



GRAND RAPIDS PUBLIC UTILITIES COMMISSION

MEETING AGENDA

Wednesday, June 15, 2022

4:00 PM

CALL TO ORDER: Pursuant to due notice and call thereof, a Regular Meeting of the Grand Rapids Public Utilities Commission will be held on Wednesday, June 15, 2022 at 4:00 PM in the conference room of the Public Works/Public Utilities Service Center at 500 SE 4th Street, Grand Rapids, Minnesota.

CALL OF ROLL:

PUBLIC FORUM:

APPROVAL OF MINUTES:

1. Consider a motion to approve the minutes of the April 26, 2022 Regular Work Session Meeting, the May 11, 2022 Regular Meeting and the May 24, 2022 Regular Work Session Meeting.

VERIFIED CLAIMS:

2. Consider a motion to approve \$1,363,960.53 of verified claims for May 2022.

COMMISSION REPORTS:

CONSENT AGENDA: Any item on the consent agenda shall be removed for consideration by the request of any one Commission member, Utility Staff, or the public and put on the regular agenda for discussion and consideration.

3. Consider a motion to approve the City Treasurer's Report and the Investment Activity Report for April and May 2022.
4. Consider a motion to authorize the disposal of electrical equipment to T&R Electric.
5. Consider a motion to confirm filling the Maintenance III position with the preferred candidate, Eric Drotts.
6. Consider a motion to confirm filling the Journey Line Worker position with the preferred candidate, Blake Brewster.
7. Consider a motion to ratify the procurement contract with CB Technology Solutions, Inc. for IT professional services in an amount not to exceed \$10,000.00.
8. Consider a motion to ratify the procurement contract based on time and material with Lake States Construction for minor electrical construction and restoration for the calendar year of 2022.

9. Consider a motion to ratify the procurement contract with Water Conservation Services, Inc. for a water leak study for \$8,200.
10. Consider a motion to ratify the procurement contract with Dakota Supply Group for Fire Hydrants for \$9,405.74.
11. Consider a motion to ratify the procurement contract with Novaspect for WTP Filter Effluent Valves for \$12,036.30.
12. Consider a motion to approve the procurement contract with Ziegler Cat for Lift Station 3 Generator for \$32,825.00 and authorize the General Manager to sign the contract.
13. Consider a motion to approve the procurement contract with Ziegler Cat for Lift Station 2 Generator for \$36,500.00 and authorize the General Manager to sign the contract.
14. Consider a motion to ratify the procurement contract with United Rentals for a Vertical Lift for \$7,500.00.
15. Consider a motion to ratify the procurement contract with Stantec Consulting Services, Inc. for Engineering services of evaluating the final cover system for landfill phases 1-4 and kettle D for \$6,400.00.
16. Consider a motion to ratify the procurement contract with Lake Country Lawn and Snow for lawn mowing services for \$10,000.00.
17. Consider a motion to ratify the procurement contract with PSI Engineering for Tesla Pumps for \$5,950.00.

SETTING OF REGULAR AGENDA: This is an opportunity to approve the regular agenda as presented, or add/delete an agenda item by a majority vote of the Commission members present.

ADMINISTRATION:

18. Review Administration Department Monthly Report

BUSINESS SERVICES DEPARTMENT:

19. Consider a motion to approve the July 1, 2022 renewal of the General Liability and Commercial Property Insurance with LMCIT in the amount of \$137,025, authorize payment of premium, and authorize the President to sign the annual Liability Coverage Waiver Form accepting the monetary limits on municipal tort liability established by MN SS 466.04.
20. Consider a motion to approve Resolution No. 06-15-22-3 accepting the 2021 audited annual comprehensive financial statements and related auditor's letters.
21. Review Business Services Department Monthly Report

ELECTRIC DEPARTMENT:

22. Review Electric Department Monthly Report

WATER AND WASTEWATER DEPARTMENT:

- [23.](#) Review Water-Wastewater Department Monthly Report
- [24.](#) Consider a motion to approve the antenna lease agreement with Rural Cellular Corporation (Verizon Wireless) for the mid water tower for five years.

SAFETY REPORT:

- [25.](#) Review Safety Monthly Report

ADJOURNMENT:

The next Regular Work Session is scheduled for Tuesday, June 28, 2022 at 8:00 AM in the conference room of the Public Works/Public Utilities Service Center at 500 SE 4th Street.

The next Regular Meeting of the Commission is scheduled for Wednesday, July 13, 2022 at 4:00 PM in the conference room of the Public Works/Public Utilities Service Center at 500 SE 4th Street.

The GRPUC has adopted a Meeting Protocol Policy, which informs attendees of the GRPUC's desire to conduct meetings in an orderly manner which welcomes all civil input from interested parties. If you are unaware of the policy, please contact our office at 218-326-7024 and we will provide you with a copy of the policy.



GRAND RAPIDS PUBLIC UTILITIES COMMISSION REGULAR WORK SESSION MEETING MINUTES

Tuesday, April 26, 2022

8:00 AM

CALL TO ORDER: Pursuant to due notice and call thereof, a Regular Work Session Meeting of the Grand Rapids Public Utilities Commission was called to order on Tuesday, April 26, 2022 at 8:00 AM in the conference room of the Public Works/Public Utilities Service Center at 500 SE 4th Street, Grand Rapids, Minnesota.

PRESENT: President Tom Stanley, Secretary Luke Francisco, Commissioner Rick Blake, Commissioner Rick Smith, Commissioner Nancy Saxhaug.

Also present: General Manager Julie Kennedy, Business Services Manager Jean Lane, Electric Department Manager Jeremy Goodell, Water/Wastewater Department Manager Steve Mattson.

BUSINESS:

1. Consider a motion to approve the verified claims for March and April 2022 in the amount \$184,490.22.

A motion was made by Commissioner Luke Francisco, seconded by Commissioner Rick Blake to approve the verified claims for March and April 2022 in the amount \$184,490.22.

The motion carried by the following vote:

Voting Yea: President Stanley, Secretary Francisco, Commissioner Blake, Commissioner Smith, Commissioner Saxhaug.

2. Review of City Multi-Family Unit Residential Water Rates
3. Governance Overview – Financial Reporting & Annual Report
4. Review Financial Reporting
5. Review of draft financial planning and budget policy

ADJOURNMENT:

By call of the chair, the regular meeting was declared adjourned at 8:45 AM.

The next Regular Meeting of the Commission is scheduled for Wednesday, May 11, 2022 at 4:00 PM in the conference room of the Public Works/Public Utilities Service Center at 500 SE 4th Street.

The next Regular Work Session is scheduled for Tuesday, May 24, 2022 at 8:00 AM in the conference room of the Public Works/Public Utilities Service Center at 500 SE 4th Street.



GRAND RAPIDS PUBLIC UTILITIES COMMISSION
MEETING MINUTES
Wednesday, May 11, 2022
4:00 PM

CALL TO ORDER: Pursuant to due notice and call thereof, a Regular Meeting of the Grand Rapids Public Utilities Commission was held on Wednesday, May 11, 2022 at 4:00 PM in the conference room of the Public Works/Public Utilities Service Center at 500 SE 4th Street, Grand Rapids, Minnesota.

CALL OF ROLL:

PRESENT: President Tom Stanley, Secretary Luke Francisco, Commissioner Rick Blake, Commissioner Rick Smith, Commissioner Nancy Saxhaug

Also present: General Manager Julie Kennedy, Business Services Manager Jean Lane, Electric Department Manager Jeremy Goodell, Water/Wastewater Department Manager Steve Mattson, Administrative/HR Assistant Carrie Jo Kruger, ICC Engineering Students Paige Johnson, Nicholas Miller, Ian Walker, Marie Ngo Poua, and Pete Garsow of ICTV.

PUBLIC FORUM:

None.

APPROVAL OF MINUTES:

1. Consider a motion to approve the minutes of the April 13, 2022 Regular Meeting.

A motion was made by Commissioner Rick Smith, seconded by Commissioner Nancy Saxhaug to approve the minutes of the April 13, 2022 Regular Meeting.

The motion carried by the following vote:

Voting Yea: President Stanley, Secretary Francisco, Commissioner Blake, Commissioner Smith, Commissioner Saxhaug

VERIFIED CLAIMS:

2. Consider a motion to approve \$1,456,221.84 of verified claims for April 2022.

A motion was made by Commissioner Rick Blake, seconded by Secretary Luke Francisco to approve \$1,456,221.84 of verified claims for April 2022.

The motion carried by the following vote:

Voting Yea: President Stanley, Secretary Francisco, Commissioner Blake, Commissioner Smith, Commissioner Saxhaug

COMMISSION REPORTS:

REPORT FROM COMMISSIONER RICK BLAKE:

Commissioner Blake discussed Community Development. He informed the Commission that at the May 9, 2022 City Work Session Rob Mattei (Community Development Director at the City of Grand Rapids MN) gave the Community Development Report. He encouraged the group to watch the report.

Commissioner Blake stated that 2022 is set to be a record in terms of value of building permits. Some of the projects have been mentioned at GRPUC meetings and there are others. The recording of the City Council Meeting can be found on demand at ICTV.

Commissioner Blake also encouraged anyone interested in the Planning Commission to consider serving on that commission.

CONSENT AGENDA: Any item on the consent agenda shall be removed for consideration by the request of any one Commission member, Utility Staff, or the public and put on the regular agenda for discussion and consideration.

A motion was made by Secretary Francisco, seconded by Commissioner Nancy Saxhaug to approve the Consent Agenda as read.

The motion carried by the following vote:

Voting Yea: President Stanley, Secretary Francisco, Commissioner Blake, Commissioner Smith, Commissioner Saxhaug

3. Consider a motion to approve the procurement contract with Electric Pump for a sump pump for the WAS Transfer Building for \$2,677.14.

Approved by consent agenda vote.

4. Consider a motion to declare a Wastewater Treatment Plant (WWTP) Operator vacancy exists and authorize the internal posting and external advertising, if needed, for the position.

Approved by consent agenda vote.

SETTING OF REGULAR AGENDA: This is an opportunity to approve the regular agenda as presented, or add/delete an agenda item by a majority vote of the Commission members present.

A motion was made by Commissioner Rick Blake, Seconded by Commissioner Rick Smith to approve the Consent Agenda as presented.

The motion carried by the following vote:

Voting Yea: President Stanley, Secretary Francisco, Commissioner Blake, Commissioner Smith, Commissioner Saxhaug

ADMINISTRATION:

5. ICC Student Presentation on Landfill Cover Investigation Project

Second year ICC students gave a report and recommendations for a landfill cover investigation project. They presented several design options along with projected costs and details.

6. Review Administration Department Monthly Report

General Manager Julie Kennedy reviewed the May Administration Department Report with the Commission.

7. Consider a motion to adopt Resolution Number 05-11-22-1 approving the revised City Multi-Family Unit Residential Water Rates.

A motion was made by Commissioner Nancy Saxhaug, seconded by Commissioner Rick Smith to adopt Resolution Number 05-11-22-1 approving the revised City Multi-Family Unit Residential Water Rates.

The motion carried by the following vote:

Voting Yea: President Stanley, Secretary Francisco, Commissioner Blake, Commissioner Smith, Commissioner Saxhaug

8. Consider a motion to adopt Resolution Number 05-11-22-2 approving the budget and financial planning policy.

A motion was made by Commissioner Rick Blake, seconded by Commissioner Nancy Saxhaug to adopt Resolution Number 05-11-22-2 approving the budget and financial planning policy.

The motion carried by the following vote:

Voting Yea: President Stanley, Secretary Francisco, Commissioner Blake, Commissioner Smith, Commissioner Saxhaug

BUSINESS SERVICES DEPARTMENT:

9. Review Business Services Department Monthly Report

Business Services Manager Jean Lane reviewed the May Business Services Department Report with the Commission.

ELECTRIC DEPARTMENT:

10. Review Electric Department Monthly Report

Electric Department Manager Jeremy Goodell reviewed the May Electric Department Report with the Commission.

WATER AND WASTEWATER DEPARTMENT:

11. Review Water-Wastewater Department Monthly Report

Water/Wastewater Department Manager Steve Mattson reviewed the May Water and Wastewater Department Report with the Commission.

SAFETY REPORT:

12. Review Safety Monthly Report

General Manager Julie Kennedy reviewed the May Safety Report with the Commission.

ADJOURNMENT:

By call of the chair, the regular meeting was declared adjourned at 5:07 PM.

Respectfully submitted: Carrie Jo Kruger, Administrative/HR Assistant.



The next Regular Work Session is scheduled for Tuesday, May 24, 2022 at 8:00 AM in the conference room of the Public Works/Public Utilities Service Center at 500 SE 4th Street.

The next Regular Meeting of the Commission is scheduled for Wednesday, June 8, 2022 at 4:00 PM in the conference room of the Public Works/Public Utilities Service Center at 500 SE 4th Street.

The GRPUC has adopted a Meeting Protocol Policy, which informs attendees of the GRPUC's desire to conduct meetings in an orderly manner which welcomes all civil input from interested parties. If you are unaware of the policy, please contact our office at 218-326-7024 and we will provide you with a copy of the policy.



GRAND RAPIDS PUBLIC UTILITIES COMMISSION REGULAR WORK SESSION MEETING MINUTES

Tuesday, May 24, 2022

8:00 AM

CALL OF ROLL:

PRESENT: President Tom Stanley, Secretary Luke Francisco, Commissioner Rick Blake, Commissioner Rick Smith.

ABSENT: Commissioner Nancy Saxhaug with notice.

Also present: General Manager Julie Kennedy, Business Services Manager Jean Lane, Electric Department Manager Jeremy Goodell, Water/Wastewater Department Manager Steve Mattson, Administrative/HR Assistant Carrie Jo Kruger. Joining by Teams (remotely) Aaron Worthman, CPA, Partner and Dan La Haye, CPA, Senior Manager from Baker Tilly.

BUSINESS:

1. Consider a motion to approve \$55,208.50 of verified claims for April and May 2022.

A motion was made by Commissioner Blake, Seconded by Secretary Francisco to approve \$55,208.50 of verified claims for April and May 2022.

The motion carried by the following vote:

Voting Yea: President Stanley, Secretary Francisco, Commissioner Blake, Commissioner Smith

2. Presentation from Baker Tilly – 2021 audited financial statements and related auditor's letters

ADJOURNMENT:

The next Regular Meeting of the Commission is scheduled for Wednesday, June 8, 2022 at 4:00 PM in the conference room of the Public Works/Public Utilities Service Center at 500 SE 4th Street.

The next Regular Work Session is scheduled for Tuesday, June 28, 2022 at 8:00 AM in the conference room of the Public Works/Public Utilities Service Center at 500 SE 4th Street.

Respectfully submitted: Carrie Jo Kruger, Administrative/HR Assistant.

Carrie Jo Kruger



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: June 15, 2022

AGENDA ITEM: Consider a motion to approve \$1,363,960.53 of verified claims for May 2022.

PREPARED BY: Jean Lane, Business Services Manager

BACKGROUND:

See attached check registers: \$1,363,960.53

Computer check register \$1,007,087.43
Manual check register \$356,873.10
Total \$ 1,363,960.53

RECOMMENDATION:

Consider a motion to approve \$1,363,960.53 of verified claims for May 2022.

May 2022 Check Register

Document Date	Check #	Vendor Name	Document Amount	
5/2/2022		4621 Northeast Service Cooperative	3,642.00	5/31/2022
5/2/2022		4622 Northeast Service Cooperative	48,478.50	5/31/2022
5/4/2022		4623 Invoice Cloud	2,771.10	5/31/2022
5/5/2022		4624 Further	37.67	5/31/2022
5/9/2022		4625 Public Employees Retirement Association	14,949.48	5/9/2022
5/9/2022		4626 Minnesota Dept. of Revenue	4,343.70	5/9/2022
5/9/2022		4627 Wells Fargo Bank	25,186.41	5/9/2022
5/9/2022		4628 Empower Retirement	7,738.55	5/9/2022
5/9/2022		4629 Further	1,257.33	5/31/2022
5/5/2022		4630 Further	3,467.00	5/31/2022
5/20/2022		4631 Further	1,257.33	5/31/2022
5/23/2022		4632 Public Employees Retirement Association	14,624.08	5/23/2022
5/23/2022		4633 Minnesota Dept. of Revenue	4,160.48	5/23/2022
5/23/2022		4634 Wells Fargo Bank	24,560.46	5/23/2022
5/23/2022		4635 Empower Retirement	7,531.78	5/23/2022
5/9/2022		4636 Wells Fargo Pcard	638.24	5/9/2022
5/11/2022		4637 Wells Fargo Bank	63.89	5/31/2022
5/2/2022		79772 Schmitt, Jim	111.36	5/2/2022
5/3/2022		79773 Drotts, Eric	149.99	5/3/2022
5/3/2022		79774 First Net / AT & T Mobility	401.37	5/3/2022
5/3/2022		79775 Mattson, Steve	55.58	5/3/2022
5/3/2022		79776 Verizon Wireless	835.55	5/3/2022
5/5/2022		79777 Radtke, James	10,739.76	5/5/2022
5/6/2022		79778 WinCan	12,271.00	5/6/2022 **
5/6/2022		79779 Customer Refunds- Weldon Braxton	68.40	5/31/2022
5/6/2022		79780 Customer Refunds- Stanley & Crystal Bostyancic	38.71	5/31/2022
5/6/2022		79781 Customer Refunds- Josh & Crystal Thoennes	112.70	5/31/2022
5/6/2022		79782 Customer Refunds- Timothy Lederman	300.49	5/31/2022
5/6/2022		79783 MN Child Support Payment Center	391.32	5/6/2022
5/6/2022		79784 NCPERS Group Life Ins	80.00	5/6/2022
5/11/2022		79785 City of LaPrairie	12,925.68	5/31/2022
5/12/2022		79834 Customer Refunds- Richard Akre	1,662.76	5/31/2022
5/12/2022		79835 Customer Refunds- Maurissa Tranmel	1,109.32	5/31/2022
5/12/2022		79836 Customer Refunds- Shauna Kroll	125.00	5/31/2022
5/12/2022		79837 Customer Refunds- Jesse Lanham	18.87	5/31/2022
5/12/2022		79838 Customer Refunds- Tim & Kaila Davis	74.13	5/31/2022
5/12/2022		79839 Customer Refunds- Scott Maasch Construction	378.99	5/31/2022
5/12/2022		79840 Customer Refunds- Lucy Traxinger	37.64	5/31/2022
5/12/2022		79841 Customer Refunds- Beth Craswell	40.20	5/31/2022
5/12/2022		79842 Resco	276.83	5/12/2022 **
5/12/2022		79843 Target Corporation	2,046.35	5/12/2022 **

5/12/2022	79844 United Parcel Service	8.96	5/12/2022
5/12/2022	79845 RCB Collections, Inc	26.67	5/12/2022
5/12/2022	79846 Wells Fargo Business Card - JK	5,579.67	5/12/2022
5/20/2022	79847 MN Child Support Payment Center	391.32	5/20/2022
5/20/2022	79848 Minnesota Council 65	1,700.85	5/20/2022
5/23/2022	79849 Duluth News Tribune and Herald	218.80	5/23/2022
5/23/2022	79850 Postage By Phone System	5,000.00	5/23/2022
5/23/2022	79851 Wells Fargo Business Card- JG	271.94	5/23/2022
5/23/2022	79852 Wells Fargo Business Card -SM	1,569.98	5/23/2022
5/23/2022	79853 Grand Rapids Area Community Foundation	214.17	5/23/2022
5/23/2022	79854 Customer Refunds- Michael Cooper	92.39	5/31/2022
5/23/2022	79855 Customer Refunds- Laura Denver	107.49	5/31/2022
5/23/2022	79856 Customer Refunds- Shyra Cannon	91.76	5/31/2022
5/23/2022	79857 Customer Refunds- Joyce Mischke	8.52	5/31/2022
5/23/2022	79858 Customer Refunds- Joan Pederson	186.01	5/31/2022
5/23/2022	79859 Customer Refunds- Dr Gary Glomstad	283.95	5/31/2022
5/23/2022	79860 Customer Refunds- Brandon Johnson/Elizabeth Hjelden	118.78	5/31/2022
5/31/2022	79899 Minnesota Dept. of Health	23.00	5/31/2022
5/31/2022	79900 UNUM Life Insurance Co of America	2,798.80	5/31/2022
5/31/2022	79901 City of Grand Rapids	214.50	5/31/2022
5/31/2022	79902 City of Grand Rapids	72,333.33	5/31/2022
5/31/2022	79903 City of Grand Rapids	71,266.39	5/31/2022

Checks Previously Approved ** 14,594.18

Manual Checks to be approved 356,873.10

Total Manual Checks 371,467.28

Grand Rapids Public Utilities
Accounts Payable
May 2022
(Meeting Date: 06/15/2022)

Item 2.

NAME	AMOUNT	NAME	AMOUNT
Altec Parts	985.75	Locators & Supplies	992.81
APG Media	837.97	McMaster-Carr	248.37
Aramark	202.11	Metro Sales	1,093.86
Baker Tilly	7,265.00	Minnesota Power	852,613.52
Border States	4,050.11	Nextera	615.67
Burggraf's/Ace	268.88	NOS Automation	319.73
Busy Bees	1,296.00	North Central Laboratores	250.20
City of Grand Rapids	50,200.51	Pitney Bowes	2,274.96
Coles	11.99	Power Process	844.53
Compass Minerals	7,855.14	Radtke, James	7,146.96
Core & Main	8,836.88	Rapids Radio	1,155.50
CW Technology	1,246.86	RMB Environmental Lab	533.00
Dakota Supply Group	1,269.14	Sandstrom's	512.58
Equipment Rental Company	450.00	Stuart Irby	585.47
Fastenal	1,114.43	T&R Electric	60.00
GFOA	460.00	Team Marinucci	48.00
Grainger	2,041.71	TNT Construction	14,469.40
Harcros Chemicals	9,050.80	Treasure Bay	2,247.95
Hawkins	8,297.32	United Parcel Service	32.60
Herc-U-Lift	200.91	United Rentals	477.73
Innovative Office Solutions	785.95	Viking Electric	7,019.96
Johnson, Killen & Seiler	1,315.60	Wesco	3,852.60
Kaman	779.03	WUSZ-FM	440.00
L&M	29.94		
		Energy Efficiency Rebate:	
		Karels, Lawrence	400.00
			1,007,087.43



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: June 15, 2022

AGENDA ITEM: Consider a motion to approve the City Treasurer’s Report and the Investment Activity Report for April and May 2022

PREPARED BY: Jean Lane, Business Services Manager

BACKGROUND:

Please see attached reports:

GRPUC Cash Receipts and Disbursements for the Month of April and May 2022 and Verification of City Treasurer’s Balance
GRPUC Investment Activity
Graphics – April and May Historical Investment Balances and Monthly Investment Balances 2002-2022

RECOMMENDATION:

Consider a motion to approve the City Treasurer’s Report and the Investment Activity Report for April and May 2022.

**CITY OF GRAND RAPIDS
PUBLIC UTILITIES COMMISSION
CASH RECEIPTS AND DISBURSEMENTS FOR THE MONTH OF APRIL 2022**

TREASURER'S BALANCE MARCH 31, 2022		\$ 5,116,950.71
Deposits	2,442,897.06	
Redeposits-Checks	-	
Redeposits-ACH	-	
Bank Adjustments	-	
		2,442,897.06
Less Disbursements	(2,212,480.05)	
NSF Checks	(19.00)	
ACH Returns	(3,617.05)	
Bank Adjustments	-	
		<u>(2,216,116.10)</u>
TREASURER'S BALANCE APRIL 30, 2022		<u><u>\$ 5,343,731.67</u></u>

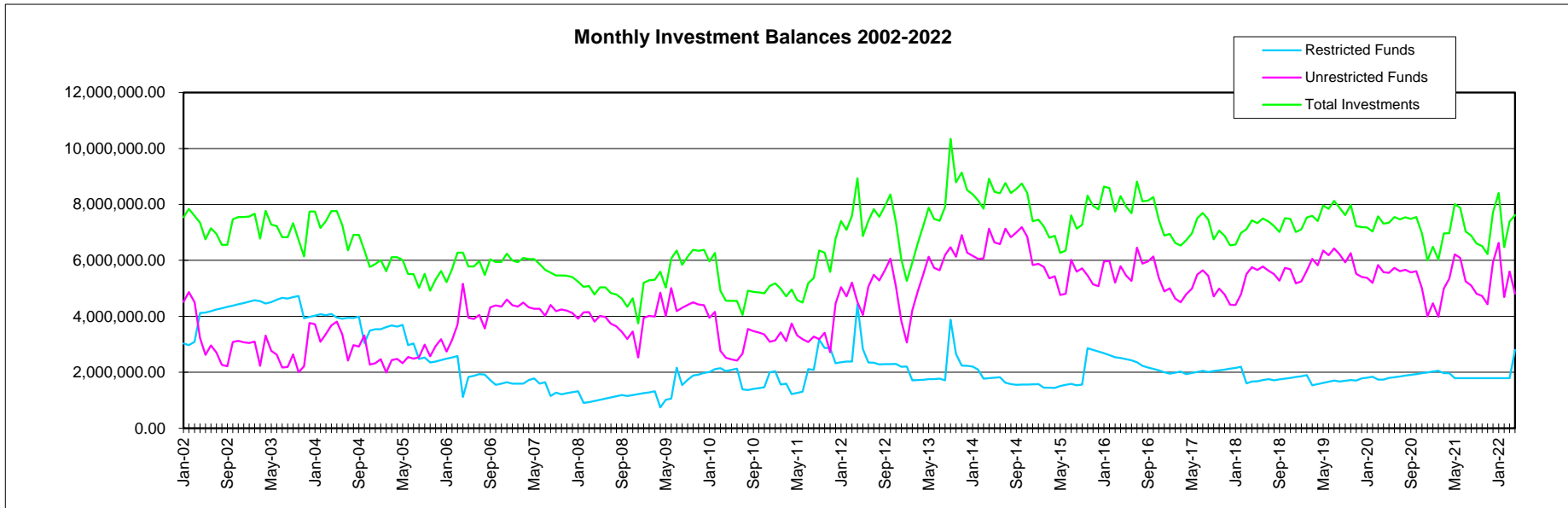
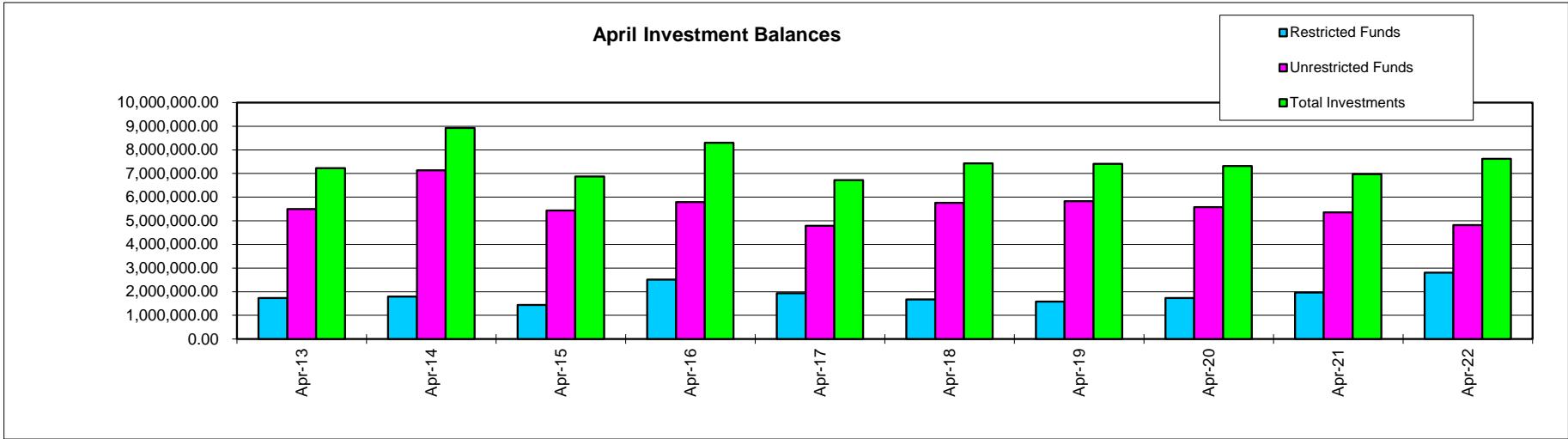
VERIFICATION OF TREASURER'S BALANCE

WELLS FARGO BANK BALANCE APRIL 30, 2022		\$ 5,702,548.17
Add: Deposits in Transit		8,170.05
Less: Outstanding Checks		<u>(366,986.55)</u>
TREASURER'S BALANCE APRIL 30, 2022		<u><u>\$ 5,343,731.67</u></u>

**Grand Rapids Public Utilities Commission
Investment Activity
April 2022**

Beginning Balance Cash and Investments	\$ 7,392,482.62
 Redeemed:	
None	-
 Invested:	
None	-
Change in checking account balance	226,780.96
 Total Cash and Investments	 <u>\$ 7,619,263.58</u>
 Less: Restricted and Designated Funds	
Restricted Funds:	
Customer Deposits	390,899.26
Customer Deposits - Antenna Fees	44,296.74
Electric Capital Replacement Fund	967,339.00
Water Capital Replacement Fund	873,351.00
Sewer Capital Replacement Fund	526,932.00
 Designated Funds:	
Disaster Recovery Fund	<u>1,500,000.00</u>
Total Restricted and Designated Funds	<u>\$ 4,302,818.00</u>
 Net Cash and Investments	 <u><u>\$ 3,316,445.58</u></u>

	Apr-13	Apr-14	Apr-15	Apr-16	Apr-17	Apr-18	Apr-19	Apr-20	Apr-21	Apr-22
Restricted Funds	1,733,175.79	1,788,887.35	1,444,334.11	2,512,197.78	1,932,775.78	1,669,844.01	1,578,352.58	1,737,456.42	1,965,727.85	2,802,818.00
Unrestricted Funds	5,498,101.25	7,133,503.44	5,432,596.34	5,788,406.70	4,789,005.00	5,758,444.87	5,829,356.46	5,579,016.11	5,350,744.68	4,816,445.58
Total Investments	7,231,277.04	8,922,390.79	6,876,930.45	8,300,604.48	6,721,780.78	7,428,288.88	7,407,709.04	7,316,472.53	6,972,220.17	7,619,263.58
Minimum cash reserve				4,542,427.00	4,828,355.00	4,707,627.00	4,719,921.00	4,887,919.00	4,610,534.00	5,140,707.00



**CITY OF GRAND RAPIDS
PUBLIC UTILITIES COMMISSION
CASH RECEIPTS AND DISBURSEMENTS FOR THE MONTH OF MAY 2022**

TREASURER'S BALANCE APRIL 30, 2022		\$ 5,343,731.67
Deposits	1,658,194.64	
Redeposits-Checks	-	
Redeposits-ACH	-	
Bank Adjustments	-	
		1,658,194.64
Less Disbursements	(1,558,959.02)	
NSF Checks	-	
ACH Returns	(1,429.30)	
Bank Adjustments 4/25/22 Deposit	(30.00)	
		(1,560,418.32)
TREASURER'S BALANCE MAY 31, 2022		\$ 5,441,507.99

VERIFICATION OF TREASURER'S BALANCE

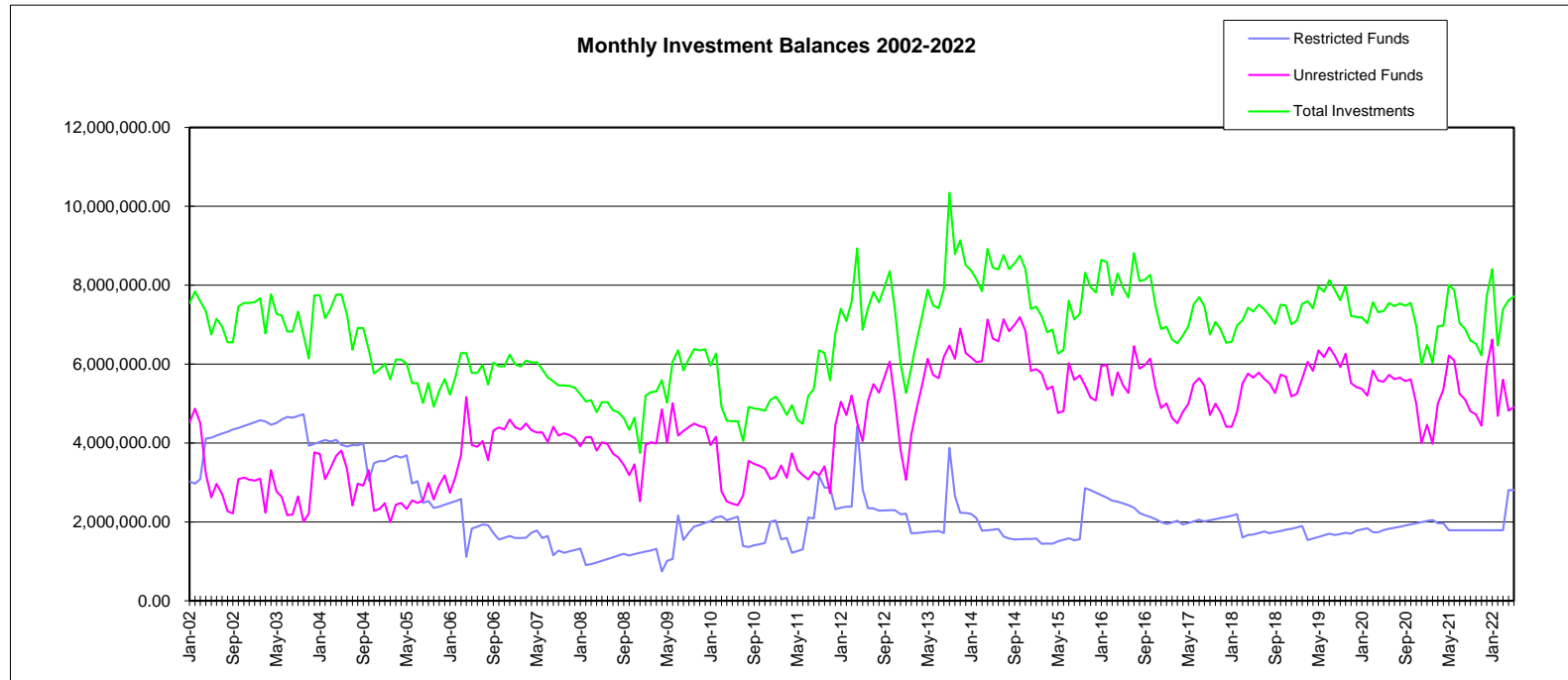
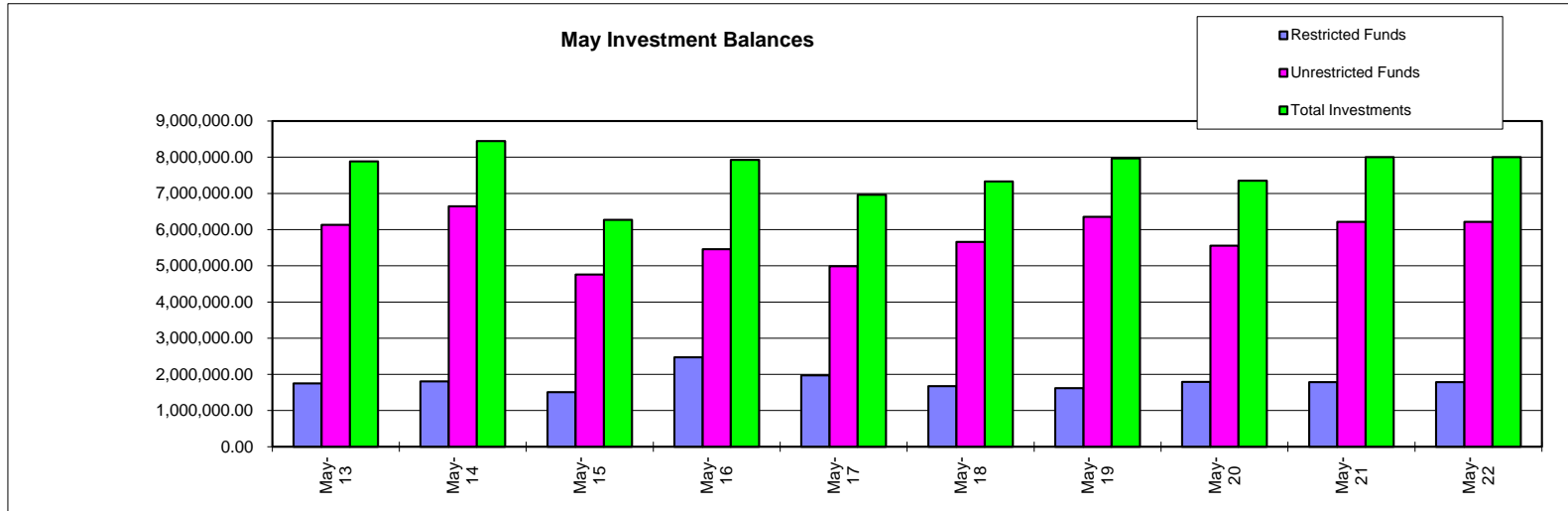
WELLS FARGO BANK BALANCE MAY 31, 2022		\$ 5,592,058.15
Add: Deposits in Transit		17,611.83
Less: Outstanding Checks		(168,161.99)
TREASURER'S BALANCE MAY 31, 2022		\$ 5,441,507.99

**Grand Rapids Public Utilities Commission
Investment Activity
May 2022**

Beginning Balance Cash and Investments	\$ 7,619,263.58	
Redeemed:		
None		-
		-
Invested:		
None		-
Change in checking account balance	97,776.32	
Total Cash and Investments	<u>\$ 7,717,039.90</u>	
Less: Restricted and Designated Funds		
Restricted Funds:		
Customer Deposits		390,899.26
Customer Deposits - Antenna Fees		44,296.74
Electric Capital Replacement Fund		967,339.00
Water Capital Replacement Fund		873,351.00
Sewer Capital Replacement Fund		526,932.00
Designated Funds:		
Disaster Recovery Fund		<u>1,500,000.00</u>
Total Restricted and Designated Funds		<u>\$ 4,302,818.00</u>
Net Cash and Investments	<u><u>\$ 3,414,221.90</u></u>	

	May-13	May-14	May-15	May-16	May-17	May-18	May-19	May-20	May-21	May-22
Restricted Funds	1,751,470.32	1,803,991.85	1,507,511.80	2,469,183.03	1,973,224.68	1,677,102.45	1,619,282.68	1,794,613.42	1,788,487.11	1,788,487.11
Unrestricted Funds	6,133,036.88	6,645,347.15	4,761,076.91	5,456,935.18	4,988,178.07	5,656,531.26	6,351,191.94	5,554,899.06	6,216,853.20	6,216,853.20
Total Investments	7,884,507.20	8,449,339.00	6,268,588.71	7,926,118.21	6,961,402.75	7,333,633.71	7,970,474.62	7,349,512.48	8,005,340.31	8,005,340.31

Minimum cash reserve 4,542,427.00 4,828,355.00 4,707,627.00 4,719,921.00 4,887,919.00 4,610,534.00 5,140,707.00





GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: June 15, 2022

AGENDA ITEM: Consider a motion to authorize the disposal of electrical equipment to T&R Electric.

PREPARED BY: Carrie Jo Kruger, Administrative/HR Assistant

BACKGROUND:

The items shown in the attached document are no longer of use to the utility and are considered surplus property. In accordance with MN Statutes and Rules, we would like to dispose of these items.

The items require environmental accommodations. Our Purchasing Clerk contacted three transformer scrap dealers. T&R Electric from Coleman, South Dakota was able to fulfill all requirements – take oil samples, have them tested, and dispose of the units.

RECOMMENDATION:

Consider a motion to authorize the disposal of electrical equipment to T&R Electric.







GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: June 15, 2022

AGENDA ITEM: Consider a motion to confirm filling the Maintenance III position with the preferred candidate, Eric Drotts.

PREPARED BY: Julie Kennedy, General Manager.

BACKGROUND:

At the April 13, 2022 regular meeting, the Commission ratified the declaration of a Maintenance III vacancy and authorized staff to use the December 2021 Maintenance III external applicant pool for this vacancy since no applications were received during the internal posting. The preferred applicant from the December pool was interviewed and an offer of employment was made to Eric Drotts. A background verification was on file from the December hiring process. The employment offer was accepted with a hire date of April 25, 2022.

Management staff recommends the Commission confirm filling the Maintenance III position with the preferred candidate, Eric Drotts.

RECOMMENDATION:

Consider a motion to confirm filling the Maintenance III position with the preferred candidate, Eric Drotts.



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: June 15, 2022

AGENDA ITEM: Consider a motion to confirm filling the Journey Line Worker position with the preferred candidate, Blake Brewster.

PREPARED BY: Julie Kennedy, General Manager.

BACKGROUND:

At the March 9, 2022 regular meeting, the Commission declared a vacancy existed and authorized the internal posting and external advertising for a Journey Line Worker position. Following the internal posting for the position, we collected no applications. Following external advertising of the position opening, we collected 5 applications. The applications were rated and interviews were conducted with the 2 top-ranked applicants on April 13 and 21. A second interview with the top candidate was held on May 19. A background verification was submitted and received and an offer of employment was made to the selection committee's preferred applicant, Blake Brewster. The offer was accepted with a hire date of June 6, 2022.

Management staff recommends the Commission formally confirm filling the vacancy of Journey Line Worker position with the selection committee's preferred candidate, Blake Brewster.

RECOMMENDATION:

Consider a motion to confirm filling the Journey Line Worker position with the preferred candidate, Blake Brewster.



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: June 15, 2022

AGENDA ITEM: Consider a motion to ratify the procurement contract with CB Technology Solutions, Inc. for IT professional services in an amount not to exceed \$10,000.00.

PREPARED BY: Julie Kennedy, General Manager

BACKGROUND:

The IT professional services being obtained are part of the approved 2022 Administration /Business Services operations budget. Procurement Policy was followed with this single source vendor purchase. CB Technology Solutions, Inc. is working with Administration staff on post-launch support and employee training on the Teams and the new GRPU intranet site.

A copy of the certificates of insurance has been reviewed and is on file.

RECOMMENDATION:

Consider a motion to ratify the procurement contract with CB Technology Solutions, Inc. for IT professional services in an amount not to exceed \$10,000.00.

PROCUREMENT CONTRACT

This Procurement Contract (“**Contract**”) is by and between the Grand Rapids Public Utilities Commission, located at 500 SE 4th St, Grand Rapids, MN 55744 (“**GRPUC**”), and CB TECHNOLOGY SOLUTIONS, INC., a corporation in Minnesota, located at 2720 Carver Ave E, Maplewood, Minnesota 55119 (“**Contractor**”). GRPUC and Contractor may be referred to jointly as the “**Parties**” or individually as a “**Party**.”

Recitals

A. GRPUC has received a quotation from a contractor for professional services to provide post-launch support and training for assistance for the new Microsoft 365 Intranet SharePoint site. (“**Solicitation**”);

B. Contractor provided a response to the Solicitation indicating its interest in and ability to provide the goods or services requested in the Solicitation; and

C. Subsequent to an evaluation in accordance with the terms of the Solicitation and negotiation, the Parties desire to enter into a contract.

Accordingly, the Parties agree as follows:

Contract

1. **Term.** The effective date of this Contract is April 1, 2022. The Contractor must not begin work under this Contract until this Contract is fully executed and the Contractor has been notified by GRPUC’s Authorized Representative to begin the work. This Contract will terminate upon the first of the following to occur:

1.1 December 31, 2022.

1.2 All of Contractor’s obligations have been satisfactorily fulfilled.

1.3 GRPUC may cancel this Contract at any time, with or without cause, upon ten (10) days’ written notice to the Contractor.

1.4 GRPUC may terminate this Contract immediately in the event of a breach by Contractor.

1.5 The Parties may terminate this Contract at any time by mutual written agreement.

Upon receipt of any notice of termination Contractor shall immediately stop performance to the extent specified in such notice. In no event shall GRPUC be liable for any loss of revenue or profit incurred by Contractor as a result of any termination. Upon termination of this Contract, or earlier upon GRPUC’s request, Contractor shall deliver to GRPUC all items requested by GRPUC containing any confidential information or work product information or make such other disposition thereof as GRPUC may direct in writing.

2. Contractor's Duties

2.1 The Contractor shall provide professional services as requested by GRPU staff on the new Intranet.

(The services (if any) to be provided by Contractor to GRPUC are referred to as the “**Services.**” The goods (if any) to be provided by Contractor to GRPUC are referred to as the “**Goods.**”). Contractor’s precise duties, specifications, deliverables, and completion dates related to the Goods and Services are more specifically described in **Exhibit B.**

2.2 GRPUC may make changes to the general scope of Goods and Services by written or oral notice to Contractor. If such changes affect the cost of or the time required to provide the Goods and Services, an equitable adjustment in the schedule and compensation under this Contract shall be made. GRPUC and Contractor may agree to additional Services or Goods by written amendment to this Contract.

2.3 Contractor agrees that all Goods and Services shall be provided, and all of Contractor’s obligations performed, in accordance with all applicable laws and other legal requirements without extra charge or expense. Contractor will be responsible for a violation of any such legal requirements and will indemnify, defend, and hold harmless GRPUC from and against any expense or cost incurred by reason of any such violation by Contractor.

2.4 Contractor warrants and represents that the Goods and Services will be provided in a manner that is consistent with the level of care and skill exercised by members of Contractor’s profession currently working under similar conditions. All Goods and Services not conforming to this standard will be considered defective and Contractor shall, at no cost to GRPUC, promptly and satisfactorily correct all such defective Goods and Services. Payment shall be withheld for Goods or Services found by GRPUC to be unsatisfactory or in violation of legal requirements.

2.5 Contractor shall be responsible for all its employees, agents, subcontractors, and invitees and their health and safety. Contractor shall ensure that all persons who perform the Services or produce or deliver the Goods are professionally competent and properly qualified and will remove any person GRPUC deems incompetent, careless, or otherwise objectionable.

2.6 Contractor is solely responsible and assumes full and exclusive liability for the payment of all contributions or taxes to be paid on or to persons employed by Contractor, and for payment of all sales, use, or other taxes of whatever nature levied or assessed against GRPUC arising out of the furnishing of the Services or production or delivery of the Goods, and will indemnify, defend, and hold harmless GRPUC from any such liability.

3. Consideration and Payment

3.1 Consideration. GRPUC will pay for performance by the Contractor under this Contract as follows:

3.1.1 Compensation. The Contractor will be paid not to exceed Ten Thousand Dollars and no cents. (not to exceed \$10,000.00) in accordance with **Exhibit C**.

3.1.2 Total obligation. The total obligation and liability of GRPUC under this Contract will not exceed Ten Thousand Dollars and no cents (not to exceed \$10,000.00).

3.2 Payment.

3.2.1 Invoices. GRPUC will pay the Contractor within thirty (30) days following receipt of an undisputed invoice that complies with **Exhibit C**. GRPUC may pay the Contractor in advance in its sole discretion. Payment will only be made for Goods received or Services actually performed that have been accepted by GRPUC.

3.2.2 Retainage. No more than ninety percent (90%) of the amount due under this Contract may be paid until Contractor has performed all of its obligations under this Contract to GRPUC's satisfaction.

4. Authorized Representative

GRPUC's Authorized Representative is Julie A. Kennedy, General Manager at the following business address: 500 SE 4th Street, Grand Rapids, MN, 55744 and the following telephone number: 218-326-7687 or his/her successor or delegate, and has the responsibility to monitor the Contractor's performance.

Contractor's Authorized Representative is Connie Wiegel, President at the following business address: 2720 Carver Ave E, Maplewood, Minnesota 55119, and the following telephone number: 651.329.3776, or his/her successor. If the Contractor's Authorized Representative changes at any time during this Contract, the Contractor must immediately notify GRPUC.

5. **Indemnification.** Contractor will indemnify, defend, and hold harmless GRPUC, its agents, and employees, in relation to any expenses, damages, claims or causes of action, including reasonable attorney's fees, to the extent caused by any negligent or wrongful act, error or omission, breach of contract, or infringement of any intellectual property right by Contractor, any third party that Contractor has a business relationship with, or any of Contractor's agents or employees.

6. **Subcontracting.** Contractor may not subcontract all or any portion of this Contract without GRPUC's prior written consent, which GRPUC may grant or withhold in its sole discretion. If an approved subcontractor is determined to be performing unsatisfactorily by GRPUC, Contractor will ensure that the subcontractor is no longer used for this Contract. The provisions of the Contract shall apply with equal force and effect to all approved subcontractors and no subcontract will terminate the primary responsibility of Contractor hereunder. Contractor will pay all subcontractors in accordance with applicable law and the agreement between Contractor and the subcontractor.

7. **Ownership.** Contractor agrees that all legal right, title, and interest to intellectual property, data, documents, photographs, drawings, analyses, graphs, reports, physical property or other subject matter (“**GRPUC Property**”) prepared, delivered, procured, or produced in relation to Contractor’s obligations under this Contract shall vest in GRPUC. Contractor will perform all acts necessary to ensure that all GRPUC Property is the sole property of GRPUC, and that neither Contractor nor its employees, agents, or subcontractors retain any interest in and to the GRPUC Property.

8. **GRPUC Audits.** The Contractor’s books, records, documents, and accounting procedures and practices relevant to this Contract are subject to examination by GRPUC for six (6) years from the expiration or termination of this Contract. After reasonable notice, Contractor shall make such books, records, documents, and accounting procedures and practices available to GRPUC for its examination and audit.

9. **Miscellaneous.**

9.1 **General.** No provision of this Contract may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by all the Parties. No waiver by a Party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreement or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by any Party which are not expressly set forth in this Contract. The validity, interpretation, construction and performance of this Contract shall be governed by the internal laws of Minnesota. If any provision of this Contract shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of this Contract shall not be affected thereby. This Contract shall be binding on, and shall inure to the benefit of the Parties hereto and their respective successors and permitted assigns. Contractor may not assign Contractor’s rights or obligations hereunder without the prior written consent of GRPUC. This Contract may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall together constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Contract in Portable Document Format (PDF) or by facsimile transmission shall be as effective as delivery of a manually executed original counterpart of this Contract. In the event a Party institutes any legal proceeding against another Party regarding this Contract, the prevailing Party is entitled to receive the costs incurred by such Party, including reasonable attorneys’ fees. In performing its obligations under this Contract, Contractor and its employees and agents shall act in the capacity of independent contractors and not as an employee, partner, joint venturer, or agent of GRPUC. When Contractor’s employees are working on the premises of GRPUC, wherever located, they shall observe the working rules, policies, and procedures of GRPUC, including, but not limited to, its respectful workplace policy. The Parties must comply with the Minnesota Government Data Practices Act in relation to this Contract. Contractor certifies that neither it nor its principals are presently debarred or suspended by any federal, state, or local government or agency or political subdivision thereof. Neither Party will publicize anything in relation to this Contract without the other Party’s prior written consent. Contractor shall not use or disclose any confidential information it receives from GRPUC except as is necessary to perform under this Contract. The obligations of Contractor hereunder shall survive the expiration or earlier termination of

this Contract. Each of the Parties shall take such further actions as may be reasonably required to carry out the provisions of this Contract.

9.2 Notices. Any notice or other communication to any Party in connection with this Contract shall be in writing and shall be sent by hand-delivery, email, fax, overnight courier, or United States mail (postage prepaid) addressed to the address set forth below. All periods of notice shall be measured from the date of delivery thereof if hand-delivered, from the date of sending thereof if sent by email or fax (effective upon confirmation of receipt), from the first day after the date of sending if sent by overnight courier, or from three (3) business days after the date of mailing if mailed. Any Party may change such Party's address for notices by notice given not less than ten (10) calendar days prior to the effective date of the change.

GRPUC
Address:
500 SE 4th Street
Grand Rapids, MN 55744
Attn: Julie A. Kennedy
Email: jakennedy@grpuc.org

CB TECHNOLOGY SOLUTIONS,
INC.
Address:
2720 Carver Ave E
Maplewood, Minnesota 55119
Attn: Connie Wiegel
Email: connie@cbtechsolutions.com

10. Exhibits

The following Exhibits are attached and incorporated into this Contract. In the event of a conflict between the terms of this Contract and its Exhibits (including any supplements), or between Exhibits (including any supplements), the order of precedence is first the Contract, and then in the following order:

- Exhibit A: Insurance Requirements
- Exhibit B: Specifications, Duties, and Scope of Work
- Exhibit C: Price and Payment Schedule

IN WITNESS WHEREOF, the parties hereto by their duly authorized representatives have executed this Contract effective as of the effective date set forth above.

CB TECHNOLOGY SOLUTIONS, INC.

Grand Rapids Public Utilities Commission

By: Connie D. Wiegel
Print Name: Connie Wiegel

By: Julie Kennedy 5/16/2022

Print Name: Julie A. Kennedy

Title: President

Title: General Manager

Exhibit A: Insurance Requirements

- 1 **Notice to Contractor and Insurer.** Contractor shall not commence work under the Contract until it has obtained all the insurance described below and GRPUC has approved such insurance. Contractor shall maintain such insurance throughout the term of this Contract. GRPUC reserves the right to immediately terminate this Contract if the Contractor is not in compliance with the insurance requirements. All insurance policies must be open to inspection by GRPUC, and copies of policies must be submitted to GRPUC's Authorized Representative upon written request. The Contractor's insurance companies waive the right to assert the immunity of GRPUC as a defense to any claims made under said insurance.

- 2 **Additional Insurance Conditions.** The following apply to the Contractor and Contractor's subcontractor: Contractor's policy(ies) shall be primary insurance to any other valid and collectible insurance available to GRPUC. Contractor agrees to notify GRPUC within five (5) business days of receipt of any insurance cancellation notice. Contractor is responsible for payment of Contract-related insurance premiums and deductibles. Contractor's policy(ies) shall include legal defense fees in addition to its policy limits with the exception of professional liability. Contractor's insurance companies must either (1) have an AM Best rating of A- (minus) and a Financial Size Category of VII or better, and be authorized to do business in Minnesota, or (2) be domiciled in Minnesota and have a Certificate of Authority/Compliance from the Minnesota Department of Commerce if they are not rated by AM Best. An Umbrella or Excess Liability insurance policy may be used to supplement the Contractor's policy limits to satisfy the full policy limits required by the Contract.

- 3 **Coverages.** Contractor is required to maintain and furnish satisfactory evidence of the following insurance policies:
 - 3.1 **Commercial General Liability Insurance** coverage that would be maintained by a reasonable contractor in Contractor's profession performing a similar contract, with the following minimum limits: [GRPUC does not generally allow limits lower than \$1.5 M. Contractor can use umbrella coverage to get to the minimum limit amount of \$1.5M]
 - \$1,500,000 – per occurrence
 - \$1,500,000 – annual aggregate
 - \$1,500,000 – annual aggregate – applying to Products/Completed Operations

 - 3.2 **Commercial Automobile Liability Insurance** coverage that would be maintained by a reasonable contractor in Contractor's profession performing a similar contract, with the following minimum limits:
 - \$1,500,000 – per occurrence Combined Single limit for Bodily Injury and Property Damage

The following coverages should be included: Owned, Hired, and Non-owned Automobile.

3.3 **Workers' Compensation Insurance.** Contractor shall obtain and maintain for the duration of the Contract, statutory workers' compensation insurance and employer's liability insurance as required under the laws of the State of Minnesota.

3.4 **Professional Liability, Errors, and Omissions.** This policy will provide coverage for all claims the Contractor may become legally obligated to pay resulting from any actual or alleged negligent act, error, or omission related to Contractor's professional services required under the Contract. Insurance minimum limits are as follows:

\$2,000,000 - per claim or event

\$2,000,000 - annual aggregate

Any deductible will be the sole responsibility of the Contractor and may not exceed \$50,000 without the written approval of GRPUC.

3.5 **Network Security and Privacy Liability Insurance (or equivalent)** coverage that would be maintained by a reasonable contractor in Contractor's profession performing a similar contract, with the following minimum limits

\$2,000,000 - per occurrence

\$2,000,000 - annual aggregate

Exhibit B: Specifications, Duties, and Scope of Work

Professional Services for post-launch support and training of Teams and the new Intranet site.

Exhibit C: Price and Payment Schedule

Professional services @\$175/hr as requested by GRPU staff not to exceed \$10,000.

Contractor to send monthly invoices of hours worked.

Payment 30 days after receipt of an uncontested invoice and acceptance of goods and service by Grand Rapids Public Utilities



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: June 15, 2022

AGENDA ITEM: Consider a motion to ratify the procurement contract based on time and material with Lake States Construction for minor electrical construction and restoration for the calendar year of 2022.

PREPARED BY: Jeremy Goodell, Electric Department Manager

BACKGROUND:

This procurement contract is to be used for minor operations and capital projects for the calendar year of 2022. These include electric construction and restoration projects for both Grand Rapids Public Utilities and their customers.

Due to difficulty in procuring certain items such as transformers, funds originally budgeted for projects requiring items such as transformers will be reallocated to underground cable replacement projects by following the GRPUC Budget and Financial Planning Policy.

As noted in the attached contract in Exhibit A, the services and product pricing are set by unit pricing with an average cost per project of \$3000.00. \$0.00 has been spent to date.

The GRPUC Procurement Policy was followed and two quotes are on file.

The Vendor's Certificate of Insurance has been verified to meet the contract requirements and is on file.

RECOMMENDATION:

Consider a motion to ratify the procurement contract based on time and material with Lake States Construction for minor electrical construction and restoration for the calendar year of 2022.

PROCUREMENT CONTRACT

This Procurement Contract (“**Contract**”) is by and between the Grand Rapids Public Utilities Commission, located at 500 SE 4th St, Grand Rapids, MN 55744 (“**GRPUC**”), and Lake States Construction, LLC, located at 25172 Commercial Drive, Grand Rapids, MN, 55744 (“**Contractor**”). GRPUC and Contractor may be referred to jointly as the “**Parties**” or individually as a “**Party**.”

1. **Term.** The effective date of this Contract is May 15, 2022. The Contractor must not begin work under this Contract until Contractor has been notified by GRPUC’s Authorized Representative to begin the work. This Contract will terminate upon the first of the following to occur:

- 1.1 December 31, 2022 or upon the completion of a project if started in December 2022.
- 1.2 All of Contractor’s obligations have been satisfactorily fulfilled
- 1.3 GRPUC may cancel this Contract at any time, with or without cause, upon ten (10) days’ written notice to the Contractor.
- 1.4 GRPUC may terminate this Contract immediately in the event of a breach by Contractor.
- 1.5 The Parties may terminate this Contract at any time by mutual written agreement.
- 1.6 If the Contractor is not available to perform the necessary work within three weeks of request by the GRPU then the GRPU can contract with another contractor to perform necessary work without any financial obligations to Contractor listed above.

Upon receipt of any notice of termination, Contractor shall immediately stop performance to the extent specified in such notice. In no event shall GRPUC be liable for any loss of revenue or profit incurred by Contractor as a result of any termination. Upon GRPUC’s request, Contractor shall deliver to GRPUC all items requested by GRPUC containing any confidential information or work product information or make such other disposition thereof as GRPUC may direct in writing.

2. Contractor’s Duties

2.1 The Contractor shall provide the following goods or services (“**Goods and Services**”):

The Contractor shall furnish services and products based on the agreed project written specifications as provided by the Electric Department Manager or their authorized representative.

These services and products may vary depending on the project specifications during the contract period.

This contract is based on time and materials which have been competitively quoted and awarded to the lowest responsible bidder, above identified Contractor.

Materials and equipment to be supplied by GRPUC include cable, cabinets, transformer and switch basements, duct, splices, and ground rods.

Attachment Exhibit A is the Contractor quoted and accepted services and product pricing through the contract term.

GRPUC may make changes to the general scope of Goods and Services by written or oral notice to Contractor.

2.2 Contractor agrees that all Goods and Services shall comply with all applicable laws and legal requirements without extra expense to GRPUC.

2.3 Contractor warrants and represents that the Goods and Services will be provided in a manner that is consistent with the level of care and skill exercised by members of Contractor's profession currently working under similar conditions.

2.4 Contractor shall be responsible for all its employees, agents, subcontractors, and invitees and their health and safety and shall ensure that all persons who perform the Services are professionally competent and properly qualified.

2.5 Contractor shall erect, mark and maintain suitable barricades to protect and maintain public safety. Barricades, warning signs and other safety devices shall meet the requirements of OSHA, Minnesota Department of Highways and Public Transportation and City of Grand Rapids requirements. No work will commence until the Contractor has secured approval for the agency responsible for the right-of-way in which construction is proposed.

2.6 Contractor shall proceed with caution in the excavation and preparation of the trench, boring, plowing, etc. so that the exact location of underground structure may be determined. Prior to proceeding with trench, boring, plowing excavation, the Contractor shall contact Gopher State One-Call and all utility companies in the area to aid in locating underground services.

2.7 Damage done to existing utility lines, services, poles and other structure shall be replaced or repaired by the Contractor at Contractor expense. The approximate position of certain underground lines is shown on the plans is for information only. Existing small lines may not be shown. The Contractor shall locate these and other possible underground utility lines and shall excavate and expose all existing underground lines in advance of trenching operations.

2.8 No valve, circuit breaker, or other control device on the existing systems will be operated by the Contractor without permission from the Department Manager or their authorized representative.

2.9 Contractor shall upon completion of the project remove all debris, rubbish, etc. and leave the premises in a neat and orderly condition.

2.10 Contractor shall comply with all pertinent provisions of the Occupational Safety and Health Act and alone be responsible for the safety, efficiency, and adequacy of the Contractor employees, plant, equipment, vehicles, etc. and methods and be responsible for any damage which may result from Contractor failure or improper construction, maintenance, or operations.

2.11 During the progress of installation, apparatus or work or materials will be subject to the inspection by GRPU Department Manager or their authorized representative. Any apparatus, work, or materials which does not pass inspection will be immediately removed and replaced in a satisfactory manner at the expense of the Contractor, unless mutually agreed to in writing by both parties.

2.12 Contractor warrants that: (A) Contractor has good title to the Goods, free and clear of any encumbrance, and (B) the Goods are in good condition and are adequate for the uses to which they are being put. Contractor shall take any further actions that are necessary to transfer title in the Goods to

GRPUC, free and clear of any encumbrances. Contractor has all risk of loss until GRPUC accepts the Goods.

3. **Consideration and Payment**

3.1 Consideration. Contractor will be paid on a time and material pricing using the attached Exhibit A per written project specifications.

3.2 Payment. GRPUC will pay the Contractor within thirty (30) days following receipt and acceptance of Goods or Services and receipt of an undisputed invoice.

3.3 This time and material priced contract does not guarantee the Contractor a minimum amount of work or revenue.

4. **Authorized Representative**

GRPUC's Authorized Representative is Jeremy Goodell, Electric Department Manager at the following business address: 500 SE 4th Street, Grand Rapids, MN, 55744 and the following telephone number: 218.326.7182 or his/her successor or delegate, and has the responsibility to monitor the Contractor's performance.

Contractor's Authorized Representative is Scott Larson, General Manager at the following business address: 25172 Commercial Drive, Grand Rapids, MN 55744, and the following telephone number: 218-327-7202, or his/her successor.

5. **Indemnification.** Contractor will indemnify, defend, and hold harmless GRPUC, its agents, and employees, in relation to any expenses, damages, claims or causes of action, including reasonable attorney's fees, to the extent caused by any negligent or wrongful act, error or omission, breach of contract, or infringement of any intellectual property right by Contractor, any third party that Contractor has a business relationship with, or any of Contractor's agents or employees.

6. **Ownership.** Contractor agrees that all legal right, title, and interest to intellectual property, data, documents, photographs, drawings, analyses, graphs, reports, physical property or other subject matter prepared, delivered, procured, or produced in relation to Contractor's obligations under this Contract shall vest in GRPUC.

7. **Insurance.** Contractor shall maintain with reputable insurance companies all insurance required by law and insurance against loss or damage of the kinds customarily insured against by members of Contractor's profession, of such types and in such amounts as are customarily carried under similar circumstances by members of Contractor's profession. Contractor's insurance companies waive the right to assert the immunity of GRPUC as a defense to any claims made under said insurance. Minimum insurance coverage requirements: Commercial General Liability Insurance \$1,500,000 per occurrence and \$1,500,000 annual aggregate; Commercial Automobile Liability Insurance \$1,500,000 per occurrence combined single limit for bodily injury and property damage and include owned, hired, and non-owned automobile; and Workers' Compensation Insurance as required under State of Minnesota laws. Contractor can use umbrella coverage to get to the minimum limit amount of \$1,500,000.

8. **Miscellaneous.** No provision of this Contract may be modified or waived except as agreed to in writing by the Parties. This Contract shall be governed by the internal laws of Minnesota. Contractor may not assign or subcontract Contractor's rights or obligations hereunder without the prior written consent of GRPUC. This Contract may be executed in counterparts. An electronic signature and counterpart shall be treated the same as an original. When Contractor's employees are working on the premises of GRPUC, wherever located, they shall observe all of GRPUC's policies and procedures, including, its respectful workplace policy. The Parties must comply with the Minnesota Government Data Practices Act in relation to this Contract. Contractor certifies that neither it nor its principals are presently debarred or suspended by any federal, state, or local government or agency or political subdivision thereof. Contractor shall not use or disclose any confidential information it receives from GRPUC except as is necessary to perform under this Contract. Any notice or other communication to any Party in connection with this Contract shall be in writing and shall be sent by hand-delivery, overnight courier, or United States mail (postage prepaid) addressed to the address set forth in the preamble.

9. **Exhibits**

Exhibit A – Time and materials services and product pricing.

Exhibit B – GRPU underground electric distribution system construction specifications.

IN WITNESS WHEREOF, the Parties hereto by their duly authorized representatives have executed this Contract effective as of the effective date set forth above.

Lake States Construction, LLC

By: *Scott Larson*
Print Name: Scott Larson
Title: President
Date: 5/23/22

Grand Rapids Public Utilities Commission

By: *Julie Kennedy*
Print Name: Julie A. Kennedy
Title: General Manager
Date: 5-26-2022

EXHIBIT A
TIME AND MATERIAL
SERVICES AND PRODUCT PRICING

Item	Description	Unit cost	Units
1	Install eight foot by 5/8 inch ground rod	\$21.00	per each
2	Set secondary cabinet - two feet by two feet, one foot excavation	\$320.00	per each
3	Set single phase transformer basement or cabinet - four feet by five feet, one foot excavation	\$460.00	per each
4	Set three phase primary fiberglass cabinet - four feet by six feet, one foot excavation	\$510.00	per each
5	Set three phase primary fiberglass cabinet - four feet by ten feet, one foot excavation	\$760.00	per each
6	Set switch basement - eight feet by eight feet, two foot excavation	\$1,410.00	per each
7	Electric cable splice pit 6 feet wide, 15 feet long, 4 feet deep	\$740.00	per each
8	Trenching - two foot wide trench, four feet deep	\$12.00	per foot
9	Plow 4/0 triplex secondary underground cable	\$4.10	per foot
10	Plow single 1/0 primary cable direct bury	\$3.95	per foot
11	Plow three 1/0 primary cable direct bury	\$5.10	per foot
12	Plow three 4/0 primary cable direct bury	\$5.75	per foot
13	Plow three 350 MCM primary cable direct bury	\$6.50	per foot
14	Plow three 500 MCM primary cable direct bury	\$7.45	per foot
15	Bore 4/0 triplex secondary cable direct bury	\$18.00	per foot
16	Bore single 1/0 primary cable direct bury	\$18.00	per foot
17	Bore three 1/0 primary cable direct bury	\$19.50	per foot
18	Bore three 4/0 primary cable direct bury	\$19.50	per foot

19	Bore three 350 MCM primary cable direct bury	\$23.00	per foot
20	Bore three 500 MCM primary cable direct bury	\$27.00	per foot
21	Bore single 4/0 triplex secondary installed in single 2" duct	\$18.00	per foot
22	Bore single 1/0 primary cable installed in single 2" duct	\$18.00	per foot
23	Bore three 1/0 primary cable installed in three 2" ducts	\$24.00	per foot
24	Bore three 4/0 primary cable installed in three 2" ducts	\$24.00	per foot
25	Bore three 350 MCM primary cable installed in three 2" ducts	\$29.00	per foot
26	Bore three 500 MCM primary cable installed in three 3" ducts	\$31.00	per foot
27	Removal - Sawcut asphalt and concrete	\$55.00	per linear foot
28	Removal - asphalt and concrete	\$36.00	per square foot
29	Restoration - concrete	\$71.00	per cubic yard
30	Restoration - asphalt	\$79.00	per cubic yard
31	Restoration - gravel	\$95.00	per cubic yard
32	Restoration - grass	\$80.00	per cubic yard
33	Skid steer with operator - ASV 50 or similar	\$160.00	per hour
34	Pickup truck 3/4 or 1 ton with laborer	\$110.00	per hour
35	Mini excavator or rubber tired backhoe 18 to 24 inch bucket with operator	\$135.00	per hour
36	Mobilization	\$150.00	per job

EXHIBIT B: GRPU UNDERGROUND ELECTRICAL DISTRIBUTION SYSTEM CONSTRUCTION SPECIFICATIONS

1. GENERAL

A. WORK INCLUDED

- i. These specifications provide for the construction of underground distribution power facilities for the following:
 - a. Direct burial of cables and conduit duct, using either plowing, trenching, or boring methods, as specified by the Utility
 - b. Installation of transformer ground sleeves, switch box pads, electrical primary cabinets, secondary cabinets, and other below-grade enclosures and equipment including grounding rods as specified by the Utility
 - c. Removal and restoration of asphalt, concrete, gravel surfaces, and grass surfaces disturbed during construction of underground facilities

B. DEFINITIONS

- i. The word "Utility", where used throughout this specification, is defined as follows:
Grand Rapids Public Utilities Commission
500 SE Fourth Street
Grand Rapids, MN 55744
- ii. The word "Contractor", where used throughout this specification, shall mean the corporation, company, partnership, firm or individual, named and designated in the Contract Agreement who has entered into this Contract for the performance of the work covered thereby, and its, his/hers, or their duly authorized representatives.
- iii. The word "Subcontractor" shall mean and refer only to a corporation, partnership or individual having a direct contract with and for the Contractor for performing work covered by these Contract Documents.

C. REFERENCE STANDARDS

- i. The equipment furnished under this Specification shall comply fully with all applicable requirements of the latest issue of standards and requirements of the Institute of Electrical and Electronic Engineers, American National Standards Institute, National Electric Manufacturers Association, and Edison Electric Institute.
- ii. The equipment shall also comply with all the statutes and ordinances of local government bodies having jurisdiction, as well as the laws of the State of Minnesota.
- iii. All work shall comply with the latest edition of the National Electric Safety Code, except where local regulations are more stringent, in which case local regulations shall govern.

D. STORAGE AND HANDLING

- i. All material and equipment to be used in construction shall be stored so as to be protected from deteriorating effects of the elements. If outdoor storage cannot be avoided, the material and equipment shall be stacked on supports well above the ground line and protected from the elements and with due regard to public safety.

E. INSPECTION AND INVENTORY

- i. Before any backfilling operations begin, the Contractor and Utility's representative shall jointly inspect all trenches, cable placement, risers, pedestal stakes, and other construction not accessible after backfilling, and an inventory of units shall be taken. If corrections are required, a second inspection shall be made after completion of the changes.

- ii. All construction work shall be done in a thorough and workmanlike manner in accordance with the Plans and Specifications, and Construction Drawings.

2. PRODUCTS

A. GENERAL

- i. This section provides for furnishing of underground distribution power facilities materials and equipment and surface restoration.
- ii. Berms and residential yards shall be restored to grade except as specified by the Utility.
- iii. Potholes shall be restored to city specifications. Potholes in concrete surfaces may require replacing whole panel. Potholes in asphalt may require saw cutting, removal, and replacement of a larger section of asphalt.

B. ASPHALT PAVEMENT

- i. Asphalt pavement shall conform to the following items:
 - a. Base: Compacted backfill or gravel surfacing. Compact to 100% standard proctor.
 - b. Asphalt Surface: Thickness to match existing pavement, or 4" minimum, hot-mix; place and compact in layers not more than 2" thick. Asphalt binder shall be PG 58-28 and aggregate shall be gradation B per Minnesota State Highway Department specifications.
 - c. Asphalt binder content shall be determined by mix design performed by an approved testing laboratory. Asphalt cement content shall be between 5 and 7 percent.

C. CONCRETE PAVEMENT

- i. Concrete pavement shall conform to the following items:
 - a. Base: The concrete pavement shall be placed directly on compacted subgrade. The only exception shall be the use of a thin leveling course of sand or gravel.
 - b. Pavement shall be the greater of: the existing depth or 8" for streets, 6" for alleys or driveways, and 4" for sidewalks.
 - c. Joint to match existing pavement
 - d. Finish: Match existing pavement
 - e. Concrete: 3900 psi air-entrained concrete, slump range without water reducer 1" to 3"
 - f. Joint Seal: Hot-applied bituminous material in accordance with AASHTO M173.
 - g. Allow pavement to cure 7 days before opening to traffic.

D. GRAVEL RESURFACING

- i. Gravel resurfacing shall conform to the following items:
 - a. Base: The gravel shall be placed directly over a compacted backfill.
 - b. Gravel Surface: Aggregate shall be applicable Minnesota State Highway Department Class 5.

E. GRASS SEED OR SOD SURFACE

- ii. Areas disturbed by construction shall be restored with grass seed or sod and shall conform to the following:
 - a. Base: The topsoil shall be placed directly over a compacted backfill.
 - b. Topsoil Surface: Shall be fertile, friable, natural loam, containing at least two percent of decayed organic matter (humus) free of subsoil, weeds, sod, stiff clay, stones larger than 1 inch in diameter, stumps, roots, trash, acid, alkali, toxic substances or any other materials harmful to plant growth. If needed to insure re-vegetation, weed-free straw or hay shall be used for mulching and erosion control.

- c. Grass Seed: Native species plants should be used, whenever possible, to re-vegetate disturbed non-grass areas. Grass areas shall meet U.S.D.A. Standards. In the event that a suitable grass cover is not developed and sustained, the Contractor shall be required to reseed. Maintenance of the finished seedbed shall remain a responsibility of the Contractor until the job has been accepted by GRPUC. In non-native species areas the mixture of seed shall be as follows:

Type of Grass % by Weight Minimum % of Pure Live Seed

Kentucky Bluegrass 75 70

Perennial Rye Grass 17 70

Red Fescue 8 70

Seeding rate shall be 120 lbs. per acre.

4. Sod: Shall be cultured or nursery grown in natural well-drained areas of quality loam soil, composed of at least 2/3 Kentucky Bluegrass strongly rooted, and free of pernicious weeds. Sod shall be of uniform thickness with 1" or 1-1/2" of soil and shall have been mowed at least twice prior to cutting.

F. CABLE END SEALING

- i. All cable ends shall be sealed. Tape, heat or cold shrink end sealing caps shall be used to seal the ends of all conductors.
- ii. Tape shall be 3M Type 88. Duct tape shall not be used.

3. EXECUTION

A. PERMIT REQUIREMENTS

- i. Contractor shall procure all appropriate City or other required permits for construction including City right of way permits. Much of Grand Rapids Public Utilities service territory is outside of the City of Grand Rapids city limits, and applicable permits if needed shall be procured by contractor for these areas.

B. CONSTRUCTION EXCAVATION

- i. Potholing
 - a. The pothole shall be guarded or barricaded while open.
 - b. The pothole surface shall be restored to its original condition.
 - c. Potholing is incidental to the construction unit.
- ii. Plowing
 - a. The design of the plowshare must ensure that the cable passing through the plow will not be bent in a radius less than 12 times the outside diameter of the cable. The equipment must be capable of extending the plow a minimum of 6 inches below the specified depth under all terrain conditions of plow utilization.
 - b. Starting and terminating points of the plowing operation must be excavated prior to cable installation to reduce possible cable damage and to assure sufficient burial depth.
 - c. Cable warning tape shall be installed a minimum of 18" above plowed cable installations.
 - d. During the plowing operation, care is to be exercised to feed the cable or wire into the ground through the plow loosely and at minimum tension. **Contractor shall not use any method to pull the cable through the ground with a bullet or other device to avoid scraping or scoring of the outside of cable.** Cable shall be fed into plow while moving.
 - e. If, during the plowing operation, the plow should strike a buried object or rock that would stop the equipment and necessitate removal of the plow from the ground, the plow must be removed from the ground carefully and, if practical, without backing the plow. If it should be necessary to back the plow to remove it from the ground, the cable must be uncovered a sufficient distance back for inspection by GRPUC to determine whether the cable or wire has been damaged.
 - f. The cable must be inspected carefully as it is payed out from the reel to be certain that it is free from visible defects. Every instance of damaged cable observed at any time, whether prior to installation, during installation, or when discovered by test or observation subsequent to installation in plant, shall be immediately called to the attention of GRPUC.
 - g. In the event that rock is encountered during the plowing operation so that the buried cable cannot be installed to the required minimum depths in soil, the Contractor shall determine for GRPUC the nature and extent of the rock encountered. Based on this information, GRPUC shall determine whether the cable is to be rerouted, trenched in rock or a change made to aerial construction.
- iii. Boring
 - a. All boring depths specified are minimum. The routing shall be as indicated, unless conditions encountered are such that changes are necessary to accomplish the work. In such event, GRPUC's representative/Engineer must authorize any changes.
 - b. Cable warning tape shall be installed with the cable during construction.
- iv. Trenching, backhoeing and pits

- a. All trenching depths specified are minimum as measured from finished grade to the top surface of the cable or conduit. The routing shall be as indicated on the drawings, unless conditions encountered are such that changes are necessary to accomplish the work. In such event, GRPUC's representative/Engineer shall be notified promptly. If rock or other difficult digging is involved, the Contractor shall determine the nature and extent of the difficulty and GRPUC's representative/Engineer will determine whether rerouting, rock trenching, plowing, or other changes are necessary. Loose soil or crumbly rock will not be considered as "difficult digging". The trench widths specified are minimum, and should be increased as necessary to obtain the require depth in loose soils. Trench dimensions shall be as indicated on the drawings.
- b. All trenches shall follow straight lines between staked points. Secondary and service trenches shall extend in a straight line from takeoff points. Trenches shall be dug so that the bottom has a smooth grade. Large rocks, stones, gravel and debris in excess of one inch shall be removed from the bottom of the trench. In lieu of cleaning the trench, the Contractor may, at his option, place a 4-inch layer of sand or finely divided job excavated material in the bottom of the trench.
- c. All excess soil shall be piled on top of the trench or pit and shall be well tamped. All rock and debris shall be removed from the site and any damage to the premises repaired immediately. The trench or pit surface shall be restored to original condition.
- v. Backfilling
 - a. Pieces of scrap cable, conduit, cans, bottles or garbage shall not be buried as a means of disposal.
 - b. The first 6 inches of trench backfill shall be free from rock, gravel or other material that might damage the cable jacket. Finely divided job excavated material, when used, shall contain no solid material larger than 1 inch. This soil layer shall be carefully compacted so that the cable will not be damaged.
 - c. Cable warning tape shall be installed a minimum of 18" above trenched cable installations.
 - d. All remaining backfill shall be deposited in layers not to exceed 6 inches in compacted thickness and mechanically compacted to 95 percent of maximum density. Maximum density shall be determined in accordance with the American Association of State Highway Officials Specification AASHO T99. Density of compacted backfill shall be determined in accordance with AASHO T147.
- vi. Surface Restoration:
 - a. Trench, bore pit, and plow cut surfaces shall be restored to their original condition upon completion of the construction excavation activity.
 - b. Surface restoration shall utilize the appropriate sodding, seeding, graveling, asphalt paving, or concrete paving as specified or indicated on the Drawings.

