



The City Council of the City of St. Charles welcomes you to its
Regular Meeting of Tuesday, May 25, 2021 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. Approval of the Agenda	
4. Notices and Communications –	
5. Review of Financials	
6. Mi-Energy EV Charging Station	APPROVE
7. Solar Impact Study (StarEnergy-Kristi Robinson)	APPROVE
8. Resolution #27-2021 Issuance and Sale of Bond	APPROVE
9. Ordinance #632 Pet Excrement (2 nd Reading)	APPROVE
10. Property Damage Release	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

Please Note: Some or all councilmembers may participate by telephone or other electronic means as permitted through Minn. Stat. 13D.021.
To attend the conference call please dial 1-320-460-1726 and the conference ID: 995 262



MEMORANDUM for the CITY COUNCIL of St. Charles for
Tuesday, May 25, 2021

6. Mi-Energy EV Charging Station. Ken Whitcomb, vice president of Member Services, will be present to discuss the enclosed information regarding the partnership with the St. Charles Public Utility and Mi-Energy to install a proposed EV charging station. Mi-Energy is working with ZEF Energy to install a unit in every community they serve.

7. Solar Impact Study (StarEnergy-Kristi Robinson). Included in the packet is the completed System Impact Study. Ms. Robinson will provide the Council with a presentation highlighting the study with full recommendations.

8. Resolution #27-2021 Issuance and Sale of Bond. Mike Bubany of David Drown Associates will be present to discuss the Standard & Poors rating of A+ and the related bond sale that will have taken place on the morning of May 25 and answer any questions from Council.

9. Ordinance #632 Pet Excrement (2nd Reading). Enclosed is the ordinance for consideration of a second reading.

10. Property Damage Release. Enclosed is property damage release for an accident that resulted in the replacement of a water hydrant. In consultation with Chris Hood, city attorney, the release is common practice in order to receive payment. In discussion with Public Works Director Karger, the repair was made in March and no further issue should be expected. It is recommended to approve the release.



Your Touchstone Energy® Cooperative 

This institution is an equal opportunity provider and employer.

Iowa Office

Street Address: 24049 Highway 9, Cresco, IA 52136

Mailing Address: PO Box 90, Cresco, IA 52136

Local: 563.547.3801 | Fax: 563.547.4033

Minnesota Office

Street Address: 31110 Cooperative Way, Rushford, MN 55971

Mailing Address: PO Box 626, Rushford, MN 55971

Local: 507.864.7783 | Fax: 507.864.2871

Toll-Free: 800.432.2285 | Website: www.MiEnergy.coop

May 2021

Dear City of St. Charles,

Electric vehicle (EV) charging is a hot topic in the automotive industry. MiEnergy Cooperative's committed to its members and local communities and has led it to create opportunities to assist communities in this industry transformation.

MiEnergy is offering a FREE level 2 EV charging station to your municipal. The cooperative recently collaborated with Dairyland Power Cooperative and 31 other electric cooperatives, to form CHARGE EV, LLC. This partnership stretches from Minnesota and Wisconsin to Iowa and Illinois. It presents an opportunity to help build a regional charging network for EV drivers living or visiting our area. This partnership also assists the cooperatives in managing the charging technology to avoid unexpected peak demand charges and to promote off-peak energy changing.

MiEnergy is working with local municipal members to build a smaller community charging network within its electric service territory in southeastern Minnesota and northeastern Iowa.

Enclosed are details regarding the EV charger along with the responsibilities for each party. Municipals taking part in the program must place an order with MiEnergy by July 1, 2021, and have the charger installed by the end of 2021.

MiEnergy is excited to partner with our local municipals for the emerging EV market. This is a great opportunity for all parties to have a part in paving the roadway for the future. Please feel free to reach out with any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kent Whitcomb", with a long, sweeping horizontal line extending to the right.

Kent Whitcomb

V.P. Member Services

Pave the Way for Electric Vehicle Charging in your Community

MiEnergy Cooperative's **FREE** electric vehicle charger
Commercial ZEFNET 40-CPD-SS

Introducing ZEF Energy's most popular electric vehicle charging station, the ZEFNET 40 Dualhead. The ZEFNET 40 is a high-quality, high-power, feature-packed EVSE, built and tested to automaker standards to ensure a reliable charge every time. The ZEFNET 40 takes the wear-and-tear of everyday use in all environments. Its tough NEMA 4 outdoor rated enclosure ensures you can install this unit anywhere with confidence. Works with ALL plug-in vehicles including the Chevy Bolt, Tesla Model 3, Chevy Volt, Nissan Leaf, Kia Soul, Ford C Max, etc.

The ZEFNET Dual-Head Pedestal is the most per-plug cost effective commercial pedestal configuration. Minimize electrical install costs with this Dual-Head configuration. Ideal for public, retail, workplace, and fleets, with data logging capability and advanced control to allow site/facility managers to minimize demand charge costs when adding EV chargers.



Pedestal-mounted, Dualhead

	Pricing	Charge Rate Level 2	1 Hour Charge
ZEFNET 40-CPD-SS **MIENERGY'S FREE CHARGER**	\$5,139	7.7 kW	20-30 miles
ZEFNET 60-CPD-SS	\$5,819	11.5 kW	30-50 Miles
ZEFNET 80-CPD-SS	\$6,229	15.4 kW	45-60 Miles

5-year warranty + support, 5-year cellular service, and 5-year ZEFNET access included.

As part of MiEnergy's program, the municipal is responsible for determining the best location in the community for the charger and the cost of the electrical installation. It is recommended to get a quote from an electrician prior to ordering. Chargers are also available with higher charging rates. Any additional chargers or upgrades to what MiEnergy is offering is charged to the municipal. Additional options are on the backside of this sheet.

Kent Whitcomb, vice president of member services
800-432-2285 | kwhitcomb@MiEnergy.coop
www.MiEnergy.coop/municipals

mienergy[™]
COOPERATIVE
Your Touchstone Energy® Cooperative 

CHARGE
POWERED BY CO-OPS

Additional Electric Vehicle Charging Station Options



Wall-Mount, Singlehead			
	Pricing	Charge Rate Level 2	1 Hour Charge
ZEFNET-40-CWS	\$2,299	7.7 kW	20-30 miles
ZEFNET-60-CWS	\$2,569	11.5 kW	30-50 Miles
ZEFNET-80-CWS	\$2,769	15.4 kW	45-60 Miles
5-year warranty + support, 5-year cellular service, and 5-year ZEFNET access included.			



Pedestal-Mount, Singlehead			
	Pricing	Charge Rate Level 2	1 Hour Charge
ZEFNET 40-CPS-SS	\$2,919	7.7 kW	20-30 miles
ZEFNET 60-CPS-SS	\$3,259	11.5 kW	30-50 Miles
ZEFNET 80-CPS-SS	\$3,469	15.4 kW	45-60 Miles
5-year warranty + support, 5-year cellular service, and 5-year ZEFNET access included.			



Full Feature Pedestal-Mount, Dualhead			
	Pricing	Charge Rate Level 2	1 Hour Charge
ZEFNET-40-PRO	\$7,149	7.7 kW	20-30 miles
ZEFNET-60-PRO	\$7,829	11.5 kW	30-50 Miles
ZEFNET-80-PRO	\$8,239	15.4 kW	45-60 Miles
Embedded Breaker Panel	\$200		
Payment Module Option (Card reader)	\$1,100		
Custom Charger Branding	\$85		
High visibility LED charging status, 5-year warranty + support, 5-year cellular service, and 5-year ZEFNET access included.			

A **FREE** electric vehicle charger

for your city from your local electric cooperative

MiEnergy Cooperative recently collaborated with Dairyland Power Cooperative and 31 other electric cooperatives, to form CHARGE EV, LLC. This partnership stretches from Minnesota and Wisconsin to Iowa and Illinois. It presents an opportunity to help build a regional charging network for EV drivers living or visiting our area. MiEnergy is working with local municipal members to build a smaller community charging network within its electric service territory in southeastern Minnesota and northeastern Iowa.



FREE charger

- ▶ Commercial ZEFNET 40-CPD-SS, dual-head pedestal-mounted level 2 EV charging station with a charge rate of 7.7kW.
- ▶ One hour of charging will add approximately 20 to 30 miles to an EV's battery.
- ▶ Manufactured by Clipper Creek.
- ▶ Municipal determines the best location in the community for the charger.
- ▶ Municipal is responsible for the cost of the electrical installation. It is recommended to get a quote from an electrician prior to ordering.
- ▶ Chargers are also available with higher charging rates. Any additional chargers or upgrades to what MiEnergy is offering is charged to the municipal. A price sheet is provided.

Billing

- ▶ ZEF Energy's ZEFNET utility platform.
- ▶ Municipal sets the cost for charging. This includes an energy charge, parking fee and/or charging based on time. This is set up individually with a QR code mounted on the charger to allow a driver to pay through an app to avoid credit card access point charges.
- ▶ Other billing options are available, but it involves a fee.
- ▶ MiEnergy helps coordinate the setup of the billing system for the charger.

Service

- ▶ All commercial units come with ZEF Energy's 5-5-5 plan: 5 years of parts warranty, 5 years of ZEFNET operational software, 5 years of connectivity costs.
- ▶ Costs to maintain the ZEFNET operational software and connectivity after the 5-year warranty are estimated at \$160/plug/year.

Timeline

- ▶ EV chargers must be ordered by July 1, 2021, and installed by the end of the year.



Please feel free to reach out with any questions:

Kent Whitcomb, vice president of member services

800-432-2285 | kwhitcomb@MiEnergy.coop

www.MiEnergy.coop/municipals



2021 SYSTEM IMPACT STUDY

St. Charles Light and Water

Abstract

An analysis of the impact of the accumulated behind-the-meter distributed energy resources that exist on the St. Charles' electrical distribution system and the effect of future interconnections.

Kristi Robinson, P.E.
STAR Energy Services LLC

Contents

1.0	Executive Summary.....	1
2.0	Current Distributed Energy Resources	2
3.0	Power Supply	3
4.0	Minimum Load Issues	4
5.0	Technical Distribution Concerns	4
6.0	Transmission Limitations	4
7.0	Distribution Limitations	5
8.0	Financial Impact	6
9.0	Recommendations	7
10.0	Technical Requirements	8
11.0	Exhibits.....	9
	Figure 1 St. Charles Distributed Energy Resource Mix	2
	Figure 2 St. Charles Energy Mix	3
	Figure 3 Locations of Distributed Solar Systems	10
	Figure 4 Avoided Transmission Savings – Customer-Owned Solar	11

I hereby certify that this plan, specification, or report was prepared by me or under my direct supervision and that I am a duly Licensed Professional Engineer under the laws of the State of Minnesota

Print Name: Kristi Robinson

Signature: 
Kristi Robinson (May 21, 2021 11:59 CDT)

Date 5/21/21 License # 45478

1.0 Executive Summary

St. Charles Light and Water provides electricity to approximately 1,700 services ranging between residential homes to industrial buildings. Within the municipality's service territory, there is 2,644 kW AC of distributed solar resources interconnected to St. Charles's distribution system. At times, the distributed solar resources can produce more generation than existing load requirements resulting in energy flowing back onto Dairyland Power Cooperative's transmission line.

Currently 21% of St. Charles's annual energy needs are being provided by the distributed solar resources interconnected to the distribution system. However, due to the mismatch of when the renewable energy is produced and when St. Charles's energy load needs occur, there are times throughout the year when St. Charles is selling energy to Dairyland Power Cooperative at a significantly lower amount than St. Charles is required to purchase the renewable generation at.

In addition to this the financial concern of purchasing and selling excess renewable generation, there also becomes a technical concern that the safety, reliability and power quality of the energy provided to St. Charles's customers is affected by the mismatch of when generation occurs and when the electrical load needs are.

This report examines both the financial and infrastructural impact to the utility as more distributed energy resources are interconnected to St. Charles's distribution system. The following conclusions were drawn from this study:

- It is feasible to interconnect an additional 300 kW AC of behind-the-meter solar owned by St. Charles Light and Water customers before Dairyland Power Cooperative's transmission may be detrimentally affected.
- To avoid distribution infrastructure changes, it is recommended additional 300 kW of potential new, behind-the-meter solar systems be sized 10 kW or smaller when located on a residential home. Interconnection applications for residential services size 10 kW or smaller should be allowed to pass through the minimum daytime load initial engineering screen, even though aggregate generation exceeds minimum daytime load.
- It is recommended that interconnection applications for behind-the-meter solar systems sized larger than 10 kW but smaller than 40 kW and will not export energy onto the distribution system, be allowed to pass through the minimum daytime load initial engineering screen.
- The financial impact to St. Charles and its rate base for future distributed solar resources installed behind-the-meter, under the net metering rate, is approximately \$67 per kW installed annually.
- It is highly recommended that St. Charles update their existing technical requirements to be aligned with the Minnesota Technical Interconnection and Interoperability Requirements (TIIR) and create a Technical Specification Manual (TSM) custom to St. Charles Light and Water.

