City Council Meeting Agenda

July 21, 2026 at 5:30 PM

St. James City Hall – Council Chambers

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1. **CALL TO ORDER**
2. **ROLL CALL:** Mayor Christopher Whitehead, Councilpersons: Susan Craig, Kathleen Hanson, Paul Harris, Stephen Lindee, Mary Shupe
3. **DETERMINATION OF QUORUM**
4. **APPROVAL OF MINUTES**
   - A. Consideration to Approve Minutes - 07.07.2026 Work Session
   - B. Consideration to Approve Minutes – 07.07.2026 Council Meeting
5. **CONSENT ITEMS**
   - A. Payment of Claims and ACH Payments
6. **SCHEDULED BID LETTING**
7. **SCHEDULED PUBLIC HEARINGS**
8. **ADMINISTRATIVE APPEALS**
9. **FINANCIAL REPORTS**
10. **LICENSES AND PERMITS**
11. **OLD BUSINESS**
12. **NEW BUSINESS**
    - A. Consideration to Approve Resolution 07.26.09 - Accepting the 2025 Annual Financial Audit
    - B. Consideration to Approve Resolution 07.26.10 - Granting Signage Approval Relating to 600 1st Avenue South
    - C. Consideration to Approve Resolution 07.26.11 - Approving Missouri Basin Municipal Power Agency Sale Agreement (S-1)
    - D. Consideration to Approve Purchase Request - Light Department Fleet Vehicle
    - E. Consideration to Approve First Reading of Proposed Ordinance No. 037, 4th Series - Rezoning Property from I-2, General Industrial, to B-2, Service Business District
    - F. Consideration to Approve First Reading of Proposed Ordinance No. 038, 4th Series - Rezoning Property from B-2, Service Business District, to I-2, General Industrial
13. **REPORT OF BOARDS, COMMISSIONS AND DEPARTMENT HEADS**
14. **ADJOURNMENT**

July 21, 2026

ITEM: Approval of Minutes – 07.07.2026 Council Work Session Minutes

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BACKGROUND: The Minutes of July 7, 2026, City Council Work Session are attached for review and approval.

STAFF RECOMMENDATION: Approve/Deny Minutes.

City Council Work Session Minutes

July 7, 2026 at 4:30 PM

St. James City Hall – Council Chambers

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1. CALL TO ORDER

Meeting called to order at 4:35 p.m.

2. ROLL CALL: Mayor Christopher Whitehead, Councilpersons: Susan Craig, Kathleen Hanson, Paul Harris, Stephen Lindee, Mary Shupe

PRESENT: Mayor Christopher Whitehead, Councilpersons Sue Craig, Kathleen Hanson, Stephen Lindee, Mary Shupe

ABSENT:

STAFF PRESENT: City Manager Amanda Knoll, City Attorney Mike Kircher

3. DETERMINATION OF QUORUM

4. DISCUSSION ITEMS

A. The City Council voted to hold a work session on July 7, 2026, at 4:30 PM to discuss the Ad Hoc Working Group Report. Harris presented a draft regarding a potential city statement regarding Federal Immigration Enforcement. Discussion took place regarding whether a formal statement should be made, and if so when and where should it be posted. There was further discussion regarding the public statement made at the first council meeting in January that the mayor made. Discussion also took place about whether the city should enact a policy for the police department regarding interactions with federal, state, and outside agencies, which was favorable. Staff were directed to propose a policy at an upcoming city council meeting for review and action. There was also discussion regarding whether immigration resources should be posted on the city's website or if that information would be more appropriate on the County's website.

5. ADJOURNMENT

Meeting Adjourned

____

Amand Knoll, City Manager

July 21, 2026

ITEM: Approval of Minutes – 07.07.2026 Council Minutes

BACKGROUND: The Minutes of July 7, 2026, City Council Meeting are attached for review and approval.

STAFF RECOMMENDATION: Approve/Deny Minutes.

City Council Meeting Minutes

July 07, 2026 at 5:30 PM

St. James City Hall – Council Chambers

1. **CALL TO ORDER**

   Meeting called to order at 5:30 p.m.