C. MATERIAL AND EQUIPMENT INSTALLATION

- i. Equipment Enclosures
 - a. Excavation for transformer ground sleeves, transformers, switch box pads, and other below-grade enclosures shall be made so as to disturb the surrounding earth as little as practicable. Enclosures shall be installed with top level. When enclosures are of fiber, plastic or other semi-flexible material, backfilling should be done with covers in place and with careful tamping so as to avoid distortion of the enclosure.
 - b. Ground shall be packed or tamped prior to installation of below-grade enclosures as to avoid future settling.
- ii. The top of transformer box pads and junction box ground sleeves shall be 9" – 12" above grade or as directed by GRPUC's representative/Engineer.

D. CABLE INSTALLATION

- i. Cable installation procedures shall be discussed with GRPUC's Representative/Engineer. The operation must include proper procedures for feeding the cable into the bore hole or conduit. Pulling directions must be determined beforehand. There shall be a minimum of 42" of cover over the top of the primary cables and 24" for secondary cables with final grade.
- ii. The cable shall be payed out from a reel mounted on a stand, vehicle or trailer. The reels shall be supported so that they can turn easily without undue strain on the cable. An individual shall be assigned the cable reels to ensure that the cable is pulled smoothly off the reels. All cable placement shall be done under constant supervision to be certain that no damage to the cable occurs.
- iii. For direct buried cable, the cable shall be placed in the trench as soon after the trenching operation as feasible. The cable shall be carefully placed in the trench by hand. The cable shall be inspected carefully by the Contractor as it is removed from the reel in laying operations to be certain that it is free from visible defects. Defects shall be reported to GRPUC's representative/Engineer immediately after discovery. GRPUC's representative/Engineer shall decide upon corrective action when defects are discovered.
- iv. Sufficient slack of 50 feet shall be left at all risers, transformer and box pads of 20 feet, secondary pedestals of 5 feet and terminal points (residential services etc.) of 10 feet so that movement of cable will not cause damaging strain on the cable or terminals. The cable trench shall be mechanically compacted to within 3'-0" (minimum) from all riser poles, pads, cabinets and terminal points.
- v. Cable shall be handled carefully at all times to avoid damage, and shall not be dragged across the ground, fences, or other sharp projections. Care shall be exercised to avoid excessive bending of the cable. The ends of the cable shall be sealed at all times against moisture with suitable end caps. Where it is necessary to cut the cable, the ends shall be terminated or sealed immediately after the cutting operation. Cable ends shall be moisture proofed at all times until terminations are installed.
- vi. The minimum bending radius of primary, secondary, and services cables shall be 12 times the overall diameter of the cable. In all cases, the minimum radius specified shall be measured to the surface of the cable on the inside of the bend. No cable bends shall be made within 6 inches of a cable terminal base.
- vii. Where cable must be pulled through conduit, duct or bore hole, the operation shall be performed in such a way that the cable will not be damaged from strain or dragging.
- viii. In placing primary cables, the stress applied while pulling into ducts or during other pulling operations shall not exceed 1000 pounds as measured by dynamometer when using a basket grip. If using a pulling eye attached to the conductors, the maximum tension shall not exceed 8000 pounds. Contractor is to stop pulling instantly if undue tension occurs.
- ix. Taping of Cables at Termination Points
 - a. The cables shall be identified and taped. The tape shall be securely attached to the cable.
 - b. Phase identification tape colors shall be red - A, white - B, and blue - C.
 - c. Furnish and install properly sized sealing caps or tape on all conductor ends. Caps shall be sized for the type of conductor at each particular installation. Caps shall be installed as per manufacturer's recommendations.
 - d. Tape shall be as specified in section 2.F.ii

E. CABLE ACCEPTANCE TESTS

- i. All cable testing will be performed by GRPUC personnel.



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: June 15, 2022

AGENDA ITEM: Consider a motion to ratify the procurement contract with Water Conservation Services, Inc. for a water leak study for \$8,200.00

PREPARED BY: Steve Mattson, Water/Wastewater Department Manager

BACKGROUND:

This procurement is for an approved Water/Wastewater capital project with a budget of \$8,200.00. \$0 has been spent to date.

The GRPUC Procurement Policy was followed.

The vendor's Certificate of Insurance has been verified to meet the contract requirement and is on file.

RECOMMENDATION:

Consider a motion to ratify the procurement contract with Water Conservation Services, Inc. for a water leak study for \$8,200.00

Capital Improvement Plan
Grand Rapids Public Utilities Commission

Data in Year 2022

Department 2-Water
Contact Steve Mattson
Type Unassigned
Useful Life 5
Category Water System
Priority 02 - Significant Need
Status Active

Project # WATR2202
Project Name Water Leak Study

Total Project Cost: \$8,200

Description
The last water leak study was completed in 2017 for our distribution system. We are due to have another one completed in order to help with our unaccounted flow (+10%)

Justification
Annually, we account for water usage throughout the system and we report how much water was unaccounted for. The target is less than 10%. Last year we were over that target amount so a leak study is necessary to help reduce loss in the distribution system.

Expenditures	2022	2023	2024	2025	2026	Total
Outside Services	8,200					8,200
Total	8,200					8,200

Funding Sources	2022	2023	2024	2025	2026	Total
Rplcmt Fund-Water Infrastructure	8,200					8,200
Total	8,200					8,200

Budget Impact/Other

Budget Items	2022	2023	2024	2025	2026	Total
Capital Projects	8,200					8,200
Total	8,200					8,200

PROCUREMENT CONTRACT

This Procurement Contract (“**Contract**”) is by and between the Grand Rapids Public Utilities Commission, located at 500 SE 4th St, Grand Rapids, MN 55744 (“**GRPUC**”), and Water Conservation Services, Inc., located at 6215 West Shadow Lake Drive, Lino Lakes, MN 55014 (“**Contractor**”). GRPUC and Contractor may be referred to jointly as the “**Parties**” or individually as a “**Party**.”

Recitals

- A. GRPUC has solicited and received quotations from contractors for water leak detection services (“**Solicitation**”);
- B. Contractor provided a response to the Solicitation indicating its interest in and ability to provide the goods or services requested in the Solicitation; and
- C. Subsequent to an evaluation in accordance with the terms of the Solicitation and negotiation, the Parties desire to enter into a contract.

Accordingly, the Parties agree as follows:

Contract

1. **Term.** The effective date of this Contract is June 1, 2022. The Contractor must not begin work under this Contract until this Contract is fully executed and the Contractor has been notified by GRPUC’s Authorized Representative to begin the work. This Contract will terminate upon the first of the following to occur:
 - 1.1 October 20, 2022.
 - 1.2 All of Contractor’s obligations have been satisfactorily fulfilled.
 - 1.3 GRPUC may cancel this Contract at any time, with or without cause, upon ten (10) days’ written notice to the Contractor.
 - 1.4 GRPUC may terminate this Contract immediately in the event of a breach by Contractor.
 - 1.5 The Parties may terminate this Contract at any time by mutual written agreement.

Upon receipt of any notice of termination Contractor shall immediately stop performance to the extent specified in such notice. In no event shall GRPUC be liable for any loss of revenue or profit incurred by Contractor as a result of any termination. Upon termination of this Contract, or earlier upon GRPUC’s request, Contractor shall deliver to GRPUC all items requested by GRPUC containing any confidential information or work product information or make such other disposition thereof as GRPUC may direct in writing.

2. Contractor's Duties

2.1 The Contractor shall provide the following goods or services:

Perform a leak study of the water system in Grand Rapids, MN. GRPU to provide accurate maps of all 684 hydrant locations within Grand Rapids. Contractor to listen to each hydrant as full system survey. Contractor to do a preliminary correlating in each area that is identified as having sounds of leakage. A preliminary water system leak report will be sent to GRPUC. After review of information with GRPUC and Contractor, final correlations will be provided to pinpoint areas of leakage. A final water leak system report will then be sent.

GRPUC may make changes to the general scope of Goods and Services by written or oral notice to Contractor.

2.2 Contractor agrees that all Goods and Services shall be provided, and all of Contractor's obligations performed, in accordance with all applicable laws and other legal requirements without extra charge or expense. Contractor will be responsible for a violation of any such legal requirements and will indemnify, defend, and hold harmless GRPUC from and against any expense or cost incurred by reason of any such violation by Contractor.

2.3 Contractor warrants and represents that the Goods and Services will be provided in a manner that is consistent with the level of care and skill exercised by members of Contractor's profession currently working under similar conditions.

2.4 Contractor shall be responsible for all its employees, agents, subcontractors, and invitees and their health and safety and shall ensure that all persons who perform the Service are professionally competent and properly qualified.

2.5 Contractor is solely responsible and assumes full and exclusive liability for the payment of all contributions or taxes to be paid on or to persons employed by Contractor.

3. Consideration and Payment

3.1 Consideration. GRPUC will pay for performance by the Contractor under this Contract as follows:

Compensation. The Contractor will be paid Eight thousand two hundred Dollars (\$8,200)

3.1.1 Total obligation. The total obligation and liability of GRPUC under this Contract will not exceed Eight thousand two hundred Dollars (\$8,200)

3.2 Payment.

3.2.1 Invoices. GRPUC will pay the Contractor within thirty (30) days following receipt and acceptance of goods or services and receipt of an undisputed invoice.

4. **Authorized Representative**

GRPUC's Authorized Representative is Steve Mattson W/WW Manager at the following business address: 500 SE 4th Street, Grand Rapids, MN, 55744 and the following telephone number: 218-326-7195, or his/her successor or delegate, and has the responsibility to monitor the Contractor's performance.

Contractor's Authorized Representative is Tony Schrantz at the following business address: 6215 West Shadow Lake Drive Lino Lakes, MN 55014, and the following telephone number: 612-481-6070, or his/her successor. If the Contractor's Authorized Representative changes at any time during this Contract, the Contractor must immediately notify GRPUC.

5. **Indemnification.** Contractor will indemnify, defend, and hold harmless GRPUC, its agents, and employees, in relation to any expenses, damages, claims or causes of action, including reasonable attorney's fees, to the extent caused by any negligent or wrongful act, error or omission, breach of contract, or infringement of any intellectual property right by Contractor, any third party that Contractor has a business relationship with, or any of Contractor's agents or employees.

6. **Subcontracting.** Contractor may not subcontract all or any portion of this Contract without GRPUC's prior written consent, which GRPUC may grant or withhold in its sole discretion.

7. **Ownership.** Contractor agrees that all legal right, title, and interest to intellectual property, data, documents, photographs, drawings, analyses, graphs, reports, physical property or other subject matter ("**GRPUC Property**") prepared, delivered, procured, or produced in relation to Contractor's obligations under this Contract shall vest in GRPUC.

8. **Insurance.** Contractor shall maintain Commercial General Liability, Commercial Automobile Liability, Workers' Compensation, Professional Liability, Errors and Omissions insurance throughout the term of this Contract. All insurance policies must be open to inspection by GRPUC, and copies of policies must be submitted to GRPUC's Authorized Representative upon written request. The Contractor's insurance companies waive the right to assert the immunity of GRPUC as a defense to any claims made under said insurance.

9. **Miscellaneous.**

9.1 **General.** No provision of this Contract may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by all the Parties. The validity, interpretation, construction and performance of this Contract shall be governed by the internal laws of Minnesota. Contractor may not assign Contractor's rights or obligations hereunder without the prior written consent of GRPUC. When Contractor's employees are working on the premises of GRPUC, wherever located, they shall observe the working rules, policies, and procedures of GRPUC, including, but not limited to, its respectful workplace policy. The Parties must comply with the Minnesota Government Data

Practices Act in relation to this Contract. Contractor certifies that neither it nor its principals are presently debarred or suspended by any federal, state, or local government or agency or political subdivision thereof. Neither Party will publicize anything in relation to this Contract without the other Party's prior written consent. Contractor shall not use or disclose any confidential information it receives from GRPUC except as is necessary to perform under this Contract.

9.2 Notices. Any notice or other communication to any Party in connection with this Contract shall be in writing and shall be sent by hand-delivery, email, fax, overnight courier, or United States mail (postage prepaid) addressed to the address set forth below

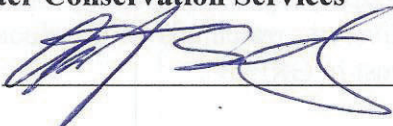
GRPUC
Address:
500 SE 4th Street
Grand Rapids, MN 55744
Attn: Steve Mattson
Email: srmattson@grpuc.org

Water Conservation Services
Address:
6215 West Shadow Lake Drive
Lino Lakes, MN 55014
Attn: Tony Schrantz
Email: tony.schrantz@gmail.com

IN WITNESS WHEREOF, the parties hereto by their duly authorized representatives have executed this Contract effective as of the effective date set forth above.

Water Conservation Services

Grand Rapids Public Utilities Commission

By: 

By: Julie A Kennedy

Print Name: Tony Schrantz

Print Name: Julie A. Kennedy

Title: President

Title: General Manager

Date: 4/11/22

Date: 06/02/2022

ATTACHMENT FOR FORM 5330, SCHEDULE C, LINE 5
Tax on Prohibited Transactions (Section 4975)

PLAN NAME: WATER CONSERVATION SERVICES, INC. 401(k) P/S Plan
PLAN NUMBER: 001
EIN: 20-2095044

(a) Item no. from Part IV	(b) Name and address of disqualified person	(c) EIN or SSN	(d) Date of correction	(e) Description of correction
II	n/a	n/a	1/22/2021	Deposit of late contributions on 9/3/2020 and earning on 1/22/2021
III	n/a	n/a	1/22/2021	Deposit of earnings
IV	n/a	n/a	1/22/2021	Deposit of earnings

ATTACHMENT FOR FORM 8838, SCHEDULE C, LINE 8
 Tax on Prohibited Transactions (Section 4972)

PLAN NUMBER:		PLAN NUMBER:		PLAN NUMBER:	
20-200004		001		WATER CONSERVATION SERVICES, INC. 401(K) PLAN	
(a)	(b)	(c)	(d)	(e)	(f)
Item no. from Schedule C	Name and address of disqualified person	EM or SM	Date of connection	Description of connection	
ii	no	no	1/22/2007	Director of operations and acting on 1/22/2008	Director of operations
iii	no	no	1/22/2007	Director of operations	Director of operations
iv	no	no	1/22/2007	Director of operations	Director of operations



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: June 15, 2022

AGENDA ITEM: Consider a motion to ratify the procurement contract with Dakota Supply Group for Fire Hydrants for \$9,405.74

PREPARED BY: Steve Mattson, Water/Wastewater Department Manager

BACKGROUND:

This procurement is for an approved Water/Wastewater capital project with a budget of \$18,000.00. \$0 has been spent to date.

The GRPUC Procurement Policy was followed and two quotes are on file.

The vendor's Certificate of Insurance has been verified to meet the contract requirement and is on file.

RECOMMENDATION:

Consider a motion to ratify the procurement contract with Dakota Supply Group for Fire Hydrants for \$9,405.74

Capital Improvement Plan
Grand Rapids Public Utilities Commission

Data in Year 2022

Department 2-Water
Contact Steve Mattson
Type Unassigned
Useful Life 20
Category Water System
Priority 02 - Significant Need
Status Active

Project # WATR2209
Project Name Fire Hydrant Repairs

Total Project Cost: \$162,000

Description
Annual hydrant flushing allows us to not only clean out the distribution system but also monitor the performance and functionality of the hydrants.

Justification
Several hydrants need maintenance based on the inspection/use from hydrant flushing,

Expenditures	2022	2023	2024	2025	2026	Total
Purchases	18,000	18,000	18,000	18,000	18,000	90,000
Total	18,000	18,000	18,000	18,000	18,000	90,000

Funding Sources	2022	2023	2024	2025	2026	Total
Rplcmt Fund-Water Infrastructure	18,000	18,000	18,000	18,000	18,000	90,000
Total	18,000	18,000	18,000	18,000	18,000	90,000

Budget Impact/Other

Budget Items	2022	2023	2024	2025	2026	Total
Capital Projects	18,000	18,000	18,000	18,000	18,000	90,000
Total	18,000	18,000	18,000	18,000	18,000	90,000

PROCUREMENT CONTRACT

This Procurement Contract (“**Contract**”) is by and between the Grand Rapids Public Utilities Commission, located at 500 SE 4th St, Grand Rapids, MN 55744 (“**GRPUC**”), and Dakota Supply Group, located at 2832 Hwy 2 East Grand Rapids, MN 55744 (“**Contractor**”). GRPUC and Contractor may be referred to jointly as the “**Parties**” or individually as a “**Party**.”

1. **Term.** The effective date of this Contract is May 31, 2022. The Contractor must not begin work under this Contract until Contractor has been notified by GRPUC’s Authorized Representative to begin the work. This Contract will terminate upon the first of the following to occur:

- 1.1 August 31, 2022.
- 1.2 All of Contractor’s obligations have been satisfactorily fulfilled.
- 1.3 GRPUC may cancel this Contract at any time, with or without cause, upon ten (10) days’ written notice to the Contractor.
- 1.4 GRPUC may terminate this Contract immediately in the event of a breach by Contractor.
- 1.5 The Parties may terminate this Contract at any time by mutual written agreement.

Upon receipt of any notice of termination, Contractor shall immediately stop performance to the extent specified in such notice. In no event shall GRPUC be liable for any loss of revenue or profit incurred by Contractor as a result of any termination. Upon GRPUC’s request, Contractor shall deliver to GRPUC all items requested by GRPUC containing any confidential information or work product information or make such other disposition thereof as GRPUC may direct in writing.

2. Contractor’s Duties

2.1 The Contractor shall provide the following goods or services (“**Goods and Services**”):

The contractor will provide a quantity of two (2) Mueller Fire Hydrants per quote S101834199.

- (2) – Mueller centurion A403 6MJ 8’6” Bury Fire Hyd 2H/Pumper
- (2) – 6” MJ Plain Rubber Gasket
- (2) – 6” MJ Restraint PVC
- (12) – ¾” x 3-1/2” cor-blue MJ T-bolt w/heavy nut
- (2) – Rodon HML Hydrant Marker

GRPUC may make changes to the general scope of Goods and Services by written or oral notice to Contractor.

2.2 Contractor agrees that all Goods and Services shall comply with all applicable laws and legal requirements without extra expense to GRPUC.

2.3 Contractor warrants and represents that the Goods and Services will be provided in a manner that is consistent with the level of care and skill exercised by members of Contractor's profession currently working under similar conditions.

2.4 Contractor shall be responsible for all its employees, agents, subcontractors, and invitees and their health and safety and shall ensure that all persons who perform the Services are professionally competent and properly qualified.

2.5 [For a Contract with Goods: Contractor warrants that: (A) Contractor has good title to the Goods, free and clear of any encumbrance, and (B) the Goods are in good condition and are adequate for the uses to which they are being put. Contractor shall take any further actions that are necessary to transfer title in the Goods to GRPUC, free and clear of any encumbrances. Contractor has all risk of loss until GRPUC accepts the Goods.]

3. **Consideration and Payment**

3.1 Consideration. Contractor will be paid Eight Thousand and Six Hundred and Five Dollars and seventy-four cents (\$8,605.74) for the Goods and Services. Plus shipping not to exceed \$800.

3.2 The total obligation and liability of GRPUC under this Contract is Nine Thousand Four Hundred and Five Dollars and seventy-four cents (\$9,405.74).

3.3 Payment. GRPUC will pay the Contractor within thirty (30) days following receipt and acceptance of Goods or Services and receipt of an undisputed invoice.

4. **Authorized Representative**

GRPUC's Authorized Representative is Steve Mattson at the following business address: 500 SE 4th Street, Grand Rapids, MN, 55744 and the following telephone number: 218-326-7195, or his/her successor or delegate, and has the responsibility to monitor the Contractor's performance.

Contractor's Authorized Representative is Frank Stuemke at the following business address: 2832 Hwy 2 East Grand Rapids, MN 55744 , and the following telephone number: 218-327-3322, or his/her successor.

5. **Indemnification.** Contractor will indemnify, defend, and hold harmless GRPUC, its agents, and employees, in relation to any expenses, damages, claims or causes of action, including reasonable attorney's fees, to the extent caused by any negligent or wrongful act, error or omission, breach of contract, or infringement of any intellectual property right by Contractor, any third party that Contractor has a business relationship with, or any of Contractor's agents or employees.

6. **Ownership.** Contractor agrees that all legal right, title, and interest to intellectual property, data, documents, photographs, drawings, analyses, graphs, reports, physical property or other subject matter prepared, delivered, procured, or produced in relation to Contractor's obligations under this Contract shall vest in GRPUC.

7. **Insurance.** Contractor shall maintain with reputable insurance companies all insurance required by law and insurance against loss or damage of the kinds customarily insured against by members of Contractor's profession, of such types and in such amounts as are customarily carried under similar circumstances by members of Contractor's profession. Contractor's insurance companies waive the right to assert the immunity of GRPUC as a defense to any claims made under said insurance.

8. **Miscellaneous.** No provision of this Contract may be modified or waived except as agreed to in writing by the Parties. This Contract shall be governed by the internal laws of Minnesota. Contractor may not assign or subcontract Contractor's rights or obligations hereunder without the prior written consent of GRPUC. This Contract may be executed in counterparts. An electronic signature and counterpart shall be treated the same as an original. When Contractor's employees are working on the premises of GRPUC, wherever located, they shall observe all of GRPUC's policies and procedures, including, its respectful workplace policy. The Parties must comply with the Minnesota Government Data Practices Act in relation to this Contract. Contractor certifies that neither it nor its principals are presently debarred or suspended by any federal, state, or local government or agency or political subdivision thereof. Contractor shall not use or disclose any confidential information it receives from GRPUC except as is necessary to perform under this Contract. Any notice or other communication to any Party in connection with this Contract shall be in writing and shall be sent by hand-delivery, overnight courier, or United States mail (postage prepaid) addressed to the address set forth in the preamble.

IN WITNESS WHEREOF, the Parties hereto by their duly authorized representatives have executed this Contract effective as of the effective date set forth above.

Dakota Supply Group

Grand Rapids Public Utilities Commission

By: Frank Stuemke

By: Julie Kennedy

Print Name: Frank Stuemke

Print Name: Julie A. Kennedy

Title: Outside Sales Account Manager

Title: General Manager

Date: 5/31/2022

Date: 6/1/2022



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: June 15, 2022

AGENDA ITEM: Consider a motion to ratify the procurement contract with Novaspect for WTP Filter Effluent Valves for \$12,036.30

PREPARED BY: Steve Mattson, Water/Wastewater Department Manager

BACKGROUND:

This procurement is for an approved Water/Wastewater capital project with a budget of \$4,620,000.00. \$0 has been spent to date.

The GRPUC Procurement Policy was followed and two quotes are on file.

The vendor's Certificate of Insurance has been verified to meet the contract requirement and is on file.

RECOMMENDATION:

Consider a motion to ratify the procurement contract with Novaspect for WTP Filter Effluent Valves for \$12,036.30

Capital Improvement Plan
Grand Rapids Public Utilities Commission

Data in Year 2022

Department 2-Water
Contact Steve Mattson
Type Unassigned
Useful Life 30
Category Water System
Priority 02 - Significant Need
Status Active

Project # WATR2213
Project Name Water Plant Renovation

Total Project Cost: \$4,620,000

Description

The Water Plant has reached the end of its useful life. A major renovation is needed to update all the critical equipment.

Justification

In order to meet the future supply needs of the growing community, a major renovation is necessary.

Expenditures	2022	2023	2024	2025	2026	Total
Contractor Labor	4,620,000					4,620,000
Total	4,620,000					4,620,000

Funding Sources	2022	2023	2024	2025	2026	Total
Debt	2,120,000					2,120,000
Grants	2,500,000					2,500,000
Total	4,620,000					4,620,000

Budget Impact/Other

PROCUREMENT CONTRACT

This Procurement Contract (“**Contract**”) is by and between the Grand Rapids Public Utilities Commission, located at 500 SE 4th St, Grand Rapids, MN 55744 (“**GRPUC**”), and Novaspect Inc., located at 1124 Tower Rd, Schaumburg, IL 60173 (“**Contractor**”). GRPUC and Contractor may be referred to jointly as the “**Parties**” or individually as a “**Party.**”

Recitals

- A. GRPUC has solicited and received quotations from contractors for 2 pneumatic valves for filter system at water plant. (“**Solicitation**”);
- B. Contractor provided a response to the Solicitation indicating its interest in and ability to provide the goods or services requested in the Solicitation; and
- C. Subsequent to an evaluation in accordance with the terms of the Solicitation and negotiation, the Parties desire to enter into a contract.

Accordingly, the Parties agree as follows:

Contract

1. **Term.** The effective date of this Contract is May 31, 2022. The Contractor must not begin work under this Contract until this Contract is fully executed and the Contractor has been notified by GRPUC’s Authorized Representative to begin the work. This Contract will terminate upon the first of the following to occur:

- 1.1 July 31st 2022.
- 1.2 All of Contractor’s obligations have been satisfactorily fulfilled.
- 1.3 GRPUC may cancel this Contract at any time, with or without cause, upon ten (10) days’ written notice to the Contractor.
- 1.4 GRPUC may terminate this Contract immediately in the event of a breach by Contractor.
- 1.5 The Parties may terminate this Contract at any time by mutual written agreement.

Upon receipt of any notice of termination Contractor shall immediately stop performance to the extent specified in such notice. In no event shall GRPUC be liable for any loss of revenue or profit incurred by Contractor as a result of any termination. Upon termination of this Contract, or earlier upon GRPUC’s request, Contractor shall deliver to GRPUC all items requested by GRPUC containing any confidential information or work product information or make such other disposition thereof as GRPUC may direct in writing.

2. Contractor's Duties

2.1 The Contractor shall:

2.2 Provide, per Exhibit B, 2 Pratt 081FF-0255-SS-L: FLG class 150B Pratt 2FII Butterfly Valve with Dynatorque De- Clutchcable Manual Gear Override, designed to accept Field Q Actuator assembly.

2.3 Provide, per Exhibit B, 2 Bettis RPED0350DA Double acting Pneumatic Actuator, with VAC V200E Electro-Pneumatic positioner with (2) Auxillary Limit Switches, and Fisher 67CFR Filter Regulator, designed to fit 8" Pratt Valve.

(The services (if any) to be provided by Contractor to GRPUC are referred to as the "Services." The goods (if any) to be provided by Contractor to GRPUC are referred to as the "Goods."). Contractor's precise duties, specifications, deliverables, and completion dates related to the Goods and Services are more specifically described in **Exhibit B**.

2.4 GRPUC may make changes to the general scope of Goods and Services by written or oral notice to Contractor. If such changes affect the cost of or the time required to provide the Goods and Services, an equitable adjustment in the schedule and compensation under this Contract shall be made. GRPUC and Contractor may agree to additional Services or Goods by written amendment to this Contract.

2.5 Contractor agrees that all Goods and Services shall be provided, and all of Contractor's obligations performed, in accordance with all applicable laws and other legal requirements without extra charge or expense. Contractor will be responsible for a violation of any such legal requirements and will indemnify, defend, and hold harmless GRPUC from and against any expense or cost incurred by reason of any such violation by Contractor.

2.6 Contractor warrants and represents that the (i) the Goods provided by Contractor shall materially conform to the description in Contractor's proposal referenced in Exhibit B hereto and shall be free from defects in material and workmanship and/or (ii) the Services provided by Contractor shall be performed in a timely and workmanlike manner. Contractor warrants (a) the Goods through the earlier of (i) eighteen (18) months from delivery or (ii) twelve (12) months from initial operation and/or (b) the Services ninety (90) days from the performance of Services (each, as applicable, the "Warranty Period"). Products purchased by Contractor from a third party for resale to GRPUC ("Resale Products") shall carry only the warranty extended by the original manufacturer, and GRPUC agrees that Contractor has no liability for Resale Products beyond making a reasonable commercial effort to arrange for procurement and shipping of the Resale Products. If GRPUC discovers any warranty defects, GRPUC must notify Contractor thereof in writing during the applicable warranty period. If GRPUC gives Contractor prompt written notice of breach of this warranty within the Warranty Period, Contractor shall, at its sole option and as GRPUC's sole and exclusive remedy, repair or replace the subject parts, re-perform the Services or refund the purchase price. All costs of dismantling, reinstallation and freight under this warranty clause shall be borne by GRPUC unless and to the extent the defective goods were installed by Contractor. All replacements or repairs necessitated by inadequate maintenance, normal wear and usage, unsuitable power

sources or environmental conditions, accident, misuse, improper installation (unless installed by Contractor), modification, repair, use of unauthorized replacement parts, storage or handling, inaccurate and/or incomplete GRPUC-supplied data, or any other cause not the fault of Contractor are not covered by this warranty. THE WARRANTIES AND REMEDIES SET FORTH IN THIS SECTION ARE EXCLUSIVE, AND CONTRACTOR MAKES NO OTHER WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR PURPOSE. Payment shall be withheld for Goods or Services found by GRPUC to be unsatisfactory or in violation of legal requirements.

2.7 Contractor shall be responsible for all its employees, agents, subcontractors, and invitees and their health and safety. Contractor shall ensure that all persons who perform the Services or produce or deliver the Goods are professionally competent and properly qualified and will remove any person GRPUC deems incompetent, careless, or otherwise objectionable.

2.8 Contractor is solely responsible and assumes full and exclusive liability for the payment of all contributions or taxes to be paid on or to persons employed by Contractor, and for payment of all sales, use, or other taxes of whatever nature levied or assessed against GRPUC arising out of the furnishing of the Services or production or delivery of the Goods, and will indemnify, defend, and hold harmless GRPUC from any such liability.

2.9 For a Contract with Goods: Contractor warrants that at the time GRPUC accepts the Goods: (A) Contractor has good title to the Goods, free and clear of any lien, security interest, or other encumbrance (“**Encumbrance**”), and (B) the Goods are in good condition and are adequate for the uses to which they are being put. Contractor shall execute and deliver such additional documents and take such further actions as may be necessary to transfer Contractor’s right, title and interest in the Goods to GRPUC, free and clear of any Encumbrances. Contractor has all risk of loss until GRPUC accepts the Goods.

2.10 NOTWITHSTANDING ANYTHING TO THE CONTRARY, CONTRACTOR AND GRPUC AGREE NEITHER PARTY (INCLUDING AFFILIATES OR CONTRACTORS OF SAME) SHALL BE LIABLE FOR ANY DELAY IN PERFORMANCE NOR SHALL A PARTY’S LIABILITY INCLUDE INCIDENTAL, SPECIAL, EXEMPLARY, CONSEQUENTIAL OR PUNITIVE DAMAGES WHETHER OR NOT A PARTY HAS BEEN PREVIOUSLY ADVISED OF THE POSSIBILITY OF SUCH CLAIM INCLUDING, WITHOUT LIMITATION, LOSS OF TIME, OR LOSS OF ANTICIPATED PROFITS OR REVENUE. IN NO EVENT, REGARDLESS OF THE FORM OF THE CLAIM OR CAUSE OF ACTION (WHETHER BASED IN CONTRACT, INFRINGEMENT, NEGLIGENCE, STRICT LIABILITY, OTHER TORT OR OTHERWISE), SHALL CONTRACTOR’S (INCLUDING ITS AFFILIATES OR SUBCONTRACTORS) LIABILITY ARISING IN CONNECTION WITH THE CONTRACT EXCEED THE PRICE OR FEES PAID TO CONTRACTOR FOR THE SPECIFIC GOODS OR SERVICES PROVIDED BY CONTRACTOR GIVING RISE TO THE CLAIM OR CAUSE OF ACTION.

3. Consideration and Payment

3.1 Consideration. GRPUC will pay for performance by the Contractor under this Contract as follows:

3.1.1 Compensation. The Contractor will be paid Eleven Thousand Five Hundred and Thirty-Six Dollars and thirty cents. (\$11,536.30) in accordance with **Exhibit C**.

Shipping expenses shall not exceed a total of \$500 dollars.

Total obligation. The total obligation and liability of GRPUC under this Contract will not exceed Twelve Thousand Thirty-Six Dollars and thirty cents (\$12,036.30).

3.2 Payment.

3.2.1 Invoices. GRPUC will pay the Contractor within thirty (30) days following receipt of an undisputed invoice that complies with **Exhibit C**. GRPUC may pay the Contractor in advance in its sole discretion. Payment will only be made for Goods received or Services actually performed that have been accepted by GRPUC.

4. Authorized Representative

GRPUC's Authorized Representative is Steve Mattson at the following business address: 500 SE 4th Street, Grand Rapids, MN, 55744 and the following telephone number: 218-326-7195, or his/her successor or delegate, and has the responsibility to monitor the Contractor's performance.

Contractor's Authorized Representative is Kevin Madden at the following business address: 1124 Tower Rd, Schaumburg, IL 60173, and the following telephone number: 1-224-366-8280, or his/her successor. If the Contractor's Authorized Representative changes at any time during this Contract, the Contractor must immediately notify GRPUC.

5. **Indemnification.** Contractor will indemnify, defend, and hold harmless GRPUC, its agents, and employees, in relation to any expenses, damages, claims or causes of action, including reasonable attorney's fees, to the extent caused by any negligent or wrongful act, error or omission of Contractor, for claims incurred by GRPUC due to breach of contract, or infringement of any intellectual property right by Contractor, any third party that Contractor has a business relationship with, or any of Contractor's agents or employees.

6. **Subcontracting.** Contractor may not subcontract all or any portion of this Contract without GRPUC's prior written consent, which GRPUC may grant or withhold in its sole discretion. If an approved subcontractor is determined to be performing unsatisfactorily by GRPUC, Contractor will ensure that the subcontractor is no longer used for this Contract. The provisions of the Contract shall apply with equal force and effect to all approved subcontractors and no subcontract will terminate the primary responsibility of Contractor hereunder. Contractor will pay all subcontractors in accordance with applicable law and the agreement between Contractor and the subcontractor.

7. **Ownership.** Contractor agrees that all legal right, title, and interest to intellectual property, data, documents, photographs, drawings, analyses, graphs, reports, physical property or other subject matter (“**GRPUC Property**”) prepared, delivered, procured, or produced in relation to Contractor’s obligations under this Contract shall vest in GRPUC. Contractor will perform all acts necessary to ensure that all GRPUC Property is the sole property of GRPUC, and that neither Contractor nor its employees, agents, or subcontractors retain any interest in and to the GRPUC Property.

8. **Miscellaneous.**

8.1 **General.** No provision of this Contract may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by all the Parties. No waiver by a Party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreement or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by any Party which are not expressly set forth in this Contract. The validity, interpretation, construction and performance of this Contract shall be governed by the internal laws of Minnesota. If any provision of this Contract shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of this Contract shall not be affected thereby. This Contract shall be binding on, and shall inure to the benefit of the Parties hereto and their respective successors and permitted assigns. Contractor may not assign Contractor’s rights or obligations hereunder without the prior written consent of GRPUC. This Contract may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall together constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Contract in Portable Document Format (PDF) or by facsimile transmission shall be as effective as delivery of a manually executed original counterpart of this Contract. In the event a Party institutes any legal proceeding against another Party regarding this Contract, the prevailing Party is entitled to receive the costs incurred by such Party, including reasonable attorneys’ fees. In performing its obligations under this Contract, Contractor and its employees and agents shall act in the capacity of independent contractors and not as an employee, partner, joint venturer, or agent of GRPUC. When Contractor’s employees are working on the premises of GRPUC, wherever located, they shall observe the working rules, policies, and procedures of GRPUC, including, but not limited to, its respectful workplace policy. The Parties must comply with the Minnesota Government Data Practices Act in relation to this Contract. Contractor certifies that neither it nor its principals are presently debarred or suspended by any federal, state, or local government or agency or political subdivision thereof. Neither Party will publicize anything in relation to this Contract without the other Party’s prior written consent. Contractor shall not use or disclose any confidential information it receives from GRPUC except as is necessary to perform under this Contract. The obligations of Contractor hereunder shall survive the expiration or earlier termination of this Contract. Each of the Parties shall take such further actions as may be reasonably required to carry out the provisions of this Contract.

8.2 **Notices.** Any notice or other communication to any Party in connection with this Contract shall be in writing and shall be sent by hand-delivery, email, fax, overnight courier, or United States mail (postage prepaid) addressed to the address set forth below. All periods of notice shall be measured from the date of delivery thereof if hand-delivered, from the date of sending

thereof if sent by email or fax (effective upon confirmation of receipt), from the first day after the date of sending if sent by overnight courier, or from three (3) business days after the date of mailing if mailed. Any Party may change such Party's address for notices by notice given not less than ten (10) calendar days prior to the effective date of the change.

GRPUC
500 SE 4th Street
Grand Rapids, MN 55744
Attn: Steve Mattson
Email: srmattson@grpuc.org

Novaspect Inc.
1124 Tower Rd
Schaumburg, IL 60173
Attn: Kevin Madden
Email: kmadden@novaspect.com

9. Exhibits

The following Exhibits are attached and incorporated into this Contract. In the event of a conflict between the terms of this Contract and its Exhibits (including any supplements), or between Exhibits (including any supplements), the order of precedence is first the Contract, and then in the following order:

- Exhibit A: Insurance Requirements
- Exhibit B: Specifications, Duties, and Scope of Work
- Exhibit C: Price and Payment Schedule

IN WITNESS WHEREOF, the parties hereto by their duly authorized representatives have executed this Contract effective as of the effective date set forth above.

Novaspect Inc.

By: Guy Fortier
Digitally signed by Guy Fortier
Date: 2022.06.01 09:46:27 -05'00'

Print Name: Guy Fortier

Title: Commercial Risk Mgr.

Date: June 1, 2022

Grand Rapids Public Utilities Commission

By: Julie Kennedy

Print Name: Julie A. Kennedy

Title: General Manager

Date: 6/1/2022

Exhibit A: Insurance Requirements

- 1 **Notice to Contractor and Insurer.** Contractor shall not commence work under the Contract until it has obtained all the insurance described below and GRPUC has approved such insurance. Contractor shall maintain such insurance throughout the term of this Contract. GRPUC reserves the right to immediately terminate this Contract if the Contractor is not in compliance with the insurance requirements. All insurance policies must be open to inspection by GRPUC, and copies of policies must be submitted to GRPUC's Authorized Representative upon written request. The Contractor's insurance companies waive the right to assert the immunity of GRPUC as a defense to any claims made under said insurance.

- 2 **Additional Insurance Conditions.** The following apply to the Contractor and Contractor's subcontractor: Contractor's policy(ies) shall be primary insurance to any other valid and collectible insurance available to GRPUC. Contractor agrees to notify GRPUC within five (5) business days of receipt of any insurance cancellation notice. Contractor is responsible for payment of Contract-related insurance premiums and deductibles. Contractor's policy(ies) shall include legal defense fees in addition to its policy limits with the exception of professional liability. Contractor's insurance companies must either (1) have an AM Best rating of A- (minus) and a Financial Size Category of VII or better, and be authorized to do business in Minnesota, or (2) be domiciled in Minnesota and have a Certificate of Authority/Compliance from the Minnesota Department of Commerce if they are not rated by AM Best. An Umbrella or Excess Liability insurance policy may be used to supplement the Contractor's policy limits to satisfy the full policy limits required by the Contract.

- 3 **Coverages.** Contractor is required to maintain and furnish satisfactory evidence of the following insurance policies. Contractor can use umbrella insurance coverage to suffice minimum limits:
 - 3.1 **Commercial General Liability Insurance** coverage that would be maintained by a reasonable contractor in Contractor's profession performing a similar contract, with the following minimum limits:
 - \$1,500,000 – per occurrence
 - \$1,500,000 – annual aggregate
 - \$1,500,000 – annual aggregate – applying to Products/Completed Operations

 - 3.2 **Commercial Automobile Liability Insurance** coverage that would be maintained by a reasonable contractor in Contractor's profession performing a similar contract, with the following minimum limits:
 - \$1,500,000 – per occurrence Combined Single limit for Bodily Injury and Property Damage

The following coverages should be included: Owned, Hired, and Non-owned Automobile.

3.3 Workers' Compensation Insurance. Contractor shall obtain and maintain for the duration of the Contract, statutory workers' compensation insurance and employer's liability insurance as required under the laws of the State of Minnesota.

Exhibit B: Specifications, Duties, and Scope of Work

Contractor shall provide 2 Pratt 081FF-0255-SS-L: FLG class 150B Pratt 2FII Butterfly Valves with Dynatorque De- Clutchcable Manual Gear Override, designed to accept Field Q Actuator assembly.

Provide 2 Bettis RPED0350DA Double acting Pneumatic Actuators, with VAC V200E Electro-Pneumatic positioner with (2) Auxillary Limit Switches, and Fisher 67CFR Filter Regulator, designed to fit 8" Pratt Valve.

Reference Contractor's quotation N-446392-1 dated 04/12/2022.

Exhibit C: Price and Payment Schedule

The Contractor will be paid Eleven Thousand Five Hundred and Thirty-Six Dollars and Thirty Cents. (\$11,536.30).

Shipping expenses shall not exceed a total of \$500 dollars.

Total obligation. The total obligation and liability of GRPUC under this Contract will not exceed Twelve Thousand Thirty-Six Dollars and Thirty Cents (\$12,036.30).

Payment.

Invoices. GRPUC will pay the Contractor within thirty (30) days following receipt of an undisputed invoice that complies with **Exhibit C**. Payment will only be made for Goods received or Services actually performed that have been accepted by GRPUC.



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: June 15, 2022

AGENDA ITEM: Consider a motion to approve the procurement contract with Ziegler Cat for Lift Station 3 Generator for \$32,825.00 and authorize the General Manager to sign the contract.

PREPARED BY: Steve Mattson, Water/Wastewater Department Manager

BACKGROUND:

This procurement is for an approved Water/Wastewater capital project with a budget of \$32,825.00. \$0 has been spent to date.

The GRPUC Procurement Policy was followed and two quotes are on file.

The vendor's Certificate of Insurance has been verified to meet the contract requirement and is on file.

RECOMMENDATION:

Consider a motion to approve the procurement contract with Ziegler Cat for Lift Station 3 Generator for \$32,825.00 and authorize the General Manager to sign the contract.

Capital Improvement Plan
Grand Rapids Public Utilities Commission

Data in Year 2022

Department 3-Wastewater Collection
Contact Steve Mattson
Type Unassigned
Useful Life 20
Category WW System
Priority 03 - Moderate Need
Status Active

Project # WWCO2208
Project Name Lift Station 3 - Generator and switch

Total Project Cost: \$32,825

Description
Lift station 2 is a major lift station that services all of the SW part of town including the new west school, hospital, clinics and the old ainsworth property. This lift station does not have any backup power supply to ensure that it doesn't overflow into the surrounding environment.

Justification
The generator and switch would serve as a backup power supply to address any power outage effecting the lift station.

Expenditures	2022	2023	2024	2025	2026	Total
Purchases	32,825					32,825
Total	32,825					32,825

Funding Sources	2022	2023	2024	2025	2026	Total
Rplcmt Fund-WWC Infrastructure	32,825					32,825
Total	32,825					32,825

Budget Impact/Other
Ziegler pricing is state bid pricing through Sourcewell Contract #120617-CAT

Budget Items	2022	2023	2024	2025	2026	Total
Capital Projects	32,825					32,825
Total	32,825					32,825

PROCUREMENT CONTRACT

This Procurement Contract (“**Contract**”) is by and between the Grand Rapids Public Utilities Commission, located at 500 SE 4th St, Grand Rapids, MN 55744 (“**GRPUC**”), and Ziegler Power Systems, a division of Ziegler Inc. located at 901 West 94th Street, Minneapolis, MN 55420 (“**Contractor**”). GRPUC and Contractor may be referred to jointly as the “**Parties**” or individually as a “**Party**.”

Recitals

A. GRPUC has solicited and received quotation from Ziegler Power Systems (“**Solicitation**”);

B. Contractor provided a response to the Solicitation indicating its interest in and ability to provide the goods or services requested in the Solicitation; and

C. Subsequent to an evaluation in accordance with the terms of the Solicitation and negotiation, the Parties desire to enter into a contract.

Accordingly, the Parties agree as follows:

Contract

1. **Term.** The effective date of this Contract is April 1, 2022. The Contractor must not begin work under this Contract until this Contract is fully executed and the Contractor has been notified by GRPUC’s Authorized Representative to begin the work. This Contract will terminate upon the first of the following to occur:

1.1 December 31, 2023.

1.2 Each parties’ obligations have been satisfactorily fulfilled.

1.3 Either party may cancel this Contract at any time, with or without cause, upon ten (10) days’ written notice to the other party.

1.4 Either party may terminate this Contract immediately in the event of a breach by the other party.

1.5 The Parties may terminate this Contract at any time by mutual written agreement.

Upon receipt of any notice of termination Contractor shall immediately stop performance to the extent specified in such notice. In no event shall GRPUC be liable for any loss of revenue or profit incurred by Contractor as a result of any termination except for GRPUC’s payment to Contractor for work completed prior to termination. Upon termination of this Contract, or earlier upon GRPUC’s request, Contractor shall deliver to GRPUC all items requested by GRPUC containing any Confidential Information or make such other disposition thereof as GRPUC may direct in writing; provided, however, Contractor shall not be obligated to return, destroy or subject to any

other disposition of the Confidential Information otherwise required by law or any internal compliance policy or procedure related to automatic safeguarding or back-up storage of data.

2. Contractor's Duties

The Contractor shall provide: Generator for Lift Station No. 3 as further detailed set forth in Exhibit B.

One CATERPILLAR emergency standby generator set to mount in outdoor insulated/sound rated 70 dBa @23 feet. Model D50GC Diesel 480/277 volts, 3 phase with one mainline circuit breaker and automatic transfer switch service entrance rated.

(The services (if any) to be provided by Contractor to GRPUC are referred to as the "Services." The goods (if any) to be provided by Contractor to GRPUC are referred to as the "Goods.").

2.1 GRPUC may make changes to the general scope of Goods and Services by written or oral notice to Contractor. If such changes affect the cost of or the time required to provide the Goods and Services, an equitable adjustment in the schedule and compensation under this Contract shall be made. GRPUC and Contractor may agree to additional Services or Goods by written amendment to this Contract.

2.2 Contractor agrees that all Goods and Services shall be provided, and all of Contractor's obligations performed, in accordance with all applicable laws in effect at the time of the Contract and other legal requirements without extra charge or expense. GRPUC agrees to comply with all applicable laws in effect at the time of the Contract, including, but not limited to, permits, licenses, assessments, and other governmental charges on account of possession and use of Goods by GRPUC. Each party will be responsible for a violation of any such legal requirements and will indemnify, defend, and hold harmless the other party from and against direct expense or cost incurred by reason of any such violation.

2.3 Goods are subject to a limited warranty ("Limited Warranty") as provided by the manufacturer, which will either be included in a written warranty statement with the Goods or the manufacturer's standard limited warranty in force when the Goods are delivered to and accepted by GRPUC. GRPUC's failure to follow warranty conditions may result in voiding the Limited Warranty. Services will be provided in a manner that is consistent with the level of care and skill exercised by members of Contractor's profession currently working under similar conditions, subject to Contractor's Service Department Labor Warranty, as it exists from time to time, and available upon request. EXCEPT FOR THE MANUFACTURER'S LIMITED WARRANTY FOR THE GOODS AND CONTRACTOR'S LIMITED SERVICE DEPARTMENT WARRANTY FOR SERVICES, ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTIES OF MERCHANTABILITY, NONINFRINGEMENT, OR FITNESS FOR A PARTICULAR PURPOSE, WHETHER ARISING BY LAW, COURSE OF DEALING, COURSE OF PERFORMANCE, USAGE OF TRADE, OR OTHERWISE, ARE EXPRESSLY DISCLAIMED. Payment shall be withheld for Goods or Services found by GRPUC to be unsatisfactory or in violation of legal requirements.

2.4 GRPUC agrees to take all reasonable steps necessary to provide for a safe worksite, and shall notify Contractor if, during the term of this Contract, GRPUC observes or otherwise learns of any conditions which pose a threat to the safety of persons or property or is in violation of any applicable laws, rules, regulations or codes. Contractor shall ensure that all persons who perform the Services or deliver the Goods are professionally competent and properly qualified and will remove any person GRPUC deems incompetent, careless, or otherwise objectionable.

2.5 Contractor is solely responsible and assumes full and exclusive liability for the payment of all contributions or taxes to be paid on or to persons employed by Contractor, and for payment of all sales, use, or other taxes of whatever nature levied or assessed against GRPUC arising out of the furnishing of the Services or delivery of the Goods as required by law. GRPUC further agrees to pay all sales, use, or other taxes are required by law.

2.6 Contractor warrants that at the time GRPUC accepts the Goods: (A) Contractor has good title to the Goods, free and clear of any lien, security interest, or other encumbrance (“**Encumbrance**”), and (B) the Goods are in good condition. Upon full and final payment, Contractor shall execute and deliver such additional documents and take such further actions as may be necessary to transfer Contractor’s right, title and interest in the Goods to GRPUC, free and clear of any Encumbrances. Contractor has all risk of loss until GRPUC accepts the Goods FOB Jobsite.

3. **Consideration and Payment**

3.1 Consideration. GRPUC will pay for performance by the Contractor under this Contract as follows:

3.1.1 Compensation. The Contractor will be paid. Thirty Two Thousand Eight Hundred Twenty Five Dollars. (\$32,825.00) F.O.B. Jobsite. **Exhibit C**.

3.1.2 Total obligation. The total obligation and liability of GRPUC under this Contract will not exceed Thirty Two Thousand Eight Hundred Twenty Five dollars. (\$32,825.00)

3.2 Payment.

3.2.1 Invoices. GRPUC will pay the Contractor within thirty (30) days following receipt of an undisputed invoice that complies with **Exhibit C**. GRPUC may pay the Contractor in advance in its sole discretion. Payment will only be made for Goods received or Services actually performed that have been accepted by GRPUC.

4. **Authorized Representative**

GRPUC’s Authorized Representative is Steve Mattson at the following business address: 500 SE 4th Street, Grand Rapids, MN, 55744 and the following telephone number: 218.326.7195, or his/her successor or delegate, and has the responsibility to monitor the Contractor’s performance.

Contractor’s Authorized Representative is Logan Cameron at the following business address: 8050 County Road 101 Shakopee, MN 55379, and the following telephone number: (952)887-4574, or

his/her successor. If the Contractor's Authorized Representative changes at any time during this Contract, the Contractor must immediately notify GRPUC.

Indemnification. GRPUC shall indemnify, defend, and hold harmless Contractor, its officers, directors, employees, agents, assigns and successors, against any and all losses, liability, claims or causes of action, damages, costs or expenses, including reasonable attorney's fees for death, personal injury, or damage to property (collectively, "Losses") to the proportionate extent the same have been proximately caused by the negligence or willful misconduct of, or breach of this Contract by, GRPUC or its officers, directors, employees or agents. Contractor shall indemnify, defend, and hold harmless GRPU its officers, directors, employees, agents against any and all losses, liability, claims or causes of action, damages, costs or expenses, including reasonable attorney's fee for death, personal injury, or damage to property (collectively, "Losses") to the proportionate extent the same have been proximately caused by the negligence or willful misconduct of, or breach of this Contract, by Contractor or its officers, directors, employees or agents in the performance and furnishing of Services under this Contract.

5. **DAMAGES; MAXIMUM LIABILITY.** IN NO EVENT WILL CONTRACTOR, ITS EMPLOYEES, AGENTS, OFFICERS AND DIRECTORS BE LIABLE FOR INCIDENTAL, CONSEQUENTIAL, SPECIAL, EXEMPLARY, ENCHANCED, INDIRECT, OR PUNITIVE DAMAGES, LOST PROFITS OR REVENUES, DIMINUTION OF VALUE, LOSS OF USE, DOWNTIME OR INTERRUPTION OF BUSINESS, ARISING OUT OF OR RELATING TO THIS CONTRACT, GOODS OR SERVICES, REGARDLESS OF: (A) WHETHER THE DAMAGES WERE FORESEEABLE; (B) WHETHER OR NOT CONTRACTOR WAS ADVISED OF THE POSSIBILITY OF DAMAGES; AND (C) THE LEGAL OR EQUITABLE THEORY (CONTRACT, TORT, OR OTHERWISE) ON WHICH THE CLAIM IS BASED. IN NO EVENT SHALL CONTRACTOR'S AGGREGATE LIABILITY ARISING OUT OF OR RELATED TO THIS CONTRACT, GOODS OR SERVICES, WHETHER ARISING OUT OF OR RELATED TO BREACH OF CONTRACT, TORT, OR OTHERWISE, EXCEED THE TOTAL AMOUNT OF FEES ACTUALLY PAID BY GRPUC TO CONTRACTOR. THE FOREGOING LIMITATIONS APPLY EVEN IF GRPUC'S REMEDIES UNDER THIS CONTRACT FAIL THEIR ESSENTIAL PURPOSE.

6. **Subcontracting.** Contractor may not subcontract all or any portion of this Contract without GRPUC's prior written consent, which GRPUC may grant or withhold in its sole discretion. If an approved subcontractor is determined to be performing unsatisfactorily by GRPUC, Contractor will ensure that the subcontractor is no longer used for this Contract. The provisions of the Contract shall apply with equal force and effect to all approved subcontractors and no subcontract will terminate the primary responsibility of Contractor hereunder. Contractor will pay all subcontractors in accordance with applicable law and the agreement between Contractor and the subcontractor.

7. **Ownership.** All intellectual property rights in the Goods, including patents, trademarks, internet domain names, works of authorship, expressions, designs, and design registrations, whether or not copyrightable, trade secrets, and all other intellectual property rights (collectively, "Intellectual Property") are the sole and exclusive property of manufacturer. GRPUC will not acquire any ownership rights to any Intellectual Property under this Contract. Contractor agrees that all legal right, title, and interest to intellectual property, data, documents, photographs, drawings, analyses, graphs, reports, physical property or other subject matter ("**GRPUC Property**") prepared, delivered, procured, or produced in relation to Contractor's obligations under this Contract shall vest in GRPUC. Contractor will perform all acts necessary to ensure that all GRPUC Property is the sole property of GRPUC, and that neither Contractor nor its employees, agents, or subcontractors retain any interest in and to the GRPUC Property.

8. **Miscellaneous.**

8.1 General. No provision of this Contract may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by all the Parties. No waiver by a Party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreement or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by any Party which are not expressly set forth in this Contract. The validity, interpretation, construction and performance of this Contract shall be governed by the internal laws of Minnesota. If any provision of this Contract shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of this Contract shall not be affected thereby. This Contract shall be binding on, and shall inure to the benefit of the Parties hereto and their respective successors and permitted assigns. Neither party may assign the party's rights or obligations hereunder without the prior written consent of the other party. This Contract may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall together constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Contract in Portable Document Format (PDF) or by facsimile transmission shall be as effective as delivery of a manually executed original counterpart of this Contract. In performing its obligations under this Contract, Contractor and its employees and agents shall act in the capacity of independent contractors and not as an employee, partner, joint venture, or agent of GRPUC. The Parties must comply with the Minnesota Government Data Practices Act in relation to this Contract. Contractor certifies that neither it nor its principals are presently debarred or suspended by any federal, state, or local government or agency or political subdivision thereof. Neither Party will publicize anything in relation to this Contract without the other Party's prior written consent. Contractor shall not use or disclose any confidential information it receives from GRPUC except as is necessary to perform under this Contract. "Confidential Information" shall be conspicuously marked as "Confidential" at the time of disclosure, and does not include information that: (a) is or becomes publically available, (b) is already known by Contractor, (c) was or becomes available to Contractor from a source other than GRPUC, provided that the source of such information is not known to Contractor to be bound by an obligation of confidentiality, (d) was or is independently developed by Contractor, or (e) is required to be disclosed by applicable law, rule, regulation or governmental or judicial process. The obligations of Contractor hereunder

shall survive the expiration or earlier termination of this Contract. Each of the Parties shall take such further actions as may be reasonably required to carry out the provisions of this Contract.

8.2 Force Majeure. Contractor shall be excused for the period of any delay or failures in the performance of any of its obligations under this Contract when prevented from performing such obligations by cause or causes beyond its reasonable control, including, without limitation, the following: accidents, failures of utilities or public services, delays in manufacture or transportation, supply shortages, embargoes, epidemics or pandemics or public health emergencies, government laws, acts of war, terrorism, riots, civil unrest, fire, earthquakes or other natural disasters, weather conditions, strikes or labor controversies, cyber-attacks, or other casualties or acts of God, including supplier or sub-supplier or subcontractor delays caused by any of the above

8.3 Notices. Any notice or other communication to any Party in connection with this Contract shall be in writing and shall be sent by hand-delivery, email, fax, overnight courier, or United States mail (postage prepaid) addressed to the address set forth below. All periods of notice shall be measured from the date of delivery thereof if hand-delivered, from the date of sending thereof if sent by email (effective upon confirmation of receipt) or fax (effective upon confirmation of receipt), from the first day after the date of sending if sent by overnight courier, or from three (3) business days after the date of mailing if mailed. Any Party may change such Party's address for notices by notice given not less than ten (10) calendar days prior to the effective date of the change.

GRPUC
Address:
500 SE 4th Street
Grand Rapids, MN 55744
Attn: Steve Mattson
Email: srmattton@grpuc.org

Ziegler Power Systems
Address:
8050 County Road 101
Shakopee, MN 55379
Attn: Logan Cameron
Email: Logan.Cameron@zieglercat.com

9. Exhibits

The following Exhibits are attached and incorporated into this Contract. In the event of a conflict between the terms of this Contract and its Exhibits (including any supplements), or between Exhibits (including any supplements), the order of precedence is first the Contract, and then in the following order:

- Exhibit A: Insurance Requirements
- Exhibit B: Specifications, Duties, and Scope of Work
- Exhibit C: Price and Payment Schedule

IN WITNESS WHEREOF, the parties hereto by their duly authorized representatives have executed this Contract effective as of the effective date set forth above.

Ziegler Power Systems, a division of Ziegler Inc. Grand Rapids Public Utilities Commission

By: 

Print Name: Marc Kocina
 Marc Kocina
 Vice President
Title: Ziegler Power Systems

By: _____

Print Name: Julie A. Kennedy

Title: General Manager

Exhibit A: Insurance Requirements

- 1 **Notice to Contractor and Insurer.** Contractor shall not commence work under the Contract until it has obtained all the insurance described below and GRPUC has approved such insurance. Contractor shall maintain such insurance throughout the term of this Contract. GRPUC reserves the right to immediately terminate this Contract if the Contractor is not in compliance with the insurance requirements. All insurance policies must be open to inspection by GRPUC, and copies of policies must be submitted to GRPUC's Authorized Representative upon written request.

- 2 **Additional Insurance Conditions.** The following apply to the Contractor and Contractor's subcontractor: Contractor's policy(ies) shall be primary insurance to any other valid and collectible insurance available to GRPUC. Contractor agrees to notify GRPUC within five (5) business days of receipt of any insurance cancellation notice. Contractor is responsible for payment of Contract-related insurance premiums and deductibles. Contractor's policy(ies) shall include legal defense fees in addition to its policy limits with the exception of professional liability. Contractor's insurance companies must either (1) have an AM Best rating of A- (minus) and a Financial Size Category of VII or better, and be authorized to do business in Minnesota, or (2) be domiciled in Minnesota and have a Certificate of Authority/Compliance from the Minnesota Department of Commerce if they are not rated by AM Best. An Umbrella or Excess Liability insurance policy may be used to supplement the Contractor's policy limits to satisfy the full policy limits required by the Contract.

- 3 **Coverages.** Contractor is required to maintain and furnish satisfactory evidence of the following insurance policies:
 - 3.1 **Commercial General Liability Insurance** coverage that would be maintained by a reasonable contractor in Contractor's profession performing a similar contract, with the following minimum limits:
 - \$1,500,000 – per occurrence
 - \$1,500,000 – annual aggregate
 - \$1,500,000 – annual aggregate – applying to Products/Completed Operations

 - 3.2 **Commercial Automobile Liability Insurance** coverage that would be maintained by a reasonable contractor in Contractor's profession performing a similar contract, with the following minimum limits:
 - \$1,500,000 – per occurrence Combined Single limit for Bodily Injury and Property Damage

 - The following coverages should be included: Owned, Hired, and Non-owned Automobile.

 - 3.3 **Workers' Compensation Insurance.** Contractor shall obtain and maintain for the duration of the Contract, statutory workers' compensation insurance and employer's liability insurance as required under the laws of the State of Minnesota.

Exhibit B: Specifications, Duties, and Scope of Work

Provide the following Generator and Equipment for lift station no. 3

QUANTITY: One (1) new CATERPILLAR emergency standby generator set mounted in

Outdoor insulated/sound attenuated enclosure rated 70dBA @ 23 feet.

MODEL: D50GC – Diesel

RATING: 50kW – Stand By Rated

VOLTAGE: 480/277 volts, 3 phase, 60 HZ, 1800 RPM

BREAKER: One (1) mainline circuit breaker w/shunt trip; 100 amp, 3 pole

SWITCHGEAR: One (1) Service Entrance Rated, Automatic Transfer Switch

100 amp, 3 pole, Nema 3R outdoor enclosure w/heater, engine exerciser

WARRANTY: Five (5) years, 2500 hours manufacturer's warranty

INSTALLATION: Not included

Exhibit C: Price and Payment Schedule

Price for Generator and Equipment is Thirty-Two Thousand Eight Hundred Twenty Five dollars. (\$32,825.00). Price does not include state or local sales and/or use taxes.

Shipping is F.O.B Jobsite.

The Total obligation and liability of GRPUC under this Contract will not exceed Thirty-Two Thousand Eight Hundred Twenty Five dollars. (\$32,825.00).

Total: \$32,825.00

Payment 30 days after receipt of an uncontested invoice and acceptance of goods by Grand Rapids Public Utilities.



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: June 15, 2022

AGENDA ITEM: Consider a motion to approve the procurement contract with Ziegler Cat for Lift Station 2 Generator for \$36,500.00 and authorize the General Manager to sign the contract.

PREPARED BY: Steve Mattson, Water/Wastewater Department Manager

BACKGROUND:

This procurement is for an approved Water/Wastewater capital project with a budget of \$36,490.00. \$0 has been spent to date.

The GRPUC Procurement Policy was followed and two quotes are on file.

The vendor's Certificate of Insurance has been verified to meet the contract requirement and is on file.

RECOMMENDATION:

Consider a motion to approve the procurement contract with Ziegler Cat for Lift Station 2 Generator for \$36,500.00 and authorize the General Manager to sign the contract.

Capital Improvement Plan
Grand Rapids Public Utilities Commission

Data in Year 2022

Department 3-Wastewater Collection
Contact Steve Mattson
Type Unassigned
Useful Life 20
Category WW System
Priority 03 - Moderate Need
Status Active

Project # WWCO2207
Project Name Lift Station 2 - Generator and switch

Total Project Cost: \$36,490

Description
Lift station 2 is a major lift station that services all of Cohasset. This lift station does not have any backup power supply to ensure that it doesn't overflow into the Mississippi river.

Justification
The generator and switch would serve as a backup power supply to address any power outage effecting the lift station.

Expenditures	2022	2023	2024	2025	2026	Total
Purchases	36,490					36,490
Total	36,490					36,490

Funding Sources	2022	2023	2024	2025	2026	Total
Rplcmt Fund-WWC Infrastructure	36,490					36,490
Total	36,490					36,490

Budget Impact/Other
Ziegler pricing is state bid pricing through Sourcewell Contract #120617-CAT

Budget Items	2022	2023	2024	2025	2026	Total
Capital Projects	36,490					36,490
Total	36,490					36,490

PROCUREMENT CONTRACT

This Procurement Contract (“**Contract**”) is by and between the Grand Rapids Public Utilities Commission, located at 500 SE 4th St, Grand Rapids, MN 55744 (“**GRPUC**”), and Ziegler Power Systems, a division of Ziegler Inc. located at 901 West 94th Street, Minneapolis, MN 55420 (“**Contractor**”). GRPUC and Contractor may be referred to jointly as the “**Parties**” or individually as a “**Party**.”

Recitals

A. GRPUC has solicited and received quotation from Ziegler Power Systems (“**Solicitation**”);

B. Contractor provided a response to the Solicitation indicating its interest in and ability to provide the goods or services requested in the Solicitation; and

C. Subsequent to an evaluation in accordance with the terms of the Solicitation and negotiation, the Parties desire to enter into a contract.

Accordingly, the Parties agree as follows:

Contract

1. **Term.** The effective date of this Contract is April 1, 2022. The Contractor must not begin work under this Contract until this Contract is fully executed and the Contractor has been notified by GRPUC’s Authorized Representative to begin the work. This Contract will terminate upon the first of the following to occur:

1.1 December 31, 2023.

1.2 Each parties’ obligations have been satisfactorily fulfilled.

1.3 Either party may cancel this Contract at any time, with or without cause, upon ten (10) days’ written notice to the other party.

1.4 Either party may terminate this Contract immediately in the event of a breach by the other party.

1.5 The Parties may terminate this Contract at any time by mutual written agreement.

Upon receipt of any notice of termination Contractor shall immediately stop performance to the extent specified in such notice. In no event shall GRPUC be liable for any loss of revenue or profit incurred by Contractor as a result of any termination except for GRPUC’s payment to Contractor for work completed prior to termination. Upon termination of this Contract, or earlier upon GRPUC’s request, Contractor shall deliver to GRPUC all items requested by GRPUC containing any Confidential Information or make such other disposition thereof as GRPUC may direct in writing; provided, however, Contractor shall not be obligated to return, destroy or subject to any

other disposition of the Confidential Information otherwise required by law or any internal compliance policy or procedure related to automatic safeguarding or back-up storage of data.

2. Contractor’s Duties

The Contractor shall provide: Generator for Lift Station No. 2 as further detailed set forth in Exhibit B.

One CATERPILLAR emergency standby generator set to mount in outdoor insulated/sound rated 70 dBa @23 feet. Model D60GC Diesel 120/240 volts, 3 phase with one mainline circuit breaker and automatic transfer switch service entrance rated.

(The services (if any) to be provided by Contractor to GRPUC are referred to as the “**Services.**” The goods (if any) to be provided by Contractor to GRPUC are referred to as the “**Goods.**”).

2.1 GRPUC may make changes to the general scope of Goods and Services by written or oral notice to Contractor. If such changes affect the cost of or the time required to provide the Goods and Services, an equitable adjustment in the schedule and compensation under this Contract shall be made. GRPUC and Contractor may agree to additional Services or Goods by written amendment to this Contract.

2.2 Contractor agrees that all Goods and Services shall be provided, and all of Contractor’s obligations performed, in accordance with all applicable laws in effect at the time of the Contract and other legal requirements without extra charge or expense. GRPUC agrees to comply with all applicable laws in effect at the time of the Contract, including, but not limited to, permits, licenses, assessments, and other governmental charges on account of possession and use of Goods by GRPUC. Each party will be responsible for a violation of any such legal requirements and will indemnify, defend, and hold harmless the other party from and against direct expense or cost incurred by reason of any such violation.

2.3 Goods are subject to a limited warranty (“Limited Warranty”) as provided by the manufacturer, which will either be included in a written warranty statement with the Goods or the manufacturer’s standard limited warranty in force when the Goods are delivered to and accepted by GRPUC. GRPUC’s failure to follow warranty conditions may result in voiding the Limited Warranty. Services will be provided in a manner that is consistent with the level of care and skill exercised by members of Contractor’s profession currently working under similar conditions, subject to Contractor’s Service Department Labor Warranty, as it exists from time to time, and available upon request. EXCEPT FOR THE MANUFACTURER’S LIMITED WARRANTY FOR THE GOODS AND CONTRACTOR’S LIMITED SERVICE DEPARTMENT WARRANTY FOR SERVICES, ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTIES OF MERCHANTABILITY, NONINFRINGEMENT, OR FITNESS FOR A PARTICULAR PURPOSE, WHETHER ARISING BY LAW, COURSE OF DEALING, COURSE OF PERFORMANCE, USAGE OF TRADE, OR OTHERWISE, ARE EXPRESSLY DISCLAIMED. Payment shall be withheld for Goods or Services found by GRPUC to be unsatisfactory or in violation of legal requirements.

2.4 GRPUC agrees to take all reasonable steps necessary to provide for a safe worksite, and shall notify Contractor if, during the term of this Contract, GRPUC observes or otherwise learns of any conditions which pose a threat to the safety of persons or property or is in violation of any applicable laws, rules, regulations or codes. Contractor shall ensure that all persons who perform the Services or deliver the Goods are professionally competent and properly qualified and will remove any person GRPUC deems incompetent, careless, or otherwise objectionable.

2.5 Contractor is solely responsible and assumes full and exclusive liability for the payment of all contributions or taxes to be paid on or to persons employed by Contractor, and for payment of all sales, use, or other taxes of whatever nature levied or assessed against GRPUC arising out of the furnishing of the Services or delivery of the Goods as required by law. GRPUC further agrees to pay all sales, use, or other taxes are required by law.

2.6 Contractor warrants that at the time GRPUC accepts the Goods: (A) Contractor has good title to the Goods, free and clear of any lien, security interest, or other encumbrance (“**Encumbrance**”), and (B) the Goods are in good condition. Upon full and final payment, Contractor shall execute and deliver such additional documents and take such further actions as may be necessary to transfer Contractor’s right, title and interest in the Goods to GRPUC, free and clear of any Encumbrances. Contractor has all risk of loss until GRPUC accepts the Goods FOB Jobsite.

3. **Consideration and Payment**

3.1 Consideration. GRPUC will pay for performance by the Contractor under this Contract as follows:

3.1.1 Compensation. The Contractor will be paid. Thirty Six Thousand Five Hundred Dollars. (\$36,500.00) F.O.B. Jobsite. **Exhibit C.**

3.1.2 Total obligation. The total obligation and liability of GRPUC under this Contract will not exceed Thirty Six Thousand Five Hundred dollars. (\$36,500.00)

3.2 Payment.

3.2.1 Invoices. GRPUC will pay the Contractor within thirty (30) days following receipt of an undisputed invoice that complies with **Exhibit C.** GRPUC may pay the Contractor in advance in its sole discretion. Payment will only be made for Goods received or Services actually performed that have been accepted by GRPUC.

4. **Authorized Representative**

GRPUC’s Authorized Representative is Steve Mattson at the following business address: 500 SE 4th Street, Grand Rapids, MN, 55744 and the following telephone number: 218.326.7195, or his/her successor or delegate, and has the responsibility to monitor the Contractor’s performance.

Contractor’s Authorized Representative is Logan Cameron at the following business address: 8050 County Road 101 Shakopee, MN 55379, and the following telephone number: (952)887-4574, or

his/her successor. If the Contractor's Authorized Representative changes at any time during this Contract, the Contractor must immediately notify GRPUC.

Indemnification. GRPUC shall indemnify, defend, and hold harmless Contractor, its officers, directors, employees, agents, assigns and successors, against any and all losses, liability, claims or causes of action, damages, costs or expenses, including reasonable attorney's fees for death, personal injury, or damage to property (collectively, "Losses") to the proportionate extent the same have been proximately caused by the negligence or willful misconduct of, or breach of this Contract by, GRPUC or its officers, directors, employees or agents. Contractor shall indemnify, defend, and hold harmless GRPUC its officers, directors, employees, agents against any and all losses, liability, claims or causes of action, damages, costs or expenses, including reasonable attorney's fee for death, personal injury, or damage to property (collectively, "Losses") to the proportionate extent the same have been proximately caused by the negligence or willful misconduct of, or breach of this Contract, by Contractor or its officers, directors, employees or agents in the performance and furnishing of Services under this Contract.

5. **DAMAGES; MAXIMUM LIABILITY.** IN NO EVENT WILL CONTRACTOR, ITS EMPLOYEES, AGENTS, OFFICERS AND DIRECTORS BE LIABLE FOR INCIDENTAL, CONSEQUENTIAL, SPECIAL, EXEMPLARY, ENCHANCED, INDIRECT, OR PUNITIVE DAMAGES, LOST PROFITS OR REVENUES, DIMINUTION OF VALUE, LOSS OF USE, DOWNTIME OR INTERRUPTION OF BUSINESS, ARISING OUT OF OR RELATING TO THIS CONTRACT, GOODS OR SERVICES, REGARDLESS OF: (A) WHETHER THE DAMAGES WERE FORESEEABLE; (B) WHETHER OR NOT CONTRACTOR WAS ADVISED OF THE POSSIBILITY OF DAMAGES; AND (C) THE LEGAL OR EQUITABLE THEORY (CONTRACT, TORT, OR OTHERWISE) ON WHICH THE CLAIM IS BASED. IN NO EVENT SHALL CONTRACTOR'S AGGREGATE LIABILITY ARISING OUT OF OR RELATED TO THIS CONTRACT, GOODS OR SERVICES, WHETHER ARISING OUT OF OR RELATED TO BREACH OF CONTRACT, TORT, OR OTHERWISE, EXCEED THE TOTAL AMOUNT OF FEES ACTUALLY PAID BY GRPUC TO CONTRACTOR. THE FOREGOING LIMITATIONS APPLY EVEN IF GRPUC'S REMEDIES UNDER THIS CONTRACT FAIL THEIR ESSENTIAL PURPOSE.

6. **Subcontracting.** Contractor may not subcontract all or any portion of this Contract without GRPUC's prior written consent, which GRPUC may grant or withhold in its sole discretion. If an approved subcontractor is determined to be performing unsatisfactorily by GRPUC, Contractor will ensure that the subcontractor is no longer used for this Contract. The provisions of the Contract shall apply with equal force and effect to all approved subcontractors and no subcontract will terminate the primary responsibility of Contractor hereunder. Contractor will pay all subcontractors in accordance with applicable law and the agreement between Contractor and the subcontractor.

7. **Ownership.** All intellectual property rights in the Goods, including patents, trademarks, internet domain names, works of authorship, expressions, designs, and design registrations, whether or not copyrightable, trade secrets, and all other intellectual property rights (collectively, “Intellectual Property”) are the sole and exclusive property of manufacturer. GRPUC will not acquire any ownership rights to any Intellectual Property under this Contract. Contractor agrees that all legal right, title, and interest to intellectual property, data, documents, photographs, drawings, analyses, graphs, reports, physical property or other subject matter (“**GRPUC Property**”) prepared, delivered, procured, or produced in relation to Contractor’s obligations under this Contract shall vest in GRPUC. Contractor will perform all acts necessary to ensure that all GRPUC Property is the sole property of GRPUC, and that neither Contractor nor its employees, agents, or subcontractors retain any interest in and to the GRPUC Property.

8. **Miscellaneous.**

8.1 General. No provision of this Contract may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by all the Parties. No waiver by a Party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreement or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by any Party which are not expressly set forth in this Contract. The validity, interpretation, construction and performance of this Contract shall be governed by the internal laws of Minnesota. If any provision of this Contract shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of this Contract shall not be affected thereby. This Contract shall be binding on, and shall inure to the benefit of the Parties hereto and their respective successors and permitted assigns. Neither party may assign the party’s rights or obligations hereunder without the prior written consent of the other party. This Contract may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall together constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Contract in Portable Document Format (PDF) or by facsimile transmission shall be as effective as delivery of a manually executed original counterpart of this Contract. In performing its obligations under this Contract, Contractor and its employees and agents shall act in the capacity of independent contractors and not as an employee, partner, joint venture, or agent of GRPUC. The Parties must comply with the Minnesota Government Data Practices Act in relation to this Contract. Contractor certifies that neither it nor its principals are presently debarred or suspended by any federal, state, or local government or agency or political subdivision thereof. Neither Party will publicize anything in relation to this Contract without the other Party’s prior written consent. Contractor shall not use or disclose any confidential information it receives from GRPUC except as is necessary to perform under this Contract. “Confidential Information” shall be conspicuously marked as “Confidential” at the time of disclosure, and does not include information that: (a) is or becomes publically available, (b) is already known by Contractor, (c) was or becomes available to Contractor from a source other than GRPUC, provided that the source of such information is not known to Contractor to be bound by an obligation of confidentiality, (d) was or is independently developed by Contractor, or (e) is required to be disclosed by applicable law, rule, regulation or governmental or judicial process. The obligations of Contractor hereunder

shall survive the expiration or earlier termination of this Contract. Each of the Parties shall take such further actions as may be reasonably required to carry out the provisions of this Contract.

8.2 Force Majeure. Contractor shall be excused for the period of any delay or failures in the performance of any of its obligations under this Contract when prevented from performing such obligations by cause or causes beyond its reasonable control, including, without limitation, the following: accidents, failures of utilities or public services, delays in manufacture or transportation, supply shortages, embargoes, epidemics or pandemics or public health emergencies, government laws, acts of war, terrorism, riots, civil unrest, fire, earthquakes or other natural disasters, weather conditions, strikes or labor controversies, cyber-attacks, or other casualties or acts of God, including supplier or sub-supplier or subcontractor delays caused by any of the above

8.3 Notices. Any notice or other communication to any Party in connection with this Contract shall be in writing and shall be sent by hand-delivery, email, fax, overnight courier, or United States mail (postage prepaid) addressed to the address set forth below. All periods of notice shall be measured from the date of delivery thereof if hand-delivered, from the date of sending thereof if sent by email (effective upon confirmation of receipt) or fax (effective upon confirmation of receipt), from the first day after the date of sending if sent by overnight courier, or from three (3) business days after the date of mailing if mailed. Any Party may change such Party's address for notices by notice given not less than ten (10) calendar days prior to the effective date of the change.

