax capacity of the project were hypothetically immediately available to each taxing jurisdiction if TIF were not used, the tax capacities of each jurisdiction would be increased by the amounts shown above, and the local tax rates of each jurisdiction would be decreased by the amounts shown.

Statement #2: As the projected captured tax capacity of the project would not be available without the use of TIF, the tax capacities and tax rates of each jurisdiction will not be affected.

Statement #3: The estimated amount of tax increment (gross increment less State Auditor's deduction) generated over the life of the TIF District is estimated to be \$168,720.

Statement #4: A description of the probable impact of the TIF District on City services as a result of the creation of this TIF District would include the following: The City will be collecting an estimated \$72,586 in city property tax revenue from the proposed project area and applying it to project related expenses rather than general services such as police, fire, and other services not paid by user fees.

Statement #5: The estimated amount of increment attributed to the school districts' tax levies and captured as a result of the creation of this TIF District is \$35,580 for School District 858.

Statement #6: The estimated amount of increment attributed to the county tax levy and captured as a result of the creation of this TIF district is \$56,098. The estimated amount attributed to "Other" is \$4,456.

Statement #7: The final Original Net Tax Capacity and Local Tax Rate of the TIF District will be based upon data for taxes payable 2023 as the Authority intends to request certification of the TIF District after July 1, 2022.

⁽¹⁾ Taxable net tax capacity = total net tax capacity less value captured in TIF Districts and powerline value.

⁽²⁾ The impacts upon other taxing jurisdictions not included since they represent a small percentage of the total tax rate.

City of St. Charles, Minnesota
Economic Development Tax Increment Financing District No. 1-10
NRB Metals 2022 Expansion Project

Market Value Analysis

Increased Market Value of Site	\$	849,059
Less Present Value of TIF Revenues	\$	<u>133,676</u>
	\$	715,383
Estimated Increased Site Value w/out TIF*	\$	<u>1,094</u>
Net Value Increase	\$	714,289

Present Value of Tax Increments

Calculation Date: 12/31/2022
Present Value Factor: 4.00%

#	Year	Tax Increment	Present Value
0	2022	-	-
1	2023	-	-
2	2024	18,002	16,644
3	2025	18,184	16,165
4	2026	18,368	15,701
5	2027	18,553	15,249
6	2028	18,740	14,811
7	2029	18,930	14,385
8	2030	19,121	13,971
9	2031	19,314	13,570
10	2032	19,509	13,179
		<u>168,720</u>	<u>133,676</u>

* Without the use of Tax Increment Financing no development is expected to occur on the site. Therefore, the Estimated Site Value without TIF is expected to be restricted to MV inflation only of approximately 1% per year.

**EXTRACT OF MINUTES OF A MEETING OF THE
CITY COUNCIL OF THE CITY
OF ST. CHARLES, MINNESOTA**

HELD: May 10, 2022

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of St. Charles, Winona County, Minnesota, was duly called and held on the 10th day of May 2022, at 6:00 p.m.

The following members of the Council were present:

and the following were absent:

Member _____ introduced the following resolution and moved its adoption:

**RESOLUTION #14-2022
APPROVING THE ESTABLISHMENT OF TAX INCREMENT FINANCING DISTRICT NO. 1-10
WITHIN MUNICIPAL DEVELOPMENT DISTRICT NO. 1,
AND ADOPTION OF THE TAX INCREMENT FINANCING PLAN RELATING THERETO**

WHEREAS:

- A. It has been proposed that the City of St. Charles, Minnesota (the "City") establish Tax Increment Financing District No. 1-10 within Municipal Development District No. 1 and adopt a tax increment financing plan relating thereto, under the provisions of Minnesota Statutes, Sections 469.174 to 469.1794 inclusive, as amended (the "Act"); and
- B. The City of St. Charles has investigated the facts and has caused to be prepared a tax increment financing plan for Tax Increment Financing District No. 1-10; and
- C. The City has performed all actions required by law to be performed prior to the establishment of Tax Increment Financing District No. 1-10 within Municipal Development District No. 1 and the adoption of the tax increment financing plan relating thereto, including, but not limited to, notification of Winona County and St. Charles Public Schools (ISD #858), having taxing jurisdiction over the property to be included in Tax Increment Financing District No. 1-10, and the holding of a public hearing upon published notice as required by law.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of St. Charles as follows:

- 1. Tax Increment Financing District No. 1-10 within Municipal Development District No. 1. The City hereby approves the establishment of Tax Increment Financing District No. 1-10 within Municipal Development District No. 1, the boundaries of which are fixed and determined as described in the Tax Increment Financing Plan.
- 2. Tax Increment Financing Plan. The Tax Increment Financing Plan is adopted as the tax increment financing plan for Tax Increment Financing District No. 1-10, and the City Council makes the following findings;

- (a) Tax Increment Financing District No. 1-10 is an economic development district as defined in Minnesota Statutes, Section 469.174, Subd. 12;

Criteria for this type of district is described in Section 12, 17, and 18 of the Tax Increment Financing Plan.

- (b) The proposed development, in the opinion of the City Council, would not occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of Tax Increment Financing District No. 1-10 permitted by the Tax Increment Financing Plan.

The above finding is based on a letter submitted by the Developer stating that without the use of tax increment financing the Project could not proceed.

The City has further determined that no other development is expected to occur that would create a greater market value than that proposed, adjusting for the tax increment assistance. Any other development of the TIF District would have to create a market value increase of more than \$715,384 in order to exceed the value increase expected under the current proposal, after subtracting the present value of the tax increment for 9 years (See Market Value Analysis, Exhibit 5). Due to the amount of time the site in question has sat in its current condition the City has no reason to expect any significant development to occur without tax increment assistance. Therefore, the City reasonably believes that the expected increase in market value at this site without TIF assistance is limited to appreciation in existing real estate value, estimated to be approximately \$1,094 over the life of the TIF District.

A comparative analysis of estimated market values both with and without establishment of the TIF District and the use of tax increments has been performed as described above. Such analysis indicates that:

1. The increase in estimated market value of the proposed developments is \$849,059; and
 2. The present value of expected tax increments collected over the maximum duration of the TIF District is \$133,676; and
 3. The expected increased estimated market value of the site without the use of tax increment is \$1,094, and
 4. No development is expected to occur that would create a market value increase of at least \$715,383 without TIF assistance (the amount in line 1 less the amount in line 2).
- © The Tax Increment Financing Plan for Tax Increment Financing District No. 1-10 conforms to the general plan for development or redevelopment of the City of St. Charles as a whole.

The reasons and facts supporting this finding are that the housing development proposed for the TIF District are generally consistent with the City's zoning ordinances and comprehensive plans for the area and serves to promote the City's development objectives.

- (d) The Tax Increment Financing Plan will afford maximum opportunity, consistent with the sound needs of the City of St. Charles as a whole, for the development of the Project Area by private enterprise.

The reasons and facts supporting this finding are that the assistance provided in the TIF Plan will assist in the construction of manufacturing facilities.

3. Public Purpose. The adoption of the Tax Increment Financing Plan conforms in all respects to the requirements of the Act and will help fulfill a need to develop an area of the City which is already built up to provide employment opportunities to improve the tax base, and to improve the general economy of the State and thereby serves a public purpose.
4. Authorization of Interfund Loan. The City has determined that it may pay for certain costs (the "Qualified Costs") identified in the Tax Increment Financing Plan which costs may be financed on a temporary basis from the City's general fund or any other fund from which such advances may be legally made (the "Fund"). Under Minnesota Statutes, Section 469.178, Subd. 7, the City is authorized to advance or loan money from the Fund in order to finance the Qualified Costs. The City intends to reimburse itself for the payment of the Qualified Costs, plus interest thereon, from the tax increments derived from the TIF District in accordance with the following terms (which terms are referred to collectively as the "Interfund Loan"):
 - (a) The City shall repay to the Fund from which Qualified Costs are initially paid, the principal amount of \$137,180 (or, if less, the amount actually paid from such fund) together with interest at 4.00% per annum (which is not more than the greater of (i) the rate specified under Minnesota, Statutes, Section 270C.40, or (ii) the rate specified under Minnesota Statutes, Section 549.09) from the date of the payment.
 - (b) Principal and Interest on the Interfund Loan ("Payments") shall be paid semi-annually on each February 1 and August 1 commencing with the first February 1 or August 1 occurring after the date the tax increments from the TIF District are available and not otherwise pledged to and including the earlier of (a) the date the principal and accrued interest of the Interfund Loan is paid in full, or (b) the date of the last receipt of tax increment from the TIF District ("Payment Dates") which Payments will be made in the amount and only to the extent of available tax increments. Payments shall be applied first to accrued interest, and then to unpaid principal.
 - (c) Payments on the Interfund Loan are payable solely from the tax increment generated in the preceding six (6) months with respect to the TIF District and remitted to the City by Winona County, all in accordance with Minnesota Statutes, Sections 469.174 to 469.1794, as amended. Payments on this Interfund Loan are subordinate to any outstanding or future bonds, notes, or contracts secured in whole or in part with tax increment and are on parity with any other outstanding or future interfund loans secured in whole or in part with tax increments.
 - (d) The principal sum and all accrued interest payable under this Interfund Loan are pre-payable in whole or in part at any time by the City without premium or penalty. No partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under this Interfund Loan.
 - (e) The Interfund Loan is evidence of an internal borrowing by the City in accordance with Minnesota Statutes, Section 469.178, Subd. 7, and is a limited obligation payable solely from tax increment pledged to the payment hereof under this resolution. The Interfund Loan and the interest hereon shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the city. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of or interest on the Interfund Loan or other costs incident hereto except out of tax increment, and

neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on the Interfund Loan or other costs incident hereto. The City shall have no obligation to pay any principal amount of the Interfund Loan or accrued interest thereon, which may remain unpaid after the termination of the TIF District.

- (f) The City may amend the terms of the Interfund Loan at any time by resolution of the City Council, including a determination to forgive the outstanding principal amount and accrued interest to the extent permissible under law.
5. Certification. The Auditor of Winona County is requested to certify the original net tax capacity of Tax Increment Financing District No. 1-10 as described in the Tax Increment Financing Plan, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased in accordance with the Act; and the City Administrator is authorized and directed to forthwith transmit this request to the County Auditor in such form and content as the Auditor may specify, together with a list of all properties within Tax Increment District No. 1-10 for which building permits have been issued during the 18 months immediately preceding the adoption of this Resolution.
6. Filing. The City Administrator is further authorized and directed to file a copy of the Tax Increment Financing Plan with the Commissioner of Revenue and the Office of the State Auditor.

The motion for the adoption of the foregoing resolution was duly seconded by member _____ and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

Adopted by the Council of the City of St. Charles, Minnesota this 10th day of May, 2022.

John Schaber, Mayor

Attest: _____
Nick Koverman, City Administrator

STATE OF MINNESOTA)
COUNTY OF WINONA) SS
CITY OF ST CHARLES)

I, the undersigned, being the duly qualified and acting City Administrator of the City of St. Charles, Minnesota, DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council of said City, duly called and held on the date therein indicated, insofar as such minutes relate to the establishment of Tax Increment Financing District No. 1-10 within Municipal Development District No. 1 in the City.

WITNESS my hand this 10th day of May 2022.