2. **ROLL CALL:** Mayor Christopher Whitehead, Councilpersons: Susan Craig, Kathleen Hanson, Paul Harris, Stephen Lindee, Mary Shupe

   PRESENT: Mayor Christopher Whitehead, Councilpersons Sue Craig, Kathleen Hanson, Paul Harris, Stephen Lindee, Mary Shupe

   STAFF PRESENT: City Manager Amanda Knoll, City Clerk-Treasurer Kris Hurley, City Attorney Mike Kircher

3. **DETERMINATION OF QUORUM**

4. **APPROVAL OF MINUTES**

   A. Consideration to Approve Minutes – 06.16.2026 Council Meeting

   Motion made by Lindee, Seconded by Harris.
   Voting Yea: Hanson, Harris, Lindee, Shupe
   Voting Abstaining: Craig

   Upon voice vote, it was approved 4-0-1.

5. **CONSENT ITEMS**

   A. Payment of Claims and ACH Payments

   Payment of Claims totaling $1,009,419.80 is as follows: $643,430.45 Check No. 706704-706705, 706708-706802 and 706808-706809 and $365,989.35 ACH No. 2381 - 2395 as listed in the check register.

   Motion made by Harris, Seconded by Craig.
   Voting Yea: Craig, Hanson, Harris, Lindee, Shupe

   Upon voice vote, it was unanimously approved.

6. **SCHEDULED BID LETTING**

7. **SCHEDULED PUBLIC HEARINGS**

8. **ADMINISTRATIVE APPEALS**

9. **FINANCIAL REPORTS**

10. **LICENSES AND PERMITS**

11. **OLD BUSINESS**

A. Consideration to Approve Second Reading of Proposed Ordinance No. 036, 4th Series - Amending Chapter §30.04(B) to the St. James City Code Pertaining to Council Procedures at Regular Meetings

Ordinance No. 036, 4th Series - Amends Chapter §30.04(B) to the St. James City Code Pertaining to Council Procedures at Regular Meetings allowing for Pledge of Allegiance at council meetings.

Motion made by Harris, Seconded by Hanson. Upon hand vote the following voted:
Voting Yea: Craig, Hanson, Harris, Lindee, Shupe

Whereupon Mayor Christopher Whitehead declared Ordinance No. 036, 4th Series - Amending Chapter §30.04(B) to have received its second reading.

12. NEW BUSINESS

A. 2025 City of St. James Audit Presentation - Greg Burkhardt, Carlson SV

The City Auditor, Greg Burkhardt with Carlson SV presented the 2025 Financial Audit.

B. Consideration to Approve Resolution 07.26.01 - Approving Ordinance No. 036, 4th Series Amending Chapter §30.04(B) to the St. James City Code Pertaining to Council Procedures at Regular Meetings and Authorizing the Title and Summary for Publication

Resolution 07.26.01 - Approves Ordinance No. 036, 4th Series Amending Chapter §30.04(B) to the St. James City Code Pertaining to Council Procedures at Regular Meetings and Authorizing the Title and Summary for Publication

Motion made by Craig, Seconded by Hanson. Upon hand vote the following voted:
Voting Yea: Craig, Hanson, Harris, Lindee, Shupe

Whereupon Mayor Christopher Whitehead declared Resolution 07.26.01 duly passed 5-0.

C. Consideration to Approve Resolution 07.26.02 - Authorizing the Mayor and City Manager to Enter into the Dog Impound Transportation and Boarding Agreement with the City of Darfur

Resolution 07.26.02 - Authorizes the Mayor and City Manager to Enter into the Dog Impound Transportation and Boarding Agreement with the City of Darfur. The standing agreement with the City of Darfur has expired.

Motion made by Lindee, Seconded by Harris. Upon hand vote the following voted:
Voting Yea: Craig, Hanson, Harris, Lindee, Shupe

Whereupon Mayor Christopher Whitehead declared Resolution 07.26.02 duly passed 5-0.

D. Consideration to Approve Resolution 07.26.03 - Amending Resolution 09.25.04 Amending By-Laws of the St. James Firefighter's Relief Association

Resolution 07.26.03 - Amends Resolution 09.25.04 Amending By-Laws of the St. James Firefighter's Relief Association. The effective date of the original amendment was incorrect as identified through the audit process. This resolution amends the effective date from September 2, 2025 to January 1, 2026.