GRPUC
Address:
500 SE 4th Street
Grand Rapids, MN 55744
Attn: Steve Mattson
Email: srmatt@grpuc.org

Ziegler Power Systems
Address:
8050 County Road 101
Shakopee, MN 55379
Attn: Logan Cameron
Email: Logan.Cameron@zieglercat.com

9. Exhibits

The following Exhibits are attached and incorporated into this Contract. In the event of a conflict between the terms of this Contract and its Exhibits (including any supplements), or between Exhibits (including any supplements), the order of precedence is first the Contract, and then in the following order:

- Exhibit A: Insurance Requirements
- Exhibit B: Specifications, Duties, and Scope of Work
- Exhibit C: Price and Payment Schedule

IN WITNESS WHEREOF, the parties hereto by their duly authorized representatives have executed this Contract effective as of the effective date set forth above.

Ziegler Power Systems, a division of Ziegler Inc. Grand Rapids Public Utilities Commission

By: 

Print Name: Marc Kocina
 Marc Kocina
 Vice President
Title: Ziegler Power Systems

By: _____

Print Name: Julie A. Kennedy

Title: General Manager

Exhibit A: Insurance Requirements

- 1 **Notice to Contractor and Insurer.** Contractor shall not commence work under the Contract until it has obtained all the insurance described below and GRPUC has approved such insurance. Contractor shall maintain such insurance throughout the term of this Contract. GRPUC reserves the right to immediately terminate this Contract if the Contractor is not in compliance with the insurance requirements. All insurance policies must be open to inspection by GRPUC, and copies of policies must be submitted to GRPUC's Authorized Representative upon written request.

- 2 **Additional Insurance Conditions.** The following apply to the Contractor and Contractor's subcontractor: Contractor's policy(ies) shall be primary insurance to any other valid and collectible insurance available to GRPUC. Contractor agrees to notify GRPUC within five (5) business days of receipt of any insurance cancellation notice. Contractor is responsible for payment of Contract-related insurance premiums and deductibles. Contractor's policy(ies) shall include legal defense fees in addition to its policy limits with the exception of professional liability. Contractor's insurance companies must either (1) have an AM Best rating of A- (minus) and a Financial Size Category of VII or better, and be authorized to do business in Minnesota, or (2) be domiciled in Minnesota and have a Certificate of Authority/Compliance from the Minnesota Department of Commerce if they are not rated by AM Best. An Umbrella or Excess Liability insurance policy may be used to supplement the Contractor's policy limits to satisfy the full policy limits required by the Contract.

- 3 **Coverages.** Contractor is required to maintain and furnish satisfactory evidence of the following insurance policies:
 - 3.1 **Commercial General Liability Insurance** coverage that would be maintained by a reasonable contractor in Contractor's profession performing a similar contract, with the following minimum limits:
 - \$1,500,000 – per occurrence
 - \$1,500,000 – annual aggregate
 - \$1,500,000 – annual aggregate – applying to Products/Completed Operations

 - 3.2 **Commercial Automobile Liability Insurance** coverage that would be maintained by a reasonable contractor in Contractor's profession performing a similar contract, with the following minimum limits:
 - \$1,500,000 – per occurrence Combined Single limit for Bodily Injury and Property Damage

 - The following coverages should be included: Owned, Hired, and Non-owned Automobile.

 - 3.3 **Workers' Compensation Insurance.** Contractor shall obtain and maintain for the duration of the Contract, statutory workers' compensation insurance and employer's liability insurance as required under the laws of the State of Minnesota.

Exhibit B: Specifications, Duties, and Scope of Work

Provide the following Generator and Equipment for lift station no. 2

QUANTITY: One (1) new CATERPILLAR emergency standby generator set mounted in

Outdoor insulated/sound attenuated enclosure rated 70dBA @ 23 feet.

MODEL: D60GC – Diesel

RATING: 60kW – Stand By Rated

VOLTAGE: 120/240 volts, 3 phase, 60 HZ, 1800 RPM

BREAKER: One (1) mainline circuit breaker w/shunt trip; 200 amp, 3 pole

SWITCHGEAR: One (1) Service Entrance Rated, Automatic Transfer Switch

200 amp, 3 pole, Nema 3R outdoor enclosure w/heater, engine exerciser

WARRANTY: Five (5) years, 2500 hours manufacturer's warranty

INSTALLATION: Not included

Exhibit C: Price and Payment Schedule

Price for Generator and Equipment is Thirty-Six Thousand Five Hundred dollars. (\$36,500.00).
Price does not include state or local sales and/or use taxes.

Shipping is F.O.B Jobsite.

The Total obligation and liability of GRPUC under this Contract will not exceed Thirty-Six
Thousand Five Hundred dollars. (\$36,500.00).

Total: \$36,500.00

Payment 30 days after receipt of an uncontested invoice and acceptance of goods by Grand
Rapids Public Utilities.



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: June 15, 2022

AGENDA ITEM: Consider a motion to ratify the procurement contract with United Rentals for a Vertical Lift for \$7,500.00

PREPARED BY: Steve Mattson, Water/Wastewater Department Manager

BACKGROUND:

This procurement is for an approved Wastewater Treatment capital project with a budget of \$12,000.00. See attached budget project detail sheet. \$0 has been spent to date. W/WW Foreman was able to find a good deal on a used unit that is suitable for the utility so we are under budget. New units are out two years on delivery.

The GRPUC Procurement Policy was followed and two quotes are on file.

The vendor's Certificate of Insurance has been verified to meet the contract requirement and is on file.

RECOMMENDATION:

Consider a motion to ratify the procurement contract with United Rentals for a Vertical Lift for \$7,500.00

Capital Improvement Plan
Grand Rapids Public Utilities Commission

Data in Year 2022

Department 4c-WWT Primary Plant
Contact Steve Mattson
Type Unassigned
Useful Life 10
Category WW System
Priority 02 - Significant Need
Status Active

Project # WWPP2203
Project Name High Lift

Total Project Cost: \$12,000

Description

A high lift is necessary to access countless items/equipment at elevations throughout the entire solids process building.

Justification

There is a lot of equipment that requires maintenance at elevations where it is unsafe to do so with a ladder such as replacing lights, fans, heaters, piping, equipment, hoists and other electrical components. GRPU has been renting a similar unit over the last four years. In 2021, we have spent over \$4,000 through September.

Expenditures	2022	2023	2024	2025	2026	Total
Purchases	12,000					12,000
Total	12,000					12,000

Funding Sources	2022	2023	2024	2025	2026	Total
Customer Contributions-UPM	12,000					12,000
Total	12,000					12,000

Budget Impact/Other

Budget Items	2022	2023	2024	2025	2026	Total
Capital Projects	12,000					12,000
Total	12,000					12,000

PROCUREMENT CONTRACT

This Procurement Contract (“**Contract**”) is by and between the Grand Rapids Public Utilities Commission, located at 500 SE 4th St, Grand Rapids, MN 55744 (“**GRPUC**”), and United Rentals (North America) Inc. located at Branch 749 4945 Miller Trunk Hwy, Hermantown, MN 55811 (“**Contractor**”). GRPUC and Contractor may be referred to jointly as the “**Parties**” or individually as a “**Party**.”

Recitals

- A. GRPUC has solicited and received quotation from United Rentals North America Inc. (“**Solicitation**”);
- B. Contractor provided a response to the Solicitation indicating its interest in and ability to provide the goods or services requested in the Solicitation; and
- C. Subsequent to an evaluation in accordance with the terms of the Solicitation and negotiation, the Parties desire to enter into a contract.

Accordingly, the Parties agree as follows:

Contract

1. **Term.** The effective date of this Contract is April 1, 2022. The Contractor must not begin work under this Contract until this Contract is fully executed and the Contractor has been notified by GRPUC’s Authorized Representative to begin the work. This Contract will terminate upon the first of the following to occur:
- 1.1 June 1st, 2022.
 - 1.2 All of Contractor’s obligations have been satisfactorily fulfilled.
 - 1.3 GRPUC may cancel this Contract at any time, with or without cause, upon ten (10) days’ written notice to the Contractor.
 - 1.4 GRPUC may terminate this Contract immediately in the event of a breach by Contractor.
 - 1.5 The Parties may terminate this Contract at any time by mutual written agreement.

Upon receipt of any notice of termination Contractor shall immediately stop performance to the extent specified in such notice. In no event shall GRPUC be liable for any loss of revenue or profit incurred by Contractor as a result of any termination. Upon termination of this Contract, or earlier upon GRPUC’s request, Contractor shall deliver to GRPUC all items requested by GRPUC containing any confidential information or work product information or make such other disposition thereof as GRPUC may direct in writing.

2. Contractor's Duties

The Contractor shall provide: 1- used Genie Gr 20 vertical lift

2.1 3001520 CC: 300-1520

2.2 VERTICAL LIFT 20' ELEC SELF PROPELLED

(The services (if any) to be provided by Contractor to GRPUC are referred to as the “**Services**.” The goods (if any) to be provided by Contractor to GRPUC are referred to as the “**Goods**.”). Contractor’s precise duties, specifications, deliverables, and completion dates related to the Goods and Services are more specifically described in **Exhibit B**.

2.3 GRPUC may make changes to the general scope of Goods and Services by written or oral notice to Contractor. If such changes affect the cost of or the time required to provide the Goods and Services, an equitable adjustment in the schedule and compensation under this Contract shall be made. GRPUC and Contractor may agree to additional Services or Goods by written amendment to this Contract.

2.4 Contractor agrees that all Goods and Services shall be provided, and all of Contractor’s obligations performed, in accordance with all applicable laws and other legal requirements without extra charge or expense. Contractor will be responsible for a violation of any such legal requirements and will indemnify, defend, and hold harmless GRPUC from and against any expense or cost incurred to the extent caused by any such violation by Contractor.

2.5 Contractor warrants and represents that the Goods and Services will be provided in a manner that is consistent with the level of care and skill exercised by members of Contractor’s profession currently working under similar conditions. All Goods and Services not conforming to this standard will be considered defective and Contractor shall, at no cost to GRPUC, promptly and satisfactorily correct all such defective Goods and Services. Payment shall be withheld for Goods or Services found by GRPUC to be unsatisfactory or in violation of legal requirements.

2.6 Contractor shall be responsible for all its employees, agents, subcontractors, and invitees and their health and safety. Contractor shall ensure that all persons who perform the Services or produce or deliver the Goods are professionally competent and properly qualified and will remove any person GRPUC deems incompetent, careless, or otherwise objectionable.

2.7 Contractor is solely responsible and assumes full and exclusive liability for the payment of all contributions or taxes to be paid on or to persons employed by Contractor, and for payment of all sales, use, or other taxes of whatever nature levied or assessed against GRPUC arising out of the furnishing of the Services or production or delivery of the Goods, and will indemnify, defend, and hold harmless GRPUC from any such liability.

2.8 Contractor warrants that at the time GRPUC accepts the Goods: (A) Contractor has good title to the Goods, free and clear of any lien, security interest, or other encumbrance (“**Encumbrance**”). Contractor shall execute and deliver such additional documents and take such further actions as may be necessary to transfer Contractor’s right, title and interest in the Goods to GRPUC, free and clear of any Encumbrances. Contractor has all risk of loss until

GRPUC accepts the Goods. It is understood and agreed that Contractor is not the manufacturer of the goods sold hereunder. Also, since this solicitation is for the sale of used Goods. GRPUC understands and agrees the Goods are sold “as-is, where-is” with all faults and that Contractor makes no warranties express or implied with respect to the used Goods being sold hereunder and all warranties express or implied are disclaimed.

3. **Consideration and Payment**

3.1 Consideration. GRPUC will pay for performance by the Contractor under this Contract as follows:

3.1.1 Compensation. The Contractor will be paid Seven Thousand Five Hundred dollars. (\$7,500.00) Shipping is included.

Exhibit C.

3.1.2 Total obligation. The total obligation and liability of GRPUC under this Contract will not exceed Seven Thousand Five Hundred dollars. (\$7,500.00)

3.2 Payment.

3.2.1 Invoices. GRPUC will pay the Contractor within thirty (30) days following receipt of an undisputed invoice that complies with **Exhibit C**. GRPUC may pay the Contractor in advance in its sole discretion. Payment will only be made for Goods received or Services actually performed that have been accepted by GRPUC.

4. **Authorized Representative**

GRPUC’s Authorized Representative is Steve Mattson at the following business address: 500 SE 4th Street, Grand Rapids, MN, 55744 and the following telephone number: 218.326.7195, or his/her successor or delegate, and has the responsibility to monitor the Contractor’s performance.

Contractor’s Authorized Representative is Josh Grussendorf at the following business address: 4945 Miller Trunk Hwy, Hermantown, MN 55811, and the following telephone number: (218)340-3044, or his/her successor. If the Contractor’s Authorized Representative changes at any time during this Contract, the Contractor must immediately notify GRPUC.

5. **Indemnification.** Contractor will indemnify, defend, and hold harmless GRPUC, its agents, and employees, in relation to any expenses, damages, claims or causes of action, including reasonable attorney’s fees, to the extent caused by any negligent or wrongful act, during the delivery of the Goods sold hereunder by Contractor, or any of Contractor’s agents or employees.

6. **Subcontracting.** Contractor may not subcontract all or any portion of this Contract without GRPUC's prior written consent, which GRPUC may grant or withhold in its sole discretion. If an approved subcontractor is determined to be performing unsatisfactorily by GRPUC, Contractor will ensure that the subcontractor is no longer used for this Contract. The provisions of the Contract shall apply with equal force and effect to all approved subcontractors and no subcontract will terminate the primary responsibility of Contractor hereunder. Contractor will pay all subcontractors in accordance with applicable law and the agreement between Contractor and the subcontractor.

7. **Ownership.** Contractor agrees that all legal right, title, and interest to intellectual property, data, documents, photographs, drawings, analyses, graphs, reports, physical property or other subject matter ("**GRPUC Property**") prepared, delivered, procured, or produced in relation to Contractor's obligations under this Contract shall vest in GRPUC. Contractor will perform all acts necessary to ensure that all GRPUC Property is the sole property of GRPUC, and that neither Contractor nor its employees, agents, or subcontractors retain any interest in and to the GRPUC Property.

8. **Miscellaneous.**

8.1 General. No provision of this Contract may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by all the Parties. No waiver by a Party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreement or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by any Party which are not expressly set forth in this Contract. The validity, interpretation, construction and performance of this Contract shall be governed by the internal laws of Minnesota. If any provision of this Contract shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of this Contract shall not be affected thereby. This Contract shall be binding on, and shall inure to the benefit of the Parties hereto and their respective successors and permitted assigns. Contractor may not assign Contractor's rights or obligations hereunder without the prior written consent of GRPUC. This Contract may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall together constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Contract in Portable Document Format (PDF) or by facsimile transmission shall be as effective as delivery of a manually executed original counterpart of this Contract. In the event a Party institutes any legal proceeding against another Party regarding this Contract, the prevailing Party is entitled to receive the costs incurred by such Party, including reasonable attorneys' fees. In performing its obligations under this Contract, Contractor and its employees and agents shall act in the capacity of independent contractors and not as an employee, partner, joint venture, or agent of GRPUC. When Contractor's employees are working on the premises of GRPUC, wherever located, they shall observe the working rules, policies, and procedures of GRPUC, including, but not limited to, its respectful workplace policy. The Parties must comply with the Minnesota Government Data Practices Act in relation to this Contract. Contractor certifies that neither it nor its principals are presently debarred or suspended by any federal, state, or local government or agency or political subdivision thereof. Neither Party will publicize anything in relation to this Contract without the other Party's prior written consent. Contractor shall not use or disclose any confidential

information it receives from GRPUC except as is necessary to perform under this Contract. The obligations of Contractor hereunder shall survive the expiration or earlier termination of this Contract. Each of the Parties shall take such further actions as may be reasonably required to carry out the provisions of this Contract.

8.2 Notices. Any notice or other communication to any Party in connection with this Contract shall be in writing and shall be sent by hand-delivery, email, fax, overnight courier, or United States mail (postage prepaid) addressed to the address set forth below. All periods of notice shall be measured from the date of delivery thereof if hand-delivered, from the date of sending thereof if sent by email or fax (effective upon confirmation of receipt), from the first day after the date of sending if sent by overnight courier, or from three (3) business days after the date of mailing if mailed. Any Party may change such Party's address for notices by notice given not less than ten (10) calendar days prior to the effective date of the change.

GRPUC
Address:
500 SE 4th Street
Grand Rapids, MN 55744
Attn: Steve Mattson
Email: srmatt@grpuc.org

Contractor
Address:
4945 Miller Trunk Hwy
Hermantown, MN 55811
Attn: Josh Grussendorf
Email: Jmcqueary@ur.com

9. Exhibits


The following Exhibits are attached and incorporated into this Contract. In the event of a conflict between the terms of this Contract and its Exhibits (including any supplements), or between Exhibits (including any supplements), the order of precedence is first the Contract, and then in the following order:

- Exhibit A: Insurance Requirements
- Exhibit B: Specifications, Duties, and Scope of Work
- Exhibit C: Price and Payment Schedule

IN WITNESS WHEREOF, the parties hereto by their duly authorized representatives have executed this Contract effective as of the effective date set forth above.

United Rentals (North America) Inc.

Grand Rapids Public Utilities Commission

By: 

By: Julie Kennedy 5/27/2022

Print Name: Josh Gussendorf

Print Name: Julie A. Kennedy

Title: Branch Manager

Title: General Manager

Exhibit A: Insurance Requirements

- 1 **Notice to Contractor and Insurer.** Contractor shall not commence work under the Contract until it has obtained all the insurance described below and GRPUC has approved such insurance. Contractor shall maintain such insurance throughout the term of this Contract. GRPUC reserves the right to immediately terminate this Contract if the Contractor is not in compliance with the insurance requirements.

- 2 **Additional Insurance Conditions.** The following apply to the Contractor and Contractor's subcontractor: Contractor's policy(ies) shall be primary insurance to any other valid and collectible insurance available to GRPUC. Contractor agrees to notify GRPUC within five (5) business days of receipt of any insurance cancellation notice. Contractor is responsible for payment of Contract-related insurance premiums and deductibles. Contractor's policy(ies) shall include legal defense fees in addition to its policy limits with the exception of professional liability. Contractor's insurance companies must either (1) have an AM Best rating of A- (minus) and a Financial Size Category of VII or better, and be authorized to do business in Minnesota, or (2) be domiciled in Minnesota and have a Certificate of Authority/Compliance from the Minnesota Department of Commerce if they are not rated by AM Best. An Umbrella or Excess Liability insurance policy may be used to supplement the Contractor's policy limits to satisfy the full policy limits required by the Contract.

- 3 **Coverages.** Contractor is required to maintain and furnish satisfactory evidence of the following insurance policies:
 - 3.1 **Commercial General Liability Insurance** coverage that would be maintained by a reasonable contractor in Contractor's profession performing a similar contract, with the following minimum limits:
 - \$1,500,000 – per occurrence
 - \$1,500,000 – annual aggregate
 - \$1,500,000 – annual aggregate – applying to Products/Completed Operations

 - 3.2 **Commercial Automobile Liability Insurance** coverage that would be maintained by a reasonable contractor in Contractor's profession performing a similar contract, with the following minimum limits:
 - \$1,500,000 – per occurrence Combined Single limit for Bodily Injury and Property Damage

 - The following coverages should be included: Owned, Hired, and Non-owned Automobile.

 - 3.3 **Workers' Compensation Insurance.** Contractor shall obtain and maintain for the duration of the Contract, statutory workers' compensation insurance and employer's liability insurance as required under the laws of the State of Minnesota.

Exhibit B: Specifications, Duties, and Scope of Work

Provide the following: One (1) used Genie GR 20 high lift

3001520 CC: 300-1520 7500.00 7500.00, VERTICAL LIFT 20' ELEC SELF PROPELLED

Unit is sold "as-is" without any guaranties or warranties

Exhibit C: Price and Payment Schedule

Price for Lift is Seven Thousand Five Hundred dollars. (\$7,500.00). Shipping is included in price.

The Total obligation and liability of GRPUC under this Contract will not exceed Seven Thousand Five Hundred dollars. (\$7,500.00).

Payment after receipt and acceptance of goods by Grand Rapids Public Utilities.

Payment 30 days after receipt of an uncontested invoice and acceptance of goods by Grand Rapids Public Utilities.



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: June 15, 2022

AGENDA ITEM: Consider a motion to ratify the procurement contract with Stantec Consulting Services, Inc. for Engineering services of evaluating the final cover system for landfill phases 1-4 and kettle D for \$6,400.00.

PREPARED BY: Steve Mattson, Water/Wastewater Department Manager

BACKGROUND:

This procurement is for an approved Water/Wastewater capital project with a budget of \$50,000.00. \$0 has been spent to date.

The GRPUC Procurement Policy was followed.

The vendor's Certificate of Insurance has been verified to meet the contract requirement and is on file.

RECOMMENDATION:

Consider a motion to ratify the procurement contract with Stantec Consulting Services, Inc. for Engineering services of evaluating the final cover system for landfill phases 1-4 and kettle D for \$6,400.00

Capital Improvement Plan
Grand Rapids Public Utilities Commission

Data in Year 2022

Department 4d-WWT Sludge Disposal
Contact Steve Mattson
Type Unassigned
Useful Life 20
Category WW System
Priority 02 - Significant Need
Status Active

Project # WWSD2201
Project Name Engineering Design - Landfill Cover

Total Project Cost: \$50,000

Description

GRPUC will need to manage leachate for the unforeseen future, possibly decades. Long term it makes sense to pump it rather than haul it in a truck.

Justification

In 2022, we will start the detailed design of the leachate pipeline to the WWTP.

Expenditures	2022	2023	2024	2025	2026	Total
Outside Services	50,000					50,000
Total	50,000					50,000

Funding Sources	2022	2023	2024	2025	2026	Total
Customer Contributions-UPM	50,000					50,000
Total	50,000					50,000

Budget Impact/Other

PROCUREMENT CONTRACT

This Procurement Contract (“**Contract**”) is by and between the Grand Rapids Public Utilities Commission, located at 500 SE 4th St, Grand Rapids, MN 55744 (“**GRPUC**”), and Stantec Consulting Services, located at 11 E Superior St, Suite 230 Duluth, MN 55802 (“**Contractor**”). GRPUC and Contractor may be referred to jointly as the “**Parties**” or individually as a “**Party**.”

Recitals

A. GRPUC has solicited and received quotations from contractors for engineering services for evaluation of the existing final cover system on phases 1-4, kettle D of the GRPUC Industrial Landfill site SW-210 (“**Solicitation**”);

B. Contractor provided a response to the Solicitation indicating its interest in and ability to provide the goods or services requested in the Solicitation; and

C. Subsequent to an evaluation in accordance with the terms of the Solicitation and negotiation, the Parties desire to enter into a contract.

Accordingly, the Parties agree as follows:

Contract

1. **Term.** The effective date of this Contract is June 1, 2022. The Contractor must not begin work under this Contract until this Contract is fully executed and the Contractor has been notified by GRPUC’s Authorized Representative to begin the work. This Contract will terminate upon the first of the following to occur:

1.1 December 30, 2022.

1.2 All of Contractor’s obligations have been satisfactorily fulfilled.

1.3 GRPUC may cancel this Contract at any time, with or without cause, upon ten (10) days’ written notice to the Contractor.

1.4 GRPUC may terminate this Contract immediately in the event of a breach by Contractor.

1.5 The Parties may terminate this Contract at any time by mutual written agreement.

Upon receipt of any notice of termination Contractor shall immediately stop performance to the extent specified in such notice. In no event shall GRPUC be liable for any loss of revenue or profit incurred by Contractor as a result of any termination. Upon termination of this Contract, or earlier upon GRPUC’s request, Contractor shall deliver to GRPUC all items requested by GRPUC containing any confidential information or work product information or make such other disposition thereof as GRPUC may direct in writing.

2. Contractor's Duties

2.1 The Contractor shall provide the following goods or services:

Contractor to provide final cover evaluation services for landfill phases 1-4, kettle D to include:

Final cover barrier layer permeability Testing. This task includes collecting 4 shelby tube samples from four quadrants of the final cover area to test. Contractor to provide labor and necessary equipment.

Final cover perimeter drain tile leachate testing. Two samples from different locations will be taken from perimeter drain tile and analyzed for leachate parameters (BOD, TSS, specific conductance and pH). Contractor to utilize certified laboratory and provide labor and necessary equipment. One raw leachate sample will be tested as a comparative.

Final report/memorandum to be provided.

GRPUC may make changes to the general scope of Goods and Services by written or oral notice to Contractor.

2.2 Contractor agrees that all Goods and Services shall be provided, and all of Contractor's obligations performed, in accordance with all applicable laws and other legal requirements without extra charge or expense. Contractor will be responsible for a violation of any such legal requirements and will indemnify, defend, and hold harmless GRPUC from and against any expense or cost incurred by reason of any such violation by Contractor.

2.3 Contractor warrants and represents that the Goods and Services will be provided in a manner that is consistent with the level of care and skill exercised by members of Contractor's profession currently working under similar conditions.

2.4 Contractor shall be responsible for all its employees, agents, subcontractors, and invitees and their health and safety and shall ensure that all persons who perform the Service are professionally competent and properly qualified.

2.5 Contractor is solely responsible and assumes full and exclusive liability for the payment of all contributions or taxes to be paid on or to persons employed by Contractor.

3. Consideration and Payment

3.1 Consideration. GRPUC will pay for performance by the Contractor under this Contract as follows:

Compensation. The Contractor will be paid Six thousand and four hundred Dollars (\$6,400)

3.1.1 Total obligation. The total obligation and liability of GRPUC under this Contract will not exceed Six thousand and four hundred Dollars (\$6,400)

3.2 Payment.

3.2.1 Invoices. GRPUC will pay the Contractor within thirty (30) days following receipt and acceptance of goods or services and receipt of an undisputed invoice.

4. **Authorized Representative**

GRPUC's Authorized Representative is Steve Mattson at the following business address: 500 SE 4th Street, Grand Rapids, MN, 55744 and the following telephone number: 218-326-7195, or his/her successor or delegate, and has the responsibility to monitor the Contractor's performance.

Contractor's Authorized Representative is Brett Ballavance at the following business address: 11 E Superior St, Suite 230 Duluth, MN 55802, and the following telephone number: 218-393-4085, or his/her successor. If the Contractor's Authorized Representative changes at any time during this Contract, the Contractor must immediately notify GRPUC.

5. **Indemnification.** Contractor will indemnify, defend, and hold harmless GRPUC, its agents, and employees, in relation to any expenses, damages, claims or causes of action, including reasonable attorney's fees, to the extent caused by any negligent or wrongful act, error or omission, breach of contract, or infringement of any intellectual property right by Contractor, any third party that Contractor has a business relationship with, or any of Contractor's agents or employees.

6. **Subcontracting.** Contractor may subcontract the excavation necessary to assess the landfill liner and perimeter drain tile.

7. **Ownership.** Contractor agrees that all legal right, title, and interest to intellectual property, data, documents, photographs, drawings, analyses, graphs, reports, physical property or other subject matter ("**GRPUC Property**") prepared, delivered, procured, or produced in relation to Contractor's obligations under this Contract shall vest in GRPUC.

8. **Insurance.** Contractor shall maintain Commercial General Liability, Commercial Automobile Liability, Workers' Compensation, Professional Liability, Errors and Omissions insurance throughout the term of this Contract. All insurance policies must be open to inspection by GRPUC, and copies of policies must be submitted to GRPUC's Authorized Representative upon written request. The Contractor's insurance companies waive the right to assert the immunity of GRPUC as a defense to any claims made under said insurance.

9. **Miscellaneous.**

9.1 General. No provision of this Contract may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by all the Parties. The validity, interpretation, construction and performance of this Contract shall be governed by the internal laws of Minnesota. Contractor may not assign Contractor's rights or obligations hereunder without the prior written consent of GRPUC. When Contractor's employees are working on the premises of GRPUC, wherever located, they shall observe the working rules, policies, and procedures of GRPUC, including, but not limited to, its respectful workplace policy. The Parties must comply with the Minnesota Government Data Practices Act in relation

to this Contract. Contractor certifies that neither it nor its principals are presently debarred or suspended by any federal, state, or local government or agency or political subdivision thereof. Neither Party will publicize anything in relation to this Contract without the other Party's prior written consent. Contractor shall not use or disclose any confidential information it receives from GRPUC except as is necessary to perform under this Contract.

9.2 Notices. Any notice or other communication to any Party in connection with this Contract shall be in writing and shall be sent by hand-delivery, email, fax, overnight courier, or United States mail (postage prepaid) addressed to the address set forth below

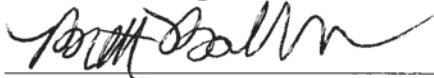
GRPUC
Address:
500 SE 4th Street
Grand Rapids, MN 55744
Attn: Steve Mattson
Email: srmattson@grpuc.org

Contractor
Address:
11 E Superior St, Suite 230
Duluth, MN 55802
Attn: Brett Ballavance
Email:
Brett.ballavance@stantec.com

IN WITNESS WHEREOF, the parties hereto by their duly authorized representatives have executed this Contract effective as of the effective date set forth above.

Stantec Consulting Services, Inc

Grand Rapids Public Utilities Commission

By: 

By: 

Print Name: Brett Ballavance

Print Name: Julie A. Kennedy

Title: Senior Associate

Title: General Manager

Date: June 2, 2022

Date: 06/02/2022



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: June 15, 2022

AGENDA ITEM: Consider a motion to ratify the procurement contract with Lake Country Lawn and Snow for lawn mowing services for \$10,000.00

PREPARED BY: Steve Mattson, Water/Wastewater Department Manager

BACKGROUND:

This procurement is for an approved Electric/Water/Wastewater operating project with a budget of \$10,000. \$0 has been spent to date.

The GRPUC Procurement Policy was followed and two quotes are on file.

The vendor's Certificate of Insurance has been verified to meet the contract requirement and is on file.

RECOMMENDATION:

Consider a motion to ratify the procurement contract with Lake Country Lawn and Snow for lawn mowing services for \$10,000.00

PROCUREMENT CONTRACT

This Procurement Contract ("**Contract**") is by and between the Grand Rapids Public Utilities Commission, located at 500 SE 4th St, Grand Rapids, MN 55744 ("**GRPUC**"), and Lake Country Lawn and Snow LLC, a LLC in MN, located at 26303 Trout Lake Rd, Bovey, MN 55709 ("**Contractor**"). GRPUC and Contractor may be referred to jointly as the "**Parties**" or individually as a "**Party**."

1. **Term.** The effective date of this Contract is June 1, 2022. The Contractor must not begin work under this Contract until Contractor has been notified by GRPUC's Authorized Representative to begin the work. This Contract will terminate upon the first of the following to occur:

- 1.1 December 31, 2022
- 1.2 All of Contractor's obligations have been satisfactorily fulfilled.
- 1.3 GRPUC may cancel this Contract at any time, with or without cause, upon ten (10) days' written notice to the Contractor.
- 1.4 GRPUC may terminate this Contract immediately in the event of a breach by Contractor.
- 1.5 The Parties may terminate this Contract at any time by mutual written agreement.

Upon receipt of any notice of termination, Contractor shall immediately stop performance to the extent specified in such notice. In no event shall GRPUC be liable for any loss of revenue or profit incurred by Contractor as a result of any termination. Upon GRPUC's request, Contractor shall deliver to GRPUC all items requested by GRPUC containing any confidential information or work product information or make such other disposition thereof as GRPUC may direct in writing.

2. Contractor's Duties

- 2.1 The Contractor shall provide the following goods or services ("**Goods and Services**"):
 - 2.2 Project Description: Mowing electrical substations, water plant, old wastewater plant, lift stations, water towers, public land space and public right-of-way. The quote includes all of the labor, materials and all associated work activities. The EJCDC Standard General Conditions of the Construction Contract shall apply to the project. GRPUC may make changes to the general scope of Goods and Services by written or oral notice to Contractor. The work to be completed will include weekly mowing of all established grasses and vegetation within each reported area in a neat and professional manner. Vegetation in and around structures, walks, trees, parking areas, sidewalks, or other similar items shall be mowed to a neat appearance as well as string trimmed (weed eater, weed whipping, etc.). The contractor shall neatly mow grass and vegetation to a height of approximately 2.5 inches. All trash and debris in the mowing area shall be removed from the area before and after mowing by the contractor. Grass and vegetation clippings shall be blown or swept off of walkways, driveways, trails, sidewalks, etc. Vegetation clippings shall not be blown or deposited on the city streets or walkways or equipment.

2.3 A number of areas described above either dry out or do not grow during some of the months of the mowing season. GRPUC's expectation is that these areas are to be kept in a neat and orderly groomed appearance at all times and it will be the responsibility of the contractor to choose a mowing cycle for each area to meet the expectation, with the approval of the Water Wastewater Manager.

2.4 The contractor must be able to respond to and comply with all elements listed in this section. Failure to comply can and will result in termination of a quote proposal or service contract. Elements include:

- Mowing height is approximately 2.5 inches
- Grass clippings will not be mowed or blown into the streets or roads
- Mowing over garbage is prohibited, pick it up
- Damage to buildings, gates, fences, trees, light posts, sign posts, etc. by mowers or string trimmers is prohibited
- Equipment operators must wear at all times high visibility reflective safety vests, jackets, or shirts while operating equipment in road ROW

Contractor agrees that all Goods and Services shall comply with all applicable laws and legal requirements without extra expense to GRPUC.

2.5 Contractor warrants and represents that the Goods and Services will be provided in a manner that is consistent with the level of care and skill exercised by members of Contractor's profession currently working under similar conditions.

2.6 Contractor shall be responsible for all its employees, agents, subcontractors, and invitees actions and their health and safety and shall ensure that all persons who perform the Services are professionally competent and properly qualified. Contractor shall repair or replace any damaged item or area of GRPU properties unless damage occurred under circumstances beyond Contractor reasonable control as determined by GRPUC.

2.7 Contractors shall inform themselves of all the conditions under which the work is to be performed concerning the site of the work, the obstacles which may be encountered, and all other relevant matters concerning the work to be performed under this contract.

2.8 Any damage of public or private property caused by the Contractor's operations shall be resolved with the property owner within ten (10) days after damage occurs to the satisfaction of the GRPUC. The Contractor shall inform the GRPUC of any damage caused by the Contractor's operation on the day such damage occurs. Should the damage not be rectified within the time frame agreed upon or to the satisfaction of the GRPUC, the GRPUC reserves the right to repair or replace that which was damaged or assess the Contractor such cost as may be reasonable and related to damaged caused by the Contractor, and deduct these costs from any payment due the Contractor.

2.9 The contract may be canceled or annulled by the GRPUC in whole or in part by written notice of default to the Contractor upon nonperformance or violation of contract terms. The GRPUC reserves the right to terminate the service at any time during the term of the contract upon thirty (30) days written notice to the Contractor. Failure of the Contractor to deliver services within the time stipulated, unless extended in writing by the GRPUC, shall constitute contract default.

2.10 Contractor shall supply cell phone numbers and daytime office numbers of supervisors handling this contract. On-site response time for complaints must be made within 24 hours of the initial call being made by the GRPUC. Failure to comply with the accessibility requirements shall be deemed as substandard work and will be subject to the same penalties.

3. Consideration and Payment

3.1 Consideration. Contractor will be paid Ten Thousand Dollars (\$10,000.00) for the Goods and Services. There will be five (5) equal payments of \$2000.00 each month, provided that all work has been completed in a satisfactory manner and the specifications stated herein have been met, for the following months: June, July, August, September and October. Payments will be approved at the commission meeting on the second Wednesday after the following month. This is the total obligation and liability of GRPUC under this Contract.

3.2 Payment. GRPUC will pay the Contractor within thirty (30) days following receipt and acceptance of Goods or Services and receipt of an undisputed invoice.

4. Authorized Representative

GRPUC's Authorized Representative is Steve Mattson at the following business address: 500 SE 4th Street, Grand Rapids, MN, 55744 and the following telephone number: 218-326-7195, or his/her successor or delegate, and has the responsibility to monitor the Contractor's performance.

Contractor's Authorized Representative is Kyle Brekke Owner at the following business address: 26303 Trout Lake Rd, Bovey, MN 55709, and the following telephone number: 307-752-8189, or his/her successor.

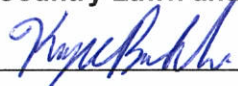
5. Indemnification. Contractor will indemnify, defend, and hold harmless GRPUC, its agents, and employees, in relation to any expenses, damages, claims or causes of action, including reasonable attorney's fees, to the extent caused by any negligent or wrongful act, error or omission, breach of contract, or infringement of any intellectual property right by Contractor, any third party that Contractor has a business relationship with, or any of Contractor's agents or employees.

6. **Insurance.** Contractor shall maintain with reputable insurance companies all insurance required by law and insurance against loss or damage of the kinds customarily insured against by members of Contractor's profession, of such types and in such amounts as are customarily carried under similar circumstances by members of Contractor's profession. Contractor's insurance companies waive the right to assert the immunity of GRPUC as a defense to any claims made under said insurance. At a minimum the Contractor shall carry \$1.5 million General/Commercial Liability, \$1.5 million Automobile, and Minnesota State Statute limits for Workers' Compensation insurance coverage. An umbrella insurance coverage amount can be part of the coverage amounts.

7. **Miscellaneous.** No provision of this Contract may be modified or waived except as agreed to in writing by the Parties. This Contract shall be governed by the internal laws of Minnesota. Contractor may not assign or subcontract Contractor's rights or obligations hereunder without the prior written consent of GRPUC. This Contract may be executed in counterparts. An electronic signature and counterpart shall be treated the same as an original. When Contractor's employees are working on the premises of GRPUC, wherever located, they shall observe all of GRPUC's policies and procedures, including, its respectful workplace policy. The Parties must comply with the Minnesota Government Data Practices Act in relation to this Contract. Contractor certifies that neither it nor its principals are presently debarred or suspended by any federal, state, or local government or agency or political subdivision thereof. Contractor shall not use or disclose any confidential information it receives from GRPUC except as is necessary to perform under this Contract. Any notice or other communication to any Party in connection with this Contract shall be in writing and shall be sent by hand-delivery, overnight courier, or United States mail (postage prepaid) addressed to the address set forth in the preamble.

IN WITNESS WHEREOF, the Parties hereto by their duly authorized representatives have executed this Contract effective as of the effective date set forth above.

Lake Country Lawn and Snow LLC

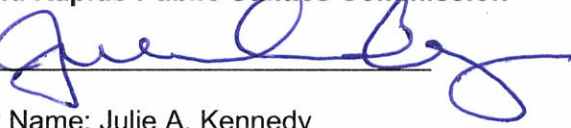
By: 

Print Name: Kyle Brekke

Title: Owner

Date: 5/27/22

Grand Rapids Public Utilities Commission

By: 

Print Name: Julie A. Kennedy

Title: General Manager

Date: 5-27-2022



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: June 15, 2022

AGENDA ITEM: Consider a motion to ratify the procurement contract with PSI Engineering for Tesla Pumps for \$5,950.00.

PREPARED BY: Steve Mattson, Water/Wastewater Department Manager

BACKGROUND:

This procurement is for an approved Water/Wastewater operations project with a budget of \$10,200. \$5,006 has been spent to date.

The GRPUC Procurement Policy was followed and two quotes are on file.

The vendor's Certificate of Insurance has been verified to meet the contract requirement and is on file.

RECOMMENDATION:

Consider a motion to ratify the procurement contract with PSI Engineering for Tesla Pumps for \$5,950.00.

PROCUREMENT CONTRACT

This Procurement Contract (“**Contract**”) is by and between the Grand Rapids Public Utilities Commission, located at 500 SE 4th St, Grand Rapids, MN 55744 (“**GRPUC**”), and PSI ENGINEERING, located at 1800 East 122nd Street Burnsville, MN 55337 (“**Contractor**”). GRPUC and Contractor may be referred to jointly as the “**Parties**” or individually as a “**Party**.”

Recitals

- A. GRPUC has solicited and received quotations from contractor PSI Engineering. (“**Solicitation**”);
- B. Contractor provided a response to the Solicitation indicating its interest in and ability to provide the goods or services requested in the Solicitation; and
- C. Subsequent to an evaluation in accordance with the terms of the Solicitation and negotiation, the Parties desire to enter into a contract.

Accordingly, the Parties agree as follows:

Contract

1. **Term.** The effective date of this Contract is May 26, 2022. The Contractor must not begin work under this Contract until this Contract is fully executed and the Contractor has been notified by GRPUC’s Authorized Representative to begin the work. This Contract will terminate upon the first of the following to occur:
- 1.1 July 31st, 2022.
 - 1.2 All of Contractor’s obligations have been satisfactorily fulfilled.
 - 1.3 GRPUC may cancel this Contract at any time, with or without cause, upon ten (10) days’ written notice to the Contractor.
 - 1.4 GRPUC may terminate this Contract immediately in the event of a breach by Contractor.
 - 1.5 The Parties may terminate this Contract at any time by mutual written agreement.

Upon receipt of any notice of termination Contractor shall immediately stop performance to the extent specified in such notice. In no event shall GRPUC be liable for any loss of revenue or profit incurred by Contractor as a result of any termination. Upon termination of this Contract, or earlier upon GRPUC’s request, Contractor shall deliver to GRPUC all items requested by GRPUC containing any confidential information or work product information or make such other disposition thereof as GRPUC may direct in writing.

2. Contractor's Duties

2.1 The Contractor shall:

Provide quantity of 2 – TESLA pumps part # 300S20HP66

(The services (if any) to be provided by Contractor to GRPUC are referred to as the “**Services.**” The goods (if any) to be provided by Contractor to GRPUC are referred to as the “**Goods.**”). Contractor's precise duties, specifications, deliverables, and completion dates related to the Goods and Services are more specifically described in **Exhibit B.**

2.2 GRPUC may make changes to the general scope of Goods and Services by written or oral notice to Contractor. If such changes affect the cost of or the time required to provide the Goods and Services, an equitable adjustment in the schedule and compensation under this Contract shall be made. GRPUC and Contractor may agree to additional Services or Goods by written amendment to this Contract.

2.3 Contractor agrees that all Goods and Services shall be provided, and all of Contractor's obligations performed, in accordance with all applicable laws and other legal requirements without extra charge or expense. Contractor will be responsible for a violation of any such legal requirements and will indemnify, defend, and hold harmless GRPUC from and against any expense or cost incurred by reason of any such violation by Contractor.

2.4 Contractor warrants and represents that the Goods and Services will be provided in a manner that is consistent with the level of care and skill exercised by members of Contractor's profession currently working under similar conditions. All Goods and Services not conforming to this standard will be considered defective and Contractor shall, at no cost to GRPUC, promptly and satisfactorily correct all such defective Goods and Services. Payment shall be withheld for Goods or Services found by GRPUC to be unsatisfactory or in violation of legal requirements.

2.5 Contractor shall be responsible for all its employees, agents, subcontractors, and invitees and their health and safety. Contractor shall ensure that all persons who perform the Services or produce or deliver the Goods are professionally competent and properly qualified and will remove any person GRPUC deems incompetent, careless, or otherwise objectionable.

2.6 Contractor is solely responsible and assumes full and exclusive liability for the payment of all contributions or taxes to be paid on or to persons employed by Contractor, and for payment of all sales, use, or other taxes of whatever nature levied or assessed against GRPUC arising out of the furnishing of the Services or production or delivery of the Goods, and will indemnify, defend, and hold harmless GRPUC from any such liability.

2.7 Contractor warrants that at the time GRPUC accepts the Goods: (A) Contractor has good title to the Goods, free and clear of any lien, security interest, or other encumbrance (“**Encumbrance**”), and (B) the Goods are in good condition and are adequate for the uses to which they are being put. Contractor shall execute and deliver such additional documents and take such further actions as may be necessary to transfer Contractor's right, title and interest

in the Goods to GRPUC, free and clear of any Encumbrances. Contractor has all risk of loss until GRPUC accepts the Goods.]

3. Consideration and Payment

3.1 Consideration. GRPUC will pay for performance by the Contractor under this Contract as follows:

3.1.1 Compensation. The Contractor will be paid Five thousand Four hundred dollars (\$5,400.00) Plus Shipping Costs with **Exhibit C**.

3.1.2 Shipping of not to exceed Five Hundred and Fifty Dollars. (\$550.00) added to invoice.

3.1.3 Total obligation. The total obligation and liability of GRPUC under this Contract will not exceed Five Thousand Nine hundred and Fifty Dollars (\$5,950.00).

3.2 Payment.

3.2.1 Invoices. GRPUC will pay the Contractor within thirty (30) days following receipt of an undisputed invoice that complies with **Exhibit C**. GRPUC may pay the Contractor in advance in its sole discretion. Payment will only be made for Goods received or Services actually performed that have been accepted by GRPUC.

3.2.2 Retainage. No more than ninety percent (90%) of the amount due under this Contract may be paid until Contractor has performed all of its obligations under this Contract to GRPUC's satisfaction.

4. Authorized Representative

GRPUC's Authorized Representative is Steve Mattson at the following business address: 500 SE 4th Street, Grand Rapids, MN, 55744 and the following telephone number: 218.326.7024, or his/her successor or delegate, and has the responsibility to monitor the Contractor's performance.

Contractor's Authorized Representative is Dave Morris (Senior Account Manager) at the following business address: 1800 East 122nd Street, Burnsville, MN 55337, and the following telephone number: 952-894-3150, or his/her successor. If the Contractor's Authorized Representative changes at any time during this Contract, the Contractor must immediately notify GRPUC.

5. **Indemnification.** Contractor will indemnify, defend, and hold harmless GRPUC, its agents, and employees, in relation to any expenses, damages, claims or causes of action, including reasonable attorney's fees, to the extent caused by any negligent or wrongful act, error or omission, breach of contract, or infringement of any intellectual property right by Contractor, any third party that Contractor has a business relationship with, or any of Contractor's agents or employees.

6. **Subcontracting.** Contractor may not subcontract all or any portion of this Contract without GRPUC's prior written consent, which GRPUC may grant or withhold in its sole discretion. If an approved subcontractor is determined to be performing unsatisfactorily by GRPUC, Contractor will ensure that the subcontractor is no longer used for this Contract. The provisions of the Contract shall apply with equal force and effect to all approved subcontractors and no subcontract will terminate the primary responsibility of Contractor hereunder. Contractor will pay all subcontractors in accordance with applicable law and the agreement between Contractor and the subcontractor.

7. **Ownership.** Contractor agrees that all legal right, title, and interest to intellectual property, data, documents, photographs, drawings, analyses, graphs, reports, physical property or other subject matter ("**GRPUC Property**") prepared, delivered, procured, or produced in relation to Contractor's obligations under this Contract shall vest in GRPUC. Contractor will perform all acts necessary to ensure that all GRPUC Property is the sole property of GRPUC, and that neither Contractor nor its employees, agents, or subcontractors retain any interest in and to the GRPUC Property.

8. **GRPUC Audits.** The Contractor's books, records, documents, and accounting procedures and practices relevant to this Contract are subject to examination by GRPUC for six (6) years from the expiration or termination of this Contract. After reasonable notice, Contractor shall make such books, records, documents, and accounting procedures and practices available to GRPUC for its examination and audit.

9. **Miscellaneous.**

9.1 General. No provision of this Contract may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by all the Parties. No waiver by a Party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreement or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by any Party which are not expressly set forth in this Contract. The validity, interpretation, construction and performance of this Contract shall be governed by the internal laws of Minnesota. If any provision of this Contract shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of this Contract shall not be affected thereby. This Contract shall be binding on, and shall inure to the benefit of the Parties hereto and their respective successors and permitted assigns. Contractor may not assign Contractor's rights or obligations hereunder without the prior written consent of GRPUC. This Contract may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall together constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Contract in Portable Document Format (PDF) or by facsimile transmission shall be as effective as delivery of a manually executed original counterpart of this Contract. In the event a Party institutes any legal proceeding against another Party regarding this Contract, the prevailing Party is entitled to receive the costs incurred by such Party, including reasonable attorneys' fees. In performing its obligations under this Contract, Contractor and its employees and agents shall act in the capacity of independent contractors and not as an employee, partner, joint venturer, or agent of GRPUC. When Contractor's employees are working on the premises of GRPUC, wherever located, they shall observe the working rules, policies, and procedures of GRPUC, including, but not limited to, its respectful

workplace policy. The Parties must comply with the Minnesota Government Data Practices Act in relation to this Contract. Contractor certifies that neither it nor its principals are presently debarred or suspended by any federal, state, or local government or agency or political subdivision thereof. Neither Party will publicize anything in relation to this Contract without the other Party’s prior written consent. Contractor shall not use or disclose any confidential information it receives from GRPUC except as is necessary to perform under this Contract. The obligations of Contractor hereunder shall survive the expiration or earlier termination of this Contract. Each of the Parties shall take such further actions as may be reasonably required to carry out the provisions of this Contract.

9.2 Notices. Any notice or other communication to any Party in connection with this Contract shall be in writing and shall be sent by hand-delivery, email, fax, overnight courier, or United States mail (postage prepaid) addressed to the address set forth below. All periods of notice shall be measured from the date of delivery thereof if hand-delivered, from the date of sending thereof if sent by email or fax (effective upon confirmation of receipt), from the first day after the date of sending if sent by overnight courier, or from three (3) business days after the date of mailing if mailed. Any Party may change such Party’s address for notices by notice given not less than ten (10) calendar days prior to the effective date of the change.

GRPUC
Address:
500 SE 4th Street
Grand Rapids, MN 55744
Attn: Steve Mattson
Email: srmattton@gmail.org

Contractor
Address:
1800 East 122nd Street
Burnsville, MN 55337
Attn: Dave Morris
Email:
Dave.Morris@psiengineering.net

10. Exhibits

The following Exhibits are attached and incorporated into this Contract. In the event of a conflict between the terms of this Contract and its Exhibits (including any supplements), or between Exhibits (including any supplements), the order of precedence is first the Contract, and then in the following order:

- Exhibit A: Insurance Requirements
- Exhibit B: Specifications, Duties, and Scope of Work
- Exhibit C: Price and Payment Schedule

IN WITNESS WHEREOF, the parties hereto by their duly authorized representatives have executed this Contract effective as of the effective date set forth above.

PSI Engineering

Grand Rapids Public Utilities Commission

By: Dave Morris

By: Julie A Kennedy 6/10/2022

Print Name: Dave Morris

Print Name: Julie A. Kennedy

Title: sales

Title: General Manager

Exhibit A: Insurance Requirements

- 1 **Notice to Contractor and Insurer.** Contractor shall not commence work under the Contract until it has obtained all the insurance described below and GRPUC has approved such insurance. Contractor shall maintain such insurance throughout the term of this Contract. GRPUC reserves the right to immediately terminate this Contract if the Contractor is not in compliance with the insurance requirements. All insurance policies must be open to inspection by GRPUC, and copies of policies must be submitted to GRPUC's Authorized Representative upon written request. The Contractor's insurance companies waive the right to assert the immunity of GRPUC as a defense to any claims made under said insurance.

- 2 **Additional Insurance Conditions.** The following apply to the Contractor and Contractor's subcontractor: Contractor's policy(ies) shall be primary insurance to any other valid and collectible insurance available to GRPUC. Contractor agrees to notify GRPUC within five (5) business days of receipt of any insurance cancellation notice. Contractor is responsible for payment of Contract-related insurance premiums and deductibles. Contractor's policy(ies) shall include legal defense fees in addition to its policy limits with the exception of professional liability. Contractor's insurance companies must either (1) have an AM Best rating of A- (minus) and a Financial Size Category of VII or better, and be authorized to do business in Minnesota, or (2) be domiciled in Minnesota and have a Certificate of Authority/Compliance from the Minnesota Department of Commerce if they are not rated by AM Best. An Umbrella or Excess Liability insurance policy may be used to supplement the Contractor's policy limits to satisfy the full policy limits required by the Contract.

- 3 **Coverages.** Contractor is required to maintain and furnish satisfactory evidence of the following insurance policies:
 - 3.1 **Commercial General Liability Insurance** coverage that would be maintained by a reasonable contractor in Contractor's profession performing a similar contract, with the following minimum limits:
 - \$1,500,000 – per occurrence
 - \$1,500,000 – annual aggregate
 - \$1,500,000 – annual aggregate – applying to Products/Completed Operations

 - 3.2 **Commercial Automobile Liability Insurance** coverage that would be maintained by a reasonable contractor in Contractor's profession performing a similar contract, with the following minimum limits:
 - \$1,500,000 – per occurrence Combined Single limit for Bodily Injury and Property Damage

The following coverages should be included: Owned, Hired, and Non-owned Automobile.

3.3 Workers' Compensation Insurance. Contractor shall obtain and maintain for the duration of the Contract, statutory workers' compensation insurance and employer's liability insurance as required under the laws of the State of Minnesota.

Exhibit B: Specifications, Duties, and Scope of Work

Contractor shall provide two (2) new TESLA pumps part # 300S20HP66 at a price of \$2700 each for a total of \$5,400.

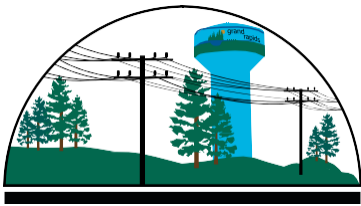
Exhibit C: Price and Payment Schedule

The total price for 2 pumps is Five Thousand Four Hundred dollars (\$5,400) Plus shipping cost of not to exceed Five Hundred and Fifty Dollars (\$550.00) for a grand total of \$5,950.00

Total \$5,950.00

Payment after receipt and acceptance of goods by Grand Rapids Public Utilities.

Payment 30 days after receipt of an uncontested invoice and acceptance of goods by Grand Rapids Public Utilities.



GRAND RAPIDS
PUBLIC UTILITIES

Service is Our Nature

Item 18.

500 SE Fourth Street • Grand Rapids, Minnesota 55744

ADMINISTRATION DEPARTMENT MONTHLY REPORT June 2022 Commission Meeting

Safety

There were no OSHA recordable accidents in the Administration Department last month.

Office Closure

- GRPU offices will be closed Monday, July 4 in observance of Independence Day.

Staffing

- Eric Drotts, Maintenance III, began employment with GRPU on April 25, 2022.
- Blake Brewster, Apprentice Line Worker, begins employment with GRPU on June 6, 2022.
- Dain Walters, Summer Intern, begins contracted employment with GRPU on June 6, 2022.

Community Involvement

- Solar Plus Battery Storage Ribbon Cutting – rescheduled to the afternoon on July 26.
- Economic Development discussions with City

Projects Performed Last Month

- Completed Journey Line Worker hiring process.
- Additional Teams and Intranet training for employees.
- Assisted in the Sanitary Sewer Jetting contract review.
- Implement new CDL training requirements.

Projects Scheduled for This Month

- Complete hiring for WWTP Operator position.
- Onboarding of Line Worker position.
- Storm Emergency EOP prep and mock test training.
- Continue shared network drive reconfiguration.
- Working with staff on WWTP & WTP future shift schedule changes.



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: June 15, 2022

AGENDA ITEM: Consider a motion to approve the July 1, 2022 renewal of the General Liability and Commercial Property Insurance with LMCIT in the amount of \$137,025, authorize payment of premium, and authorize the President to sign the annual Liability Coverage Waiver Form accepting the monetary limits on municipal tort liability established by MN SS 466.04.

PREPARED BY: Jean Lane, Business Services Manager

BACKGROUND:

Attached is the Insurance Summary for Grand Rapids Public Utilities Commission General Liability and Commercial Property Insurance with the League of Minnesota Cities Insurance Trust (LMCIT). Mr. Mike Kane, principal of Greater Insurance Service, or agent Kathy Gregerson will be attending the meeting. Also, please see the attached liability coverage waiver form. It has been past practice for GRPUC to select “does not waive” the monetary limits on municipal tort liability established by MN SS 466.04.

There is a substantial increase in the general liability insurance premium for property coverage. The total general liability insurance increased from \$111,438 to \$137,025 in 2022 which is a \$25,587 or 23% increase. Property and crime insurance coverage increased from \$45,059 to \$64,142 or 42% even with a 5.5% credit for the 2022/2023 premium year. Also to note the first party cyber premium increased from \$500 to \$4,368 for the 2022/2023 premium year.

Attachments:

Insurance Summary – League of MN Cities Insurance Trust
Liability Coverage – Waiver Form

RECOMMENDATION:

Consider a motion to approve the July 1, 2022 renewal of the General Liability and Commercial Property Insurance with the League of Minnesota Cities Insurance Trust (LMCIT) in the amount

of \$137,025; authorize payment of premium, and authorize the President to sign the annual Liability Coverage-Waiver Form accepting the monetary limits on municipal tort liability established by MN SS 466.04.

Grand Rapids Public Utilities Commission

Insurance Summary

June, 2022

League of MN Cities Insurance Trust (LMCIT)

- + Not-for-profit organization formed in 1980
- + Has paid a dividend to members every year since 1987

Presented by



407 S Pokegama Avenue
Grand Rapids, MN 55744

(P) 888-636-7174
(F) 218-999-0393

Property

Building, Contents & Income Coverage's

Coverage	2021-2022	2022-2023
Building	\$69,832,126	\$74,510,879
Business Personal Property	\$26,111,442	\$27,286,454
Business Income & Extra Expense	\$5,000,000	\$5,000,000
Property Deductible Per Occurrence / Aggregate	\$50,000 / \$100,000	\$50,000 / \$100,000
Income Deductible / Waiting Period	No waiting period	No waiting period

- ✦ The building limits were increased by 6.7% and the business personal property limits by 4.5% based on inflation factors that LMCIT receives from their property appraisal vendor. Other companies are indicating that construction costs nationwide have increased up to 20% this year and costs of goods are up over 10%, so this is a moderate increase.
- ✦ The business personal property limits have not been increased since 2020, so we strongly recommend that you increase them at least by the 4.5% included above. You should also consider whether any significant investments in new inventory, furnishings or equipment may require additional increases.
- ✦ Appraisals are performed every 7 years, and your next one should be in 2026. If construction costs have moderated by then, we will be able to adjust the building limits accordingly. These appraisals will contain estimated business personal property values, but those are much less dependable and should be compared to inventory and equipment lists.
- ✦ If you exceed the \$100,000 aggregate deductible in a policy term, the deductible per claim is reduced to \$2,500 for sewer backups and \$1,000 for all other types of losses.
- ✦ The deductible applies per occurrence but not per location, so in the event of a major storm only one deductible would apply to all damage at all locations.

Mobile Equipment Coverage

Coverage	Limit	Deductible
Unscheduled Equipment	\$250,000 per item	\$5,000
Hired and Leased Equipment	\$100,000 per item	\$50,000

- ✦ Items with a value higher than \$250,000 must be scheduled on the policy.

Other Property Coverage's

Coverage	Limit
Ordinance & Law – A, B, C	Included in Building Limit
Sewer Backup	\$500,000 if not Flood related
Debris Removal / Additional Limit	25% of Property Limit
Accounts Receivable	\$500,000
Valuable Papers & Records	\$500,000
Pollutant Cleanup Expenses	\$250,000

Crime Coverage

Coverage	Limit	Deductible
Limit Per Occurrence	\$250,000	\$500
Fraudulent Instructions Sublimit	\$50,000	\$500

- ✚ **This covers theft of money and property by individuals other than employees, forgery or alteration and credit card fraud.**
- ✚ **“Fraudulent Instructions”, often referred to as “social engineering”, is loss caused by an employee authorizing a payment or a money transfer based on instructions received from someone posing as a supervisor, client, or vendor.**

Fidelity & Faithful Performance Bond Coverage

Coverage	Limit	Deductible
Limit Per Occurrence	\$1,000,000	\$1,000

- ✚ **This covers losses sustained by the commission or third parties due to an employee's theft, negligence, or breach of duty that they are unable to collect directly from the employee. Defense for these types of allegations is provided under the liability coverage, but not fines, judgments or damages owed by the employee. If LMCIT pays a claim under this Bond, they will pursue legal action against the employee to recover the money.**

Liability

General Coverage's	
Coverage	Limit
Limit Per Occurrence	\$2,000,000 – Shared with Auto
General Aggregate	None
Products Liability Aggregate Limit	\$3,000,000
System Security Breach Claims Aggregate Limit	\$3,000,000
Failure to Supply Claims Aggregate Limit	\$3,000,000
Electromagnetic Field Claims Aggregate Limit	\$3,000,000
Limited Contamination Liability Aggregate Limit	\$3,000,000 Including Defense Costs
Land Use, Special Risk Claims Aggregate Limit	\$1,000,000
Outside Organization Claims Aggregate Limit	\$100,000
Medical Expenses	\$2,500 per person
Statutory Tort Limits	Apply
Deductible Per Occurrence	\$500
Retroactive Date	01/01/1983

- ✦ **Defense expenses are provided in addition to the limits shown above unless otherwise noted.**
- ✦ **The specific claim types listed above are the only ones subject to an annual aggregate limit. Other claims are subject to the limit per occurrence but not to an aggregate.**
- ✦ **Limited contamination coverage includes sudden and accidental release of pollutants, sewer backups, smoke from hostile fires and damages arising out of the deposit of dredged pollutants excavated as part of constructing or maintaining the utility supply systems.**
- ✦ **LMCIT's coverage form is extremely broad, incorporating general liability, directors' and officers' liability and employment practices liability together. It is designed to defend the commission against claims alleging officials or employees committed acts of malfeasance, neglect of duty and bad faith. It also provides defense for claims alleging harassment, discrimination, etc. brought by employees, individual third parties or regulatory agencies such as the EEOC.**

Auto Coverage

Coverage	Limit
Combined Single Limit Per Occurrence	\$2,000,000 – Shared with General Liability
Personal Injury Protection	Statutory Limits
Uninsured & Underinsured Motorist Liability	\$200,000 – Highest available with LMCIT
Comprehensive & Collision	\$1,000 deductible each, Actual Cash Value basis
Hired & Non-Owned Auto Liability	Included
Liability Deductible	\$1,000 Per Claim

Excess Liability Coverage

Coverage	Limit
Annual Aggregate Limit	\$3,000,000
Retention	None

 **These limits do not extend over failure to supply, cyber or pollution claims.**

First Party Cyber

Primary Coverage		
Coverage	Limit	Deductible
Annual Aggregate Limit	\$500,000	\$250 Per Occurrence

- ✦ This is the maximum amount available to you during the policy term for all losses.
- ✦ Coverage applies to legal and professional IT service fees, costs to notify affected individuals and expenses to provide required credit monitoring & identity restoration services resulting from a data breach. It also covers loss of revenue, accounts receivable losses, computer equipment & electronic data restoration costs resulting from a cyber-attack on your system.
- ✦ The policy form does not specifically address coverage for monies paid in response to a ransomware or extortion attack. Many companies are removing or limiting this coverage, and these attackers are almost always on the Federal Government's list of terrorist and criminal entities, which makes paying them ransoms illegal.

Shared / Pooled Coverage Limits		
Coverage	Limit	Deductible
Common Cause Event Limit	\$10,000,000	N/A
12 Month Shared Aggregate Limit	\$25,000,000	N/A

- ✦ If a cyber event or a related series of cyber events is large enough that the total losses for all members exceed the \$10,000,000 "Common Cause Event Limit", LMCIT will pro-rate the amount paid to each member. For example, if you had a \$60,000 loss and the total losses arising out of that event were \$15M, you would only receive $\$60,000 \times \$10M / \$15M = \$40,000$. This would apply to your annual aggregate of \$500,000.
- ✦ In any 12-month period where LMCIT's total losses for all claims exceeds the \$25M "12 Month Shared Aggregate Limit", they will retroactively apply a pro-rate factor to the total losses paid to each member during that period, using a formula like that above. This means they could potentially have to seek recovery from members of losses previously paid.
- ✦ We do have national brokerages with cyber divisions and experts that we work with to write this coverage in the independent market. If you feel that higher limits are needed, we can approach them to see what excess coverage may be available. The applications for this type of coverage are extensive and very detailed, so we will have to work closely with your IT staff to get them completed adequately.

Premiums

Annual Premiums		
Coverage	2021-2022	2022-2023
Property & Crime	\$45,059	\$64,142
Bond	\$1,174	\$1,142
General Liability	\$40,440	\$41,342
Auto	\$8,185	\$8,159
Excess Liability	\$16,080	\$17,872
First Party Cyber	\$500	\$4,368
Total	\$111,438	\$137,025

- ✚ Most of the property premium increase is due to rate changes by LMCIT, which are developed from their loss experience and projections of expected losses. Unfortunately, one of the types that had the most significant rate increase is water, sewer, and electric utility property.
- ✚ We have asked for all credits available on the property, and they agreed to give us a 5.5% credit. Property coverage is an area where we are seeing double digit increases from all companies on all types of industries. Skyrocketing construction costs have left many customers underinsured, so companies are paying much higher claims than they projected and rated for.
- ✚ The general liability experience mod increased 31%, from 0.993 to 1.006, which is the reason for the increase in this premium. This mod compares your loss history with the expected losses of a city of your size, like the workers comp experience mod.
- ✚ Cyber coverage used to be included in property, but LMCIT had to carve it out and reduce limits to control losses and protect the program, probably due to lack of reinsurance coverage available. Like all other companies, LMCIT is going to require members to implement increasingly complex loss control measures to qualify for coverage.
- ✚ LMCIT does pay dividends in this program, and in 2021 you received a dividend of \$5,195. They will announce any dividends for this year in December, so I do not know if you will receive one yet.



LIABILITY COVERAGE – WAIVER FORM

Members who obtain liability coverage through the League of Minnesota Cities Insurance Trust (LMCIT) must complete and return this form to LMCIT before the member's effective date of coverage. Return completed form to your underwriter or email to pstech@lmc.org.

The decision to waive or not waive the statutory tort limits must be made annually by the member's governing body, in consultation with its attorney if necessary.

Members who obtain liability coverage from LMCIT must decide whether to waive the statutory tort liability limits to the extent of the coverage purchased. The decision has the following effects:

- *If the member does not waive the statutory tort limits, an individual claimant could recover no more than \$500,000 on any claim to which the statutory tort limits apply. The total all claimants could recover for a single occurrence to which the statutory tort limits apply would be limited to \$1,500,000. These statutory tort limits would apply regardless of whether the member purchases the optional LMCIT excess liability coverage.*
- *If the member waives the statutory tort limits and does not purchase excess liability coverage, a single claimant could recover up to \$2,000,000 for a single occurrence (under the waive option, the tort cap liability limits are only waived to the extent of the member's liability coverage limits, and the LMCIT per occurrence limit is \$2,000,000). The total all claimants could recover for a single occurrence to which the statutory tort limits apply would also be limited to \$2,000,000, regardless of the number of claimants.*
- *If the member waives the statutory tort limits and purchases excess liability coverage, a single claimant could potentially recover an amount up to the limit of the coverage purchased. The total all claimants could recover for a single occurrence to which the statutory tort limits apply would also be limited to the amount of coverage purchased, regardless of the number of claimants.*

Claims to which the statutory municipal tort limits do not apply are not affected by this decision.

LMCIT Member Name:
Grand Rapids Public Utilities Commission

Check one:

The member **DOES NOT WAIVE** the monetary limits on municipal tort liability established by [Minn. Stat. § 466.04](#).

The member **WAIVES** the monetary limits on municipal tort liability established by [Minn. Stat. § 466.04](#), to the extent of the limits of the liability coverage obtained from LMCIT.

Date of member's governing body meeting: _____

Signature: _____ Position: _____



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: June 15, 2022

AGENDA ITEM: Consider a motion to approve Resolution No. 06-15-22-3 accepting the 2021 audited annual comprehensive financial statements and related auditor's letters.

PREPARED BY: Jean Lane, Business Services Manager

BACKGROUND:

Cities over 2,500 in population must have an annual audit in accordance with GAAP. The Grand Rapids Public Utilities is a component unit of the City of Grand Rapids and therefore also required to have an annual financial audit performed.

The governing body is required to review the audit and accompanying auditor's letters on management, internal control, and legal compliance. The primary purpose of the audit is to receive an opinion from an independent review which states the GRPU financial statements are accurately presented. The audited financial statements provide valuable information to assist the Grand Rapids Public Utilities Commission in making informed policy decisions.

Baker Tilly, US, LLC has performed the external independent audit of the GRPU for many years. Aaron Worthman, CPA Partner, and Dan La Haye, CPA Senior Manager presented virtually draft financial statements, auditor's letters, and a brief PowerPoint presentation at the May 24 GRPU Commission meeting.

Attached are the 2021 audited annual comprehensive financial statements and related auditor's letters.

RECOMMENDATION:

Consider a motion to approve Resolution No. 06-15-22-3 accepting the 2021 audited annual comprehensive financial statements and related auditor's letters.

**GRAND RAPIDS PUBLIC UTILITIES COMMISSION
RESOLUTION NO. 06-15-22-3**

**ACCEPT THE 2021 AUDITED ANNUAL COMPREHENSIVE FINANCIAL
STATEMENTS
AND RELATED AUDITOR'S LETTERS**

WHEREAS, the Grand Rapids Public Utilities (GRPU) is required by statute to perform an annual independent audit of the overall financial records of the GRPU; and

WHEREAS, the Grand Rapids Public Utilities Commission has retained Baker Tilly, US, LLC to perform the GRPU annual financial audit for 2021; and

WHEREAS, the results of the 2021 annual financial audit, audit opinion, and related auditor's letters were presented at the May 24, 2022 Commission meeting,

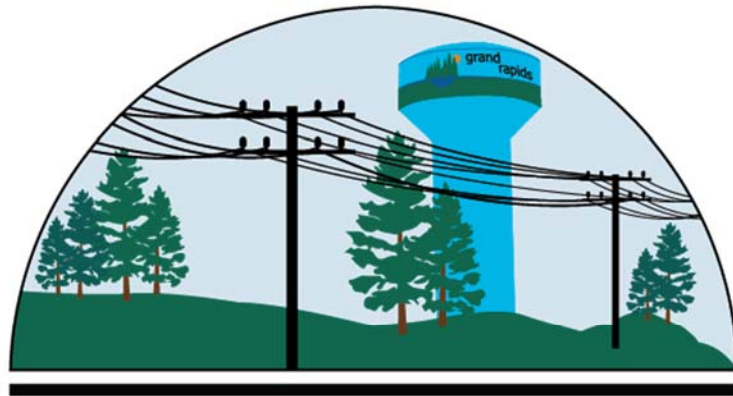
NOW, THEREFORE BE IT RESOLVED THAT the Grand Rapids Public Utilities Commission has reviewed and accepted the 2021 GRPU audited annual comprehensive financial statements and auditor's letters as presented.

Adopted this 15th day of June, 2022.

President

Witness:

Commissioner



**GRAND RAPIDS
PUBLIC UTILITIES**
Service is Our Nature

**GRAND RAPIDS
PUBLIC UTILITIES COMMISSION**

A Component Unit of the
City of Grand Rapids, Minnesota

Annual Comprehensive Financial Report

As of and for the Fiscal Years Ended December 31, 2021 and 2020

Prepared by:

Business Services Department

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

A Component Unit of the City of Grand Rapids, Minnesota

TABLE OF CONTENTS

As of and for the Years Ended December 31, 2021 and 2020

INTRODUCTORY SECTION

Letter of Transmittal	i – ix
Certificate of Achievement	x
Organization	xi
Organization Chart	xii

FINANCIAL SECTION

Independent Auditors' Report	xiii – xv
------------------------------	-----------

Required Supplementary Information

Management's Discussion and Analysis (Unaudited)	xvi – xxvi
--	------------

Basic Financial Statements

Statements of Net Position	1 – 2
Statements of Revenues, Expenses, and Changes in Net Position	3
Statements of Cash Flows	4 – 5
Notes to Financial Statements	6 – 37

Required Supplementary Information

Schedule of Proportionate Share of Net Pension Liability	38
Schedule of Contributions – Pension	38
Notes to Required Supplementary Information	39 – 41

Supplementary Information

2021 Combining Schedules of Revenues and Expenses	42
2020 Combining Schedules of Revenues and Expenses	43
Electric Department – Detailed Schedule of Revenues and Expenses	44 – 45
Water Department – Detailed Schedule of Revenues and Expenses	46 – 47
Wastewater Collection Department – Detailed Schedule of Revenues and Expenses	48 – 49
Wastewater Treatment Facility – Detailed Schedule of Revenues and Expenses	50
Waste Treatment Service Center – Schedule of Expenses	51

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

A Component Unit of the City of Grand Rapids, Minnesota

TABLE OF CONTENTS

As of and for the Years Ended December 31, 2021 and 2020

FINANCIAL SECTION (cont.)

Supplementary Information (cont.)

Wastewater Treatment Plant Primary Plant II – Schedule of Expenses	52
Screen House – Schedule of Expenses	53
Sludge Disposal – Schedule of Expenses	54
Secondary Treatment Facility – Schedule of Expenses	55
Combined Schedule of Administrative, General and Customer Accounts Expense	56
Schedule of Changes in Utility Plant	57
Schedule of Changes in Accumulated Depreciation	58
Schedule of Contributions to the City of Grand Rapids	59

STATISTICAL SECTION

Financial Trends

Contents	60
Net Position by Component	61
Changes in Net Position	62
Operating Revenues by Source	63
Operating Expenses by Source	64
Nonoperating Revenues and Expenses	65
Annual Capital Contributions by Source	66

Revenue Capacity

Electric Production and Distribution	67
kWh Sold or Accounted for by Customer Class	68
Number of Electric Customer Meters by Type	69
Electric Rates – City Customers	70
Electric Rates – Rural Customers	71
Water Production and Distribution	72
Water Distribution by Customer Class	73
Number of Water and Wastewater Collection Customer Meters by Type	74
Water and Wastewater Collection Rates – City Customers	75
Water and Wastewater Collection Rates – Rural Customers	76
Ten Largest Customers	77
Wastewater Collection and Treatment	78

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

A Component Unit of the City of Grand Rapids, Minnesota

TABLE OF CONTENTS

As of and for the Years Ended December 31, 2021 and 2020

STATISTICAL SECTION (cont.)

Debt Capacity

Ratios of Outstanding Debt by Type	79
Pledged Revenue Coverage	80

Demographic and Economic Information

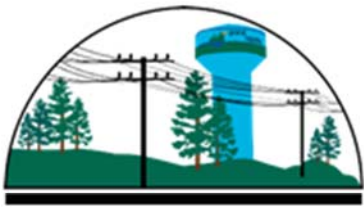
Demographic and Economic Statistics	81
Principal Employers	82

Operating Information

Full-Time Equivalent Commission Employees by Function	83
Operating and Capital Indicators – Electric	84
Operating and Capital Indicators – Water and Wastewater	85
Selected Financial Operating and Operating Ratios – Electric	86 – 87

Auditors' Report on Legal Compliance

88



GRAND RAPIDS
PUBLIC UTILITIES

Service is Our Nature

Item 20.

500 SE Fourth Street • Grand Rapids, Minnesota 55744

June 2, 2022

Members of the Commission
Grand Rapids Public Utilities Commission
500 SE 4th Street
Grand Rapids, Minnesota 55744

The Annual Comprehensive Financial Report of the Grand Rapids Public Utilities Commission (GRPUC) for the year ended December 31, 2021 is hereby submitted. This report was prepared by the Business Services Department, with the assistance of our independent auditing firm, Baker Tilly US, LLP. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the GRPUC. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position, results of operations, and cash flows of the GRPUC. All disclosures necessary to enable the reader to gain the maximum understanding of the financial activities of the GRPUC have been included. More information regarding the financial activities of the GRPUC can be found in Management's Discussion and Analysis found in the Financial Section of this report.

The GRPUC is a component unit of the City of Grand Rapids, Minnesota. Management of the GRPUC is responsible for establishing and maintaining an internal control structure designed to ensure that assets are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

An independent audit of the GRPUC is performed each year to provide some assurance to the members of the Commission that accounting principles are correctly and consistently applied, and that assets are properly safeguarded. The certified public accounting firm of Baker Tilly US, LLP conducted this year's audit. Based on the audit, Baker Tilly US, LLP issued an unmodified opinion on the financial statements for the years ended December 31, 2021 and 2020. The auditor's opinion accompanies this report.

GENERAL INFORMATION

The City of Grand Rapids is situated on the banks of the Mississippi River, in north central Minnesota. The city is located approximately 175 miles north of the Minneapolis-St. Paul metropolitan area, in northcentral Minnesota, and is the county seat of Itasca County.

On March 30, 1910, the Grand Rapids Village Council adopted a resolution establishing a Water, Light, Power and Building Commission for the Village of Grand Rapids. In 1949, in accordance with state statutes, the Water, Light, Power and Building Commission was changed to a Public Utilities Commission. The Grand Rapids Public Utilities Commission is a branch of the City government charged by Section 412.321, Minnesota Statutes with full control, operation and management of the electrical power distribution system, the water production, treatment and distribution systems, and the wastewater collection and treatment systems. The area served by the GRPUC includes the Cities of Grand Rapids, LaPrairie, Cohasset and certain other outlying areas.

The GRPUC distributes electrical power to 5,888 city customers, 1,201 rural customers (including the City of LaPrairie), and 375 off-peak customers. One industrial customer is also served. Minnesota Power (MP) provides wholesale electric service under a contract that expires December 31, 2029, unless prior to that date, a new customer of GRPU with a 15-minute peak of equal to or greater than 10 MW locates in the IEDC Eco Industrial Park, which would then extend the Term of Agreement through December 31, 2034. The contract requires no minimum purchase of power and provides that GRPUC may add new renewable generation capacity up to ten percent (10%) (non-cumulative) of the total GRPUC load, based on the previous year's average annual billed demand, excluding any existing renewable generation capacity prior to September 1, 2015. In addition, beginning in 2019, the generation capacity charge for each year is based on the previous year generation capacity charge adjusted as determined by the power supply formula rate for capacity, except that the charge will not be more than 2% higher, or more than 1% lower, than the previous year's charge. GRPUC negotiated a new wholesale Electric Service Agreement with Minnesota Power effective in 2022 that extends through December 31, 2029.

Power is received at 115 kV and transformed to 22.9 kV for distribution to 6 major substations, 5 rural step-down stations, or directly transformed to consumer applicable voltages. The main 115 kV to 22.9 kV substation was constructed in 2005 at a cost of \$2.3 million dollars, and financed through reserves. The Tioga 115 kV to 22.9 kV substation was constructed in 2018 for \$1.4 million dollars. The electrical distribution system consists of 150 overhead and 222 underground conductor miles. The GRPUC is responsible for all construction, operation, and maintenance of the electric distribution system.