Nick Koverman, City Administrator

DEVELOPMENT AGREEMENT

BY AND BETWEEN

THE CITY OF ST. CHARLES, MINNESOTA

AND

NRB METALS, L.L.C.

This document drafted by:

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

Table of Contents

	Page
ARTICLE I DEFINITIONS.....	2
Section 1.1. Definitions.....	2
ARTICLE II REPRESENTATIONS AND WARRANTIES.....	4
Section 2.1. Representations and Warranties of the City.....	4
Section 2.2. Representations and Warranties of the Developer.....	4
ARTICLE III UNDERTAKINGS BY DEVELOPER AND CITY	6
Section 3.1. Site Improvements and Legal and Administrative Expenses	6
Section 3.2. Limitations on Undertaking of the City	6
Section 3.3. Reimbursement: TIF Note	6
Section 3.4. DEED Reports	7
Section 3.5. Real Property Taxes.....	7
Section 3.6. Prohibition Against Transfer of Project.....	8
ARTICLE IV EVENTS OF DEFAULT.....	9
Section 4.1. Events of Default Defined	9
Section 4.2. Remedies on Default.....	9
Section 4.3. No Remedy Exclusive.....	10
Section 4.4. No Implied Waiver	10
Section 4.5. Agreement to Pay Attorney's Fees and Expenses	10
Section 4.6. Indemnification of City	10
ARTICLE V DEVELOPER'S OPTION TO TERMINATE AGREEMENT	12
Section 5.1. The Developer's Option to Terminate.....	12
Section 5.2. Action to Terminate	12
Section 5.3. Effect of Termination.....	12
ARTICLE VI ADDITIONAL PROVISIONS	13
Section 6.1. Restrictions on Use	13
Section 6.2. Conflicts of Interest.....	13
Section 6.3. Titles of Articles and Sections	13
Section 6.4. Notices and Demands	13
Section 6.5. Counterparts.....	14
Section 6.6. Law Governing	14
Section 6.7. Expiration.....	14
Section 6.8. Provisions Surviving Rescission or Expiration.....	14
Section 6.9. Assignability of TIF Note	14
Section 6.10. Amendment.....	14
EXHIBIT A Description of Development Property	A-1
EXHIBIT B Form of TIF Note.....	B-1
EXHIBIT C Site Improvements	C-1

DEVELOPMENT AGREEMENT

THIS AGREEMENT, made as of the 10th day of May, 2022, by and between the City of St. Charles, Minnesota (the "City"), a municipal corporation existing under the laws of the State of Minnesota and NRB Metals, L.L.C., a Minnesota limited liability company (the "Developer").

WITNESSETH:

WHEREAS, pursuant to Minnesota Statutes, Section 469.124 through 469.133, the City has heretofore established Development District No. 1 (the "Development District") and has adopted a development program therefor (the "Development Program"); and

WHEREAS, pursuant to the provisions of Minnesota Statutes, Section 469.174 through 469.1794, as amended (hereinafter, the "Tax Increment Act"), the City has heretofore established, within the Development District, Tax Increment Financing District No. 1-10 (the "Tax Increment District") and has adopted a tax increment financing plan therefor (the "Tax Increment Plan") which provides for the use of tax increment financing in connection with certain development within the Development District; and

WHEREAS, in order to achieve the objectives of the Development Program and particularly to make the land in the Development District available for development by private enterprise in conformance with the Development Program, the City has determined to assist the Developer with the financing of certain costs of a Project (as hereinafter defined) to be constructed within the Tax Increment District as more particularly set forth in this Agreement; and

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

WHEREAS, other than certain reporting requirements, the requirements of the Business Subsidy Law, Minnesota Statutes, Section 116J.993 through 116J.995, do not apply to this Agreement because the assistance given to the Developer under this Agreement is a business subsidy of less than \$150,000;

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

ARTICLE I

DEFINITIONS

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

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

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

City means the City of St. Charles, Minnesota;

County means Winona County, Minnesota;

Developer means NRB Metals, L.L.C., a Minnesota limited liability company, its successors and assigns;

Development District means Development District No. 1, including the real property described in the Development Program;

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

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

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

Legal and Administrative Expenses means the fees and expenses incurred by the City in connection with the adoption of the Tax Increment Financing Plan, the preparation of this Agreement and the issuance of the TIF Note;

Note Payment Date means August 1, 2024, and each February 1 and August 1 of each year thereafter to and including February 1, 2033; provided, that if any such Note Payment Date should not be a Business Day, the Note Payment Date shall be the next succeeding Business Day;

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

Project means the construction of an approximately 10,800 square-foot expansion to an existing manufacturing facility by the Developer on the Development Property located in the City;

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

State means the State of Minnesota;

Tax Increments means 90% of the tax increments derived from the Development Property which have been received and retained by the City in accordance with the provisions of Minnesota Statutes, Section 469.177;

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

Tax Increment District means Tax Increment Financing District No. 1-10 located within the Development District, a description of which is set forth in the Tax Increment Financing Plan, which was qualified as an economic development district under the Tax Increment Act;

Tax Increment Financing Plan means the tax increment financing plan approved for the Tax Increment District by the City Council on May 10, 2022, and any future amendments thereto;

Termination Date means the earlier of (i) February 1, 2033, (ii) the date the TIF Note is paid in full as provided in the TIF Note, (iii) the date on which the Tax Increment District expires or is otherwise terminated, or (iv) the date this Agreement is terminated or rescinded in accordance with its terms;

TIF Note means the Tax Increment Revenue Note (NRB Metals, L.L.C. 2022 Expansion Project) to be executed by the City and delivered to the Developer pursuant to Article III hereof, a form of which is attached hereto as Exhibit B; and

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

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of the City. The City makes the following representations and warranties:

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

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

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

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

(5) The City makes no representation or warranty, either expressed or implied, as to the Development Property or its condition or the soil conditions thereon, or that the Development Property shall be suitable for the Developer's purposes or needs.

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

(1) The Developer is a Minnesota limited liability company and has the power and authority to enter into this Agreement and to perform its obligations hereunder and doing so will not violate its articles of organization, member control agreement or operating agreement, if any, or the laws of the State and by proper action has authorized the execution and delivery of this Agreement.

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

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

(4) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of,

the terms, conditions or provision of any contractual restriction, evidence of indebtedness, agreement or instrument of whatever nature to which the Developer is now a party or by which it is bound, or constitutes a default under any of the foregoing.

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

(6) The Developer will cooperate fully with the City in resolution of any traffic, parking, trash removal or public safety problems which may arise in connection with the construction and operation of the Project.

(7) The Developer shall commence construction of the Project by August 1, 2022, and the construction of the Project will be substantially completed by December 31, 2022, subject to Unavoidable Delays.

(8) The Developer will obtain, or cause to be obtained, in a timely manner, all required permits, licenses and approvals, and will meet, in a timely manner, all requirements of all applicable local, state, and federal laws and regulations which must be obtained or met before the Project may be lawfully constructed.

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

ARTICLE III

UNDERTAKINGS BY DEVELOPER AND CITY

Section 3.1. Site Improvements and Legal and Administrative Expenses.

(1) The parties agree that the installation of the Site Improvements to be constructed by the Developer is essential to the successful completion of the Project. The costs of the Site Improvements shall be paid by the Developer. The City shall reimburse the Developer for the lesser of (a) \$120,000, or (b) the actual costs of the Site Improvements actually incurred and paid by the Developer (the "Reimbursement Amount") as further provided in Section 3.3.

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

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

Section 3.3. Reimbursement: TIF Note. The City shall reimburse the costs identified in Section 3.1(1) through the issuance of the City's TIF Note in substantially the form attached to this Agreement as Exhibit B, subject to the following conditions.

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

(2) The unpaid principal amount of the TIF Note shall bear simple non-compounding interest from the date of issuance of the TIF Note, at 4.00% per annum. Interest shall be computed on the basis of a 360 day year consisting of twelve (12) 30-day months.

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

(4) The payment dates of the TIF Note shall be the Note Payment Dates. On each Note Payment Date and subject to the provisions of the TIF Note, the City shall pay, against the principal and interest outstanding on the TIF Note, any Tax Increments received by the City during the preceding six (6) months. All such payments shall be applied first to accrued interest and then to reduce the principal of the TIF Note.

(5) The TIF Note shall be a special and limited obligation of the City and not a general obligation of the City, and only Tax Increments shall be used to pay the principal and

interest on the TIF Note. If, on any Note Payment Date, the Tax Increments for the payment of the accrued and unpaid interest on the TIF Note are insufficient for such purposes, the difference shall be carried forward, without interest accruing thereon, and shall be paid if and to the extent that on a future Note Payment Date there are Tax Increments in excess of the amounts needed to pay the accrued interest then due on the TIF Note.

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

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

Section 3.4. DEED Reports. The Developer shall provide the City with information about the Project as requested by the City so that the City can satisfy the reporting requirements of Minnesota Statutes, Section 116J.994, Subd. 8.

Section 3.5. Real Property Taxes. Prior to the Termination Date, the Developer shall pay all real property taxes payable with respect to all and any parts of the Development Property acquired and owned by it until the Developer's obligations have been assumed by any other person pursuant to the provisions of this Agreement.

The Developer agrees that, so long as it owns all or any portion of the Development Property, prior to the Termination Date:

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

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

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

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

Section 3.6. Prohibition Against Transfer of Project. If the Developer sells or transfers the Project, this Agreement shall terminate unless the prior written consent of the City is obtained and the transferee shall have demonstrated the continued need for assistance.

ARTICLE IV

EVENTS OF DEFAULT

Section 4.1. Events of Default Defined. The following shall be "Events of Default" under this Agreement and the term "Event of Default" shall mean whenever it is used in this Agreement any one or more of the following events:

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

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

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

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

(5) If the Developer shall:

(a) file any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act of 1978, as amended or under any similar federal or state law; or

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

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

(d) be adjudicated as bankrupt or insolvent; or if a petition or answer proposing the adjudication of the Developer as bankrupt or its reorganization under any present or future federal bankruptcy act or any similar federal or state law shall be filed in any court and such petition or answer shall not be discharged or denied within sixty (60) days after the filing thereof; or a receiver, liquidator or trustee of the Developer, or of the Project, or part thereof, shall be appointed in any proceeding brought against the Developer, and shall not be discharged within sixty (60) days after such appointment, or if the Developer, shall consent to or acquiesce in such appointment.

Section 4.2. Remedies on Default. Whenever any Event of Default referred to in Section 4.1 occurs and is continuing, the City, as specified below, may take any one or more of the following actions after the giving of thirty (30) days' written notice to the Developer, but only if the Event of Default has not been cured within said thirty (30) days:

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

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

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

Section 4.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 4.4. No Implied Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 4.5. Agreement to Pay Attorney's Fees and Expenses. Whenever any Event of Default occurs and the City shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement or performance or observance of any obligation or agreement on the part of the Developer herein contained, the Developer agrees that it shall, on demand therefor, pay to the City the reasonable fees of such attorneys and such other expenses so incurred by the City.

Section 4.6. Indemnification of City.