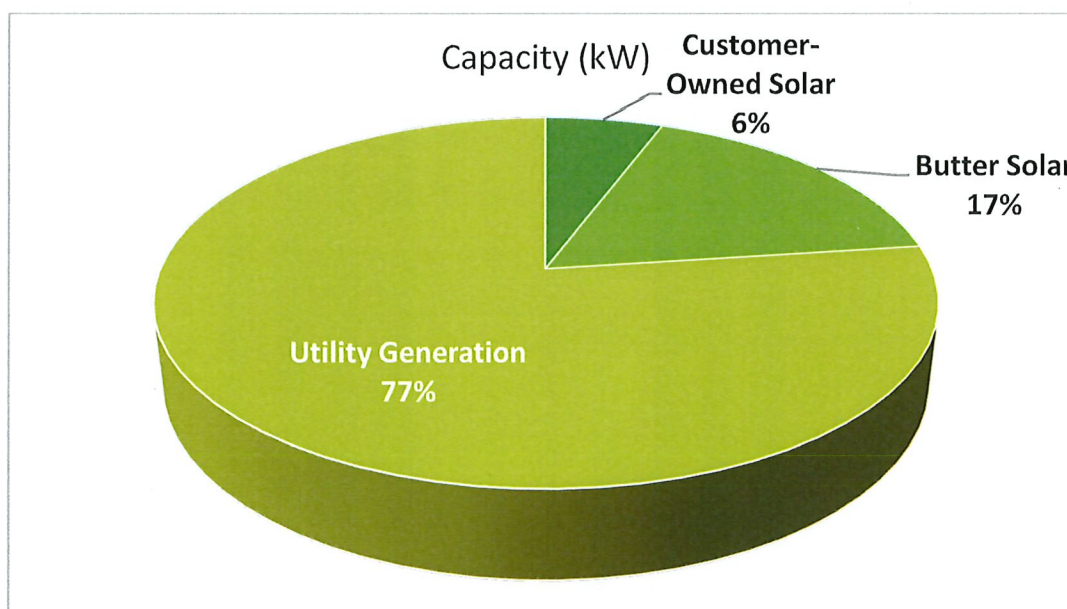
2.0 Current Distributed Energy Resources

St. Charles Light and Water (St. Charles) first began to see behind-the-meter distributed energy resources being installed in 2015. To encourage its residences to install renewable energy, St. Charles established an incentive program that would provide a \$1 rebate per watt of distributed solar installed up to 10 kW. This upfront rebate, combined with the federal incentives that exist, resulted in 7 solar systems for an aggregated capacity of 141 kW AC to be interconnected to the distribution grid between 2015 and 2016. In 2017, St. Charles capped the funds available for the solar rebate and still had 9 solar applications submitted to the utility for an aggregate total of an additional 334 kW AC. Since 2017, an additional 6 solar systems were added with an aggregate total of 178 kW AC. In total, St. Charles's customers have interconnected 664 kW AC of behind-the-meter solar.

As a utility, St. Charles also invested in their own distributed solar system in 2019. St. Charles was able to establish an agreement with Upper Midwest Municipal Energy Group (UMMEG) and BluEarth Renewables US to install 2 MW of solar on the utility's distribution system. This solar system, part of the Butter Solar portfolio, is a mixture of fixed and trackable solar panels.

Presently, between the customer-owned behind-the-meter solar systems and the Butter Solar system, there exists 2,664 kW AC of solar interconnected to St. Charles's distribution grid. In addition, St. Charles also has 8,945 kW AC of fossil fuel generation power available. This generator resource is mainly used for Midcontinent Independent System Operator (MISO) support and when called upon by Dairyland Power Cooperative.

Figure 1 St. Charles Distributed Energy Resource Mix

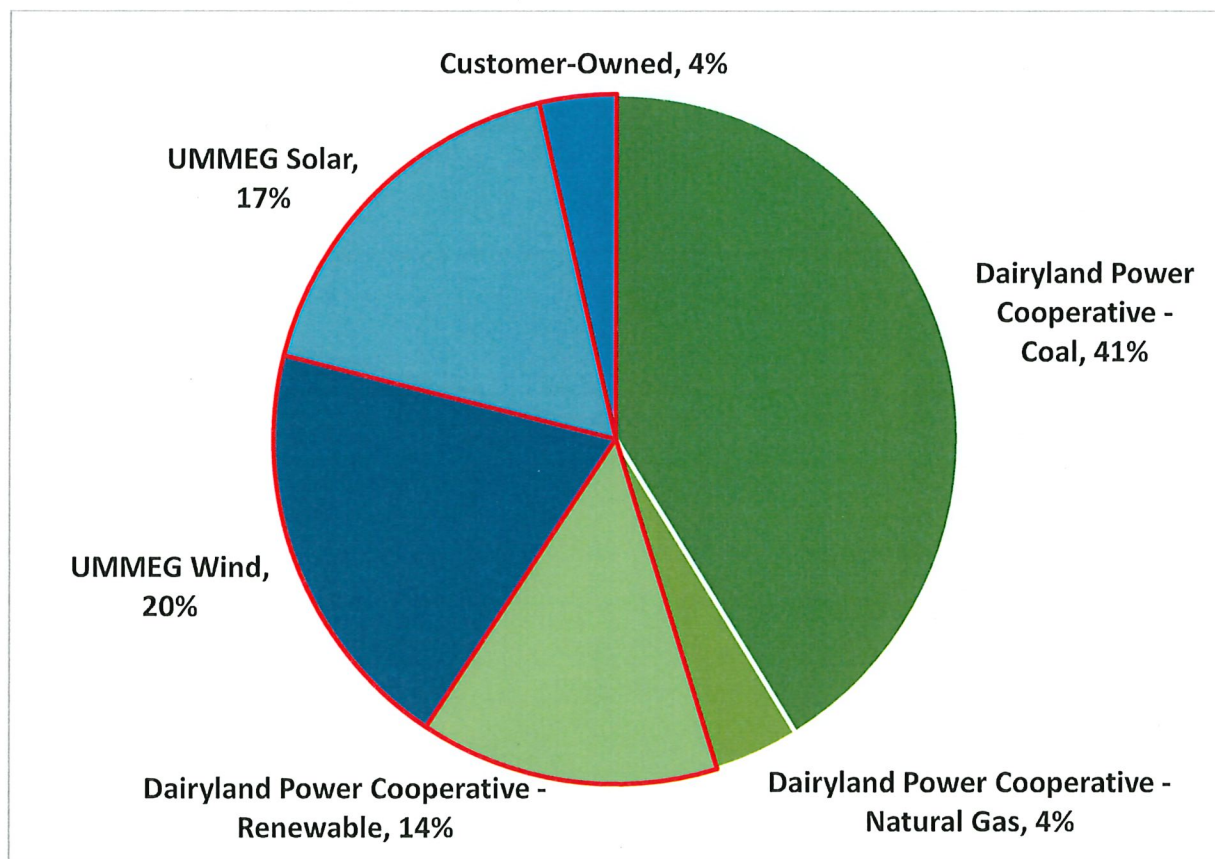


3.0 Power Supply

Power for St. Charles is mainly acquired through a power purchase agreement with Dairyland Power Cooperative. St. Charles has also entered into a power purchase agreement with UMMEG and BluEarth Renewable US to purchase the energy from the 2 MW Butter Solar system located on St. Charles's distribution system. The power from Butter Solar does provide an opportunity for St. Charles to avoid transmission purchases from Dairyland Power Cooperative. In addition, St. Charles has an agreement to purchase approximately 4,200 MWh of wind energy located in Rugby, ND from UMMEG.

St. Charles's annual energy needs is approximately 22,500 MWh with an annual peak demand of 5,700 kW. Currently, Dairyland Power Cooperative provides 59% of St. Charles's annual needs with the wind and solar power purchase agreements with UMMEG and the customer-owned generation provide 37% and 4%, respectively.

Figure 2 St. Charles Energy Mix



4.0 Minimum Load Issues

St. Charles has an annual peak electric load of approximately 5,700 kW that occurs during the summer months. In mild seasons, the monthly maximum load St. Charles has is normally approximately 2,700 kW. While the monthly maximum load requirements of St. Charles are greater than the aggregate solar distribution energy resource installed by the utility and the customers, during certain daytime periods on the year, the solar generation will exceed the electrical load requirements of St. Charles. During these periods, the solar generation will flow back to the St. Charles's substation and onto the 69 kV transmission line.

The annual minimum daytime load required by St. Charles in normal conditions occurs during the spring months of March - May. Daytime hours for this report are considered 8 AM – 6 PM. While solar radiation does occur outside this timeframe, solar systems are typically producing a fraction of their total capacity due to the low angle of the sun. In 2021, it is calculated that St. Charles's minimum daytime demand requirements is 1,650 kW.

5.0 Technical Distribution Concerns

All of the distributed energy resources interconnected to St. Charles's 12.47 kV distribution system flows back to the St. Charles substation. The St. Charles substation is a 7.5/10 MVA interconnected to Dairyland Power Cooperative's 69 kV transmission line.

When the generation is exceeding the distribution system load, backflow of energy produced from distributed energy resources affects not only the substation, but also can cause issues on distribution system line segments. The cause for concern of backflow on distribution line segments is the effect on distribution equipment and power quality. As an example, distribution line equipment can malfunction if not properly programmed for bidirectional power flow. Malfunctioning distribution line equipment would likely lead to power quality or reliability issues that is detrimental to the customers receiving service from the utility.

Too many solar systems in a concentrated area on the distribution system can cause flicker to occur and/or voltage to rise above acceptable American National Standards Institute (ANSI) standards. Often, specific neighborhoods will have a higher concentration of solar installation than others. In these specific neighborhoods, power quality issues can arise if the utility does not address the issues prior to interconnection. For multiple services with solar systems interconnected that share a common transformer, the inverters will often see ANSI limits reached when both solar systems are producing at the same time causing inverters to trip out.

Today, the majority of the localized reverse power flow on different distribution line segments are caused by existing solar distributed energy resources that are sized near the 40 kW net metering cap. Distribution line segment reverse power flow also occurs from the 2 MW Butter Solar system.

6.0 Transmission Limitations

It currently is possible, but not likely, that approximately 1 MW of power could be flowing back onto Dairyland Power Cooperative's transmission throughout the year due to the distributed solar resources.

The amount of reverse flow onto the transmission which has been documented, has been no greater than 200 kW when the fossil fuel generators were not operating. The transmission line is rated and approved for reverse power flow up to 10 MW, as this is the amount of power that could flow back onto the transmission when St. Charles's fossil fuel generators are called to operate or if the substation transformer was at the top operating rating.

It is highly unlikely that St. Charles would be operating fossil fuel generators while the 2 MW Butter Solar system is operating at maximum output and the load of the municipal is at current minimum daytime levels. However, if daytime load levels continue to fall due to additional distributed solar systems being interconnected, it is possible reverse power flow onto the transmission line will exceed transformer line ratings. Theoretically, with today's distributed solar saturations, an additional 300 kW of distributed solar could be added to St. Charles's distribution system without compromising the transmission. Additional distributed solar generation could also be added to St. Charles's distribution system without detrimental issues to the transmission system, but a transmission system impact study would be needed to confirm the exact amount.

7.0 Distribution Limitations

Typical residential homes in St. Charles have an annual energy use of 8,400 kWh. For a residence to completely offset their electric usage with onsite renewable energy, this would equate to installing a 6.4 kW AC solar system. This size of solar system would most likely be larger than the average demand of the residence and there still may be a mismatch of when energy is being produced and used. However, the amount of energy at any point in time flowing back onto the distribution system from a 6.4 kW AC system is considerably small and is unlikely to cause the need for infrastructure changes by itself.

For simplicity purposes, this study analyzed the random installation of 30 distribution solar systems sized at 10 kW AC capacity scattered on St. Charles's distribution system. The small 10 kW solar systems will offset existing loads of the interconnected service and a portion of the power requirements of neighboring homes. However, the reverse power flow is mainly limited to a small area on the distribution system, which results in no need to change upstream distribution equipment. When this scenario was modeled, it was determined there would not be power quality or reliability issues due to the aggregate installation of an additional 300 kW AC of solar generation.

The random siting of 30 distributed solar systems sized at 10 kW was repeated multiple times concluding the same results, except in the cases when the majority of the solar systems were installed on the same distribution circuit in the same geographical neighborhood. In this scenario, ANSI voltage limits were often exceeded. When ANSI voltage limits are exceeded, the surrounding electric services could see voltages 127 volts or higher, which would result in damaging equipment inside homes.

Larger, behind-the-meter solar systems can also be allowed to bypass the minimum daytime load initial engineering screen, provided the proposed interconnection has documented that it will not export power to the distribution system. This scenario is still subject to the limit of the aggregate new distributed energy resources be no more than aggregate addition of 300 kW to prevent transmission

concerns. Non-exporting systems may be a solar system that incorporate energy storage systems that also monitor the service's load.