The GRPUC provides potable water for 3,285 city customers, 6 industrial customers, the City of LaPrairie, and Itasca Community College. The source of water is five wells with a combined pumping capacity from 1,600 to over 2,500 gallons per minute. The GRPUC owns one water treatment facility capable of treating 3.24 million gallons of water per day. Water treatment consists of aeration, gravity filtration, and zeolite softening. Treated water is stored in a 0.5 million gallon underground water reservoir and pumped to the distribution system using high service pumps. The distribution system includes three .5 million gallon elevated storage reservoirs and 81 miles of cast and ductile iron distribution mains consisting mostly of 6", 8" and 12" pipe. The GRPUC is responsible for the construction, operation, and maintenance of the production and treatment facilities and the replacement of the distribution system assets.

Wastewater collection and treatment services are provided to 3,209 city customers and 14 rural customers. The GRPUC also provides treatment for one industrial customer, the City of Cohasset, the City of LaPrairie, and Itasca Community College. Wastewater collection is provided through a 68-mile system of gravity and force mains. The system includes 14 sewage lift stations located throughout the City.

GENERAL INFORMATION (cont.)

The Wastewater Treatment Facilities consist of the Industrial Screening/Pumping Station, the Industrial Primary Treatment Plant, the Secondary Treatment Plant and the Industrial Sludge Landfill. These facilities treat an average of 5.5 million gallons of waste effluent per day; 4.0 million gallons from UPM/Blandin Paper Company and 1.5 million gallons from domestic users. The GRPUC is responsible for the replacement, operation, and maintenance of the wastewater collection system and the construction, operation and maintenance of the wastewater treatment facilities.

In 1996, the Grand Rapids Public Utilities Commission constructed a new service center building to house the Utilities' business office and the Electric, Water Distribution, and Wastewater Collection Departments. The City of Grand Rapids leases a portion of the building that is used by the City's Public Works Department. The combined service center facility has allowed the GRPUC and the City to combine certain functions, in order to provide better and more efficient services to their constituents.

The GRPUC adopts an annual, non-appropriated budget that includes both capital outlays and operating revenues and expenses. The budget is based on the overall financial plan for the GRPUC, taking into consideration the results of various rate studies that project anticipated revenues and required expenditures over a five to seven year period. Budget-to-actual comparisons are made on a quarterly basis, with appropriate action taken at that time.

FACTORS AFFECTING FINANCIAL CONDITION

LOCAL ECONOMY

The City of Grand Rapids is located in the heart of a prime resort and recreational area in north central Minnesota and is a major commercial and industrial center for the area. The tourism industry also contributes heavily to the local economy. Recent annexations have increased the City's population from 8,543 in 2005 to 11,126 in 2021.

Forestry and its related products and activities are a major element of the local economy. The UPM Kymmene Blandin Paper Company operates a large paper mill in the City, and is a major employer with approximately 225 employees. Another major employer is the Grand Itasca Clinic and Hospital with over 600 employees. In 2005, Grand Itasca completed construction of a \$62 million health care campus.

Independent School District #318 (ISD #318) serves over 4,000 students including the greater Grand Rapids area and has recently completed building two new elementary schools costing over \$60 million. ISD #318 has over 1,000 employees.

The City is the regional headquarters for the Minnesota Department of Natural Resources. Other major employers are the City and County government, Northland Counseling, Arrowhead Promotion & Fulfillment, and Wal-Mart Stores, Inc. Grand Rapids is also home to All Season Vehicles (ASV) holdings, majority owned by Manitex International, an affiliate of Yanmar Holdings. Iron mining and taconite pellet processing are located in nearby communities and contribute to the employment opportunities for City residents and to the area economy.

LONG-TERM FINANCIAL PLANNING

In September 2007, the GRPUC contracted with Collaboration Unlimited to assist with the development of a Strategic Business Plan (SBP). Input for the plan came from employees, customers, representatives of the City of Grand Rapids and other stakeholders.

FACTORS AFFECTING FINANCIAL CONDITION (cont.)

LONG-TERM FINANCIAL PLANNING (cont.)

The GRPUC also formed a Community Advisory Panel which contributed ideas, opinions and information, as well as reviewed and provided comments on the planning documents. The SBP communicates the overarching Strategic Framework that provides broad and enduring guidance. The more focused Annual Business Plan consists of operational goals, financial goals, and resource requirements. The Plan begins with a vision to the year 2015.

In 2000, the GRPUC contracted with R.W. Beck, Inc. to complete a 10-year comprehensive capital improvement plan for the electric distribution system. The GRPUC also hired R. W. Beck, Inc. to perform a management and operation review of the electric department which was completed in March 2001. The recommendations of that study are reviewed and implemented when deemed beneficial to the Utilities. In 2020, Widseth, Smith, Nolting was hired to perform an electric distribution study. The scope of work included engineering work and analysis to diagnose and develop a remediation plan for electric distribution voltage issues and faults within the GRPUC service territory.

TKDA Engineers were hired in 2002 to complete a Comprehensive Water System Study applicable to the next ten years. The study addressed water production, treatment and pumping capacities, as well as distribution and fire flow capabilities. Water production, treatment and pumping capacities were found to be adequate. Several of the distribution/fire flow system improvements identified in the study were implemented. The remainder of the recommendations, whose implementation is based on growth, will be phased in as required to meet demand for service. In 2019, Short Elliot Hendrickson performed a comprehensive water and sewer study. The project scope was to assess current flow and pressure scenarios, system deficiencies, and develop a capital improvement plan.

In 2009, the GRPUC authorized construction of the \$31.0 million Wastewater Treatment Facility (WWTF) Phase 1 Improvement Project. GRPUC received \$4.5 million in state and federal grants and a low interest loan for up to \$28.5 million from the Minnesota Public Facilities Authority (PFA) to complete the financing of the project. To ensure ratepayers and city taxpayers were not liable in the event of a default, the facilities' largest user backed 91.8% of the PFA loan with an irrevocable draw letter of credit. The facility came on line April 2011.

The GRPUC also contracted with Kaeding and Associates in 2001 to design and assist in the implementation of a Supervisory Control and Data Acquisition (SCADA) System for its Water Production and Treatment Facilities (WPTF). The SCADA system selected for the Water Treatment Facility is the standard that will be deployed throughout the utility. The system has also been installed in portions of the Wastewater Treatment Facility, the Electric Distribution System, and was implemented as part of the Phase 1 WWTF Improvements project.

RELEVANT FINANCIAL POLICIES

Utility rates are reviewed annually and adjusted per financial plans or as needed. Cost of service and rate design studies are conducted routinely for each of the utilities. Ancillary charges and special service charges, applicable to each utility, are also reviewed and updated as needed. In 2020, David Berg Consulting conducted an electric cost of service and rate design study to review GRPUC retail electric rates. The results of the study were presented to the GRPU Commission with a five-year financial plan and financial performance indicators.

In 1997, the GRPUC entered into a payment-in-lieu-of-tax (PILOT) agreement with the City of Grand Rapids and amended the agreement in December 2009. The PILOT agreement provides the terms and conditions under which the GRPUC will make payments in-lieu of taxes to the City and how the City will pay for Utility supplied services. Terms of this agreement may be modified by the GRPUC after meeting and conferring with the City Council. Previously, the GRPUC transferred 4.84 mills (one mill equals one-tenth of a cent) per kilowatt-hour sold at retail to the City as an in-lieu of tax payment, with a minimum annual PILOT of \$823,000. Effective January 1, 2013, the payment in-lieu of tax increased to 5.00 mills per kilowatt-hour sold, with a minimum annual payment of \$868,000.

FACTORS AFFECTING FINANCIAL CONDITION (cont.)

MAJOR INITIATIVES

The following major projects were undertaken in 2021:

Electric Department

- > Inspected and replaced a portion of the system power poles.
- > Completed the conversion of the NW 5th Street electric distribution system from an overhead to an underground system for the City of Grand Rapids trail project.
- > Continued to analyze electric distribution system low reliability areas and correct issues.
- > Removed overhead electrical lines and re-routed fiber lines around Itasca County Justice Center construction project. Converted City Hall from an overhead to an underground electrical service and removed several businesses electrical services as part of the Justice Center construction project.
- > Implemented phase one of a new outage management system to track electric system outages.
- > Replaced nine AMI gateway modems enabling the transfer to 4G and 5G cellular systems.
- > Completed the utility's portion of the Itasca Clean Energy Solar Plus Battery Storage Project planned to be energized in 2022.
- > Reviewed electric department policies and procedures including interdepartmental policies and procedures.
- > Coordinated with several utilities and contractors to successfully restore GRPUC electric service outages to customers, caused by the July 26 storm, in a timely manner. This declared county-wide large July 26 storm emergency affected 65% of GRPUC customers.
- > Received \$332,479 of grants from MN Homeland Security Department for costs associated with the county-wide declared July 26 storm emergency.

Water and Wastewater Department

- > Finished deployment of water meters and nodes for the AMI installation project. Supply chain issues prevented installation of the last one percent meter and nodes.
- > Replaced deteriorated water and sewer mains, manholes and customer service lines in conjunction with the City of Grand Rapids reconstruction project for NE 2nd Avenue (7th St. and 9th St.).
- > Completed the project to add candy-cane style hydrant markers throughout the water distribution system.
- > Continued to systematically replace aging equipment in the water treatment plant and distribution system such as high service pump controls, pumps and valve pit communication devices.
- > Continued to systematically replace aging equipment in the wastewater collection system such as lift station pumps, pump control systems and cellular based alarm systems.
- > Received MPCA certification of GRPU internal lab to be able to test key analytics for compliance with wastewater permit.
- > Completed the super-oxygenation project to oxygenate the industrial influent to reduce odors and eliminate chemical usage at the primary plant.
- > Purchased 2019 Vactor 2100 Plus jetter vac truck on a Peterbuilt chassis as well as an Envirosight camera and trailer which replaced the twenty-year-old Vac-con jetter vac truck.
- > Replaced the high-speed gearboxes on two aeration basin mixers and replace waste activated sludge pump 1 at the secondary plant.

FACTORS AFFECTING FINANCIAL CONDITION (cont.)

MAJOR INITIATIVES (cont.)

- > Completed the required federal AIWA risk and resilience for the water system.
- > Successfully implemented the approved GRPUC drought plan upon notice from MN DNR during summer drought conditions.

Business Services Department

- > Implemented upgrade of financial system software to GP Dynamics 2018 and associated Cogsdale and other third-party software. Trained GRPUC staff on the software changes.
- > Selected and began to implement a fully automated payroll time entry and time off approval system for all GRPUC employees.
- > Started to review, revise, and develop accounting, finance, and customer policies and procedures including interdepartmental policies and procedures.
- > Initiated review and realigned various work flow processes performed by customer service team members.
- > Provided training for new CSR team members due to several retirements.
- > Completed the AMI water meter node installation project.

Administration

- > Implemented the Policy Governance Model, in collaboration with the Commission, by reviewing and updating Commission policies and internal procedures (SOPs).
- > Completed off-boarding six employees with 178 years of experience. Five employees retired with 160 years of experience.
- > Hired and on-boarded four new employees.
- > Administered safety management with one reportable accident for the calendar year.
- > Finalized the combination of the Water-Sewer and the Wastewater Treatment Departments into the Water-Wastewater Department, updated job descriptions, posted for and filled positions.
- > Worked collectively with NEMMPA to negotiate 13 local municipal wholesale electric service agreements.
- > Replaced the Commission meeting software platform in conjunction with the City of Grand Rapids.
- > Presented the Itasca Clean Energy Solar plus Battery Storage Project at several peer and community organizations.

Projects for 2022 include:**Electric Department**

- > Inspect and replace a portion of the system power poles.
- > Update the electric cost of service rate study originally developed in 2019.
- > Energize the community solar garden battery and monitor the usage of the battery to offset the community's peak energy usage.
- > Implement energy saving lighting at combined service center.

FACTORS AFFECTING FINANCIAL CONDITION (cont.)

MAJOR INITIATIVES (cont.)

- > Prepare for several commercial and residential customer new requests for services with supply chain challenges.
- > Finalize implementation and training of the new outage management system to track electric system outages.
- > Convert Crystal Springs single phase overhead distribution to underground for improved reliability.
- > Contract for aerial photography of GRPUC service area to be used with GIS software.
- > Convert Maple Street from overhead to underground for improved reliability.
- > Convert alley between SW 1st and 2nd Avenue North of SW 4th Street from overhead to underground for improved reliability.
- > Replace failed AMI Gateways with new models for improved reliability.

Water and Wastewater Department

- > Replace the aging water treatment plant filter blower, air compressor, filter effluent valve and high service pump 2 controls.
- > Replace the aging and failing east and west valve pit valves.
- > Replace water hydrants for the Highway 2 west connection trail in conjunction with City of Grand Rapids reconstruction projects.
- > Perform mid-Tower coating repairs.
- > Upgrade security systems at the water treatment plant.
- > Perform a water leak study of the GRPUC distribution system.
- > Replace aged water treatment plant influent and effluent flow meters.
- > Water treatment plant renovation of critical equipment due to end of useful life.
- > Replace aged water treatment plant sludge pump.
- > Rehabilitation of Well #1.
- > Upgrade communication systems between water treatment plant and remote wells.
- > Replace aged water treatment plant turbidity meters.
- > Clean and replace water treatment plant aerator media.
- > Conduct a cost of service rate study for the water, wastewater collection, and wastewater treatment systems.
- > Replace 12 bad sections of wastewater collection mains identified from jetting/televising.
- > Work with City of Grand Rapids on 7th Avenue SE overlay project.
- > Purchase generators and switches for lift stations 2 and 3.
- > Update controls on lift stations 6 and 7.
- > Repair Parkson Domestic Screen for domestic waste.
- > Replace second and third screws of the custom sludge screw conveyor.
- > Research options to reduce landfill leachate generation for phases 1-4 and kettle D.
- > Overhaul repairs to aged aeration basin mixers at the secondary waste treatment plant.

Business Services Department

- > Implement focused enterprise resource planning software training for GRPUC team members on real time issues with external software trainers.
- > Complete implementation of a fully automated payroll time entry and time off approval system for all GRPUC employees.

FACTORS AFFECTING FINANCIAL CONDITION (cont.)

MAJOR INITIATIVES (cont.)

- > Develop an enterprise resource planning software request for proposal in partnership with City of Grand Rapids.
- > Realign tasks for information technology support with external contractors to allow focus internally on exporting data from current software.
- > Continue to review, revise, and develop accounting, finance, and customer policies and procedures including interdepartmental policies and procedures.
- > Review and improve various work flow processes performed by business service team members.
- > Implement use of purchasing cards for small purchases improving accounts payable efficiency.
- > Implement use of electronic vendor payments.
- > Cross-train business services team members on critical core payroll and accounts payable functions.
- > Streamline inter-governmental billing for services with City of Grand Rapids.

Administration Department

- > Continue implementing the Policy Governance Model, in collaboration with the Commission, by reviewing and updating Commission policies and internal procedures (SOPs).
- > Continue to improve overall efficiency through updated workflows and procedures.
- > Improve customer communications via updated and improved website.
- > Improve internal communication with an intranet platform for a one-stop shop for all employees.
- > Prepare documentation to conduct a classification and compensation study in late 2022/early 2023.
- > Mentor two groups of Itasca Community College engineering students; one group on the Solar Plus Battery Storage Project ribbon cutting event, and another group on a wastewater treatment sludge landfill cover options project.
- > Celebrate with the community the Itasca Clean Energy Solar Plus Battery Storage Project by hosting tours and providing education on solar energy.
- > Complete off-boarding two employees retiring with 33 years of combined experience.
- > Complete on-boarding three employee positions.
- > Prepare to renegotiate key contracts for water and wastewater services with major customers.
- > Presentation at MN State Legislature for possible bond funding of the water treatment plant rehabilitation project.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Grand Rapids Public Utilities Commission for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2020. This was the twenty-first year that the GRPUC has received this prestigious award. In order to be awarded a Certificate of Achievement, the utility must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the business services and administration team members of the GRPUC. We would also like to extend our appreciation to the independent auditors who contributed to the preparation of this report and to thank the members of the Commission for their interest and support in planning and conducting the financial operations of the GRPUC in a responsible and progressive manner.

Respectfully submitted,



Jean M. Lane
Business Services Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Grand Rapids Public Utilities Commission
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morrill

Executive Director/CEO

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

ORGANIZATION
DECEMBER 31, 2021

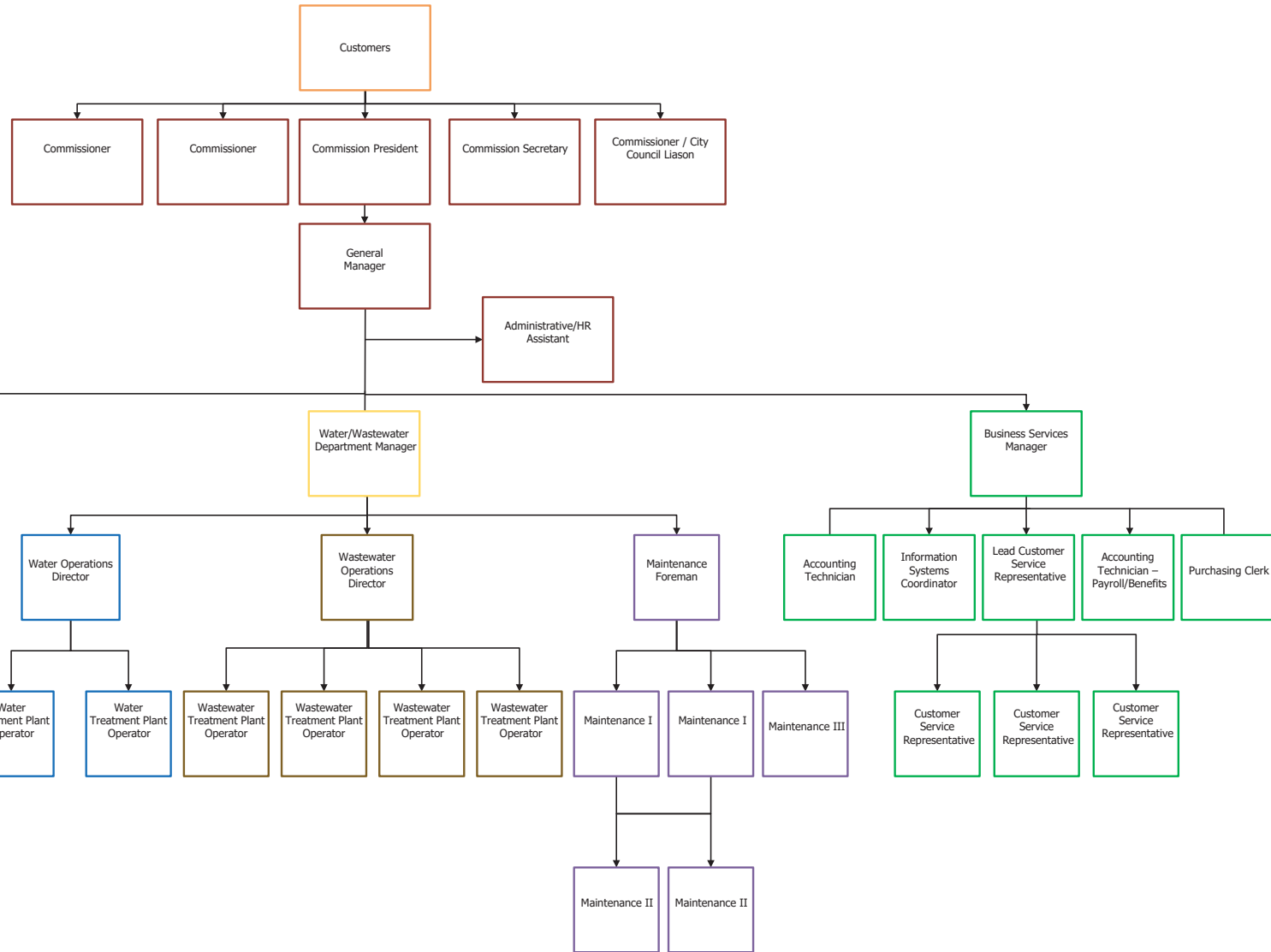
The Grand Rapids Public Utilities Commission, Grand Rapids, Minnesota was established in 1910 by City Council resolution. The members of the Commission are appointed to three year terms by the City Council. The Commission manages and controls the electric, water and wastewater collection and treatment of the City.

COMMISSION

<u>Position</u>	<u>Name</u>	<u>Term Expires</u>
President	Tom Stanley	3/1/2024
Secretary	Kathy Kooda	3/1/2022
Commission Member	Luke Francisco	3/1/2023
Commission Member	Rick Smith	3/1/2025
Commission Member	Rick Blake	1/1/2022

ADMINISTRATION

General Manager.....	Julie A. Kennedy
Business Services Manager.....	Jean M. Lane
Electric Distribution Manager.....	Jeremy J. Goodell
Water/Wastewater Manager.....	Steven R. Mattson



2021-12-03 Organizational Chart

Independent Auditors' Report

To the Commission of
Grand Rapids Public Utilities Commission

Opinion

We have audited the accompanying financial statements of the Grand Rapids Public Utilities Commission (GRPUC), a component unit of the City of Grand Rapids, Minnesota, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the GRPUC's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the GRPUC as of December 31, 2021 and 2020, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the Introductory Section and Statistical Section but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Baker Tilly US, LLP

Madison, Wisconsin
June 2, 2022

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Years Ended December 31, 2021 and 2020 (UNAUDITED)

The management of the Grand Rapids Public Utilities Commission (GRPUC) offers readers of the GRPUC's financial statements this narrative overview and analysis of the financial activities of the GRPUC for the years ended December 31, 2021 and 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i – ix of this report. The GRPUC implemented Governmental Accounting Standards Board Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* – for the first time in 2003.

FINANCIAL HIGHLIGHTS

- > The GRPUC's net position decreased by \$111,341 or 0.22%, from 2020 to 2021. A decrease in total assets is based mainly on decreases in accounts receivables, decreases in capital assets, and decreases in total liabilities.
- > Total operating revenues increased \$2,822,288, or 12.55%, between 2020 and 2021. Electric revenues were \$2,881,137, or 18.79%, higher than the previous year due to increases in the purchase power adjustment to residential, commercial, and industrial customer sales. Overall, kWh sales were up 1.46% from 2020. Water operating revenues increased by \$108,469, or 6.10%, due to increases in city and rural sales and miscellaneous services. The number of water gallons sold increased overall by 10.59%. Wastewater collection revenues were up \$69,847, or 3.89%, from 2020, primarily due to an increase in wastewater collection sales. Wastewater treatment revenues were \$237,165, or 6.60%, lower than in 2020, due to decreased demand costs to treat a major customer wastewater by the GRPUC.
- > Total operating expenses increased by \$3,083,607, or 13.44%, over the previous year. Higher purchased power costs of \$2,541,351 and distribution/collection of \$556,611 costs were the main causes of the 2021 increase.
- > Total electric department operating expenses increased by \$2,899,336, or 19.53%. Increases in purchased power expense of \$2,541,351, or 22.96% and distribution of \$410,571 or 44.82% are offset by decreases in the other operating expenses of \$52,586 or 1.84%. Water department operating expenses increased \$189,297, or 11.65%, with increases in production costs of \$47,948, or 8.82%, and in distribution expenses of \$83,151, or 27.14%, also increases in general administration of \$15,178 or 4.73%. Wastewater collection department operating expenses increased by \$236,266 or 19.11%. Increases in collection expenses of \$62,889, or 28.85%, and increases in domestic treatment of \$38,988 or 7.58% along with increases in other expenses of \$134,389 or 26.63% account for the increased costs. Total operating expenses in the Wastewater Treatment department decreased by \$241,292 or 4.61%. Decreases in the service center costs of \$19,785 or 13.68%, the primary plant II of \$504,790 or 28.38%, the screen house of \$11,928 or 4.50%, were offset by a increases in sludge disposal expenses of \$128,085 or 29.84% and secondary treatment facility of \$205,815 or 14.12% resulting in the total decrease in wastewater treatment costs.
- > Non-operating revenues decreased \$102,940 or 12.69%, in 2021, due to decreases in investment income, demand interest payments, grants, and lease revenue. Overall, non-operating expenses were up by \$353,266 or 23.74%, mainly due to city land improvements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The GRPUC provides electric distribution, water production, treatment and distribution and wastewater collection and treatment services to the City of Grand Rapids and certain outlying areas. The GRPUC is a component unit of the City of Grand Rapids. The GRPUC's financial information is presented similar to enterprise funds, which are used to account for operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred and net income is necessary for management accountability.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Years Ended December 31, 2021 and 2020 (UNAUDITED)

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

An analysis of the GRPUC's financial position begins with a review of the Statement of Net Position, and the Statement of Revenues, Expenses, and Changes in Net Position. These two statements report the GRPUC's net position and changes therein. The net position – the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources – is key to measuring the financial health of the GRPUC. Over time, increases or decreases in the net position value are an indication of whether the financial position is improving or deteriorating. However, it should be noted that the financial position might also be affected by other non-financial factors, including economic conditions, customer growth, weather conditions, and changing regulations.

FINANCIAL ANALYSIS

The Statement of Net Position includes information on all of the GRPUC's assets, liabilities and deferred inflows of resources, with the difference reported as *net position*. This statement provides the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the GRPUC.

Table 1
Condensed Statement of Net Position

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>Change 2021-2020</u>	<u>Change 2020-2019</u>
Current and Other Assets	\$ 30,362,009	\$ 29,688,627	\$ 32,255,591	\$ 673,382	\$ (2,566,964)
Capital Assets	60,439,330	63,066,249	63,266,625	(2,626,919)	(200,376)
Total Assets	<u>90,801,339</u>	<u>92,754,876</u>	<u>95,522,216</u>	<u>(1,953,537)</u>	<u>(2,767,340)</u>
Deferred Outflows of Resources	1,407,112	447,702	449,406	959,410	(1,704)
Long-Term Debt Outstanding	17,186,187	17,201,201	19,238,438	(15,014)	(2,037,237)
Other Liabilities	9,280,217	9,760,312	9,671,939	(480,095)	88,373
Total Liabilities	<u>26,466,404</u>	<u>26,961,513</u>	<u>28,910,377</u>	<u>(495,109)</u>	<u>(1,948,864)</u>
Deferred Inflows of Resources	14,508,599	14,896,276	17,105,020	(387,677)	(2,208,744)
Net Investment in					
Capital Assets	43,337,623	45,010,756	43,027,147	(1,673,133)	1,983,609
Restricted	3,537,622	796,279	1,252,688	2,741,343	(456,409)
Unrestricted	4,358,203	5,537,754	5,676,390	(1,179,551)	(138,636)
Total Net Position	<u>\$ 51,233,448</u>	<u>\$ 51,344,789</u>	<u>\$ 49,956,225</u>	<u>\$ (111,341)</u>	<u>\$ 1,388,564</u>

As shown in the above table, net position decreased by \$111,341 or 0.22%, to \$51,233,448 in 2021. The change was due to decreases in total assets and increase in deferred outflow which was offset by decreases in long-term debt and deferred inflows.

In 2020, net position increased by \$1,388,564, or 2.78%, to \$51,344,789. Decreases in total assets and deferred outflows were offset by decreases in long-term debt and deferred inflows.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Years Ended December 31, 2021 and 2020 (UNAUDITED)

FINANCIAL ANALYSIS (cont.)

The specific nature or source of these changes becomes more evident in the Statement of Revenues, Expenses, and Changes in Net Position as shown in Table 2.

The Statement of Revenues, Expenses, and Changes in Net Position provides an indication of the GRPUC's financial health.

Table 2
**Condensed Statement of Revenues,
Expenses, and Changes in Net Position**

	2021	2020	2019	Change 2021-2020	Change 2020-2019
OPERATING REVENUES					
Electric	\$ 18,212,360	\$ 15,331,223	\$ 15,418,632	\$ 2,881,137	\$ (87,409)
Water	1,886,511	1,778,042	1,831,540	108,469	(53,498)
Wastewater collection	1,866,283	1,796,436	1,808,115	69,847	(11,679)
Wastewater treatment	3,354,423	3,591,588	3,485,898	(237,165)	105,690
Total Operating Revenues	<u>25,319,577</u>	<u>22,497,289</u>	<u>22,544,185</u>	<u>2,822,288</u>	<u>(46,896)</u>
OPERATING EXPENSES					
Production	591,648	543,700	508,915	47,948	34,785
Purchased power	13,611,143	11,069,792	11,336,920	2,541,351	(267,128)
Distribution/collection	1,996,952	1,440,341	1,460,272	556,611	(19,931)
Customer accounts	655,130	451,528	524,056	203,602	(72,528)
Administrative and general	1,724,030	1,675,285	1,640,373	48,745	34,912
Service center	164,112	144,214	170,066	19,898	(25,852)
Domestic wastewater treatment	553,020	514,032	520,359	38,988	(6,327)
Industrial wastewater treatment	3,406,594	3,640,009	3,626,299	(233,415)	13,710
Depreciation	3,321,732	3,461,853	3,143,889	(140,121)	317,964
Total Operating Expenses	<u>26,024,361</u>	<u>22,940,754</u>	<u>22,931,149</u>	<u>3,083,607</u>	<u>9,605</u>
NON-OPERATING REVENUES (EXPENSES)					
Investment income (loss)	15,677	30,745	50,825	(15,068)	(20,080)
Demand interest payments	445,886	486,434	545,700	(40,548)	(59,266)
Landfill contribution	110,000	110,000	210,000	-	(100,000)
Grant revenues	84,329	145,672	10,000	(61,343)	135,672
Gain (loss) on property disposition	26,246	(547)	(82,422)	26,793	81,875
Interest expense	(538,572)	(589,496)	(659,524)	50,924	70,028
Bond fees	(3,750)	(4,995)	(4,719)	1,245	(276)
Amortization of debt premium, discounts, and regulatory assets	(23,298)	(19,707)	(22,583)	(3,591)	2,876
City land improvements	(393,640)	-	-	(393,640)	-
Combined service center lease revenues	26,124	38,351	46,761	(12,227)	(8,410)
Payment in lieu of taxes	(882,288)	(873,537)	(871,916)	(8,751)	(1,621)
Total Non-Operating Revenues (Expenses)	<u>(1,133,286)</u>	<u>(677,080)</u>	<u>(777,878)</u>	<u>(456,206)</u>	<u>100,798</u>
Income (Loss) Before Contributions	(1,838,070)	(1,120,545)	(1,164,842)	(717,525)	44,297
Capital Contributions	1,726,729	2,509,109	3,217,027	(782,380)	(707,918)
Changes in Net Position	(111,341)	1,388,564	2,052,185	(1,499,905)	(663,621)
Beginning Net Position	51,344,789	49,956,225	47,904,040	1,388,564	2,052,185
Total Net Position - Ending	<u>\$ 51,233,448</u>	<u>\$ 51,344,789</u>	<u>\$ 49,956,225</u>	<u>\$ (111,341)</u>	<u>\$ 1,388,564</u>

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Years Ended December 31, 2021 and 2020 (UNAUDITED)

FINANCIAL ANALYSIS (cont.)

Total operating revenues in 2021 increased \$2,822,288, or 12.55% from 2020. Electric revenues increased \$2,881,137, or 18.79%, increases in all classes of revenue, with a significant increase in purchased power adjustment of \$2 million. Water revenues increased by \$108,469, or 6.10%, due to increases in all classes of sales. Wastewater collection revenues increased \$69,847, or 3.89%, primarily attributable to an increase in city residential and commercial sales. Wastewater Treatment operating revenues decreased by \$237,165, or 6.60%, due to decreased costs covered by an industrial customer. Total operating expenses increased \$3,083,607, or 13.44%, over the prior year. All expense classes were higher, except industrial wastewater and depreciation which were lower. A significant increase in expenses was \$2,541,351 in purchased power or 22.96% higher. Non-operating revenues decreased \$102,940 or 12.69%, in 2021, due to lower demand interest payments, investment income, and grant revenue. Overall, non-operating expenses were up by \$353,266 or 23.74%, mainly due to city land improvements.

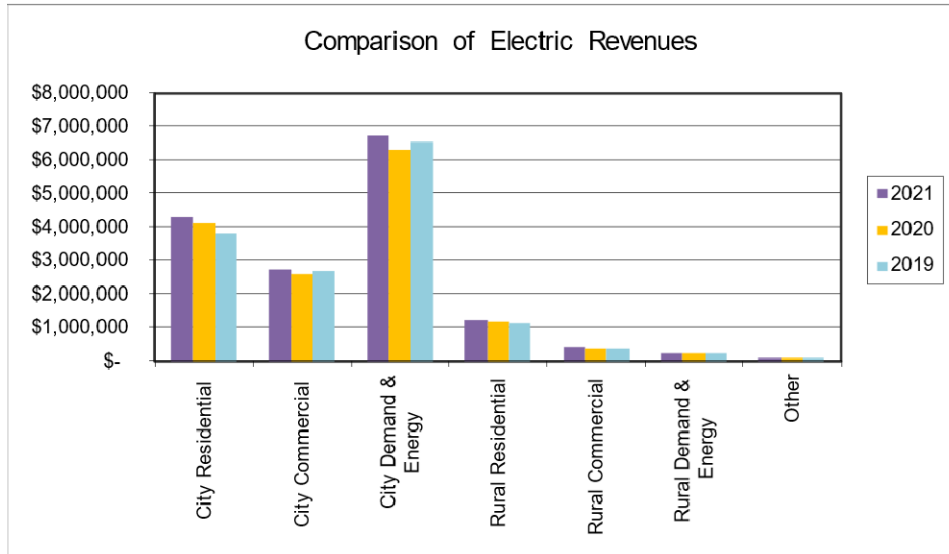
In 2020, total operating revenues decreased \$46,896, or 0.21% from the previous year. Electric revenues decreased \$87,409, or 0.57%, increases in commercial and industrial sales were offset by reductions in other operating revenues. Water revenues decreased by \$53,498, or 2.92%, due to reduction in commercial and industrial sales. Wastewater collection revenues declined \$11,679, or 0.65%, primarily attributable to a decrease in commercial and residential sales. Wastewater Treatment operating revenues rose by \$105,690, or 3.03%, due to increased costs covered by industrial customer. Total operating expenses increased \$9,605, or 0.04%, over the prior year. Higher production, administrative, wastewater treatment, and depreciation expenses were offset by reductions in purchased power, utility distribution, and customer accounts. Non-operating revenues decreased \$52,084 or 6.03%, in 2020, due to lower demand interest payments and landfill contribution. Overall, non-operating expenses were down by \$152,882, or 9.32%, mainly due to a reduction in interest expense.

In 2019, total operating revenues decreased \$147,333, or 0.65% from the previous year. Electric revenues decreased \$746, due to reductions in commercial and industrial sales. Water revenues increased by \$122,225, or 7.15%, due to an increase in city and rural water sales. Wastewater collection revenues rose \$78,159, or 4.52%, primarily attributable to an increase in city and rural sales. Wastewater Treatment operating revenues fell by \$346,971, or 9.05%, due to reduced industrial treatment costs at the Wastewater Treatment facilities. Total operating expenses decreased \$45,572, or 0.20%, over the prior year. Higher production, purchased power, administrative, distribution, and depreciation expenses were offset by reductions in wastewater treatment costs. Non-operating revenues increased by \$12,923 or 1.52% in 2019, due to higher investment income and landfill contribution. Overall, non-operating expenses were down by \$80,454, or 4.67%, mainly due to a reduction in the interest expense.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

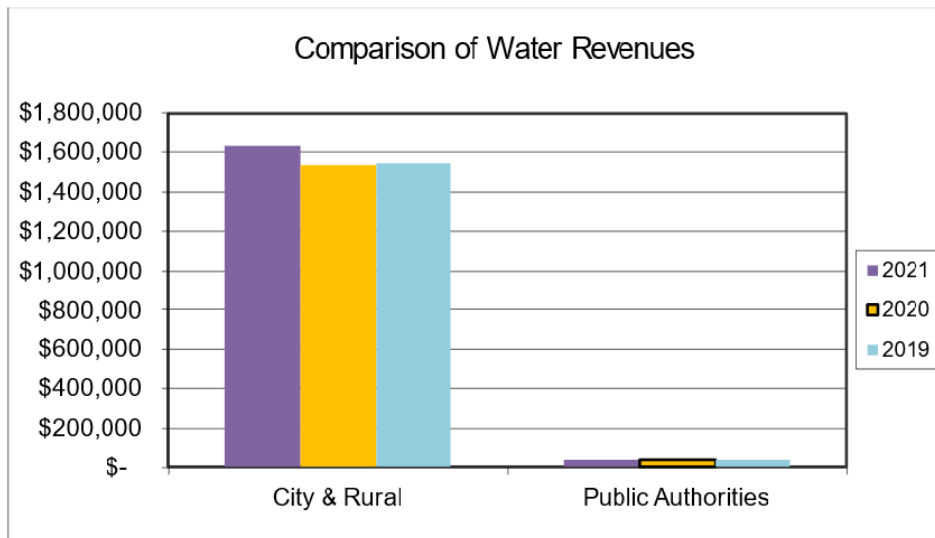
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Years Ended December 31, 2021 and 2020
(UNAUDITED)

FINANCIAL ANALYSIS (cont.)



In 2021, electric sales revenues increased \$801,283, or 5.41%, over 2020 sales. All classes of revenue increased over 2020.

Electric sales revenues for 2020 were \$46,010, or 0.31%, higher than the previous year. Sales revenues were higher in city residential and other and all other classes were lower in 2020.



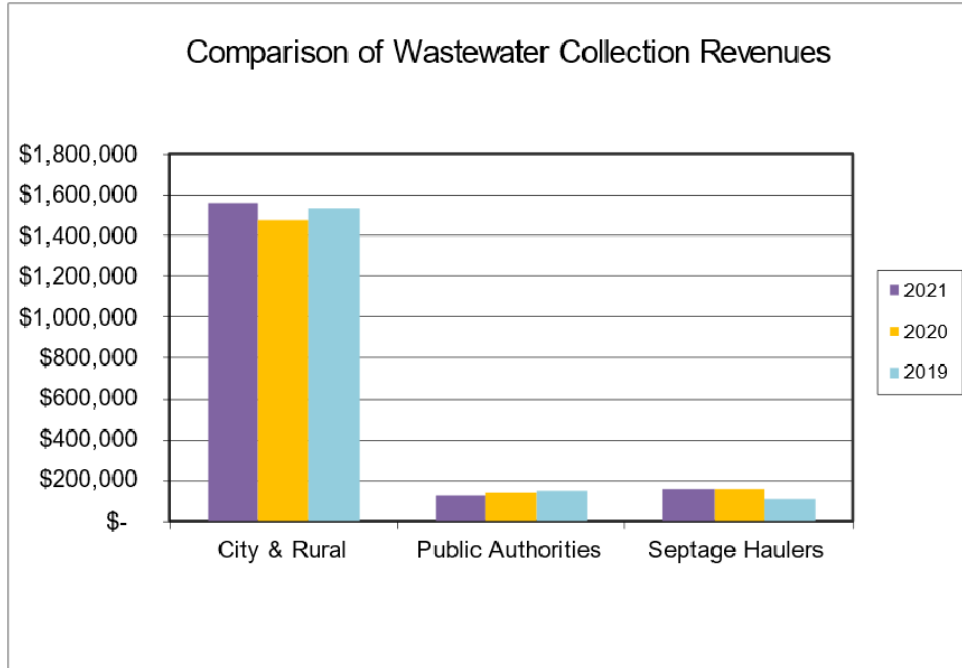
Water sales increased \$103,862, or 6.63%, in 2021 over the previous year. Revenues in all customer classes were higher than in 2020.

Water sales decreased \$11,138, or 0.71%, in 2020 over the previous year. Revenues in city & rural customer class was slightly lower and public authorities customer class was slightly higher than in 2019.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Years Ended December 31, 2021 and 2020
(UNAUDITED)

FINANCIAL ANALYSIS (cont.)



Wastewater Collection utility revenues for 2021 increased \$75,532, or 4.27%, over 2020 revenues. City & rural and septic haulers revenue sales classes were higher and Public Authorities were lower.

Wastewater Collection utility revenues for 2020 decreased \$15,714, or 0.88%, over 2019 revenues. All revenue sales classes were lower, except septic haulers.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Years Ended December 31, 2021 and 2020
(UNAUDITED)

FINANCIAL ANALYSIS (cont.)

The Statement of Cash Flows reports the cash provided and used by operating activities, as well as other cash sources such as investment income and cash payments for repayment of debt and capital additions.

Table 3
Condensed Statements of Cash Flows

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>Change 2021-2020</u>	<u>Change 2020-2019</u>
Cash Flows From:					
Operating activities	\$ 3,211,861	\$ 3,143,435	\$ 3,099,353	\$ 68,426	\$ 44,082
Noncapital financing activities	(749,563)	(248,911)	(342,098)	(500,652)	93,187
Capital and related financing activities	(544,434)	(4,324,119)	(2,614,585)	3,779,685	(1,709,534)
Investing activities	<u>(16,792)</u>	<u>37,256</u>	<u>38,180</u>	<u>(54,048)</u>	<u>(924)</u>
 Net Change in Cash and Cash Equivalents	 1,901,072	 (1,392,339)	 180,850	 3,293,411	 (1,573,189)
 Cash and Cash Equivalents - Beginning of Year	 <u>3,608,892</u>	 <u>5,001,231</u>	 <u>4,820,381</u>	 <u>(1,392,339)</u>	 <u>180,850</u>
 Cash and Cash Equivalents - End of Year	 <u>\$ 5,509,964</u>	 <u>\$ 3,608,892</u>	 <u>\$ 5,001,231</u>	 <u>\$ 1,901,072</u>	 <u>\$(1,392,339)</u>

Cash and Cash Equivalents increased by \$1,901,072 in 2021. An increase in cash from operations and capital related financing activities and a decrease in cash from noncapital and investing activities were the major impacts on cash balances. The majority of the increase was \$1,170,000 restricted cash held to pay off debt in early 2022.

Cash and Cash Equivalents decreased by \$1,392,339, in 2020. An increase in cash from operations and a decrease in cash from noncapital and capital related financing activities were the major impacts on cash balances

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Years Ended December 31, 2021 and 2020 (UNAUDITED)

FINANCIAL ANALYSIS (cont.)

During 2021, net capital assets decreased \$2,626,919. Electric department capital assets increased \$548,492, or 1.56%. Additions due to several overhead to underground projects made up most of the increase. Water department capital assets increased \$42,528, or 0.24%. Wastewater Collection capital assets decreased \$101,088 or 1.27%. Increase in water capital assets were mainly to purchases of equipment. The wastewater collection decrease in capital assets was related to retirement of equipment. Wastewater Treatment assets increased by \$853,084, or 1.44%, mainly due acquisition of replacement equipment. The decrease in Construction Work in Progress was related to reclassification and close out of several completed projects.

Table 4
Condensed Schedule of Capital Assets

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>Change 2021-2020</u>	<u>Change 2020-2019</u>
Capital Assets - Electric					
Distribution	\$ 30,961,610	\$ 30,441,062	\$ 29,824,213	\$ 520,548	\$ 616,849
General	4,690,234	4,662,290	4,592,163	27,944	70,127
Total Electric Capital Assets	<u>35,651,844</u>	<u>35,103,352</u>	<u>34,416,376</u>	<u>548,492</u>	<u>686,976</u>
Capital Assets - Water					
Production	4,594,566	4,574,713	4,574,713	19,853	0
Distribution	12,393,107	12,375,090	11,818,281	18,017	556,809
General	781,706	777,048	765,361	4,658	11,687
Total Water Capital Assets	<u>17,769,379</u>	<u>17,726,851</u>	<u>17,158,355</u>	<u>42,528</u>	<u>568,496</u>
Capital Assets - Wastewater Collection					
Collection	7,070,610	7,176,356	6,193,501	(105,746)	982,855
General	781,706	777,048	765,361	4,658	11,687
Total Wastewater Collection Capital Assets	<u>7,852,316</u>	<u>7,953,404</u>	<u>6,958,862</u>	<u>(101,088)</u>	<u>994,542</u>
Capital Assets - Wastewater Treatment					
Treatment Facilities	59,947,781	59,094,697	59,349,013	853,084	(254,316)
Total Wastewater Treatment Capital Assets	<u>59,947,781</u>	<u>59,094,697</u>	<u>59,349,013</u>	<u>853,084</u>	<u>(254,316)</u>
Total Capital Assets	121,221,320	119,878,304	117,882,606	1,343,016	1,995,698
Less: Accumulated Depreciation	(61,044,276)	(57,982,508)	(54,913,024)	(3,061,768)	(3,069,484)
Construction Work in Progress	<u>262,286</u>	<u>1,170,453</u>	<u>297,043</u>	<u>(908,167)</u>	<u>873,410</u>
Net Capital Assets	<u>\$ 60,439,330</u>	<u>\$ 63,066,249</u>	<u>\$ 63,266,625</u>	<u>\$ (2,626,919)</u>	<u>\$ (200,376)</u>

During 2020, net capital assets decreased \$200,376. Electric department capital assets increased \$686,976, or 2.00%. Additions due to the Advanced Metering Infrastructure (AMI) project made up most of the increase. Water department capital assets increased \$568,496, or 3.31%. Wastewater Collection capital assets increased \$994,542, or 14.29%. Increases in water and wastewater collection capital assets were mainly related to infrastructure projects for the City. Wastewater Treatment assets decreased by \$254,316, or 0.43%, mainly due retirement of equipment. The decrease in Construction Work in Progress was related to the AMI project.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Years Ended December 31, 2021 and 2020 (UNAUDITED)

LONG-TERM DEBT

At December 31, 2021 the GRPUC had five bond issues, one revenue note, and zero long term capital leases outstanding. Proceeds from the General Obligation Water Revenue Note of 1999 were used to construct an elevated water storage tank. The 2009A Taxable General Obligation Wastewater Revenue Bonds were used to construct Phase 7 of the Industrial Sludge Landfill.

Late in 2009, the \$28,509,779 Taxable General Obligation Wastewater Revenue Note, Series 2009E was issued. This financing was used to fund the construction of the Wastewater Treatment Facility Phase 1 Improvements Project. Proceeds from the note were released as project costs were incurred. The project was completed in 2012, with the final debt principal amount of \$26,370,232. The repayment of this note is secured by a letter of credit for 91.8% of the principal and interest payments due on the debt.

In 2011, the GRPUC approved the issuance and sale of \$3,965,000 Taxable General Obligation Wastewater Revenue and Refunding Bonds. Proceeds of the bonds were used for an advance crossover refunding of the 2001A General Obligation Wastewater Revenue Bond amounts maturing from December 2013 to December 2021. The refunding bond amount of \$2.9 million was used to refund the 2001A bonds at the call date of December 1, 2012. The remaining bond proceeds of \$975,000 were used to construct Phase 8 of the Industrial Sludge Landfill. These bonds were paid off in 2021.

The General Obligation Utility Revenue Bonds, Series 2012D were issued in April 2012 to fund the wastewater collection lift station #1 reconstruction project for \$265,000 and the Pokegama Avenue/4th Street South water and wastewater collection main replacement projects for \$1,760,000. These bonds were called in 2021 with a current refunding and issuance of General Obligation Utility Revenue Refunding Bonds, Series 2021D. The General Obligation Utility Revenue Refunding Bonds, Series 2021D were issued December 2021 with a principal of \$1,120,000. The General Obligation Utility Revenue Bonds, Series 2012D bond principal of \$1,270,000 was paid off on February 1, 2022.

In September 2013, the Taxable General Obligation Utility Revenue Bonds, Series 2013C were issued in the amount of \$2,305,000 to fund construction of the Industrial Force Main, Segment B project. These bonds were called in 2021 with an advanced refunding and issuance of \$1,210,000 Taxable General Obligation Revenue Refunding Bonds, Series 2021C. The taxable refunding bonds were issued in September 2021 and the Taxable General Obligation Utility Revenue Bonds, Series 2013C will be paid off on February 1, 2023.

In October 2015, the GRPUC entered into a tax-exempt lease/purchase agreement for \$1,700,000 to finance the acquisition of an Advanced Metering Infrastructure and Automated Meter Reading (AMI/AMR) System for its electric, water and wastewater collection customers. The lease/purchase agreement was paid off in November 2021 with the issuance of \$775,500 General Obligation Revenue Refunding Bonds Series, 2021A with a maturity of October 2025.

A lease purchase agreement for \$142,571 was entered into in February 2017 to finance the acquisition of a John Deere loader and this lease purchase agreement was paid off in 2020. In 2018, two additional leases, for \$103,265 and \$125,984, were used to finance two new trucks for the Wastewater Treatment Facility. The truck leases were paid off in 2021. See Note 6 for additional information on leases.

Additional information on the GRPUC's long-term debt can be found in Note 10 of the notes to financial statements.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Years Ended December 31, 2021 and 2020
(UNAUDITED)

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Grand Rapids Public Utilities Commission finances to all those with an interest in the GRPUC's finances. If you have questions about this report, or need additional financial information, contact the Business Services Manager, Grand Rapids Public Utilities Commission, 500 SE 4th Street, Grand Rapids, MN 55744.

BASIC FINANCIAL STATEMENTS

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

STATEMENTS OF NET POSITION As of December 31, 2021 and 2020

ASSETS		
	2021	2020
CURRENT ASSETS		
Cash and investments	\$ 3,689,146	\$ 4,340,686
Accounts receivable	3,229,994	3,135,303
Due from City of Grand Rapids	18,505	133,387
Materials and supplies	613,402	659,088
Interest receivable	4,197	4,728
Prepaid expenses	129,278	272,089
Restricted cash and investments - current portion	1,605,313	582,657
Restricted accounts receivable - current portion	1,599,161	2,035,830
Total Current Assets	10,888,996	11,163,768
NONCURRENT ASSETS		
Restricted cash and investments - non-current portion	2,367,505	794,549
Restricted accounts receivable - non-current portion	11,815,292	13,235,844
Capital Assets		
Plant in service	121,221,320	119,878,304
Accumulated depreciation	(61,044,276)	(57,982,508)
Construction work in progress	262,286	1,170,453
Other Assets		
Other investments	-	10,000
Other long-term receivables	12,320	98,990
Regulatory assets	159,654	99,663
Non-utility property (net of amortization)	592,157	645,588
Financial assurance landfill closure	4,526,085	3,640,225
Total Noncurrent Assets	79,912,343	81,591,108
Total Assets	90,801,339	92,754,876
DEFERRED OUTFLOWS OF RESOURCES		
Service territory acquisition	185,580	219,917
Loss on refunding of debt	84,480	-
Pension	1,137,052	227,785
Total Deferred Outflows of Resources	1,407,112	447,702

LIABILITIES		
	<u>2021</u>	<u>2020</u>
CURRENT LIABILITIES		
Accounts payable	\$ 1,832,215	\$ 1,424,978
Due to City of La Prairie	12,930	13,399
Sales tax payable	105,664	58,216
Due to City of Grand Rapids	129,038	166,264
Accrued compensated absences	219,594	224,059
Unearned revenues	113,392	111,227
Accrued interest - lease obligation	-	6,943
Current portion of lease obligation	-	230,395
Accrued payroll	58,672	91,546
Current liabilities payable from restricted assets:		
Current portion of long-term debt	1,859,000	2,107,000
Accrued interest	170,729	187,198
Customer deposits	435,196	430,330
Total Current Liabilities	<u>4,936,430</u>	<u>5,051,555</u>
NONCURRENT LIABILITIES		
Long-term debt, net premium and discount	15,327,187	15,094,201
Customer advances for construction	-	2,500
Lease obligation	-	733,897
Accrued compensated absences	96,636	118,893
Net pension liability	1,580,066	2,320,242
Landfill closure/post closure costs	4,526,085	3,640,225
Total Noncurrent Liabilities	<u>21,529,974</u>	<u>21,909,958</u>
Total Liabilities	<u>26,466,404</u>	<u>26,961,513</u>
DEFERRED INFLOWS OF RESOURCES		
Demand payment deferral	12,915,642	14,681,597
Other deferred credits	34,772	37,909
Pension	1,558,185	176,770
Total Deferred Inflows of Resources	<u>14,508,599</u>	<u>14,896,276</u>
NET POSITION		
Net investment in capital assets	43,337,623	45,010,756
Restricted for		
Capital replacement	2,367,622	796,279
Debt service	1,170,000	-
Unrestricted	4,358,203	5,537,754
TOTAL NET POSITION	<u>\$ 51,233,448</u>	<u>\$ 51,344,789</u>

See accompanying notes to financial statements.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended December 31, 2021 and 2020

	2021	2020
OPERATING REVENUES		
Electric	\$ 18,212,360	\$ 15,331,223
Water	1,886,511	1,778,042
Wastewater collection	1,866,283	1,796,436
Wastewater treatment	3,354,423	3,591,588
Total Operating Revenues	<u>25,319,577</u>	<u>22,497,289</u>
OPERATING EXPENSES		
Production	591,648	543,700
Purchased power	13,611,143	11,069,792
Distribution/collection	1,996,952	1,440,341
Customer accounts	655,130	451,528
Administrative and general	1,724,030	1,675,285
Service center	164,112	144,214
Domestic wastewater treatment	553,020	514,032
Industrial wastewater treatment	3,406,594	3,640,009
Depreciation and amortization	3,321,732	3,461,853
Total Operating Expenses	<u>26,024,361</u>	<u>22,940,754</u>
OPERATING INCOME (LOSS)	<u>(704,784)</u>	<u>(443,465)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	15,677	30,745
Demand interest payments	445,886	486,434
Landfill contribution	110,000	110,000
Gain (loss) on property disposition	26,246	(547)
Interest expense	(538,572)	(589,496)
Bond fees	(3,750)	(4,995)
Amortization of debt premiums and discounts	(2,641)	(2,883)
Amortization of regulatory asset	(20,657)	(16,824)
Combined service center lease revenues	26,124	38,351
Grant revenue	84,329	145,672
City land improvements	(393,640)	-
Payment in lieu of taxes	(882,288)	(873,537)
Total Nonoperating Revenues (Expenses)	<u>(1,133,286)</u>	<u>(677,080)</u>
Income (Loss) Before Contributions	(1,838,070)	(1,120,545)
CAPITAL CONTRIBUTIONS - CONNECTION FEES	89,307	36,383
CAPITAL CONTRIBUTIONS - MUNICIPALITY	-	75,000
CAPITAL CONTRIBUTIONS	<u>1,637,422</u>	<u>2,397,726</u>
CHANGES IN NET POSITION	(111,341)	1,388,564
NET POSITION - Beginning of Year	<u>51,344,789</u>	<u>49,956,225</u>
NET POSITION - END OF YEAR	<u>\$ 51,233,448</u>	<u>\$ 51,344,789</u>

See accompanying notes to financial statements.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	\$ 25,556,707	\$ 22,404,242
Combined service center lease revenues	26,124	38,351
Paid to suppliers for goods and services	(19,504,454)	(16,608,792)
Paid to employees for services	(2,866,516)	(2,690,366)
Net Cash Flows From Operating Activities	3,211,861	3,143,435
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Demand interest payments	445,886	486,434
Landfill contributions	110,000	110,000
Principal payments on long-term debt - landfill	(110,000)	(110,000)
Non-capital grant received	84,329	145,672
Interest paid on long-term debt - landfill	(3,850)	(7,480)
City land improvements	(393,640)	-
Payment in lieu of taxes to City of Grand Rapids	(882,288)	(873,537)
Net Cash Flows From Noncapital and Related Financing Activities	(749,563)	(248,911)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(634,230)	(3,322,387)
Capital contributions received	1,685,370	1,789,463
Capital lease payments	(964,292)	(256,747)
Principal payments on long-term debt	(2,104,415)	(1,929,001)
Proceeds from debt issue	2,031,632	-
Interest paid on long-term debt and lease payments	(558,499)	(605,447)
Net Cash Flows From Capital and Related Financing Activities	(544,434)	(4,324,119)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	16,208	37,256
Sale of investments	1,384,000	1,629,000
Purchase of investments	(1,417,000)	(1,629,000)
Net Cash Flows From Investing Activities	(16,792)	37,256
Net Change in Cash and Cash Equivalents	1,901,072	(1,392,339)
CASH AND CASH EQUIVALENTS – Beginning of Year	3,608,892	5,001,231
CASH AND CASH EQUIVALENTS – END OF YEAR	\$ 5,509,964	\$ 3,608,892

	2021	2020
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH		
FLOW FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ (704,784)	\$ (443,465)
Adjustments to reconcile operating income (loss) to cash from operating activities		
Nonoperating revenue	22,374	33,356
Depreciation and amortization	3,321,732	3,461,853
Changes in assets, deferred outflows, liabilities, and deferred inflows		
Accounts receivable	236,986	(77,266)
Other current assets	188,497	(125,568)
Other assets	(832,429)	221,783
Accounts payable	406,768	341,181
Other current liabilities	10,474	5,372
Other liabilities	(54,617)	9,058
Deferred inflows of resources	884,888	(170,090)
Pension related deferrals and liabilities	(268,028)	(112,779)
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 3,211,861	\$ 3,143,435
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET POSITION		
Cash and investments	\$ 3,689,146	\$ 4,340,686
Restricted cash and investments - current portion	1,605,313	582,657
Restricted cash and investments	2,367,505	794,549
Other investments	-	10,000
Sub-totals	7,661,964	5,727,892
Less: Noncash equivalents	(2,152,000)	(2,119,000)
CASH AND CASH EQUIVALENTS	\$ 5,509,964	\$ 3,608,892
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Deposits to escrow for bond refunding	\$ 1,170,368	\$ -
Debt issuance costs paid by bond refunding	\$ 91,314	\$ -
Capital contributions - municipality	\$ -	\$ 75,000
Capital receivable from grant and customers	\$ 84,939	\$ 707,308

See accompanying notes to financial statements.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Grand Rapids Public Utilities Commission (GRPUC) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

GRPUC provides water supply and distribution, electric distribution and wastewater collection and treatment operations to properties within the City of Grand Rapids (municipality) as well as to certain other areas outside the municipality. GRPUC accounts for the cost of water, electric and wastewater operations on a continuing basis and is governed by the Grand Rapids Public Utilities Commission (Commission), which is appointed by the city council. Customer rates and service rates are established by the Commission. The significant accounting principles and policies utilized by GRPUC are described below.

REPORTING ENTITY

GRPUC is a component unit of the municipality. Component units are legally separate organizations for which elected officials of the primary government (municipality) are financially accountable. Component unit status is determined using the following criteria:

The municipality is financially accountable if it appoints a voting majority of the organization's governing body and is either:

1. Able to impose its will on that organization, or
2. There is a potential for the organization to provide specific financial benefits to, or impose financial burdens on the municipality. The municipality may be financially accountable if an organization is fiscally dependent on the municipality.

Since GRPUC is responsible for payment of certain general obligation debt, it has the potential to impose a financial burden on the municipality. This capability qualifies GRPUC as a component unit of the municipality.

There are no component units of GRPUC.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

The term measurement focus is used to denote what is being measured and reported in GRPUC's operating statement. GRPUC is accounted for on the flow of economic resources measurement focus. The fundamental objective of this focus is to measure whether GRPUC is better or worse off economically as a result of events and transactions of the period.

The term basis of accounting is used to determine when a transaction or event is recognized on GRPUC's operating statement. GRPUC uses the full accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (cont.)

GRPUC is presented as a component unit of the municipality. GRPUC is presented similar to enterprise funds which are used to account for operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred and net income is necessary for management accountability.

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement establishes requirements for interest cost incurred before the end of a construction period. GRPUC adopted this statement effective January 1, 2021 and there was no financial impact.

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

Deposits and Investments

GRPUC's cash and cash equivalents are considered to be cash and investments having original maturities of three months or less from the date of acquisition.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note 2. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Fair values may have changed significantly after year end.

GRPUC has adopted a formal investment policy. The policy follows the state statute for allowable investments.

Receivables/Payables

Outstanding balances between GRPUC and the primary government are reported as due from/to the City. Transactions between GRPUC and the primary government that are representative of lending/borrowing arrangements outstanding at year end are referred to as advances to/from the City.

An allowance for doubtful accounts is recorded annually based on historical experience and management's evaluation of receivables at the end of each year. Bad debts are charged against revenue when deemed uncollectible. Receivables are reported net of the allowance for doubtful accounts of \$268,129 and \$251,557 at December 31, 2021 and 2020, respectively.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (cont.)

Materials and Supplies

Materials and supplies are generally used for construction, operation and maintenance work, not for resale. They are valued using the average cost method and charged to construction or expense when used.

Prepaid Expenses

Prepaid expenses are recorded for insurance, maintenance, and service contracts. Costs under these agreements are expensed over the time periods covered by the agreements.

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified.

Regulatory Assets

The Commission has approved bond issuance and water tower painting costs to be recorded as regulatory assets.

Non-utility Property

GRPUC has multiple constructed landfill sites. The costs incurred to construct the sites are shown as non-utility property.

Capital Assets

Capital assets are defined by GRPUC as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year.

Capital assets are recorded at cost or the estimated acquisition value at the time of contribution to GRPUC. Major outlays for capital assets are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the following useful lives:

	<u>Years</u>
Buildings	50
Production systems	20 – 25
Distribution systems	25 – 33
Machinery and equipment	10
Intangibles	10

Donated capital assets are valued at their estimated acquisition value at the date donated.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (cont.)

Other Investments

GRPUC has the following investments:

	2021	2020
Property/Casualty Deductible – Internally restricted resources to be used for the general aggregate deductible on property/casualty insurance policy.	\$ -	\$ 10,000
Totals	\$ -	\$ 10,000

Unearned Revenues

GRPUC has received advance payment for leasing antenna space on its water towers. These payments were \$113,392 and \$111,227 for 2021 and 2020, respectively.

Compensated Absences

Sick Leave and Vacation

GRPUC's policy was to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation and sick leave were recorded as expenses and liabilities as the benefits accrued to the employees. Employees were permitted to accumulate a limited amount of earned but unused vacation benefits which was to be paid to employees upon separation from GRPUC service.

In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, no liability was recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability was recognized for that portion of accumulating sick leave benefits that was vested as severance pay.

GRPUC offered its employees the option of taking 50% of vested sick leave as a lump sum severance payment upon retirement, or 100% of sick leave to be paid by the utility for future health care benefits. To become vested for these benefits an employee must have had five years of service to receive the lump sum payment. There was no vesting requirement for the payment of future health care benefits.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (cont.)

Compensated Absences (cont.)

Sick Leave and Vacation (cont.)

Beginning August 2006, there was a change in GRPUC's compensated absence benefit policy, and GRPUC's vacation and sick leave benefit accruals were converted to a Paid Time Off (PTO) plan. Under the plan, PTO is earned and accrued monthly. Unused PTO that exceeds the maximum accrual may be transferred to a post-employment Health Care Savings Plan (HCSP). There is also a limited accrual for Extended Illness Benefit (EIB). Unused EIB may be converted to the HCSP at termination of service with GRPUC. A liability is recognized for all PTO and EIB accrued under the GRPUC's compensated absence benefit plan. When unused benefits are converted to HCSP accounts, the funds are transferred to the trustee of the plan, and GRPUC no longer has a liability for these amounts.

Minnesota statutes authorize Minnesota State Retirement System (MSRS) to offer health care savings plans (HCSP) to governmental employees. The plan allows employees to save money, tax-free, to use upon termination of employment to pay for eligible health care expenses. MSRS acts as trustee of the plans and the State Board of Investment manages the investment of employee funds.

Customer Deposits

Customer deposits are recorded for security deposits paid by customers to receive utility services. Deposits are returned to customers with good credit history in accordance with criteria established in GRPUC policies. Customers are paid interest on deposits at the rate established annually by the Minnesota Department of Commerce.

Customer Advances for Construction

This account represents customer advances for construction which may be refundable in part or whole.

Long-Term Obligations

Long-term debt and other obligations are reported as GRPUC liabilities. Bond premiums, discounts and the loss on refunding of debt are deferred and amortized over the life of the bonds using the effective interest method.

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (cont.)

Postemployment Benefits Other Than Pension

In June 2015, the GASB issued Statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. This statement establishes standards of accounting and financial reporting for OPEB expense and related OPEB liabilities or assets. OPEB refers to postemployment benefits other than pension benefits such as postemployment healthcare benefits. GRPUC elected not to implement GASB Statement No. 75 due to the fact that the implementation would not have any material impact on its financial condition, results of operations, and footnote disclosures.

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenses) until that future time. See Notes 9 and 12 for additional details.

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time. Other deferred credits represent unamortized landfill closure costs. See Notes 7 and 12 for additional details.

Demand Payment Deferral

GRPUC has contracts with UPM Blandin Paper Company (UPM Blandin) whereby UPM Blandin pays demand charges for principal and interest on certain debt issues. For ratemaking purposes, the commission has elected to defer the recognition of the revenue until the debt service for the bonds is made. Revenue is recognized as nonoperating revenues or capital contributions depending on the purpose of the debt issue.

REVENUES AND EXPENSES

GRPUC distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a utility's principal ongoing operations. The principal operating revenues of GRPUC are charges to customers for sales and services. Operating expenses for component units include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

REVENUES AND EXPENSES (cont.)

Charges for Services

Billings are rendered and recorded monthly based on metered usage. The commission does accrue revenues beyond billing dates.

Current electric rates were approved by the commission and placed into effect on May 5, 2021.

Current water rates were approved by the commission and placed into effect on September 1, 2018.

Current wastewater rates were approved by the commission and placed into effect on September 1, 2018.

Capital Contributions

Cash and capital assets are contributed to GRPUC from customers, the municipality or external parties. The value of property contributed to GRPUC is reported as revenues on the statements of revenues, expenses and changes in net position.

Electric Power Costs

Monthly bills from the wholesale power supplier, which are for power costs to the last day of the month are reflected in the accounts.

EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

GASB has approved GASB Statement No. 87, *Leases*, Statement No. 91, *Conduit Debt Obligations*, Statement No. 92, *Omnibus 2020*, Statement No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, Statement No. 96 *Subscription-Based Information Technology Arrangements*, Statement No. 97 *Certain Component Unit Criteria*, and *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. When they become effective, application of these standards may restate portions of these financial statements.

COMPARATIVE DATA

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2021 and 2020

NOTE 2 – DEPOSITS AND INVESTMENTS

The GRPUC's cash and investments at year end were comprised of the following:

	Carrying Value as of December 31,		Associated Risks
	2021	2020	
Demand deposits and cash on hand	\$ 5,609,964	\$ 3,608,892	Custodial Custodial, credit, interest rate, concentration of credit Custodial, credit, concentration of credit, and interest rate
U.S. agencies, implicitly guaranteed	1,070,000	-	
Certificates of deposits – negotiable	<u>982,000</u>	<u>2,119,000</u>	
Total Cash and Investments	<u>\$ 7,661,964</u>	<u>\$ 5,727,892</u>	

Reconciliation to Financial Statements Per Statements of Net Position

Cash and cash equivalents	\$ 3,689,146	\$ 4,340,686
Restricted cash and investments	3,972,818	1,377,206
Other investments	-	<u>10,000</u>
Total Cash and Investments	<u>\$ 7,661,964</u>	<u>\$ 5,727,892</u>

Investment of GRPUC funds is restricted by state law, bond fund resolutions and GRPUC investment policy to:

- > Government bonds, notes, bills, mortgages, and other securities, which are direct obligations of the United States or its agencies.
- > Negotiable or non-negotiable instruments that are issued by commercial banks and insured by the Federal Deposit Insurance Corporation (FDIC). Interest bearing deposits in authorized depositories must be fully insured or collateralized.
- > Repurchase agreements fully collateralized by securities described above, if the repurchase agreements are only entered into with an entity which is a primary reporting dealer to the Federal Reserve Bank of New York, or one of the 100 largest U.S. commercial banks.
- > Any security which is general obligation of the State of Minnesota or any of its municipalities.
- > Commercial paper issued by the United States corporations or their Canadian subsidiaries that is the highest quality and matures in 270 days or less.
- > Statewide investment pools that invest in authorized investments according to MN Statutes 118A.
- > Money market mutual funds that invest in authorized instruments according to MN Statutes 118A.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts), \$250,000 for interest-bearing demand deposit accounts (interest bearing and noninterest bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2021 and 2020

NOTE 2 – DEPOSITS AND INVESTMENTS (cont.)

At December 31, 2021 and 2020, the entire bank balance, deposits and investments were covered by federal depository insurance, Securities Investor Protection Corporation or by collateral held by GRPUC's agent in GRPUC's name.

GRPUC categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation of inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. GRPUC uses the yield based metric approach to value its certificates of deposits, and U.S. Agencies which is a level 2 input.

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, GRPUC's deposits may not be returned to the utility.

GRPUC does not have any deposits exposed to custodial credit risk.

GRPUC's investment policy addresses this risk by requiring deposits to be fully insured or collateralized.

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, GRPUC will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

GRPUC does not have any investments exposed to custodial credit risk.

GRPUC's investment policy does not address this risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation.

As of December 31, 2021 and 2020, GRPUC's investments were rated as follows:

<u>Investment Type</u>	<u>Standard and Poor's Investors Services</u>
US Agencies implicitly guaranteed Certificates of deposits – negotiable	AA+ Not rated

GRPUC's investment policy does not address this risk.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2021 and 2020

NOTE 2 – DEPOSITS AND INVESTMENTS (cont.)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

At December 31, 2021 and 2020, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio	
		2021	2020
Federal Home Loan Bank	Certificates of deposit – negotiable	52%	-%
Sallie Mae Bank	Certificates of deposit – negotiable	12%	12%
American Express National Bank	Certificates of deposit – negotiable	12%	12%
Beal Bank	Certificates of deposit – negotiable	-%	12%
Goldman Sachs Bank	Certificates of deposit – negotiable	12%	-%
BMW Bank North America	Certificates of deposit – negotiable	12%	-%
Midfirst Bank	Certificates of deposit – negotiable	-%	9%
BMW Bank	Certificates of deposit – negotiable	-%	12%
BMO Harris Bank	Certificates of deposit – negotiable	-%	12%
Safra National Bank	Certificates of deposit – negotiable	-%	9%
Eaglemark Savings Bank	Certificates of deposit – negotiable	-%	12%
Washington Trust Bank	Certificates of deposit – negotiable	-%	12%

GRPUC's investment policy does not address this risk.

Interest Rate Risk

Interest rate risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit.

As of December 31, 2021, GRPUC's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1 Year	1 - 5 Years	> 5 Years
U.S Agencies – implicitly guaranteed	\$ 1,070,000	\$ -	\$ 1,070,000	\$ -
Certificates of deposit – negotiable	\$ 982,000	\$ 735,000	\$ 247,000	\$ -

As of December 31, 2020, GRPUC's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1 Year	1 - 5 Years	> 5 Years
Certificates of deposit – negotiable	\$ 2,119,000	\$ 1,137,000	\$ 982,000	\$ -

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2021 and 2020

NOTE 2 – DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk (cont.)

GRPUC's investment policy addresses this risk. The policy recommends no more than 40% of the total deposits and investments extend beyond five years and in no circumstances should any extend beyond ten years.

NOTE 3 – RECEIVABLES/PAYABLES TO PRIMARY GOVERNMENT

The following is a schedule of balances as of December 31, 2021 and 2020.

Due To	Due From	2021		2020	
		Amount	Principal Purpose	Amount	Principal Purpose
GRPUC	Primary government	<u>\$ 18,505</u>	Utility bills and service center operating costs	<u>\$ 133,387</u>	Utility bills and service center operating costs
Primary government	GRPUC	<u>\$ 129,038</u>	General operating and capital costs	<u>\$ 166,264</u>	General operating and capital costs

The receivable from the primary government in 2020 contains \$75,000 for reimbursement of capital projects that is shown as a capital contribution from the municipality on the Statement of Revenues, Expenses, and Changes in Net Position.

GRPUC has a lease agreement with the municipality whereby the City leases a portion of the Public Works/Public Utilities Service Center. The lease expires on September 1, 2095; however, the lease may be terminated by the City on September 1 of any year, by notice of termination not later than the preceding July 1.

Lease payments are subject to annual appropriation by the City and are based on 41% of the service center operating costs.

Total lease revenues were \$26,124 and \$38,351 for 2021 and 2020, respectively.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2021 and 2020

NOTE 4 – RESTRICTED ASSETS

REVENUE BOND ACCOUNTS

Certain proceeds of GRPUC's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. The following revenue bond accounts are reported as restricted assets:

	<u>2021</u>	<u>2020</u>
G.O. Water Revenue Note		
Fund established by note agreement which requires semiannual deposits of amounts necessary to meet principal and interest payments	\$ -	\$ 150,597
Sanitary Sewer Collection and Treatment Infrastructure Replacement Fund		
Resources to be used for future replacement of domestic sanitary sewer infrastructure and plant.	526,815	225,548
Water Main Replacement Fund		
Resources used for future water main replacements and upgrades.	873,351	569,001
Electric Replacement Fund		
Resources used for future electric replacements and upgrades	967,339	-
Consumer Deposit Funds		
Resources to be used for refunds of customer security deposits.	435,313	432,060
2012D Bond Redemption Fund		
Resources to be used to call 2012D bond in February 2022	1,170,000	-
Demand Payment Accounts Receivable		
Receivables to be used for future repayment of wastewater treatment debt	<u>13,414,453</u>	<u>15,271,674</u>
Totals	<u>\$ 17,387,271</u>	<u>\$ 16,648,880</u>

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2021 and 2020

NOTE 5 – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for 2021 follows:

	Balance 1/1/21	Additions/ Reclassifications	Deletions/ Reclassifications	Balance 12/31/21
Capital assets, not being depreciated/amortized				
Land and land rights	\$ 1,964,831	\$ -	\$ -	\$ 1,964,831
Capital assets being depreciated/amortized				
Intangibles	536,181	69,967	-	606,148
Infrastructure	45,990,398	517,076	36,824	46,470,650
Buildings and improvements	34,201,700	44,862	91,307	34,155,255
Machinery and equipment	37,185,194	924,187	84,945	38,024,436
Total Capital Assets Being Depreciated/Amortized	<u>117,913,473</u>	<u>1,556,092</u>	<u>213,076</u>	<u>119,256,489</u>
Total Capital Assets	<u>119,878,304</u>	<u>1,556,092</u>	<u>213,076</u>	<u>121,221,320</u>
Less: Accumulated depreciation/amortization				
Intangibles	(406,202)	(63,741)	-	(469,943)
Infrastructure	(18,787,370)	(1,204,447)	56,801	(19,935,016)
Buildings and improvements	(26,657,792)	(710,576)	3,553,058	(23,815,310)
Machinery and equipment	(12,131,144)	(4,860,663)	167,800	(16,824,007)
Total Accumulated Depreciation/Amortization	<u>(57,982,508)</u>	<u>(6,839,427)</u>	<u>3,777,659</u>	<u>(61,044,276)</u>
Construction work in progress (non-depreciable)	<u>1,170,453</u>	<u>785,897</u>	<u>1,694,064</u>	<u>262,286</u>
Net Capital Assets	<u>\$ 63,066,249</u>			<u>\$ 60,439,330</u>

Reductions in accumulated depreciation may exceed deletions of capital assets due to the cost of removal.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2021 and 2020

NOTE 5 – CHANGES IN CAPITAL ASSETS (cont.)

A summary of changes in capital assets for 2020 follows:

	Balance 1/1/20	Additions/ Reclassifications	Deletions/ Reclassifications	Balance 12/31/20
Capital assets, not being depreciated/amortized				
Land and land rights	\$ 1,964,831	\$ -	\$ -	\$ 1,964,831
Capital assets being depreciated/amortized				
Intangibles	531,463	4,718	-	536,181
Infrastructure	44,489,799	1,502,532	1,933	45,990,398
Buildings and improvements	34,396,383	162,210	356,893	34,201,700
Machinery and equipment	36,500,130	685,251	187	37,185,194
Total Capital Assets Being Depreciated/Amortized	<u>115,917,775</u>	<u>2,354,711</u>	<u>359,013</u>	<u>117,913,473</u>
Total Capital Assets	<u>117,882,606</u>	<u>2,354,711</u>	<u>359,013</u>	<u>119,878,304</u>
Less: Accumulated depreciation/amortization				
Intangibles	(356,182)	(50,020)	-	(406,202)
Infrastructure	(17,394,531)	(1,396,659)	3,820	(18,787,370)
Buildings and improvements	(25,856,503)	(1,158,181)	356,892	(26,657,792)
Machinery and equipment	(11,305,808)	(825,336)	-	(12,131,144)
Total Accumulated Depreciation/Amortization	<u>(54,913,024)</u>	<u>(3,430,196)</u>	<u>360,712</u>	<u>(57,982,508)</u>
Construction work in progress (non-depreciable)	<u>297,043</u>	<u>2,418,749</u>	<u>1,545,339</u>	<u>1,170,453</u>
Net Capital Assets	<u>\$ 63,266,625</u>			<u>\$ 63,066,249</u>

Reductions in accumulated depreciation may exceed deletions of capital assets due to the cost of removal.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2021 and 2020

NOTE 6 – LEASES

In 2015, GRPUC entered into a lease agreement to finance the addition of an Advanced Metering Infrastructure and Automated Meter Reading (AMI/AMR) system for 7,200 electric and 3,200 water and sewer customers served. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

The asset acquired through a capital lease is as follows:

	2021	2020
AMI/AMR Assets	\$ 1,700,000	\$ 1,700,000
Total Assets Acquired Through Capital Lease	1,700,000	1,700,000
Less: Accumulated depreciation	(140,893)	(118,240)
Totals	\$ 1,559,107	\$ 1,581,760

2021A General Obligation Bonds were issued to redeem 2021 – 2025 maturities on AMI lease. Closing occurred on May 27th, 2021. No further payments are required.

In 2017, GRPUC entered into a lease agreement with Deere Credit, Inc. to finance the addition of a 2017 John Deere Loader. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The lease liability at the end of 2019 was \$34,000 and was paid off in 2020.

The asset acquired through a capital lease is as follows:

	2021	2020
John Deere Loader	\$ 142,571	\$ 142,571
Total Assets Acquired Through Capital Lease	142,571	142,571
Less: Accumulated depreciation	(57,028)	(42,771)
Totals	\$ 85,543	\$ 99,800

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2021 and 2020

NOTE 6 – LEASES (cont.)