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

(2) Except for any willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties, the Developer agrees to protect and defend the Indemnified Parties, now and forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from the actions or inactions of the Developer (or if other persons acting on its behalf or under its direction or control) under this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, and operation of the Project; provided, that this indemnification shall not apply to the warranties made or obligations undertaken by the City

in this Agreement or to any actions undertaken by the City which are not contemplated by this Agreement but shall, in any event and without regard to any fault on the part of the City, apply to any pecuniary loss or penalty (including interest thereon from the date the loss is incurred or penalty is paid by the City at a rate equal to the Prime Rate) as a result of the Project causing the Tax Increment District to not qualify or cease to qualify as an "economic development district" under Section 469.174, Subdivision 12, of the Act and Section 469.176, Subdivision 4c. or to violate limitations as to the use of Tax Increments as set forth in Section 469.176, Subdivision 4c.

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

ARTICLE V

DEVELOPER'S OPTION TO TERMINATE AGREEMENT

Section 5.1. The Developer's Option to Terminate. This Agreement may be terminated by the Developer, if (i) the Developer is in compliance with all material terms of this Agreement and no Event of Default has occurred; and (ii) the City fails to comply with any material term of this Agreement, and, after written notice by the Developer of such failure, the City has failed to cure such noncompliance within ninety (90) days of receipt of such notice, or, if such noncompliance cannot reasonably be cured by the City within ninety (90) days, of receipt of such notice, the City has not provided assurances, reasonably satisfactory to the Developer, that such noncompliance will be cured as soon as reasonably possible.

Section 5.2. Action to Terminate. Termination of this Agreement pursuant to Section 5.1 must be accomplished by written notification by the Developer to the City within sixty (60) days after the date when such option to terminate may first be exercised. A failure by the Developer to terminate this Agreement within such period constitutes a waiver by the Developer of its rights to terminate this Agreement due to such occurrence or event.

Section 5.3. Effect of Termination. If this Agreement is terminated pursuant to this Article V, this Agreement shall be from such date forward null and void and of no further effect; provided, however, the termination of this Agreement shall not affect the rights of either party to institute any action, claim or demand for damages suffered as a result of breach or default of the terms of this Agreement by the other party, or to recover amounts which had accrued and become due and payable as of the date of such termination. Upon termination of this Agreement pursuant to this Article V, the Developer shall be free to proceed with the Project at its own expense and without regard to the provisions of this Agreement; provided, however, that the City shall have no further obligations to the Developer with respect to reimbursement of the expenses set forth in Section 3.2; or to make any further payments on the TIF Note.

ARTICLE VI

ADDITIONAL PROVISIONS

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

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

Section 6.3. Titles of Articles and Sections. Any titles of the several parts, articles and sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 6.4. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under this Agreement by any party to any other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, and

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

NRB Metals, L.L.C.
Attention: Nickolas R. Beyerstedt
202 Industrial Park Drive
St. Charles, MN 55972

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

City of St. Charles, Minnesota
Attention: City Administrator
St. Charles City Hall
803 Whitewater Avenue
St. Charles, MN 55972-1129

with a copy to:

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

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

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

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

Section 6.7. Expiration. This Agreement shall expire on the Termination Date.

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

Section 6.9. Assignability of TIF Note. The TIF Note may only be assigned pursuant to the terms of the TIF Note and shall not be unreasonably withheld.

Section 6.10. Amendment. This Agreement may be amended only by written agreement approved by the City and the Developer.

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

CITY OF ST. CHARLES, MINNESOTA

By _____
Its Mayor

By _____
Its City Administrator

This is a signature page to the Development Agreement by and between the City of St. Charles, Minnesota and NRB Metals, L.L.C.

NRB METALS, L.L.C.

By _____
Its _____

This is a signature page to the Development Agreement by and between the City of St. Charles, Minnesota and NRB Metals, L.L.C.

EXHIBIT A

Description of Development Property

Property located in the City of St. Charles, Winona County, Minnesota with the following legal description:

That part of the Southeast Quarter of the Southwest Quarter of Section 18, Township 106 North, Range 10 West, Winona County, Minnesota, described as follows:

Beginning at the southeast corner of Lot 3, Block 2, WHITEWATER INDUSTRIAL PARK SECOND SUBDIVISION, according to the plat thereof on file at the County Recorder's Office, said Winona County; thence on an assumed bearing of North 89 degrees 57 minutes 30 seconds West along the south line of said Lot 3 a distance of 247.00 feet to the southwest corner of said Lot 3 and the west line of said WHITEWATER INDUSTRIAL PARK SECOND SUBDIVISION; thence South 00 degrees 02 minutes 30 seconds West along the southerly extension of said west line a distance of 120.00 feet; thence South 89 degrees 57 minutes 30 seconds East on a line parallel to the south line of said Lot 3 a distance of 247.00 feet to the southerly extension line of the west right-of-way line of Industrial Park Drive NW, according to said WHITEWATER INDUSTRIAL PARK SECOND SUBDIVISION; thence North 00 degrees 02 minutes 30 seconds East along said southerly extension line a distance of 120.00 feet to the point of beginning.

EXHIBIT B

Form of TIF Note

No. R-1

\$ _____

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF WINONA
CITY OF ST. CHARLES

TAX INCREMENT REVENUE NOTE
(NRB METALS, L.L.C. 2022 EXPANSION PROJECT)

The City of St. Charles, Minnesota (the "City"), hereby acknowledges itself to be indebted and, for value received, hereby promises to pay the amounts hereinafter described (the "Payment Amounts") to NRB Metals, L.L.C. (the "Developer") or its registered assigns (the "Registered Owner"), but only in the manner, at the times, from the sources of revenue, and to the extent hereinafter provided.

The principal amount of this Note shall equal from time to time the principal amount stated above, as reduced to the extent that such principal installments shall have been paid in whole or in part pursuant to the terms hereof; provided that the sum of the principal amount listed above shall in no event exceed \$120,000 as provided in that certain Development Agreement, dated as of May 10, 2022, as the same may be amended from time to time (the "Development Agreement"), by and between the City and the Developer. The unpaid principal amount hereof shall bear interest from the date of this Note at the simple non-compounded rate of four and no hundredths percent (4.00%) per annum. Interest shall be computed on the basis of a 360 day year consisting of twelve (12) 30-day months.

The amounts due under this Note shall be payable on August 1, 2024, and on each February 1 and August 1 thereafter to and including February 1, 2033, or, if the first should not be a Business Day (as defined in the Development Agreement), the next succeeding Business Day (the "Payment Dates"). On each Payment Date the City shall pay by check or draft mailed to the person that was the Registered Owner of this Note at the close of the last business day of the City preceding such Payment Date an amount equal to the sum of the Tax Increments (hereinafter defined) received by the City during the six month period preceding such Payment Date. All payments made by the City under this Note shall first be applied to accrued interest and then to principal. This Note is prepayable by the City, in whole or in part and without penalty, on any date.

The Payment Amounts due hereon shall be payable solely from 90% of the tax increments (the "Tax Increments") from the Development Property (as defined in the Development Agreement) within the City's Tax Increment Financing District No. 1-10 (the "Tax Increment District") within its Development District No. 1 which are paid to the City and which the City is entitled to retain pursuant to the provisions of Minnesota Statutes, Sections 469.174 through 469.1794, as the same may be amended or supplemented from time to time (the "Tax

Increment Act"). This Note shall terminate and be of no further force and effect following the last Payment Date defined above, on any date upon which the City shall have terminated the Development Agreement under Section 4.2(2) thereof or the Developer shall have terminated the Development Agreement under Article V thereof, on the date the Tax Increment District is terminated, or on the date that all principal and interest payable hereunder shall have been paid in full, whichever occurs earliest.

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

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

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

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

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

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

IN WITNESS WHEREOF, City of St. Charles, Minnesota, by its City Council, has caused this Note to be executed by the manual signatures of its Mayor and City Administrator and has caused this Note to be dated as of _____, 20____.

City Administrator

Mayor

DO NOT EXECUTE UNTIL PAID INVOICES FOR SITE IMPROVEMENTS ARE GIVEN TO THE CITY - REFER TO SECTION 3.3(1).

CERTIFICATION OF REGISTRATION

It is hereby certified that the foregoing Note was registered in the name of NRB Metals, L.L.C., and that, at the request of the Registered Owner of this Note, the undersigned has this day registered the Note in the name of such Registered Owner, as indicated in the registration blank below, on the books kept by the undersigned for such purposes.

<u>NAME AND ADDRESS OF REGISTERED OWNER</u>	<u>DATE OF REGISTRATION</u>	<u>SIGNATURE OF CITY ADMINISTRATOR</u>
NRB Metals, L.L.C. Attention: Nickolas R. Beyerstedt 202 Industrial Park Drive <u>St. Charles, MN 55972</u>	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

EXHIBIT C

Site Improvements

Landscaping, including irrigation
Foundations and Footings
Grading/earthwork
Engineering
Survey
Environmental Testing
Soil Borings
Site Preparation
Onsite Utilities
Storm Water/Ponding
Outdoor Lighting
Onsite Road, Curb, Gutter, Driveway, Sidewalk and Streetscape Improvements
Parking

**Request for City Council Action**

Date: May 3, 2022

Requested Council Date: May 10, 2022

Originating Department: Electric

Council Action Requested: 2023 Underground Project Proposal

Background Information: As part of system upgrades and improvements, the ultimate long-term goal of the electric department is to move the system's overhead services to underground and replace old underground services that may be 70-80 years in age.

Public Works Director Karger and Utility Foreman Scott Bunke have been working with electrical engineer James Parrow to review the various issues and areas and have focused on developing a proposed project that would continue toward accomplishing the goal of a more reliable service.

In total, 12 projects were compiled that focused on areas at risk of damage and those in need of replacement as lines continue to fail because of the age of the infrastructure. Of the twelve projects, five in total were reviewed and an estimated cost is \$383,245.68. Mr. Parrow estimates the remaining 7 projects to bring the total to approximately \$750,000.00 as they are smaller projects.

Because of supply chain issues, utilities are planning for 2023 projects and placing orders for the necessary transformers and cable as soon as possible. No cash outlay is required until time of delivery, which would be at this point early summer of 2023. It is the intent to use a portion of the existing 2023 system upgrade budget (\$185,000), while the remaining costs would come from electric fund reserves (approximately \$565K). In discussion with Mike Bubany of David Drown & Associates, given the cash position of the utility, he recommends paying cash for the project due to the adequate reserves and the fact that the revenues will be replaced in 2-3 years. A map is included for consideration as well as general information from Mr. Parrow.





Request for City Council Action

Please see attached tables and Google Earth document with project locations and estimated material. The attached list of projects will upgrade older parts of the St. Charles distribution system and reduce overhead line exposure (improving reliability by reducing outages).

A few notes:

- You'll see in the Google earth document I considered upgrading transformers to 25kVA. Some utilities are starting to utilize larger transformers when there are multiple services on one (common for municipals). With electric cars starting to be more common, it's getting easier to overload a transformer. Example, Tesla and Ford have chargers that can draw 19.2 kW demand on a 120/240V service.
- I calculated secondary voltage drop for some areas, secondary run may be shorter than before.
- For Project 3, the overhead line goes by a grain elevator. The distance doesn't meet NESC and should be a priority when projects are being planned.

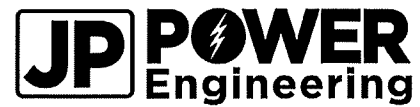


Please let me know if you have any questions.