For ease of application, it is recommended that solar distributed energy resources sized greater than 10 kW but less than 40 kW and are non-exporting, be exempt from the minimum daytime load initial engineering screen. Solar plus storage systems should also be evaluated from a load standpoint. When utility power is restored after a prolonged outage, the energy storage system will act as a load until its reserve power is at acceptable limits. St. Charles will want to ensure it has technical standards in place to address the load aspect of an energy storage system.

Distributed energy resources that do not fall into the category of solar less than 10 kW AC interconnected to a residential service or non-exporting solar systems less than 40 kW, should be individually studied to determine the impact on the distribution and transmission system. The variation of load profiles and distributed energy resource configurations make it impossible to determine if the proposed interconnection would cause detrimental effects on the distribution or transmission system.

8.0 Financial Impact

Currently the interconnected customer-owned solar systems are expected to produce an annual average of 939,740 kWh. The behind-the-meter customer-owned solar systems could also be offsetting transmission demand during monthly billing peaks. Reviewing the 2018-2020 Dairyland Power Cooperative's transmission monthly peaks, it was determined the behind-the-meter customer-owned solar could possibly offset an average annual transmission demand of 142 kW and potential maximum avoidance of 355 kW of annual peak demand. There is not a potential for the behind-the-meter customer-owned solar to offset St. Charles's monthly demand as contractual the wholesale demand cost components are set to \$0 per kW-month.

Per 2020 records, it was determined the approximately 43,300 kWh of excess energy were purchased by Dairyland Power Cooperative that reached the transmission for a value of \$1,076. It was determined the customer-owned solar systems are resulting in a loss of revenue. The expense in purchasing the excess power is valued at \$76,116.

Using the wholesale provider's 2021 published rates a cost/benefit analysis can be performed on the financial impact to St. Charles due to interconnected customer-owned solar. Below are two scenarios with the main difference is of what avoided transmission could potentially be avoided. The maximum avoidance scenario uses the potential maximum avoidance of transmission charges. The average avoidance scenario is using what has been the average avoidance over the past three years for transmission. This cost/benefit analysis does assume that the 2 MW Butter Solar system generation first serves St. Charles's load. Any excess generation that reaches the transmission is assumed to be from the customer-owned solar generation.

Avoidance Scenario	Maximum	Average
Utility Payments/Loss Sales	\$ (76,116)	\$ (76,116)
Savings from Avoided Energy Sales	\$ 29,303	\$ 29,303
Savings from Avoided Transmission Charges	\$ 2,811	\$ 1,130
DPC Avoided Cost Payments	<u>\$ 1,076</u>	<u>\$ 1,076</u>
TOTAL	\$ (42,926)	\$ (44,607)

From this cost/benefit analysis, it can be concluded there is not a significant difference between the maximum and average scenarios. The conclusion can be drawn that the presently installed customer-owned solar is costing St. Charles's customer base approximately \$43,000 to \$44,600 annually. This cost is due to the net metering rate being significantly greater than the cost for St. Charles to purchase power from Dairyland Power Cooperative and the loss of sales. Additional detail analysis of the Avoidance Scenarios can be found in the Exhibits section of this report.

Future behind-the-meter solar installation will continue to add to the cost absorbed by St. Charles's customer base. It is estimated each additional customer-owned solar system installed will negatively affect the utility and its rate payers approximately \$67 per kW installed annually.

9.0 Recommendations

This report examined both the financial and infrastructural impact to the utility as more distributed energy resources are interconnected to St. Charles's distribution system. The following conclusions were drawn from this study:

- It is feasible to interconnect an additional 300 kW AC of distributed solar behind-the-meter owned by St. Charles Light and Water customers before Dairyland Power Cooperative's transmission may be detrimentally affected.
- To avoid distribution infrastructure changes, it is recommended additional 300 kW of potential new, behind-the-meter solar systems be sized 10 kW or smaller when located on a residential home. Interconnection applications for residential services size 10 kW or smaller should be allowed to pass through the minimum daytime load initial engineering screen, even though aggregate generation exceeds minimum daytime load.
- It is recommended that interconnection applications for behind-the-meter solar system sized larger than 10 kW but smaller than 40 kW and will not export energy onto the distribution system, be allowed to pass through the minimum daytime load initial engineering screen.
- Distributed energy resources that do not fall into the category of solar less than 10 kW AC interconnected to a residential service or non-exporting solar systems less than 40 kW, should be individually studied to determine the impact on the distribution and transmission system.

- The financial impact to St. Charles and its rate base for future distributed solar resources installed behind-the-meter, under the net metering rate, is approximately \$67 per kW installed annually.

10.0 Technical Requirements

It is highly recommended that St. Charles update their existing technical requirements to be aligned with the Minnesota Technical Interconnection and Interoperability Requirements (TIIR) and create a Technical Specification Manual (TSM) custom to St. Charles Light and Water. The TIIR was approved by the Minnesota Public Utilities Commission in 2019 and most utilities in Minnesota have adopted the TIIR and created a companion TSM that provides the specifics to distributed energy resources interconnections to St. Charles's distribution system. One of the main differences between St. Charles's existing technical requirements and the TIIR and TSM, is the technical requirements for energy storage systems. The adopted 2004 technical requirements do not mention energy storage systems while the TIIR and TSM address energy storage systems as generation and as a load. There are other improvements in the TIIR and TSM that the existing technical requirements either do not address or are outdated for the current technology that exists. With updated technical requirements, St. Charles will be better prepared as it enters into a stage of possible increased distributed energy resource saturation.

11.0 Exhibits

Figure 3 Locations of Distributed Solar Systems

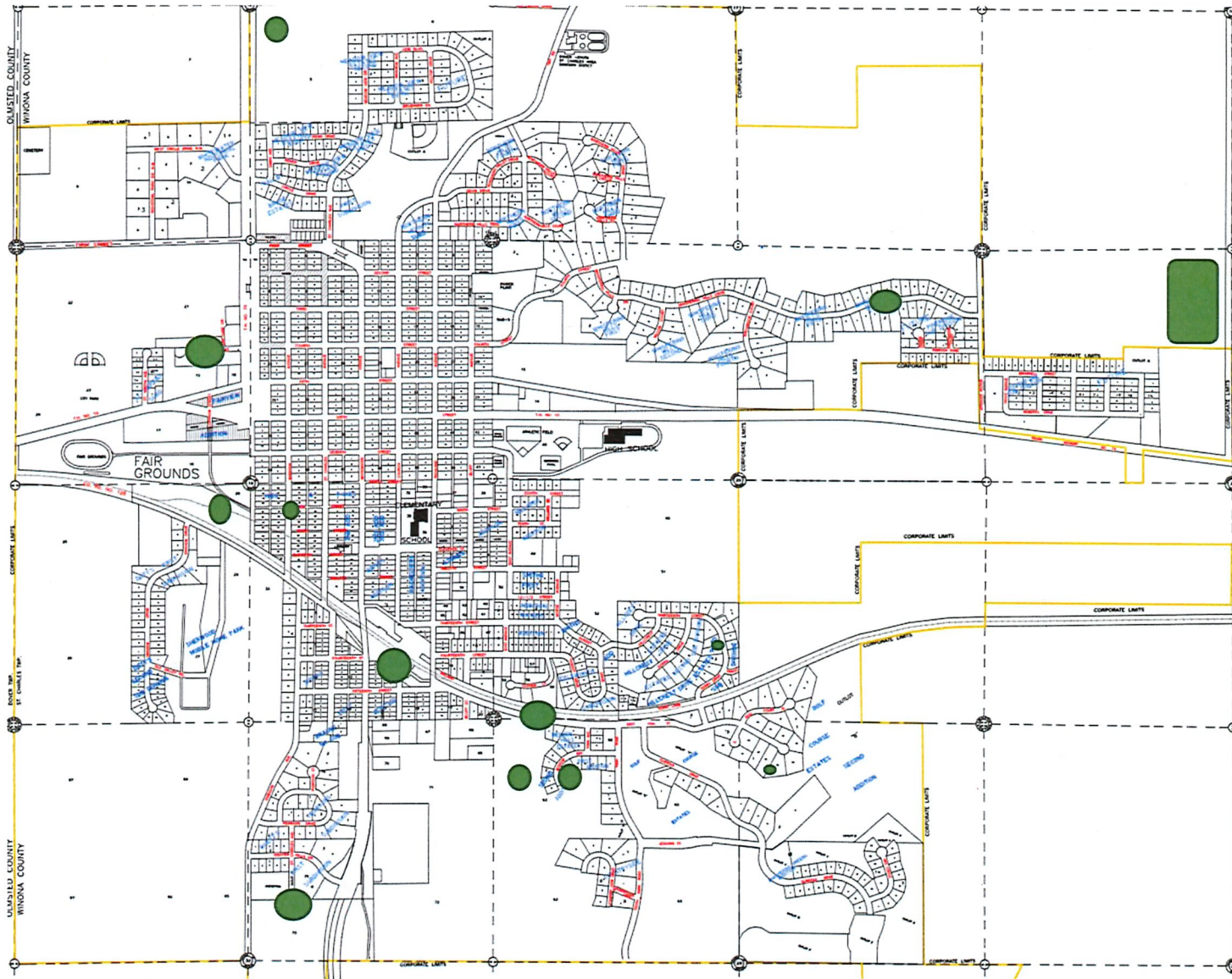


Figure 4 Avoided Transmission Savings – Customer-Owned Solar

	2020		2019		2018		3 - Year	
	Coincident Peak	kW	Coincident Peak	kW	Coincident Peak	kW	Maximum	Average
January	1/16/20 8:00	13.65	1/30/19 18:00	-	1/1/18 19:00	-	13.65	4.55
February	2/14/20 8:00	29.94	2/1/19 8:00	19.04	2/1/18 19:00	-	29.94	16.33
March	3/5/20 19:00	-	3/4/19 19:00	-	3/5/18 19:00	-	-	-
April	4/15/20 8:00	47.38	4/10/19 20:00	-	4/16/18 8:00	237.70	237.70	95.03
May	5/26/20 19:00	-	5/31/19 19:00	2.49	5/28/18 18:00	30.52	30.52	11.00
June	6/30/20 20:00	-	6/29/19 19:00	-	6/29/18 20:00	-	-	-
July	7/8/20 20:00	-	7/15/19 18:00	36.47	7/9/18 19:00	3.78	36.47	13.42
August	8/26/20 18:00	6.10	8/4/19 19:00	-	8/12/18 19:00	-	6.10	2.03
September	9/2/20 19:00	-	9/30/19 20:00	-	9/15/18 18:00	-	-	-
October	10/29/20 19:00	-	10/30/19 19:00	-	10/29/18 19:00	-	-	-
November	11/30/20 19:00	-	11/12/19 19:00	-	11/12/18 19:00	-	-	-
December	12/29/20 18:00	-	12/10/19 19:00	-	12/6/18 19:00	-	-	-
Total		97.07		57.99		272.00	354.38	142.36
Transmission Charge 2021 (per kW-mo \$			7.932		Transmission Avoidance:		\$2,810.95	\$1,129.17

Note

Avoided demand values were determined using NREL PV Watts Hourly PV Performance Data for a 715 kW DC size array located in St. Charles, MN, 43.97 Lat, -92.05 Long.



May 21, 2021

Mr. Nick Koverman
City of St. Charles
830 Whitewater Ave.
St. Charles, MN 55972

RE: STAR ENERGY SERVICES LLC PROPOSAL FOR PROJECT #STCHARLES-21-01

Dear Mr. Koverman:

Thank you for the opportunity to present the following Proposal for NOVA Power Portal™. This Proposal is based on the following specifications and may be changed upon request.

PROJECT DETAILS & PRICING

NOVA Power Portal™

	Price
NOVA Power Portal™ Includes 25 online applications	\$2,000/Annually*
NOVA Power Portal™ base Utility data setup and initial training	\$800/One-time
Customer Support – STAR assistance with software functionality and additional training	\$143/Hour
Third-party payment account linked to Utility's bank account	2.9% plus \$0.30 per transaction**

Additional Costs*:

- After 25 applications, a fee of \$800 will be charged for an additional block of 25.
- After 50 applications, a fee of \$800 will be charged for an additional block of 25.
- After 75 applications, a per application fee will be implemented as follows:
 - A fee of \$20 will be charged for each application between 76-300
 - A fee of \$15 will be charged for each application over 300




Third-Party Payment Account:**

STAR Energy Services has partnered with a secure third-party payment gateway to collect fees in NOVA Power Portal™. All subscribers of NOVA Power Portal™ will be required to have their bank account linked to a free account with the payment gateway programmed into the software (connected to STAR's authorized account with the payment gateway) for the collection of application and interconnection fees on behalf of the Utility. Transaction and processing fees associated with the online payment account are automatically deducted from the application fee. The current fee is 2.9% plus \$0.30 for each transaction. The third-party payment gateway fees are subject to change.