In 2018, GRPUC entered into a lease agreement with Mercedes Benz to finance the addition of a 2018 Freightliner Water Truck. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

The asset acquired through a capital lease is as follows:

	2021	2020
Freightliner Water Truck	\$ 125,984	\$ 125,984
Total Assets Acquired Through Capital Lease	125,984	125,984
Less: Accumulated depreciation	(37,794)	(25,196)
Totals	\$ 88,190	\$ 100,788

No further lease payments are required as the last payment was made in May, 2021.

In 2018, GRPUC entered into a lease agreement with Mercedes Benz to finance the addition of a 2018 Freightliner Dump Truck. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

The asset acquired through a capital lease is as follows:

	2021	2020
Freightliner Dump Truck	\$ 103,265	\$ 103,265
Total Assets Acquired Through Capital Lease	103,265	103,265
Less: Accumulated depreciation	(30,981)	(20,654)
Totals	\$ 72,284	\$ 82,611

No further lease payments are required as the last payment was made in May, 2021.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2021 and 2020

NOTE 7 – NON-UTILITY PROPERTY AND DEFERRED CREDITS

LANDFILL SITES

During 1997-1998, 2006-2007, 2009-2010 and 2011-2012, GRPUC constructed landfill sites to dispose of industrial waste from UPM Blandin Paper. Cost of the sites is deferred and expensed over the estimated useful life of the individual site. The entire cost of the 1997 and a portion of the 2007 site was reimbursed by UPM Blandin Paper and is recorded as a deferred credit. The 1997, 2007, and 2009 landfill sites have been fully amortized. These deferred credits are amortized as revenue over the life of the landfill. The 2006A bonds were issued to fund the remaining portion of the 2007 landfill project. The 2009A bonds were issued to fund the 2009 landfill project and a portion of the 2011A bonds were issued for the 2011 project. UPM Blandin Paper pays a demand charge in amounts sufficient to pay principal and interest on these bonds. For rate making purposes, the Commission has elected to defer the demand charge revenue until the debt service is paid.

	2011 Landfill Phase 8
Cost	\$ 1,068,608
Estimated useful life	20 years
2021 non-utility property	\$ 592,157
2020 non-utility property	\$ 645,588
2021 expense amortization	\$ 53,430
2020 expense amortization	\$ 53,430
2021 deferred revenue	\$ 34,772
2020 deferred revenue	\$ 37,909
2021 revenue amortization	\$ 3,137
2020 revenue amortization	\$ 3,137

NOTE 8 – REGULATORY ASSETS

BOND ISSUANCE COSTS

Bond issuance costs are recovered through rates over the life of the debt. The Commission has elected to create a regulatory asset for this cost and amortize it over the life of the debt using the effective interest rate method. The unamortized balance at December 31, 2021 and 2020 is \$159,654 and \$99,663, respectively. See note 18 for additional information on regulatory assets.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2021 and 2020

NOTE 9 – SERVICE TERRITORY ACQUISITION

In 2015, GRPUC acquired an electric service territory from another utility. The transaction qualified as a government acquisition under GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. The total purchase price of the service territory was \$181,424 which consisted of \$44,468 of depreciated assets, and \$136,956 of lost revenues to the seller. The lost revenues are considered net position acquired and are shown as a deferred outflow on the Statement of Net Position. The deferred outflow of resources will be amortized over ten years beginning in 2015.

In 2019, GRPUC acquired an electric service territory from another utility. The transaction was similar in nature to the transaction listed above. The total purchase price of the service territory was \$281,549 which consisted of \$75,130 of depreciated assets, and \$206,419 of lost revenues to the seller. The lost revenues are considered net position acquired and are shown as a deferred outflow on the Statement of Net Position. The deferred outflow of resources will be amortized over ten years beginning in 2019.

NOTE 10 – LONG-TERM DEBT

The following general obligation revenue bonds and notes have been issued:

General Obligation Wastewater Revenue Note, Series 2009E
General Obligation Wastewater Revenue and Refunding Bonds, Series 2011A
General Obligation Utility Revenue Bonds, Series 2012D
General Obligation Wastewater Revenue Bonds, Series 2013C
General Obligation Bond 2021A
General Obligation Bond 2021C
General Obligation Bond 2021D

Date	Purpose	Final Maturity	Interest Rates	Original Amount	Outstanding Amount 12/31/21
Nov. 10, 2009	Improvements to wastewater treatment facility	Aug. 20, 2029	2.9%	\$ 26,370,232	\$ 12,419,000
Sept. 1, 2011	Landfill site construction	Dec. 1, 2021	0.6 – 3.5	3,965,000	-
April 1, 2012	Improvements to water and wastewater facilities	Feb. 1, 2033	2.0 – 3.35	2,025,000	1,270,000
July 15, 2013	Industrial force main, Segment B Project	Feb. 1, 2029	2.0 – 4.5	2,305,000	305,000
May 27, 2021	Refunding of the City's Master Tax-Exempt Lease/Purchase Agreement	Oct. 15, 2025	0.25 – 0.63	872,000	775,500
Sept. 2, 2021	Refunding of certain outstanding G.O. bonds	Feb. 1, 2029	0.45 – 1.25	1,210,000	1,210,000
Dec. 9, 2021	Refunding of certain outstanding G.O. bonds	Feb. 1, 2033	2.0 – 3.0	1,120,000	1,120,000

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2021 and 2020

NOTE 10 – LONG-TERM DEBT (cont.)

General obligation revenue bonds and notes debt service requirements to maturity follow:

Year Ending December 31	Bonds		Direct Placement		Total
	Principal	Interest	Principal	Interest	
2022	\$ 1,652,000	\$ 445,847	\$ 207,000	\$ 32,479	\$ 2,337,326
2023	1,702,000	398,006	323,500	42,185	2,465,691
2024	1,589,000	304,763	484,000	38,018	2,415,781
2025	1,632,000	260,166	486,000	33,040	2,411,206
2026	1,686,000	214,006	300,000	27,646	2,227,652
2027 – 2031	5,523,000	364,449	1,105,000	64,164	7,056,613
2032 – 2033	210,000	6,903	200,000	4,000	420,903
Totals	<u>\$ 13,994,000</u>	<u>\$ 1,994,140</u>	<u>\$ 3,105,500</u>	<u>\$ 241,532</u>	<u>\$ 19,335,172</u>

All utility revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2021 and 2020 were \$2,717,734 and \$2,612,562, respectively. Total customer gross revenues as defined for the same periods were \$27,574,635 and \$24,931,222, respectively. Annual principal and interest payments are expected to require 6% of gross revenues on average.

Long-term obligation activity for the years ended December 31, 2021 and 2020 is as follows:

	Balance 1/1/21	Additions	Retirements	Balance 12/31/21	Due Within One Year
Long-term debt	\$ 17,201,000	\$ -	\$ 3,207,000	\$ 13,994,000	\$ 1,652,000
Long-term debt - Direct placement	-	3,202,000	96,500	3,105,500	207,000
Unamortized premium and discounts	201	91,304	4,818	86,687	-
Lease obligation	964,292	-	964,292	-	-
Customer advances for construction	2,500	-	2,500	-	-
Accrued compensated absences	342,952	263,548	290,270	316,230	219,594
Net pension liability	2,320,242	-	740,176	1,580,066	-
Landfill closure costs	3,640,225	885,860	-	4,526,085	-
Totals	<u>\$ 24,471,412</u>	<u>\$ 4,442,712</u>	<u>\$ 5,305,556</u>	<u>\$ 23,608,568</u>	<u>\$ 2,078,594</u>

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2021 and 2020

NOTE 10 – LONG-TERM DEBT (cont.)

	Balance 1/1/20	Additions	Retirements	Balance 12/31/20	Due Within One Year
Long-term debt	\$ 19,240,000	\$ -	\$ 2,039,000	\$ 17,201,000	\$ 2,107,000
Unamortized premium and discounts	(1,562)	-	(1,763)	201	-
Lease obligation	1,221,040	-	256,748	964,292	230,395
Customer advances for construction	2,500	-	-	2,500	-
Accrued compensated absences	323,986	259,134	240,168	342,952	224,059
Net pension liability	2,045,647	274,595	-	2,320,242	-
Landfill closure costs	3,808,578	-	168,353	3,640,225	-
Totals	<u>\$ 26,640,189</u>	<u>\$ 533,729</u>	<u>\$ 2,702,506</u>	<u>\$ 24,471,412</u>	<u>\$ 2,561,454</u>

REFUNDING TRANSACTIONS

On May 27, 2021, the 2021A bonds in the amount of \$872,000 were issued with an average interest rate of 0.40% to current refund \$850,525 of the 2015 AMR Lease.

The cash flow requirements on the lease prior to the refunding for 2021A bond were \$875,427 from 2021 through 2025. The cash flow requirements on the new bonds are \$881,627 from 2021 through 2025. The current refunding resulted in an economic loss of (\$5,909).

On August 10, 2021, the 2021C bonds in the amount of \$1,210,000 were issued with an average interest rate of 0.450% to advance refund \$1,100,000 of outstanding bonds with an average interest rate of 3.89%. The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old bonds. As a result, that portion of the old bonds are considered defeased and the liability for that portion of the old bonds has been removed from the statement of net position. The defeased debt outstanding is \$1,100,000 as of December 31, 2021.

The cash flow requirements on the old bonds prior to the advance refunding for 2021C bond were \$1,660,538 from 2022 through 2029. The cash flow requirements on the new bonds are \$1,583,395 from 2022 through 2029. The advance refunding resulted in an economic gain of \$74,189.

On November 23, 2021, the 2021D bonds in the amount of \$1,120,000 were issued with an average interest rate of 1.4% to current refund \$1,170,000 of outstanding bonds with an average interest rate of 2%. The net proceeds were used to prepay a portion of the outstanding debt service requirements on the old bonds. The proceeds were deposited into GRPUC's checking account to be used to pay off the old bonds when callable on February 1, 2022.

The cash flow requirements on the old bonds prior to the current refunding was \$1,375,425 from 2023 through 2033. The cash flow requirements on the new bonds are \$1,296,161 from 2023 through 2033. The current refunding resulted in an economic gain of \$74,586.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2021 and 2020

NOTE 11 – NET POSITION

GASB Statement No. 34 requires the classification of net position into three components – net investment in capital assets, restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – The component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is GRPUC’s policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 12 – EMPLOYEES’ RETIREMENT SYSTEM

DEFINED BENEFIT PENSION PLANS – STATEWIDE

Plan Description

The GRPUC participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA’s defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA’s defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

All full-time and certain part-time employees of the GRPUC are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2021 and 2020

NOTE 12 – EMPLOYEES’ RETIREMENT SYSTEM (cont.)

DEFINED BENEFIT PENSION PLANS – STATEWIDE (cont.)

Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

General Employees Plan benefits are based on a member’s highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA’s Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for coordinated members is 1.2 percent for each of the first 10 years of service and 1.7 percent for each additional year. Under Method 2, the accrual rate for coordinated members is 1.7 percent for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in calendar year 2021 and 2020. The GRPUC was required to contribute 7.50 percent for Coordinated Plan members in calendar year 2021 and 2020. The GRPUC contributions to the General Employee Fund for the years ended December 31, 2021 and 2020, were \$211,521 and \$205,333, respectively. The GRPUC’s contributions were equal to the required contributions as set by state statute.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2021 and 2020

NOTE 12 – EMPLOYEES’ RETIREMENT SYSTEM (cont.)

DEFINED BENEFIT PENSION PLANS – STATEWIDE (cont.)

Pension Costs

At December 31, 2021 and 2020, the GRPUC reported a liability of \$1,580,066 and \$2,320,242, respectively, for its proportionate share of the General Employees Fund’s net pension liability. The GRPUC’s net pension liability reflected a reduction due to the State of Minnesota’s contribution of \$16 million in 2021 and 2020. The State of Minnesota is considered a non-employer contributing entity and the state’s contribution meets the definition of a special funding situation. The State of Minnesota’s proportionate share of the net pension liability associated with the GRPUC totaled \$48,214 and \$71,560 in 2021 and 2020, respectively. The net pension liability was measured as of June 30, 2021 and 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The GRPUC’s proportionate share of the net pension liability was based on the GRPUC’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021 and July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2021 and 2020, the GRPUC’s proportion share was .0387 percent and .0370 percent, respectively, which was an increase of .0017 percent and a decrease of .0024, respectively, from its proportion measured as of June 30, 2020 and 2019, respectively.

For the years ended December 31, 2021 and 2020, the GRPUC recognized pension expense of \$(56,506) and \$92,554, respectively, for its proportionate share of the General Employees Plan’s pension expense. In addition, the GRPUC recognized an additional \$3,890 and \$6,228 as pension expense (and miscellaneous revenue) in 2021 and 2020, respectively, for its proportionate share of the State of Minnesota’s contribution of \$16 million for both years, to the General Employees Fund.

At December 31, 2021, the GRPUC reported its proportionate share of the General Employees Plan’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 9,708	\$ 48,612
Changes in actuarial assumptions	964,755	36,049
Differences between projected and actual investment earnings	-	1,363,797
Changes in proportion	46,996	109,727
Contributions paid to PERA subsequent to the measurement date	115,593	-
Totals	\$ 1,137,052	\$ 1,558,185

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2021 and 2020

NOTE 12 – EMPLOYEES’ RETIREMENT SYSTEM (cont.)

DEFINED BENEFIT PENSION PLANS – STATEWIDE (cont.)

Pension Costs (cont.)

At December 31, 2020, the GRPUC reported its proportionate share of the General Employees Plan’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 20,278	\$ 8,779
Changes in actuarial assumptions	-	85,459
Difference between projected and actual investment earnings	33,400	-
Changes in proportion	70,492	82,532
Contributions paid to PERA subsequent to the measurement date	103,615	-
Totals	\$ 227,785	\$ 176,770

\$115,593 and \$103,615 reported as deferred outflows of resources related to pensions resulting from GRPUC contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022 and December 31, 2021, respectively. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Pension Expense Amount
2022	\$ (104,237)
2023	(23,927)
2024	(35,326)
2025	(373,236)
Thereafter	-
Total	\$ (536,726)

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2021 and 2020

NOTE 12 – EMPLOYEES’ RETIREMENT SYSTEM (cont.)

DEFINED BENEFIT PENSION PLANS – STATEWIDE (cont.)

Actuarial Assumptions

The total pension liability in the June 30, 2021 and 2020, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

	2021	2020
Inflation	2.25%	2.25%
Active Member Payroll Growth	3.00%	3.00%
Investment Rate of Return	6.50%	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA’s experience. Cost of living benefit increases for retirees are assumed to be 1.25 per year for the General Employee Plan.

Actuarial assumptions used in the June 30, 2021 and 2020, valuation were based on the results of actuarial experience studies. The most recent four year experience study in the General Employees Plan was completed in 2020. The assumption changes were adopted by the Board and become effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions occurred in 2021:

- > The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- > The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

The following changes in plan provisions occurred in 2021:

- > There were no changes in plan provisions since the previous valuation.

The following changes in actuarial assumptions occurred in 2020:

- > The morality projection scale was changed from MP-2017 to MP-2018.
- > The price inflation assumption was decreased from 2.50% to 2.25%.
- > The payroll growth assumption was decreased from 3.25% to 3.00%.
- > Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- > Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- > Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2021 and 2020

NOTE 12 – EMPLOYEES’ RETIREMENT SYSTEM (cont.)

DEFINED BENEFIT PENSION PLANS – STATEWIDE (cont.)

Actuarial Assumptions (cont.)

- > Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- > The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- > The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- > The assumed spouse age difference was changed from two years older for females to one year older.
- > The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

The following changes in plan provisions occurred in 2020:

- > Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages.

The target allocation and best estimates of geometric real rates of return for each major asset class as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Private Markets	25%	5.90%
Fixed Income	25%	0.75%
Unallocated Cash	<u>0.0%</u>	0.00%
Total	<u>100%</u>	

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2021 and 2020

NOTE 12 – EMPLOYEES’ RETIREMENT SYSTEM (cont.)

DEFINED BENEFIT PENSION PLANS – STATEWIDE (cont.)

Actuarial Assumptions (cont.)

The target allocation and best estimates of geometric real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	35.5%	5.10%
International Equity	17.5%	5.30%
Private Markets	25%	5.90%
Fixed Income	20%	0.75%
Unallocated Cash	<u>2%</u>	0.00%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability in 2021 was 6.50% and 7.5% in 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity

The following presents the GRPUC’s proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the GRPUC’s proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate.

The sensitivity analysis of December 31, 2021 follows:

	1% Decrease in Discount Rate (5.5%)	Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
GRPUC’s proportionate share of the General Employees Plan net pension liability:	\$3,222,528	\$1,580,066	\$232,326

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2021 and 2020

NOTE 12 – EMPLOYEES’ RETIREMENT SYSTEM (cont.)

DEFINED BENEFIT PENSION PLANS – STATEWIDE (cont.)

The sensitivity analysis of December 31, 2020 follows:

	<u>1% Decrease in Discount Rate (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase in Discount Rate (8.5%)</u>
GRPUC’s proportionate share of the General Employees Fund net pension liability:	\$3,718,543	\$2,320,242	\$1,166,756

Pension Plan Fiduciary Net Position

Detailed information about each pension plan’s fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

NOTE 13 – POST-EMPLOYMENT HEALTH CARE SAVINGS ACCOUNT

Minnesota Statutes Chapter 352.98 authorizes Minnesota State Retirement System (MSRS) to offer plans for health care savings accounts (HCSA) to governmental employees. MSRS received its private letter ruling establishing these plans as tax exempt benefits on July 29, 2002. The plans allow employees to save money, tax-free, to use upon termination of employment to pay for eligible health care expenses. MSRS acts as trustee of the plans and the State Board of Investment manages the investment of employee funds.

In 2006, at the time of conversion to the PTO plan, up to 40 hours of accumulated, unused sick leave was converted to PTO. Any excess sick leave was converted to EIB, subject to a maximum initial EIB account balance of 320 hours. Any remaining sick leave balance that was not converted to PTO or EIB was contributed on the employee’s behalf to a post-employment HCSA.

At the time of conversion, excess sick leave of \$477,554 was contributed to the employees’ Health Care Savings Accounts. The wage rates used for conversion were those in effect at the time of conversion.

CONTRIBUTIONS TO HCSA

Unused PTO that exceeds the maximum accrual may be transferred to a post-employment Health Care Savings Account (HCSA) annually, on the employee’s anniversary date. At termination of service with the GRPUC, any balance of unused EIB may also be converted to the employee’s HCSA. There are no other provisions for contributions to HCSA plans. When unused benefits are converted to an employee’s HCSA, the funds are transferred to the trustee of the plan, and the GRPUC no longer has a liability for these amounts.

CHANGES TO HCSA PLANS

Any changes in contributions to the HCSA must be agreed to by the employer and the collective bargaining unit. In the case of employees not covered by the collective bargaining unit, amounts to be contributed must be outlined in the written personnel policy.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2021 and 2020

NOTE 14 – PAYMENTS IN LIEU OF TAXES

Effective January 1, 1997, GRPUC and the City of Grand Rapids established a formal agreement for payments in lieu of taxes (PILOT) from the GRPUC to the City. This payment was equal to 7% of gross retail electric sales for the prior year. Beginning January 1, 2010, the PILOT agreement was modified and the annual cash payment changed to 4.84 mills per kWh sold, with a minimum annual payment of \$823,000. The agreement was modified again in 2012. Beginning January 1, 2013, the annual cash PILOT was increased to 5.00 mills per kWh sold, with a minimum annual payment of \$868,000. In 2015, a resolution was approved to exclude kilowatt hours sold in electric service territory acquisitions made after January 1, 2015, for a period of time equivalent to the time basis used in the lost revenue calculation; typically a period of ten years from the date of the electric service territory acquisition.

The amount of the PILOT, including cash and utility supplied services, to the City for 2021 and 2020 was \$882,288 and \$873,537, respectively.

NOTE 15 – LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

State and federal laws and regulations require GRPUC to place a final cover on its landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at those sites for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, GRPUC is required to establish financial assurance for closure, post-closure care and contingency action.

The current calculations of projected costs for all open and planned landfill sites included in the existing Industrial Solid Waste Disposal Facility Permit are:

	2021	2020
Closure cost estimate	\$ 1,912,560	\$ 1,626,494
Post-closure care cost estimate	2,025,154	1,395,580
Contingency action	588,371	618,151
Totals	\$ 4,526,085	\$ 3,640,225

These costs are reviewed annually and adjusted for the effects of inflation, changes in technology, or changes in laws and regulations.

Under the 1996-2001 permit, landfill sites C, D, E and F were filled to capacity. The 2001 - 2006 permit included Kettle D and landfill Phases One through Four. Phases Five through Eight were added under the new permit effective September 2006 to September 2011. Kettle D was filled in 2006 and closed in 2008. Phases One-Four were filled and began the closure process in 2007. Final closure on Phases One – Four was completed in 2010. Construction of Phases Five and Six was completed in 2008. Phases Five and Six were put into service in 2008 and have an estimated life of 10 years. Phase 7 was constructed in 2010 and placed into service in 2010 with an estimated life of 10 years. Construction of Phase 8 began in 2011 and was placed into service in 2013.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2021 and 2020

NOTE 15 – LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS (cont.)

On January 11, 2022 and December 14, 2020, UPM Blandin Paper Company established an irrevocable letter of credit for \$4,526,085 and \$3,640,255 with Nordea Bank on behalf of GRPUC. The purpose of the letter of credit is to provide assurance that funds will be available when needed for closure, post-closure care of, and/or contingency action of the landfill.

Closure costs relate to open and planned landfill sites. There are no sites that will be closed within one year. Post-closure costs cover all sites, including those that are already closed. No issues have been identified that would require post-closure costs to be incurred, and no issues are anticipated in the next year.

NOTE 16 – RISK MANAGEMENT

GRPUC is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions, workers compensation, and health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial liability in any of the past three years. There were no significant reductions in coverage compared to the prior year.

NOTE 17 – MAJOR CUSTOMER AND DEMAND PAYMENT DEFERRAL

GRPUC has a contract with UPM Blandin Paper Company (UPM Blandin) where UPM Blandin reimburses GRPUC for expenses associated with the operations of the industrial wastewater treatment plant. Amounts charged for wastewater treatment service was \$3,354,423 and \$3,591,588 for 2021 and 2020, respectively. GRPUC also has contracts with UPM Blandin whereby UPM Blandin pays demand charges for principal and interest on the General Obligation Revenue Bonds Series 2009A, 2009E, 2011A, 2013C, and 2021C along with the leases, as discussed in Note 6. For ratemaking purposes the commission has elected to defer the recognition of the revenue until the debt service on the bonds are paid. The total demand charges paid by UPM Blandin for 2021 and 2020 were \$2,340,202 and \$2,800,010, respectively.

NOTE 18 – ACCOUNTING FOR THE EFFECTS OF RATE REGULATION

GRPUC is subject to the provisions of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement recognizes the economic ability of regulators, through the ratemaking process, to create future economic benefits and obligations affecting rate-regulated entities. Accordingly, GRPUC records these future economic benefits and obligations as regulatory assets and regulatory liabilities, respectively.

Regulatory assets represent probable future revenues associated with previously incurred costs that are expected to be recovered from customers. Regulatory liabilities represent probable future reductions in revenues associated with amounts that are expected to be refunded to customers through the ratemaking process.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2021 and 2020

NOTE 18 – ACCOUNTING FOR THE EFFECTS OF RATE REGULATION (cont.)

In order for a rate-regulated entity to continue to apply the provisions of GASB Statement No. 62, it must continue to meet the following three criteria:

1. The entities' rates for regulated services provided to its customers must be established by an independent third-party regulator or its own governing board empowered by a statute to establish rates that bind customers;
2. The regulated rates must be designed to recover the specific entities' costs of providing the regulated services; and
3. In view of the demand for the regulated services and the level of competition, it is reasonable to assume that rates set at levels that will recover the entities' costs can be charged to and collected from customers.

Based upon GRPUC's management evaluation of the three criteria discussed above in relation to its operations, and the effect of competition on its ability to recover its costs, GRPUC believes that GASB Statement No. 62 continues to apply.

GASB Statement No. 62 is used in the accounting of contributions in aid of construction, regulatory assets and deferred credits.

NOTE 19 – COMMITMENTS AND CONTINGENCIES

POWER CONTRACT

Minnesota Power (MP) provides wholesale electric service under a contract that expires December 31, 2029, unless prior to that date, a new customer of GRPU with a 15-minute peak of equal to or greater than 10 MW locates in the IEDC Eco Industrial Park, which would then extend the Term of Agreement through December 31, 2034. The contract requires no minimum purchase of power and provides that GRPUC may add new renewable generation capacity up to ten percent (10%) (Non-cumulative) of the total GRPUC load, based on the previous year's average annual billed demand, excluding any existing renewable generation capacity prior to September 1, 2015. In addition, beginning in 2019, the generation capacity charge for each year is based on the previous year generation capacity charge adjusted as determined by the power supply formula rate for capacity, except that the charge will not be more than 2% higher, or more than 1% lower, than the previous year's charge. The peak power requirements for 2021 and 2020 were 31,868 and 30,004 kW, respectively. GRPUC negotiated a new wholesale Electric Service Agreement with MP effective in 2022 that extends through December 31, 2029

On February 1, 2018, GRPUC renewed the purchased power contract with MP and it is set to expire in December 31, 2029, unless a new customer of GRPUC with a 15-minute peak of equal to or greater than 10 MW locates to an industrial park, which would extend the contract until December 31, 2034. GRPUC received the Tioga Substation asset as part of the contract in 2019. This amount was recorded as contributed capital during 2019. GRPUC is responsible for any repairs and maintenance necessary for the asset.

GRPUC entered into a Municipal Minnesota Interconnect agreement on September 16, 2021, with MP. The GRPUC, as the area EPS Operator, and MP, as the Interconnect Customer, both agree to allow each party to connect to the other party's area electric power system related solar equipment at the Itasca Clean Energy Solar Plus Battery Storage project in Grand Rapids, Minnesota.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2021 and 2020

NOTE 19 – COMMITMENTS AND CONTINGENCIES (cont.)

OPEN CONTRACTS

GRPUC has several active projects as of December 31, 2021. At year end, GRPUC's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
2021 Sludge Landfill-Sludge Placement	\$ 56,573	\$ 7,327
Outage Management System Implementation	61,250	14,250
Review of WWTF Design Documents	-	20,000
2022 Sludge Landfill-Sludge Placement	-	64,240
Totals	<u>\$ 117,823</u>	<u>\$ 105,817</u>

PENDING CLAIMS AND LEGAL PROCEEDINGS

From time to time, GRPUC is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and GRPUC's attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on GRPUC's financial position or results of operations.

GRANTS

The GRPUC has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial

NOTE 20 – SUBSEQUENT EVENTS

RATE ADJUSTMENT

On December 15, 2021, the Commission approved annual rate increases for water and wastewater services of approximately \$30,000 added to each utility and 2% added to each customer bill effective February 2022.

On December 15, 2021, the Commission approved the 2022 annual rate increase for electric services of approximately 1.9% effective April 2022.

REFUNDING OF BONDS

In February 2022, GRPUC called the remaining maturities on 2012D bonds. The bonds were called with debt proceeds from 2021D bond issue in December 2021.

REQUIRED SUPPLEMENTARY INFORMATION

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
 General Employees Retirement Fund
 Last Ten Years* (Unaudited)

Fiscal Year Ending (for the Measurement Period)	Employer's Proportion (Percentage) of the Net Pension Liability	Employer's Proportionate Share (Amount) of the Net Pension Liability (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the GRPUC (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the GRPUC (a+b)	Employer's Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2015	0.0404%	\$ 2,093,738	\$ -	\$ 2,093,738	\$ 2,372,323	88.3%	78.2%
June 30, 2016	0.0389%	3,158,487	41,243	3,199,730	2,415,909	132.4%	68.9%
June 30, 2017	0.0404%	2,579,109	32,422	2,611,531	2,602,004	100.4%	75.9%
June 30, 2018	0.0394%	2,185,750	198,631	2,384,381	2,648,413	90.0%	79.5%
June 30, 2019	0.0370%	2,045,647	63,664	2,109,311	2,618,728	80.5%	80.2%
June 30, 2020	0.0387%	2,320,242	71,560	2,391,802	2,763,178	86.6%	79.1%
June 30, 2021	0.0370%	1,580,066	48,214	1,628,280	2,820,276	57.7%	87.0%

* This schedule is presented prospectively beginning with the fiscal year ended December 31, 2015.

SCHEDULE OF CONTRIBUTIONS
 General Employees Retirement Fund
 Last Ten Years*

Fiscal Year Ending (for the Financial Reporting Period)	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
December 31, 2015	\$ 175,652	\$ 175,652	\$ -	\$ 2,342,017	7.50%
December 31, 2016	189,105	189,105	-	2,521,397	7.50%
December 31, 2017	199,725	199,725	-	2,663,003	7.50%
December 31, 2018	194,844	194,844	-	2,597,916	7.50%
December 31, 2019	205,477	205,477	-	2,739,694	7.50%
December 31, 2020	205,333	205,333	-	2,737,766	7.50%
December 31, 2021	211,521	211,521	-	2,660,570	7.95%

* This schedule is presented prospectively beginning with the fiscal year ended December 31, 2015.

See independent auditors' report and accompanying notes to required supplementary information.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2021 (Unaudited)

Changes of benefit terms: There were no changes of benefit terms for any participating employer in the GERF.

2021 Changes

The following change in actuarial assumptions occurred in 2021:

- > The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- > The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

The following change in plan provisions occurred in 2021:

- > There were no changes in plan provisions since the previous valuation.

2020 Changes

The following change in plan provisions occurred in 2020:

- > Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

The following changes in actuarial assumptions occurred in 2020:

- > The price inflation assumption was decreased from 2.50% to 2.25%.
- > The payroll growth assumption was decreased from 3.25% to 3.00%.
- > Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- > Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- > Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- > Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- > The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- > The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- > The assumed spouse age difference was changed from two years older for females to one year older.
- > The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

See independent auditors' report.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2021 (Unaudited)

2019 Changes

The following change in plan provisions occurred in 2019:

- > The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

The following changes in actuarial assumptions occurred in 2019:

- > The morality projection scale was changed from MP-2017 to MP-2018.

2018 Changes

The following change in plan provisions occurred in 2018:

- > The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- > Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- > Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- > Contribution stabilizer provisions were repealed.
- > Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- > For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- > Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

The following changes in actuarial assumptions occurred in 2018:

- > The morality projection scale was changed from MP-2015 to MP-2017.
- > The assumed post-retirement increase was changed from 1.0 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 Changes

The following change in plan provisions occurred in 2017:

- > The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- > The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

GRAND RAPIDS PUBLIC UTILITIES COMMISSIONNOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2021 (Unaudited)

The following changes in actuarial assumptions occurred in 2017:

- > The combined service annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and non-vested deferred members. The revised CSA load are now 0.00 percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for non-vested deferred member liability.
- > The assumed postretirement benefit increase rate was changed for 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.

2016 Changes

The following change in plan provisions occurred in 2016:

- > There have been no changes since the prior valuation.

The following changes in actuarial assumptions occurred in 2016:

- > The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter to 1.00 percent per year for all years.
- > The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 7.50 percent.
- > Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 Changes

The following change in plan provisions occurred in 2015:

- > On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increase the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

The following changes in actuarial assumptions occurred in 2015:

- > The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2035 and 2.50 percent per year thereafter.

SUPPLEMENTARY INFORMATION

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

COMBINING SCHEDULE OF REVENUES AND EXPENSES For the Year Ended December 31, 2021

	Electric	Water	Wastewater Collection	Wastewater Treatment	Totals
OPERATING REVENUES					
Utility revenues - city	\$ 13,722,670	\$ 1,633,096	\$ 1,552,917	\$ 3,354,423	\$ 20,263,106
Utility revenues - rural	1,840,226	37,877	293,596	-	2,171,699
Security lighting	61,567	-	-	-	61,567
Total Retail Sales	<u>15,624,463</u>	<u>1,670,973</u>	<u>1,846,513</u>	<u>3,354,423</u>	<u>22,496,372</u>
Purchased power adjustment pass-through	2,401,457	-	-	-	2,401,457
Total Utility Revenues	<u>18,025,920</u>	<u>1,670,973</u>	<u>1,846,513</u>	<u>3,354,423</u>	<u>24,897,829</u>
Other Operating Revenue					
Pole rentals	23,577	-	-	-	23,577
Other	148,569	213,862	18,094	-	380,525
Penalties	14,294	1,676	1,676	-	17,646
Total Operating Revenues	<u>18,212,360</u>	<u>1,886,511</u>	<u>1,866,283</u>	<u>3,354,423</u>	<u>25,319,577</u>
OPERATING EXPENSES					
Production	-	591,648	-	-	591,648
Purchased power	13,611,143	-	-	-	13,611,143
Distribution/collection	1,326,562	389,495	280,895	-	1,996,952
Customer accounts	436,018	122,931	96,181	-	655,130
Administrative and general	1,125,105	335,912	263,013	-	1,724,030
Service center	123,085	20,513	20,514	-	164,112
Domestic wastewater treatment	-	-	553,020	-	553,020
Industrial wastewater treatment	-	-	-	3,406,594	3,406,594
Depreciation and amortization	1,119,626	353,922	259,292	1,588,892	3,321,732
Total Operating Expenses	<u>17,741,539</u>	<u>1,814,421</u>	<u>1,472,915</u>	<u>4,995,486</u>	<u>26,024,361</u>
OPERATING INCOME (LOSS)	<u>470,821</u>	<u>72,090</u>	<u>393,368</u>	<u>(1,641,063)</u>	<u>(704,784)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	15,677	-	-	-	15,677
Demand interest payments	-	-	-	445,886	445,886
Landfill contribution	-	-	-	110,000	110,000
Gain (loss) on property disposition	-	-	27,500	(1,254)	26,246
Interest expense	(29,861)	(28,643)	(17,471)	(462,597)	(538,572)
Bond fees	-	(992)	(233)	(2,525)	(3,750)
Amortization of debt premiums and discounts	-	(974)	(146)	(1,521)	(2,641)
Amortization of regulatory asset	(2,996)	(642)	(1,016)	(16,003)	(20,657)
Combined service center lease revenues	19,593	3,265	3,266	-	26,124
Grant revenue	84,329	-	-	-	84,329
City land improvements	(393,640)	-	-	-	(393,640)
Payment in lieu of taxes	(882,288)	-	-	-	(882,288)
Total Nonoperating Revenues (Expenses)	<u>(1,189,186)</u>	<u>(27,986)</u>	<u>11,900</u>	<u>71,986</u>	<u>(1,133,286)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	<u>\$ (718,365)</u>	<u>\$ 44,104</u>	<u>\$ 405,268</u>	<u>\$ (1,569,077)</u>	<u>\$ (1,838,070)</u>

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

COMBINING SCHEDULE OF REVENUES AND EXPENSES
For the Year Ended December 31, 2020

	Electric	Water	Wastewater Collection	Wastewater Treatment	Totals
OPERATING REVENUES					
Utility revenues - city	\$ 13,017,390	\$ 1,531,862	\$ 1,470,730	\$ 3,591,588	\$ 19,611,570
Utility revenues - rural	1,745,715	35,249	300,251	-	2,081,215
Security lighting	60,075	-	-	-	60,075
Total Retail Sales	14,823,180	1,567,111	1,770,981	3,591,588	21,752,860
Purchased power adjustment pass-through	400,954	-	-	-	400,954
Total Utility Revenues	15,224,134	1,567,111	1,770,981	3,591,588	22,153,814
Other Operating Revenue					
Pole rentals	21,416	-	-	-	21,416
Other	75,804	209,774	24,298	-	309,876
Penalties	9,869	1,157	1,157	-	12,183
Total Operating Revenues	15,331,223	1,778,042	1,796,436	3,591,588	22,497,289
OPERATING EXPENSES					
Production	-	543,700	-	-	543,700
Purchased power	11,069,792	-	-	-	11,069,792
Distribution/collection	915,991	306,344	218,006	-	1,440,341
Customer accounts	297,957	88,418	65,153	-	451,528
Administrative and general	1,145,209	320,734	209,342	-	1,675,285
Service center	108,160	18,027	18,027	-	144,214
Domestic wastewater treatment	-	-	514,032	-	514,032
Industrial wastewater treatment	-	-	-	3,640,009	3,640,009
Depreciation and amortization	1,305,094	347,901	212,089	1,596,769	3,461,853
Total Operating Expenses	14,842,203	1,625,124	1,236,649	5,236,778	22,940,754
OPERATING INCOME (LOSS)	<u>489,020</u>	<u>152,918</u>	<u>559,787</u>	<u>(1,645,190)</u>	<u>(443,465)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	30,745	-	-	-	30,745
Demand interest payments	-	-	-	486,434	486,434
Landfill contribution	-	-	-	110,000	110,000
Grant revenues	145,672	-	-	-	145,672
Gain (loss) on property disposition	-	1,125	-	(1,672)	(547)
Interest expense	(21,351)	(28,771)	(16,107)	(523,267)	(589,496)
Bond fees	-	(1,132)	(605)	(3,258)	(4,995)
Amortization of debt premiums and discounts	-	(974)	(146)	(1,763)	(2,883)
Amortization of regulatory asset	-	-	(374)	(16,450)	(16,824)
Combined service center lease revenues	28,763	4,794	4,794	-	38,351
Payment in lieu of taxes	(873,537)	-	-	-	(873,537)
Total Nonoperating Revenues (Expenses)	<u>(689,708)</u>	<u>(24,958)</u>	<u>(12,438)</u>	<u>50,024</u>	<u>(677,080)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	<u>\$ (200,688)</u>	<u>\$ 127,960</u>	<u>\$ 547,349</u>	<u>\$ (1,595,166)</u>	<u>\$ (1,120,545)</u>

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

Item 20.

ELECTRIC DEPARTMENT
 DETAILED SCHEDULE OF REVENUES AND EXPENSES
 For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Utility Revenues		
City residential	\$ 4,311,259	\$ 4,142,608
City commercial and light and power	9,411,411	8,874,782
Rural residential	1,213,463	1,182,228
Rural commercial and light and power	626,763	563,487
Security lighting	<u>61,567</u>	<u>60,075</u>
Total Retail Sales	15,624,463	14,823,180
Purchased power adjustment pass-through	<u>2,401,457</u>	<u>400,954</u>
Total Utility Revenues	18,025,920	15,224,134
Other Operating Revenues		
Pole rentals	23,577	21,416
Other	148,569	75,804
Penalties	<u>14,294</u>	<u>9,869</u>
Total Operating Revenues	<u>18,212,360</u>	<u>15,331,223</u>
OPERATING EXPENSES		
Purchased Power	<u>13,611,143</u>	<u>11,069,792</u>
Distribution Operations		
Supervision and engineering	88,820	89,308
Substations	6,334	5,580
Overhead and underground lines	366,055	91,108
Meters	75,208	79,910
Customer installations	22,802	13,129
Mapping	47,363	34,139
Small tools	30,801	17,833
Safety	30,613	29,396
Seminar/training	11,401	11,590
Stores and other	155,224	95,509
Distribution Maintenance		
Supervision and engineering	88,780	89,128
Locating expense	37,924	15,769
Substations	52,509	55,319
Overhead lines	236,987	174,777
Underground lines	22,259	98,188
Line transformers	-	778
Security lighting	5,047	1,173
Street lighting	-	2,158
Meters	42,513	4,168
Other	<u>5,922</u>	<u>7,031</u>
Total Distribution Expenses	<u>1,326,562</u>	<u>915,991</u>
Other Operating Expenses		
Customer accounts expense	436,018	297,957
Administrative and general	1,125,105	1,145,209
Depreciation - electric	933,748	1,123,497
Depreciation - other	106,360	103,727
Amortization - intangibles	45,181	43,533
Amortization - other	34,337	34,337
Service center	<u>123,085</u>	<u>108,160</u>
Total Other Operating Expenses	<u>2,803,834</u>	<u>2,856,420</u>
Total Operating Expenses	<u>17,741,539</u>	<u>14,842,203</u>
OPERATING INCOME	<u>470,821</u>	<u>489,020</u>

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

Item 20.

ELECTRIC DEPARTMENT
DETAILED SCHEDULE OF REVENUES AND EXPENSES (cont.)
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	\$ 15,677	\$ 30,745
Interest expense	(29,861)	(21,351)
Amortization of regulatory asset	(2,996)	-
Lease revenues combined service center	19,593	28,763
Grant revenue	84,329	145,672
City land improvements	(393,640)	-
Payment in lieu of taxes	<u>(882,288)</u>	<u>(873,537)</u>
Total Nonoperating Revenues (Expenses)	<u>(1,189,186)</u>	<u>(689,708)</u>
 INCOME (LOSS) BEFORE CONTRIBUTIONS	 <u>\$ (718,365)</u>	 <u>\$ (200,688)</u>

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

WATER DEPARTMENT DETAILED SCHEDULE OF REVENUES AND EXPENSES For the Years Ended December 31, 2021 and 2020

	2021	2020
OPERATING REVENUES		
Utility Revenues		
City sales	\$ 1,633,096	\$ 1,531,862
Rural sales	37,877	35,249
Total Utility Revenues	1,670,973	1,567,111
Other Operating Revenues		
Miscellaneous service	213,862	209,774
Penalties	1,676	1,157
Total Operating Revenues	1,886,511	1,778,042
OPERATING EXPENSES		
Production		
Operations		
Operators wages	161,855	158,636
Water treatment expense	114,019	111,014
Power purchased	195,190	168,760
Other	26,250	18,573
Maintenance		
WTP buildings and grounds	17,906	6,761
Wells, pumps, mains	14,353	6,009
WTP equipment	51,511	62,363
DCS	8,183	6,954
Inspections	2,381	4,630
Total Production Expenses	591,648	543,700
Distribution		
Operations		
Supervision and engineering	43,108	29,361
Records	1,275	10,527
Inspections	11,359	6,325
Thaw and flush hydrants, etc.	8,054	4,932
Locating expense	13,630	21,105
Service on customer premises	46,238	7,372
Mapping	30,810	30,799
Small tools	3,465	3,412
Safety	14,826	9,000
Seminar/training	20,365	14,211
Other	378	57
Stores	24,983	15,074
Maintenance		
Towers and tanks	16,669	8,573
Booster station	2,563	303
Mains and hydrants	93,945	138,680
Services	43,923	9,019
Meters	8,584	(2,553)
Other	5,320	147
Total Distribution Expenses	389,495	306,344

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

WATER DEPARTMENT DETAILED SCHEDULE OF REVENUES AND EXPENSES (cont.) For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
OTHER OPERATING EXPENSES		
Customer accounts expense	\$ 122,931	\$ 88,418
Administrative and general	335,912	320,734
Depreciation - water	331,343	325,827
Depreciation - other	17,727	17,288
Amortization - intangibles	4,852	4,786
Service center	20,513	18,027
Total Other Operating Expenses	<u>833,278</u>	<u>775,080</u>
Total Operating Expenses	<u>1,814,421</u>	<u>1,625,124</u>
OPERATING INCOME	<u>72,090</u>	<u>152,918</u>
NONOPERATING REVENUES (EXPENSES)		
Gain (loss) on property disposition	-	1,125
Bond fees	(992)	(1,132)
Amortization of debt premiums and discounts	(974)	(974)
Amortization of regulatory asset	(642)	-
Interest expense - other	(28,643)	(28,771)
Lease revenues combined service center	3,265	4,794
Total Nonoperating Revenues (Expenses)	<u>(27,986)</u>	<u>(24,958)</u>
INCOME BEFORE CONTRIBUTIONS	<u>\$ 44,104</u>	<u>\$ 127,960</u>

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

Item 20.

WASTEWATER COLLECTION DEPARTMENT
 DETAILED SCHEDULE OF REVENUES AND EXPENSES
 For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Utility Revenues		
City	\$ 1,552,917	\$ 1,470,730
Rural	137,664	145,720
Septage haulers	<u>155,932</u>	<u>154,531</u>
Total Utility Revenues	1,846,513	1,770,981
Other Operating Revenues		
Other	18,094	24,298
Penalties	<u>1,676</u>	<u>1,157</u>
Total Operating Revenues	<u>1,866,283</u>	<u>1,796,436</u>
OPERATING EXPENSES		
Collection		
Operations		
Supervision and engineering	25,032	26,143
Inspections	1,012	330
Locating expense	10,100	9,877
Service on customer premises	556	424
Mapping	30,810	30,779
Small tools	2,059	919
Safety	4,076	3,467
Seminar/training	5,659	1,262
Other	95	87
Stores	5,400	3,056
Power purchased	15,439	14,327
Maintenance		
Lift stations	94,555	38,225
Mains	74,472	81,457
Services	4,733	7,323
Other	<u>6,897</u>	<u>330</u>
Total Collection Expenses	<u>280,895</u>	<u>218,006</u>
Domestic Wastewater Treatment		
Domestic plant	88,786	80,610
Domestic portion of secondary plant and service center	<u>464,234</u>	<u>433,422</u>
Total Domestic Treatment Expenses	<u>553,020</u>	<u>514,032</u>
Other Operating Expenses		
Customer accounts expense	96,181	65,153
Administrative and general	263,013	209,342
Depreciation - wastewater collection	236,713	190,015
Depreciation - other	17,727	17,288
Amortization - intangibles	4,852	4,786
Service center	<u>20,514</u>	<u>18,027</u>
Total Other Operating Expenses	<u>639,000</u>	<u>504,611</u>
Total Operating Expenses	<u>1,472,915</u>	<u>1,236,649</u>
OPERATING INCOME	<u>393,368</u>	<u>559,787</u>

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

WASTEWATER COLLECTION DEPARTMENT
DETAILED SCHEDULE OF REVENUES AND EXPENSES (cont.)
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
NONOPERATING REVENUES (EXPENSES)		
Gain (loss) on property disposition	\$ 27,500	\$ -
Interest expense	(17,471)	(16,107)
Bond fees	(233)	(605)
Amortization of debt premiums and discounts	(146)	(146)
Amortization of regulatory asset	(1,016)	(374)
Lease revenues combined service center	<u>3,266</u>	<u>4,794</u>
Total Nonoperating Revenues (Expenses)	<u>11,900</u>	<u>(12,438)</u>
INCOME BEFORE CONTRIBUTIONS	<u>\$ 405,268</u>	<u>\$ 547,349</u>

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

WASTEWATER TREATMENT FACILITY DETAILED SCHEDULE OF REVENUES AND EXPENSES For the Years Ended December 31, 2021 and 2020

	2021	2020
OPERATING REVENUES		
Utility revenues	\$ 3,354,423	\$ 3,591,588
Total Operating Revenues	3,354,423	3,591,588
OPERATING EXPENSES		
Waste treatment service center	114,300	132,752
Wastewater treatment plant primary plant II	1,274,016	1,778,806
Screen house	253,188	265,116
Sludge disposal	557,333	429,248
Secondary treatment facility	1,207,757	1,034,087
Depreciation	1,588,892	1,596,769
Total Operating Expenses	4,995,486	5,236,778
OPERATING LOSS	(1,641,063)	(1,645,190)
NONOPERATING REVENUES (EXPENSES)		
Gain (loss) on property disposition	(1,254)	(1,672)
Interest expense	(462,597)	(523,267)
Demand interest payments	445,886	486,434
Landfill contribution	110,000	110,000
Bond fees	(2,525)	(3,258)
Amortization of regulatory asset	(16,003)	(16,450)
Amortization of debt premiums and discounts	(1,521)	(1,763)
Total Nonoperating Revenues (Expenses)	71,986	50,024
LOSS BEFORE CONTRIBUTIONS	\$ (1,569,077)	\$ (1,595,166)

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

WASTE TREATMENT SERVICE CENTER SCHEDULE OF EXPENSES For the Years Ended December 31, 2021 and 2020

	2021	2020
WASTE TREATMENT SERVICE CENTER BUILDING		
Supplies and tools	\$ 4,994	\$ 6,634
Administrative and engineering	15,266	32,301
Safety	176	3,032
Insurance	2,895	1,946
Telephone	4,221	3,911
Plant vehicles	14,689	13,340
Buildings and grounds	27,737	35,210
Maintenance	2,281	155
Wastewater collection services	264	307
Power purchased	50,048	45,491
Water purchased	387	416
TOTAL WASTE TREATMENT SERVICE CENTER EXPENSE	\$ 122,958	\$ 142,743
Industrial Portion	\$ 114,300	\$ 132,752
Domestic Portion	\$ 8,658	\$ 9,991

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

WASTEWATER TREATMENT PLANT PRIMARY PLANT II SCHEDULE OF EXPENSES

For the Years Ended December 31, 2021 and 2020

	2021	2020
WASTEWATER TREATMENT PLANT PRIMARY PLANT II		
Supervision	\$ 22,136	\$ 25,893
Operating labor	164,667	305,894
Group insurance	54,934	122,286
Life insurance	964	965
Dental insurance	2,902	3,897
Health savings account funding	13,375	14,352
Third party administrative cost	349	399
Other fringe costs	34,611	61,140
Legal	3,591	4,378
Long-term disability payments	2,823	2,887
Uniforms	24	362
Supplies and tools	5,428	3,666
Fuel	9	16
Administrative expense	124,065	146,898
Safety	9,077	11,083
Insurance	32,298	26,644
Seminars	2,463	2,644
Telephone expense	1,129	1,271
Permits and legal fees	828	802
Outside testing	29	1,750
Chemicals	420,336	664,585
Plant equipment/supplies	106,074	152,487
Maintenance inspections	903	1,694
Power purchased	264,485	218,528
Water purchased	6,516	4,285
TOTAL WASTEWATER TREATMENT PLANT PRIMARY PLANT II EXPENSE	\$ 1,274,016	\$ 1,778,806

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

SCREEN HOUSE SCHEDULE OF EXPENSES For the Years Ended December 31, 2021 and 2020

	2021	2020
SCREEN HOUSE		
Supervision	\$ 6,147	\$ 7,105
Operating labor	25,687	25,416
Group insurance	11,093	17,058
Life insurance	154	154
Dental insurance	577	532
Health savings account funding	2,750	2,028
Other fringe costs	8,055	9,928
Supplies	823	278
Fuel	4,670	3,039
Administrative	17,719	24,527
Safety	1,492	1,796
Seminars	458	485
Insurance	3,963	4,882
Legal	735	876
DCS support contract	2,356	3,523
Screens - conv - spray water	4,177	12,007
Sewage pumps	9,108	3,926
Electric motors and controls	4,275	4,305
Instrumentation	2,938	3,011
Buildings and grounds	12,596	32,707
Maintenance inspection	556	1,171
Force main and manholes	739	3,152
Power purchased	118,448	94,791
Water purchased	13,672	8,419
 TOTAL SCREEN HOUSE EXPENSE	 \$ 253,188	 \$ 265,116

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

SLUDGE DISPOSAL SCHEDULE OF EXPENSES For the Years Ended December 31, 2021 and 2020

	2021	2020
SLUDGE DISPOSAL		
Supervision	\$ 15,884	\$ 9,630
Truck driver labor	175,775	70,190
Group insurance	41,802	49,435
Life insurance	508	509
Dental insurance	2,314	1,615
Health savings account funding	9,625	5,954
Other fringe costs	21,139	3,545
Engineering-sludge landfill	14,604	3,620
Administrative	2,508	3,487
Seminars	1,777	-
Insurance	16,181	9,195
Permits and legal fees	400	400
Sludge placement	63,474	48,862
Miscellaneous landfill operations	45,172	54,071
Leachate collection	11,812	39,945
Solid waste tax	317	245
Sludge landfill amortization	53,430	53,430
Well monitoring	54,026	53,007
Purchased power	2,190	2,397
Sludge hauling trucks	24,395	19,711
 TOTAL SLUDGE DISPOSAL EXPENSE	 \$ 557,333	 \$ 429,248

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

SECONDARY TREATMENT FACILITY SCHEDULE OF EXPENSES

For the Years Ended December 31, 2021 and 2020

	2021	2020
SECONDARY TREATMENT FACILITY		
Supervision	\$ 24,588	\$ 28,419
Operating labor	63,892	101,660
Group insurance	36,682	60,779
Life insurance	439	439
Dental insurance	1,877	1,903
Health savings account funding	9,250	7,306
Other fringe costs	25,235	32,424
Long-term disability insurance	1,976	2,020
Supplies	1,691	608
Administrative	40,986	53,319
Safety	5,911	4,790
Seminars	2,665	1,431
Insurance	28,569	29,180
Permits	14,350	14,350
Outside testing	12,593	15,257
Legal	2,447	1,939
Telephone	1,129	1,265
Laboratory supplies	7,714	7,931
Chemicals	38,711	19,628
DCS support contract	2,356	3,196
Blowers - air system	7,835	23,245
Aerators	20,407	18,810
Secondary clarifiers	3,242	3,360
Waste activated sludge thickeners	1,581	4,505
Pumps	8,866	8,072
Chlorination system	7,191	2,182
Additive systems	-	76
Laboratory equipment	1,235	1,912
Plant vehicles	427	939
Electric motors and controls	12,091	3,750
Instrumentation	2,198	695
Buildings and grounds	25,930	39,440
Maintenance inspection	764	1,889
Power purchased	1,197,045	932,063
Water purchased	51,460	28,736
	<u>\$ 1,663,333</u>	<u>\$ 1,457,518</u>
 TOTAL SECONDARY TREATMENT FACILITY EXPENSE		
Industrial Portion	<u>\$ 1,207,757</u>	<u>\$ 1,034,087</u>
Domestic Portion	<u>\$ 455,576</u>	<u>\$ 423,431</u>

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

COMBINED SCHEDULE OF ADMINISTRATIVE, GENERAL AND CUSTOMER ACCOUNTS EXPENSE

For the Years Ended December 31, 2021 and 2020

	2021	2020
CUSTOMER ACCOUNTS EXPENSE		
Meter reading	\$ 12,339	\$ 5,653
Customer records and collection expense	611,763	430,646
Other	31,028	15,229
Total Customer Accounts Expense	\$ 655,130	\$ 451,528
ALLOCATION OF CUSTOMER ACCOUNTS EXPENSE		
Electric	\$ 436,018	\$ 297,957
Water	122,931	88,418
Wastewater collection	96,181	65,153
Total Allocation of Customer Accounts Expense	\$ 655,130	\$ 451,528
ADMINISTRATIVE AND GENERAL EXPENSE		
Administrative and general salaries	\$ 299,659	\$ 235,413
Office supplies and expense	43,412	31,355
Outside services employed	166,247	188,469
Property and liability insurance	171,064	106,479
Employees' pensions and benefits	833,272	894,895
Maintenance of general plant	15,861	15,275
Conservation improvement program	186,314	150,961
Other	8,201	52,438
Total Administrative and General Expense	\$ 1,724,030	\$ 1,675,285
ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSE		
Electric	\$ 1,125,105	\$ 1,145,209
Water	335,912	320,734
Wastewater collection	263,013	209,342
Total Allocation of Administrative and General Expense	\$ 1,724,030	\$ 1,675,285

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

Item 20.

SCHEDULE OF CHANGES IN UTILITY PLANT
As of December 31, 2021

	Balance 1-1-21	Increases	Decreases	Adjustments	Balance 12-31-21
ELECTRIC DEPARTMENT					
Distribution					
Land and land improvements	\$ 263,320	\$ -	\$ -	\$ -	\$ 263,320
Intangibles	26,570	62,789	-	-	89,359
Structures and improvements	411,762	-	-	-	411,762
Distribution system	27,585,611	428,089	63	-	28,013,637
Street and security lighting system	179,194	6,823	93	-	185,924
Machinery and equipment	1,974,605	23,003	-	-	1,997,608
Total Electric Department	<u>30,441,062</u>	<u>520,704</u>	<u>156</u>	<u>-</u>	<u>30,961,610</u>
WATER DEPARTMENT					
Production					
Land and land improvements	255,508	-	-	-	255,508
Structures and improvements	1,691,894	-	-	-	1,691,894
Wells, pumps and accessories	471,050	-	-	-	471,050
Water treatment plant equipment	2,156,261	29,083	9,230	-	2,176,114
Total Production	<u>4,574,713</u>	<u>29,083</u>	<u>9,230</u>	<u>-</u>	<u>4,594,566</u>
Distribution					
Distribution system	12,128,666	50,578	36,761	-	12,142,483
Intangibles	1,467	-	-	-	1,467
Machinery and equipment	244,957	4,200	-	-	249,157
Total Distribution	<u>12,375,090</u>	<u>54,778</u>	<u>36,761</u>	<u>-</u>	<u>12,393,107</u>
Total Water Department	<u>16,949,803</u>	<u>83,861</u>	<u>45,991</u>	<u>-</u>	<u>16,987,673</u>
WASTEWATER COLLECTION DEPARTMENT					
Distribution					
Land	75,041	-	-	-	75,041
Treatment plant	460,479	-	-	-	460,479
Collection system	5,805,071	38,409	-	-	5,843,480
Intangibles	2,804	-	-	-	2,804
Machinery and equipment	832,961	14,415	158,570	-	688,806
Total Wastewater Collection Department	<u>7,176,356</u>	<u>52,824</u>	<u>158,570</u>	<u>-</u>	<u>7,070,610</u>
WASTEWATER TREATMENT DEPARTMENT					
Land	773,038	-	-	-	773,038
Domestic treatment facility	2,308,506	-	-	(14,534)	2,293,972
Screen house	4,825,111	810,497	-	-	5,635,608
Industrial treatment facility	6,906,222	-	-	(195,784)	6,710,438
Industrial primary plant II	25,669,769	12,907	-	31,245	25,713,921
Sludge disposal	1,037,859	-	-	51,610	1,089,469
Service center building	3,020,956	2,790	-	38,110	3,061,856
Secondary treatment facility	14,553,236	35,249	8,359	89,353	14,669,479
Total Wastewater Treatment Department	<u>59,094,697</u>	<u>861,443</u>	<u>8,359</u>	<u>-</u>	<u>59,947,781</u>
GENERAL PLANT					
Land and improvements	597,924	-	-	-	597,924
Intangibles	505,340	7,178	-	-	512,518
Service center	4,669,451	-	-	-	4,669,451
Communications equipment	80,608	30,082	-	-	110,690
Automated meter read equipment	363,063	-	-	-	363,063
Total General Plant	<u>6,216,386</u>	<u>37,260</u>	<u>-</u>	<u>-</u>	<u>6,253,646</u>
Total Utility Plant in Service	119,878,304	1,556,092	213,076	-	121,221,320
Construction Work in Progress	<u>1,170,453</u>	<u>785,897</u>	<u>1,694,064</u>	<u>-</u>	<u>262,286</u>
TOTAL INVESTMENT IN UTILITY PLANT	<u>\$ 121,048,757</u>	<u>\$ 2,341,989</u>	<u>\$ 1,907,140</u>	<u>\$ -</u>	<u>\$ 121,483,606</u>

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

SCHEDULE OF CHANGES IN ACCUMULATED DEPRECIATION
As of December 31, 2021

	Composite Depreciation Rates	Balance 1-1-21	Increases	Decreases	Adjustments	Balance 12-31-21	Percent of Plant Balance
ELECTRIC DEPARTMENT							
Distribution							
Intangibles		\$ 14,016	\$ 4,338	\$ -	\$ 8,856	\$ 27,210	
Structures and improvements		149,130	9,453	-	1	158,584	
Distribution system		11,618,688	817,257	63	(6,173)	12,429,709	
Street and security lighting system		47,536	6,599	93	1	54,043	
Machinery and equipment		1,696,556	77,785	-	(2,686)	1,771,655	
Total Electric Department	3.0%	13,525,926	915,432	156	(1)	14,441,201	46.6%
WATER DEPARTMENT							
Production							
Structures and improvements		1,134,434	32,570	-	-	1,167,004	
Wells, pumps and accessories		391,375	6,135	-	-	397,510	
Water treatment plant equipment		2,004,132	31,600	9,230	-	2,026,502	
Total Production		3,529,941	70,305	9,230	-	3,591,016	
Distribution							
Distribution system		4,856,926	247,029	36,761	(13,804)	5,053,390	
Intangibles		1,467	-	-	-	1,467	
Machinery and equipment		183,031	14,010	-	-	197,041	
Total Distribution		5,041,424	261,039	36,761	(13,804)	5,251,898	
Total Water Department	2.0%	8,571,365	331,344	45,991	(13,804)	8,842,914	52.1%
WASTEWATER COLLECTION DEPARTMENT							
Distribution							
Treatment plant		260,600	11,757	-	-	272,357	
Collection system		1,920,384	134,026	-	-	2,054,410	
Intangibles		2,804	-	-	-	2,804	
Machinery and equipment		253,687	90,932	158,570	-	186,049	
Total Wastewater Collection Department	3.3%	2,437,475	236,715	158,570	-	2,515,620	35.6%
WASTEWATER TREATMENT DEPARTMENT							
Domestic treatment facility		930,000	93,758	-	405,912	1,429,670	
Screen house		2,267,480	99,415	-	(278,962)	2,087,933	
Industrial treatment facility		6,873,182	42,679	-	(626,781)	6,289,080	
Industrial primary plant II		5,289,285	914,554	-	3,604,144	9,807,983	
Sludge disposal		250,112	60,315	-	220,680	531,107	
Service center building		223,945	112,971	-	655,081	991,997	
Secondary treatment facility		14,402,700	265,200	7,105	(3,980,074)	10,680,721	
Total Wastewater Treatment Department	2.7%	30,236,704	1,588,892	7,105	-	31,818,491	53.1%
GENERAL PLANT							
Intangibles		387,915	50,547	-	-	438,462	
Service center		2,636,263	135,589	-	-	2,771,852	
Communications equipment		68,621	6,222	-	-	74,843	
Automated meter read equipment		118,239	22,654	-	-	140,893	
Total General Plant	3.4%	3,211,038	215,012	-	-	3,426,050	54.8%
TOTAL ACCUMULATED DEPRECIATION	2.7%	\$ 57,982,508	\$ 3,287,395	\$ 211,822	\$ (13,805)	\$ 61,044,276	50.4%

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

SCHEDULE OF CONTRIBUTIONS TO THE CITY OF GRAND RAPIDS For the Years Ended December 31, 2021 and 2020

	<u>2021 Payment in Lieu of Taxes</u>	<u>2020 Payment in Lieu of Taxes</u>
CASH		
Annual cash payment	\$ 868,000	\$ 868,000
LABOR AND MATERIALS PROVIDED		
Miscellaneous city services	<u>14,288</u>	<u>5,537</u>
TOTAL CONTRIBUTIONS	<u>\$ 882,288</u>	<u>\$ 873,537</u>

This schedule does not include:

1. Administrative costs
2. Employee benefits
3. Water used for City purposes
4. Improvements to City land made by the utility

STATISTICAL SECTION

Grand Rapids Public Utilities Commission
STATISTICAL SECTION (UNAUDITED)

This portion of the Grand Rapids Public Utilities Commission's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Commission's overall financial health.

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the Commission's financial performance and well-being have changed over time.	61 - 66
Revenue Capacity	
These schedules contain information to help the reader assess the Commission's most significant revenue source, utility revenues.	67 - 78
Debt Capacity	
These schedules present information to help the reader assess the affordability of the Commission's current levels of outstanding debt and the Commission's ability to issue additional debt in the future.	79 - 80
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Commission's financial activities take place.	81 - 82
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the Commission's financial report relates to the services the Commission provides.	83 - 87

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

Net Position by Component,
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Primary government										
Net investment in capital assets	\$ 37,147,932	\$ 37,559,540	\$ 37,929,100	\$ 38,291,017	\$ 39,374,349	\$ 40,813,404	\$ 41,199,607	\$ 43,027,147	\$ 45,010,756	\$ 43,337,623
Restricted	319,410	305,631	787,591	958,832	1,181,470	939,416	880,250	1,252,688	796,279	3,537,622
Unrestricted	7,844,944	7,911,605	7,673,506	5,712,824	5,162,793	5,579,512	5,834,183	5,676,390	5,537,754	4,358,203
Total primary government net position	\$ 45,312,286	\$ 45,776,776	\$ 46,390,197	\$ 44,962,673	\$ 45,718,612	\$ 47,332,332	\$ 47,914,040	\$ 49,956,225	\$ 51,344,789	\$ 51,233,448

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

CHANGES IN NET POSITION
Last Ten Fiscal Years

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income (Loss)	Total Nonoperating Revenues/ (Expenses)	Income/ (Loss) before Capital Contributions	Capital Contributions	Change in Net Position
2012	\$ 22,335,181	\$ 22,988,570	\$ (653,389)	\$ (280,959)	\$ (934,348)	\$ 3,590,085	\$ 2,655,737
2013	22,394,278	22,863,045	(468,767)	(496,070)	(964,837)	1,429,327	464,490
2014	22,519,788	23,232,724	(712,936)	(469,479)	(1,182,415)	1,795,836	613,421
2015	22,765,420	23,357,337	(591,917)	(502,478)	(1,094,395)	1,740,699	646,304
2016	22,520,487	23,527,444	(1,006,957)	(412,909)	(1,419,866)	2,175,805	755,939
2017	23,704,579	23,445,121	259,458	(1,021,838)	(762,380)	2,376,100	1,613,720
2018	22,691,518	22,976,721	(285,203)	(871,255)	(1,156,458)	1,738,166	581,708
2019	22,544,185	22,931,149	(386,964)	(777,878)	(1,164,842)	3,207,027	2,042,185
2020	22,497,289	22,940,754	(443,465)	(677,080)	(1,120,545)	2,509,109	1,388,564
2021	25,319,577	26,024,361	(704,784)	(1,133,286)	(1,838,070)	1,726,729	(111,341)

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

OPERATING REVENUES BY SOURCE Last Ten Fiscal Years

Fiscal Year	Electric Revenues	Water Revenues	Wastewater Collection Revenues	Wastewater Treatment Revenues	Total
2012	\$ 14,245,652	\$ 1,471,982	\$ 1,481,831	\$ 5,135,716	\$ 22,335,181
2013	14,747,707	1,478,340	1,500,890	4,667,341	22,394,278
2014	14,822,539	1,581,167	1,535,584	4,580,498	22,519,788
2015	14,944,554	1,668,295	1,515,178	4,637,393	22,765,420
2016	14,764,345	1,622,794	1,413,578	4,719,770	22,520,487
2017	15,849,263	1,689,970	1,665,847	4,499,499	23,704,579
2018	15,419,378	1,709,315	1,729,956	3,832,869	22,691,518
2019	15,418,632	1,831,540	1,808,115	3,485,898	22,544,185
2020	15,331,223	1,778,042	1,796,436	3,591,588	22,497,289
2021	18,212,360	1,886,511	1,866,283	3,354,423	25,319,577

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

OPERATING EXPENSES BY SOURCE
Last Ten Fiscal Years

Fiscal Year	Production	Purchased Power	Distribution/Collection	Customer Accounts	Administrative and General	Service Center	Communications	Domestic Wastewater Treatment	Industrial Wastewater Treatment	Depreciation	Total Operating Expenses
2012	\$ 435,611	\$ 10,325,956	\$ 1,468,263	\$ 544,789	\$ 1,425,830	\$ 122,773	\$ 611	\$ 460,453	\$ 5,430,163	\$ 2,774,121	\$ 22,988,570
2013	482,133	10,575,249	1,304,024	474,647	1,478,879	144,067	504	519,858	5,009,686	2,873,998	22,863,045
2014	509,114	10,867,361	1,446,044	483,864	1,509,813	174,823	-	514,602	4,945,000	2,782,103	23,232,724
2015	566,272	10,507,885	1,444,665	509,824	1,601,170	146,593	480	558,669	4,982,319	3,039,460	23,357,337
2016	497,804	10,423,456	1,514,328	528,368	1,862,302	141,329	-	577,033	5,069,119	2,913,705	23,527,444
2017	502,694	10,991,941	1,490,156	485,147	1,640,048	176,784	-	524,932	4,617,591	3,015,828	23,445,121
2018	496,597	11,169,489	1,302,074	520,420	1,723,205	141,992	-	543,806	3,973,241	3,105,897	22,976,721
2019	508,915	11,336,920	1,460,272	524,056	1,640,373	170,066	-	520,359	3,626,299	3,143,889	22,931,149
2020	543,700	11,069,792	1,440,341	451,528	1,675,285	144,214	-	514,032	3,640,009	3,461,853	22,940,754
2021	591,648	13,611,143	1,996,952	655,130	1,724,030	164,112	-	553,020	3,406,594	3,321,732	26,024,361

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NONOPERATING REVENUES AND EXPENSES
Last Ten Fiscal Years

Fiscal Year	Investment Income (Loss)	Demand Interest Payments	Landfill Contribution	Grant Revenues	Gain (Loss) on Property Disposition	Interest Expense	Bond Fees	Capitalized Interest	Amortization of Debt Premiums and Discounts and Regulatory Asset	Combined Service Center Lease Revenues	Payment in Lieu of Taxes	Special Pension Funding Contribution Revenue	City Land Improvements	Total Nonoperating Expenses
2012	\$ (5,264)	\$ 933,909	\$ 360,000	\$ 323,207	\$ (14,470)	\$ (1,139,271)	\$ (2,336)	\$ 21,809	\$ (54,258)	\$ 121,481	\$ (825,766)	\$ -	\$ -	\$ (280,959.00)
2013	9,935	803,133	385,000	15,314	1,211	(951,450)	(2,261)	4,707	(24,053)	130,714	(868,320)	-	-	(496,070)
2014	13,622	805,596	395,000	-	9,942	(946,263)	(2,325)	-	(26,356)	152,472	(871,167)	-	-	(469,479)
2015	37,376	674,892	415,000	-	-	(888,317)	(2,875)	9,494	(26,356)	151,682	(873,374)	-	-	(502,478)
2016	40,886	692,800	430,000	-	(761)	(854,681)	(4,713)	18,899	(24,308)	146,927	(870,255)	12,297	-	(412,909)
2017	38,310	640,948	200,000	-	(392,642)	(776,953)	(3,175)	-	(22,845)	167,417	(872,898)	-	-	(1,021,838)
2018	26,473	600,024	200,000	-	(90,353)	(726,421)	(5,167)	-	(22,845)	23,866	(876,832)	-	-	(871,255)
2019	50,825	545,700	210,000	10,000	(82,422)	(659,524)	(4,719)	-	(22,583)	46,761	(871,916)	-	-	(777,878)
2020	30,745	486,434	110,000	145,672	(547)	(589,496)	(4,995)	-	(19,707)	38,351	(873,537)	-	-	(677,080)
2021	15,677	445,886	110,000	84,329	26,246	(538,572)	(3,750)	-	(23,298)	26,124	(882,288)	-	(393,640)	(1,133,286)

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

ANNUAL CAPITAL CONTRIBUTIONS BY SOURCE Last Five Fiscal Years

Fiscal Year	Electric Connection Fees	Water Connection Fees	Wastewater Collection Connection Fees	Wastewater Treatment Capital Contributions (Refunds)	Municipality Contribution for Capital Projects	Grants for Capital Projects	Total
2012	\$ 33,088	\$ 1,130	\$ 100	\$ 3,555,767	\$ -	\$ -	\$ 3,590,085
2013	97,507	8,873	200	1,322,747	-	-	1,429,327
2014	61,913	11,870	200	1,721,853	-	-	1,795,836
2015	22,402	8,302	200	1,709,795	-	-	1,740,699
2016	31,138	25,049	5,780	2,113,838	-	-	2,175,805
2017	26,990	12,842	900	2,335,368	-	-	2,376,100
2018	13,463	8,896	8,839	1,706,968	-	-	1,738,166
2019	19,797	11,549	900	3,174,781	-	-	3,207,027
2020	25,285	10,098	1,000	2,087,661	75,000	310,065	2,509,109
2021	66,954	20,953	1,400	1,637,422	-	-	1,726,729

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

ELECTRIC PRODUCTION AND DISTRIBUTION
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Power Purchased (kWh)</u>	<u>kWh Sold or Accounted for</u>	<u>Unaccounted for kWh</u>	<u>Percent Line Loss</u>	<u>Peak Demand (kW)</u>	<u>Average Peak Demand for Year (kW)</u>	<u>Average Load Factor for Year</u>
2012	176,236,160	165,554,855	10,681,305	6.1%	32,876	27,059	74.5%
2013	177,954,080	169,057,806	8,896,274	5.0%	33,568	27,363	74.8%
2014	173,983,760	164,329,995	9,653,765	5.6%	30,560	26,413	75.4%
2015	175,232,840	168,465,879	6,766,961	3.9%	30,892	26,558	75.7%
2016	172,648,880	159,786,606	12,862,274	7.4%	30,540	26,056	75.7%
2017	164,976,040	157,576,190	7,399,850	4.5%	29,024	25,543	73.9%
2018	162,918,560	156,835,682	6,082,878	3.7%	29,960	25,768	72.7%
2019	158,656,040	150,836,024	7,820,016	4.9%	29,488	24,963	72.8%
2020	156,479,120	150,501,080	5,978,040	3.6%	30,004	24,467	73.5%
2021	159,330,440	152,984,662	6,345,778	4.0%	31,868	25,666	71.6%

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

kWh SOLD OR ACCOUNTED FOR BY CUSTOMER CLASS
Last Ten Fiscal Years

Fiscal Year	City Residential	City Commercial	City Demand and Energy	Rural Residential	Rural Commercial	Rural Demand and Energy	Industrial	Dual Fuel	Street Lighting	Security Lighting	Total kWh Sold or Accounted for
2012	34,284,558	22,568,505	65,774,123	9,206,520	2,834,227	2,665,940	20,850,469	5,679,539	1,392,550	298,424	165,554,855
2013	35,207,665	24,254,725	63,566,670	9,470,167	2,932,008	2,697,783	22,464,834	6,873,630	1,295,952	294,372	169,057,806
2014	35,244,349	24,477,249	59,109,959	9,450,486	2,896,935	2,629,303	21,953,868	6,965,635	1,315,943	286,268	164,329,995
2015	34,835,964	23,315,674	64,893,170	9,471,678	2,881,858	2,772,963	22,840,000	5,803,624	1,371,223	279,725	168,465,879
2016	33,843,733	22,508,782	59,632,888	8,867,254	2,847,978	2,314,820	22,893,934	5,292,302	1,306,067	278,848	159,786,606
2017	34,200,970	23,477,446	56,899,637	8,686,092	3,011,103	2,195,613	21,855,145	5,727,004	1,242,582	280,598	157,576,190
2018	36,061,124	23,128,684	57,746,351	9,370,894	3,004,178	2,434,108	17,488,247	6,241,085	1,077,931	283,080	156,835,682
2019	34,223,484	22,702,020	56,712,411	8,949,898	2,918,739	2,463,562	15,945,355	5,650,533	980,732	289,290	150,836,024
2020	37,254,052	21,801,229	54,270,228	9,536,982	2,876,997	2,203,449	15,874,761	5,443,937	931,259	308,186	150,501,080
2021	37,531,633	21,776,800	55,195,224	9,845,575	3,224,425	2,262,462	17,338,841	4,622,712	882,943	303,794	152,984,409

Note: All data in kWh

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NUMBER OF ELECTRIC CUSTOMER METERS BY TYPE
Last Ten Fiscal Years

Fiscal Year	City Residential	City Commercial	Rural Residential	Rural Commercial	Industrial	Dual Fuel	Total Electric Customers	Security Lights	Water Heater Control Customers	Windsense Customers
2012	4,291	1,168	998	157	4	371	6,989	479	707	102
2013	4,333	1,174	1,000	160	3	370	7,040	465	706	105
2014	4,407	1,179	1,000	158	9	366	7,119	445	705	98
2015	4,493	1,190	999	163	10	374	7,229	441	707	99
2016	4,577	1,192	1,005	163	12	372	7,321	441	699	-
2017	4,582	1,191	1,008	160	12	370	7,323	437	700	-
2018	4,572	1,197	1,011	164	11	366	7,321	440	685	-
2019	4,717	1,214	1,006	177	11	378	7,503	469	694	-
2020	4,716	1,214	1,006	181	12	375	7,504	471	685	-
2021	4,678	1,210	1,015	186	22	345	7,456	352	683	-

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

ELECTRIC RATES - CITY CUSTOMERS
Last Ten Fiscal Years

	<u>2012</u>	<u>2013</u> (July)	<u>2014</u> (Aug)	<u>2015</u>	<u>2016</u>	<u>2017</u> (Mar)	<u>2018</u> (Sept)	<u>2019</u>	<u>2020</u> (Sept)	<u>2021</u> (April)
City Residential :										
Customer Charge	\$ 6.25	\$ 6.35	\$ 6.65	\$ 6.65	\$ 6.65	\$ 6.89	\$ 9.50	\$ 9.50	\$ 9.75	\$ 10.00
All kWh per month	-	-	-	-	-	-	-	-	-	-
First 500 kWh per month	0.0733	0.0744	0.0779	0.0779	0.0779	0.0807	0.0837	0.0837	0.0854	0.0871
Over 500 kWh per month	0.0963	0.0977	0.1012	0.1012	0.1012	0.1048	0.1078	0.1078	0.1100	0.1122
City Commercial:										
Customer Charge	12.30	12.50	12.80	12.80	12.80	13.26	17.75	17.75	18.25	18.75
All kWh per month	0.0883	0.0896	0.0934	0.0934	0.0934	0.0967	0.0997	0.0997	0.1017	0.1037
First 10,000 kWh per month	-	-	-	-	-	-	-	-	-	-
Over 10,000 kWh per month	-	-	-	-	-	-	-	-	-	-
Load Management Heating:										
Customer Charge	6.25	6.25	6.65	6.65	6.65	6.89	7.50	7.50	7.75	8.00
Energy Charge: Per kWh	0.0531	0.0539	0.0561	0.0561	0.0561	0.0581	0.0611	0.0611	0.0623	0.0635
Load Management - Storage Heat:										
Customer Charge	6.25	6.25	6.65	6.65	6.65	6.89	7.50	7.50	7.75	8.00
Energy Charge: Per kWh	0.0443	0.0450	0.0467	0.0467	0.0467	0.0484	0.0514	0.0514	0.0524	0.0534
Load Management Cooling - Continuous Control:										
Customer Charge	6.25	6.25	6.65	6.65	6.65	6.89	7.50	7.50	7.75	8.00
Energy Charge: Per kWh	0.0531	0.0539	0.0561	0.0561	0.0561	0.0581	0.0611	0.0611	0.0623	0.0635
Load Management Cooling - Cycled Control:										
Customer Charge	6.25	6.25	6.65	6.65	6.65	6.89	7.50	7.50	7.75	8.00
Energy Charge: Per kWh	.0733*	.0744*	0.0779*	0.0779*	0.0779*	.0807*	0.0837	0.0837	0.0837	0.0871
* kWh chged @ normal rate for customer class										
Monthly Credit	8.75	8.75	8.75	8.75	8.75	9.06	9.83	9.83	9.83	9.83
Controlled Water Heating:										
Monthly Credit	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
City Demand & Energy:										
Customer Charge	-	-	-	-	-	-	17.75	17.75	25.00	26.00
Demand Charge: Per kWh	14.00	14.50	15.85	15.85	15.85	16.41	16.41	16.41	16.74	17.07
Energy Charge: Per kWh	0.0437	0.0437	0.0437	0.0437	0.0437	0.0453	0.0483	0.0483	0.0493	0.0503
Minimum kW/month	10	10	10	10	10	10	10	10	10	10
Industrial:										
Customer Charge	-	-	-	-	-	-	17.75	17.75	25.00	26.00
Demand Charge: Per kW	14.00	14.50	15.85	15.85	15.85	16.41	16.41	16.41	16.74	17.07
Energy Charge: Per kWh	0.0437	0.0437	0.0437	0.0437	0.0437	0.0453	0.0483	0.0483	0.0493	0.0503
Minimum kW/month	10	10	10	10	10	10	10	10	10	10
Entertainment Lighting Rate:										
Seasonal Evening										
Customer Charge	8.50	8.65	9.10	9.10	9.10	9.42	12.75	12.75	12.75	12.75
Energy Charge: Per kWh/mo	0.0916	0.0930	0.0968	0.0968	0.0968	0.1002	0.1032	0.1032	0.1032	0.1032