Thanks,

James Parrow, PE
Managing Member





To: Nick Koverman
CC: Kyle Karger
From: James Parrow, PE
Date: May 4, 2022
Re: 2023 Planning Project for St. Charles

The following information provides estimates on material, labor, costs and benefits for the City of Charles. JP Power Engineering, LLC was onsite with city representatives on March 3, 2022, and future electric utility projects were reviewed.

A total of twelve projects were reviewed at the meeting. Of the twelve projects five projects were studied for 2023 planning. The total cost for the five projects studied is estimated at \$383,245.

Project 1: Between Church & Richland Ave.			
<i>Install</i>			
Material w/Labor	Qty/ft	Price	Total \$ Install and Material
1/0 UG 1PH	1,911	\$ 13.73	\$ 26,235.97
4/0 UG 3PH	1,609	\$ 14.50	\$ 23,324.70
XFRM/sleeve/termination	17	\$ 3,097.00	\$ 52,649.00
Riser/Secondary	17	\$ 329.00	\$ 5,593.00
Total			\$ 107,802.67
<i>Retirement</i>			
Labor	Qty/ft	Price	Retire \$ Total
OH conductor	3,519	\$ 2.30	\$ 8,094.74
XFRM	17	\$ 75.00	\$ 1,275.00
Total			\$ 9,369.74
Install/Retirement Total			\$ 117,172.41

Project 2: Between Whitewater & Church Ave.			
<i>Install</i>			
Material w/Labor	Qty/ft	Price	Total \$ Install and Material
1/0 UG 1PH	911	\$ 13.73	\$ 12,509.40
XFRM/sleeve/termination	6	\$ 3,097.00	\$ 18,582.00
Secondary Cable UG	120	\$ 3.89	\$ 466.80
Riser/Secondary	6	\$ 329.00	\$ 1,974.00
Total			\$ 33,532.20
<i>Retirement</i>			
Labor	Qty/ft	Price	Retire \$ Total
OH conductor	911	\$ 2.30	\$ 2,095.53
XFRM	6	\$ 75.00	\$ 450.00
Poles	1	\$ 150.00	\$ 150.00
Total			\$ 2,695.53
Install/Retirement Total			\$ 36,227.73

Project 3: Between Wabasha & St. Charles Ave.			
<i>Install</i>			
Material w/Labor	Qty/ft	Price	Total \$ Install and Material
1/0 UG 1PH	385	\$ 13.73	\$ 5,284.68
4/0 UG 3PH	3,906	\$ 14.50	\$ 56,634.83
JB 7.2kV 3PH	1	\$ 2,212.00	\$ 2,212.00
Secondary Ped	1	\$ 359.00	\$ 359.00
Pole	1	\$ 500.00	\$ 500.00
XFRM/sleeve/termination	12	\$ 3,097.00	\$ 37,164.00
Secondary Cable UG	906	\$ 3.89	\$ 3,523.76
Riser/Secondary	15	\$ 329.00	\$ 4,935.00
Total			\$ 110,613.26
<i>Retirement</i>			
Labor	Qty/ft	Price	Retire \$ Total
OH conductor	5,197	\$ 2.30	\$ 11,952.18
XFRM	12	\$ 75.00	\$ 900.00
Poles	1	\$ 150.00	\$ 150.00
Total			\$ 13,002.18
Install/Retirement Total			\$ 123,615.44

Project 4: Between 7th & 10th St.			
<i>Install</i>			
Material w/Labor	Qty/ft	Price	Total \$ Install and Material
1/0 UG 1PH	1,061	\$ 13.73	\$ 14,573.02
Secondary Ped	1	\$ 359.00	\$ 359.00
XFRM/sleeve/termination	3	\$ 3,097.00	\$ 9,291.00
Secondary Cable UG	896	\$ 3.89	\$ 3,485.44
Riser/Secondary	7	\$ 329.00	\$ 2,303.00
Total			\$ 30,011.46
<i>Retirement</i>			
Labor	Qty/ft	Price	Retire \$ Total
OH conductor	1,957	\$ 2.30	\$ 4,502.02
XFRM	3	\$ 75.00	\$ 225.00
Total			\$ 4,727.02
Install/Retirement Total			\$ 34,738.48

Project 5: South Wabasha near I90			
<i>Install</i>			
Material w/Labor	Qty/ft	Price	Total \$ Install and Material
1/0 UG 1PH	72	\$ 13.73	\$ 984.44
Secondary Ped	1	\$ 359.00	\$ 359.00
XFRM/sleeve/termination	1	\$ 3,097.00	\$ 3,097.00
Riser/Secondary	5	\$ 329.00	\$ 1,645.00
Total			\$ 6,085.44
<i>Retirement</i>			
Labor	Qty/ft	Price	Retire \$ Total
OH conductor	503	\$ 2.30	1156.9
XFRM	1	\$ 75.00	\$ 75.00
Poles	2	\$ 150.00	\$ 300.00
Total			\$ 1,531.90
Install/Retirement Total			\$ 7,617.34

Total above Project Costs		
Project ID		Project cost
Project 1	\$	117,172.41
Project 2	\$	36,227.73
Project 3	\$	123,615.44
Project 4	\$	34,738.48
Project 5	\$	7,617.34
Total:	\$	319,371.40
Contingency + Engineering	\$	63,874.28
Total + Contingency	\$	383,245.68

**Contingency 20% of total construction costs (I.E., engineering, material changes, increase material costs, etc.)*

After further conversations between the City of St. Charles and JP Power Engineering, LLC on May 3, 2022, the city would like to move forward with all twelve projects in 2023. Without a more in-depth review of the other seven projects, a rough estimate of \$750,000 was given to complete all twelve projects.

The follow provides a list of project upgrades along with the corresponding benefits to the City of St Charles distribution system.

- Project 1: Between Church and Richland Ave.
 - Upgrade line to 1/0 and 4/0.
 - More capacity and improve voltage drop.
 - Primary moved underground.
 - Reduce exposure to faults, improve reliability and reduce maintenance.
 - Upgraded transformers for future loads.

- Project 2: Between Whitewater & Church Ave.
 - Upgrade line to 1/0.
 - More capacity and improve voltage drop.
 - Primary moved underground.
 - Reduce exposure to faults, improve reliability and reduce maintenance.
 - Upgraded transformers for future loads.

- Project 3: Between Wabasha & St. Charles Ave.
 - Upgrade line to 1/0 and 4/0.
 - More capacity and improve voltage drop.
 - Primary moved underground.
 - Reduce exposure to faults, improve reliability and reduce maintenance.
 - Meet National Electric Safety Code by going underground, current overhead line does not meet code.
 - Reduce secondary conductor.
 - Improve voltage drop.
 - Upgraded transformers for future loads.

- Project 4: Between 7th & 10th St.
 - Upgrade line to 1/0.
 - More capacity and improve voltage drop.
 - Primary moved underground.
 - Reduce exposure to faults, improve reliability and reduce maintenance.
 - Reduce secondary conductor.
 - Improve voltage drop.
 - Upgraded transformers for future loads.

- Project 5: South Wabasha near I90.
 - Upgrade line to 1/0.
 - More capacity and improve voltage drop.
 - Primary moved underground and length reduced.
 - Reduce exposure to faults, improve reliability and reduce maintenance.
 - Option to upgraded transformer for future loads.

- Project 6: Richard Ave. & 15th St.
 - Upgrade line to 1/0.
 - More capacity and improve voltage drop.
 - Primary moved underground.
 - Reduce exposure to faults, improve reliability and reduce maintenance.
 - Reduce secondary conductor.
 - Improve voltage drop.
 - Upgraded transformers for future loads.

- Project 7: Between St. Charles & Wabasha Ave.
 - Upgrade line to 1/0.
 - More capacity and improve voltage drop.
 - Primary moved underground.
 - Reduce exposure to faults, improve reliability and reduce maintenance.
 - Reduce secondary conductor.
 - Improve voltage drop.
 - Secondary conductor is in contact with tree limbs; moving or installing underground would improve reliability.

- Project 8: NW of St. Charles Ave. & 12th St.
 - Upgrade line to jacketed cable.
 - Old conductor from 1970 or 1980's without jacket. Jacketless cable has been known to cause reliability issues.

- Project 9: NW of Wabasha Ave. & 1th St.
 - Upgrade line to 1/0.
 - More capacity and improve voltage drop.
 - Primary moved underground.
 - Reduce exposure to faults, improve reliability and reduce maintenance.

- Project 10: Sherwood Rd & W 12th St.
 - Three Phase Recloser.
 - Sectionalize faults, reduce customer outages and improve reliability.
 - Reduce outage time.

- Project 11: W of Wabasha Ave. between 13th & 15th St.
 - Upgrade line to 1/0.
 - More capacity and improve voltage drop.
 - Primary moved underground.
 - Reduce exposure to faults, improve reliability and reduce maintenance.

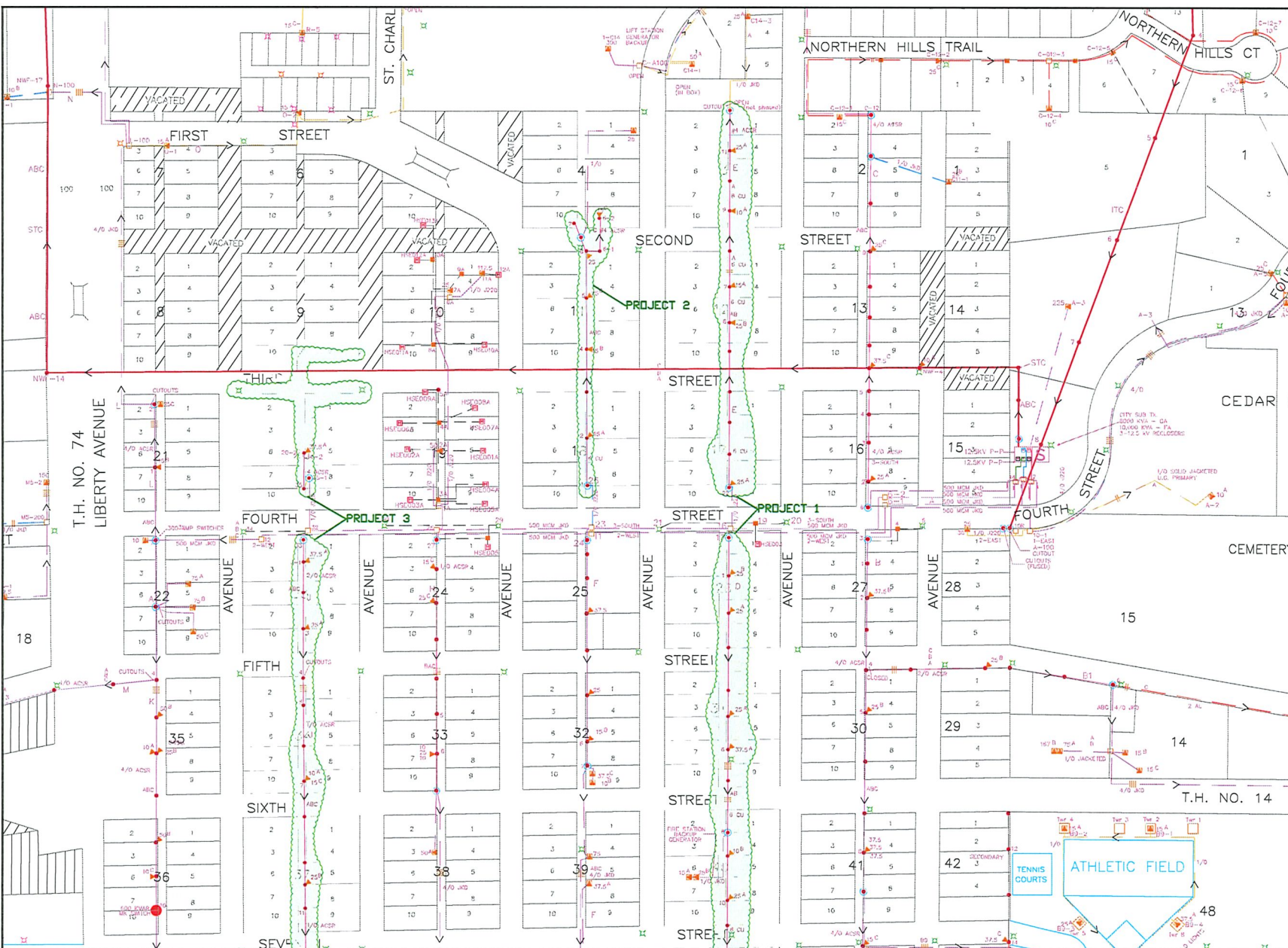
- Project 12: N Fair grounds W of Loppnow Street.
 - Upgrade line to 1/0 or 4/0.
 - More capacity and improve voltage drop.
 - Option to create a loop to improve contingency.
 - Primary moved underground.
 - Reduce exposure to faults, improve reliability and reduce maintenance.
 - Upgraded transformers for future loads.