Motion made by Shupe, Seconded by Craig. Upon hand vote the following voted:
Voting Yea: Craig, Hanson, Harris, Lindee, Shupe

Whereupon Mayor Christopher Whitehead declared Resolution 07.26.03 duly passed 5-0.

E. Consideration to Approve Resolution 07.26.04 - Amending Resolution 06.26.05 Accepting Financial Gift from the American Legion Post #33

Approve Resolution 07.26.04 - Amends Resolution 06.26.05 Accepting Financial Gift from the American Legion Post #33 for Meadowlark Prairies Outdoor Lab. The original amount of $200 as listed on the permit application was incorrect. This resolution corrects the amount to $500.

Motion made by Hanson, Seconded by Lindee. Upon hand vote the following voted:
Voting Yea: Craig, Hanson, Harris, Lindee, Shupe

Whereupon Mayor Christopher Whitehead declared Resolution 07.26.04 duly passed 5-0.

F. Consideration to Approve Resolution 07.26.05 - Amending Resolution 06.26.07 Approving the City Manager and City Clerk to Enter into the Amendment #A01 to MnDOT Grant Agreement #1062046 with the State of Minnesota

Resolution 07.26.05 - Amending Resolution 06.26.07 Approving the City Manager and City Clerk to Enter into the Amendment #A01 to MnDOT Grant Agreement #1062046 with the State of Minnesota. Because the original grant agreement was executed by the City Manager and the Mayor, MnDOT has requested that the amendment be signed by the same authorized officials. This resolution authorizes the City Manager and the Mayor to execute the grant amendment on behalf of the City.

Motion made by Lindee, Seconded by Shupe. Upon hand vote the following voted:
Voting Yea: Craig, Hanson, Harris, Lindee, Shupe

Whereupon Mayor Christopher Whitehead declared Resolution 07.26.05 duly passed 5-0.

G. Consideration to Approve Resolution 07.26.06 - Expressing Appreciation to David "Pete" Poulson Upon his Retirement

Resolution 07.26.06 - Expresses Appreciation to David "Pete" Poulson Upon his Retirement after nearly 29 years with the City.

Motion made by Harris, Seconded by Craig. Upon hand vote the following voted:
Voting Yea: Craig, Hanson, Harris, Lindee, Shupe

Whereupon Mayor Christopher Whitehead declared Resolution 07.26.06 duly passed 5-0.

H. Consideration to Approve Resolution 07.26.07 - Accepting the Resignation of Steve Lanoe and Appointing Mark Anderson to the St. James Planning and Zoning Commission

Resolution 07.26.07 - Accepts the Resignation of Steve Lanoe and Appoints Mark Anderson to the St. James Planning and Zoning Commission effective 1/1/2027.

Motion made by Harris, Seconded by Hanson. Upon hand vote the following voted:
Voting Yea: Craig, Hanson, Harris, Lindee, Shupe

Whereupon Mayor Christopher Whitehead declared Resolution 07.26.07 duly passed 5-0.

I. Consideration to Approve Resolution 07.26.08 - Hiring and Appointing Election Judges for the August 11, 2026, State Primary Election and November 3, 2026, State General Election

Resolution 07.26.08 - Hiring and Appointing Election Judges for the August 11, 2026, State Primary Election and November 3, 2026, State General Election. This resolution also gives the City Clerk-Treasurer the authority to appoint or substitute judges in the event an election judge is unable to serve.

Motion made by Lindee, Seconded by Craig. Upon hand vote the following voted:
Voting Yea: Craig, Hanson, Harris, Lindee, Shupe

Whereupon Mayor Christopher Whitehead declared Resolution 07.26.08 duly passed 5-0.

J. Discussion of the Special Use Permit Application to Allow an Auto Salvage Yard in the I-2 General Industrial District

Brianna Sanders presented additional information regarding the requested Special Use Permit.

Motion by Craig to approve the Special Use Permit Application to allow the Auto Salvage Yard in the 1-2 General Industrial District. Seconded by Shupe.

Voting Yea: Craig, Hanson, Harris, Lindee, Shupe

Upon voice vote, it was unanimously approved.