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

ELECTRIC RATES - RURAL CUSTOMERS Last Ten Fiscal Years

	<u>2012</u>	<u>2013</u> <u>(July)</u>	<u>2014</u> <u>(Aug)</u>	<u>2015</u>	<u>2016</u>	<u>2017</u> <u>(Mar)</u>	<u>2018</u> <u>(Sept)</u>	<u>2019</u>	<u>2020</u> <u>(Sept)</u>	<u>2021</u> <u>(April)</u>
Rural Residential:										
Customer Charge	\$ 7.25	\$ 7.35	\$ 7.65	\$ 7.65	\$ 7.65	\$ 7.92	\$ 10.50	\$ 10.50	\$ 10.75	\$ 11.00
All kWh per month	-	-	-	-	-	-	-	-	-	-
First 500 kWh per month	0.0768	0.0779	0.0814	0.0814	0.0814	0.0843	0.0873	0.0873	0.0890	0.0907
Over 500 kWh per month	0.0998	0.1012	0.1047	0.1047	0.1047	0.1084	0.1114	0.1114	0.1136	0.1158
Rural Commercial:										
Customer Charge	13.30	13.50	13.80	13.80	13.80	14.29	18.75	18.75	19.25	19.75
All kWh per month	0.0918	0.0931	0.0971	0.0971	0.0971	0.1006	0.1036	0.1036	0.1056	0.1076
First 10,000 kWh per month	-	-	-	-	-	-	-	-	-	-
Over 10,000 kWh per month	-	-	-	-	-	-	-	-	-	-
Load Management Heating:										
Customer Charge	6.25	6.25	6.65	6.65	6.65	6.89	7.50	7.50	7.75	8.00
Energy Charge: Per kWh	0.0531	0.0539	0.0561	0.0561	0.0561	0.0581	0.0611	0.0611	0.0623	0.0635
Load Management - Storage Heat:										
Customer Charge	6.25	6.25	6.65	6.65	6.65	6.89	7.50	7.50	7.75	8.00
Energy Charge: Per kWh	0.0443	0.0450	0.0467	0.0467	0.0467	0.0484	0.0514	0.0514	0.0524	0.0534
Load Management Cooling - Continuous Control:										
Customer Charge	6.25	6.25	6.65	6.65	6.65	6.89	7.50	7.50	7.75	8.00
Energy Charge: Per kWh	0.0531	0.0539	0.0561	0.0561	0.0561	0.0581	0.0611	0.0611	0.0623	0.0635
Load Management Cooling - Cycled Control:										
Customer Charge	6.25	6.25	6.65	6.65	6.65	6.89	7.50	7.50	7.75	8.00
Energy Charge: Per kWh	.0768*	.0779*	0.0814*	0.0814*	0.0814*	.0807*	0.0837	0.0837	0.0837	0.0837
* kWh chged @ normal rate for customer class										
Monthly Credit	8.75	8.75	8.75	8.75	8.75	9.06	9.83	9.83	9.83	9.83
Controlled Water Heating:										
Monthly Credit	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Rural Demand & Energy:										
Customer Charge	-	-	-	-	-	-	18.75	18.75	25.00	26.00
Demand Charge: Per kWh	14.75	15.25	16.65	16.65	16.65	17.24	17.24	17.24	17.59	17.07
Energy Charge: Per kWh	0.0473	0.0473	0.0473	0.0473	0.0473	0.0490	0.0520	0.0520	0.0530	0.0540
Minimum kW/month	10	10	10	10	10	10	10	10	10	10

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

WATER PRODUCTION AND DISTRIBUTION Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Gallons of Water Pumped</u>	<u>Gallons of Water Used in Processing</u>	<u>Gallons of Water to System</u>	<u>Gallons of Water Distributed</u>	<u>Unaccounted for Gallons</u>	<u>Percent System Loss</u>
2012	443,864	23,386	420,478	329,075	91,403	19.8%
2013	423,320	32,287	391,033	329,810	61,223	15.7%
2014	445,065	49,915	395,150	329,199	65,951	16.7%
2015	530,167	138,781	391,386	351,196	40,190	10.3%
2016	535,997	152,819	383,178	312,765	70,413	18.4%
2017	507,151	131,338	375,813	319,578	56,235	15.0%
2018	361,329	13,859	347,470	308,695	38,775	11.2%
2019	374,602	34,422	340,180	307,253	32,927	9.6%
2020	399,832	56,480	343,352	298,465	44,887	12.8%
2021	454,165	84,684	369,481	331,125	38,356	10.4%

Note: Data in 1000's of gallons

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

WATER DISTRIBUTION BY CUSTOMER CLASS
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>City Residential</u>	<u>City Commercial</u>	<u>Rural Residential</u>	<u>Rural Commercial</u>	<u>City Industrial</u>	<u>Rural Industrial</u>	<u>System Maintenance</u>	<u>Total Water Gallons Distributed</u>
2012	104,201	197,435	-	-	13,634	12,560	1,245	329,075
2013	101,854	165,475	-	-	37,797	13,156	11,528	329,810
2014	99,195	154,695	-	-	46,666	12,922	15,721	329,199
2015	99,848	163,164	-	-	51,413	12,441	24,330	351,196
2016	95,217	156,454	-	-	46,810	11,208	3,076	312,765
2017	94,029	157,087	-	-	43,717	9,829	14,916	319,578
2018	93,541	162,494	-	-	38,815	9,357	4,488	308,695
2019	91,068	165,426	-	-	34,730	9,518	6,511	307,253
2020	92,271	153,309	-	-	36,191	9,654	7,040	298,465
2021	100,328	168,860	-	-	46,783	10,424	4,730	331,125

Notes: Data in 1000's of gallons.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NUMBER OF WATER AND WASTEWATER COLLECTION CUSTOMER METERS BY TYPE Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>City Residential</u>	<u>City Commercial</u>	<u>Rural Residential</u>	<u>Rural Commercial</u>	<u>City Industrial</u>	<u>Rural Industrial</u>	<u>Total Water Customers</u>
2012	2,511	626	-	-	7	2	3,146
2013	2,522	625	-	-	7	2	3,156
2014	2,533	643	-	-	6	2	3,184
2015	2,547	652	-	-	6	2	3,207
2016	2,552	677	-	-	6	2	3,237
2017	2,561	685	-	-	6	2	3,254
2018	2,565	692	-	-	6	2	3,265
2019	2,570	698	-	-	6	2	3,276
2020	2,577	697	-	-	6	2	3,282
2021	2,581	704	-	-	6	2	3,293

<u>Fiscal Year</u>	<u>City Residential</u>	<u>City Commercial</u>	<u>Rural Residential</u>	<u>Rural Commercial</u>	<u>City Industrial</u>	<u>Rural Industrial</u>	<u>Total Wastewater Collection Customers</u>
2012	2,517	597	4	13	1	3	3,135
2013	2,528	596	4	13	1	3	3,145
2014	2,539	605	4	13	1	3	3,165
2015	2,553	611	4	13	1	3	3,185
2016	2,557	626	4	13	1	3	3,204
2017	2,564	630	4	11	1	4	3,214
2018	2,573	625	4	9	1	4	3,216
2019	2,578	629	4	9	1	4	3,225
2020	2,582	626	4	9	1	4	3,226
2021	2,586	623	4	9	1	4	3,227

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

WATER AND WASTEWATER COLLECTION RATES - CITY CUSTOMERS Last Ten Fiscal Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u> (Mar)	<u>2018</u> (Sept)	<u>2019</u>	<u>2020</u>	<u>2021</u>
Water Rates										
Base rate (meter size)										
5/8" - 3/4"	\$ 5.85	\$ 5.85	\$ 6.08	\$ 6.08	\$ 6.08	\$ 6.25	\$ 8.50	\$ 8.50	\$ 8.50	\$ 8.50
1"	8.19	8.19	8.51	8.51	8.51	8.70	11.84	11.84	11.84	11.84
1 1/4"	10.53	10.53	10.94	10.94	10.94	11.20	13.61	13.61	13.61	13.61
1 1/2"	10.53	10.53	10.94	10.94	10.94	11.20	15.24	15.24	15.24	15.24
2"	16.96	16.96	17.63	17.63	17.63	18.10	24.63	24.63	24.63	24.63
3"	64.33	64.33	66.88	66.88	66.88	68.55	93.26	93.26	93.26	93.26
4"	81.88	81.88	85.12	85.12	85.12	87.20	118.64	118.64	118.64	118.64
6"	122.82	122.82	127.68	127.68	127.68	130.85	178.02	178.02	178.02	178.02
Usage rate (per 1,000 gallons)										
First 10,000 gallons	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Next 30,000 gallons	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Next 210,000 gallons	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Next 250,000 gallons	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Residential:										
First 4,000 gallons	3.44	3.44	3.58	3.58	3.58	3.65	3.72	3.72	3.72	3.72
Next 4,000 gallons	4.31	4.31	4.48	4.48	4.48	4.60	4.69	4.69	4.69	4.69
Next 22,000 gallons	5.37	5.37	5.59	5.59	5.59	5.75	5.87	5.87	5.87	5.87
All gallons over 30,000	8.61	8.61	8.95	8.95	8.95	9.20	9.38	9.38	9.38	9.38
Commercial:										
First 40,000 gallons	2.97	2.97	3.09	3.09	3.09	3.20	3.26	3.26	3.26	3.26
Next 360,000 gallons	3.71	3.71	3.86	3.86	3.86	3.95	4.03	4.03	4.03	4.03
All gallons over 400,000	4.75	4.75	4.94	4.94	4.94	5.05	5.15	5.15	5.15	5.15
Industrial:										
First 400,000 gallons	2.59	2.59	2.69	2.69	2.69	2.75	2.81	2.81	2.81	2.81
All gallons over 400,000	3.23	3.23	3.36	3.36	3.36	3.45	3.52	3.52	3.52	3.52
Wastewater Base Charge	6.56	6.56	6.56	6.56	6.56	8.00	10.80	10.80	10.80	10.80
Wastewater Collection Rates (per 1,000 gallons)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Residential	3.43	3.43	3.50	3.50	3.50	4.25	4.35	4.35	4.35	4.35
Commercial	3.64	3.64	3.86	3.86	3.86	4.70	4.80	4.80	4.80	4.80

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

WATER AND WASTEWATER COLLECTION RATES - RURAL CUSTOMERS Last Ten Fiscal Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u> (Mar)	<u>2018</u> (Sept)	<u>2019</u>	<u>2020</u>	<u>2021</u>
Water Rates										
Base rate (meter size)										
5/8" - 3/4"	\$ 5.85	\$ 5.85	\$ 6.69	\$ 6.69	\$ 6.69	\$ 6.85	N/A	N/A	N/A	N/A
1"	8.19	8.19	9.36	9.36	9.36	9.60	N/A	N/A	N/A	N/A
1 1/4"	10.53	10.53	12.03	12.03	12.03	12.35	N/A	N/A	N/A	N/A
1 1/2"	10.53	10.53	12.03	12.03	12.03	12.35	N/A	N/A	N/A	N/A
2"	16.96	16.96	19.39	19.39	19.39	19.90	N/A	N/A	N/A	N/A
3"	64.33	64.33	73.57	73.57	73.57	75.40	N/A	N/A	N/A	N/A
4"	81.88	81.88	93.63	93.63	93.63	95.95	N/A	N/A	N/A	N/A
6"	122.82	122.82	140.45	140.45	140.45	143.95	N/A	N/A	N/A	N/A
Usage rate (per 1,000 gallons)										
First 10,000 gallons	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Next 30,000 gallons	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Next 210,000 gallons	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Next 250,000 gallons	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Residential:										
First 4,000 gallons	3.78	3.78	3.94	3.94	3.94	4.00	N/A	N/A	N/A	N/A
Next 4,000 gallons	4.74	4.74	4.93	4.93	4.93	5.05	N/A	N/A	N/A	N/A
Next 22,000 gallons	5.91	5.91	6.15	6.15	6.15	6.30	N/A	N/A	N/A	N/A
All gallons over 30,000	9.47	9.47	9.85	9.85	9.85	10.05	N/A	N/A	N/A	N/A
Commercial:										
First 40,000 gallons	3.27	3.27	3.40	3.40	3.40	3.50	N/A	N/A	N/A	N/A
Next 360,000 gallons	4.08	4.08	4.25	4.25	4.25	4.35	N/A	N/A	N/A	N/A
All gallons over 400,000	5.23	5.23	5.43	5.43	5.43	5.55	N/A	N/A	N/A	N/A
Industrial:										
First 400,000 gallons	2.59	2.59	2.67	2.67	2.67	2.75	2.92	2.92	2.92	2.92
All gallons over 400,000	3.24	3.24	3.34	3.34	3.34	3.40	3.64	3.64	3.64	3.64
Wastewater Base Charge	7.22	7.22	7.22	7.22	7.22	8.80	11.80	11.80	11.80	11.80
Wastewater Collection Rates (per 1,000 gallons)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Residential	3.78	3.78	3.85	3.85	3.85	4.70	4.80	4.80	4.80	4.80
Commercial	4.00	4.00	4.24	4.24	4.24	5.15	5.25	5.25	5.25	5.25

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

TEN LARGEST CUSTOMERS Current Year and Nine Years Ago

Customer	Fiscal Year 2021			
	Water Revenue		Wastewater Collection Revenue	
	Amount	%	Amount	%
UPM Blandin Paper Co.	\$ 103,847	6.02%	\$ 19,144	1.12%
Wastewater Treatment Plant	50,975	2.95%	-	-
City of LaPrairie	38,057	2.21%	27,961	1.64%
Grand Itasca Clinic & Hospital	35,637	2.07%	36,370	2.13%
Housing and Redevelopment	27,719	1.61%	21,190	1.24%
School District 318	23,579	1.36%	18,308	1.07%
Holiday Station Stores	21,437	1.24%	24,226	1.42%
City of Grand Rapids	20,843	1.21%	7,760	0.45%
Grand Village	15,165	0.88%	17,299	1.01%
Rapids Energy Center MP	14,758	0.86%	13,397	0.78%
Subtotal (10 largest)	352,017	20.41%	185,653	10.86%
Balance from other customers	1,372,437	79.59%	1,524,278	89.14%
Grand Totals	<u>\$ 1,724,454</u>	<u>100.00%</u>	<u>\$ 1,709,931</u>	<u>100.00%</u>

Customer	Fiscal Year 2012			
	Water Revenue		Wastewater Collection Revenue	
	Amount	%	Amount	%
Blandin Paper Co.	\$ 158,407	11.68%	\$ 131,294	9.70%
City of Cohasset	-	-	84,130	6.22%
Wastewater Treatment Plant	41,373	3.05%	-	-
City of LaPrairie	38,721	2.84%	20,040	1.48%
Grand Itasca Clinic & Hospital	28,836	2.13%	24,358	1.80%
Housing and Redevelopment	20,929	1.54%	20,879	1.54%
School District 318	18,597	1.37%	16,735	1.24%
Grand Hospitality LLC	13,125	0.97%	11,528	0.85%
Itasca Community College	15,962	1.18%	11,041	0.82%
YMCA	12,334	0.91%	11,109	0.82%
Minnesota Diversified Industries	12,005	0.89%	11,160	0.82%
Subtotal (10 largest)	360,289	26.56%	342,274	25.29%
Balance from other customers	996,136	73.44%	1,010,988	74.71%
Grand Totals	<u>\$ 1,356,425</u>	<u>100.00%</u>	<u>\$ 1,353,262</u>	<u>100.00%</u>

Notes: Dollar values reflected include base rate charges, as well as multiple meters on various accounts

Due to changes in Minnesota state statutes, the Commission is no longer allowed to disclose information on its electric customers.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

WASTEWATER COLLECTION AND TREATMENT
Last Ten Fiscal Years

Fiscal Year	Influent									Effluent			
	Flow			Total Suspended Solids			Biochemical Oxygen Demand			Flow (1,000 gal.)	Total Suspended Solids (tons)	Biochemical Oxygen Demand (tons)	Landfill Solids (cubic yards)
	Domestic (1,000 gal.)	Industrial (1,000 gal.)	Total Flow (1,000 gal.)	Domestic (tons)	Industrial (tons)	Total Suspended Solids (tons)	Domestic (tons)	Industrial (tons)	Total BOD (tons)				
2012	427,960	1,901,240	2,329,200	567	18,029	18,596	415	7,541	7,956	2,329,200	28	35	66,480
2013	444,425	1,721,407	2,165,832	647	15,275	15,922	455	7,036	7,491	2,165,832	24	20	61,452
2014	463,292	1,806,423	2,269,715	656	15,950	16,606	471	6,999	7,470	2,275,943	23	24	61,812
2015	456,310	1,931,150	2,387,460	623	14,729	15,352	379	6,683	7,062	2,398,538	24	22	60,084
2016	500,030	1,927,860	2,427,890	533	14,335	14,868	410	4,887	5,297	2,446,389	27	27	58,956
2017	486,150	1,936,610	2,422,760	558	14,604	15,162	440	7,905	8,345	2,439,620	23	25	60,874
2018	460,390	1,557,460	2,017,850	588	11,207	11,795	482	5,520	6,002	2,029,600	17	27	51,312
2019	553,030	1,419,130	1,972,160	619	8,839	9,458	503	3,069	3,572	1,985,330	18	28	41,136
2020	516,680	1,416,590	1,933,270	568	7,357	7,925	441	2,981	3,422	1,946,180	18	33	35,928
2021	466,790	1,520,450	1,987,240	623	7,928	8,551	467	4,603	5,070	1,979,620	29	78	44,700

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	General Obligation Revenue Bonds	Revenue Bonds	G.O. Revenue Notes (1)	Long-Term Payable to City	Leases Payable	Total		As a Share of Personal Income
						Amount	Per Capita	
2012	\$ 7,470,000	\$ -	\$ 23,848,210	\$ 832,600	\$ -	\$ 32,150,810	\$ 2,958.03	N/A
2013	9,100,000	-	22,704,000	638,000	-	32,442,000	2,984.82	N/A
2014	8,315,000	-	21,526,000	435,800	-	30,276,800	2,785.61	N/A
2015	7,406,386	-	20,315,000	223,600	268,233	28,213,219	2,595.75	N/A
2016	6,438,149	-	19,068,000	114,400	1,549,353	27,169,902	2,499.76	N/A
2017	5,684,912	-	17,785,000	-	1,492,754	24,962,666	2,183.01	N/A
2018	4,925,000	-	16,464,000	-	1,469,887	22,858,887	2,007.10	N/A
2019	4,135,000	-	15,105,000	-	1,221,038	20,461,038	1,796.56	N/A
2020	3,420,000	-	13,781,000	-	964,292	18,165,292	1,594.85	N/A
2021	4,767,187	-	12,419,000	-	-	17,186,187	1,544.69	N/A

(1) The 2011 G.O. Revenue Bond amount includes \$2,990,000 issued to refund 2001A G.O. Wastewater Revenue Bonds in 2012

(1) In 2013, \$20,470,482 (\$22,299,000 x 91.8%) in G.O. Revenue Notes are secured by a Bank Letter of Credit

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

PLEDGED REVENUE COVERAGE Last Ten Fiscal Years

Fiscal Year	Gross Revenues	Gross Expenses (1)	Net Revenue Available for Debt Service	Debt Service			Coverage Ratio
				Principal	Interest	Total	
2012	\$ 25,141,879	\$ 21,054,685	\$ 4,087,194	\$ 1,767,643	\$ 958,647	\$ 2,726,290	150%
2013	24,965,972	20,857,367	4,108,605	2,013,810	954,596	2,968,406	138%
2014	25,159,990	21,321,788	3,838,202	2,165,200	951,267	3,116,467	123%
2015	25,341,316	21,191,251	4,150,065	2,323,200	892,280	3,215,480	129%
2016	25,167,258	21,484,755	3,682,503	2,476,847	865,130	3,341,977	110%
2017	26,130,624	21,694,833	4,435,791	2,341,570	797,146	3,138,716	141%
2018	24,961,381	20,838,009	4,123,372	2,338,115	736,683	3,074,798	134%
2019	24,973,471	20,741,598	4,231,873	2,397,849	681,623	3,079,472	137%
2020	25,238,556	20,352,985	4,885,571	2,295,745	607,455	2,903,200	168%
2021	27,641,962	23,584,917	4,057,045	2,433,895	545,465	2,979,360	136%

(1) Excludes interest expense, bond fees, amort of issuance costs and depreciation

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

DEMOGRAPHIC AND ECONOMIC STATISTICS Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2012	10,869	N/A	N/A	9.90%
2013	10,869	N/A	N/A	7.60%
2014	10,869	N/A	N/A	6.70%
2015	10,869	N/A	N/A	8.47%
2016	10,869	N/A	N/A	10.60%
2017	11,435	N/A	N/A	6.10%
2018	11,389	N/A	N/A	5.60%
2019	11,389	N/A	N/A	5.28%
2020	11,390	N/A	N/A	7.52%
2021	11,126	N/A	N/A	4.61%

Source: Minnesota Department of Employment and Economic Development

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

PRINCIPAL EMPLOYERS Current Year and Nine Years Ago

Taxpayer	2021			2012		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
ISD #318 (1)	1,086	1	11.66%	600	1	6.49%
Grand Itasca Clinic & Hospital	680	2	7.30%	600	2	6.49%
Itasca County	454	3	4.88%	390	4	4.22%
Northland Counseling Center, Inc.	250	4	2.68%			
UPM Blandin Paper Mill	225	5	2.42%	450	3	4.87%
Arrowhead Promotion & Fulfillment	220	6	2.36%	290	5	3.14%
ASV Inc. (3)	215	7	2.31%	220	8	2.38%
Wal-Mart	183	8	1.97%	280	6	3.03%
City of Grand Rapids (1)	189	9	2.03%	225	7	2.43%
Grand Village Nursing Home (2)	150	10	1.61%	160	9	1.73%
Itasca Community College				140	10	1.51%
Total	3,652		39.22%	3,355		36.29%
All other employers	5,659		60.78%	5,892		63.71%
Total	9,311		100.00%	9,247		100.00%

Source: Minnesota Department of Employment and Economic Development
 Source: ReferenceUSA, written and telephone survey (June 2020)

- (1) Includes full- and part-time employees.
- (2) Formerly Itasca County Nursing Home
- 34) Formerly Terex Corp., Inc.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

FULL-TIME EQUIVALENT COMMISSION EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Administration	2	2	2	2	3	2	2	2	2	2
Customer Service and Billing	4	4	4	4	4	4	4	5	5	5
Electric	10	10	10	10	9	10	10	9	9	9
Finance and Accounting	4	4	4	4	4	4	4	5	6	6
Meter Reading	2	2	2	2	2	1	1	0	0	0
Wastewater Treatment	12	12	11	11	11	11	11	11	9	9
Water Distribution/Wastewater Collection	4	4	4	4	4	4	3	3	2	2
Water Treatment	2	2	2	2	2	2	2	2	3	3
Total Employees	40	40	39	39	39	38	37	37	36	36
 Commissioners	 5	 5	 5	 5	 5	 5	 5	 5	 5	 5

Source: GRPUC payroll records

Notes:
All managers and supervisors are included with their departments

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

OPERATING AND CAPITAL INDICATORS - ELECTRIC
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>Electric</u>										
Number of substations	5	5	5	5	5	5	5	6	6	6
Main substation capacity (MVA)	54	54	54	54	54	54	54	54	54	72
Distribution transformer capacity (KVA)	117,782	119,000	131,843	99,403	116,723	116,723	112,741	116,723	118,396	119,632
Miles of electric overhead line (not including neutral conductor)	160	157	145	150	149	150	149	150	150	157
Miles of electric underground line	186	189	199	205	211	211	222	222	222	219

Source: GRPUC mapping system

MVA = megavolt ampere - added Tioga Substation
 KVA = kilovolt ampere
 N/A = not available

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

OPERATING AND CAPITAL INDICATORS - WATER AND WASTEWATER
 Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>Water</u>										
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Treatment capacity (MGD)	3.24	3.24	3.24	3.24	3.24	3.24	3.24	3.24	3.24	3.24
Water Storage Capacity (MG)	2	2	2	2	2	2	2	2	2	2
Number of wells	5	5	5	5	5	5	5	5	5	5
Number of booster stations	1	1	1	1	1	1	1	1	1	1
Number of pressure districts	3	3	3	3	3	3	3	3	3	3
Miles of water main	79	79	79	81	81	81	81	81	81	81
<u>Wastewater</u>										
Number of treatment plants	2	2	2	2	2	2	2	2	2	2
Treatment capacity (MGD)	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2
Number of lift stations	11	11	11	11	13	13	13	14	14	14
Number of pump stations	1	1	1	1	2	2	2	2	2	2
Miles of wastewater collection main	68	68	68	68	68	68	68	68	68	68

Source: GRPUC GIS mapping system

MGD = millions of gallons per day
 MG = million gallons

GRAND RAPIDS PUBLIC UTILITIES COMMISSIC

ELECTRIC DEPARTMENT SELECTED FINANCIAL AND OPERATING RATIOS (Unaudited)

	2021	2020	Industry Average (2020)*
FINANCIAL RATIOS			
Electric revenue per kWh			
All retail customers	\$ 0.103	\$ 0.101	\$ 0.097
Residential customers	\$ 0.117	\$ 0.108	\$ 0.111
Commercial customers	\$ 0.098	\$ 0.100	\$ 0.103
Industrial customers	\$ 0.085	\$ 0.084	\$ 0.071
Electric operating ratio	0.857	0.968	0.855
Net income (loss) per electric revenue dollar	\$ 0.026	\$ 0.032	\$ 0.059
Uncollectible accounts per electric revenue dollar	\$ 0.0011	\$ 0.0007	\$ 0.0020
OPERATING RATIOS			
Retail customers per non-power-generation employee	439	444	337
Total electric O&M expense per kWh sold	\$ 0.121	\$ 0.090	\$ 0.081
Total electric O&M expense (excluding power supply expense) per retail customer	\$ 301	\$ 329	\$ 557
Total power supply expense per kWh sold	\$ 0.088	\$ 0.074	\$ 0.058
Purchased power cost per kWh purchased	\$ 0.085	\$ 0.071	\$ 0.055
Retail customers per meter reader	7,456	7,504	7,690
Distribution O&M expense per retail customer	\$ 194	\$ 136	\$ 186
Distribution O&M expense per circuit mile	\$ 3,897	\$ 2,761	\$ 7,807

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

ELECTRIC DEPARTMENT SELECTED FINANCIAL AND OPERATING RATIOS (Unaudited)

	<u>2021</u>	<u>2020</u>	<u>Industry Average (2020)*</u>
Customer accounting, service and sales expense per retail customer	\$ 58	\$ 40	\$ 65
Administrative and general expense per retail customer	\$ 151	\$ 153	\$ 189
Energy loss percentage	3.98%	3.64%	3.41%
System load factor	71.6%	73.5%	56.1%

* APPA "Financial and Operating Ratios of Public Power Utilities"
published December 2021, using 2020 data.

Minnesota Legal Compliance Independent Auditors' Report

To the Grand Rapids Public Utilities Commission of
Grand Rapids Public Utilities

We have audited, in accordance with auditing standards general accepted in the United States of America, the financial statements of Grand Rapids Public Utilities Commission as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Grand Rapids Public Utilities Commission's basic financial statements, and have issued our report thereon dated June 2, 2022.

In connection with our audit, nothing came to our attention that caused us to believe that Grand Rapids Public Utilities Commission failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding Grand Rapids Public Utilities Commission's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

This report is intended solely for the information and use of those charged with governance and management of Grand Rapids Public Utilities Commission and the State Auditor and is not intended to be, and should not be, used by anyone other than those specified parties.

Baker Tilly US, LLP

Madison, Wisconsin
June 2, 2022



Reporting and insights from the 2021 audit:

Grand Rapids Public Utilities Commission

December 31, 2021

Executive summary

June 2, 2022

The Commissioners
Grand Rapids Public Utilities Commission
500 SE 4th Street
Grand Rapids, MN 55744

We have completed our audit of the financial statements of the Grand Rapids Public Utilities Commission (GRPUC) for the year ended December 31, 2021, and have issued our report thereon dated June 2, 2022. This letter presents communications required by our professional standards.

Your audit should provide you with confidence in your financial statements. The audit was performed based on information obtained from meetings with management, data from your systems, knowledge of the GRPUC's operating environment and our risk assessment procedures. We strive to provide you clear, concise communication throughout the audit process and of the final results of our audit.

Additionally, we have included information on key risk areas GRPUC should be aware of in your strategic planning. We are available to discuss these risks as they relate to your organization's financial stability and future planning.

If you have questions at any point, please connect with us:

- Aaron Worthman, Partner: Aaron.Worthman@bakertilly.com or +1 (512) 975 7281
- Dan La Haye, Senior Manager: Dan.LaHaye@bakertilly.com or +1 (608) 240 2534

Sincerely,

Baker Tilly US, LLP



Aaron Worthman, CPA

Responsibilities

Our responsibilities

As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the financial statements, whether due to fraud or error. Included in that assessment is a consideration of the GRPUC's internal control over financial reporting.
- Performing appropriate procedures based upon our risk assessment.
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management.
- Forming and expressing an opinion based on our audit about whether the financial statements prepared by management, with the oversight of the Commissioners:
 - Are free from material misstatement
 - Present fairly, in all material respects and in accordance with accounting principles generally accepted in the United States of America
- Our audit does not relieve management or the Commissioners of their responsibilities.

We are also required to communicate significant matters related to our audit that are relevant to the responsibilities of the Commissioners, including:

- Internal control matters
- Qualitative aspects of the GRPUC's accounting practice including policies, accounting estimates and financial statement disclosures
- Significant unusual transactions
- Significant difficulties encountered
- Disagreements with management
- Circumstances that affect the form and content of the auditors' report
- Audit consultations outside the engagement team
- Corrected and uncorrected misstatements
- Other audit findings or issues

Audit status

Significant changes to the audit plan

There were no significant changes made to either our planned audit strategy or to the significant risks and other areas of emphasis identified during the performance of our risk assessment procedures.

Audit approach and results

Planned scope and timing

Audit focus

Based on our understanding of the GRPUC and environment in which you operate, we focused our audit on the following key areas:

- Key transaction cycles
- Areas with significant estimates
- Implementation of new accounting standards

Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about the GRPUC's current year results.

Key areas of focus and significant findings

Significant risks of material misstatement

A significant risk is an identified and assessed risk of material misstatement that, in the auditor's professional judgment, requires special audit consideration. Within our audit, we focused on the following areas below.

Significant risk areas	Testing approach	Conclusion
Management override of controls	Incorporate unpredictability into audit procedures, emphasize professional skepticism and utilize audit team with industry expertise	Procedures identified provided sufficient evidence for our audit opinion
Improper revenue recognition due to fraud	Validation of certain revenues supplemented with detailed predictive analytics based on non-financial data and substantive testing of related receivables	Procedures identified provided sufficient evidence for our audit opinion

Other areas of emphasis

We also focused on other areas that did not meet the definition of a significant risk, but were determined to require specific awareness and a unique audit response.

Other areas of emphasis		
Cash and investments	Revenues and receivables	General disbursements
Landfill post closure costs	Pension and OPEB liabilities	Long-term debt
Capital assets	Net position calculations	Financial reporting and required disclosures

Internal control matters

We considered the GRPUC's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements. We are not expressing an opinion on the effectiveness of the GRPUC's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

Other comments and recommendations

FIXED ASSET CLOSING PROCESS

During our audit, we noted immaterial adjustments to construction costs, depreciation, and fixed assets. We also noted the fixed asset documents were not provided in a timely manner and appear to be a very cumbersome time-consuming process requiring subledgers outside the fixed asset system. To prevent these minor adjustments and help with timeliness, we noted improvements that could be done as part of the fixed asset closing process.

While fixed assets were materially accurate, we recommend adding these additional procedures to the fixed asset closing process:

- Have all plant documentation available before audit fieldwork
- Track all workorders created and capitalized during the year and reconcile to general ledger detail
- Periodically close workorders throughout the year rather than all at year end
- Reconcile construction work in progress close outs/transfers to fixed asset additions
- Reconcile detailed fixed asset listing and depreciation to general ledger detail and keep track of additions/retirements periodically throughout the year rather than all at year end
- Track detailed fixed asset listing and depreciation for all assets, not just the wastewater treatment plant

We do not consider this a material weakness or significant deficiency but point it out as a potential area for improvement.

Managements' response to the recommendation has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Management Response

Process improvements for work orders and capital asset account.

There are five interrelated functions which impact and create challenges for the Grand Rapids Public Utilities (GRPU) team members ability to provide, in a timely manner, an unadjusted fixed asset closing process. Identified below are the five areas and how management plans to work toward resolving these challenges.

1. Transfer of knowledge and training. There have been substantial changes in the GRPU work force due to retirements and the GRPU Team members have now learned and know how to perform a specific task. Management is working with team members to also know "why" a task is performed so they can make informed decisions in their respective interconnected work. Focused training will continue through 2022 with internal and external contracted trainers.
2. Change in fixed asset capitalization threshold. For 2021 and prior the GRPU had a capitalization threshold of \$500. After review of best practices, management recommended an increase in the capitalization threshold to \$5,000 starting 2022 which was presented to and approved by the GRPU Commission. This will allow the capital projects to be setup after the approved budget and closed at the completion of the project. This higher capitalization amount reduces the number of capital projects to be setup and closed.
3. Projects setup as maintenance versus capital projects. With the increase in the capitalization amount to \$5,000 in 2022, the GRPU team will setup more operations projects. The process to close out operations projects is less complex and less time consuming compared to the close out process for capital projects. Management will work with the GRPU team to implement the new capitalization amount in 2022 and setup capital projects connected to the approved capital budget.
4. Standard software fixed asset reports are not adequate or comprehensive across all GRPU departments. This results in the GRPU team members spending substantial time to prepare many subledgers as part of the fixed asset close out process. Management has contracted in 2022 with the current external software vendor to provide weekly training and discussion to resolve the inadequate reporting.
5. Electric regulatory accounting. GRPU currently uses regulatory accounting for the electric department. Management is researching the added value for the GRPU to continue electric regulatory accounting. Electric regulatory accounting impacts the complexity, increases the difficulty to have similar fixed assets processes for water, wastewater collections, and wastewater treatment, and adds time to perform the fixed asset process. Management would like to streamline the fixed asset processes across all GRPU departments with common best practices.

Required communications

Qualitative aspect of accounting practices

- Accounting policies: Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we have advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by the GRPUC are described in Note 1 to the financial statements. As described in Note 1 GRPUC changed accounting policies by adopting Government Accounting Standards Board Statement Number 89 – *Accounting for Interest Costs Incurred Before the End of a Construction Period*. Accordingly, the accounting change has been prospectively applied. We noted no transactions entered into by the GRPUC during the year for which accounting policies are controversial or for which there is a lack of authoritative guidance or consensus or diversity in practice.
- Accounting estimates: Accounting estimates, including fair value estimates, are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements, the degree of subjectivity involved in their development and because of the possibility that future events affecting them may differ significantly from those expected. The following estimates are of most significance to the financial statements:

Estimate	Management's process to determine	Baker Tilly's conclusions regarding reasonableness
Landfill closure/post closure liabilities	Evaluation changes in assumptions, provided by management, from the closure cost study prepared by an external specialist	Reasonable in relation to the financial statements as a whole
Net pension liability and related deferrals	Evaluation of information provided by the Minnesota Public Employees Retirement Association	Reasonable in relation to the financial statements as a whole
Allowance for doubtful accounts	Evaluation of historical revenues and loss levels with the analysis on collectability of individual amounts	Reasonable in relation to the financial statements as a whole
Depreciation	Evaluate estimated useful life of the asset and original acquisition value	Reasonable in relation to the financial statements as a whole

There have been no significant changes made by management to either the processes used to develop the particularly sensitive accounting estimates, or to the significant assumptions used to develop the estimates, noted above.

- Financial statement disclosures: The disclosures in the financial statements are neutral, consistent and clear.

Significant unusual transactions

There have been no significant transactions that are outside the normal course of business for the GRPUC or that otherwise appear to be unusual due to their timing, size or nature.

Significant difficulties encountered during the audit

We encountered no significant difficulties in dealing with management and completing our audit.

Disagreements with management

Professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Audit report

There have been no departures from the auditors' standard report.

Audit consultations outside the engagement team

We encountered no difficult or contentious matters for which we consulted outside of the engagement team.

Uncorrected misstatements and corrected misstatements

Professional standards require us to accumulate misstatements identified during the audit, other than those that are clearly trivial, and to communicate accumulated misstatements to management. The schedule within the Appendix summarizes the uncorrected misstatements, other than those that are clearly trivial, that we presented to management that, in our judgment, may not have been detected except through our auditing procedures. In our judgment, neither the uncorrected misstatements nor the misstatements that management corrected, either individually or in the aggregate, indicate matters that could have had a significant effect on GRPUC's financial reporting process.

Management has determined that the effects of the uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the basic financial statements under audit.

Other audit findings or issues

We encountered no other audit findings or issues that require communication at this time.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the GRPUC's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other information in documents containing audited basic financial statements

The GRPUC's audited financial statements will be included in Annual Comprehensive Financial Report (ACFR). Our responsibility for this information does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. We have read the Introductory Section and Statistical Section of the ACFR to determine whether a material inconsistency exists between the other information and the financial statements. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, was materially inconsistent with the information, or manner of its presentation, in the financial statements.

The GRPUC's audited financial statements are "general purpose" financial statements. General purpose financial statements consist of the basic financial statements that can be used by a broad group of people for a broad range of activities. Once we have issued our audit report, we have no further obligation to update our report for events occurring subsequent to the date of our report. The GRPUC can use the audited financial statements in other client prepare documents, such as official statements related to the issuance of debt, without our acknowledgement. Unless we have been engaged to perform services in connection with any subsequent transaction requiring the inclusion of our audit report, as well as to issue an auditor's acknowledgment letter, we have neither read the document nor performed subsequent event procedures in order to determine whether or not our report remains appropriate.

Management's consultations with other accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing or accounting matters.

Written communications between management and Baker Tilly

The Appendix includes copies of other material written communications, including a copy of the management representation letter.

Compliance with laws and regulations

We did not identify any non-compliance with laws and regulations during our audit.

Fraud

We did not identify any known or suspected fraud during our audit.

Going concern

Pursuant to professional standards, we are required to communicate to you, when applicable, certain matters relating to our evaluation of the GRPUC's ability to continue as a going concern for a reasonable period of time but no less than 12 months from the date the financial statements are issued or available to be issued, including the effects on the financial statements and the adequacy of the related disclosures, and the effects on the auditor's report. No such matters or conditions have come to our attention during our engagement.

Independence

We are not aware of any relationships between Baker Tilly and the GRPUC that, in our professional judgment, may reasonably be thought to bear on our independence.

Related parties

We did not have any significant findings or issues arise during the audit in connection with the GRPUC's related parties.

Other matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information which accompanies the basic financial statements but is not RSI. With respect to the supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the basic financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

We were not engaged to report on the other information, which accompanies the basic financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Nonattest services

The following nonattest services were provided by Baker Tilly:

- Financial statement preparation
- Adjusting journal entries

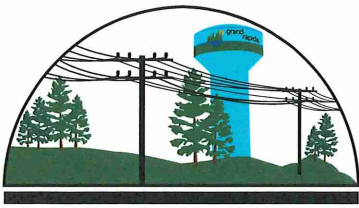
None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

Audit committee resources

Visit our resource page for regulatory updates, trending challenges and opportunities in your industry and other timely updates.

Visit the resource page at <https://www.bakertilly.com/insights/audit-committee-resource-page>.

Management representation letter



GRAND RAPIDS PUBLIC UTILITIES

Service is Our Nature

500 SE Fourth Street • Grand Rapids, Minnesota 55744

June 2, 2022

Baker Tilly US, LLP
P.O. Box 7398
Madison, WI 53707-7398

Dear Baker Tilly US, LLP:

We are providing this letter in connection with your audits of the financial statements of the Grand Rapids Public Utilities Commission (GRPUC) as of December 31, 2021 and 2020 and for the years then ended for the purpose of expressing an opinion as to whether the basic financial statements present fairly, in all material respects, the financial position of the GRPUC and the respective changes in financial position and cash flows in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation of the previously mentioned basic financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audits.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter.
2. The basic financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. We have engaged you to advise us in fulfilling that responsibility.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates are reasonable.

6. All events subsequent to the date of the financial statements and for which accounting principles generally accepted in the United States of America require adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements, other than those items have already been identified.
7. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
8. We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements as a whole. In addition, you have recommended adjusting journal entries, and we are in agreement with those adjustments.
9. There are no known or possible litigation claims and assessments whose effects should be considered when preparing the financial statements. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with accounting principles generally accepted in the United States of America.

Information Provided

10. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the Commission or summaries of actions of recent meetings for which minutes have not yet been prepared.
11. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
12. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
13. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.
14. We have no knowledge of known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing the basic financial statements.
15. We have disclosed to you the names of our related parties and all the related party relationships and transactions, including any side agreements.

Other

16. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
17. We have a process to track the status of audit findings and recommendations.
18. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for our report.
19. The GRPUC has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net position.
20. We are responsible for compliance with federal, state, and local laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all federal, state, and local laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of the basic financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
21. There are no:
 - a. Violations or possible violations of budget ordinances, federal, state, and local laws or regulations (including those pertaining to adopting and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the basic financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance.
 - b. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America.
 - c. Rates being charged to customers other than the rates as authorized by the applicable authoritative body.
 - d. Violations of restrictions placed on revenues as a result of bond resolution covenants such as revenue distribution or debt service funding.
22. In regards to the nonattest services performed by you listed below, we have 1) made all management decisions and performed all management functions; 2) designated an individual with suitable skill, knowledge, or experience to oversee the services; 3) evaluated the adequacy and results of the services performed, and 4) accepted responsibility for the results of the services.
 - a. Financial statement preparation
 - b. Adjusting journal entries

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.
23. The GRPUC has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
24. The GRPUC has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.
25. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
26. Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.

27. The GRPUC has no derivative financial instruments such as contracts that could be assigned to someone else or net settled, interest rate swaps, collars or caps.
28. Provisions for uncollectible receivables have been properly identified and recorded.
29. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
30. Deposits and investment securities are properly classified as to risk, and investments are properly valued.
31. Provision, when material, has been made to reduce excess or obsolete inventories to their estimated net realizable value.
32. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded.
33. The operations and rate setting process meet the condition for application of accounting for regulated operations as outlined in GASB Statement No. 62. All regulatory items included in the financial statements have been approved and are being accounted for in accordance with specific action taken by the regulatory body and as such the expectation of future recovery or refund is reasonable.
34. We have appropriately disclosed the GRPUC's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position were properly recognized under the policy.
35. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
36. With respect to the Combining Schedules of Revenues and Expenses, Detailed Schedules of Revenues and Expenses, Schedules of Expenses, Combined Schedule of Administrative, General and Customer Accounts Expense, Schedule of Changes in Utility Plant, Schedule of Changes in Accumulated Depreciation, and Schedule of Contributions to the City of Grand Rapids:
 - a. We acknowledge our responsibility for presenting the Combining Schedules of Revenues and Expenses, Detailed Schedules of Revenues and Expenses, Schedules of Expenses, Combined Schedule of Administrative, General and Customer Accounts Expense, Schedule of Changes in Utility Plant, Schedule of Changes in Accumulated Depreciation, and Schedule of Contributions to the City of Grand Rapids in accordance with accounting principles generally accepted in the United States of America, and we believe the Combining Schedules of Revenues and Expenses, Detailed Schedules of Revenues and Expenses, Schedules of Expenses, Combined Schedule of Administrative, General and Customer Accounts Expense, Schedule of Changes in Utility Plant, Schedule of Changes in Accumulated Depreciation, and Schedule of Contributions to the City of Grand Rapids, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the Combining Schedules of Revenues and Expenses, Detailed Schedules of Revenues and Expenses, Schedules of Expenses, Combined Schedule of Administrative, General and Customer Accounts Expense, Schedule of Changes in Utility Plant, Schedule of Changes in Accumulated Depreciation, and Schedule of Contributions to the City of Grand Rapids have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

- b. If the Combining Schedules of Revenues and Expenses, Detailed Schedules of Revenues and Expenses, Schedules of Expenses, Combined Schedule of Administrative, General and Customer Accounts Expense, Schedule of Changes in Utility Plant, Schedule of Changes in Accumulated Depreciation, and Schedule of Contributions to the City of Grand Rapids is not presented with the audited basic financial statements, we will make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
37. We assume responsibility for, and agree with, the findings of specialists in evaluating the financial assurance cost estimates for the GRPUC sludge landfill and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had impact on the independence or objectivity of the specialists.
38. We assume responsibility for, and agree with, the information provided by the Public Employees Retirement Association of Minnesota as audited by Clifton Larsen Allen, LLP relating to the net pension asset/liability and related deferred outflows and deferred inflows and have adequately considered the reasonableness of the amounts and disclosures used in the financial statements and underlying accounting records. We also assume responsibility for the census data that has been reported to the plan.
39. We have evaluated our Other Post Employment Liabilities and have determined they are not material to the financial statements.
40. We have evaluated the requirements of GASB Statement No. 83 – *Asset Retirement Obligations* and concluded that the GRPUC does not own any assets that have an asset retirement obligation.
41. Any direct borrowings, direct placements, lines of credit or default clauses have been identified and properly disclosed.
42. The auditing standards define an annual report as “a document, or combination of documents, typically prepared on an annual basis by management or those charged with governance in accordance with law, regulation, or custom, the purpose of which is to provide owners (or similar stakeholders) with information on the entity’s operations and the entity’s financial results and financial position as set out in the financial statements.” Among other items, an annual report contains, accompanies, or incorporates by reference the financial statements and the auditor’s report thereon. Our annual report is comprised of the following documents: Basic Financial Statements, Required Supplementary Information, Supplemental Information, Financial Trends, Revenue Capacity, Debt Capacity, Demographic and Economic Information, and Operating Information. We have provided you with the final version of such documents. There are no material inconsistencies between the financial statements and any other information contained within the documents that comprise the annual report.

Sincerely,

Grand Rapids Public Utilities Commission

Signed: 

Name/Title: Julie A. Kennedy/General Manager

Signed: 

Name/Title: Jean M. Lane/Business Services Manager

Grand Rapids Public Utilities Commission
SUMMARY OF UNCORRECTED FINANCIAL STATEMENT MISSTATEMENTS

December 31, 2021

	Financial Statements Effect - Increase (Decrease) to Financial Statement Total									
	<u>Current Assets</u>	<u>Noncurrent Assets</u>	<u>Total Assets/ Deferred Outflows</u>	<u>Current Liabilities</u>	<u>Noncurrent Liabilities</u>	<u>Total Liabilities/ Deferred Inflows</u>	<u>Total Net Position</u>	<u>Total Revenues</u>	<u>Total Expenses</u>	<u>Change in Net Position</u>
Total Net Audit Differences	\$ 159,000	\$ -	\$ 159,000	\$ -	\$ -	\$ -	\$ 159,000	\$ 143,181	\$ -	\$ 143,181

Client service team



Aaron Worthman, CPA

Partner

4807 Innovate Ln
Madison, WI 53718
United States

T +1 (512) 975 7281 | Madison
Aaron.Worthman@bakertilly.com



Dan La Haye, CPA

Senior Manager

4807 Innovate Ln
Madison, WI 53718
United States

T +1 (608) 240 2534 | Madison
Dan.LaHaye@bakertilly.com

Accounting changes relevant to Grand Rapids Public Utilities Commission

Future accounting standards update

GASB Statement Number	Description	Potentially Impacts you	Effective Date
87	Leases	✓	12/31/22*
91	Conduit Debt	✓	12/31/22*
94	Public-Private and Public-Public Partnerships and Availability Payment Arrangements	✓	12/31/23
96	Subscription-Based Information Technology Arrangements	✓	12/31/23
97	Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans	✓	12/31/22

*The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87 which was postponed by one and a half years. The effective date reflected above is the required revised implementation date.

Further information on upcoming [GASB pronouncements](#).

Ready or not – the new lease standard is here!

GASB's new single model for lease accounting is effective for next year's audit (fiscal years ending June 30, 2022 and later). This standard requires governments to identify and evaluate contracts that convey control of the right to use another entity's nonfinancial asset for a period of time in an exchange or exchange-like transaction. Contracts meeting the criteria for control, term and other items within the standard will result in recognizing a right to use asset and lease liability or a receivable and deferred inflow of resources. The standard specifies that leases should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or, if applied to earlier periods, the beginning of the earliest period restated).

The implementation process can be broken down into a four-step methodology:



Now is the time to evaluate where your government is in this process and the timeline to complete implementation. The third step for lease evaluation, data extraction and review is typically the most time-consuming step; organizations should begin this process well before year end to ensure adequate lead time. A key decision that will need to be made is whether a lease administration software package is necessary. Depending on the volume and complexity of your lease activity, spreadsheets may not be sufficient to track and calculate all the required information.

We are available to discuss this further and help you develop an action plan. Baker Tilly also has complimentary resources available online including:

- GASB 87 lease identification questionnaire
- GASB 87 lease assistance tool
- Variety of GASB 87 podcasts and articles

Access tools and learn more about [GASB 87](#).

Preparing for the new conduit debt reporting

Conduit debt includes arrangements where there are three separate parties involved including a third party that is obligated for payment, a debt holder or lender and an issuing party which is often a government. This standard provides additional criteria for identifying and classifying conduit debt with the intent of providing consistency in how the debt is recorded and reported in governmental financial statements. The GRPUC should identify any existing debt arrangements involving third-party obligors and evaluate how those arrangements will be reported under the new standard in order to determine the potential impact of this standard on future financial reporting.

Determining if GASB 94 applies for your organization

GASB 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* provides guidance related to public-private and public-public partnerships (PPP) and availability payment arrangements (APA).

A PPP is an arrangement in which an entity contracts with an operator to provide public services by conveying control of the right to operate or use infrastructure or other capital asset. A common example of PPP is a service concession arrangement.

An APA is an arrangement in which an entity compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an asset.

The GRPUC should start to identify any contracts that could meet either definition to ensure they are reviewed for applicability and accounted for correctly when the standard is effective. Initial steps include reviewing contracts that didn't meet the definition of a lease under GASB 87 and identifying any other agreements where the organization contracts with or partners with another entity to provide services.

Future accounting for subscription-based IT arrangements

Subscription-based IT arrangements include contracts that convey control of the right to use another party's IT software. It would not include any licensing arrangements that provide a perpetual license, which would still be accounted for as an intangible asset. Subscription-based IT arrangements are becoming more and more popular with IT vendors. This standard mirrors the new lease standard. The GRPUC will be able to utilize the systems put into place to implement the lease standard to properly account for these contracts. Common examples of these contracts in the utility industry include:

- Leasing space in the cloud
- GIS systems
- SCADA systems
- Some work order or inventory systems as well as some general ledger or billing systems

The GRPUC should work with its IT department and department managers to determine a population listing of contracts that would fall under this standard to determine the potential future impact to financial reporting.

Two-way audit communications

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

- a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.
- b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:
 - Identify types of potential misstatements.
 - Consider factors that affect the risks of material misstatement.
 - Design tests of controls, when applicable, and substantive procedures.
- c. We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations and provisions of contracts or grant programs.
- d. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.

Our audit will be performed in accordance with auditing standards generally accepted in the United States of America.

We are very interested in your views regarding certain matters. Those matters are listed here:

- a. We typically will communicate with your top level of management unless you tell us otherwise.
- b. We understand that the governing board has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.
- c. We need to know your views about your organization's objectives and strategies, and the related business risks that may result in material misstatements.
- d. We anticipate that the GRPUC will receive an unmodified opinion on its financial statements.
- e. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?
- f. Have you had any significant communications with regulators or grantor agencies?

- g. Are there other matters that you believe are relevant to the audit of the financial statements?

Also, is there anything that we need to know about the attitudes, awareness and actions of the governing body concerning:

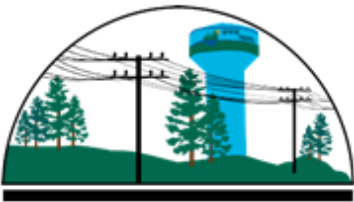
- a. The entity's internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control?
- b. The detection or the possibility of fraud?

We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices, or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. If necessary, we may do preliminary financial audit work during the months of October-December, and sometimes early in January. Our final financial fieldwork is scheduled during the spring to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our financial audit procedures at our office and may issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your staff. This is typically 6-12 weeks after final fieldwork, but may vary depending on a number of factors.

Keep in mind that while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor's sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We realize that you may have questions on what this all means, or wish to provide other feedback. We welcome the opportunity to hear from you.



GRAND RAPIDS
PUBLIC UTILITIES

Service is Our Nature

500 SE Fourth Street • Grand Rapids, Minnesota 55744

BUSINESS SERVICES DEPARTMENT MONTHLY REPORT June 2022 Commission Meeting

Safety

There were no OSHA recordable accidents in the Business Services Department last month.

Effective Wholesale Electric Power Rate Last Month

The attached graph shows the effective wholesale electric rate for last month and a chart on the aggregated NEMMPA peak versus non-NEMMPA peak.

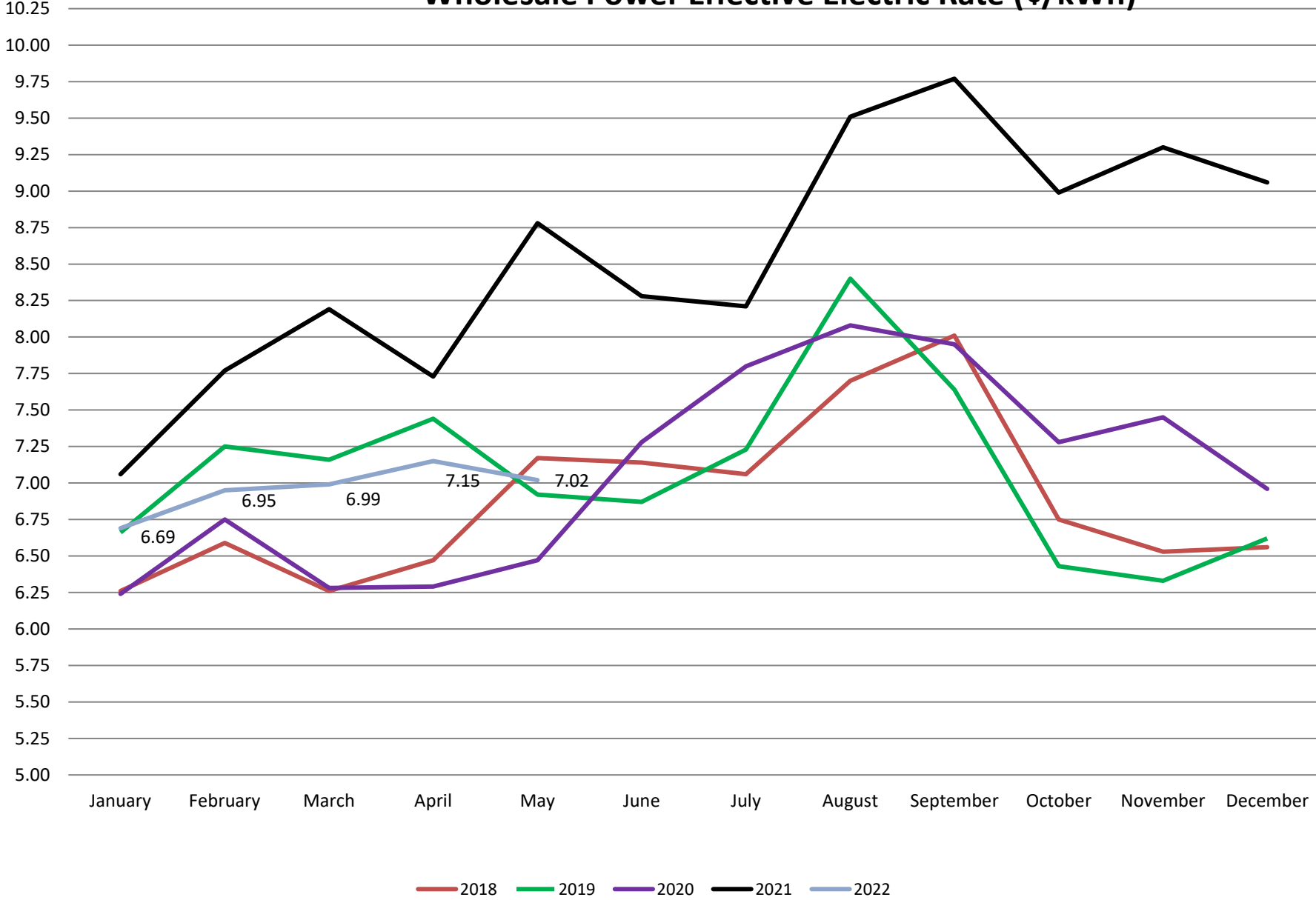
Projects Performed Last Month

- Continue training new customer service and accounting personnel.
- Cybersecurity awareness training (Knowbe4).
- Continued to review and improve instructions for customer service tasks.
- Met with Managers and Directors on budget versus actual financial reporting.
- Presented language for budget and financial planning policy.
- Weekly Q & A meetings with Cogsdale trainers for GP Dynamics and Cogsdale.
- Presented draft audited annual comprehensive financial report and auditor's letters.
- Discussed internal and external customer communications.

Projects Scheduled for This Month

- Continue training new customer service team members.
- Kickoff with the City Finance Department ERP software project.
- Work the 2022 operations and capital budget plan.
- Present for adoption the 2021 audited annual comprehensive financial report and auditor's letters.
- Review and revise customer application and process.
- Review and revise delinquent payment and collection processes.
- Summer college student intern training and project assignments.

Wholesale Power Effective Electric Rate (¢/kWh)



GRAND RAPIDS PUBLIC UTILITIES
PEAK INFORMATION
2022

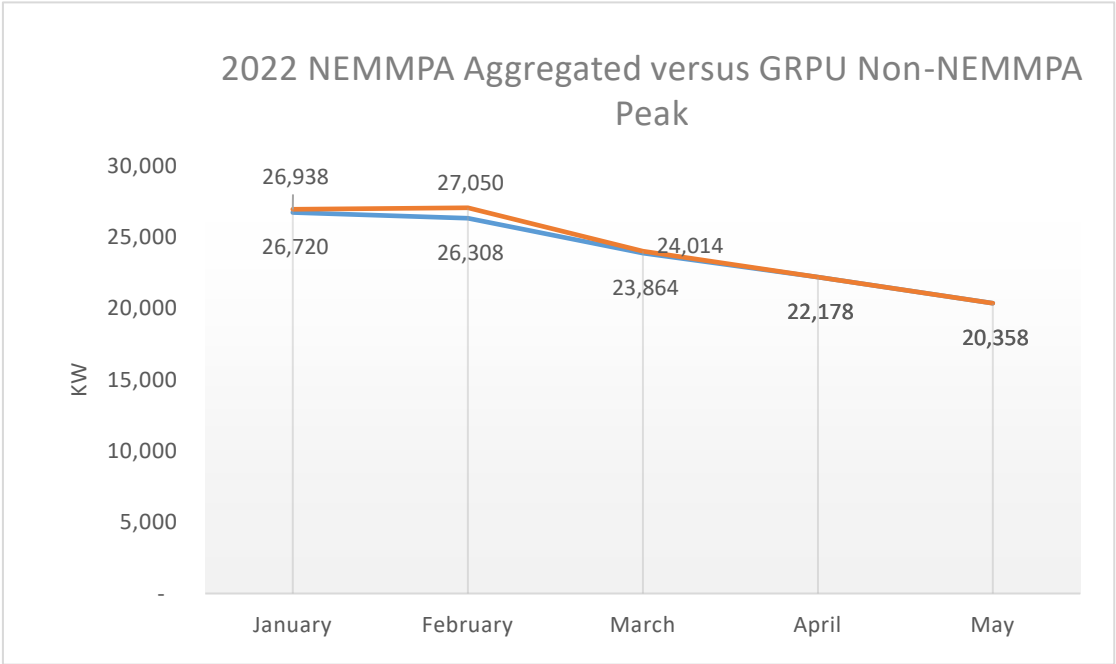
January February March April May June July August September October November December

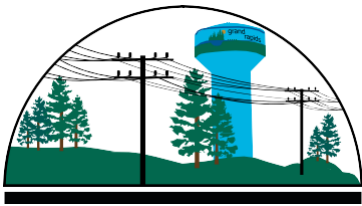
NEMMPA Aggregated
Peak

26,720 26,308 23,864 22,178 20,358

GRPU non-NEMMPA
Peak

26,938 27,050 24,014 22,178 20,358





GRAND RAPIDS
PUBLIC UTILITIES

Service is Our Nature

Item 22.

500 SE Fourth Street • Grand Rapids, Minnesota 55744

ELECTRIC DEPARTMENT MONTHLY REPORT June 2022 Commission Meeting

Safety

- There were no OSHA recordable accidents last month.

Demand Threshold and Power Usage for past month

- The attached graph shows the system load with demand threshold for the past month.

Reliability Last Month

- We had eight outages during the month.

Projects Performed Last Month

- County Road 63 – Hwy 2 Trail project – temporary stop light poles, cabinet move
- Grand Rapids Marine – switched to GRPU electric system from Lake Country Power
- May 30th, 31st storms – mostly trees on lines, approximately 250 customers affected

Projects Scheduled for This Month

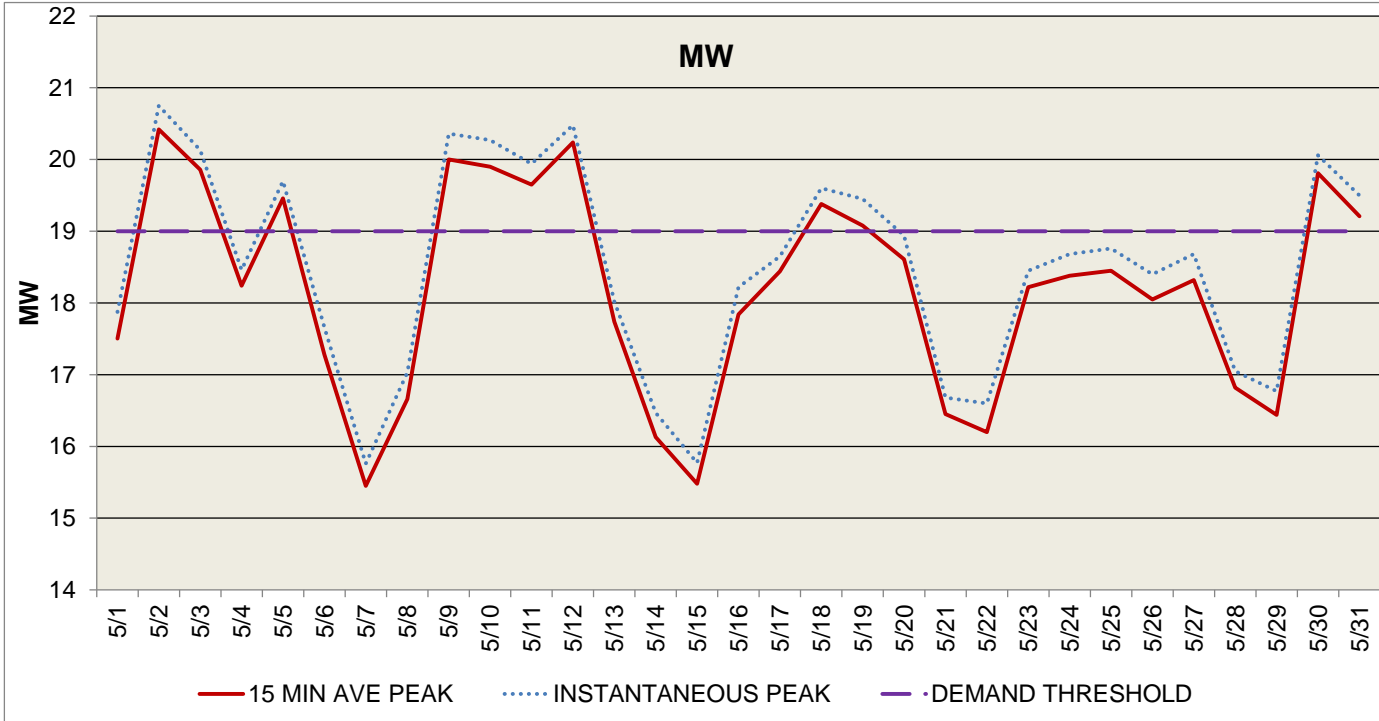
- mPower Outage Management system implementation
- Solar plus Battery Storage project
 - System energized from GRPU grid 4/6
 - Testing and commissioning of solar complete and operational
 - Replacement and reconfiguration of fire detection system late May, early June
 - Final operational battery test planned for early June
 - Permission to operate planned for June
- New services/construction 2022 – Best Western, Caribou coffee, Cenex station, County Courts and Jail project, LaPrairie campground, Maturi addition/old Kmart, MDI second service, New car wash, Wagner site development including lift stations, Woodland Bank
- City/County projects – County Road 63/Highway 2 trail project, SW 21st Street, Airport Road/River Road round about

Electric Department Budget and Reallocation

- As per the new Budget and Financial Policy adopted in the May meeting, the General Manager and Business Services Manager have discussed reallocation of the 2022 Electric Department capital budget. As I discussed prior we are experiencing supply chain issues especially with procurement of transformers and need to focus on cable replacement projects.
- We plan to move ahead with a capital project slotted for 2024 in 2022 while remaining within the 2022 capital budget amount. Projects will be to replace older cross-linked poly cable which has a history of failure in preparation for the conversion of areas from 7200 volts to 13,200 volts, along with other areas with the same type of cable.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION				
MAY 2022 LOAD MANAGEMENT SYSTEM REPORT				
May-22	INST PK MW	15 MIN AVE PK MW	MW DEMAND THRESHOLD	CONTROLLED DAYS
Minimum	15.76	15.45	19.00	
Maximum	20.75	20.42	19.00	
Average	18.49	18.18	19.00	
Total				2

Savings due to active load management system for month of May 2022 estimated at \$1080



GRAND RAPIDS PUBLIC UTILITIES COMMISSION
DAILY POWER USAGE

May-12	INST PK MW	15 MIN AVE PK MW	MW DEMAND THRESHOLD	CONTROLLED DAYS
5/1	17.87	17.50	19.00	-1.5
5/2	20.75	20.42	19.00	1.4
5/3	20.13	19.86	19.00	0.9
5/4	18.46	18.24	19.00	-0.8
5/5	19.70	19.46	19.00	0.5
5/6	17.66	17.28	19.00	-1.7
5/7	15.76	15.45	19.00	-3.6
5/8	17.03	16.66	19.00	-2.3
5/9	20.36	20.00	19.00	1.0
5/10	20.27	19.90	19.00	0.9
5/11	19.94	19.65	19.00	0.6
5/12	20.48	20.24	19.00	1.2
5/13	18.02	17.74	19.00	-1.3
5/14	16.47	16.13	19.00	-2.9
5/15	15.77	15.48	19.00	-3.5
5/16	18.22	17.84	19.00	-1.2
5/17	18.65	18.44	19.00	-0.6
5/18	19.60	19.38	19.00	0.4
5/19	19.45	19.08	19.00	0.1
5/20	18.94	18.61	19.00	-0.4
5/21	16.68	16.45	19.00	-2.6
5/22	16.60	16.20	19.00	-2.8
5/23	18.45	18.22	19.00	-0.8
5/24	18.68	18.38	19.00	-0.6
5/25	18.76	18.45	19.00	-0.6
5/26	18.40	18.05	19.00	-0.9
5/27	18.68	18.32	19.00	-0.7
5/28	17.05	16.82	19.00	-2.2
5/29	16.77	16.44	19.00	-2.6
5/30	20.06	19.81	19.00	0.8
5/31	19.50	19.21	19.00	0.2
Minimum	21.69	21.43	26.00	
Maximum	20.75	20.42	19.00	
Average	18.49	18.18	19.00	
Total				11
		Peak Demand Day		Controlled Day

Monthly Report - Grand Rapids Public Utilities Commission

Grand Rapids Public Utilities Commission

Year 2022	Minimum duration 	Substation -----
Month 05 - May	Maximum duration 	Circuit -----
Annual Report? <input type="radio"/> Yes <input checked="" type="radio"/> No	Top-level Cause -----	Remove Major Events? -----

IEEE 1366 Statistics

Metric	May 2022	May 2021
SAIDI	10.281	0.145
SAIFI	0.0347	0.00307
CAIDI	296.711	47.608
ASAI	99.9761%	99.9996%
Momentary Interruptions	0	0
Sustained Interruptions	8	5

Circuit Ranking - Worst Performing

Ranked by Outage Count

Circuit	Substation	Number of Outages
Feeder 320	Main Substation	3
CL21	Crystal Lake Substation	1
FL15	Forest Lake Substation	1

Ranked by Customer Interruptions

Circuit	Substation	Customer Interruptions
Feeder 320	Main Substation	131
FL15	Forest Lake Substation	111
Feeder 327	Main Substation	10

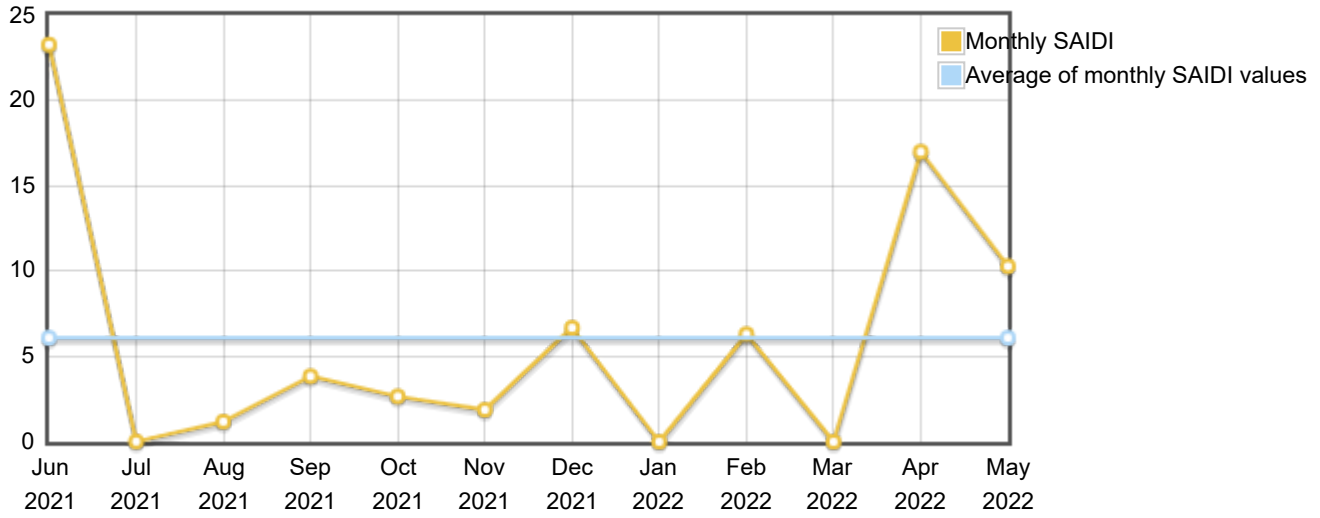
Ranked by Customer Minutes of Duration

Circuit	Substation	Customer Minutes of Duration
Feeder 320	Main Substation	66,360

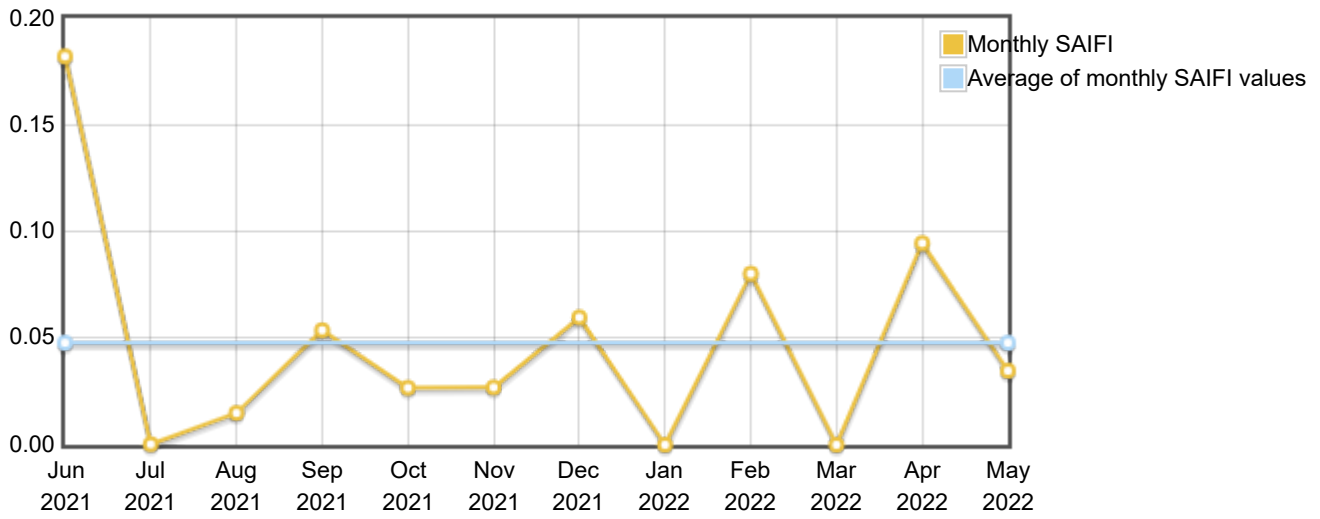
Item 22.