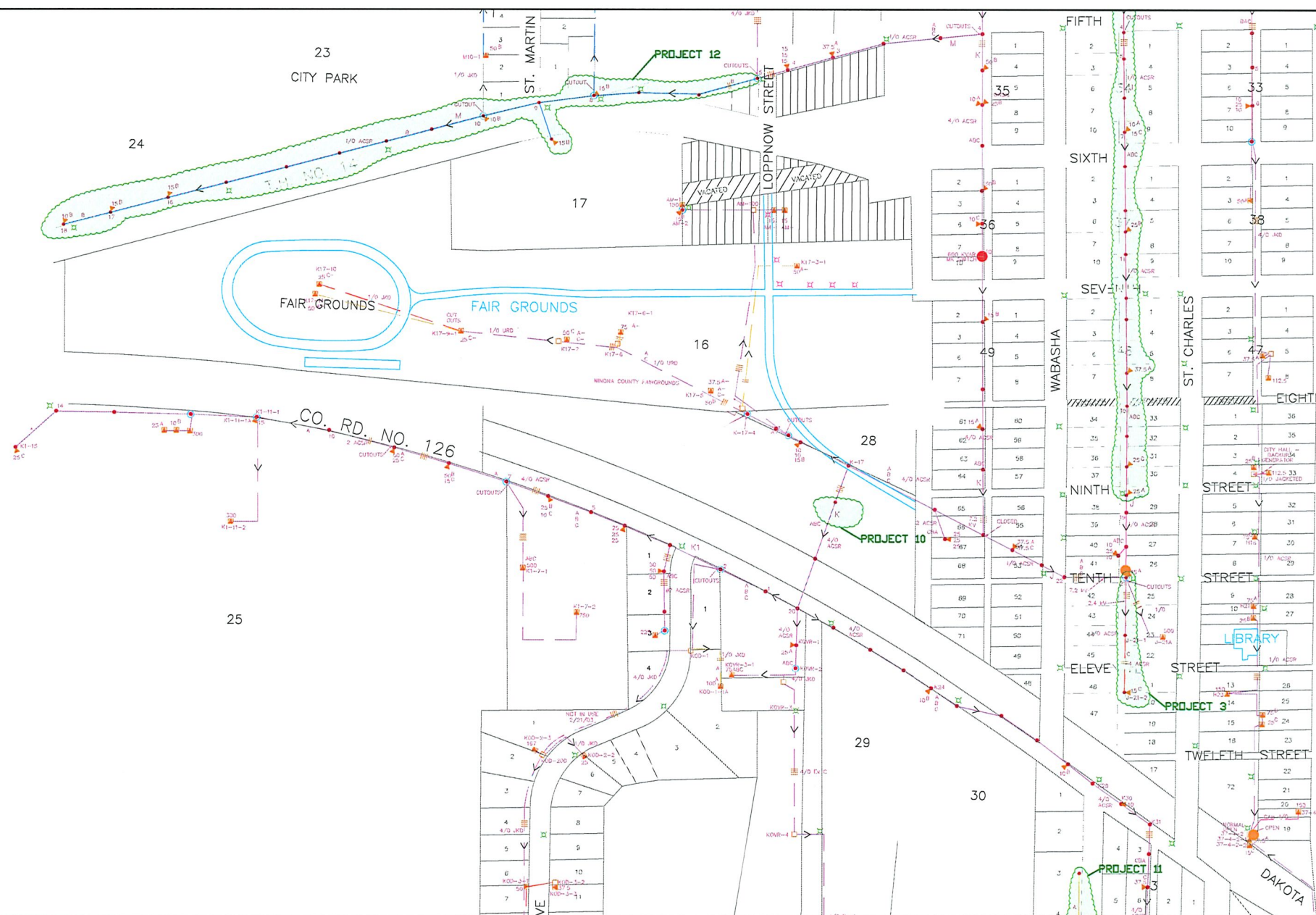
With today's market, lead times and prices are constantly changing and some transformer orders currently have a lead time of up to one year. In order to be on track for a summer construction season in 2023, I recommend ordering material by early summer 2022.