All NOVA Power Portal™ software contracts will have a contract year that runs June 17th through June 16th. For new contracts initiated during the contract year, the cost of the annual subscription will be prorated. After the initial contract year, all renewals will have a June 17th date.

Please note any hours/costs shown above are estimated and actual hours/costs will be invoiced. If you choose to move forward with the project(s) as outlined, please sign below indicating your approval, and return a signed copy to STAR. A formal contract will also be forwarded to your office for signature.

STAR Energy Services LLC

Signature:  Date: May 21, 2021
Lois Croonquist, CEO

Client Approval

Print Name: _____ Title: _____

Signature: _____ Date: _____
Its Authorized Representative

CONFIDENTIALITY STATEMENT: STAR and Customer agree that the contents of this document are confidential and that they will not, at any time directly or indirectly make any independent use of, publish, or disclose to any person or organization the contents of this document.

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

HELD: MAY 25, 2021

Pursuant to due call, a regular or special meeting of the City Council of the City of St. Charles, Winona County, Minnesota, was duly held at the City Hall on May 25, 2021, at 6:00 P.M., for the purpose, in part, of authorizing the issuance and awarding the sale of \$7,005,000 General Obligation Bonds, Series 2021A.

The following members were present:

and the following were absent:

Member _____ introduced the following resolution and moved its adoption:

RESOLUTION #27-2021

**RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF \$7,005,000
GENERAL OBLIGATION BONDS, SERIES 2021A, PLEDGING FOR THE SECURITY
THEREOF NET REVENUES, TAX ABATEMENTS AND LEVYING A TAX FOR THE
PAYMENT THEREOF**

A. WHEREAS, the City Council of the City of St. Charles, Minnesota (the "City"), has heretofore determined and declared that it is necessary and expedient to issue \$7,005,000 General Obligation Bonds, Series 2021A (the "Bonds" or individually a "Bond"), pursuant to Minnesota Statutes, Chapter 475; and

1. Section 475.58, Subdivision 3b, to finance street reconstruction improvements under the City's 2021 through 2025 Five-Year Street Reconstruction Plan, dated December 22, 2020 (the "Street Reconstruction Projects"); and

2. Section 444.075 to finance improvements to the municipal water system and municipal sanitary sewer system (the "System Improvements"); and

3. Section 469.1812 through 469.1815, particularly Section 469.1814 to finance sidewalk and public trails in the City (the "Tax Abatement Projects"); and

B. WHEREAS, on December 22, 2020, following duly published notice thereof, the Council held a public hearing on the issuance of approximately \$4,543,000 principal amount of bonds to finance the Street Reconstruction Projects and all persons who wished to speak or provide written information relative to the public hearing were afforded an opportunity to do so; and

C. WHEREAS, no petition signed by voters equal to 5 percent of the votes cast in the City in the last municipal general election requesting a vote on the issuance of the street

reconstruction bonds has been filed with the Administrator within 30 days after the public hearing on December 22, 2020; and

D. **WHEREAS**, the City owns and operates a municipal water system (the "Water System") and a municipal sanitary sewer system (the "Sewer System") as separate revenue producing public utilities (together the "System") and there are currently no outstanding obligations are payable from the net revenues of the System; and

E. **WHEREAS**, on December 22, 2020, following duly published notice thereof, the Council held a public hearing on the proposed abatement to finance the Tax Abatement Projects and all persons who wished to speak or provide written information relative to the public hearing were afforded an opportunity to do so; and

F. **WHEREAS**, the City has established a tax abatement program (the "Program"), pursuant to the provisions of Minnesota Statutes, Sections 469.1812 through 469.1815, with respect to providing for the abatement of property taxes for a period of fifteen (15) years on various properties in the City, as described in the Resolution adopted by the City Council on December 22, 2020, approving the Program (the "Abatement Resolution"); and

G. **WHEREAS**, the amount of the property taxes abated are estimated to be at least equal to the principal amount of the Tax Abatement Portion of the Bonds and pursuant to the provisions of the Abatement Resolution, funds are to be expended to provide money to pay for the Tax Abatement Projects; and

H. **WHEREAS**, the City has retained David Drown Associates, Inc., in Minneapolis, Minnesota ("David Drown"), as its independent municipal advisor for the sale of the Bonds and was therefore authorized to sell the Bonds by private negotiation in accordance with Minnesota Statutes, Section 475.60, Subdivision 2(9) and proposals to purchase the Bonds have been solicited by Drown; and

I. **WHEREAS**, the proposals set forth on Exhibit A attached hereto were received by the Administrator, or designee, at the offices of David Drown at 11:00 A.M. this same day pursuant to the Terms of Offering established for the Bonds; and

J. **WHEREAS**, it is in the best interests of the City that the Bonds be issued in book-entry form as hereinafter provided; and

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

1. Acceptance of Offer. The offer of _____ (the "Purchaser"), to purchase the Bonds of the Issuer, in accordance with the terms and at the rates of interest hereinafter set forth, and to pay therefor the sum of \$ _____, plus interest accrued to settlement, is hereby accepted.

2. Bond Terms.

(a) Original Issue Date; Denominations; Maturities; Term Bond Option. The Bonds shall be dated June 8, 2021, as the date of original issue and shall be issued forthwith on or after such date in fully registered form, shall be numbered from R-1 upward in the denomination of \$5,000 each or in any integral multiple thereof of a single maturity (the "Authorized Denominations") and shall mature on February 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2022	\$	2030	\$
2023		2031	
2024		2032	
2025		2033	
2026		2034	
2027		2035	
2028		2036	
2029		2037	

As may be requested by the Purchaser, one or more term Bonds may be issued having mandatory sinking fund redemption and final maturity amounts conforming to the foregoing principal repayment schedule, and corresponding additions may be made to the provisions of the applicable Bond(s).

(b) Allocation. The aggregate principal amount of \$_____ maturing in each of the years and amounts hereinafter set forth are issued to finance the Street Reconstruction Projects (the "Street Reconstruction Portion"); the aggregate principal amount of \$_____ maturing in each of the years and amounts hereinafter set forth are issued to finance the Tax Abatement Project (the "Tax Abatement Portion"); and the aggregate principal amount of \$_____ maturing in each of the years and amounts hereinafter set forth are issued to finance the System Improvements (the "System Portion"):

<u>Year</u>	<u>Street Reconstruction Portion</u>	<u>Tax Abatement Portion</u>	<u>System Portion</u>	<u>Total</u>
2022	\$	\$	\$	\$
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				

<u>Year</u>	<u>Street Reconstruction Portion</u>	<u>Tax Abatement Portion</u>	<u>System Portion</u>	<u>Total</u>
2033				
2034				
2035				
2036				
2037				

If Bonds are prepaid, the prepayments shall be allocated to the portions of debt service (and hence allocated to the payment of Bonds treated as relating to a particular portion of debt service) as provided in this paragraph. If the source of prepayment moneys is the general fund of the City, or other generally available source, including the levy of taxes, the prepayment may be allocated to any portion of debt service in such amounts as the City shall determine. If the source of the prepayment is taxes levied for the Street Reconstruction Projects, the prepayment shall be allocated to the Street Reconstruction Portion of debt service. If the source of a prepayment is taxes abated for the Tax Abatement Projects, the prepayments shall be allocated to the Tax Abatement Portion of debt service. If the source of a prepayment is excess net revenues of the Water System or Sewer System pledged to the System Improvements, the prepayment shall be allocated to the System Portion of debt service.

(c) Book Entry Only System. The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York or any of its successors or its successors to its functions hereunder (the "Depository") will act as securities depository for the Bonds, and to this end:

(i) The Bonds shall be initially issued and, so long as they remain in book entry form only (the "Book Entry Only Period"), shall at all times be in the form of a separate single fully registered Bond for each maturity of the Bonds; and for purposes of complying with this requirement under paragraphs 5 and 10 Authorized Denominations for any Bond shall be deemed to be limited during the Book Entry Only Period to the outstanding principal amount of that Bond.

(ii) Upon initial issuance, ownership of the Bonds shall be registered in a bond register maintained by the Bond Registrar (as hereinafter defined) in the name of CEDE & CO., as the nominee (it or any nominee of the existing or a successor Depository, the "Nominee").

(iii) With respect to the Bonds neither the City nor the Bond Registrar shall have any responsibility or obligation to any broker, dealer, bank, or any other financial institution for which the Depository holds Bonds as securities depository (the "Participant") or the person for which a Participant holds an interest in the Bonds shown on the books and records of the Participant (the "Beneficial Owner"). Without limiting the immediately preceding sentence, neither the City, nor the Bond Registrar, shall have any such responsibility or obligation with respect to (A) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any ownership interest in the

Bonds, or (B) the delivery to any Participant, any Owner or any other person, other than the Depository, of any notice with respect to the Bonds, including any notice of redemption, or (C) the payment to any Participant, any Beneficial Owner or any other person, other than the Depository, of any amount with respect to the principal of or premium, if any, or interest on the Bonds, or (D) the consent given or other action taken by the Depository as the Registered Holder of any Bonds (the "Holder"). For purposes of securing the vote or consent of any Holder under this Resolution, the City may, however, rely upon an omnibus proxy under which the Depository assigns its consenting or voting rights to certain Participants to whose accounts the Bonds are credited on the record date identified in a listing attached to the omnibus proxy.

(iv) The City and the Bond Registrar may treat as and deem the Depository to be the absolute owner of the Bonds for the purpose of payment of the principal of and premium, if any, and interest on the Bonds, for the purpose of giving notices of redemption and other matters with respect to the Bonds, for the purpose of obtaining any consent or other action to be taken by Holders for the purpose of registering transfers with respect to such Bonds, and for all purpose whatsoever. The Bond Registrar, as paying agent hereunder, shall pay all principal of and premium, if any, and interest on the Bonds only to the Holder or the Holders of the Bonds as shown on the bond register, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid.

(v) Upon delivery by the Depository to the Bond Registrar of written notice to the effect that the Depository has determined to substitute a new Nominee in place of the existing Nominee, and subject to the transfer provisions in paragraph 10 hereof, references to the Nominee hereunder shall refer to such new Nominee.

(vi) So long as any Bond is registered in the name of a Nominee, all payments with respect to the principal of and premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, by the Bond Registrar or City, as the case may be, to the Depository as provided in the Letter of Representations to the Depository required by the Depository as a condition to its acting as book-entry Depository for the Bonds (said Letter of Representations, together with any replacement thereof or amendment or substitute thereto, including any standard procedures or policies referenced therein or applicable thereto respecting the procedures and other matters relating to the Depository's role as book-entry Depository for the Bonds, collectively hereinafter referred to as the "Letter of Representations").

(vii) All transfers of beneficial ownership interests in each Bond issued in book-entry form shall be limited in principal amount to Authorized Denominations and shall be effected by procedures by the Depository with the Participants for recording and transferring the ownership of beneficial interests in such Bonds.

(viii) In connection with any notice or other communication to be provided to the Holders pursuant to this Resolution by the City or Bond Registrar with respect to any consent or other action to be taken by Holders, the Depository shall consider the date of

receipt of notice requesting such consent or other action as the record date for such consent or other action; provided, that the City or the Bond Registrar may establish a special record date for such consent or other action. The City or the Bond Registrar shall, to the extent possible, give the Depository notice of such special record date not less than fifteen calendar days in advance of such special record date to the extent possible.

(ix) Any successor Bond Registrar in its written acceptance of its duties under this Resolution and any paying agency/bond registrar agreement, shall agree to take any actions necessary from time to time to comply with the requirements of the Letter of Representations.

(d) Termination of Book-Entry Only System. Discontinuance of a particular Depository's services and termination of the book-entry only system may be effected as follows:

(i) The Depository may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice to the City and discharging its responsibilities with respect thereto under applicable law. The City may terminate the services of the Depository with respect to the Bond if it determines that the Depository is no longer able to carry out its functions as securities depository or the continuation of the system of book-entry transfers through the Depository is not in the best interests of the City or the Beneficial Owners.

(ii) Upon termination of the services of the Depository as provided in the preceding paragraph, and if no substitute securities depository is willing to undertake the functions of the Depository hereunder can be found which, in the opinion of the City, is willing and able to assume such functions upon reasonable or customary terms, or if the City determines that it is in the best interests of the City or the Beneficial Owners of the Bond that the Beneficial Owners be able to obtain certificates for the Bonds, the Bonds shall no longer be registered as being registered in the bond register in the name of the Nominee, but may be registered in whatever name or names the Holder of the Bonds shall designate at that time, in accordance with paragraph 10. To the extent that the Beneficial Owners are designated as the transferee by the Holders, in accordance with paragraph 10, the Bonds will be delivered to the Beneficial Owners.

(iii) Nothing in this subparagraph (d) shall limit or restrict the provisions of paragraph 10.

(e) Letter of Representations. The provisions in the Letter of Representations are incorporated herein by reference and made a part of the resolution, and if and to the extent any such provisions are inconsistent with the other provisions of this resolution, the provisions in the Letter of Representations shall control.