Circuit	Substation	Customer Minutes of Duration
FL15	Forest Lake Substation	6,660
Feeder 328	Main Substation	2,565

Historical Monthly SAIDI Chart



Historical Monthly SAIFI Chart

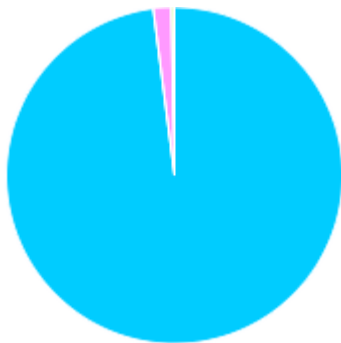


Causes Ranked by Count



Cause	Count
Storm	4
Tree	2
Squirrel	1

Causes Ranked by Duration



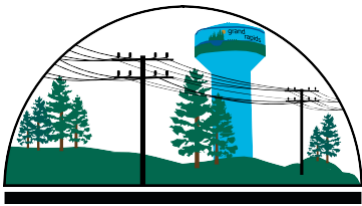
Cause	Duration
Storm	75,525
Tree	1,320
Lightning	240

Top 8 Outages for the Month

Address	Customers Interrupted	Duration	Customer Minutes of Interruption	Cause	Start Date
KRUMRIE SWITCH NORTH WO# 189854	103	510	52,530	Storm	05/30/2022
STONY POINT RD WO# 189854	27	510	13,770	Storm	05/30/2022
FOREST LAKE FL-15 WO# 189854	111	60	6,660	Storm	05/30/2022
MORNES RD WO# 189854	5	513	2,565	Storm	05/30/2022
1110 NE 7th ST WO# 189325	10	120	1,200	Tree	05/12/2022
1102 FAIRGROUNDS RD WO# 189325	2	120	240	Lightning	05/12/2022
722 NW 5th ST WO# 189325	1	120	120	Tree	05/12/2022
1401 FRASER DR WO# 189174	1	60	60	Squirrel	05/08/2022

Total Customers Affected for the Month:	260
Average Customers Affected per Outage:	32.5





GRAND RAPIDS
PUBLIC UTILITIES

Service is Our Nature

500 SE Fourth Street • Grand Rapids, Minnesota 55744

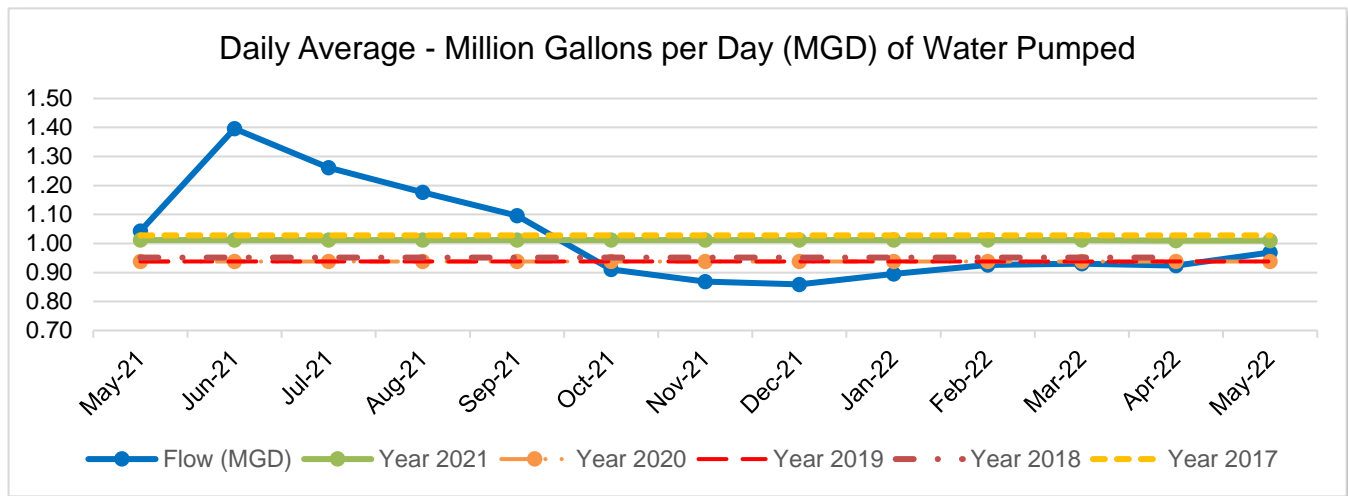
WATER & WASTEWATER DEPARTMENT MONTHLY REPORT June 2022 Commission Meeting

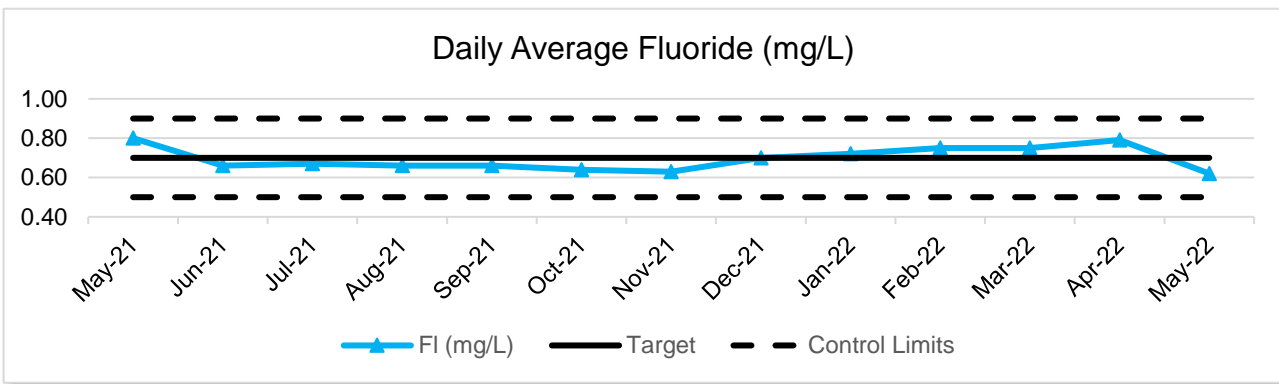
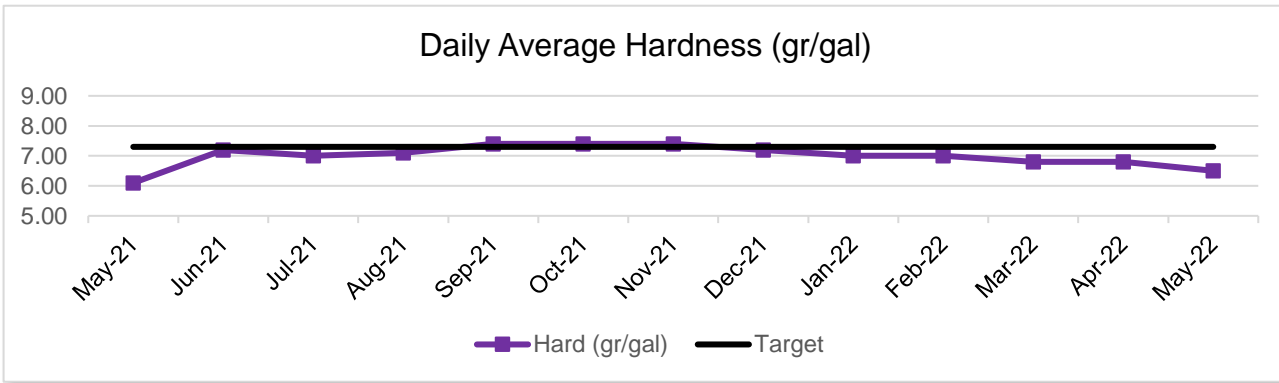
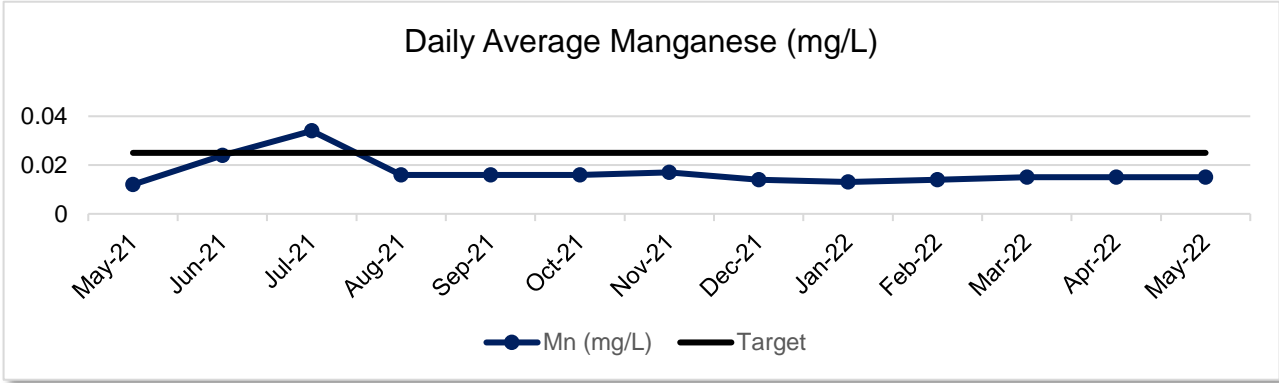
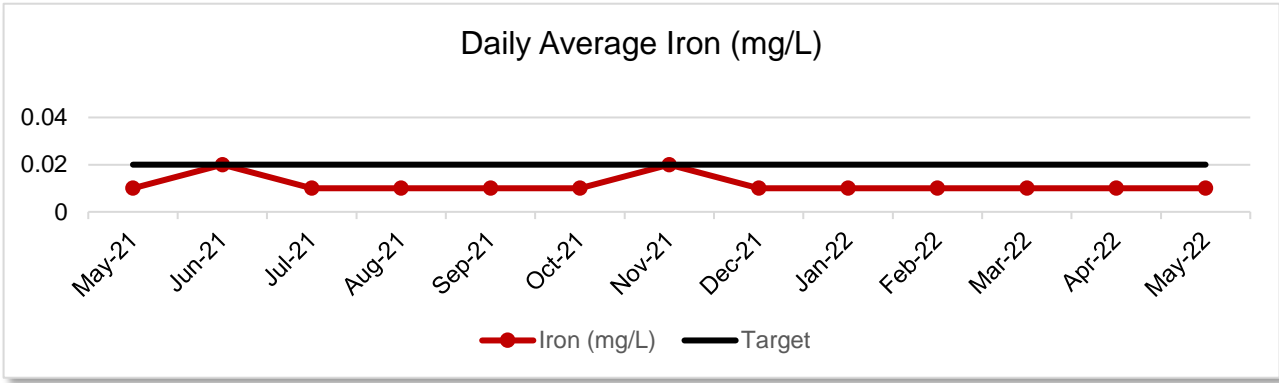
Safety

There were no OSHA recordable accidents last month.

WTP Operations

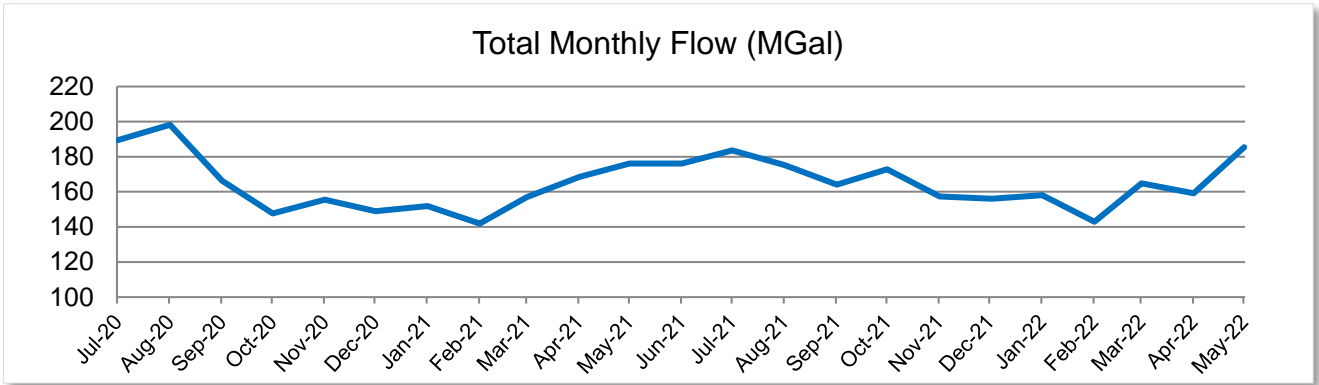
The water plant pumped an average of 0.97 million gallons of water per day (MGD) with a peak of 1.16 million gallons during last month.



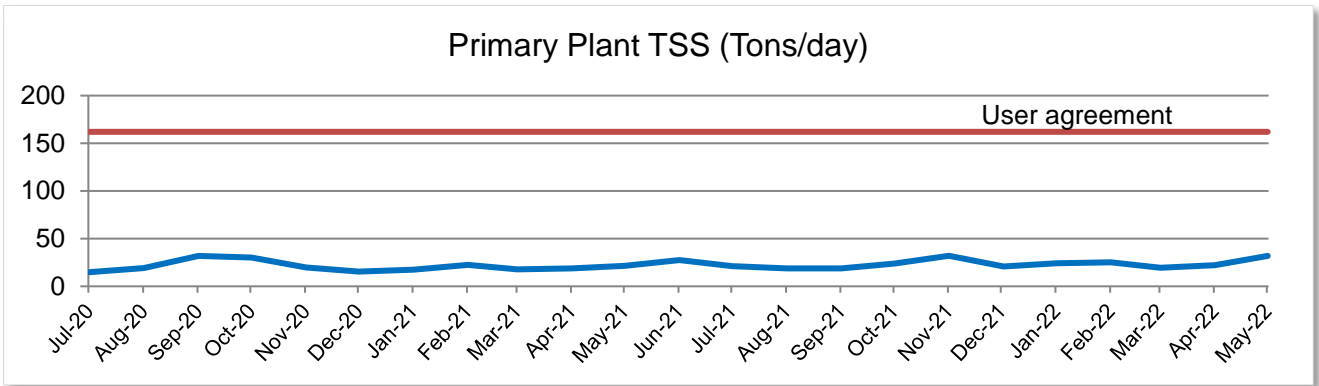


WWTP Operations

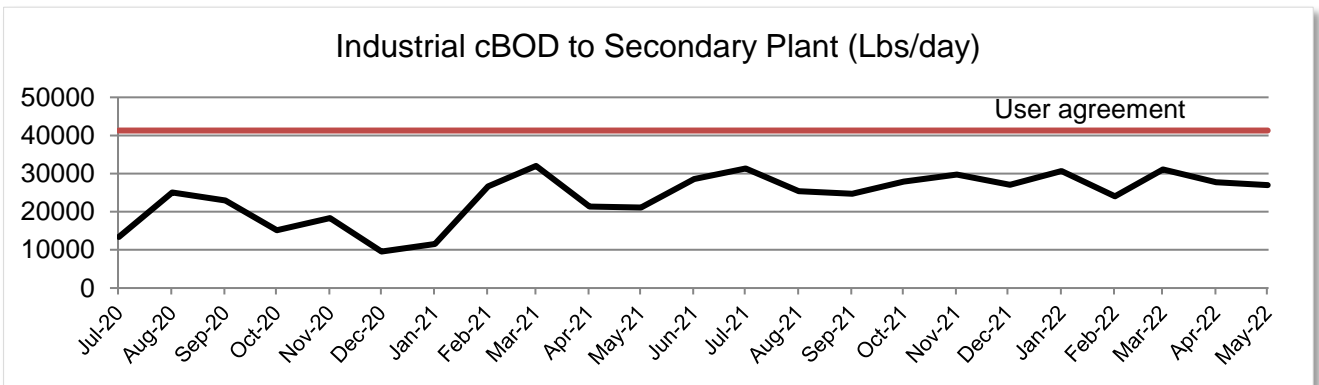
The Wastewater Treatment Plant (WWTP) met all National Pollutant Discharge Elimination System (NPDES) permit requirements last month. We treated 185 million gallons of water removing 99.8% of the Total Suspended Solids (TSS) and 99.4% Biochemical Oxygen Demand (cBOD).

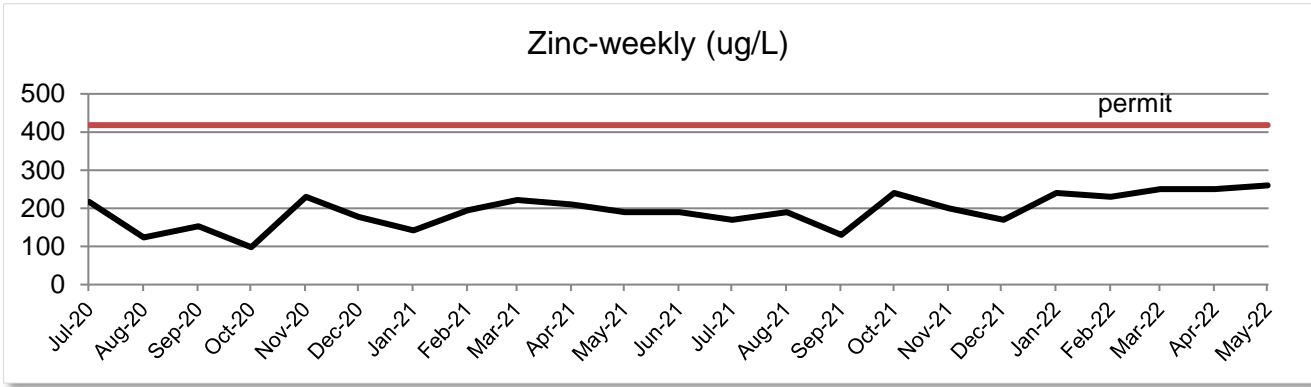


	Design Limits (monthly AVG)	Actual Results
Primary Plant		
Flow (MGD)	13.25	4.2
TSS (Tons/day)	162	31.9
TSS Peak (Tons/Day)	284	86.9

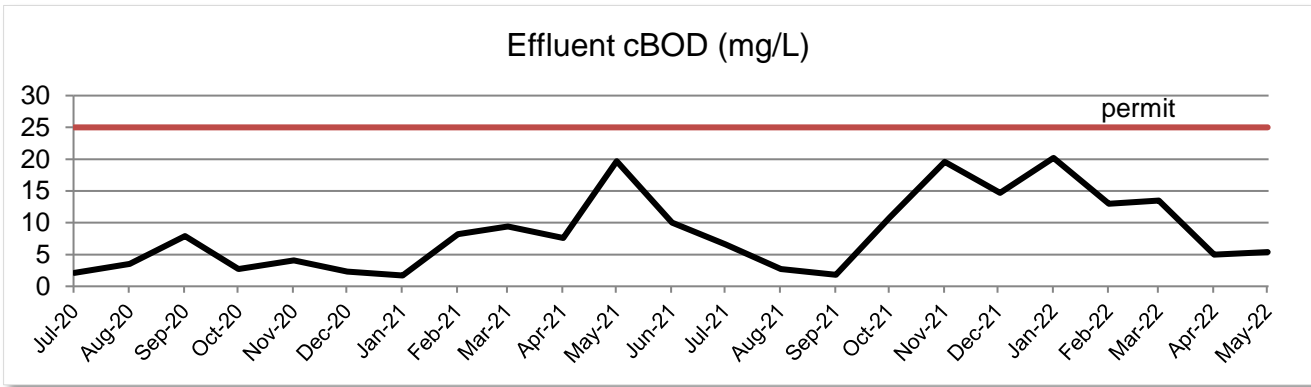
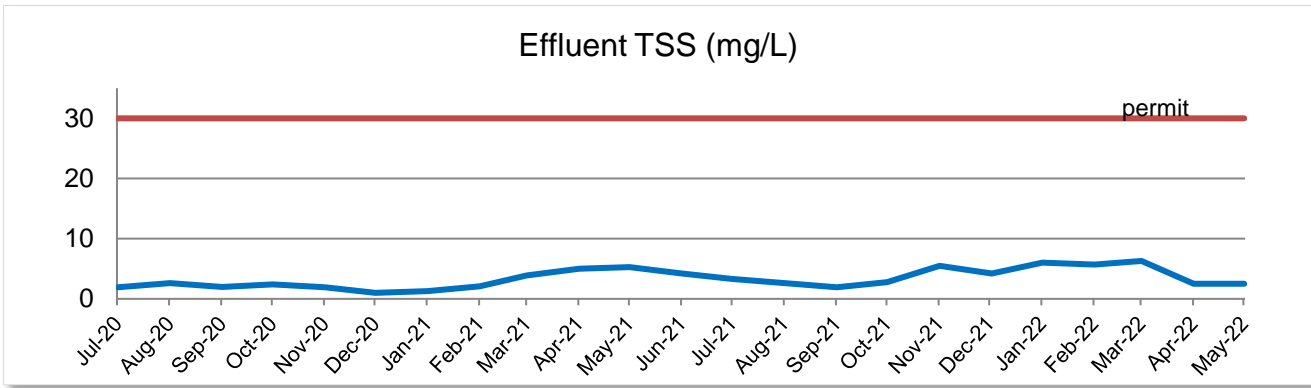


	Design Limits (monthly AVG)	Actual Results
Secondary Plant		
Flow (MGD)	15.25	6.0
cBOD (lbs/Day)	41,300	30,243
Peak cBOD (lbs/Day)	57,350	43,885
Zinc-weekly (ug/L)	418	260
% GRPUC		26.0%



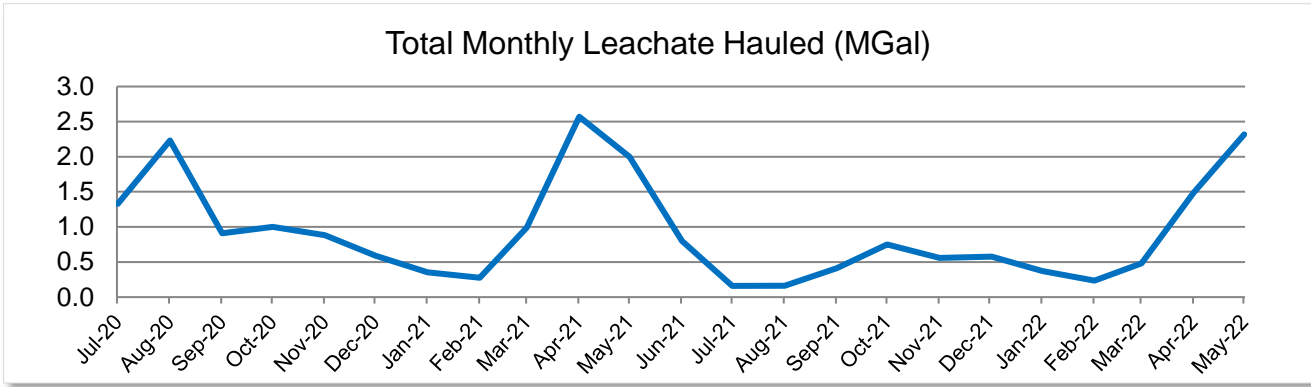


Effluent	Permit Limits (monthly AVG)	Actual Results
TSS (mg/L) – monthly average	30	2.5
cBOD (mg/L) – monthly average	25	5.4
Dissolved Oxygen (mg/L)	>1.0	6.7



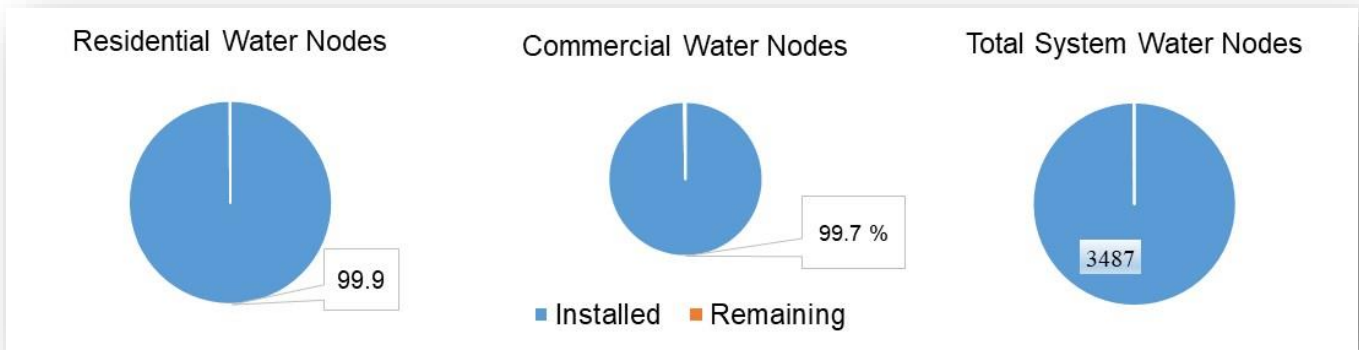
Sludge Landfill Operations

- 2.32 million gallons of leachate were hauled last month
- 4,428 cubic yards of sludge solids were hauled to the landfill



AMI Water Install Last Month

We installed 0 water nodes and/or meters in residential routes. We currently have 3487 (99%) active water nodes installed in the system. We are still awaiting delivery on nodes ordered in December 2020.



Projects Performed Last Month

- Jetting and televising the collection system. Category 1 and SW part of Grand Rapids
- Installation of sump pump in WAS transfer building.
- Landfill surface water pump installed and landfill phase 1-4, Kettle D cover evaluation project planning.

Projects Scheduled for This Month

- Jetting and televising the collection system in SW.
- WWTP Annual Acute Whole Effluent Toxicity testing.
- Landfill Phase 1-4, Kettle D cover evaluation project work.

Sanitary Televising Project Update

- Bid opening was on 5/25, 3 bidders. Budget was \$501,000. Engineer’s estimate was \$501,146.
- Low bid was \$642,925 and high bid was \$1,383,917.
- Based on preliminary data it is possible to complete internally by end of year 2024.
- We will gather more data as the year progresses and take a closer look at projected completion in the fall. If the data suggests it will take much longer then what it suggests now then we will look to re-bid for 2023.



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: June 15, 2022

AGENDA ITEM: Consider a motion to approve the antenna lease agreement with Rural Cellular Corporation (Verizon Wireless) for the mid water tower for five years.

PREPARED BY: Steve Mattson, Water/Wastewater Department Manager

BACKGROUND:

The previous antenna lease agreement with Rural Cellular Corporation d/b/a Verizon Wireless expires this year and therefore, this is a replacement agreement.

The lease agreement includes the standard GRPUC antenna lease language and terms of a five year lease with a five year renewal term. The standard three percent annual rent increase is also included in this agreement.

GRPUC consulted with attorney Roy Christensen at Johnson, Killen & Seiler, P.A i.e. Duluth Law to assist in the drafting and negotiation of the agreement.

RECOMMENDATION:

Consider a motion to approve the antenna lease agreement with Rural Cellular Corporation (Verizon Wireless) for the mid water tower for five years.

This Instrument Was Prepared By
 and When Recorded Mail to:
 Patrick C. Pope, Esq.
 Baker Donelson, Bearman, Caldwell & Berkowitz, PC
 1600 West End Ave., Suite 2000
 Nashville, Tennessee 37203

MEMORANDUM OF REPLACEMENT
WATER TOWER ANTENNA LEASE AGREEMENT

This Memorandum of Replacement Water Tower Antenna Lease Agreement ("**Memorandum**") is entered into this ____ day of _____, 20____, by and between **Grand Rapids Public Utilities Commission**, a Minnesota Municipal Corporation, with a mailing address of 500 Southeast Fourth Street, Grand Rapids, Minnesota 55744 ("**LESSOR**") and **Rural Cellular Corporation d/b/a Verizon Wireless**, with its principal office located at One Verizon Way, Mail Stop 4AW100, Basking Ridge, New Jersey 07920 ("**LESSEE**"). The LESSOR and LESSEE are at times collectively referred to hereinafter as the "**Parties**" or individually as the "**Party**".

WHEREAS, LESSOR is the fee owner of a parcel of property located at 1007 Southeast First Avenue, Grand Rapids, Minnesota (the "**Property**") described in Attachment 1 to the Original Memorandum (hereinafter defined), and as similarly reflected in **Attachment 1-A** hereto; and

WHEREAS, LESSOR leased a portion of the Property and certain rights of access and for placement of utilities (the "**Premises**") to LESSEE pursuant to the Lease for Communications Facility and Limited Use of Water Tower dated May 9, 2012, as may have been amended (the "**Previous Agreement**"), memorialized by the Memorandum of Agreement dated May 9, 2012 (the "**Original Memorandum**"), recorded as Instrument No. A000664602, in the Office of the Recorder of Itasca County, Minnesota; and

WHEREAS, the Parties entered into a Replacement Water Tower Antenna Lease Agreement of even date herewith (the "**New Agreement**"), which, among other things, extends

the Term of the Original Agreement, and therefore, LESSOR and LESSEE wish to amend the Original Memorandum to reflect the modifications.

NOW, THEREFORE, for and in consideration of the covenants and promises of the parties set forth herein and in the Agreement and the Amendment, and for other good and valuable consideration, the receipt, adequacy and sufficiency of which are expressly acknowledged by the parties, LESSOR and LESSEE agree and acknowledge for themselves and their respective successors and assigns, as follows:

1. The New Agreement has a term of five (5) years, which may be extended for one (1) additional five (5) year term.
2. This Memorandum contains only selected provisions of the New Agreement, and reference is made to the full text of the New Agreement, for the full terms and conditions. This Memorandum shall not, in any way, amend or supersede the terms and conditions of the New Agreement.

[Signature Pages Follow]

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

LESSOR:

Grand Rapids Public Utilities Commission

By: _____

Printed Name: _____

Title: _____

By: _____

Printed Name: _____

Title: _____

LESSEE:

**Rural Cellular Corporation
d/b/a Verizon Wireless**

By: _____

Printed Name: _____

Title: _____

STATE OF _____)
COUNTY OF _____)

Before me, the undersigned officer, personally appeared _____,
with whom I am personally acquainted (or whose identity was proven to me on the basis of
satisfactory evidence), who acknowledged himself/herself to be the _____ of
Grand Rapids Public Utilities Commission, and affirmed that, being duly authorized, he/she
executed the foregoing instrument on behalf of **Grand Rapids Public Utilities Commission** for
the purposes therein contained.

Witness my hand and seal, this _____ day of _____, 20__.

NOTARY PUBLIC

Printed Name: _____

My Commission Expires:

[SEAL]

STATE OF _____)
COUNTY OF _____)

Before me, the undersigned officer, personally appeared _____,
with whom I am personally acquainted (or whose identity was proven to me on the basis of
satisfactory evidence), who acknowledged himself/herself to be the _____ of
Grand Rapids Public Utilities Commission, and affirmed that, being duly authorized, he/she
executed the foregoing instrument on behalf of **Grand Rapids Public Utilities Commission** for
the purposes therein contained.

Witness my hand and seal, this _____ day of _____, 20__.

NOTARY PUBLIC

Printed Name: _____

My Commission Expires:

[SEAL]

STATE OF _____)
COUNTY OF _____)

Before me, the undersigned officer, personally appeared _____, with whom I am personally acquainted (or whose identity was proven to me on the basis of satisfactory evidence), who acknowledged himself/herself to be the _____ of **Rural Cellular Corporation d/b/a Verizon Wireless**, and affirmed that, being duly authorized, he/she executed the foregoing instrument on behalf of **Rural Cellular Corporation d/b/a Verizon Wireless** for the purposes therein contained.

Witness my hand and seal this ____ day of _____, 20__.

NOTARY PUBLIC

Printed Name: _____

My Commission Expires:

[SEAL]

EXHIBIT 1-A

LEGAL DESCRIPTION OF LESSOR'S PROPERTY:

Lots Ten (10), Eleven (11) and Twelve (12), Block Three (3), Crowder Addition to Grand Rapids according to the plat thereof on file and of record in the office of the Register of Deeds of said County and State.

AND BEING the same conveyed in the Deed recorded at A000258868 in the Register of Deeds office of Itasca County, Minnesota.

Lessee Site ID #: MN03 Pokegama / Location # 253014
Water Tower: Mid

REPLACEMENT WATER TOWER ANTENNA LEASE AGREEMENT

THIS WATER TOWER ANTENNA LEASE AGREEMENT (“**Lease**”) is made and entered into this ____ day of _____, 20____, (the “**Effective Date**”) by and between the **GRAND RAPIDS PUBLIC UTILITIES COMMISSION**, State of Minnesota (“**Lessor**”), whose address is 500 Southeast Fourth Street, Grand Rapids Minnesota 55744 and Rural Cellular Corporation d/b/a Verizon Wireless (“**Lessee**”), with its principal offices located at One Verizon Way, Mail stop 4AW100, Basking Ridge, New Jersey 07920.

RECITALS

WHEREAS, the Lessor is the owner of that certain land located at 1007 Southeast First Avenue in the City of Grand Rapids, Minnesota, known as “Mid-Tower”, and legally described on **Exhibit “A”** attached hereto (hereinafter referred to as the “**Property**”); and

WHEREAS, the Lessor owns a municipal water tower located on the Property (hereinafter referred to as the “**Water Tower**”).

WHEREAS, Lessee has requested that the Lessor lease space on the Water Tower for the installation of Lessee’s “**Antennas**,” “**Coaxial Cables**” and “**Hybrid Cables**” (hereinafter collectively referred to as “**Cables**”) and other hardware and related equipment, including RRUs (hereinafter collectively referred to as “**Tower Equipment**”), to be located on the Water Tower together with space on the Property adjacent to or inside of the Water Tower for Lessee’s Ground Equipment, as hereinafter defined, and for Utilities and Cables related thereto, all as set forth in the approved “Antenna Site Application” of Lessee, a copy of which is attached hereto as **Exhibit “B”** (“**Antenna Application**”) and shown on the Plans and Specifications (as hereinafter defined); and

WHEREAS, the Lessor agrees to lease to Lessee (i) space on the Water Tower for Lessee’s Tower Equipment; and (ii) a 18 foot by 36 foot space on the Property adjacent to or inside of the Water Tower as shown on the Plans and Specifications (hereinafter referred to as the “**Leased Premises**”), for the “**Lessee’s Ground Equipment**,” together with a non-exclusive right of entry over the Property for ingress and egress to the Leased Premises, and a non-exclusive easement for Lessee’s Utilities subject to the terms, covenants and conditions of this Lease.

AGREEMENTS

NOW, THEREFORE, in consideration of the foregoing recitals and for other good, valuable and fair consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **PROPERTY AND LEASED PREMISES.** Subject to the terms, covenants and conditions of this Lease, the Lessor leases to Lessee (i) space on the Water Tower as shown on the Plans and Specifications attached hereto as **Exhibit “C”** (“**Plans and Specifications**”) for Lessee’s Tower Equipment and (ii) a 18 foot

by 36 foot (18' x 36') space on the Property adjacent to or inside of the Water Tower for Lessee's Ground Equipment as shown in the Plans and Specifications (the Lessee's Tower Equipment and Ground Equipment are hereinafter jointly referred to as the "**Lessee's Communication Facility**"), according to the Antenna Application and in the Plans and Specifications, subject to all other existing easements and leases for space on the Water Tower and the Property together with appurtenant non-exclusive easements for ingress and egress on, over and under the Property to the Water Tower and Leased Premises and Lessee's Utilities. The primary purpose of the Lessor's use of the Property is to operate and maintain a municipal water tower so as to provide water service to the Lessor's customers.

2. **TERM.** The initial term of this Lease shall be for five (5) years beginning on June 1, 2022 (the "**Commencement Date**"), and ending at 11:59 p.m. on May 31, 2027 ("**Initial Term**"). The Lessee shall have the right to extend the term of this Lease, subject to the terms and conditions of this Lease, for one (1) additional five (5) year term (the "**Renewal Term**"). The Lease shall be automatically renewed for the Renewal Term, unless the Lessee gives the Lessor written notice of Lessee's intention not to renew this Lease at least one hundred eighty (180) days prior to the expiration of the Initial Term.

The Renewal Term of this Lease shall be on the same terms and conditions set forth herein except for any Rent adjustment as set forth in Section 3 hereof.

3. **RENT AND FEES.**

A. **Rent.** Lessee shall pay Lessor, as and for rent, the following sums at the time stated herein ("**Rent**"):

Based on Lessee's initial installation of Lessee's Tower Equipment and Ground Equipment, as described in the Antenna Application and the Plans and Specifications, the annual Rent due on the Commencement Date of this Lease shall be Twenty-One Thousand Five Hundred Twenty Eight and 76/100 Dollars (\$21,528.76). Rent shall be paid annually, in advance, on June 1 of each year during the Initial Term or any Renewal Term.

Lessor and Lessee acknowledge and agree that as of the Effective Date, the Rent for the first year of the Initial Term has been paid in the amount of \$21,528.76 from Lessee to Lessor and Lessor has received such Rent payment, and no further Rent payments are required to be made for the first year of the Initial Term.

Any increase in the number of Lessee's Antennas and/or Cables or other equipment on the Water Tower from the original installation shown in the Plans and Specifications, may increase the Rent in an amount as reasonably determined between the parties at the time of such modification, with such modification to Lessee's Communication Facility and resulting adjustment to Rent, if any, to be reflected in an amendment hereto.

B. **Annual Rent Increase.** The Rent due under this Lease shall be automatically increased each year on June 1st by an amount equal to three percent (3%) of the Rent due in the previous year of this Lease, as described in the Lease Rent Schedule.

- C. Prepaid Rent. If this Lease is terminated according to the terms of the Lease, the Lessee shall be entitled to a refund of any Rent prepaid for the current year of the Lease on a prorated basis, based on a thirty-day month, as of the date of termination of the Lease, provided the termination of the Lease is for any reason other than nonpayment of Rent, or other Lessee default.
- D. Taxes. In addition to Rent, Lessee agrees to timely pay its pro rata share of any real estate taxes or personal property taxes in lieu of real estate taxes required by any governmental body having jurisdiction over the Property as a result of this Lease. Lessee shall have the right, at its sole option and at its sole cost and expense, to appeal, challenge, or seek modification of any tax assessment or billing for which Lessee is wholly or partly responsible for payment. Lessor shall reasonably cooperate with Lessee, at Lessee's expense, in filing, prosecuting, and perfecting any appeal or challenge to taxes as set forth in the preceding sentence, including but not limited to, executing any consent, appeal, or other similar document. If there is a reduction, credit, or repayment received by the Lessor for any taxes previously paid by Lessee as a result of any appeal or challenge by Lessee, Lessor agrees to promptly reimburse to Lessee the amount of that reduction, credit, or repayment.
- E. Administrative Fee. Within ninety (90) days of execution of this Lease by the Lessor, the Lessee shall pay the Lessor a one-time administrative fee of One Thousand Five Hundred Dollars (\$1,500.00).
- F. Restoration Deposit. Lessee has obtained and shall maintain during the Term of this Lease a bond, in the amount of Thirty Thousand Dollars (\$30,000.00), insuring the payment of the costs to remove Lessee's Ground Equipment and Tower Equipment from the Leased Premises (the "**Performance Bond**"). A copy of the Performance Bond is attached hereto as Exhibit E. The terms of the Performance Bond provide that the Performance Bond shall not be cancelled or terminated without thirty (30) days prior written notice from the surety to Lessor.
- G. Reimbursement Fee. Lessee shall pay the Lessor within ninety (90) days of the Lessor's execution of this Lease a one-time payment in the amount of Two Thousand Five Hundred and NO/100 Dollars (\$2,500.00) as reimbursement for: (i) all actual engineering fees incurred by the Lessor related to Plans and Specifications Review, Structural Review and Frequency Review by the Lessor's consultants; (ii) all building and permit fees; (iii) all actual attorneys' fees including, but not limited to preparation and negotiation of this Lease; (iv) actual costs and expenses associated with any interference studies; and (v) site meetings and construction inspections and coordination, if not already paid by Lessee. If the Lessee fails to pay the Lessor the fees as required in this Lease, it shall be a default under the terms and conditions of this Lease.
- H. Utility Fees. Lessor shall, at all times during the Term, provide electrical service and telephone service access within the Leased Premises. The parties acknowledge and agree that Lessee's Tower Equipment and Ground Equipment is currenting connected to a separate meter for the measurement and payment of electrical power used by Lessee's installation. Should this scenario change in the future, if permitted by the local utility company servicing the Leased Premises, Lessee shall furnish and install an electrical sub-meter at the Leased

Premises for the measurement of electrical power used by Lessee's installation. If a sub-meter is installed, the Lessee shall pay the utility directly for its power consumption, if billed by the utility, and if not billed by the utility, then the Lessee shall pay the Lessor thirty (30) days after receipt of an invoice from Lessor indicating the usage amount based upon Lessor's reading of the sub-meter. Lessor must send all invoices for power consumption, which invoices must include the site name and location number, i.e., MN03 Pokegama (Location #253014), to Lessee at Verizon Wireless, M/S 3846, P.O. Box 2375, Spokane, Washington 99210-2375 or emailed to livebills@ecova.com (Ecova Contact No. 866-322-4547), to such other person, firm or place as Lessee may, from time to time, designate in writing at least thirty (30) days in advance of any invoice date by notice given in accordance with Paragraph 25 below. Lessee shall be permitted at any time during the Term, to install, maintain and/or provide access to and use of, as necessary (during any power interruption at the Leased Premises), a temporary power source, and all related equipment and appurtenances within the Premises, or elsewhere on the Property in such locations as reasonably approved by Lessor. Lessee shall have the right to install conduits connecting the temporary power source and related appurtenances to the Leased Premises.

4. GOVERNMENTAL APPROVAL CONTINGENCY.

- A. Lessee Approvals. Lessee's right to use the Water Tower, the Leased Premises, Access Easement and Utility Easement during the terms of this Lease for Lessee's Communication Facility as provided in this Lease is expressly made contingent upon (i) Lessee's obtaining and/or retaining as may be applicable, at Lessee's sole cost and expense all the certificates, permits, zoning and other approvals that may be required by any federal, state, or local authority for Lessee's use of the Water Tower and Leased Premises (individually, a "**Government Approval**" and collectively the "**Government Approvals**"); (ii) Lessee complying with the terms, covenants and conditions of this Lease, the Antenna Application and the Plans and Specifications; (iii) any Structural Report required pursuant to Section 7 hereof; and (iv) any R.F. Report required pursuant to Section 4.C. below. The Lessor shall cooperate with Lessee in its efforts to obtain and retain such approval and shall take no action that would adversely affect the status of the Lessee's Communication Facility with respect to the Lessee's permitted use thereof. Lessee shall not consider this Lease, or the negotiations to enter into this Lease, as alleviating the Lessee from any and all requirements for Lessee to obtain the needed certificates, permits, zoning, and other approvals including conditional use permits or other special approvals required by City, or applicable County, State or Federal Governments.
- B. Non-approval. In the event that any Governmental Approval necessary under Section 4.A. above is finally rejected or if any permit, license or Governmental Approval issued to Lessee is cancelled, expires, lapses, or is otherwise withdrawn or terminated by a governmental authority so that Lessee, in its sole discretion, is unable to use the Lessee's Communication Facility for its intended purposes, Lessee shall have the right to terminate this Lease as hereinafter provided and be reimbursed for any Rent paid as provided herein. Notice of Lessee's exercise of its right to terminate this Lease shall be given to the Lessor pursuant to Section 21 hereof. Except as required hereunder, upon such termination, this Lease shall become null and void and the parties shall have no further obligations to each other.

- C. Interference Report. Prior to the installation of any new or additional Tower Equipment, the Lessor shall receive a report (“R.F. Report”) from a radio frequency engineer retained by Lessee (“**Lessee’s R.F. Engineer**”), in a form and substance acceptable to the Lessor stating that there is no predicted interference to any other tenant currently on the Water Tower; however, if in the future the Lessor experiences interference and believes the interference to be from Lessee’s Communication Facility, Lessee shall take immediate steps to correct the interference problem, in accordance with the terms of this Lease, at its sole cost and expense provided that the Lessor provides the Lessee with documentation that substantiates that the Lessee’s Communication Facility is the cause of the interference.
- D. User Priority. Lessee agrees that the following priorities of use, in descending order, shall apply in the event of communication interference or other conflict while this Lease is in effect, and Lessee's use shall be subordinate accordingly:

- (1) Lessor’s Uses. The Lessor’s water storage and distribution needs;
- (2) Public safety agencies, including law enforcement, fire, and ambulance services that are not part of the Lessor, that currently use the Water Tower for their communication needs;
- (3) Existing lessees on the Water Tower whose antennas and/or other equipment were installed by those other lessees prior to Lessee’s installation of Lessee’s Communication Facility pursuant to the 5/9/12 Lease for Communications Facility and Limited Use of Water Tower by and between Lessor and Lessee (“**Existing Lessees**”) unless there is a material modification of the Existing Lessee’s equipment and/or frequency, in which event Lessee shall have priority;
- (4) Lessee, under the terms of this Lease, unless there is a modification of Lessee’s Communication Facility and/or frequency in which event all other existing lessees shall have priority.
- (6) New Leases.

To the best of the Lessor’s ability, the Lessor will not knowingly permit any other wireless communication carriers or licensees to, install equipment on or make any modifications or alterations to equipment on the Water Tower or Property, if such modifications or alterations cause interference with Lessee’s operations.

Lessee’s use of the Property and Water Tower shall be non-exclusive, and Lessor specifically reserves the right to allow the Water Tower and the Property to be used by other parties and to make additions, deletions, or modifications to its own facilities on the Water Tower and the Property in the future, provided that they do not interfere with the Lessee’s Communication Facility.

5. PERMITTED USES.

- A. Subject to the terms of this Lease, Lessee’s Communication Facility and Lessee’s associated access and utility easements, may be used solely for the following uses: (i) the transmission and reception of wireless communication signals, including, but not limited to, wireless and

internet services; and (ii) for the purpose of installing, repairing, maintaining, replacing, removing, and operating Lessee's Communication Facility in accordance with this Lease and in accordance with the transmission and reception of wireless communication signals authorized for use by Lessee by the Federal Communications Commission ("**FCC**") ("**Permitted Uses**"). The use of the Access Easement and Utility Easements are non-exclusive, and the Lessor reserves the right to allow the Water Tower and Property to be used by others, provided they do not interfere with Lessee's use of Lessee's Communication Facility.

- B. Lessee, its agents and contractors, are hereby granted the right, at Lessee's sole cost and expense, to enter upon the Property and conduct such studies as Lessee deems necessary to determine the Property's suitability for Lessee's Permitted Uses. These studies may include title reports, surveys, soil tests, environmental evaluations, radio wave propagation measurements, field strength tests and such other analyses and studies as Lessee deems necessary or desirable.

The placement of the Lessee's Communication Facility and the manner in which Lessee's Antennas and Cables, along with any other Tower Equipment set forth in the Plans and Specifications, are installed on the Water Tower shall be subject to prior review and approval by a registered professional structural engineer retained by the Lessor ("**Lessor's Structural Engineer**") and by the Lessor and its agents, which approval shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, Lessor and Lessee acknowledge and agree that Lessor has approved the initial installation of Lessee's Communication Facility with Exhibit C attached hereto, and that no submission or approval of additional drawings, plans, or specifications is required in connection therewith.

Except for Lessee's routine maintenance or repair of Lessee's Tower Equipment or Ground Equipment, including the repair and replacement of equipment with equipment of similar size, shape and weight ("**Like-for-Like Equipment**"), Lessee may not add, change or alter Lessee's Tower Equipment or Ground Equipment without the prior written approval of the Lessor, whether or not such equipment is set forth and shown in the Plans and Specifications, which approval shall not be unreasonably withheld, conditioned, or delayed. If Lessor fails to approve or disapprove the Plans and Specifications within 30 days of receipt of the Plans and Specifications, the Plans and Specifications shall be deemed approved.

If Lessee's contractors installing the Antennas, Cables, or other Tower Equipment, cannot perform any work as shown in the applicable Plans and Specifications, the Lessee shall submit a change order to the Lessor, along with revised Plans and Specifications reflecting all necessary changes ("**Revised Plans**") for the Lessor's review and approval. The Lessor shall review the Revised Plans and approve the same or make changes to the Revised Plans as the Lessor deems necessary in its sole discretion. If Lessor fails to approve or disapprove the Plans and Specifications within 30 days of receipt of the Plans and Specifications, the Plans and Specifications shall be deemed approved. Once the Lessor and the Lessee have agreed on the Revised Plans, Lessee shall cause the Lessee's contractors to install the Antennas, Cables, and other Tower Equipment according to the Revised Plans.

The Lessee shall take all steps necessary to prevent any mechanics' or materialmen's liens from being placed on the Property as a result of the Lessee's use of the Water Tower, Leased Premises and Property, and specifically indemnifies the Lessor against such liens.

If the Lessee or Lessee's agents or contractors damage the Water Tower or the Property during the installation of Lessee's Communication Facility or during the repair or maintenance thereof at any time during the term of this Lease including, but not limited to, any permitted modification of Lessee's Communication Facility, it shall immediately, repair the Water Tower and/or Property to the conditions it was in prior to the Lessee damaging the same, including, but not limited to, (a) the draining of the Water Tower and refilling thereof (if necessary as a result of Lessee or Lessee's agents or contractors), and compensates Lessor for all costs, including the Lessor staff's time, Health Department review, testing of water and cost of water to refill the Water Tower and (b) the filling of all ruts caused by equipment driving on the Property and reseeded and/or planting all grass and other vegetation thereon including trees and shrubs, such that the Property is in the same condition as it was prior to the damage caused by Lessee and/or its employees, agents or contractors.

- C. Lessee agrees that if Lessee's Communication Facility produces noise levels that cause a disturbance to the surrounding neighbors of the Property, Lessee will, at its own expense, install noise mitigating equipment or a buffer to meet all applicable State noise standards.
- D. The Lessor shall provide the Lessee with twenty-four (24) hour, seven (7) days a week, year-around access to the Leased Premises, Property and to the Water Tower, subject to the Lessor's right to limit access to the Water Tower in cases of emergency or at times when the Lessor is conducting repairs or maintenance on the Water Tower. The Lessor shall use reasonable efforts to minimize the disruption of the Lessee's access to the Water Tower, in responding to any such emergencies and performing such maintenance and repairs. The Lessor will be entitled to reimbursement from the Lessee, within sixty (60) days of the invoice date, for the provision of emergency access outside of normal business hours to the Water Tower as provided herein, except in those cases where cost is incidental to Lessor obtaining access for its own purposes unrelated to the Lessee's use of the Water Tower. Notwithstanding the foregoing, "access" does not require or impose upon the Lessor an affirmative duty to snowplow in order to provide "access" to the Property or Water Tower.

Lessee shall telephonically notify the Lessor of **scheduled work** on Lessee's Tower Equipment that is to be done after 3:30 p.m. on business days, and any time on weekends and holidays. The notice shall be given to the Lessor Water Coordinator, at 218-851-9921, if no answer call office staff at 218-326-7024, between 8:30 a.m. and 4:30 p.m. at least 48 hours in advance of the start of the scheduled work. In the case of Lessee's emergency work to the Lessee's Tower Equipment, Lessee shall telephonically notify the Lessor as soon as practicable after commencement of the work. In the case of emergency work to the Lessee's Tower Equipment after Lessor's normal business hours (Monday – Friday, 8AM – 5PM) or any time on weekends and holidays, Lessee shall call the Lessor's customer service at 218-326-7024 to arrange for access on the Water Tower. For the provision of such after-hours emergency access to the Water Tower, the Lessor will bill Lessee for reimbursement of all actual reasonable costs and

expenses incurred by the Lessor in dispatching the Lessor's employee(s) to the Property to provide access to the Water Tower.

- E. The Lessor agrees to give Lessee at least ninety (90) days' advance written notice of any major repair or maintenance activities related to the Water Tower. In the case of an emergency, notification is not required; however, Lessee shall be notified as soon as practically possible. In the event that use of the Water Tower for water service or any necessary maintenance or repair of the Water Tower is interrupted or made impractical because of Lessee's Tower Equipment, the Lessor may interrupt Lessee's use of the Leased Premises and/or Water Tower as is reasonably necessary to prevent interruption of the Lessor's water service. The Lessor will use its best efforts to prevent or minimize interruptions to Lessee's use of the Water Tower or the Leased Premises for the painting and/or reconditioning of the Water Tower. Lessee shall provide the Lessor's painting contractor with pertinent safety instructions relative to working near the Lessee's Antennas and Cables, and, if necessary, Lessee may be required to lower the power level or turn off transmission while the Lessor's painting contractor is working near Lessee's Antennas or Cables or may be required to remove the same from the Water Tower if they are in the way of painting or reconditioning work on the Water Tower, and the Lessee will be required to temporarily remove Lessee's Antennas, Cables and/or other Tower Equipment from the Water Tower at Lessee's sole cost and expense. Any additional expense of repainting, repairing or maintaining the Water Tower reasonably incurred by the Lessor as a direct consequence of the presence of Lessee's Antennas, Cables or other Tower Equipment located thereon shall be paid by the Lessee to the Lessor within thirty (30) days following the receipt of the Lessor's written notice of such additional cost which notice shall state the reasons for the Lessor incurring the costs and shall include a reasonable itemization of such costs.

In the event that Lessee's Communication Facility needs to be interrupted by the Lessor, the Lessee shall have the right to maintain mobile cellular equipment on the Property for Lessee's use, provided that there is space available on the Property in a location approved by the Lessor. The oldest Lessee using the Water Tower shall have priority to use the Property, if the space on the Property is limited. If there is insufficient space on the Property to accommodate Lessee's mobile cellular equipment it shall be the Lessee's responsibility to locate a suitable site for the mobile equipment until the Lessee's Communication Facility can be returned to the Water Tower at Lessee's sole cost and expense.

- F. If the Lessor determines that continued operation of the Lessee's Communication Facility would cause or contribute to an immediate threat to public health and/or safety (except for any issues associated with human exposure to radio frequency emissions, which is regulated by the federal government), the Lessor may order the Lessee to discontinue its operation. The Lessee shall immediately comply with such an order. Service shall be discontinued only for the period that the immediate threat exists. Provided that Lessor provides reasonable notice to Lessee under the circumstances by first calling Lessee Network Operations Center [at (800) 224-6620/(800) 621-2622], if the Lessor determines that there is not sufficient time for the Lessee to power down its Communication Facility, the Lessor may take such action as it deems reasonably necessary to discontinue Lessee's operation of its Communication Facility to protect the public health, safety and welfare. The Lessor shall notify the Lessee as soon as reasonably possible after its action and give its reason for taking the action. The Lessor shall not be liable

to the Lessee or any other party for any interruption in the Lessee's service or interference with the Lessee's operation of its Communication Facility, except as may be caused by the negligence or willful misconduct of the Lessor, its employees or agents. In any event, the Lessor's liability shall not extend beyond the obligation to repair the cause of the interruption or interference. If the discontinuance extends for a period greater than three (3) business days, the Lessee shall have the right to terminate this Lease within its sole discretion.

- G. In the performance of its Permitted Use, Lessee shall at its own expense, maintain any equipment on or attached to the Leased Premises in a safe condition, in good repair, and in a manner suitable to Lessor so as not to conflict with the use of the Property by Lessor. Lessee shall not interfere with Lessor's use of the Water Tower, and agrees to cease all actions that unreasonably and materially interfere with Lessor's use thereof no later than three (3) business days after receipt of written notice of the interference from Lessor. Upon Lessee's cure of any such interference, the Lessor shall immediately approve Lessee's resumption of operation of Lessee's Communication Facility. In the event that Lessee's cessation of action is material to Lessee's use of the Leased Premises and such cessation frustrates Lessee's use of the Leased Premises, within Lessee's sole discretion, Lessee shall have the immediate right to terminate this Lease for cause and without payment of a termination fee. Further, Lessee shall be entitled to a reimbursement of prepaid rent covering the period subsequent to the date of interference from Lessor.
- H. Installation of a Generator: The parties acknowledge and agree that Lessee currently has an emergency generator located within its equipment shelter within its Leased Premises. However, should an emergency arise where an additional emergency generator is required, Lessee shall be permitted to place an emergency generator within its Leased Premises in the event of a power failure to the Lessee's Communication Facility for only so long as necessary for the power to be restored to the Communications Facility. Lessee shall further repair any and all damage caused by the use of the generator upon the Property.

6. LESSEE'S COMMUNICATION FACILITY.

- A. Lessee warrants and agrees that Lessee's Communication Facility will be in compliance with all FCC rules and regulations, and good engineering practices and according to the Plans and Specifications. Lessee further agrees that the Lessee's use of the Lessee's Communication Facility will not cause radio frequency interference to those users referenced in Section 4.D hereof having priority to Lessee, provided such systems are lawfully installed and properly operated. In the event of interference with the users referenced in Section 4.D, hereof having priority to Lessee and Lessee is notified of such interference by the Lessor, Lessee shall eliminate such interference within twenty-four (24) hours or cease using the applicable equipment of Lessee causing the interference except for short tests necessary for the elimination of the interference or until the interference is cured to the reasonable satisfaction of the Lessor. In the event of interference with those users referenced in Section 4.D hereof having priority to Lessee, Lessee must either: (1) correct the interference within twenty-four (24) hours, or (2) cease using the interfering equipment within said time, except for testing purposes, or (3) demonstrate that the Lessee's equipment is not the cause of the interference.

The parties agree that reasonable evidence of interference that is likely caused by Lessee's use or operation of Lessee's Communication Facility warrants an emergency response and the Notices provision in this Lease shall not apply. Rather, the Lessor shall provide Lessee reasonable evidence that the interference is likely caused by the Lessee's use or operation of Lessee's Communication Facility verbally by telephone at Lessee's Network Operations Center [at (800) 224-6620/(800) 621-2622].

Upon the Lessor providing Lessee notice of reasonable evidence that any interference is likely caused by Lessee's use or operation of Lessee's Communication Facility, Lessee shall send a qualified technician or representative to the Leased Premises within twelve (12) hours from the time that the notice of reasonable evidence is provided by the Lessor. The required twelve (12) hour emergency response time under these circumstances is applicable 24 hours a day, 7 days a week. The qualified technician or representative shall be capable of assessing the situation and eliciting the necessary response, including any repairs, alterations, or modifications to Lessee's Communication Facility.

If such interference cannot be cured within twenty-four (24) hours after the notice provided for in this Section 6, the Lessee shall immediately cease using or operating the interfering equipment until such interference is cured to the reasonable satisfaction of the Lessor.

- B. Prior to Lessee adding additional antennas, transmitters, or receivers or other equipment on the Water Tower or within the Leased Premises for the transmission and reception of unlicensed frequencies, as permitted under this Lease, Lessee agrees to perform the necessary interference studies to insure that the unlicensed frequencies will not cause harmful radio interference to the other lessees and/or occupants on the Property and submit the results to the Lessor. However, the Lessor, in its sole reasonable discretion, shall retain the right provided herein to submit the study results to its professional communications engineer for review at Lessee's expense, such reasonable expenses to be reimbursed by Lessee upon receipt of satisfactory invoices therefore.

7. INSTALLATION OF LESSEE'S COMMUNICATION FACILITY.

- A. Structural Engineering Report. Before obtaining a building permit or starting the installation of additional or new Tower Equipment, except for Like-for-Like Equipment, Lessee must obtain and pay for the cost of an engineering study in a form and substance acceptable to the Lessor, carried out by a qualified engineer licensed by the State of Minnesota ("**Lessee's Structural Engineer**"), certifying that the Water Tower is capable of supporting the Lessee's Tower Equipment ("**Structural Report**"). If the Structural Report finds that the Water Tower is inadequate to support the Lessee's Tower Equipment, the Lessee may (i) terminate this Lease immediately and receive from Lessor a refund of any Rent pre-paid by Lessee, (ii) revise its proposed installation to conform with the supporting capabilities of the Water Tower, or (iii) provide necessary documentation to the Lessor reflecting the required upgrades to the Water Tower to allow the Water Tower to carry Lessee's proposed Tower Equipment, such upgrades to be performed at Lessee's cost and expense. Notwithstanding the foregoing, Lessor and Lessee acknowledge and agree that Lessee's Tower Equipment is

currently installed and operational on the Water Tower, and not further Structural Report is required in association with the execution of this Lease.

- B. Installation. Lessee shall install, repair and/or maintain Lessee's Communication Facility in accordance with the Antenna Application and the Plans and Specifications and this Lease. If Lessee seeks to increase the number of antennas or add additional equipment to the Water Tower or change/alter the current Antennas or other Tower Equipment and/or Ground Equipment with equipment other than Like-for-Like Equipment ("**Modification of Tower Equipment**"), Lessee shall: (i) submit an application to the Lessor in a form and substance acceptable to the Lessor describing the proposed Modification of Tower Equipment ("**New Application**"); (ii) submit a new set of plans and specifications in a form and substance acceptable to the Lessor showing the proposed Modification of Tower Equipment and/or changes to the Ground Equipment ("**New Plans and Specifications**"); (iii) submit a frequency study by Lessee's R.F. Engineer certifying that the new antennas and/or equipment described in the New Application and shown on the new Plans and Specifications that Lessee desires to install, will not interfere with any existing antennas and/or other equipment of the Lessor or another tenant/occupant currently located on the Water Tower; and (iv) submit a Structural Report by Lessee's Structural Engineer in accordance with Section 7(A) showing that the Water Tower can structurally support the new antennas and/or equipment proposed to be installed on the Water Tower. The Lessee must pay the reasonable cost of the Lessor Structural Engineer's review of the Structural Report, within sixty (60) days after receiving written notice of the cost containing sufficient documentation of same.

If Lessee's contractors installing the Antennas, Cables, or other Tower Equipment, cannot perform any work as shown in the applicable Plans and Specifications, the Lessee shall submit a change order to the Lessor, along with Revised Plans for the Lessor's review and approval. The Lessor shall review the Revised Plans and approve the same or make changes to the Revised Plans as the Lessor deems necessary in its sole discretion. If Lessor fails to approve or disapprove the Plans and Specifications within 30 days of receipt of the Plans and Specifications, the Plans and Specifications shall be deemed approved. Once the Lessor and the Lessee have agreed on the Revised Plans, Lessee shall cause the Lessee's contractors to install the Antennas, Cables, and other Tower Equipment according to the Revised Plans.

- C. Plans and Specifications. For any installation of Lessee's Communication Facility and for any and all subsequent alterations and/or modifications thereof, except for Like-for-Like Equipment modifications, or additions thereto, Lessee shall provide Lessor and Lessor's Water Tower Construction Engineer ("**Construction Engineer**") each with two (2) hardcopy sets and an electronic set of the Plans and Specifications of the Tower Equipment and Ground Equipment proposed to be installed on the Water Tower and/or Leased Premises along with the proposed location of all Cables and Utilities installed underground consisting of the following:
- (1) Line or CAD drawings showing the actual physical location of all planned Tower Equipment and Ground Equipment plus materials and construction methods;
 - (2) Specifications for the Tower Equipment and Ground Equipment or any alterations, modifications and/or additions;

- (3) Drawings and tables showing current Antennas and Cables and related equipment and the proposed Antennas, Cables and related Tower Equipment i.e. RRUs, Sector Poles, etc. Drawings shall also include all existing antennas on the Tower.
- (4) Lessee shall provide Lessor, within thirty (30) days after Lessee's activates the Lessee's Communication Facility and the activation of any permitted additions, modifications and/or alterations thereto, with a clean set of "as-built" Plans and Specifications in electronic file format compatible to the Lessor's record file system of the Lessee's Communication Facility, i.e. Tower Equipment and/or Ground Equipment and the Lessee's Utilities, which show the actual location of all of the Lessee's Tower Equipment, Lessee's Ground Equipment and the Utilities. Said "as-built" drawings shall be accompanied by a complete and detailed Site Survey of the Property showing the location of all Utilities.

D. Contractor Approval. Any contractor chosen by Lessee to carry out construction, installation, maintenance or any other work on the Water Tower or Property ("**Lessee's Contractor**") must be pre-approved by the Lessor prior to the pre-construction meeting. Lessee's Contractor information shall include at the minimum:

- Name and contact information
- Experience (with water storage tank installations)
- OSHA violations within the previous three years.

The Lessor retains sole discretion and reserves the right to reject any and all contractors the Lessee may choose for the installation work as determined to be in the best interests of the Lessor.

E. Lessor Inspection. Lessor and Lessee acknowledge and agree that as of the Effective Date, Lessee's Communication Facility is currently installed and operational, and no further review and inspection is required in association with execution of this Agreement. However, upon any modification of Lessee's Tower Equipment and/or Ground Equipment, except for Like-for-Like Equipment modifications, the Lessor's Construction Engineer will be provided, beginning with the pre-construction conference and continuing through installation/construction, a punch-list of the Tower Equipment and such Ground Equipment, a full and complete set of Plans and Specifications and "as-built" Plans and Specifications upon completion of the installation of the Tower Equipment and Ground Equipment, at Lessee's sole cost and expense. The Lessor will not arbitrarily require more inspection of the construction and installation of Lessee's Tower Equipment and/or Ground Equipment than is reasonably necessary to insure the continued protection and security of the Water Tower and Property. Lessee shall pay for all reasonable costs of the Lessor's inspections of Lessee's installation and project management costs within sixty (60) days after the Lessor sends an invoice for such fees to Lessee. All fees and invoices must be paid within sixty (60) days after the Lessor sends Lessee an invoice for the same. Prior to energizing (startup) Lessee's Communication Facility; all punch list items related to installation thereof must be substantially complete (exceptions may be weather related finish painting, etc. as determined by the Lessor).

- F. Maintenance, Improvement Expenses. All alterations, modifications of and additions to Lessee's Tower Equipment and Ground Equipment, made by Lessee shall be made at the Lessee's sole cost and expense and such improvements to Lessee's Communication Facility shall be maintained in a good state of repair, at least equal to the standard of maintenance of the Water Tower and/or the Property adjacent to the Leased Premises. If Lessee's Communication Facility is mounted on a platform or other structure, it shall, at all times, be painted, at Lessee's expense, the same color as the platform or other structure. The Lessor reserves the right to require or waive this requirement as it pertains to feed line, jumpers, brackets, connectors, and other ancillary equipment on a case by case basis depending on the installation configuration.
- G. Compliance With Statutes, Regulations, and Approvals. Lessee shall provide the Lessor, prior to the alteration, modification or addition of antennas permitted under the terms of this Lease, a FCC Hazardous Radiation Report detailing safety concerns (if any) related to Lessee's Tower Equipment and/or Ground Equipment and recommendations from a Registered Professional Engineer of the need for any necessary corrective action that may need to be taken by Lessee to protect the health and safety of the Lessor's or Lessee's employees or the health and safety of any other person working on the Water Tower.
- H. The Lessee's Ground Equipment shall be located within the Leased Premises on a platform or inside a ground shelter as shown in the Plans and Specifications.
- I. The color of Antennas and any other Tower Equipment on the Water Tower exterior shall at all times be painted and maintained, at the Lessee's expense, to match the color of the Water Tower or a color selected by the Lessor.

8. **MAINTENANCE OF ANTENNA.**

- A. The Lessee shall at all times maintain Lessee's Tower Equipment and Ground Equipment in good condition at all times, normal wear and tear excepted, at its sole cost and expense.
- B. Lessor covenants that it will keep the Water Tower in good repair as required by all laws. The Lessor shall also comply with all rules and regulations enforced by the Federal Communications Commission with regard to the lighting, marking and painting of towers. If the Lessor fails to make such repairs including maintenance the Lessee may make the repairs and the costs thereof shall be payable to the Lessee by the Lessor on demand. If the Lessor does not make payment to the Lessee within thirty (30) days after such demand, the Lessee shall have the right to deduct the costs of the repairs from the succeeding Rent normally due from the Lessee to the Lessor.

9. **UTILITIES.**

- A. The Lessee shall separately meter and pay all charges for the consumption of electricity, fiber, and other utility services associated with Lessee's use of the Water Tower Equipment and Ground Equipment. The Lessor agrees to cooperate with the Lessee in its efforts to connect the Lessee's Communication Facility to existing utility service. The Lessor makes no representation or warranty regarding the availability of electric or other utility service to the

Water Tower or Leased Premises. The Lessee shall have the right to install utilities and fiber at the Lessee's sole cost and expense in an easement or other right of way granted by Lessor, in a mutually acceptable location. The Lessor shall not be liable, and the Lessee waives any and all claims against the Lessor, for any interruption of electrical or other utility services provided to the Water Tower or the Leased Premises.

- B. All of Lessee's, electrical wire, fiber, and telephone cables and related equipment ("**Utilities**") and Lessee's Cables on the Property shall be located underground (except as otherwise approved by Lessor) and shall be directionally bored, except for Lessee's Cables on the Water Tower according to the Lessor's applicable code, rules and regulations and all state codes, rules and regulations. Lessee shall furnish Lessor with pertinent information as to the exact type of AC power used by the Lessee. The Lessee agrees that upon the request of the Lessor, it will field locate all Utilities and Cables at Lessee's expense.

It shall be the responsibility of Lessee, its agents, contractors and/or subcontractors at Lessee's sole cost and expense to contact Gopher One Call and/or all other parties including, but not limited to, Lessor and all of Lessor's other Lessees occupying the Property for locate requests prior to any construction or installation of the Lessee's Antennas and other equipment described in this Lease, on the Property. If any of the Lessor's other lessees decline to locate their utilities, it shall be the responsibility of Lessee to locate said Lessee's Utilities at Lessee's sole cost and expense. Lessor agrees that it will assist with contact information for the other lessees upon the written request of the Lessee. Lessee agrees that Lessee will, upon the reasonable request of the Lessor or another lessee of the Lessor, locate all of its Cables, Conduit and Utilities.

10. **DEFAULT.** Any of the following occurrences, conditions, or acts shall be deemed a "Default" under this lease:

- A. If Lessee fails to pay amounts due under this Lease within thirty (30) days of its receipt of written notice that such payments are overdue.
- B. If either party fails to observe or perform its obligations under this Lease and does not cure such failure within sixty (60) days from its receipt of written notice of breach without, however, limiting any other rights available to the parties pursuant to any other provision of this Lease. If the default may not be reasonably cured within the sixty (60) day period, the defaulting party shall have such extended period as may be required beyond the sixty (60) days if the nature of the cure is such that it reasonably requires more than sixty (60) days, and the defaulting party commences the cure within the sixty (60) day period, and thereafter continuously and diligently pursues the cure to completion.
- C. Except as expressly limited hereby, Lessor and Lessee shall have such remedies for the default of the other party hereto as may be provided herein or at law or equity following written notice of such default and failure to cure the default within the applicable time allowed to cure under the terms of this Lease subject to the limitations set forth in this Lease. Further, upon a default, the non-defaulting party may, at its option (but without obligation to do so), perform the defaulting party's duty or obligation. The costs and

expenses of any such performance by the non-defaulting party shall be due and payable by the defaulting party upon invoice therefor.

11. TERMINATION.

A. Events of Termination. Except as otherwise provided herein, this Lease may be terminated by either party upon written notice to the other party, provided in accordance with Section 21G of this Lease, as follows:

- (1) By either party upon a default as outlined in Section 10; or
- (2) By Lessee upon ninety (90) days written notice to the Lessor if Lessee is unable to obtain or maintain any license, permit or other governmental approval necessary for the construction and/or operation of the Lessee's Communication Facility after diligently pursuing the applicable licenses, permits or other governmental approvals; or
- (3) By Lessee upon ninety (90) days written notice to the Lessor if the Water Tower or the Leased Premises are, or become, unusable under Lessee's design or engineering specifications for Lessee's Communication Facility, or for technological reasons including without limitation shadowing or interference under Lessee's Communication Facilities; or
- (4) By Lessee if Lessee's transmission is interfered with by Lessor or the equipment of other tenants on the Water Tower and the Lessor or other tenants fail to cure such interference within thirty (30) days of receipt of written notice sent by Lessee; or
- (5) Upon 60 days' prior written notice by the Lessor if an independent engineer engaged by Lessor determines that the Water Tower is structurally unsound, including, but not limited to, consideration of age of the Water Tower, damage or destruction of all or part of the Water Tower, such notice to include a refund of any pre-paid rent by Lessee; or
- (6) Upon 18 months' prior written notice by the Lessor, if it decides in its sole discretion, for any reason, to discontinue use of the Water Tower for all purposes, in which event the Lessee shall not be entitled to compensation in any form for any reason as a result of the Lessor's exercising its rights hereunder; or
- (7) Upon 18 months' prior written notice by the Lessor to Lessee if Lessor decides in its sole discretion, for any reason, to redevelop the Property and/or the Leased Premises in a manner inconsistent with continued use of the Water Tower and/or the Leased Premises; or
- (8) By Lessor if it is adjudicated by a court of competent jurisdiction that Lessee has failed to comply with applicable ordinances or state or federal law, or any conditions attached to government approvals granted there under after a sixty (60) day cure period.

B. Notice of Termination. In accordance with the terms of this Lease, the parties shall give notice of termination as provided in Section 21.G. hereof. Except as set forth herein, all Rent paid for the Lease prior to said termination date shall be retained by Lessor.

C. Lessee's Liability for Early Termination. If Lessee terminates this Lease other than for cause or of right as provided in this Lease, Lessee shall pay to Lessor as liquidated damages for early termination, 150% of the annual Rent for the year in which Lessee terminates, unless Lessee

terminates during the last year of any Term under Section 4 and Lessee has paid the annual Rent for that year.

- D. Site Restoration. Upon termination of this Lease pursuant to the provisions hereof, Lessee shall, within seventy-five (75) days from the applicable termination date, remove Lessee's Communication Facility from the Water Tower, Leased Premises and Property and repair the Water Tower, Leased Premises and Property as required by the terms hereof at Lessee's sole cost and expense. In the event that Lessee's Communication Facility is not removed and the Water Tower, Leased Premises and Property are not returned to the condition they were in on the Commencement Date, normal wear and tear and casualty damage excepted, the Lessor shall have the right to remove Lessee's Communication Facility and draw upon the Performance Bond and use the proceeds thereof to pay all costs incurred by the Lessor to restore the Water Tower and the Property to the condition that they were in on the Commencement Date, normal wear and tear and casualty damage excepted. Should the Lessor incur additional costs pursuant to the terms of this Section 11(D) that are not covered by the Performance Bond, Lessor shall bill Lessee for such reasonable costs incurred.
- E. Limitation of Lessee's Damages. If the Lessor terminates this Lease pursuant to the terms hereof, or the Lessor causes interruption of the business of Lessee's Communication Facility or otherwise breaches this Lease, the Lessor's liability for damages to the Lessee shall be limited to the actual and direct costs of the removal of Lessee's Tower Equipment and/or Ground Equipment and shall specifically exclude any recovery for value of the business of the Lessee as a going concern, future expectation of profits, loss of business or profit or related damages to the Lessee of any kind or nature
- F. Early Termination; No Damages. In the event the Lessor terminates this Lease pursuant to the terms hereof, such termination shall be effective without the payment by either party of any penalties or damages. If the termination is at a time other than on the last day of the year, annual rent shall be prorated as of the date of termination and all prepaid rents shall be refunded to the Lessee. The date of termination, for rent payment purposes, shall be agreed to be the day the Lessee has removed all of Lessee's Tower Equipment and Ground Equipment and restored the Property and the portion of the Water Tower leased by the Lessee to the condition required herein.
- G. Removal of Water Tower. If Lessor elects to demolish or otherwise remove from service the Water Tower and construct a new water tower ("New Water Tower") on or in the vicinity of the Property then:
- (1) If requested by Lessee, subject to compliance with all requirements of this Lease, the Lessor agrees to make a good faith effort to accommodate the relocation of Lessee's Communication Facility to the New Water Tower at Lessee's sole cost and expense upon completion of the New Water Tower; and
 - (2) Lessee may continue to occupy the Water Tower and Leased Premises until one hundred eighty (180) days after Lessor notifies Lessee that the New Water Tower is complete and that Lessee may relocate the Lessee's Communication Facility to the New Water Tower; and

- (3) Upon relocation of Lessee's equipment on the new tank, this Lease shall be deemed a lease of the space to be occupied by Lessee on the New Water Tower and the parties shall amend the Lease Exhibits in order to identify the New Water Tower Site and Lessee's equipment locations thereon.

12. **NON-EXCLUSIVE USE.** Upon paying the Rent as required herein, the Lessee shall have the right to the exclusive use of the Leased Premises, but otherwise the non-exclusive uses of the Water Tower and the Property as permitted in this Lease.

13. **DEFENSES AND INDEMNIFICATION.** Lessee shall indemnify, defend, and hold Lessor harmless against any claim of liability or loss from personal injury or property damage resulting from or arising out of the negligence or willful misconduct of the Lessee, its employees, contractors or agents, except to the extent such claims or damages may be caused by the negligence or willful misconduct of the Lessor, or its employees, contractors or agents. Notwithstanding any other term, covenant or condition of this Lease, the Lessor's liability under this Lease for any claim of any nature or any cause of action against the Lessor, by any person or party, is limited to the liability limits set forth in Minnesota Statutes, Chapter 466.

14. **HAZARDOUS SUBSTANCES.** Lessor represents that Lessor has no knowledge of any substance, chemical, or waste on the Property that is identified as Hazardous Materials, toxic or dangerous in any applicable federal, state or local law or regulation. The Lessor makes no representation as to whether or not the paint on the Water Tower contains lead or chromium and Lessee shall test the paint on the Water Tower prior to the start of any installation of Lessee's Tower Equipment and take any and all steps that may be required to protect Lessee's employees, agents and/or contractors from exposure to the lead and/or chromium (if any) in the paint during the installation of Lessee's Tower Equipment.

Lessee represents and warrants that the use of the Leased Premises will not generate and Lessee will not store or dispose of on the Lease Premise, nor transport to or over the Leased Premises, any Hazardous Materials, unless Lessee specifically informs Lessor thereof in writing twenty-four (24) hours prior to such storage, disposal or transport, or otherwise, as soon as Lessee becomes aware of the existence of Hazardous Material on the Leased Premises. Lessee shall provide initial and annual updates of Material Safety Datasheets (MSD) on all hazardous materials that are part of, or necessary for the operation of the Lessee's Communication Facility and maintenance thereof, except for normal quantities of batteries used as backup power supply for Lessee's Communication Facility. Lessee warrants that no hazardous material supplies used in routine maintenance and or repair will be stored on the Leased Premises.

Without limiting the scope of Section 13, above, Lessee will be solely responsible for and will defend, indemnify, and hold Lessor and its Commission members, officers, employees, agents and representatives harmless from and against any and all claims, cost, and liabilities, including reasonable attorneys' fees and costs, arising out of or in connection with the cleanup or restoration of the Leased Premises associated with the Lessee's use of Hazardous Material. This defense and indemnification shall not apply to claims, costs, and liabilities arising from Lessor's negligence or willful misconduct. For the purposes of this Lease "**Hazardous Materials**" shall be interpreted broadly and specifically includes, without limitation, asbestos, fuel, batteries or any hazardous substance, waste, or material as defined in any federal, state or local environmental or safety laws or regulation including, but not limited to the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA).

Notwithstanding the foregoing or any other provision in this Agreement, Lessee shall not be liable or responsible for any environmental condition, including the release of Hazardous Materials, that existed before the commencement of Lessee's activities on the Leased Premises, except to the extent Lessee exacerbates a condition of which it has reason to be aware.

15. **ASSIGNMENT.** Provided that Lessee is not in default beyond applicable notice and cure periods, this Lease, or rights thereunder, may be sold, assigned, or transferred at any time by Lessee without any approval or consent of the Lessor to Lessee's principal, affiliates, subsidiaries of its principal, or to any entity purchasing all of Lessee's assets in the market defined by the FCC in which the Property is located by reason of a merger, acquisition, or other business reorganization, provided that Lessee provides the Lessor with notice of the foregoing and, provided further, that any entity purchasing all of Lessee's assets in the market defined by the FCC in which the Property is located, assumes in a written agreement executed by said entity, all of Lessee's obligations under this Lease which arise after the date of such assignment, and Lessee remains liable for all obligations arising prior to the date of assignment. As to other parties, this Lease may not be sold, assigned or transferred without the written consent of the Lessor, such consent not to be unreasonably withheld, conditioned or delayed.

16. **DAMAGE OR DESTRUCTION.** If the Water Tower, Lessee's Communication Facility, or any portion thereof, is destroyed or damaged so as to materially hinder the effective use of the Lessee's Communication Facility by Lessee through no fault or negligence of Lessee, Lessee may elect to terminate this Lease upon thirty (30) days' written notice to the Lessor. In such event, all rights and obligations of the parties shall cease (except as to the Lessee's obligations under this Lease to remove the Lessee's Communication Facility under the terms hereof) as of the date of the notice to the Lessor and Lessee shall be entitled to the reimbursement of any Rent prepaid by Lessee. If Lessee elects to continue this Lease, then the Rent shall abate for a period of ninety (90) days, or until the Lessee's Communication Facility is restored to the condition existing prior to the damage or destruction, whichever is earlier.

17. **QUIET ENJOYMENT.** Lessee, upon paying Rent, shall peaceably and quietly have, hold and enjoy the Leased Premises, the Access Easement and/or Utility Easements provided Lessee is not in default under any other covenant or agreement contained in this Lease. Lessor represents and warrants to Lessee as of the execution date of this Lease, and covenants during the Term that Lessor is seized of good and sufficient title and interest to the Property and has full authority to enter into and execute this Lease. The Lessor hereby waives any and all lien rights it may have statutory or otherwise to the Lessee's Communication Facility or any portion thereof which shall be deemed personal property for the purposes of this Lease, whether or not the same is deemed real or personal property under the applicable laws.

18. **INSURANCE.**

- A. **Workers' Compensation.** The Lessee must maintain Workers' Compensation insurance in compliance with the statutory requirements of the state(s) of operations and Employer's Liability coverage with limits of \$500,000.00 bodily injury each accident, \$500,000.00 bodily injury by disease, policy limit, and \$500,000.00 bodily injury by disease, each employee and waiver of subrogation.