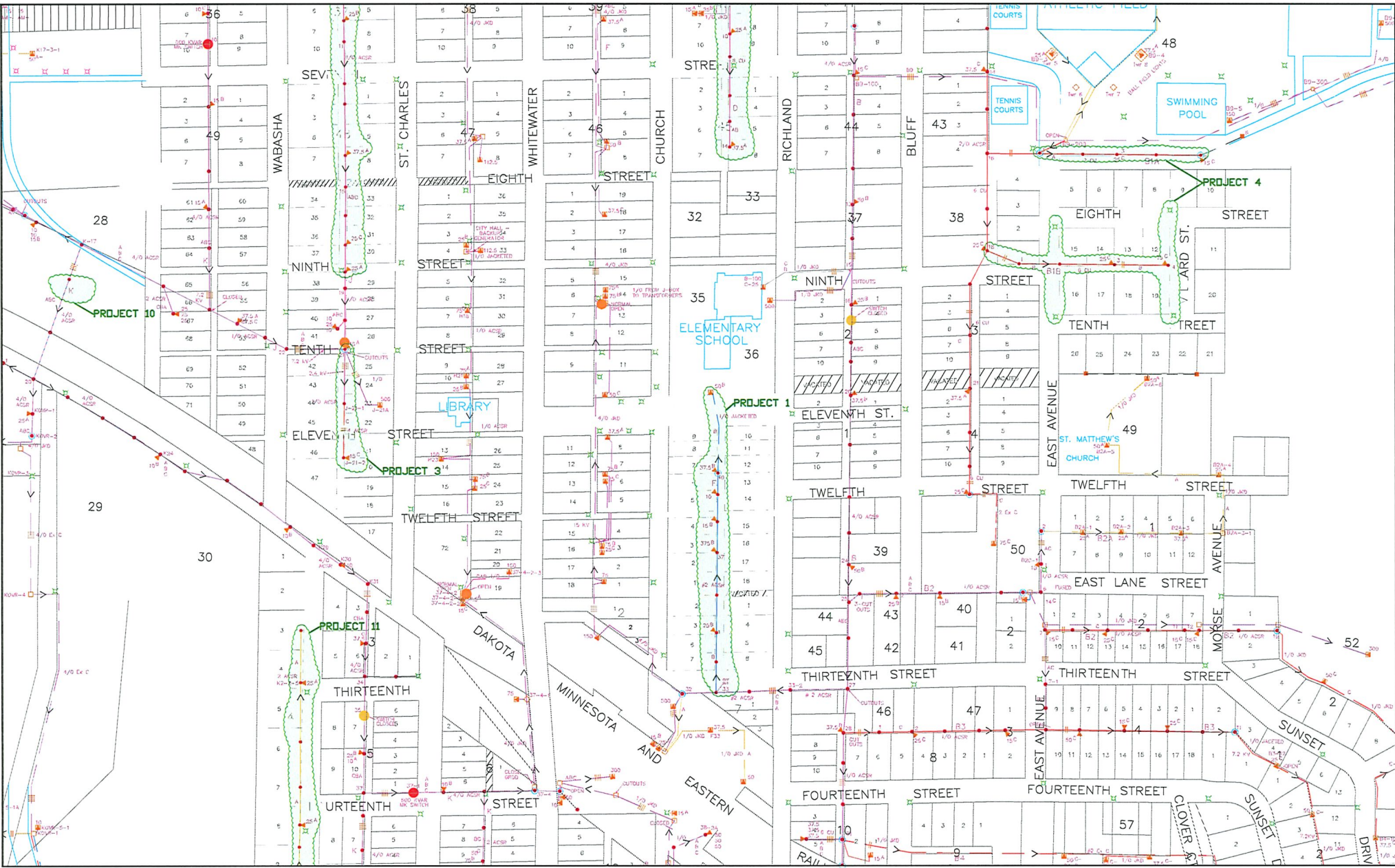
2023 PROJECTS

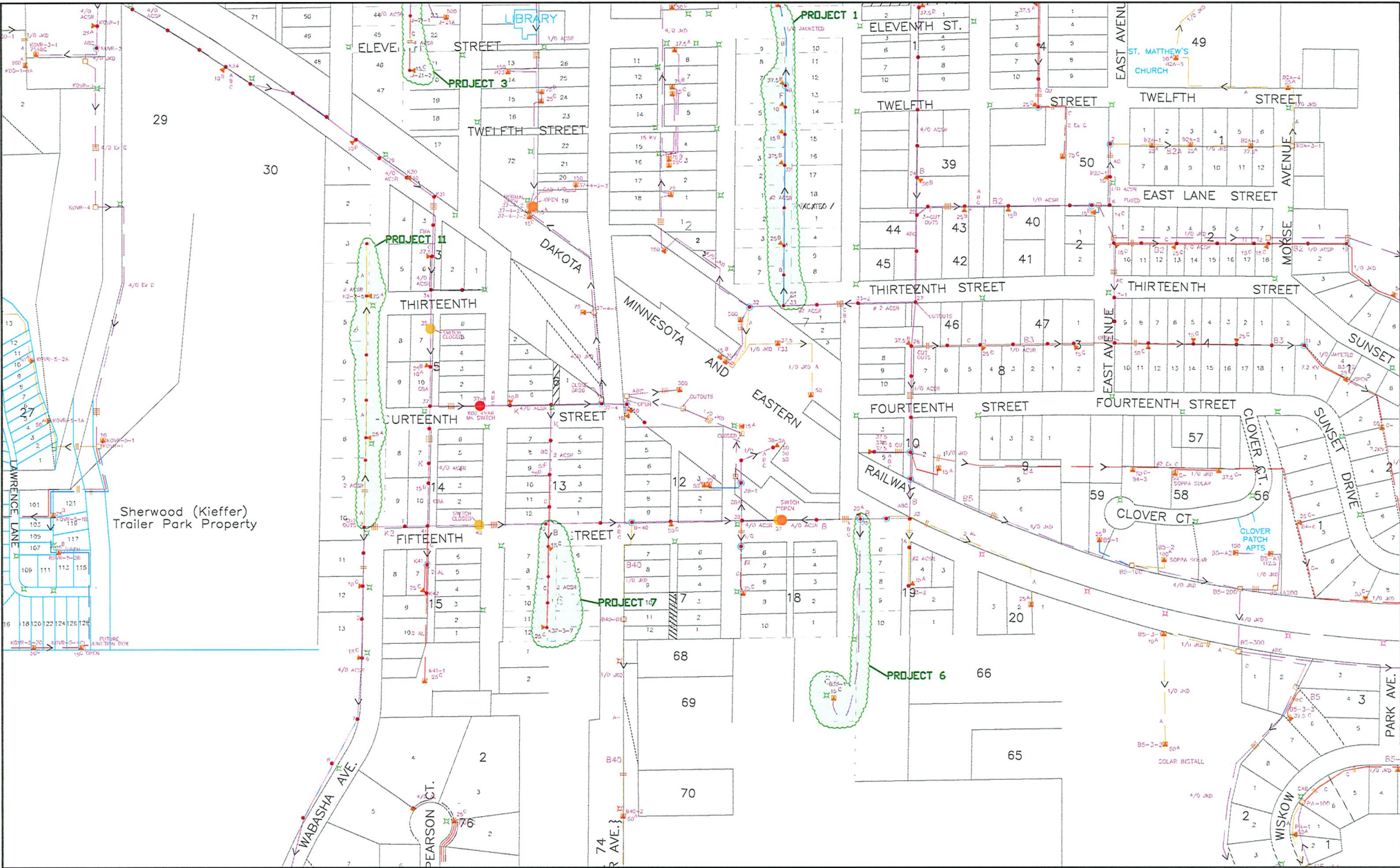
ELECTRICAL LEGEND

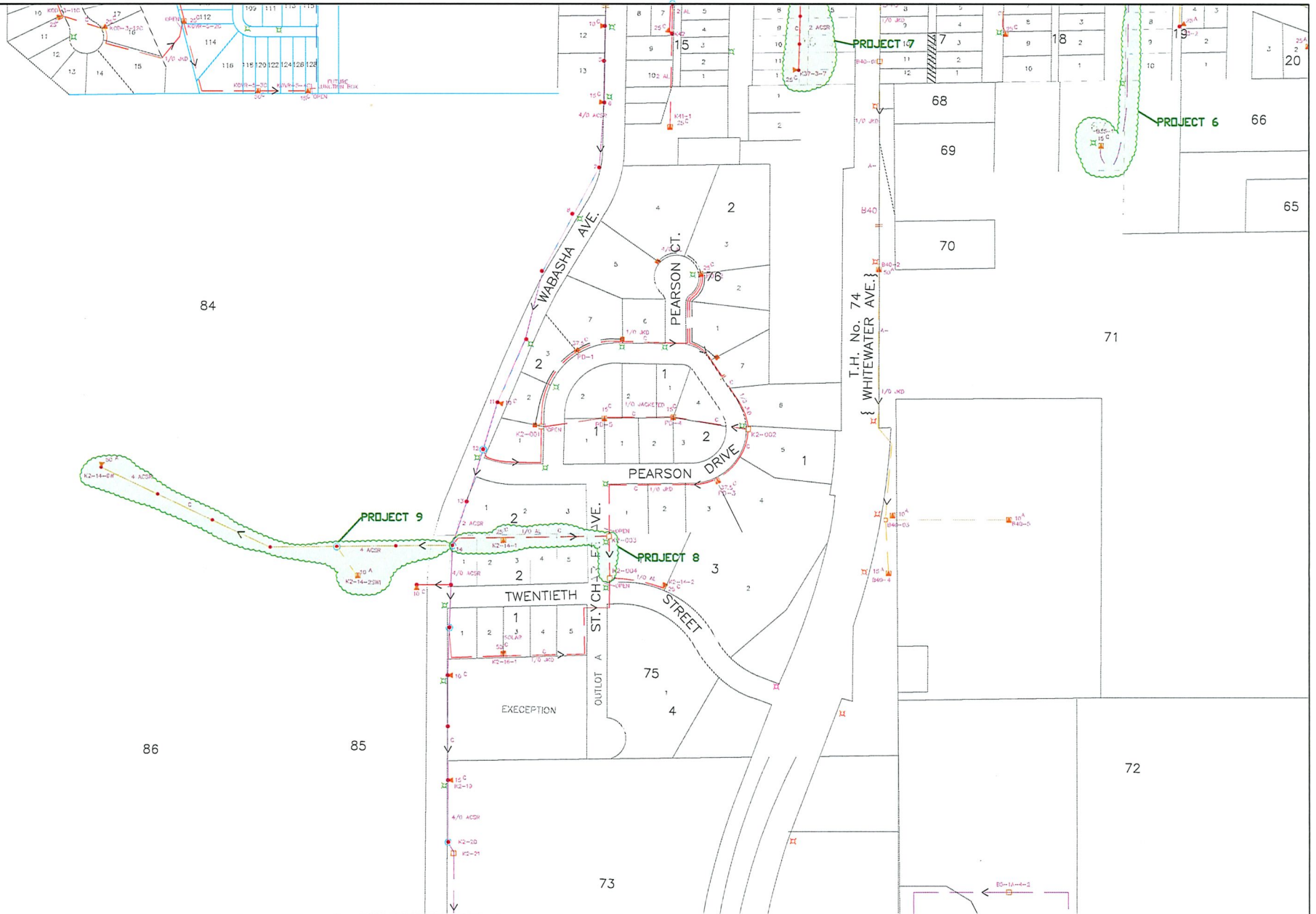
- O.H. I.P.C. MAJOR
- FEEDER-1
- FEEDER-2
- FEEDER-3
- O.H. PRIMARY
- A-PHASE - O.H.
- B-PHASE - O.H.
- C-PHASE - O.H.
- SECONDARY - O.H.
- URD PRIMARY
- A-PHASE - URD
- B-PHASE - URD
- C-PHASE - URD
- SECONDARY - URD
- ABANDONED - URD
- WIRE SIZE
- POLE
- RISE-POLE
- POLE-MOUNTED TRANSFORMER
- PAD-MOUNTED TRANSFORMER
- JUNCTION ENCLOSURE
- SECONDARY PEDISTALL
- STEP DOWN TRANSFORMER
- CAPACITOR
- SWITCH
- 100W STREET LIGHT
- 150W STREET LIGHT
- 250W STREET LIGHT
- LED STREET LIGHT

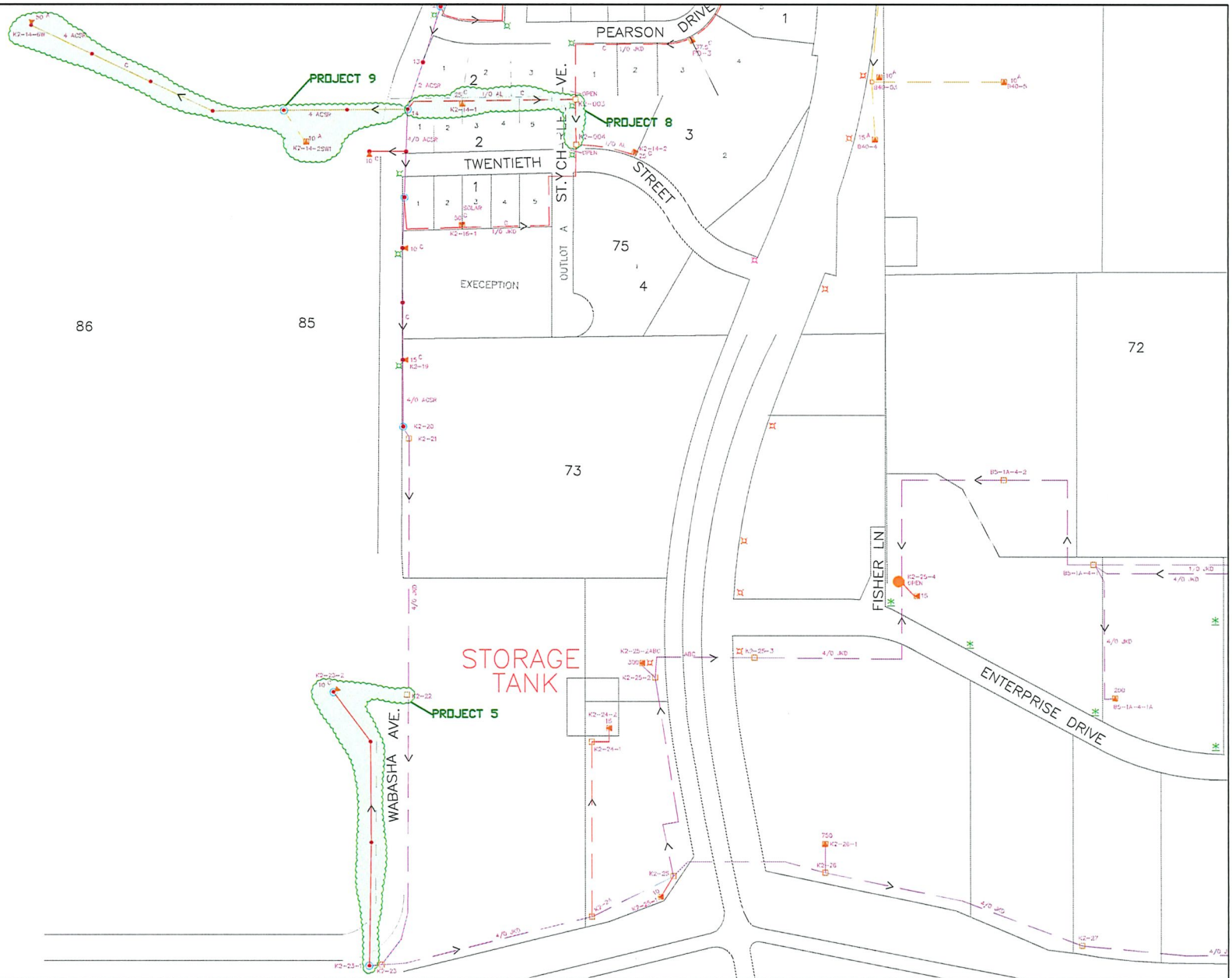












**City of St. Charles
Resolution #15-2022**

**A Resolution Approving A
Four-Day Intoxicating Liquor License**

WHEREAS, the American Legion Hugh Watson Post 190 is submitting an application to the City of St. Charles in order to sell Intoxicating Liquor at Winona County Fairgrounds on Wednesday, Thursday, Friday, Saturday, July 6-9, 2022.