3. Purpose. The Bonds shall provide funds to finance the Street Reconstruction Projects, Tax Abatement Projects, and the System Improvements (collectively, the "Project"). The total cost of the Project, which shall include all costs enumerated in Minnesota Statutes, Section 475.65, is estimated to be at least equal to the amount of the Bonds. The City covenants that it shall do all things and perform all acts required of it to assure that work on the Project

proceeds with due diligence to completion and that any and all permits and studies required under law for the Project are obtained.

4. Interest. The Bonds shall bear interest payable semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing February 1, 2022, calculated on the basis of a 360-day year of twelve 30-day months, at the respective rates per annum set forth opposite the maturity years as follows:

<u>Maturity Year</u>	<u>Interest Rate</u>	<u>Maturity Year</u>	<u>Interest Rate</u>
2022	%	2030	%
2023		2031	
2024		2032	
2025		2033	
2026		2034	
2027		2035	
2028		2036	
2029		2037	

5. Redemption. All Bonds maturing on February 1, 2030 and thereafter, shall be subject to redemption and prepayment at the option of the City on February 1, 2029, and on any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and the principal amounts within each maturity to be redeemed shall be determined by the City; and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given to the paying agent and to each affected registered holder of the Bonds not more than sixty (60) days and not fewer than thirty (30) days prior to the date fixed for redemption.

To effect a partial redemption of Bonds having a common maturity date, the Bond Registrar prior to giving notice of redemption shall assign to each Bond having a common maturity date a distinctive number for each \$5,000 of the principal amount of such Bond. The Bond Registrar shall then select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers so assigned to such Bonds, as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of each such Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. If a Bond is to be redeemed only in part, it shall be surrendered to the Bond Registrar (with, if the City or Bond Registrar so requires, a written instrument of transfer in form satisfactory to the City and Bond Registrar duly executed by the Holder thereof or the Holder's attorney duly authorized in writing) and the City shall execute (if necessary) and the Bond Registrar shall authenticate and deliver to the Holder of the Bond, without service charge, a new Bond or Bonds having the same stated maturity and interest rate and of any Authorized Denomination or

Denominations, as requested by the Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

6. Bond Registrar. Northland Trust Services, Inc., in Minneapolis, Minnesota, is appointed to act as bond registrar and transfer agent with respect to the Bonds (the "Bond Registrar"), and shall do so unless and until a successor Bond Registrar is duly appointed, all pursuant to any contract the City and Bond Registrar shall execute which is consistent herewith. The Bond Registrar shall also serve as paying agent unless and until a successor paying agent is duly appointed. Principal and interest on the Bonds shall be paid to the registered holders (or record holders) of the Bonds in the manner set forth in the form of Bond and paragraph 12 of this resolution.

7. Form of Bond. The Bonds, together with the Bond Registrar's Certificate of Authentication, the form of Assignment and the registration information thereon, shall be in substantially the following form:

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

R-_____

\$_____

GENERAL OBLIGATION BOND, SERIES 2021A

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
%	February 1, 20	June 8, 2021	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

THE CITY OF ST. CHARLES, WINONA COUNTY, MINNESOTA (the "Issuer"), certifies that it is indebted and for value received promises to pay to the registered owner specified above, or registered assigns, unless called for earlier redemption, in the manner hereinafter set forth, the principal amount specified above, on the maturity date specified above, and to pay interest thereon semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing February 1, 2022, at the rate per annum specified above (calculated on the basis of a 360-day year of twelve 30-day months) until the principal sum is paid or has been provided for. This Bond will bear interest from the most recent Interest Payment Date to which interest has been paid or, if no interest has been paid, from the date of original issue hereof. The principal of and premium, if any, on this Bond are payable upon presentation and surrender hereof at the principal office of Northland Trust Services, Inc. in Minneapolis, Minnesota (the "Bond Registrar"), acting as paying agent, or any successor paying agent duly appointed by the Issuer. Interest on this Bond will be paid on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered (the "Holder" or "Bondholder") on the registration books of the Issuer maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any interest not so timely paid shall cease to be payable to the person who is the Holder hereof as of the Regular Record Date, and shall be payable to the person who is the Holder hereof at the close of business on a date (the "Special Record Date") fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given to Bondholders not less than ten days prior to the Special Record Date. The principal of and premium, if any, and interest on this Bond are payable in lawful money of the United States of America. So long as this Bond is registered in the name of the Depository or its Nominee as provided in the Resolution hereinafter described, and as those terms are defined therein, payment of principal of, premium, if any, and interest on this Bond and notice with respect thereto shall be made as provided in the Letter of Representations, as defined in the Resolution, and surrender of this Bond shall not be required for payment of the redemption price upon a partial redemption of this Bond. Until termination of the book-entry only system pursuant to the Resolution, Bonds may only be registered in the name of the Depository or its Nominee.

Optional Redemption. All Bonds of this issue (the "Bonds") maturing on February 1, 2030 and thereafter, are subject to redemption and prepayment at the option of the Issuer on February 1, 2029, and on any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and the principal amounts within each maturity to be redeemed shall be determined by the Issuer; and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given to the paying agent and to each affected registered holder of the Bonds not more than sixty (60) days and not fewer than thirty (30) days prior to the date fixed for redemption.

Prior to the date on which any Bond or Bonds are directed by the Issuer to be redeemed in advance of maturity, the Issuer will cause notice of the call thereof for redemption identifying the Bonds to be redeemed to be mailed to the Bond Registrar and all Bondholders, at the addresses shown on the Bond Register. All Bonds so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption have been duly deposited.

Selection of Bonds for Redemption; Partial Redemption. To effect a partial redemption of Bonds having a common maturity date, the Bond Registrar shall assign to each Bond having a common maturity date a distinctive number for each \$5,000 of the principal amount of such Bond. The Bond Registrar shall then select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to the Bonds, as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of such Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. If a Bond is to be redeemed only in part, it shall be surrendered to the Bond Registrar (with, if the Issuer or Bond Registrar so requires, a written instrument of transfer in form satisfactory to the Issuer and Bond Registrar duly executed by the Holder thereof or the Holder's attorney duly authorized in writing) and the Issuer shall execute (if necessary) and the Bond Registrar shall authenticate and deliver to the Holder of the Bond, without service charge, a new Bond or Bonds having the same stated maturity and interest rate and of any Authorized Denomination or Denominations, as requested by the Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

Issuance; Purpose; General Obligation. This Bond is one of an issue in the total principal amount of \$7,005,000, all of like date of original issue and tenor, except as to number, maturity, interest rate, denomination and redemption privilege, issued pursuant to and in full conformity with the Constitution, Charter of the Issuer and laws of the State of Minnesota and pursuant to a resolution adopted by the City Council on May 25, 2021 (the "Resolution"), for the purpose of providing money to finance various public improvements, all within the jurisdiction of the Issuer. This Bond is payable out of the General Obligation Bonds, Series 2021A Fund of the Issuer. This Bond constitutes a general obligation of the Issuer, and to provide moneys for the prompt and full payment of its principal, premium, if any, and interest when the same become

due, the full faith and credit and taxing powers of the Issuer have been and are hereby irrevocably pledged.

Denominations; Exchange; Resolution. The Bonds are issuable solely in fully registered form in Authorized Denominations (as defined in the Resolution) and are exchangeable for fully registered Bonds of other Authorized Denominations in equal aggregate principal amounts at the office of the Bond Registrar, but only in the manner and subject to the limitations provided in the Resolution. Reference is hereby made to the Resolution for a description of the rights and duties of the Bond Registrar. Copies of the Resolution are on file in the office of the Bond Registrar.

Transfer. This Bond is transferable by the Holder in person or the Holder's attorney duly authorized in writing at the office of the Bond Registrar upon presentation and surrender hereof to the Bond Registrar, all subject to the terms and conditions provided in the Resolution and to reasonable regulations of the Issuer contained in any agreement with the Bond Registrar. Thereupon the Issuer shall execute and the Bond Registrar shall authenticate and deliver, in exchange for this Bond, one or more new fully registered Bonds in the name of the transferee (but not registered in blank or to "bearer" or similar designation), of an Authorized Denomination or Denominations, in aggregate principal amount equal to the principal amount of this Bond, of the same maturity and bearing interest at the same rate.

Fees upon Transfer or Loss. The Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange of this Bond and any legal or unusual costs regarding transfers and lost Bonds.

Treatment of Registered Owners. The Issuer and Bond Registrar may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except as otherwise provided herein with respect to the Record Date) and for all other purposes, whether or not this Bond shall be overdue, and neither the Issuer nor the Bond Registrar shall be affected by notice to the contrary.

Authentication. This Bond shall not be valid or become obligatory for any purpose or be entitled to any security unless the Certificate of Authentication hereon shall have been executed by the Bond Registrar.

Qualified Tax-Exempt Obligation. This Bond has been designated by the Issuer as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution, Charter of the Issuer and laws of the State of Minnesota to be done, to happen and to be performed, precedent to and in the issuance of this Bond, have been done, have happened and have been performed, in regular and due form, time and manner as required by law; that the Issuer has covenanted and agreed with the Holders of the Bonds that it will impose and collect charges for the service, use and availability of its municipal water system and municipal sanitary sewer system (collectively, the "System") at the times and in amounts necessary to produce net revenues, together with other sums pledged to the payment of the System Portion of the Bonds, as defined in the Resolution, adequate to pay all principal and

interest when due on the System Portion of the Bonds; and that the Issuer will levy a direct, annual, irrevocable ad valorem tax upon all of the taxable property of the Issuer, without limitation as to rate or amount, for the years and in amounts sufficient to pay the principal and interest on System Portion of the Bonds as they respectively become due, if the net revenues from the System, and any other sums irrevocably appropriated to the Debt Service Account are insufficient therefor; and that this Bond, together with all other debts of the Issuer outstanding on the date of original issue hereof and the date of its issuance and delivery to the original purchaser, does not exceed any constitutional, charter or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the City of St. Charles, Winona County, Minnesota, by its City Council has caused this Bond to be executed on its behalf by the facsimile signatures of its Mayor and its Administrator, the corporate seal of the Issuer having been intentionally omitted as permitted by law.

Date of Registration:

Registrable by: NORTHLAND TRUST
SERVICES, INC.

Payable at: NORTHLAND TRUST
SERVICES, INC.

BOND REGISTRAR'S
CERTIFICATE OF
AUTHENTICATION

CITY OF ST. CHARLES,
WINONA COUNTY, MINNESOTA

This Bond is one of the Bonds
described in the Resolution
mentioned within.

/s/ Facsimile
Mayor

NORTHLAND TRUST
SERVICES, INC.,
Minneapolis, Minnesota
Bond Registrar

/s/ Facsimile
Administrator

By: _____
Authorized Signature

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common

TEN ENT - as tenants by the entireties

JT TEN - as joint tenants with right of survivorship and not as tenants in common

UTMA - _____ as custodian for _____

(Cust)

(Minor)

under the _____ Uniform Transfers to Minors Act

(State)

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____

Notice:

_____ The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Signature Guaranteed:

Signature(s) must be guaranteed by a national bank or trust company or by a brokerage firm having a membership in one of the major stock exchanges or any other "Eligible Guarantor Institution" as defined in 17 CFR 240.17 Ad-15(a)(2).

The Bond Registrar will not effect transfer of this Bond unless the information concerning the transferee requested below is provided.

Name and Address: _____

(Include information for all joint owners if the Bond is held by joint account.)

8. Execution. The Bonds shall be in typewritten form, shall be executed on behalf of the City by the signatures of its Mayor and Administrator and be sealed with the seal of the City; provided, as permitted by law, both signatures may be photocopied facsimiles and the corporate seal has been omitted. In the event of disability or resignation or other absence of either officer, the Bonds may be signed by the manual or facsimile signature of the officer who may act on behalf of the absent or disabled officer. In case either officer whose signature or facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, the signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery.

9. Authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this resolution unless a Certificate of Authentication on such Bond, substantially in the form hereinabove set forth, shall have been duly executed by an authorized representative of the Bond Registrar. Certificates of Authentication on different Bonds need not be signed by the same person. The Bond Registrar shall authenticate the signatures of officers of the City on each Bond by execution of the Certificate of Authentication on the Bond and by inserting as the date of registration in the space provided the date on which the Bond is authenticated, except that for purposes of delivering the original Bonds to the Purchaser, the Bond Registrar shall insert as a date of registration the date of original issue of June 8, 2021. The Certificate of Authentication so executed on each Bond shall be conclusive evidence that it has been authenticated and delivered under this resolution.

10. Registration; Transfer; Exchange. The City will cause to be kept at the principal office of the Bond Registrar a bond register in which, subject to such reasonable regulations as the Bond Registrar may prescribe, the Bond Registrar shall provide for the registration of Bonds and the registration of transfers of Bonds entitled to be registered or transferred as herein provided.