13. REPORT OF BOARDS, COMMISSIONS AND DEPARTMENT HEADS

14. ADJOURNMENT

Motion made by Lindee, Seconded by Shupe.
Voting Yea: Craig, Hanson, Harris, Lindee, Shupe

All Yea - motion carried. The meeting adjourned at 6:05 p.m.

July 21, 2026

ITEM: New Business – Resolution 07.26.09: Accepting the 2025 Audit Financial Audit

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BACKGROUND: The attached resolution accepts the 2025 Audit Financial Audit as presented on July 7, 2026.

STAFF RECOMMENDATION: Approve/Deny Resolution.

State of Minnesota
County of Watonwan

RESOLUTION NO. 07.26.09

RESOLUTION ACCEPTING THE 2025 ANNUAL FINANCIAL AUDIT

WHEREAS, pursuant to Minnesota Statutes § 412.02 and § 471.697, the City of St. James is required to have an annual financial audit prepared by an independent certified public accounting firm; and

WHEREAS, the audit of the financial statements of the City of St. James for the fiscal year ending December 31, 2025, has been completed by Burkhardt & Burkhardt, Ltd., and presented to the City Council on July 7, 2026; and

WHEREAS, said audit has been reviewed by the City Council and found to be in proper form and reflective of the City's financial position, in accordance with generally accepted accounting principles (GAAP).

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ST. JAMES, MINNESOTA, as follows:

1. The City Council hereby accepts the 2025 Annual Financial Audit as presented.

2. A copy of the accepted audit shall be filed with the Minnesota State Auditor as required by law.

3. The City Manager is directed to publish a summary of the financial condition in the official newspaper, as required under Minnesota Statute §471.698.

Adopted by the City Council this 7th day of July 2026.

____
Christopher Whitehead, Mayor

Attest:

____
Kristin Hurley, City Clerk - Treasurer

July 21, 2026

ITEM: New Business – Resolution 07.26.10: Granting Signage Approval Relating to 600 1st Avenue South

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BACKGROUND: The attached resolution grants approval to erect one illuminated wall sign at 600 1st Avenue South.

STAFF RECOMMENDATION: Approve/Deny Resolution.

State of Minnesota
County of Watonwan

RESOLUTION NO. 07.26.10

RESOLUTION GRANTING SIGNAGE APPROVAL RELATING TO 600 1ST AVENUE SOUTH

WHEREAS, Exhale Dispensary ("Applicant") submitted an application requesting signage approval for property located at 600 1st Avenue South, St. James, MN which is legally described as follows ("Property"):

LOTS ELEVEN (11) AND TWELVE (12), EXCEPT THE SOUTH 32 FEET THEREOF, BLOCK SEVENTEEN (17), CITY OF ST. JAMES, WATONWAN COUNTY, MINNESOTA, TOGETHER WITH ALL RIGHT, TITLE AND INTEREST IN AND TO A CERTAIN PARTY WALL AGREEMENT RECORDED IN BOOK R, PAGE 174, BUT SUBJECT TO THE TERMS THEREOF

WHEREAS, the subject property is located in the B-3 "General Business District"; and

WHEREAS, the Applicant seeks approval to erect one illuminated sign on a wall of a structure; and

WHEREAS, St. James City Code §156.033 requires that the plan of the proposed sign be received by the Planning and Zoning Commission, and approved by the City Council; and

WHEREAS, the Planning and Zoning Commission made its decision in this matter based on the documentation set forth at the time of the July 13, 2026, meeting; and

WHEREAS, the meeting was open to the public and there were no comments on the application; and

WHEREAS, based upon the factual findings, the Planning and Zoning Commission has come to the following conclusion:

1) It was the finding of the Planning and Zoning Commission that the sign permit should be granted.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF ST. JAMES, WATONWAN COUNTY, MINNESOTA, as follows**:**

1) The City of St. James is hereby granting signage approval to Exhale Dispensary, located at 600 1st Avenue South.

Adopted by the City Council this 7th day of July 2026.