WHEREAS, the entire perimeter of the site not on the side of the grandstands must be enclosed by a row of safety fencing, each row at least 4 feet in height. If Lessee wishes to use a barrier other than safety fencing, alternative materials with similar safety qualities may be pre-approved by the City; and

WHEREAS, the entire licensed site must be closely monitored by the licensee to ensure that no one leaves the premises with an alcoholic beverage in hand and/or passes such a beverage to anyone off the site; and

NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF ST. CHARLES, MINNESOTA that:

1. The Council of the City of St. Charles hereby approves the Intoxicating Liquor License submitted by the American Legion Hugh Watson Post 190 to the City of St. Charles.

Adopted by the Council of the City of St. Charles, Minnesota this 10th day of May, 2022.

John Schaber, Mayor

Attest: _____
Nick Koverman, City Administrator

**City of St. Charles
Resolution #16-2022**

**A Resolution Approving A
One-Day Intoxicating Liquor License**

WHEREAS, the American Legion Hugh Watson Post 190 is submitting an application to the City of St. Charles in order to sell Intoxicating Liquor at Winona County Fairgrounds on Sunday, July 10, 2022.

WHEREAS, the entire perimeter of the site not on the side of the grandstands must be enclosed by a row of safety fencing, each row at least 4 feet in height. If Lessee wishes to use a barrier other than safety fencing, alternative materials with similar safety qualities may be pre-approved by the City; and

WHEREAS, the entire licensed site must be closely monitored by the licensee to ensure that no one leaves the premises with an alcoholic beverage in hand and/or passes such a beverage to anyone off the site; and

NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF ST. CHARLES, MINNESOTA that:

1. The Council of the City of St. Charles hereby approves the Intoxicating Liquor License submitted by the American Legion Hugh Watson Post 190 to the City of St. Charles.

Adopted by the Council of the City of St. Charles, Minnesota this 10th day of May, 2022.

John Schaber, Mayor

Attest: _____
Nick Koverman, City Administrator

City of St. Charles
Resolution #17-2022

**RESOLUTION ACKNOWLEDGING THE DONATION TO THE ST. CHARLES VOLUNTEER
AMBULANCE FROM ST. CHARLES MOOSE LODGE #1114**

WHEREAS, the City of St. Charles is generally authorized to accept contributions of real and personal property pursuant to Minnesota Statute 465.03 for the benefit of its citizens; and

WHEREAS, the St. Charles Volunteer Ambulance has received a donation in the amount of \$5,000.00 from St. Charles Moose Lodge #1114 to be used by the St. Charles Volunteer Ambulance Association for the purchase of a statue to honor all EMS service personnel.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF ST. CHARLES, MINNESOTA THAT: the City Council of the City of St. Charles acknowledges and accepts the \$5000.00 donation from the St. Charles Moose Lodge #1114.

BE IT FURTHER RESOLVED THAT: the City Council of the City of St. Charles expresses its thanks and appreciation for the donation.

Adopted this 10th day of May, 2022 by the City Council of the City of St. Charles.

CITY OF ST. CHARLES

John Schaber, Mayor

ATTEST:

Nick Koverman, City Administrator

**City of St. Charles Conservation Improvement Program
For
Low-Income Participants**

This Agreement is between Semcac, a Community Action Agency and the City of St. Charles Electric Utility, a municipal electric company ("Company") that offers the Conservation Improvement Program (CIP) funding through its utility to assist with conservation of the energy source offered by Company.

WITNESSETH:

WHEREAS, Semcac is a non-profit agency in the business of providing energy efficiency services to low-income residents of Minnesota; and the City of St. Charles Electric Utility.

WHEREAS, Semcac performs Weatherization services for low-income customers in Company's service territory; and replaces existing inefficient room air conditioners, and/or refrigerators, clothes washers, and light emitting diode (LED) bulbs with new ENERGY STAR® rated appliances where needed.

WHEREAS, the Company and Semcac desire to contract for the performance of certain appliance replacement services in Minnesota by Semcac, as specified in Article I set forth below, and upon the terms and conditions of this Agreement (the "Services").

NOW THEREFORE, for the mutual covenants contained herein and other good and valuable consideration, the parties agree as follows:

ARTICLES

I. Scope of Work

A. Introduction

Semcac will carry out the work described in Article I.C. Participants in Company's Low-Income Program must receive their electric utility service exclusively from the Company and must meet the low-income eligibility as defined in the current Department of Energy State Plan ("State Plan") submitted by the State of Minnesota.

All Services will be in compliance with Federal Regulation 10 CFR 440 and any other applicable local, state and federal laws, rules or regulations. Semcac warrants and represents to the Company that the Services provided will be performed by qualified and competent personnel in accordance with industry practice and the high standards of care and practice appropriate to the nature of the Services rendered, that the equipment supplied will meet the equipment and other specifications provided herein or by the Company, and the Services will be fit for the particular purpose intended by the Company, and be free from defects. Semcac will document all Services performed hereunder according to data collection requirements described in Article I.D.

B. Consumer Selection and Participation

1. Qualifying customers:

Qualifying low-income customers must reside in an owner-occupied residence or occupy a rental property and own the appliances.

2. The suggested order of ranking:

- a. Owner-occupied residence
- b. Consumers with highest electrical usage
- c. Senior citizens over the age of 60
- d. Handicapped consumers
- e. Families with children under the age of six
- f. Renters that own the appliances

Semcac will use its best efforts to prioritize those homes in the order they appear on the priority list; beginning with the top-ranked home, inasmuch as is feasible and practical in Semcac's reasonable judgment.

Semcac will also use its best efforts to prioritize by the following rank/order appliances to be replaced within the home when more than one Energy Efficiency Measure (EEM) is replaced:

- a. Light Emitting Diode (LED) bulbs
- b. Refrigerators
- c. Room air conditioners
- d. Clothes washers

C. Energy Efficiency Measures to be implemented

Semcac will ensure that the following Energy Efficiency Measures ("EEMs") will be added to the Services performed, where applicable, feasible and allowed by the consumer. The Company will fund the cost of performing or installing these EEMs according to Article II of this Agreement.

- a. Light Emitting Diode (LED) bulbs will be given to eligible participants who 1) receive electricity from the Company and 2) agree to have the LED installed in high usage areas (minimum average usage of 3 hours/day). Semcac will contact the Company or the Company to make arrangements for pick-up or delivery of the ENERGY STAR qualified LEDs to be installed at the consumer's residence before purchasing them from a local distributor. The existing incandescent lights will be removed and properly recycled. This service will be done with the consumer's knowledge.

- b. Refrigerator Replacement (EEM)

A refrigerator will be given to eligible participants who 1) receive electricity from the Company, 2) agree to have their old, working refrigerator removed and properly recycled by a contractor, and 3) agree to have the new refrigerator professionally installed by a contractor. Semcac will work with a local contractor to obtain the best price for an ENERGY STAR rated refrigerator to be installed at the consumer's residence. The existing unit will be removed and properly recycled by the contractor for the agreed purchase price. This service will be done with the consumer's knowledge.

c. Room Air Conditioner (RAC) Replacement (EEM)

A room air conditioner will be given to eligible participants who 1) receive electricity from the Company, 2) agree to have their old, working room air conditioner(s) removed and properly recycled by a contractor, and 3) agree to have the equipment professionally installed by a contractor. Semcac will work with a local contractor to obtain the best price for an ENERGY STAR room air conditioner to be installed at the consumer's residence. The existing unit will be removed and properly recycled by the contractor for the agreed purchase price. Up to two room air conditioners will be replaced per household. This service will be done with the consumer's knowledge.

d. Clothes Washer Replacement (EEM)

A clothes washer will be given to eligible participants who 1) receive electricity from the Company, 2) agree to have their old, working clothes washer removed and properly recycled by a contractor, and 3) agree to have the new clothes washer professionally installed by a contractor. Semcac will work with a local distributor to obtain the best price for an ENERGY STAR rated and Consortium for Energy Efficiency (CEE) Tier 3 model clothes washer to be placed in the consumer's residence. The existing unit will be removed and properly recycled by the contractor for the agreed purchase price. This service will be done with the consumer's knowledge.

e. Eligible Weatherization Activities. The weatherization work under this program will be in accordance with the applicable federal and state guidelines for site-built houses and mobile homes in effect from time to time during this Agreement. Only work deemed cost-effective under the guidelines is to be performed. MMBTU savings are required for each energy conservation measure.

The following weatherization measures are eligible UW Activities:

- a. Hot water pipe insulation
- b. Wall insulation
- c. Attic insulation
- d. Foundation insulation

- f. Rim joist insulation
- g. Air Infiltration reduction
- h. Mechanical replacements (central home heating equipment, water heater replacement, set back thermostats)
- i. Pressure balancing of floor, belly, and foundation measures (insulate tuck-under garages, foundations, crawl spaces, and rim joist areas)
- j. Water heating improvements (low flow showerhead, faucet aerators, pipe wrap, temperature set back, drain water heat recovery unit)
- k. **Glass/window replacement if cost effective and if prime (existing) window(s) are not repairable**

Use Minnesota Department of Commerce Approved Tool. A standardized National Energy Audit Tool (NEAT), Mobile Home Energy Audit (MHEA), currently known as the Weatherization Assistant (WA) is required for each selected dwelling to identify specific direct-impact weatherization measures to be installed. An MMBTU savings is required for all energy conservation measures.

D. Data Collection

Semcac will provide the data necessary to evaluate the annual energy saved, the peak demand reduced, and the cost to obtain those savings and reductions. This will include all receipts/purchase orders of the measures/equipment paid for by Semcac and those paid for by the Company. Semcac will provide survey data of homes with potential appliances to be replaced in the future. Semcac will supply reasonable requests for data from the Company in a reasonable time.

Existing appliances should be a minimum of ten (10) years old and in working condition to qualify for replacement, and be recycled in compliance with all environmental regulations. Semcac will provide replacement appliance age(s) to confirm that old equipment qualifies for replacement. Auditor will have the discretion whether old appliances are to be replaced based on a) visual observation of the particular unit, b) the model number of the appliance, c) use of National Energy Audit Tool (NEAT) software or d) data-logger.

II. Compensation

A. The Company will fund according to Table A below for the period from January 1, 2022 to December 31, 2022. **Semcac will verify funds are available prior to proceeding with the project.**

Table A

Member Utility	Budget
St. Charles Public Utility	\$3,100

Attention: Nick Koverman 830 Whitewater Avenue St. Charles, MN 55972	
----------------------------------------------------------------------------	--

- a. There is a maximum of five (5) EEM measures per customer.
- b. Member utility cost to be itemized to show administrative charges, equipment cost, recycling/disposal fee, and other costs.
- c. Administration fees to be a \$50 minimum and not to exceed 15% of Member utility cost for each customer.
- d. Semcac to provide description of Services performed and measures installed.
- e. Funding not to exceed budgeted amount per utility without prior approval by Member utility.
- f. Semcac to administer all transactions including purchase of appliances.