Upon surrender for transfer of any Bond at the principal office of the Bond Registrar, the City shall execute (if necessary), and the Bond Registrar shall authenticate, insert the date of registration (as provided in paragraph 9) of, and deliver, in the name of the designated transferee or transferees, one or more new Bonds of any Authorized Denomination or Denominations of a like aggregate principal amount, having the same stated maturity and interest rate, as requested by the transferor; provided, however, that no Bond may be registered in blank or in the name of "bearer" or similar designation.

At the option of the Holder, Bonds may be exchanged for Bonds of any Authorized Denomination or Denominations of a like aggregate principal amount and stated maturity, upon surrender of the Bonds to be exchanged at the office of the Bond Registrar. Whenever any Bonds are so surrendered for exchange, the City shall execute (if necessary), and the Bond Registrar shall authenticate, insert the date of registration of, and deliver the Bonds which the Holder making the exchange is entitled to receive.

All Bonds surrendered upon any exchange or transfer provided for in this resolution shall be promptly canceled by the Bond Registrar and thereafter disposed of as directed by the City.

All Bonds delivered in exchange for or upon transfer of Bonds shall be valid general obligations of the City evidencing the same debt, and entitled to the same benefits under this resolution, as the Bonds surrendered for such exchange or transfer.

Every Bond presented or surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, in form satisfactory to the Bond Registrar, duly executed by the Holder thereof or the Holder's attorney duly authorized in writing.

The Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange of any Bond and any legal or unusual costs regarding transfers and lost Bonds.

Transfers shall also be subject to reasonable regulations of the City contained in any agreement with the Bond Registrar, including regulations which permit the Bond Registrar to close its transfer books between record dates and payment dates. The Treasurer is hereby authorized to negotiate and execute the terms of said agreement.

11. Rights Upon Transfer or Exchange. Each Bond delivered upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond.

12. Interest Payment; Record Date. Interest on any Bond shall be paid on each Interest Payment Date by check or draft mailed to the person in whose name the Bond is registered (the "Holder") on the registration books of the City maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any such interest not so timely paid shall cease to be payable to the person who is the Holder thereof as of the Regular Record Date, and shall be payable to the person who is the Holder thereof at the close of business on a date (the "Special Record Date") fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given by the Bond Registrar to the Holders not less than ten days prior to the Special Record Date.

13. Treatment of Registered Owner. The City and Bond Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of principal of and premium, if any, and interest (subject to the payment provisions in paragraph 12) on, such Bond and for all other purposes whatsoever whether or not such Bond shall be overdue, and neither the City nor the Bond Registrar shall be affected by notice to the contrary.

14. Delivery; Application of Proceeds. The Bonds when so prepared and executed shall be delivered by the Treasurer to the Purchaser upon receipt of the purchase price, and the Purchaser shall not be obliged to see to the proper application thereof.

15. Fund and Accounts. There is hereby established a special fund to be designated "General Obligation Bonds, Series 2021A Fund" (the "Fund") to be administered and maintained by the Treasurer as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City. The Fund shall be maintained in the manner herein

specified until all of the Bonds and the interest thereon have been fully paid. The Operation and Maintenance Account heretofore established by the City for the Water System shall continue to be maintained in the manner heretofore provided by the City. The Operation and Maintenance Account heretofore established by the City for the Sewer System shall continue to be maintained in the manner heretofore provided by the City. The Operation and Maintenance Account for the Water System and the Operation and Maintenance Account for the Sewer System are referred to collectively herein as the "Operation and Maintenance Accounts". All moneys for the System remaining after paying or providing for the items set forth in the resolution establishing the Operation and Maintenance Accounts shall constitute or are referred to as "net revenues" until the System Portion of the Bonds have been paid. There shall be maintained in the Fund the following separate accounts to which shall be credited and debited all income and disbursements of the System as hereinafter set forth. The Treasurer and all officials and employees concerned therewith shall establish and maintain financial records of the receipts and disbursements of the System in accordance with this resolution. In such records there shall be established accounts or accounts shall continue to be maintained as the case may be, of the Fund for the purposes and in the amounts as follows:

(a) Construction Account. To the Construction Account there shall be credited the proceeds of the sale of the Bonds, less capitalized interest and less any amount paid for the Bonds in excess of the minimum bid. From the Construction Account there shall be paid all costs and expenses of making the Project, including the cost of any construction or other contracts heretofore let and all other costs incurred and to be incurred of the kind authorized in Minnesota Statutes, Section 475.65. Moneys in the Construction Account shall be used for no other purpose except as otherwise provided by law; provided that the proceeds of the Bonds may also be used to the extent necessary to pay interest on the Bonds due prior to the anticipated date of commencement of the collection of taxes or net revenues herein levied or covenanted to be levied; and provided further that if upon completion of the Project there shall remain any unexpended balance in the Construction Account, the balance shall be transferred to the Debt Service Account.

(b) Debt Service Account. There shall be maintained three separate subaccounts in the Debt Service Account to be designated the "Street Reconstruction Debt Service Subaccount", the "Tax Abatement Debt Service Subaccount" and the "System Improvements Debt Service Subaccount". There are hereby irrevocably appropriated and pledged to, and there shall be credited to the separate subaccounts of the Debt Service Account:

(i) Street Reconstruction Debt Service Subaccount. To the Street Reconstruction Debt Service Subaccount there shall be credited: (A) a pro rata share of all funds paid for the Bonds in excess of the minimum bid; (B) any collections of all taxes herein or hereinafter levied for the payment of the Street Reconstruction Portion of the Bonds and interest thereon; (C) capitalized interest in the amount of \$_____ (together with interest earnings thereon and subject to such other adjustments as are appropriate to provide sufficient funds to pay interest due on the Street Reconstruction Portion of the Bonds on or before February 1, 2022; (D) a pro rata share of all funds remaining in the Construction Account after completion of the Project and payment of the costs thereof; (E) all investment earnings on funds held in the Street Reconstruction Debt Service Subaccount; and (F) any and all other moneys which are properly available

and are appropriated by the governing body of the City to the Street Reconstruction Debt Service Subaccount. The Street Reconstruction Debt Service Subaccount shall be used solely to pay the principal and interest and any premium for redemption of the Street Reconstruction Portion of the Bonds and any other general obligation bonds of the City hereafter issued by the City and made payable from said subaccount as provided by law.

(ii) Tax Abatement Debt Service Subaccount. To the Tax Abatement Debt Service Subaccount there shall be credited: (A) Tax Abatements in an amount sufficient, to pay the annual principal payments on the Tax Abatement Portion of the Bonds; (B) capitalized interest in the amount of \$ _____ (together with interest earnings thereon and subject to such other adjustments as are appropriate to provide sufficient funds to pay interest due on the Tax Abatement Portion of the Bonds on or before February 1, 2022; (C) a pro rata share of all funds paid for the Tax Abatement Portion of the Bonds in excess of the minimum bid; (D) collections of all taxes hereinafter levied for the payment of the Tax Abatement Portion of the Bonds and interest thereon; (E) a pro rata share of all funds remaining in the Construction Account after completion of the Project and payment of the costs thereof; (F) all investment earnings on funds held in the Tax Abatement Debt Service Subaccount; and (G) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Tax Abatement Debt Service Subaccount. The Tax Abatement Debt Service Subaccount shall be used solely to pay the principal and interest and any premium for redemption of the Tax Abatement Portion of the Bonds and any other general obligation bonds of the City hereafter issued by the City and made payable from said subaccount as provided by law.

(iii) System Improvements Debt Service Subaccount. To the System Improvements Debt Service Subaccount there shall be credited: (A) the net revenues of the System not otherwise pledged and applied to the payment of other obligations of the City, in an amount, together with other funds which may herein or hereafter from time to time be irrevocably appropriated to the System Improvements Debt Service Subaccount, sufficient to meet the requirements of Minnesota Statutes, Section 475.61 for the payment of the principal and interest of the System Portion of the Bonds; (B) a pro rata share of all funds paid for the System Improvements Portion of the Bonds in excess of the minimum bid; (C) any collections of all taxes which may hereafter be levied in the event that the net revenues of the System and other funds herein pledged to the payment of the principal and interest on the System Portion of the Bonds are insufficient therefore; (D) a pro rata share of all funds remaining in the Construction Account after completion of the Project and payment of the costs thereof; (E) all investment earnings on funds held in the System Improvements Debt Service Subaccount; and (F) any and all other moneys which are properly available and are appropriated by the governing body of the City to the System Improvements Debt Service Subaccount. The System Improvements Debt Service Subaccount shall be used solely to pay the principal and interest and any premium for redemption of the System Portion of the Bonds and any other general obligation bonds of the City hereafter issued by the City and made payable from said subaccount as provided by law.

No portion of the proceeds of the Bonds shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire

higher yielding investments, except (1) for a reasonable temporary period until such proceeds are needed for the purpose for which the Bonds were issued and (2) in addition to the above in an amount not greater than the lesser of five percent of the proceeds of the Bonds or \$100,000. To this effect, any proceeds of the Bonds and any sums from time to time held in the Construction Account, Operation and Maintenance Accounts or Debt Service Account (or any other City account which will be used to pay principal or interest to become due on the bonds payable therefrom) in excess of amounts which under then applicable federal arbitrage regulations may be invested without regard to yield shall not be invested at a yield in excess of the applicable yield restrictions imposed by said arbitrage regulations on such investments after taking into account any applicable "temporary periods" or "minor portion" made available under the federal arbitrage regulations. Money in the Fund shall not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent that such investment would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended (the "Code").

16. Covenants Relating to the Street Reconstruction Portion of the Bonds.

(a) Tax Levy. To provide moneys for payment of the principal and interest on the Street Reconstruction Portion of the Bonds there is hereby levied upon all of the taxable property in the City a direct annual ad valorem tax which shall be spread upon the tax rolls and collected with and as part of other general property taxes in the City for the years and in the amounts as follows:

<u>Levy Years</u>	<u>Collection Years</u>	<u>Amount</u>
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See attached Schedule

(b) Coverage Test. The tax levies are such that if collected in full they, together with and other revenues herein pledged for the payment of the Street Reconstruction Portion of the Bonds, will produce at least five percent in excess of the amount needed to meet when due the principal and interest payments on the Street Reconstruction Portion of the Bonds. The tax levies shall be irrevocable so long as any of the Street Reconstruction Portion of the Bonds are outstanding and unpaid, provided that the City reserves the right and power to reduce the levies in the manner and to the extent permitted by Minnesota Statutes, Section 475.61, Subdivision 3.

17. Covenants Relating to the Tax Abatement Portion of the Bonds.

(a) Tax Abatements; Use of Tax Abatements. The Council has adopted the Abatement Resolution and has thereby approved the Tax Abatements, including the pledge thereof to the payment of principal on the Tax Abatement Portion of the Bonds. As provided in the Abatement Resolution, the estimated total amount of the Tax Abatements, if received as estimated for the full maximum term thereof, is \$ _____ and therefore the principal amount of the Tax Abatement Portion of the Bonds does not exceed the maximum projected amount of the Tax Abatements. The Council hereby confirms the Abatement Resolution, which is hereby incorporated as though set forth herein.

(b) Tax Levy; Coverage Test. To provide funds, together with the Tax Abatements for payment of the interest on the Tax Abatement Portion of the Bonds, there is hereby levied upon all of the taxable property in the City a direct annual ad valorem tax which shall be spread upon the tax rolls and collected with and as part of other general property taxes in the City for the years and in the amounts as follows:

<u>Levy Years</u>	<u>Collection Years</u>	<u>Amount</u>
-------------------	-------------------------	---------------

See Attached Schedule

The tax levies are such that if collected in full they, together with estimated collections of Tax Abatements, will produce at least five percent in excess of the amount needed to meet when due the principal and interest payments on the Tax Abatement Portion of the Bonds. The tax levies shall be irrevocable so long as any of the Tax Abatement Portion of the Bonds are outstanding and unpaid, provided that the City reserves the right and power to reduce the levies in the manner and to the extent permitted by Minnesota Statutes, Section 475.61, Subdivision 3.

18. Covenants Relating to the System Portion of the Bonds.

(a) Sufficiency of Net Revenues. It is hereby found, determined and declared that the net revenues of the System are sufficient in amount to pay when due the principal of and interest on the System Portion of the Bonds and a sum at least five percent in excess thereof. The net revenues of the System are hereby pledged for the payment of the Bond, but solely to the extent required to meet, together with other pledged sums, the principal and interest requirements of the System Portion of the Bonds as the same become due. Nothing contained herein shall be deemed to preclude the City from making further pledges and appropriations of the net revenues of the System for the payment of other or additional obligations of the City, provided that it has first been determined by the City Council that the estimated net revenues of the System will be sufficient in addition to all other sources, for the payment of the System Portion of the Bonds and such additional obligations and any such pledge and appropriation of the net revenues may be made superior or subordinate to, or on a parity with the pledge and appropriation herein.

(b) Excess Net Revenues. Net revenues in excess of those required for the foregoing may be used for any proper purpose.