- B. General Liability. The Lessee must maintain an occurrence form Commercial General Liability Coverage which shall provide for third party bodily injury and property damage arising out of the use, maintenance or operation of the Water Tower, Leased Premises and Property. The Lessee must maintain aforementioned Commercial General Liability Coverage with limits of Liability of **\$5,000,000.00** each occurrence; **\$5,000,000.00** general aggregate, and shall include the Lessor as an additional insured as their interest may appear under this Agreement.
- C. Automobile Liability. The Lessee must carry Commercial Automobile Liability coverage combined single limits in the amount of **\$2,000,000.00** each accident for third party bodily injury and property damage arising out of the ownership, use, maintenance or operation of all owned, non-owned and hired automobiles.
- D. Lessee Property Insurance. The Lessee must keep in force during the term of the Lease a policy covering damages to Lessee's personal property on the Water Tower and the Leased Premises. The amount of coverage shall be sufficient to replace the damaged property and loss of use thereof.
- E. Additional Insured. Certificate of Insurance. The Lessee shall provide the Lessor, upon the Lessor's execution of this Lease and annually thereafter, evidence of the required insurance in the form of a Certificate of Insurance issued by a company licensed, authorized or permitted to do business in the State of Minnesota mutually agreeable to both Lessor and Lessee, licensed to do business in the State of Minnesota, which includes all coverage's required in this Section 18. Lessee will include Lessor as an Additional Insured as their interest may appear under this Agreement on the Commercial General Liability and Commercial Automobile Liability Policies but only to the extent allowed in this Section 18, Defense and Indemnification, of this Lease.

19. CONDITION OF PROPERTY. The Lessee acknowledges that the Lessor makes no representations or warranties regarding the suitability of the Property or the Water Tower for the Lessee's intended use under this Lease.

20. CONDEMNATION. In the event the whole of the Property is taken by eminent domain, this Lease shall terminate as of the date title to the Property vests in the condemning authority. In the event a portion of the Property is taken by eminent domain, either party shall have the right to terminate this Lease as of said date of title transfer, by giving thirty (30) days' written notice to the other party. In the event of any taking under the power of eminent domain, the Lessee shall not be entitled to any portion of the reward paid for the taking and the Lessor shall receive full amount of such award. The Lessee hereby expressly waives any right or claim to any portion thereof. Although all damages, whether awarded as compensation for diminution in value of the leasehold or to the fee of the Property, shall belong to the Lessor, the Lessee shall have the right to claim and recover from the condemning authority, but not from the Lessor, such compensation as may be separately awarded or recoverable by the Lessee on account of any and all damage to the Lessee's business and any costs or expenses incurred by the Lessor in moving/removing its Antenna, Equipment or personal property.

21. REPLACEMENT LEASE. Lessor and Lessee acknowledge that this Lease replaces the May 9, 2012 Lease For Communications Facility and Limited Use of Water Tower [Contract # 110944; 110944-1], as amended (the "**Terminated Agreement**"). Lessor and Lessee acknowledge that notwithstanding the

termination of the Terminated Agreement and the commencement of this Lease, Lessee may continue to make, and Lessor may continue to receive, payments pursuant to the Terminated Agreement. If any payments are made pursuant to the Terminated Agreement after its termination, those payments shall be applied and credited against any Rent payments or other payments due under this Lease. Until the commencement of this Lease, Lessee will continue to pay all rent payments and other fees that Lessee is currently paying under the Terminated Agreement.

22. **LIMITATION OF LIABILITY.** Except for any indemnification requirements pursuant to this Lease, neither Party shall be liable to the other, or any of their respective agents, representatives, employees for any lost revenue, lost profits, loss of technology, rights or services, incidental, punitive, indirect, special or consequential damages, loss of data, or interruption or loss of use of service, even if advised of the possibility of such damages, whether under theory of contract, tort (including negligence), strict liability or otherwise

23. **MISCELLANEOUS.**

- A. **Whole Agreement; Modification:** This Lease contains all of the terms and conditions relating to the rights granted herein, and replaces any oral agreements or other negotiations between the parties relating to the Lease. No modifications to this Lease shall be valid unless and until they have been placed in writing and signed by both parties hereto.
- B. **Severability:** If any term of this Lease is found to be void or invalid, such finding shall not affect the remaining terms of this Lease, which shall continue in full force and effect.
- C. **Authority:** Each party represents and warrants that it has full authority to enter into and to sign this Lease.
- D. **Binding Effect:** The terms, conditions, representation and covenants of this Lease shall extend to and bind the heirs, personal representatives, successors and assigns of the Lessor and the Lessee.
- E. **Notices:** Notices shall be in writing and sent by United States Mail, postage prepaid, certified or registered with return receipt requested or by any nationally recognized overnight courier service to the following:

If to the Lessor: Grand Rapids Public Utilities
500 SE 4th Street
Grand Rapids, MN 55744
ATTN: General Manager

If to the Lessee: Rural Cellular Corporation
d/b/a Verizon Wireless
180 Washington Valley Road
Bedminster, NJ 07921
ATTN: Network Real Estate

Lessee's Daily, Emergency, and Planning Contact (name, address, office and mobile phone numbers, and email address:

Network Operations Center
(800) 224-6620
(800) 621-2622

Either party shall provide the other with updated contact information upon a change in such contact information.

- G. Estoppel Certificate: Each party agrees to furnish to the other, within ninety (90) days after request, such truthful estoppel information as the other may reasonably request.
- H. Governing Law: This Lease shall be construed in accordance with the laws of the State of Minnesota.
- I. Attorney's Fees: The substantially prevailing party in any litigation arising hereunder shall be entitled to its reasonable attorney's fees and court costs, including appeals, if any.
- J. Broker: If either party is represented by a real estate broker in this transaction, that party shall be fully responsible for any fee due such broker, and shall hold the other party harmless from any claims for commission by such broker.
- K. Amended Memorandum of Lease: Lessor agrees to cooperate with Lessee in executing any documents including an Amended Memorandum of Lease, substantially in a form attached hereto as **Exhibit F**.
- L. Recitals. The Recitals set forth above are hereby incorporated in this Lease as though they were set forth in the body hereof.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS HEREOF, the parties have executed this Lease as of the date first above written.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

By _____
Its President

By _____
Its General Manager

STATE OF MINNESOTA)
)ss.
COUNTY OF ITASCA)

The foregoing instrument was acknowledged before me this ____ day of _____, 20____, by Thomas Stanley and Julie Kennedy, the President and General Manager of the Grand Rapids Public Utilities Commission, state of Minnesota, on behalf of the Lessor, and pursuant to authority granted by its Commission.

Notary Public

Rural Cellular Corporation d/b/a Verizon Wireless

By: _____

Printed Name: _____

Title: _____

Date: _____

EXHIBIT "A"
to
WATER TOWER ANTENNA LEASE AGREEMENT

(Legal Description of Property)

Lots Ten (10), Eleven (11) and Twelve (12), Block Three (3), Crowder Addition to Grand Rapids according to the plat thereof on file and of record in the office of the Register of Deeds of Itasca County, Minnesota.

EXHIBIT "B"
to
WATER TOWER ANTENNA LEASE AGREEMENT

(Antenna Application)

See equipment and related information listed in Exhibit C.

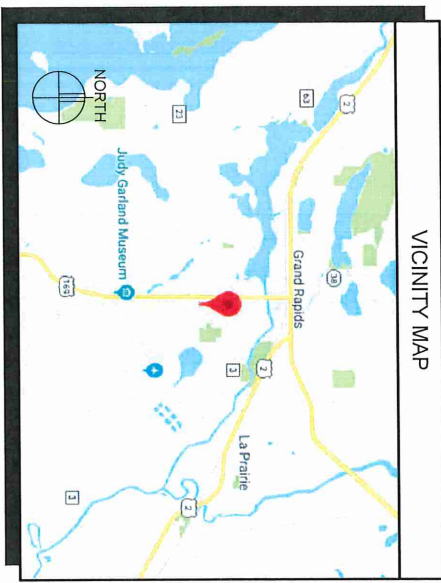
EXHIBIT "C"
to
WATER TOWER ANTENNA LEASE AGREEMENT

(Plans and Specifications)

[See Attached Nine (9) Pages]

Verizon

MN03 POKEGAMA
AWS



SHEET INDEX	
SHEET	SHEET DESCRIPTION
T-1	PROJECT INFORMATION, MAPS, DIRECTIONS, AND SHEET INDEX
A-1	TOWER ELEVATIONS & NOTES
A-2	EQUIPMENT ROOM PLAN
A-3	EXISTING ANTENNA, COAX & TMA KEY AND COAX ENTRY DETAILS
A-4	PROPOSED ANTENNA, COAX, EQUIPMENT, & TMA KEY
A-5	MOUNTING PLANS, ONE-LINE DIAGRAM, AND COAX LAYOUT PLAN
A-6	ANTENNA/EQUIPMENT MOUNTING SECTIONS
A-7	MISC. PHOTOS
A-8	OUTLINE SPECIFICATIONS & WELDING NOTES

ISSUE SUMMARY		
REV	DESCRIPTION	SHEET OR DETAIL
C	ISSUED FOR LESSOR APPROVAL 07-14-15	ALL
0	ISSUED FOR BID CONSTRUCTION 07-23-15	ALL
1	ISSUED FOR REVIEW 08-14-18	ALL
2	ISSUED FOR LESSOR APPROVAL 05-14-18	ALL
3	ISSUED FOR LESSOR APPROVAL 08-24-18	ALL
4	ISSUED FOR LESSOR APPROVAL 08-27-18	ALL
5	ISSUED FOR BID/CONSTRUCTION 01-24-19	ALL

VERIZON WIRELESS DEPARTMENTAL APPROVALS		
JOB TITLE	NAME	DATE
RF ENGINEER	MICHAEL KOCH	5/14/2018
CONSTRUCTION ENGINEER	DOUGLAS FREDERICK	5/14/2018

LESSOR / LICENSOR APPROVAL		
SIGNATURE	PRINTED NAME	DATE
	JULIE KENNEDY	1/15/2019

LESSOR / LICENSOR: PLEASE CHECK THE APPROPRIATE BOX BELOW
 NO CHANGES. CHANGES NEEDED. SEE COMMENTS ON PLANS.

SITE LOCATION

CONTACTS	
LESSOR:	CITY OF GRAND RAPIDS
LESSEE:	VERIZON WIRELESS 10801 BUSH LAKE ROAD BLOOMINGTON, MN 55468 STEVE EDWARDS (612) 726-6377
ARCHITECT:	DESIGN 1 ARCHITECTS LLC 9973 VALLEY VIEW ROAD MINNEAPOLIS, MN 55426 (652) 900-9299
STRUCTURAL ENGINEER:	HERZOG ENGINEERING 550 NORTH 3RD STREET, SUITE 230 MINNEAPOLIS, MN 55401 (612) 844-1234

PROJECT INFORMATION

SITE NAME:	MN03 POKEGAMA
PROJECT NUMBER:	20181754002
SITE ADDRESS:	1007 SE 1ST AVE, SUITE B GRAND RAPIDS, MN 55714
COUNTY:	ITASCA
LATITUDE:	N 47° 13' 14.69"
LONGITUDE:	W 93° 31' 35.78"
GROUND ELEVATION:	1299.5' AMSL
ANTENNA TIP HEIGHT:	VARIES SEE ANTENNA KEY
ANTENNA CENTERLINE HEIGHT:	91' AGL
STRUCTURE HEIGHT:	124.7' AGL
OVERALL STRUCTURE HEIGHT:	147.3' AGL (APPROX)
GENERATOR ON SITE:	YES (N/A/NOISEL)
TOWER BUILT:	1989
BASED ON SPF DATED:	11-01-18
COAX RUNS:	*X- COAX RUN = (2) 1.56" LINES @ 185' EA EXISTING *Z- COAX RUN = (2) 1.56" LINES @ 245' EA EXISTING *T- COAX RUN = (2) 1.56" LINES @ 245' EA EXISTING *MISC. COAX = (9) 6R9U HYBRID CABLE (PROPOSED)

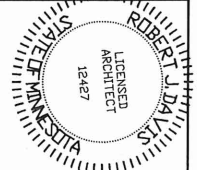
PROJECT DESCRIPTION:

REMOVE:

- (12) 1.56" COAX CABLES
- (6) PANEL ANTENNAS

PROPOSED:

- (6) PANEL ANTENNAS
- (3) DIET BOXES ON TOWER
- (3) DIET BOXES IN SHELTER
- (6) 449 RADIOS
- (6) 8843 RADIOS
- (12) 2.50 X 15' TALL SCHED. 80 GALV MOUNTING PIPES



I hereby certify that the plan prepared by me or under my direct supervision and seal is in full compliance with the laws and regulations of the State of Minnesota.
 ROBERT J. DALIS, Reg. No. 12427
 Date: 01-24-19



9973 VALLEY VIEW RD.
 MINNEAPOLIS, MN 55426
 (652) 900-9299
 WWW.DESIGN1PFCOM



1007 SE 1ST AVE., SUITE B
 GRAND RAPIDS, MN 55714
 (612) 726-6377

PROJECT
 20181754002
 LOC. CODE # 253014

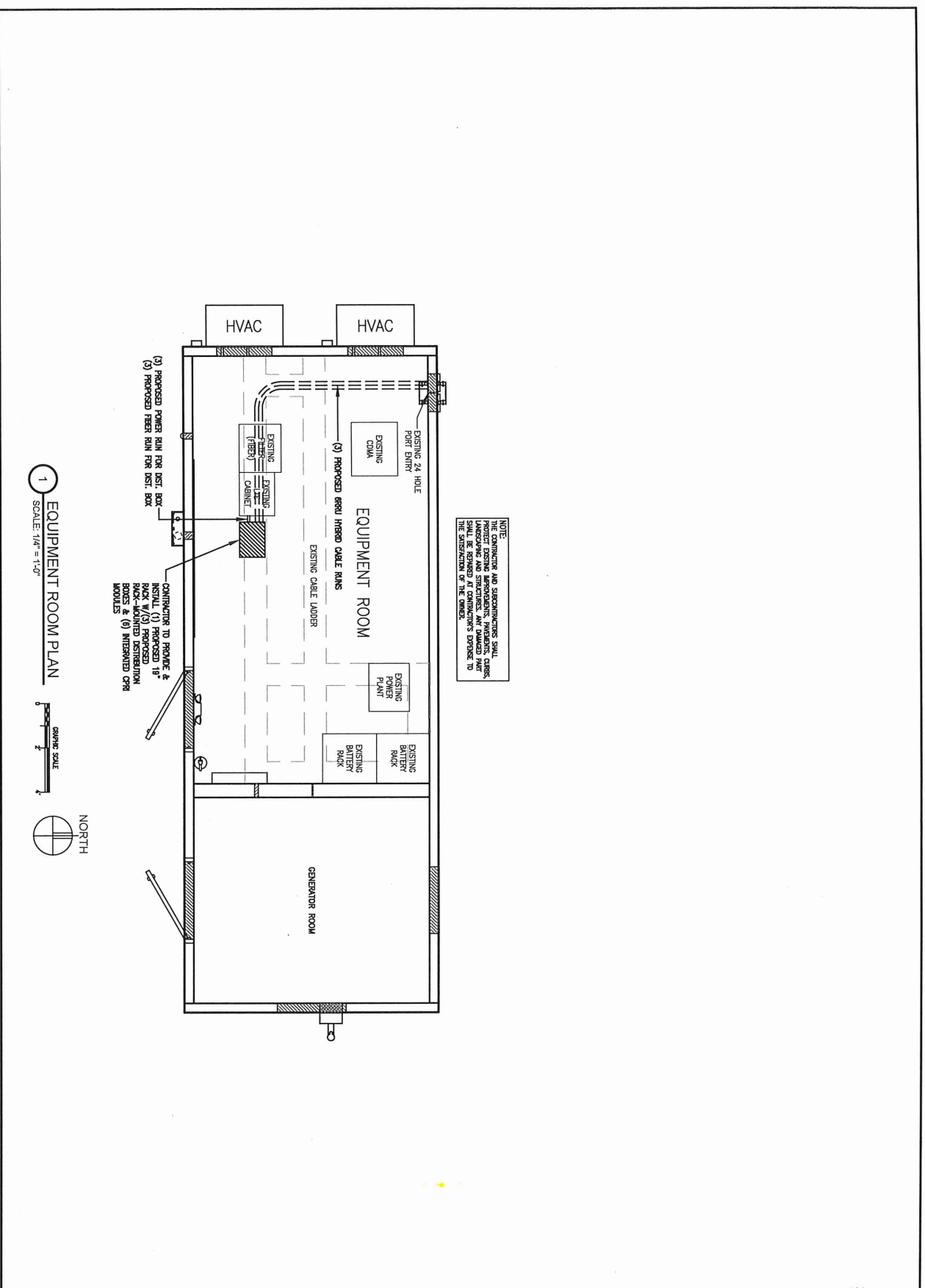
MN03
 POKEGAMA
 AWS

SHEET CONTENTS:
 CONTACTS
 ISSUE SUMMARY
 SHEET INDEX, APPROVALS
 LESSOR APPROVAL
 PROJECT INFORMATION
 VICINITY MAP
 GENERAL NOTES

DATE	BY	REVISION
03-26-18	MLV/TRD	DRAWN BY
07-23-15	KWV	CHECKED BY
05-14-18		REV. 1
05-14-18		REV. 2
08-24-18		REV. 3
08-27-18		REV. 4
01-24-19		REV. 5

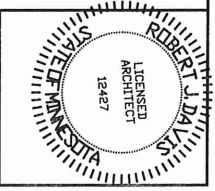
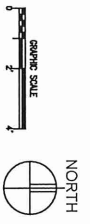
T-1

- General Notes:**
- In the event that Special Inspections are not performed in compliance with the contract terms, bid specifications and/or specified form, the Contractor will be liable for all damages, construction performance, failures, and corrective actions related to the same.
 - The following general notes shall apply to drawings and govern unless otherwise noted or specified.
 - The work defined in these drawings and described in the specifications shall conform to codes, standards and regulations that have jurisdiction in the state of MN, and the city of GRAND RAPIDS.
 - Requirements and regulations pertaining to R.F. safety codes and practices must be incorporated in the work even though they may not be listed individually and separately in either the drawings or the specifications.
 - Compare field conditions with architectural and engineering drawings. Any discrepancies shall be directed to the Architect for clarification prior to fabrication and/or construction. Submit necessary shop drawings prior to fabrication for approval by the Architect. Information or details on these sheets may be used without the permission of the owner, or the architect.
 - Do not scale drawings. 11" x 17" drawings to scale. 24" x 36" drawings scale multiply by 2.
 - Unless otherwise shown or noted, typical details shall be used where applicable.
 - Safety measures: The contractor shall be solely and completely responsible for the conditions of the job site, including safety of the workers and the general contractor's sub-contractors. The Architect or Engineer's job site review is not intended to include review of the adequacy of the contractor's safety measures.
 - Within these plans and specifications, "Owner" implies VERIZON WIRELESS.
 - The work is the responsibility of the general contractor unless noted otherwise.
 - The terms "contractor" and "owner" refer to the owner's general contractor and the general contractor's sub-contractors. It is the general contractor's responsibility to determine the division of work among sub-contractors.
 - The general contractor is responsible in obtaining necessary public and private underground utility locate services prior to start of excavating / construction.



NOTE:
 THE CONTRACTOR AND SUBCONTRACTORS SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS, APPROVALS, LICENSES, AND INSURANCE. ALL WORK SHALL BE REVIEWED AT CONTRACTOR'S EXPENSE TO THE SATISFACTION OF THE OWNER.

1 EQUIPMENT ROOM PLAN
 SCALE: 1/4" = 1'-0"



I hereby certify that this plan, specification and contract documents were prepared by me or under my direct supervision and that I am a duly Licensed Architect under the laws of the State of Minnesota, License No. 12427.

Robert J. Jays
 Robert J. Jays
 State
 01-24-19
 01-24-19



8873 VALLEY VIEW RD.
 SUITE 200
 BLOOMINGTON, MN 55424
 (612) 802-9295
 WWW.DESIGN1P.COM



1081 BISHOP LAKE ROAD
 BLOOMINGTON, MN 55408
 (612) 726-6177

PROJECT
 20181754002
 LOC. CODE # 253014

MND3
 POKEGAMA
 AWS

1007 SE 1ST AVE, SUITE B
 GRAND RAPIDS, MN 55744
 SHEET CONTENTS:
 EQUIPMENT ROOM PLAN

DRAWN BY:	ML/VTRD
DATE:	03-26-18
CHECKED BY:	KNW
REV. 0	07-23-15
REV. 1	05-14-18
REV. 2	05-14-18
REV. 3	09-24-18
REV. 4	09-27-18
REV. 5	01-24-19

A-2

PROPOSED ANTENNA KEY										PROPOSED COAX KEY												
ADULT#	POSITION	FUNCTION	QTY	MANUFACTURER	MODEL	MOI	TYPE	ANTENNA LENGTH	ANTENNA TIP CENTER	ANTENNA DOWNLIFT	ELEZ	MESH	STATUS	QTY	COAX	MANUFACTURER	MODEL	DIELECTRIC (NOI)	SWAYER (FEET)	RAN	PORTS	STATUS
340	2.1	TV/RX1	1	SHEDDIA	SH9014	850	CPMA	92'	95'	91'	0'	0'	EXISTING	1	MAIN	ANDREW	AW1-50	FOAM	1-5/8"	185'	1	EXISTING
340	2.1	TV/RX1	1	COMMSCOPE	NH-550-R28	700	LT/650	70.7'	94'	91'	0'	0'	PROPOSED	1	RDU	EBBSSON	4440	FOAM	1-5/8"	185'	2	PROPOSED
2.2	TV/RX1	1	COMMSCOPE	NH-550-R28	700	LT/650	70.7'	94'	91'	0'	0'	PROPOSED	1	RDU	EBBSSON	4440	FOAM	1-5/8"	185'	2	PROPOSED	
2.3	TV/RX1	1	COMMSCOPE	NH-550-R28	700	LT/650	70.7'	94'	91'	0'	0'	PROPOSED	1	RDU	EBBSSON	4440	FOAM	1-5/8"	185'	2	PROPOSED	
2.4	TV/RX1	1	COMMSCOPE	NH-550-R28	700	LT/650	70.7'	94'	91'	0'	0'	PROPOSED	1	RDU	EBBSSON	4440	FOAM	1-5/8"	185'	2	PROPOSED	
2.5	TV/RX1	1	COMMSCOPE	NH-550-R28	700	LT/650	70.7'	94'	91'	0'	0'	PROPOSED	1	RDU	EBBSSON	4440	FOAM	1-5/8"	185'	2	PROPOSED	
2.6	TV/RX1	1	COMMSCOPE	NH-550-R28	700	LT/650	70.7'	94'	91'	0'	0'	PROPOSED	1	RDU	EBBSSON	4440	FOAM	1-5/8"	185'	2	PROPOSED	
3.1	TV/RX3	1	COMMSCOPE	NH-550-R28	700	LT/650	70.7'	94'	91'	0'	0'	PROPOSED	1	RDU	EBBSSON	4440	FOAM	1-5/8"	185'	2	PROPOSED	
3.2	TV/RX3	1	COMMSCOPE	NH-550-R28	700	LT/650	70.7'	94'	91'	0'	0'	PROPOSED	1	RDU	EBBSSON	4440	FOAM	1-5/8"	185'	2	PROPOSED	
3.3	TV/RX3	1	COMMSCOPE	NH-550-R28	700	LT/650	70.7'	94'	91'	0'	0'	PROPOSED	1	RDU	EBBSSON	4440	FOAM	1-5/8"	185'	2	PROPOSED	
3.4	TV/RX3	1	COMMSCOPE	NH-550-R28	700	LT/650	70.7'	94'	91'	0'	0'	PROPOSED	1	RDU	EBBSSON	4440	FOAM	1-5/8"	185'	2	PROPOSED	
3.5	TV/RX3	1	COMMSCOPE	NH-550-R28	700	LT/650	70.7'	94'	91'	0'	0'	PROPOSED	1	RDU	EBBSSON	4440	FOAM	1-5/8"	185'	2	PROPOSED	
3.6	TV/RX3	1	COMMSCOPE	NH-550-R28	700	LT/650	70.7'	94'	91'	0'	0'	PROPOSED	1	RDU	EBBSSON	4440	FOAM	1-5/8"	185'	2	PROPOSED	
4	TV/RX2	1	SHEDDIA	SH9014	850	CPMA	92'	95'	91'	0'	0'	EXISTING	1	MAIN	ANDREW	AW1-50	FOAM	1-5/8"	185'	1	EXISTING	
100	2.1	TV/RX1	1	COMMSCOPE	NH-550-R28	700	LT/650	70.7'	94'	91'	0'	0'	PROPOSED	1	RDU	EBBSSON	4440	FOAM	1-5/8"	185'	2	PROPOSED
2.2	TV/RX1	1	COMMSCOPE	NH-550-R28	700	LT/650	70.7'	94'	91'	0'	0'	PROPOSED	1	RDU	EBBSSON	4440	FOAM	1-5/8"	185'	2	PROPOSED	
2.3	TV/RX1	1	COMMSCOPE	NH-550-R28	700	LT/650	70.7'	94'	91'	0'	0'	PROPOSED	1	RDU	EBBSSON	4440	FOAM	1-5/8"	185'	2	PROPOSED	
2.4	TV/RX1	1	COMMSCOPE	NH-550-R28	700	LT/650	70.7'	94'	91'	0'	0'	PROPOSED	1	RDU	EBBSSON	4440	FOAM	1-5/8"	185'	2	PROPOSED	
2.5	TV/RX1	1	COMMSCOPE	NH-550-R28	700	LT/650	70.7'	94'	91'	0'	0'	PROPOSED	1	RDU	EBBSSON	4440	FOAM	1-5/8"	185'	2	PROPOSED	
2.6	TV/RX1	1	COMMSCOPE	NH-550-R28	700	LT/650	70.7'	94'	91'	0'	0'	PROPOSED	1	RDU	EBBSSON	4440	FOAM	1-5/8"	185'	2	PROPOSED	
3.1	TV/RX3	1	COMMSCOPE	NH-550-R28	700	LT/650	70.7'	94'	91'	0'	0'	PROPOSED	1	RDU	EBBSSON	4440	FOAM	1-5/8"	185'	2	PROPOSED	
3.2	TV/RX3	1	COMMSCOPE	NH-550-R28	700	LT/650	70.7'	94'	91'	0'	0'	PROPOSED	1	RDU	EBBSSON	4440	FOAM	1-5/8"	185'	2	PROPOSED	
3.3	TV/RX3	1	COMMSCOPE	NH-550-R28	700	LT/650	70.7'	94'	91'	0'	0'	PROPOSED	1	RDU	EBBSSON	4440	FOAM	1-5/8"	185'	2	PROPOSED	
3.4	TV/RX3	1	COMMSCOPE	NH-550-R28	700	LT/650	70.7'	94'	91'	0'	0'	PROPOSED	1	RDU	EBBSSON	4440	FOAM	1-5/8"	185'	2	PROPOSED	
3.5	TV/RX3	1	COMMSCOPE	NH-550-R28	700	LT/650	70.7'	94'	91'	0'	0'	PROPOSED	1	RDU	EBBSSON	4440	FOAM	1-5/8"	185'	2	PROPOSED	
3.6	TV/RX3	1	COMMSCOPE	NH-550-R28	700	LT/650	70.7'	94'	91'	0'	0'	PROPOSED	1	RDU	EBBSSON	4440	FOAM	1-5/8"	185'	2	PROPOSED	
4	TV/RX2	1	SHEDDIA	SH9014	850	CPMA	92'	95'	91'	0'	0'	EXISTING	1	MAIN	ANDREW	AW1-50	FOAM	1-5/8"	185'	1	EXISTING	
100	2.1	TV/RX1	1	COMMSCOPE	NH-550-R28	700	LT/650	70.7'	94'	91'	0'	0'	PROPOSED	1	RDU	EBBSSON	4440	FOAM	1-5/8"	185'	2	PROPOSED
2.2	TV/RX1	1	COMMSCOPE	NH-550-R28	700	LT/650	70.7'	94'	91'	0'	0'	PROPOSED	1	RDU	EBBSSON	4440	FOAM	1-5/8"	185'	2	PROPOSED	
2.3	TV/RX1	1	COMMSCOPE	NH-550-R28	700	LT/650	70.7'	94'	91'	0'	0'	PROPOSED	1	RDU	EBBSSON	4440	FOAM	1-5/8"	185'	2	PROPOSED	
2.4	TV/RX1	1	COMMSCOPE	NH-550-R28	700	LT/650	70.7'	94'	91'	0'	0'	PROPOSED	1	RDU	EBBSSON	4440	FOAM	1-5/8"	185'	2	PROPOSED	
2.5	TV/RX1	1	COMMSCOPE	NH-550-R28	700	LT/650	70.7'	94'	91'	0'	0'	PROPOSED	1	RDU	EBBSSON	4440	FOAM	1-5/8"	185'	2	PROPOSED	
2.6	TV/RX1	1	COMMSCOPE	NH-550-R28	700	LT/650	70.7'	94'	91'	0'	0'	PROPOSED	1	RDU	EBBSSON	4440	FOAM	1-5/8"	185'	2	PROPOSED	
3.1	TV/RX3	1	COMMSCOPE	NH-550-R28	700	LT/650	70.7'	94'	91'	0'	0'	PROPOSED	1	RDU	EBBSSON	4440	FOAM	1-5/8"	185'	2	PROPOSED	
3.2	TV/RX3	1	COMMSCOPE	NH-550-R28	700	LT/650	70.7'	94'	91'	0'	0'	PROPOSED	1	RDU	EBBSSON	4440	FOAM	1-5/8"	185'	2	PROPOSED	
3.3	TV/RX3	1	COMMSCOPE	NH-550-R28	700	LT/650	70.7'	94'	91'	0'	0'	PROPOSED	1	RDU	EBBSSON	4440	FOAM	1-5/8"	185'	2	PROPOSED	
3.4	TV/RX3	1	COMMSCOPE	NH-550-R28	700	LT/650	70.7'	94'	91'	0'	0'	PROPOSED	1	RDU	EBBSSON	4440	FOAM	1-5/8"	185'	2	PROPOSED	
3.5	TV/RX3	1	COMMSCOPE	NH-550-R28	700	LT/650	70.7'	94'	91'	0'	0'	PROPOSED	1	RDU	EBBSSON	4440	FOAM	1-5/8"	185'	2	PROPOSED	
3.6	TV/RX3	1	COMMSCOPE	NH-550-R28	700	LT/650	70.7'	94'	91'	0'	0'	PROPOSED	1	RDU	EBBSSON	4440	FOAM	1-5/8"	185'	2	PROPOSED	
4	TV/RX2	1	SHEDDIA	SH9014	850	CPMA	92'	95'	91'	0'	0'	EXISTING	1	MAIN	ANDREW	AW1-50	FOAM	1-5/8"	185'	1	EXISTING	

PROPOSED (3) RANGE DISTRIBUTION BOX MODELS: B85C-487Z-5F-48 (ON TOWER) (X SECTOR)
 ADDITIONAL: (1) COMMSCOPE 889U TRUNK CABLE MODELS: FH1206-2497-250 (X SECTOR)
 (1) COMMSCOPE 889U TRUNK CABLE MODELS: FH1206-2497-310 (Y SECTOR)
 (1) COMMSCOPE 889U TRUNK CABLE MODELS: FH1206-2497-330 (Z SECTOR)

1 ANTENNA KEY

2 COAX/EQUIPMENT KEY

NOTE: CONTRACTORS TO ACQUIRE THE MOST RECENT OF SPEC FROM VZW FOR ENGINEERS FOR VERIFICATION OF ANTENNA DOWNLIFT SETTINGS.

NOTE: CONTRACTOR, MOUNTING PIPE, CABLE, OR COAX OF CABLES (IF ROUTED THROUGH) SHALL INCLUDE A TAG CLEARLY IDENTIFYING THE TOWER WHERE THE TENSIONING FROM VERICAL TO HORIZONTAL AND AT THE ANTENNA DOWNLIFT.

DATE:	03-28-18
CHECKED BY:	KNW
REV. 1:	07-23-15
REV. 2:	05-14-18
REV. 3:	08-24-18
REV. 4:	09-27-18
REV. 5:	01-24-19

A-4

1007 SE 1ST AVE, SUITE B
 GRAND RAPIDS, MN 55744

SHEET CONTENTS:
 PROPOSED ANTENNA, COAX,
 & EQUIPMENT KEY

verizon

1001 BISH LAKE ROAD
 SUITE 200
 GRAND RAPIDS, MN 55744
 (827) 726-8377

PROJECT
 20181754002
 LOC. CODE # 25814

MIN03
 POKEGAMA
 AWS

DESIGN

6973 VALLEY VIEW RD.
 SUITE 200
 GRAND RAPIDS, MN 55744
 (827) 303-9299
 WWW.DESIGNER.COM

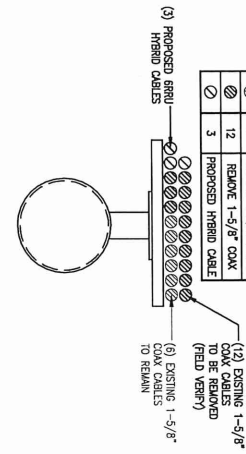
Robert J. Davis
 State of Minnesota
 License No. 12427

Robert J. Davis
 Licensed Architect
 12427

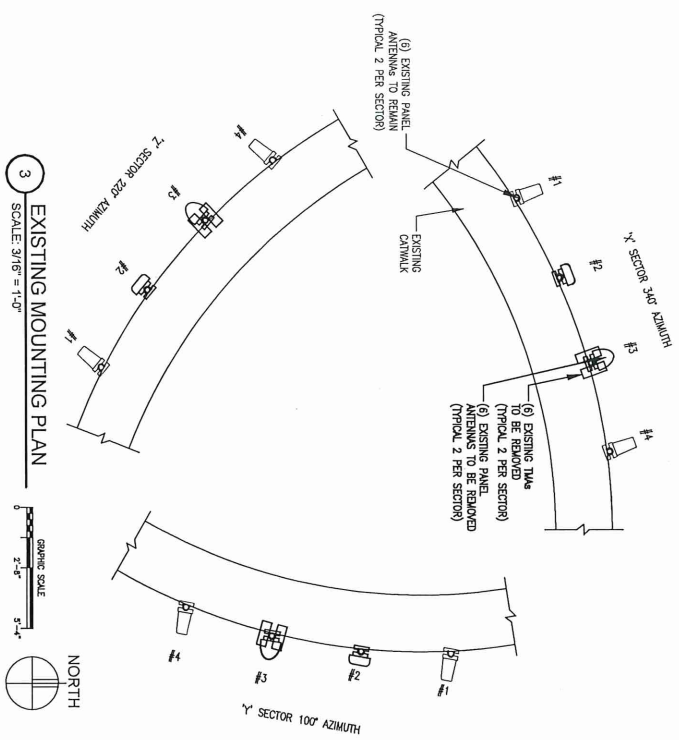
1. I hereby certify that this plan, prepared by me or under my direct supervision and that I am a duly licensed architect in the State of Minnesota.

ROBERT J. DAVIS, Reg. No. 12427

SYMBOL	QTY.	DESCRIPTION
⊗	6	REMAIN 1-5/8" COAX
⊘	12	REMOVE 1-5/8" COAX
⊙	3	PROPOSED HYBRID CABLE



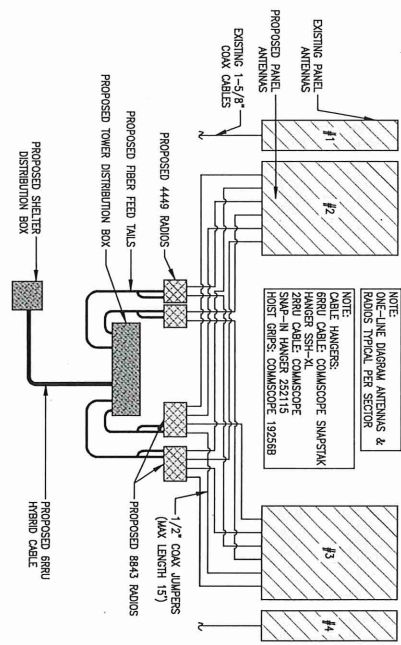
1 COAX LAYOUT PLAN
SCALE: NTS



3 EXISTING MOUNTING PLAN
SCALE: 3/16" = 1'-0"

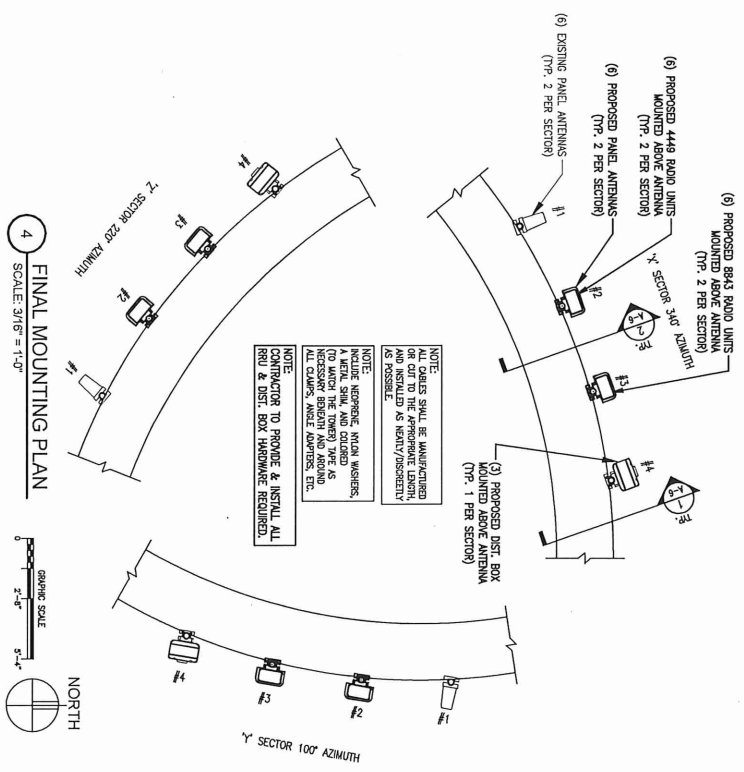


2 ONE-LINE DIAGRAM
SCALE: NTS

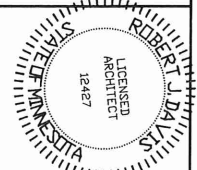


NOTE: SEE MOUNTING ANTENNAS & BRACKETS TYPICAL PER SECTOR.

NOTE: HANGERS: 6RRI CABLE COMPOSITE SWAGSTAK HANGER SSP-4L 2RRI CABLE COMPOSITE SWAG-N HANGER 2S2T15 1SRI CABLE COMPOSITE 1S2S15



4 FINAL MOUNTING PLAN
SCALE: 3/16" = 1'-0"



I hereby certify that this plan, prepared by me or under my direct supervision, complies with the requirements of the State of Minnesota, and I am a duly Licensed Architect under the laws of the State of Minnesota. Robert J. Davis, Reg. No. 12447

Signature: *Robert J. Davis*
Date: 01-24-18



9273 WALKER AVE. N.W. RO. 200
BLOOMINGTON, MN 55424
(952) 802-8288 FAX 952-804-4444
WWW.DESIGNAERP.COM



PROJECT
20181754002
LOC. CODE # 25010-4

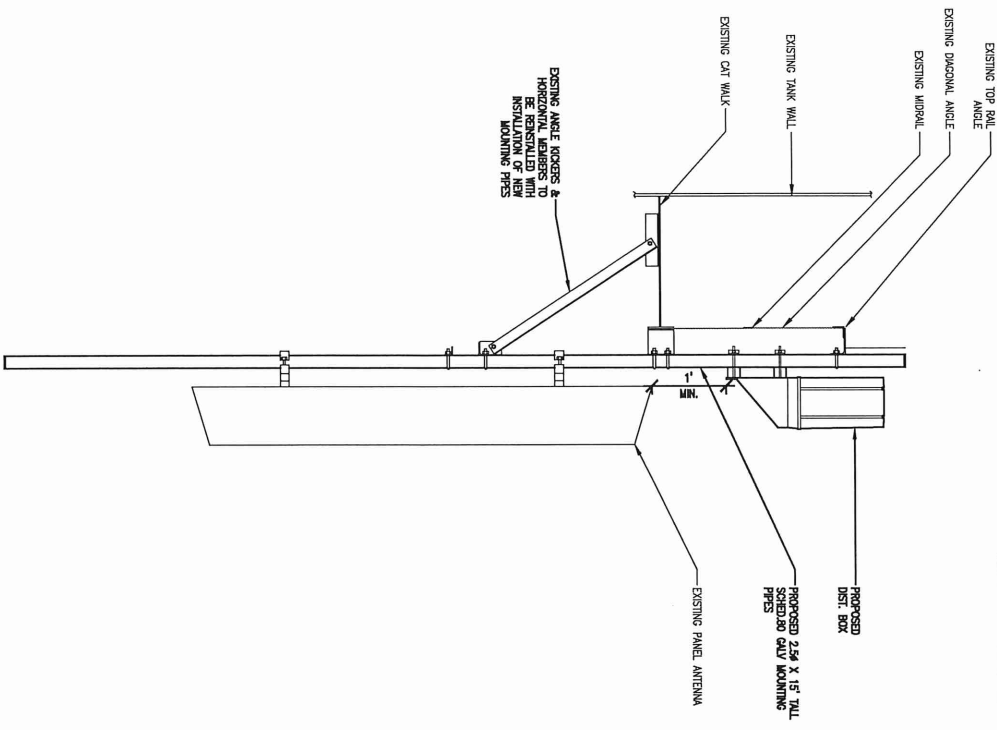
MNO3
POKEGAMA
AWS

1007 SE 1ST AVE., SUITE B
GRAND RAPIDS, MN 55714

SHEET CONTENTS:
ANTENNA MOUNTING DETAIL
ONE-LINE DIAGRAM
COAX LAYOUT PLAN

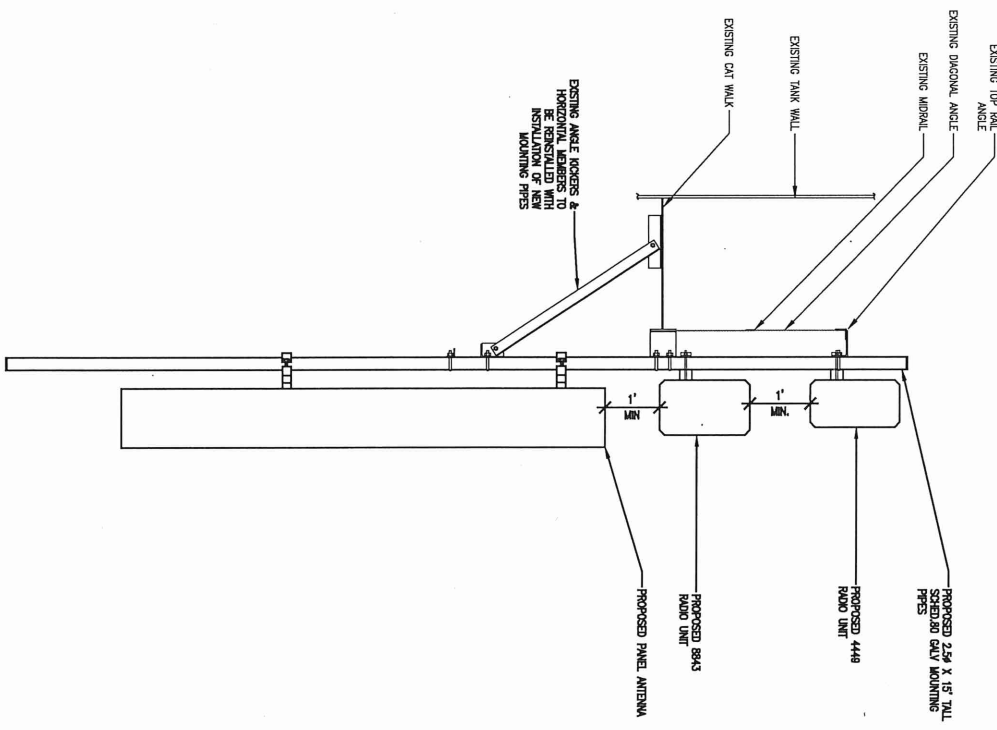
DRAWN BY:	MLVTRD
DATE:	03-28-18
CHECKED BY:	KNW
REV. 0	07-23-15
REV. 1	05-14-18
REV. 2	05-14-18
REV. 3	08-24-18
REV. 4	08-24-18
REV. 5	01-24-18

A-5



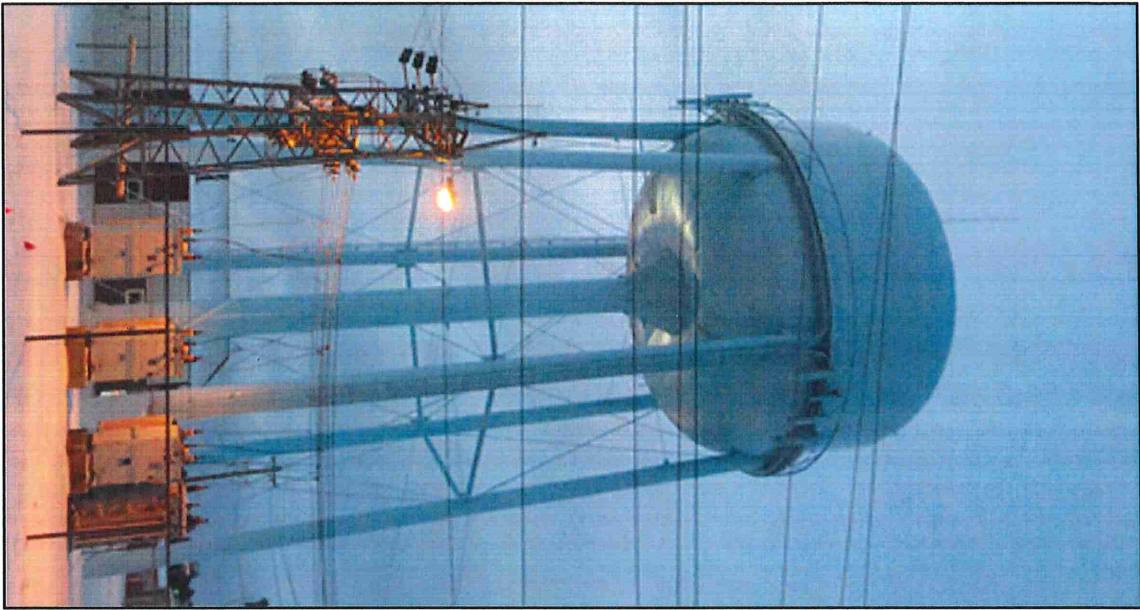
NOTE:
NO RELIANCE ON THE TOWER MIDRAIL FROM INSTANT CROSSSECTION SHALL BE TAKEN THEREAS.

1 ANTENNA/EQUIPMENT MOUNTING SECTION
SCALE: 1/2" = 1'-0"

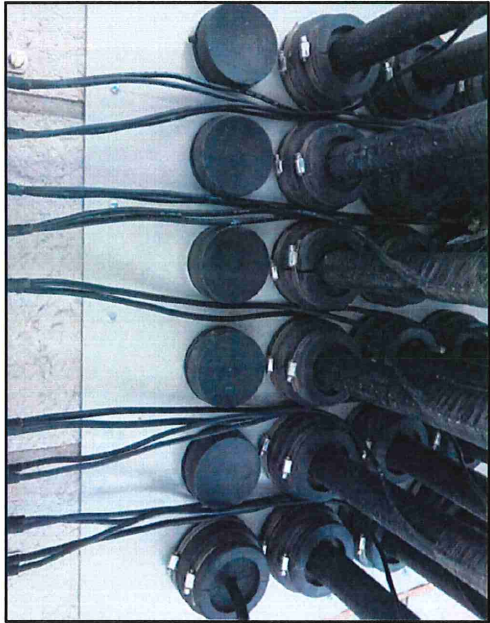


2 ANTENNA/EQUIPMENT MOUNTING SECTION
SCALE: 1/2" = 1'-0"

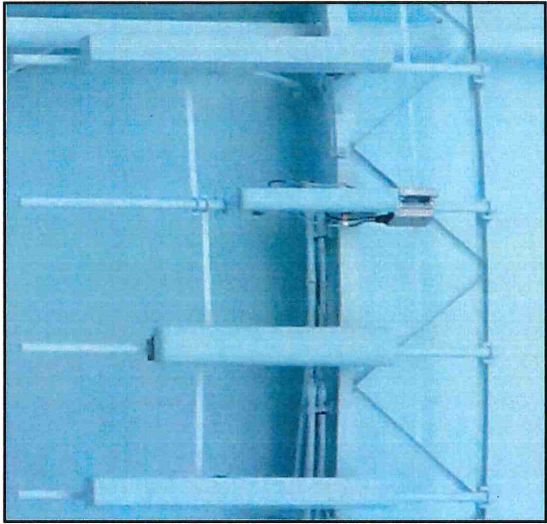
	1. I hereby certify that the design, specification or contract documents prepared by me or under my direct supervision and seal, in accordance with the laws of the State of Minnesota, do not constitute a violation of the provisions of the Minnesota Professional Engineers Act, Chapter 323B, Minnesota Statutes, 1992.
	Signature: <i>Robert J. Davis</i> Date: 01-24-18
DESIGN 1 6213 VALLEY VIEW RD 55237 FARMERSVILLE, MN 55434 (652) 923-9299 WWW.DESIGN1ENR.COM	PROJECT 20181754002 LOC. CODE # 253014
Verizon 1091 BISH LANE ROAD BLOOMINGTON, MN 55448 (612) 726-8377	MIN03 POKEGAMA AWS
1007 SE 1ST AVE., SUITE B GRAND RAPIDS, MN 55714 SHEET CONTENTS: ANTENNA MOUNTING SECTIONS	
DRAWN BY: MLVTRD DATE: 03-28-18 CHECKED BY: KMW REV. 0: 07-23-15 REV. 1: 05-14-18 REV. 2: 05-14-18 REV. 3: 08-24-18 REV. 4: 08-24-18 REV. 5: 01-24-18	
A-6	



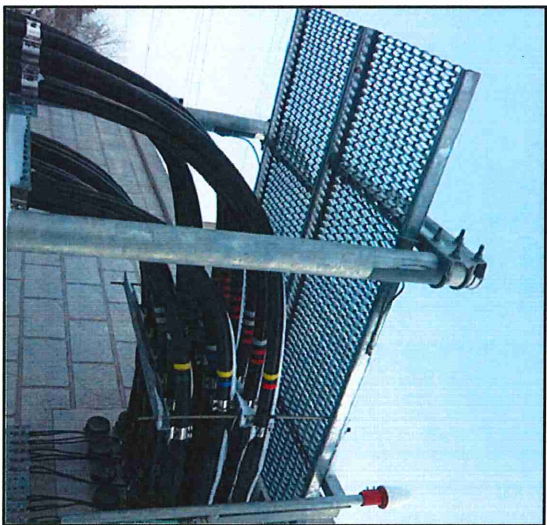
1 OVERALL TOWER PHOTO



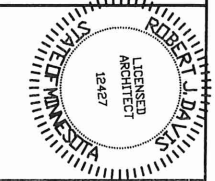
2 COAX ENTRY PHOTO



4 ANTENNA MOUNT PHOTO



3 CABLE BRIDGE PHOTO



I hereby certify that the plans prepared by me or under my direct supervision and that I am a duly Licensed Architect in and under the laws of the State of Minnesota.
 ROBERT J. DAVYS, Reg. No. 12427

Robert J. Davys
 Signature
 Date: 01-24-19



9873 VALLEY VIEW RD.
 SUITE 200
 BLOOMINGTON, MN 55434
 (952) 853-0288
 WWW.DESIGNER1.COM



1891 BISHOP LAKE ROAD
 BLOOMINGTON, MN 55438
 (952) 790-8377

PROJECT
 20181754002
 LOC. CODE # 255014

MN03
 POKEGAMA
 AWS

1007 SE 1ST AVE., SUITE B
 GRAND RAPIDS, MN 55744
 SHEET CONTENTS:
 MISC. PHOTOS

DRAWN BY:	MLVTRD
DATE:	03-28-18
CHECKED BY:	KMM
REV. 0	07-28-18
REV. 1	05-14-18
REV. 2	05-14-18
REV. 3	08-22-18
REV. 4	08-22-18
REV. 5	01-24-19

A-7

GENERAL CONDITIONS

- 00 001 PERMITS
CONSTRUCTION PERMIT SHALL BE ACQUIRED BY OR IN THE NAME OF VERZON WISCONSIN. THE PERMIT SHALL BE OBTAINED BY THE OWNER. OTHER PERMITS SHALL BE OBTAINED BY THE CONTRACTOR.
- 00 002 SURVEY FEES
SURVEY SHALL BE FURNISHED BY THE ARCHITECT. LATENT SURVEY SHALL BE COORDINATED WITH THE SURVEYOR FOR RECORDS FOR QUOTE-1 (RQ1).
- 01 0010 INSURANCE & BONDS
CONTRACTOR IS TO FURNISH INSURANCE CERTIFICATES FOR THEMSELVES AND SUBCONTRACTORS. CONTRACTOR WILL PROVIDE ANY REQUIRED BONDING. CONTRACTOR AGREES TO MAINTAIN THE POLICY FOR (1) ONE YEAR AFTER COMPLETION.
- 01 0400 SUPERVISION & COORDINATION
CONTRACTOR SHALL PROVIDE SUPERVISION THROUGHOUT THE PROJECT. CONTRACTOR SHALL BE RESPONSIBLE FOR THE PROTECTION AND DEFENSE & INSTALLATION OF OWNER-FURNISHED ITEMS. CONTRACTOR'S RESPONSIBILITIES INCLUDE ARRANGING & CONDUCTING OF UNDERGROUND UTILITIES LOCATES. CONTRACTOR SHALL COMPLY WITH MUNICIPAL, COUNTY, STATE AND/OR FEDERAL CODES, INCLUDING OSHA & MSHA.
- 01 3000 TESTING
CONTRACTOR IS RESPONSIBLE FOR PROVIDING AGENCIES WITH SUFFICIENT NOTICE TO ARRANGE FOR TEST SAMPLES (I.E. CONCRETE COLUMNS), AND FOR SPECIAL INSPECTIONS.
- 01 3200 MEETINGS
THE CONTRACTOR SHALL MAKE THEMSELVES AWARE OF, AND ATTEND, MEETINGS WITH THE OWNER AND/OR ARCHITECT. CONTRACTOR IS TO ATTEND A PRE-CONSTRUCTION MEETING OF ALL PARTIES INVOLVED, PRIOR TO THE START OF CONSTRUCTION.
- 01 5100 TEMPORARY UTILITIES
CONTRACTOR SHALL MAINTAIN THE JOB SITE IN A CLEAN AND ORDERLY MANNER. PROVIDING TEMPORARY SANITARY FACILITIES, WASTE DISPOSAL, AND SECURITY (FENCE AREA OR TRAFFIC MODULE).
- 01 5300 EQUIPMENT RENTAL
CONTRACTOR SHALL FURNISH EQUIPMENT NECESSARY TO EXECUTE WORK.
- 01 5900 FIELD OFFICES & SHEDS
CONTRACTOR SHALL PROVIDE SECURITY (FENCE AREA OR TRAFFIC MODULE) FOR TOOLS AND MATERIALS THAT REMAIN OVERNIGHT ON SITE.
- 01 7000 CLEAN UP & CLOSE OUT
CONTRACTOR SHALL CLEAN UP THE SITE TO THE SATISFACTION OF OWNER. CONTRACTOR SHALL COMPLETE THE ITEMS LISTED ON THE OWNER'S PUNCH LIST AND SHALL SWEET AND RETURN THE LIST TO WHICH BUSINESS SHALL BE GIVEN IN EDD NICK. A FULL SET OF DETAILED DRAWINGS (AS-BUILTS) ARE TO BE OPENED IN EDD ARCHITECT AT JOB COMPLETION AND SHOWN "CONSTRUCTION WORK COMPLETE MEMO" TO CONSTRUCTION ENGINEER.
- 01 8000 TRAFFIC & INTERSECTIONS
CONTRACTOR SHALL PROVIDE TRANSPORTATION FOR THEIR OWN PERSONNEL.
- 01 8300 TRAVEL TIME & PER DIEM
CONTRACTOR SHALL PROVIDE TRAVEL AND BOARD FOR THEIR OWN PERSONNEL, AND RESPONSIBLE TIME FOR TRAVELING TO & FROM JOB SITE.
- 01 9200 TAXES
CONTRACTOR SHALL PAY SALES AND/OR USE TAX ON MATERIALS AND TAXABLE SERVICES.

- 09 9000 PAINTING
- 1.01 SUMMARY
A. Section includes painting and painting repair work associated with the installation of entrance, egress cables and other common components with direct attachment to wall and ceiling.
- 1.02 REFERENCES
A. Society for Protective Coatings (SSPC): www.sspc.org
1. Volume 1: Good Painting Practice
2. Volume 2: Systems and Specifications
- 1.03 SUBMITTALS
A. Product Data: Submit data sheet for each coating system.
- PART 2 PRODUCTS
2.01 MATERIALS
A. Manufacturer:
1. Sherwin Williams Company www.sherwin-williams.com
2. Tnemec Company www.tnemec.com
3. X-1-M Products www.x1mproducts.com
- PART 3 EXECUTION
3.01 EXAMINATION
A. Visually evaluate surface preparation by comparison with pictorial standards of SSPC-SP-1-09.
- 3.02 PREPARATION
A. Remove all surface contaminants in accordance with SSPC-SP-1-09.
B. Clean and remove all rust, slag, weld spatter, weld scale, mill scale, and loose paint.
C. Protect areas adjacent to welding & or grinding operations to prevent damage of surrounding intact paint system.
D. Remove Weld: SSPC-SP6 Commercial Blast Cleaning
- E. Demolished Steel: SSPC-SP7 Blast Off Blast
F. Abrasive Coats, Ground Cable, Non-metallic Substrates and Previously Painted Surfaces: Security to degree: SSPC-SP11 with a non-hydrocarbon solvent.
G. Surface profile shall be in accordance with manufacturer's product recommendation.
- H. Re-level all surfaces:
1. Where leveling has occurred.
2. That do not meet the requirements of these specifications.
- 3.03 APPLICATION
A. Coatings shall be applied in accordance with manufacturer's printed recommendations.
B. Surfaces to be coated shall be clean, dry, and free of oiling, dirt and contaminants at the time of application and while film is forming.
C. Finish coat shall be uniform in color and sheen without streaks, tips, runs, sags or missed areas.
D. Shop Priming: Top-coat (2-1/2 inch minimum) surfaces that will be in the Hot-Affected-Zone during field welding.
E. Component Priming:
1. Interior Exposed Ferrous Metal and Galvanized Steel:
a. Product: Sherwin Williams Macropoxy 646 or Tnemec Series 161
1) Number of Coats: 2

- 2) Dry Film Thickness: 4.0-6.0 mils (per coat)
- 3) Color: By City
- 2. Exterior Exposed Ferrous Metal and Galvanized Steel:
a. Product: Sherwin Williams Macropoxy 646 or Tnemec Series 161 or N89
1) Number of Coats: 1
2) Dry Film Thickness: 4.0-6.0 mils
3) Color: By City
b. Finish: Sherwin Williams Acodon 218 or Tnemec Series 10740/10750
1) Number of Coats: 1
2) Dry Film Thickness: 2.0-3.0 mils
3) Color: By City
c. Primer: Sherwin Williams Pre-Coat Primer
1) Number of Coats: 1
2) Dry Film Thickness: 2.0-4.0 mils
3) Color: By City
d. Primer: Sherwin Williams Sher-Coat HPA
1) Number of Coats: 1
2) Dry Film Thickness: 2.5-4.0 mils
3) Color: By City
4. Ground Cable
a. Primer: X-1-M 1138
1) Number of Coats: 1
2) Dry Film Thickness: 2.0-3.0 mils
b. Finish: Sherwin Williams Sher-Coat HPA
1) Number of Coats: 1
2) Dry Film Thickness: 2.5-4.0 mils
3) Color: By City
- 3.04 REPAIR OF AREAS DAMAGED BY WELDING
A. Prepare the damage by one of the two following methods as directed by the Engineer:
1. Machine-to-blast to SSPC-SP8.
2. Mechanically clean to SSPC-SP-11.
B. Feather edges to provide smooth coating transition.
C. Apply primer coat to bare metal surfaces.
D. Mask off rectangular area around prime coat.
F. Apply finish coat.
- 3.05 QUALITY CONTROL
A. Measure dry film thickness with a magnetic film thickness gage in accordance with SSPC-PA2
B. Visually inspect dried film for runs, sags, dry spray, overspray, embedded particles and missed areas.
C. Repair defective or damaged areas in accordance with Articles 3.02 and 3.03.

- AND SEC. 11: INSPECTION TESTING.
- 2. ALL WELDING MATERIALS SHALL BE IN ACCORDANCE WITH AWWA D100 SEC. 2 MATERIALS.
- 3. ALL ANCHORAGE SHALL BE IN ACCORDANCE WITH AWWA D100 SEC. 3.2: ANCHORAGE.
- 4. ALL WELDS TO THE TANK SURFACE SHALL BE MADE WITH E7018 LOW HYDROGEN ROD AND SHALL BE SMOOTH AND FREE OF BURRS AND UNDERCUTS. REPAIRS TO ALL WELDS SHALL BE REPAIRED AS REQUIRED TO MEET AWWA D100 REQUIREMENTS.
- 5. NO WELDING SHALL BE DONE WHEN THE AMBIENT TEMPERATURE IS BELOW 32 ARE FOLLOWED.
- 6. NO WELDING OVER COATED STEEL SURFACES. THE CONTRACTOR IS RESPONSIBLE FOR REPAIRING ALL COATINGS BEFORE WELDING. ALL WELDS THAT DO NOT MEET WELDING ARE TO BE REPAIRED BEFORE ANY WELDING IS STARTED.
- 7. THE CONTRACTOR SHALL NOTIFY THE SPECIAL INSPECTOR WITH THE START OF PROCEDURES QUALIFICATION AND WELDERS CERTIFICATE PRIOR TO THE START OF ANY WELDING.
- 8. WELDING TO THE TANK OR ACCESS TUBE OPPOSITE THE WATER LEVEL IS NOT PERMITTED. THE WATER LEVEL SHALL BE DRAINED DOWN TO A LEVEL TWO FEET BELOW THE PAINT OF WELDING.
- 9. WELDING MAY CAUSE BLESTING OF THE INTERIOR PAINT OPPOSITE TO THE WELD. UNPAINTED SURFACES SHOULD BE TOUCHED UP WHEN THE TANK IS TAKEN OUT OF SERVICE FOR ITS ANNUAL INSPECTION. EXTERIOR PAINT DAMAGE SHALL BE REPAIRED AFTER COMPLETION OF THE AMBIENT INSTALLATION, AND SHALL BE COMPAIRED WITH THE EXISTING PAINT SYSTEM.
- 10. GUARDED COMPONENTS SHALL NOT BE WELDED DIRECTLY TO THE TANK SURFACE. OTHER GUARDED SURFACES SHALL BE PROUDLY FREE OF GALVANIZING BEFORE WELDING.
- 11. TUBULAR COLUMNS ARE HERMETICALLY SEALED AND MUST NOT BE BREACHED (PUNCTURED) UNDER ANY CIRCUMSTANCES.
- 12. NO WELDING OVER COATED STEEL SURFACES. THE CONTRACTOR IS RESPONSIBLE TO REPAIRED ALL COATINGS BEFORE WELDING. ALL AREAS THAT REQUIRE WELDING ARE TO BE REPAIRED BLASTED BEFORE ANY WELDING IS STARTED.
- 13. NO OVERLAP OR REPAIR WELDING (TWO WELDING) SHALL BE ALLOWED UNLESS APPROVED BY THE CITY.

GENERAL CONDITIONS

1. ALL WELDING SHALL BE IN ACCORDANCE WITH AWWA D100 SEC. 8: WELDING.

GENERAL NOTES

1. ALL WELDING SHALL BE IN ACCORDANCE WITH AWWA D100 SEC. 8: WELDING.

PROJECT

201817544002

LOC CODE # 238014

MIN03

POKEGAMA

AWMS

DESIGN

897 VALLEY VIEW RD.

DESIGN CENTER

WISCONSIN

WWW.DESIGNCENTER.COM

verizon

1400 RESERVE ROAD

ELCINGO, WI 53120

(815) 724-8477

ROBERT J. DAVIS

ARCHITECT

12427

DRAWN BY: MLY/VRD

DATE: 03-26-18

CHECKED BY: KMM

REV. 1: 05-14-18

REV. 2: 05-14-18

REV. 3: 08-24-18

REV. 4: 09-27-18

REV. 5: 01-24-19

PROJECT

201817544002

LOC CODE # 238014

MIN03

POKEGAMA

AWMS

DESIGN

897 VALLEY VIEW RD.

DESIGN CENTER

WISCONSIN

WWW.DESIGNCENTER.COM

GENERAL CONDITIONS

1. ALL WELDING SHALL BE IN ACCORDANCE WITH AWWA D100 SEC. 8: WELDING.

GENERAL NOTES

1. ALL WELDING SHALL BE IN ACCORDANCE WITH AWWA D100 SEC. 8: WELDING.

PROJECT

201817544002

LOC CODE # 238014

MIN03

POKEGAMA

AWMS

DESIGN

897 VALLEY VIEW RD.

DESIGN CENTER

WISCONSIN

WWW.DESIGNCENTER.COM

verizon

1400 RESERVE ROAD

ELCINGO, WI 53120

(815) 724-8477

ROBERT J. DAVIS

ARCHITECT

12427

DRAWN BY: MLY/VRD

DATE: 03-26-18

CHECKED BY: KMM

REV. 1: 05-14-18

REV. 2: 05-14-18

REV. 3: 08-24-18

REV. 4: 09-27-18

REV. 5: 01-24-19

PROJECT

201817544002

LOC CODE # 238014

MIN03

POKEGAMA

AWMS

DESIGN

897 VALLEY VIEW RD.

DESIGN CENTER

WISCONSIN

WWW.DESIGNCENTER.COM

A-8

344

EXHIBIT "D"
INTENTIONALLY DELETED

Exhibit E
Performance Bond

[See Attached]

TOWER / STRUCTURE / ANTENNA/ EQUIPMENT REMOVAL BOND

Bond #107334802

Site Name: MN03 Pokegama
Site Location: See 3204 East River Road, Medora, ND 58645
Verizon Project #: Expense
Verizon Tower Location Code: 253014

KNOW ALL MEN BY THESE PRESENTS, THAT, Rural Cellular Corporation dba Verizon Wireless, One Verizon Way, Basking Ridge, NJ, 07920, as Principal, and Travelers Casualty and Surety Company of America a corporation duly organized under the laws of the State of Connecticut, as Surety, are held and firmly bound unto Grand Rapids Public Utilities Commission PO Box 658 – 500 SE 4th Street, Grand Rapids, MN 55744, as Obligee, in the sum of Thirty Thousand and 00/100 (\$30,000.00) lawful money of the United States, for the payment of which, well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents, the liability of the Surety being limited to the penal sum of this bond regardless of the number of years the bond is in effect.

WHEREAS the Principal has entered into a written agreement with the property owner for the placement of a tower(s), structure(s), antenna(s), and/or equipment furnishing telephone, television or other electronic media service, which agreement sets forth the terms and conditions which govern the use of such tower(s), structure(s), antenna(s), and/or equipment and which agreement is hereby specifically referred to and made part hereof, and

WHEREAS, the Obligee requires the submission of a bond guaranteeing the maintenance, replacement, removal or relocation of said tower(s), structure(s), antenna(s), and/or equipment.

NOW THEREFORE, the condition of this obligation is such, that if the above bounden Principal shall perform in accordance with the aforesaid ordinance and/or agreement, and indemnify the Obligee against all loss caused by Principal's breach of any ordinance or agreement relating to maintenance, replacement, removal or relocation of a tower(s), structure(s), antenna(s), and/or equipment, then this obligation shall be void, otherwise to remain in full force and effect unless cancelled as set forth below.

THIS BOND may be cancelled by Surety by giving thirty (30) days written notice to the Obligee by certified mail. Such cancellation shall not affect any liability the Surety may have or incurred under this bond prior to the effective date of the termination. Provided that no action, suit or proceeding shall be maintained against the Surety on this bond unless action is brought within twelve (12) months of the cancellation date of this bond.

THIS BOND signed, sealed, dated on the 3rd day of June, 2022. This bond is effective the 3rd day of June, 2022.

Rural Cellular Corporation dba Verizon Wireless
Principal

By: _____

Travelers Casualty and Surety Company of America
Surety

By: Brittany D. Stuckel
Brittany D. Stuckel, Attorney-In-Fact



Travelers Casualty and Surety Company of America
Travelers Casualty and Surety Company
St. Paul Fire and Marine Insurance Company

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That Travelers Casualty and Surety Company of America, Travelers Casualty and Surety Company, and St. Paul Fire and Marine Insurance Company are corporations duly organized under the laws of the State of Connecticut (herein collectively called the "Companies"), and that the Companies do hereby make, constitute and appoint Brittany D. Stuckel of St. Louis, Missouri, their true and lawful Attorney(s)-in-Fact to sign, execute, seal and acknowledge any and all bonds, recognizances, conditional undertakings and other writings obligatory in the nature thereof on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

IN WITNESS WHEREOF, the Companies have caused this instrument to be signed, and their corporate seals to be hereto affixed, this 21st day of April, 2021.



State of Connecticut

By: *Robert L. Raney*
Robert L. Raney, Senior Vice President

City of Hartford ss.

On this the 21st day of April, 2021, before me personally appeared Robert L. Raney, who acknowledged himself to be the Senior Vice President of each of the Companies, and that he, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing on behalf of said Companies by himself as a duly authorized officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My Commission expires the 30th day of June, 2026



Anna P. Nowik
Anna P. Nowik, Notary Public

This Power of Attorney is granted under and by the authority of the following resolutions adopted by the Boards of Directors of each of the Companies, which resolutions are now in full force and effect, reading as follows:

RESOLVED, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary may appoint Attorneys-in-Fact and Agents to act for and on behalf of the Company and may give such appointee such authority as his or her certificate of authority may prescribe to sign with the Company's name and seal with the Company's seal bonds, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking, and any of said officers or the Board of Directors at any time may remove any such appointee and revoke the power given him or her; and it is

FURTHER RESOLVED, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President may delegate all or any part of the foregoing authority to one or more officers or employees of this Company, provided that each such delegation is in writing and a copy thereof is filed in the office of the Secretary; and it is

FURTHER RESOLVED, that any bond, recognizance, contract of indemnity, or writing obligatory in the nature of a bond, recognizance, or conditional undertaking shall be valid and binding upon the Company when (a) signed by the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary and duly attested and sealed with the Company's seal by a Secretary or Assistant Secretary; or (b) duly executed (under seal, if required) by one or more Attorneys-in-Fact and Agents pursuant to the power prescribed in his or her certificate or their certificates of authority or by one or more Company officers pursuant to a written delegation of authority; and it is

FURTHER RESOLVED, that the signature of each of the following officers: President, any Executive Vice President, any Senior Vice President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary, and the seal of the Company may be affixed by facsimile to any Power of Attorney or to any certificate relating thereto appointing Resident Vice Presidents, Resident Assistant Secretaries or Attorneys-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such Power of Attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding on the Company in the future with respect to any bond or understanding to which it is attached.

I, Kevin E. Hughes, the undersigned, Assistant Secretary of each of the Companies, do hereby certify that the above and foregoing is a true and correct copy of the Power of Attorney executed by said Companies, which remains in full force and effect.

Dated this 3rd day of June, 2022.



Kevin E. Hughes
Kevin E. Hughes, Assistant Secretary

To verify the authenticity of this Power of Attorney, please call us at 1-800-421-3880.
Please refer to the above-named Attorney(s)-in-Fact and the details of the bond to which this Power of Attorney is attached.

Exhibit F

Amended Memorandum of Lease

This Instrument Was Prepared By
and When Recorded Mail to:
Patrick C. Pope, Esq.
Baker Donelson, Bearman, Caldwell & Berkowitz, PC
1600 West End Ave., Suite 2000
Nashville, Tennessee 37203

**MEMORANDUM OF REPLACEMENT
WATER TOWER ANTENNA LEASE AGREEMENT**

This Memorandum of Replacement Water Tower Antenna Lease Agreement (“**Memorandum**”) is entered into this ____ day of _____, 20____, by and between **Grand Rapids Public Utilities Commission**, a Minnesota Municipal Corporation, with a mailing address of 500 Southeast Fourth Street, Grand Rapids, Minnesota 55744 (“**LESSOR**”) and **Rural Cellular Corporation d/b/a Verizon Wireless**, with its principal office located at One Verizon Way, Mail Stop 4AW100, Basking Ridge, New Jersey 07920 (“**LESSEE**”). The LESSOR and LESSEE are at times collectively referred to hereinafter as the “**Parties**” or individually as the “**Party**”.

WHEREAS, LESSOR is the fee owner of a parcel of property located at 1007 Southeast First Avenue, Grand Rapids, Minnesota (the “**Property**”) described in Attachment 1 to the Original Memorandum (hereinafter defined), and as similarly reflected in **Attachment 1-A** hereto; and

WHEREAS, LESSOR leased a portion of the Property and certain rights of access and for placement of utilities (the “**Premises**”) to LESSEE pursuant to the Lease for Communications Facility and Limited Use of Water Tower dated May 9, 2012, as may have been amended (the “**Previous Agreement**”), memorialized by the Memorandum of Agreement dated May 9, 2012 (the “**Original Memorandum**”), recorded as Instrument No. A000664602, in the Office of the Recorder of Itasca County, Minnesota; and

WHEREAS, the Parties entered into a Replacement Water Tower Antenna Lease Agreement of even date herewith (the “**New Agreement**”), which, among other things, extends the Term of the Original Agreement, and therefore, LESSOR and LESSEE wish to amend the Original Memorandum to reflect the modifications.

NOW, THEREFORE, for and in consideration of the covenants and promises of the parties set forth herein and in the Agreement and the Amendment, and for other good and valuable consideration, the receipt, adequacy and sufficiency of which are expressly acknowledged by the parties, LESSOR and LESSEE agree and acknowledge for themselves and their respective successors and assigns, as follows:

1. The New Agreement has a term of five (5) years, which may be extended for one (1) additional five (5) year term.

2. This Memorandum contains only selected provisions of the New Agreement, and reference is made to the full text of the New Agreement, for the full terms and conditions. This Memorandum shall not, in any way, amend or supersede the terms and conditions of the New Agreement.

[Signature Pages Follow]

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

LESSOR:

Grand Rapids Public Utilities Commission

By: _____

Printed Name: _____

Title: _____

By: _____

Printed Name: _____

Title: _____

LESSEE:

**Rural Cellular Corporation
d/b/a Verizon Wireless**

By: _____

Printed Name: _____

Title: _____

STATE OF _____)
COUNTY OF _____)

Before me, the undersigned officer, personally appeared _____, with whom I am personally acquainted (or whose identity was proven to me on the basis of satisfactory evidence), who acknowledged himself/herself to be the _____ of **Grand Rapids Public Utilities Commission**, and affirmed that, being duly authorized, he/she executed the foregoing instrument on behalf of **Grand Rapids Public Utilities Commission** for the purposes therein contained.

Witness my hand and seal, this _____ day of _____, 20__.

NOTARY PUBLIC

Printed Name: _____

My Commission Expires:

[SEAL]

STATE OF _____)
COUNTY OF _____)

Before me, the undersigned officer, personally appeared _____, with whom I am personally acquainted (or whose identity was proven to me on the basis of satisfactory evidence), who acknowledged himself/herself to be the _____ of **Grand Rapids Public Utilities Commission**, and affirmed that, being duly authorized, he/she executed the foregoing instrument on behalf of **Grand Rapids Public Utilities Commission** for the purposes therein contained.

Witness my hand and seal, this _____ day of _____, 20__.

NOTARY PUBLIC

Printed Name: _____

My Commission Expires:

[SEAL]

STATE OF _____)
COUNTY OF _____)

Before me, the undersigned officer, personally appeared _____, with whom I am personally acquainted (or whose identity was proven to me on the basis of satisfactory evidence), who acknowledged himself/herself to be the _____ of **Rural Cellular Corporation d/b/a Verizon Wireless**, and affirmed that, being duly authorized, he/she executed the foregoing instrument on behalf of **Rural Cellular Corporation d/b/a Verizon Wireless** for the purposes therein contained.

Witness my hand and seal this ____ day of _____, 20__.

NOTARY PUBLIC

Printed Name: _____

My Commission Expires:

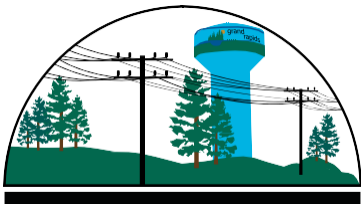
[SEAL]

EXHIBIT 1-A

LEGAL DESCRIPTION OF LESSOR'S PROPERTY:

Lots Ten (10), Eleven (11) and Twelve (12), Block Three (3), Crowder Addition to Grand Rapids according to the plat thereof on file and of record in the office of the Register of Deeds of said County and State.

AND BEING the same conveyed in the Deed recorded at A000258868 in the Register of Deeds office of Itasca County, Minnesota.



**GRAND RAPIDS
PUBLIC UTILITIES**

Service is Our Nature

500 SE Fourth Street • Grand Rapids, Minnesota 55744

SAFETY REPORT June 2022 Commission Meeting

Safety Topic Last Month

Bucket truck and pole top rescue training was conducted on May 18 with Dave Lundberg of MMUA. All GRPU on-call employees attended this training. Additionally, we provide this training to GRPW employees.

Safety Topic This Month

Dave Lundberg of MMUA will be here in June to conduct field crew observations.

Accidents Reported last Month by Department

Administration: None Electric: None
Business Services: None Water-Wastewater: None

Cumulative Accidents for 2022

Recordable Accidents	0
Lost Time Days 2022	0
Restricted Days 2022	0
First Aid Only (not recordable)	0
Total FROI	0

Recordable Accident 5-year History

	2018	2019	2020	2021	2022
ADMIN	0	0	0	0	0
BUS SVCS	1	4	0	0	0
ELEC	1	1	0	0	0
W-WW	3	5	3	1	0
TOTAL	5	10	3	1	0