B. Energy Efficiency Measure Requirements

1. Light Emitting Diode (LED) bulbs Requirements:

- a. ENERGY STAR rated LED bulbs to be placed in **high usage** areas of owner-occupied residence (minimum average usage of 3 hours/day.)
- b. Replace and recycle a minimum of four (4) and maximum of ten (10) incandescent light bulbs. Replacement wattage is typically as follows:

Incandescent Bulbs	Minimum Light Output	Light Emitting Diodes (LED)
Watts	Lumens	Watts
40	450	4-5
60	800	6-8
75	1100	9-13
100	1600	16-20
150	2600	25-25

- c. Contact the Company to make arrangements for pick-up or delivery of LEDs before purchasing LEDs from local distributor.
- d. Maximum \$7 per LED, not to exceed actual purchase price, up to a maximum amount of \$70 per household (maximum 10 LEDs).

$$\begin{aligned}\text{Annual Energy Savings} &= \text{LED Wattage} \times 3 \times 840 \text{ hours/year} \\ \text{Annual Bill Reduction} &= \text{Annual Energy Savings} \times \$0.12/\text{kWh}\end{aligned}$$

Savings Example:

ENERGY STAR LED:

Incandescent Bulb:

$$\frac{3 \times 20 \text{ Watts} \times 840 \text{ hours/year}}{1000}$$

$$= 50 \text{ kWh} \times \$0.12/\text{kWh}$$

$$= \$6.00/\text{year cost to operate}$$

$$\frac{3 \times 100 \text{ Watts} \times 840 \text{ hours/year}}{1000}$$

$$= 252 \text{ kWh} \times \$0.12/\text{kWh}$$

$$= \$30.24/\text{year cost to operate}$$

Savings: \$24.24/year or 202 kWh

2. Refrigerator Requirements:

- a. Replacement of refrigerator, for owner-occupied residences or renters that own the appliances, that are at least ten (10) years old and in working condition.
- b. New refrigerator must be ENERGY STAR rated of equal or lesser size.
- c. Replaced refrigerator must be recycled in compliance with all environmental regulations.
- d. \$1,500 maximum amount for refrigerator replacement including administrative charges, appliance cost, recycling fee, and other costs. Maximum amount may only be exceeded with written approval by Company.

Annual Energy Savings: 372 kWh

Annual Bill Reduction: 372 kWh x \$0.10/kWh = \$37.20

(Data Source: MN Department of Commerce – Division of Energy Resources)

3. Room Air Conditioner (RAC) Requirements:

- a. Replacement room air conditioners must be for owner-occupied residences or renters that own the appliances.
- b. Old room air conditioner must be at least 10 years old and in working condition.
- c. New room air conditioners must be ENERGY STAR rated.
- d. Limit of two room air conditioners will be replaced per household.
- e. \$500 maximum amount for each room air conditioner replacement including administrative charges, equipment cost, recycling fee and other costs. Maximum amount may only be exceeded with written approval by the Company.
- f. Replaced RAC must be recycled in compliance with all environmental regulations.

RAC w/louvered sides Energy Savings: 90 kWh

Annual Bill Reduction: 90 kWh x \$0.10/kWh = \$9.00

RAC w/o louvered sides Energy Savings: 68 kWh

Annual Bill Reduction: 68 kWh x \$0.10/kWh = \$6.80

(Data Sources: MN Department of Commerce – Division of Energy Resources)

5. Clothes Washer Requirements:

- a. Replacement of clothes washer must be for owner-occupied residences or renters that own the appliances.
- b. Old clothes washer must be at least ten (10) years old and in working condition.
- c. New clothes washer must be ENERGY STAR rated and a Consortium for Energy Efficiency (CEE) Tier 3 model. The list is updated monthly and can be found at <http://www.cee1.org/resid/seha/rwsh/rwsh-main.php3>.
- d. \$1000 maximum amount for each CEE Tier 3 clothes washer replacement including administrative charges, appliance cost, recycling/disposal fee and other costs. Maximum amount may only be exceeded with written approval by the Company.
- e. Use Appendix A for referencing serial numbers of major appliance brands to determine ages.

CEE Tier 3

(Annual Water Savings = 6,542 gallons)

Energy Savings (with gas water heater): **105 kWh**

Annual Bill Reduction = 105 kWh x \$0.10/kWh = \$10.50

Energy Savings (with electric water heater): **272 kWh**

Annual Bill Reduction = 272 kWh x \$0.10/kWh = \$27.20

(Data Source: MN Department of Commerce – Division of Energy Resources)

C. Method of Payment

The Company will “forward-fund” Semcac the annual amount (\$3,100.00) and receive monthly invoices itemizing materials, labor and supplies used on the Project. Copies of receipts/purchase orders will also be provided to verify the costs of the Services actually completed. Each invoice will itemize any applicable sales and/or use taxes. **Invoices, receipts/purchase orders and data collection reports will be sent to the Company’s contact person in Table A.** any unused Company funds will be returned to the Company no later than December 31, 2022. The last invoices, receipts/purchase orders and data collection reports must be received by the Company no later than December 16, 2022.

D. Right to Audit

The Company has the right to review, audit and verify any information connected with this Agreement at Semcac’s regular place of business during normal business

hours. Member utility has the right to conduct on-site inspections to verify Services performed and measures installed.

III. Termination

This Agreement will terminate on December 31, 2022; however, all Parties have the right to terminate this Agreement upon thirty (30) days written notice if Semcac's performance is not satisfactory to Company, or if the Company and Semcac are unable to agree on amendments to the Agreement. Upon notice of termination Semcac will not begin work on any additional homes and will confer with Company as to the status of homes currently receiving Services. Semcac will bill the Company after the in-progress Services have been completed.

IV. Indemnification

Semcac, for itself and the parties Semcac contracts with, agrees to assume all risk of loss and to defend, indemnify and hold the Company, its officers, employees and agents harmless against any and all claims, liabilities, damages, losses, costs or expenses of whatever nature or character for all injuries or damage of any type to any person or property, including injuries or damage of third parties or employees of both parties and employees of or the parties Semcac contracts with pursuant to this Agreement, occasioned wholly or in part by any act or omission of Semcac, and the parties Semcac contracts with pursuant to this Agreement or of anyone directly or indirectly employed by any of them or for whose acts any of them may be liable, resulting from or arising out of the referred Services, or any of the activities of Semcac, and the parties Semcac contracts with pursuant to this Agreement, whether or not such injuries or damage are occasioned in part by Company, its officers, employees or agents.

V. Insurance

Semcac will provide and maintain Public Liability and Property Damage Insurance so as to provide protection and indemnification against any and all such claims or suits in connection with the Services performed pursuant to this Agreement. Upon request, Semcac will furnish to the Company certificates issued by insurance companies showing policies carried and the coverage limits. Coverage must be in accordance with *Minnesota Statutes* Chapter 466 and to the extent of other statutory law (i.e. Workers' Compensation).

VI. Independent Contractor

Semcac agrees that it is an independent contractor and will be at all times solely responsible for itself, as well as its employees, agents, and subcontractors as to workmanship, accidents, injuries, wages, supervision and control. The Company

will exercise only limited supervision of the Services in order to keep itself informed as to the progress thereof. This Agreement may not be altered in any manner so as to change the relationship of Semcac from that of independent contractor or to alter Semcac's responsibilities, except as required under Article II.F.

VII. Laws

This Agreement will be governed by the laws of the State of Minnesota and venue will be in Winona County, Minnesota. Contractor's obligation to perform under this Agreement will remain in effect during the resolution of disputes.

VIII. Amendments

This Agreement contains the entire understanding between the parties and any amendments/waivers must be in writing and signed by both parties. Semcac would like to hold this contract with any/all utilities companies that wish to partner with Semcac and amendments can be done per job when needed.

Semcac

Doug Grout
Executive Director

Date

City of St. Charles

John Schaber
Mayor

Date

Nick Koverman
City Administrator

Date

APPENDIX A

General Electric Appliances

This information is provided to assist in finding the *manufacturing date* of GE (USA) built appliances. GE makes Hotpoint, GE and the American RCA.

The date code is in the letters on your serial number.

Example serial number: LT221102

LT221102 - L = month - June

LT221102 - T = year 1986 or 1998

LT was built June 1998 or June 1986

Date codes - First letter is the month and the second letter is the year.

A = January D = February F = March G = April H = May L = June M = July R = August S = Sept. T = Oct. V = Nov. Z = Dec.

G = 1980 & 1992 H = 1981 & 1993 L = 1982 & 1994 M = 1983 & 1995 R = 1984 & 1996 S = 1985 & 1997 T = 1986 & 1998 V = 1987 & 1999 Z = 1988 & 2000 A = 1989 & 2001 D = 1990 & 2002

This information is provided to assist in finding the *manufacturing date* of GE (Canadian - Camco) built appliance. Camco makes Hotpoint, GE Moffat and McClary.

The date code is in the letters on your serial number.

Example serial number: MS731902A

The first 2 letters show the manufacturing date.

MS731902A shows the month made - July

MS731902A shows the year made - 1997

The above appliance with serial # MS731902A was made in July 1997.

H = 1993 and May L = 1994 and June M = 1995 and July R = 1996 and August S = 1997 and Sept. T = 1998 and Oct. V = 1999 and Nov. Z = 2000 and Dec. A = 2001 and January D = 2002 and February F = 2003 and March G = 2004 and April

Frigidaire Appliances

This information is provided to assist in finding the *manufacturing date* of Frigidaire.
Frigidaire makes White/Westinghouse, Tappan, Frigidaire, and Kelvinator.

Example serial number:

NF11910958 = NF(where the product was made)

NF11910958 - 1 = made in 2001

NF11910958 - 19 = 19th week in that year

This washer looks to be made in April of 2001

Example #2 serial number:

LA84501552

LA84501552 = year, this could be 1988 or 1998. If the appliance looks 10 years old it is probably 1988. If the appliance only looks to be a couple of years old, probably 1998 is more likely.

LA84501552 - 45 = 45th week of either 1998 or 1988

Kitchen Aid Appliances

This information is provided to assist in finding the *manufacturing date* of Kitchen Aid.

The serial numbers and letters from your model/serial tag, are required.

I have only a little information on the KA date codes:

Serial example - XL1601009

2001, the 16th week

1st # is factory where the product was made.

2nd # is the year (J = 1999, K = 2000, L = 2001, M = 2002, N =2003, etc)

3rd & 4th #'s = week produced

Maytag Appliances

This information is provided to assist in finding the *manufacturing date* of your Maytag built appliance. Maytag owns Maytag, Jenn-Air, MagicChef.

Example serial number: 15114672UY

15114672UY - UY is the date code. The first letter is the year - U = 1998. The second letter is the month - Y = November. This appliance was made November of 1998.

First letter is the year, second letter is the month.

Whirlpool Appliances

This information is provided to assist in finding the *manufacturing date* of Whirlpool built appliances.

The date code is in the letter on your model number.

Example model numbers: LRS6233BW1= 1994 or SF367PEYW1= 1992 or LE6685XPW1= 1985 or ET22PKXXW0= 1991 or EV150CXKW0 = 1982

K = 1982 or 2001 L = 1983 or 2002 M = 1984 or 2003 P = 1985 or 2004 R = 1986 or 2005 S = 1987 or 2006 T = 1988 or 2007 V = 1989 or 2008 W = 1990 or 2009 X = 1991 or 2010 Y = 1992 or 2011 A = 1993 or 2012 B = 1994 or 2013 D = 1995 or 2014 E = 1996 or 2015 F = 1997 or 2016 G = 1998 or 2017 H = 1999 or 2018 J = 2000 or 2019