(c) Covenant to Maintain Rates and Charges. In accordance with Minnesota Statutes, Section 444.075, the City hereby covenants and agrees with the Holders of the System Portion of the Bonds that it will impose and collect charges for the service, use, availability and connection to the System at the times and in the amounts required to produce net revenues adequate to pay all principal and interest when due on the System Portion of the Bonds. Minnesota Statutes, Section 444.075, Subdivision 2, provides as follows: "Real estate tax revenues should be used only, and then on a temporary basis, to pay general or special obligations when the other revenues are insufficient to meet the obligations."

19. General Obligation Pledge. For the prompt and full payment of the principal and interest on the Bonds, as the same respectively become due, the full faith, credit and taxing powers of the City shall be and are hereby irrevocably pledged. If the balance in the Debt Service Account is ever insufficient to pay all principal and interest then due on the Bonds and

any other bonds payable therefrom, the deficiency shall be promptly paid out of any other funds of the City which are available for such purpose, and such other funds may be reimbursed with or without interest from the Debt Service Account when a sufficient balance is available therein.

20. Continuing Disclosure. The City is the sole obligated person with respect to the Bonds. The City hereby agrees, in accordance with the provisions of Rule 15c2-12 (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended, and a Continuing Disclosure Undertaking (the "Undertaking") hereinafter described to:

(a) Provide or cause to be provided to the Municipal Securities Rulemaking Board (the "MSRB") by filing at www.emma.msrb.org in accordance with the Rule, certain annual financial information and operating data in accordance with the Undertaking. The City reserves the right to modify from time to time the terms of the Undertaking as provided therein.

(b) Provide or cause to be provided to the MSRB notice of the occurrence of certain events with respect to the Bonds in not more than ten (10) business days after the occurrence of the event, in accordance with the Undertaking.

(c) Provide or cause to be provided to the MSRB notice of a failure by the City to provide the annual financial information with respect to the City described in the Undertaking, in not more than ten (10) business days following such occurrence.

(d) The City agrees that its covenants pursuant to the Rule set forth in this paragraph and in the Undertaking is intended to be for the benefit of the Holders of the Bonds and shall be enforceable on behalf of such Holders; provided that the right to enforce the provisions of these covenants shall be limited to a right to obtain specific enforcement of the City's obligations under the covenants.

The Mayor and Administrator or any other officer of the City authorized to act in their place (the "Officers") are hereby authorized and directed to execute on behalf of the City the Undertaking in substantially the form presented to the City Council subject to such modifications thereof or additions thereto as are (i) consistent with the requirements under the Rule, (ii) required by the Purchaser of the Bonds, and (iii) acceptable to the Officers

21. Defeasance. When all Bonds have been discharged as provided in this paragraph, all pledges, covenants and other rights granted by this resolution to the registered holders of the Bonds shall, to the extent permitted by law, cease. The City may discharge its obligations with respect to any Bonds which are due on any date by irrevocably depositing with the Bond Registrar on or before that date a sum sufficient for the payment thereof in full; or if any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Bond Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit. The City may also discharge its obligations with respect to any prepayable Bonds called for redemption on any date when they are prepayable according to their terms, by depositing with the Bond Registrar on or before that date a sum sufficient for the payment thereof in full, provided that notice of redemption thereof has been duly given. The City may also at any time discharge its obligations with respect to any Bonds, subject to the provisions of law now or

hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a suitable banking institution qualified by law as an escrow agent for this purpose, cash or securities described in Minnesota Statutes, Section 475.67, Subdivision 8, bearing interest payable at such times and at such rates and maturing on such dates as shall be required, without regard to sale and/or reinvestment, to pay all amounts to become due thereon to maturity or, if notice of redemption as herein required has been duly provided for, to such earlier redemption date.

22. Compliance With Reimbursement Bond Regulations. The provisions of this paragraph are intended to establish and provide for the City's compliance with United States Treasury Regulations Section 1.150-2 (the "Reimbursement Regulations") applicable to the "reimbursement proceeds" of the Bonds, being those portions thereof which will be used by the City to reimburse itself for any expenditure which the City paid or will have paid prior to the Closing Date (a "Reimbursement Expenditure").

The City hereby certifies and/or covenants as follows:

(a) Not later than sixty days after the date of payment of a Reimbursement Expenditure, the City (or person designated to do so on behalf of the City) has made or will have made a written declaration of the City's official intent (a "Declaration") which effectively (i) states the City's reasonable expectation to reimburse itself for the payment of the Reimbursement Expenditure out of the proceeds of a subsequent borrowing; (ii) gives a general and functional description of the property, project or program to which the Declaration relates and for which the Reimbursement Expenditure is paid, or identifies a specific fund or account of the City and the general functional purpose thereof from which the Reimbursement Expenditure was to be paid (collectively the "Project"); and (iii) states the maximum principal amount of debt expected to be issued by the City for the purpose of financing the Project; provided, however, that no such Declaration shall necessarily have been made with respect to: (i) "preliminary expenditures" for the Project, defined in the Reimbursement Regulations to include engineering or architectural, surveying and soil testing expenses and similar prefatory costs, which in the aggregate do not exceed twenty percent of the "issue price" of the Bonds, and (ii) a *de minimis* amount of Reimbursement Expenditures not in excess of the lesser of \$100,000 or five percent of the proceeds of the Bonds.

(b) Each Reimbursement Expenditure is a capital expenditure or a cost of issuance of the Bonds or any of the other types of expenditures described in Section 1.150-2(d)(3) of the Reimbursement Regulations.

(c) The "reimbursement allocation" described in the Reimbursement Regulations for each Reimbursement Expenditure shall and will be made forthwith following (but not prior to) the issuance of the Bonds, and not later than 18 months after the later of (i) the date of the payment of the Reimbursement Expenditure, or (ii) the date on which the Project to which the Reimbursement Expenditure relates is first placed in service, but in no event more than three years after the date of payment of the Reimbursement Expenditure.

(d) Each such reimbursement allocation will be made in a writing that evidences the City's use of Bond proceeds to reimburse the Reimbursement Expenditure and, if made within 30 days after the Bonds are issued, shall be treated as made on the day the Bonds are issued.

Provided, however, that the City may take action contrary to any of the foregoing covenants in this paragraph upon receipt of an opinion of its Bond Counsel for the Bonds stating in effect that such action will not impair the tax-exempt status of the Bonds.

23. Certificate of Registration. The Administrator is hereby directed to file a certified copy of this resolution with the County Auditor of Winona County, Minnesota, together with such other information as the Auditor shall require, and to obtain the County Auditor's certificate that the Bonds have been entered in the County Auditor's Bond Register and the tax levy required by law has been made.

24. Records and Certificates. The officers of the City are hereby authorized and directed to prepare and furnish to the Purchaser, and to the attorneys approving the legality of the issuance of the Bonds, certified copies of all proceedings and records of the City relating to the Bonds and to the financial condition and affairs of the City, and such other affidavits, certificates and information as are required to show the facts relating to the legality and marketability of the Bonds as the same appear from the books and records under their custody and control or as otherwise known to them, and all such certified copies, certificates and affidavits, including any heretofore furnished, shall be deemed representations of the City as to the facts recited therein.

25. Negative Covenant as to Use of Bond Proceeds and Project. The City hereby covenants not to use the proceeds of the Bonds or to use the Project, or to cause or permit them to be used, or to enter into any deferred payment arrangements for the cost of the Project, in such a manner as to cause the Bonds to be "private activity bonds" within the meaning of Sections 103 and 141 through 150 of the Code.

26. Tax-Exempt Status of the Bond; Rebate. The City shall comply with requirements necessary under the Code to establish and maintain the exclusion from gross income under Section 103 of the Code of the interest on the Bonds, including without limitation (i) requirements relating to temporary periods for investments, (ii) limitations on amounts invested at a yield greater than the yield on the Bonds, and (iii) the rebate of excess investment earnings to the United States. The City expects to satisfy the twenty-four month exemption for gross proceeds of the Bonds as provided in Section 1.148-7(e) of the Regulations. The Mayor and/or the Administrator, are hereby authorized and directed to make such elections as to arbitrage and rebate matters relating to the Bonds as they deem necessary, appropriate or desirable in connection with the Bonds, and all such elections shall be, and shall be deemed and treated as, elections of the City.

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

- (a) the Bonds are issued after August 7, 1986;
- (b) the Bonds are not "private activity bonds" as defined in Section 141 of the Code;

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

(d) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds, treating qualified 501(c)(3) bonds as not being private activity bonds) which will be issued by the City (and all entities treated as one issuer with the City, and all subordinate entities whose obligations are treated as issued by the City) during this calendar year 2021 will not exceed \$10,000,000;

(e) not more than \$10,000,000 of obligations issued by the City during this calendar year 2021 have been designated for purposes of Section 265(b)(3) of the Code;

(f) the aggregate face amount of the Bonds does not exceed \$10,000,000.

The City shall use its best efforts to comply with any federal procedural requirements which may apply in order to effectuate the designation made by this paragraph.

28. Severability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution

29. Official Statement. The Official Statement relating to the Bonds prepared and distributed by David Drown is hereby approved and the officers of the City are authorized in connection with the delivery of the Bonds to sign such certificates as may be necessary with respect to the completeness and accuracy of the Official Statement.

30. Headings. Headings in this resolution are included for convenience of reference only and are not a part hereof, and shall not limit or define the meaning of any provision hereof.

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

and the following voted against the same:

Adopted this 25th day of May, 2021 by the City Council of the City of St. Charles.

CITY OF ST. CHARLES

John Schaber, Mayor

ATTEST:

Nick Koverman, City Administrator

STATE OF MINNESOTA
COUNTY OF WINONA
CITY OF ST. CHARLES

I, the undersigned, being the duly qualified and acting 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, duly called and held on the date therein indicated, insofar as such minutes relate to authorizing the issuance and awarding the sale of \$7,005,000 General Obligation Bonds, Series 2021A.

WITNESS my hand on May 25, 2021.

Administrator

S&P Global Ratings

130 East Randolph Street
Suite 2900
Chicago, IL 60601
tel 312-233-7000
reference no.: 40444110

May 20, 2021

City of St. Charles
830 Whitewater Avenue Street
St. Charles, MN 55972
Attention: Mr. Nick Koverman, City Administrator

Re: *St. Charles General Obligation, Minnesota*

Dear Mr. Koverman:

S&P Global Ratings has reviewed the rating on the above-listed obligations. Based on our review, we have lowered our credit rating from "AA-" to "A+" while affirming the stable outlook. A copy of the rationale supporting the rating and outlook is enclosed.

This letter constitutes S&P Global Ratings' permission for you to disseminate the above-assigned ratings to interested parties in accordance with applicable laws and regulations. However, permission for such dissemination (other than to professional advisors bound by appropriate confidentiality arrangements or to allow the Issuer to comply with its regulatory obligations) will become effective only after we have released the ratings on standardandpoors.com. Any dissemination on any Website by you or your agents shall include the full analysis for the rating, including any updates, where applicable. Any such dissemination shall not be done in a manner that would serve as a substitute for any products and services containing S&P Global Ratings' intellectual property for which a fee is charged.

To maintain the rating, S&P Global Ratings must receive all relevant financial and other information, including notice of material changes to financial and other information provided to us and in relevant documents, as soon as such information is available. Relevant financial and other information includes, but is not limited to, information about direct bank loans and debt and debt-like instruments issued to, or entered into with, financial institutions, insurance companies and/or other entities, whether or not disclosure of such information would be required under S.E.C. Rule 15c2-12. You understand that S&P Global Ratings relies on you and your agents and advisors for the accuracy, timeliness and completeness of the information submitted in connection with the rating and the continued flow of material information as part of the surveillance process. Please send all information via electronic delivery to pubfin_statelocalgovt@spglobal.com. If SEC rule 17g-5 is applicable, you may post such information on the appropriate website. For any information not available in electronic format or posted on the applicable website,

Please send hard copies to:
S&P Global Ratings
Public Finance Department
55 Water Street
New York, NY 10041-0003

The rating is subject to the Terms and Conditions, if any, attached to the Engagement Letter applicable to the rating. In the absence of such Engagement Letter and Terms and Conditions, the rating is subject to the attached Terms and Conditions. The applicable Terms and Conditions are incorporated herein by reference.

S&P Global Ratings is pleased to have the opportunity to provide its rating opinion. For more information please visit our website at www.standardandpoors.com. If you have any questions, please contact us. Thank you for choosing S&P Global Ratings.

Sincerely yours,

S&P Global Ratings
a division of Standard & Poor's Financial Services LLC

kl
enclosure

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RatingsDirect®

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St. Charles, Minnesota; General Obligation

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Table Of Contents

Rating Action

Stable Outlook

Credit Opinion

Related Research

Summary:

St. Charles, Minnesota; General Obligation

Credit Profile

US\$7.005 mil GO Bnds ser 2021A dtd 06/08/2021 due 02/01/2037

<i>Long Term Rating</i>	A+/Stable	New
St Charles GO		
<i>Long Term Rating</i>	A+/Stable	Downgraded

Rating Action

S&P Global Ratings lowered its long-term rating to 'A+' from 'AA-' on the City of St. Charles, Minn.'s general obligation (GO) debt outstanding. At the same time, we assigned our 'A+' long-term rating to the city's \$7.005 million series 2021A GO bonds. The outlook is stable.

The bonds are secured by the city's unlimited-tax ad valorem GO pledge, in addition to revenue from the city's water and sewer utilities, and tax abatement revenue from benefitted areas. Because these revenues only cover a portion of debt service and lack legal covenants under our criteria, we rate to the GO pledge. Bond proceeds will be used to finance various street, sidewalk, trail, and utility improvement projects.

The downgrade reflects our view of the city's elevated debt burden relative to that of peers, against the backdrop of low reserves on a nominal basis and a limited local economy.

Credit overview

The city benefits from its proximity to Rochester, which provides residents with various employment opportunities within commuting distance. Financially, it benefits from a stable base of property tax revenue, though it is dependent on intergovernmental revenue from the state. Relative to its budget, we consider reserves very strong at over 15% of expenditures. However, operating performance in recent years has led to a reserve position that we consider low on a nominal basis at approximately \$500,000, which we view as a limiting credit factor. For fiscal 2021, management is expecting at least balanced operations, and we think that available reserves relative to general fund expenditures will remain very strong. In addition, we view the city's debt profile as a limiting credit factor, with the current issuance leading to elevated debt levels relative to those of peers. We anticipate tax-supported debt service carrying charges will increase materially compared with what they have been historically.

The rating further reflects our view of the city's:

- Weak economy, with projected per capita effective buying income at 89.0% of the national level and market value per capita of \$72,367;
- Strong management, with good financial policies and practices under our Financial Management Assessment (FMA) methodology;
- Adequate budgetary performance, with a slight operating deficit in the general fund but an operating surplus at the

total governmental fund level in fiscal 2020;

- Very strong budgetary flexibility, with an available fund balance in fiscal 2020 of 28% of operating expenditures;
- Very strong liquidity, with total government available cash at 2.3x total governmental fund expenditures and 98.0x governmental debt service, and access to external liquidity we consider strong;
- Very weak debt and contingent liability profile, with debt service carrying charges at 2.4% of expenditures and net direct debt that is 307.4% of total governmental fund revenue; and
- Strong institutional framework score.

Environmental, social, and governance (ESG) factors

We have analyzed the city's ESG risks and determined that all are in line with our view of the sector standard.

Stable Outlook

Downside scenario

We could lower our rating if budgetary pressures result in a sustained drawdown in available reserves to a level no longer commensurate with the current rating.

Upside scenario

All else equal, if the city's economic metrics improve relative to those of higher-rated peers, if the city's nominal reserve levels improve, and if the city's liability profile moderates over time, we could consider raising the rating.

Credit Opinion

Weak economy

The city, with an estimated population of 4,068, is in Winona County. It has projected per capita effective buying income of 89.0% of the national level and per capita market value of \$72,367. Overall, the city's market value grew by 7.3% over the past year to \$294.4 million in 2019. The county annual unemployment rate has historically stood below the state and national averages; however, the COVID-19 pandemic caused it to increase to an average rate of 5.1% in 2020, peaking at 8.8% in May. It has since recovered, and the preliminary rate was 3.4% in March 2021.

St. Charles is situated approximately 25 miles from Rochester, Minn., which is home to the Mayo Clinic, a key employer in the area. Many residents commute to Rochester for employment. Rochester continues to experience development related to the Destination Medical Center, which has also benefitted the St. Charles economy. The city is also within commuting distance of Winona, Minn. and La Crosse, Wis. Management reports residential development is steady, and several businesses are expanding, leading to strong increases in the city's market value and net tax capacity. Although we expect wealth and income levels to remain slightly below the national average, we also expect ongoing growth in the city, given its proximity to other regional economic centers. For S&P Global Economics' latest U.S. economic forecast, see "Economic Outlook U.S. Q2 2021: Let The Good Times Roll," published March 24, 2021, on RatingsDirect.

Strong management

We view the city's management as strong, with good financial policies and practices under our FMA methodology, indicating financial practices exist in most areas, but that governance officials might not formalize or monitor all of them on a regular basis.

Highlights of the city's financial policies and practices include:

- Use of line-item budgeting, and examination of three-to-five years of historical information when creating the annual budget;
- Budget-to-actual reports provided to city council monthly;
- Lack of a formal long-term financial plan;
- Maintenance of a 10-year capital improvement plan, which forecasts project costs and sources of funds, and is updated annually;
- A formal investment policy, with detailed reports on investment holdings provided to council quarterly;
- Lack of a formal debt management policy;
- A formal reserve policy requiring maintenance of an unassigned general fund balance between 30% and 70% of budgeted general fund expenditures, which it has historically adhered to.

Adequate budgetary performance

St Charles's budgetary performance is adequate in our opinion. The city had slight deficit operating results in the general fund of 1.4% of expenditures, but a surplus result across all governmental funds 26.7% in fiscal 2020.

We have adjusted revenue and expenditures to account for recurring transfers, one-time capital projects, and spending of bond proceeds. After adjustments, the city posted consistent general fund results in the past three audited years, with slight deficits in the 1% to 2% range. Across total governmental funds, the city has reported three consecutive surpluses.

For fiscal 2020, St. Charles budgeted for an operating deficit equal to 1.1% of general fund expenditures, but ended the year with a deficit of 1.4%, on an audited basis. Major general fund revenue sources in fiscal 2020 consisted of intergovernmental sources, at 60% of operating revenue; property taxes, at 17.8% of operating revenue; and charges for services, at 6.4% of operating revenue. The city also received approximately \$289,000 in Coronavirus Aid, Relief, and Economic Security (CARES) Act funds in fiscal 2020. It used this money largely for technology upgrades, heating, ventilation, and air conditioning improvements, and personal protective equipment.

For fiscal 2021, St. Charles has budgeted for just-above breakeven operations; however, the budget does not include approximately \$430,000 of federal stimulus funding that the city expects to receive. Year to date, officials report that revenue and expenditures are tracking to budget. Given the city's history of consistent operating results, we expect financial performance will remain at least adequate over the next two years.

Very strong budgetary flexibility

St Charles's budgetary flexibility is very strong, in our view, with an adjusted available fund balance in fiscal 2020 of 28% of operating expenditures, or \$523,000.

We have adjusted the city's available fund balance to exclude a \$159,000 receivable from the city's tax increment financing district no. 8 fund that we do not think is collectible in the near term. Management notes that the city may levy additional taxes on land within the district if the receivable still carries a balance after fiscal 2024.

St. Charles has approximately \$964,000 of committed reserves in its capital improvement fund. We did not include this money in available balance, because we expect it to be used for capital projects. Management indicates no plans to draw down existing reserves in fiscal 2021, and we expect that reserves will remain very strong.

Very strong liquidity

In our opinion, St Charles's liquidity is very strong, with total government available cash at 2.3x total governmental fund expenditures and 98.0x governmental debt service in 2020. In our view, the city has strong access to external liquidity if necessary.

Cash and investments include \$2.3 million across the city's total governmental funds and \$3.7 million in its enterprise funds. We view the city's access to external liquidity as strong, because St. Charles has been issuing GO bonds over the past 20 years and maintains good credit quality. In addition, we do not view the city's use of investment as aggressive, because most of its investments are in money market accounts, certificates of deposit, and highly rated securities.

Very weak debt and contingent liability profile

In our view, St Charles's debt and contingent liability profile is very weak. Total governmental fund debt service is 2.4% of total governmental fund expenditures, and net direct debt is 307.4% of total governmental fund revenue. Overall net debt is equal to 7.3% of market value.

Inclusive of the current issuance, the city will have approximately \$11.1 million in total direct debt outstanding, of which we grant \$967,000 in self-support credit from enterprise funds.

We understand the city does not have any current plans to issue debt within the next few years. While the city has privately placed its 2018A GO street reconstruction bonds, and its 2019A GO refunding bonds, we have found no contingent liquidity risks associated with either issue.

St Charles's pension contributions totaled 5.2% of total governmental fund expenditures in 2020. The city made its full required pension contribution in 2020.

Pension and other postemployment benefit liabilities:

The city participates in the following plans:

- Minnesota General Employees Retirement Fund: 79.1% funded (as of June 30, 2020), with an estimated city proportionate share of the plan's net pension liability of \$875,000
- Minnesota Police and Fire Fund: 87.2% funded (June 30, 2019), with a proportionate share of \$385,000
- St. Charles Fire Relief Assn., a single-employer retirement plan, 135.3% funded (Dec. 31, 2018) with a net pension asset of \$243,044
- The city does not offer other postemployment benefits

These pension plans have seen improvements in funded status in recent years, although plan contributions have regularly fallen short of actuarial recommendations because annual contributions are based on a statutory formula. Along with certain plan-specific actuarial assumptions and methods, this introduces some long-term risk of funding volatility and cost acceleration. Regardless, costs remain only a modest share of total spending and, in our view, are unlikely to pressure the city's medium-term operational health.

Strong institutional framework

The institutional framework score for Minnesota cities with a population greater than 2,500 is strong.

Related Research

- Through The ESG Lens 2.0: A Deeper Dive Into U.S. Public Finance Credit Factors, April 28, 2020

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CITY OF ST. CHARLES

ORDINANCE NO. 632

**AN ORDINANCE OF THE CITY OF ST. CHARLES, MINNESOTA,
AMENDING CHAPTER 92 OF ITS CODE OF ORDINANCES TO ESTABLISH NEW
LANGUAGE REQUIRING PET OWNERS TO REMOVE PET EXCREMENT FROM
PUBLIC AND PRIVATE PROPERTY AND SETTING AN ADMINISTRATIVE FINE
FOR SUCH VIOLATIONS**

THE CITY OF ST. CHARLES DOES ORDAIN (deleted material is in strikeout; new material is underlined; subsections which are not being amended are omitted):

Section 1. Title IX: General Regulations, Chapter 92: Animals, is amended as follows:

§ 92.014 PET SANITATION.

(A) *Dog and cat excrement.* It is unlawful for any person who owns or has custody of a dog or cat to cause or permit such animal to defecate on any private property without the consent of the property owner or on any public property, unless such person immediately removes the excrement and places it in a proper receptacle. The provisions of this subsection shall not apply to Seeing-Eye dogs under the control of a blind person or dogs while being used in city police activity.

(B) *Penalty.* Violations of this section shall be charged at the discretion of law enforcement either as an administrative citation pursuant to §34.01, or as a petty misdemeanor.

Section 2. Title III: Administration, Chapter 34, Section 34.01: Administrative Schedule of Fines, is amended to add the following fine amount:

Statute/Ordinance	Description	Administrative Fine/Fee
§92.014	Pet Sanitation Violation	\$25

Section 3. This Ordinance shall take effect upon publication.

Adopted this 26th day of May, 2021 by the City Council of the City of St. Charles, Minnesota.

John Schaber, Mayor

Attest:

Nick Koverman, City Administrator



PROPERTY DAMAGE RELEASE

Claim No. [REDACTED]

FOR THE SOLE AND ONLY CONSIDERATION OF one thousand six hundred ten dollars and 52/100 (\$1610.52) to City of St. Charles (hereinafter Claimant(s)), receipt and sufficiency of which is hereby acknowledged, Claimant(s) hereby releases and discharges [REDACTED] and [REDACTED] and SECURA Insurance Company, his/her/their representatives, employees, agents, successors and assigns, and all other persons, firms, or corporations who are or might be liable (hereinafter Released Parties), of and from all claims, demands, actions, damages, or costs, of any kind or character which the Claimant(s) has or might have against Released Parties arising out of or in consequence of damages to property, whether developed or undeveloped resulting on or about 03/12/2021 at or near [REDACTED]

Claimant(s) as further consideration for this compromise and settlement represents, warrants, and agrees:

- A. That the payment of said amount is not to be construed as an admission of liability upon the part of said Released Parties; liability being by them expressly denied.
- B. That there are no persons, firms, corporations, or other third parties who have claims or rights against Released Parties based on subrogation, derivation, assignment, or any other cause of action arising out of or originating from the claims of Claimant(s) referenced above.
- C. That this release contains the entire agreement between Claimant(s) and Released Parties. All agreements and understandings between the parties hereto are embodied and expressed herein and the terms of this release are contractual and not a mere recital.
- D. That this release is a full and final settlement and satisfaction of all claims of whatever kind or character by reason of the above-mentioned damages.

A person who files a claim with intent to defraud or helps commit a fraud against an insurer may be guilty of a crime. Enclosed with this release is an important fraud document that is part of this release.

THE UNDERSIGNED HAVE READ THE FOREGOING COMPLETE RELEASE AND SETTLEMENT AGREEMENT AND FULLY UNDERSTAND IT

Signed and witnessed this day of in the presence of:

Witness sign below:

Claimant(s) sign below:

_____ (print)

_____ (print)

_____ (sign)

_____ (sign)