____
Christopher Whitehead, Mayor

Attest:

____
Kristin Hurley, City Clerk - Treasurer

ST. JAMES PLANNING COMMISSION

TO: Planning Commission Members

FROM: Brianna Sanders, Zoning Administrator

DATE: July 13, 2026

RE: Sign Permit – 600 1st Ave South

Applicant
EXHALE DISPENSARY
ADDRESS: 600 1ST AVE SOUTH

Request
The applicant is requesting a sign permit to display their business name of "Exhale Dispensary". The signs will be a wall sign with illumination.

Proposal
Applicant desires to construct signage to display their organization name and design. The sign does not exceed 10% of the building frontage area. The northern wall of the building has a frontage length of approximately 50 feet.

Location
The property is located in a B-3 "General Business District". is surrounded by B-3 (east, south, west) and city owned (north).

Existing Land Use
The parcels are being used as a smoke shop and is proposed to be used for a cannabis dispensary.

Recommendations
Staff recommendation is approval

Exhibits
Exhibit 7 –Sign Permit Application

City Code

Section 156.002 defines an on-premise sign, which is proposed, as *a sign advertising a business, commodity, service, or entertainment, offered upon the same premises on which the sign is located.*

§ 156.033 SIGNS.

(C) *Permit required for signs.* A permit shall be required to erect any sign in the city, unless exempted above. No sign shall be erected by any person until the plan for the proposed sign has been received by the Planning and Zoning Commission, and approved by the Council. Permit fees shall be determined by the Council.

(E) *Total sign surface area (on-premises signage).*

tal surface area; exceeding limitations. Unless otherwise provided in this section, the total surface area devoted to all signs on any lot shall not exceed the limitations set forth in this section, and all signs, except temporary signs, shall be included in this calculation.

(2) *Maximum sign surface area; residential districts.* Unless otherwise provided in this section, the maximum sign surface area permitted on any lot in any residential district is four square feet.

(3) *Maximum sign surface area; business districts.* Subject to the other provisions of this section, the maximum on-premises sign surface area permitted on any lot in any business district shall be determined as follows:

(a) The total sign surface area allowed shall be two square feet per linear foot of lot street frontage, or 10% of the building frontage area, or 75 square feet in area, whichever is greater. Only one face of a double faced, or V-type, sign shall be considered in determining the display surface area;

(b) For uses on corner lots, the frontage measurement to be used in the signage area calculation shall be the smallest dimension. In this case, the business owner shall be permitted to have two equivalent signs, one facing each street, subject to other regulations contained herein; and

(c) The maximum on-premises sign surface area on any lot in any business district shall be 200 square feet, unless specified differently in other sections.

(4) *Maximum sign surface area; industrial districts.* Subject to other provisions of this section, the maximum sign surface area on any lot in any industrial district shall be determined by multiplying the number of linear feet of street frontage of the lot by three feet, or 20% of the building frontage, or 300 square feet, whichever is greater.

(5) *Sign surface area; wall of structure.* The sign surface area of any sign located on a wall of a structure may not exceed 50% of the total surface area of the wall on which the sign is located.

(J) *Sign illumination and signs containing lights.*

(1) *General.* Unless otherwise prohibited by this section, signs may be illuminated if the illumination is in accordance with this section.

(2) *Lighting.* Lighting directed toward a sign shall be shielded so that it illuminates only the face of the sign, and does not shine directly into a public right-of-way or residential premises.

(3) *Illuminated tubings, or strings of light.* Illuminated tubings, or strings of lights, that outline property lines, sales areas, roof lines, doors, windows, or similar areas are prohibited.

(4) *Flashing lights.* No sign may contain, or be illuminated, by flashing or intermittent lights, or lights of changing degrees of intensity, except signs indicating the time, date, or weather conditions.

CITY OF ST. JAMES
APPLICATION FOR A SIGN PERMIT

City of St. James
JUL 07 2026
PAID

Name of Applicant: EXHALE Dispensary

Address: 600 First Ave S

City/State/Zip: St. James MN 56081

Phone Number: ________

Address of Sign (if different from above): ________

☐ Wall sign

☐ Wall sign with illumination (lights)

☐ Free-standing or monument sign

☒ Free-standing or monument sign with illumination (lights)

Application Permit Fee ($50.00): ☐ PAID _______Initial by City Staff

The information below can be found on https://beacon.schneidercorp.com

Legal Description of Property: ________

Parcel ID 201001580

Evidence of ownership or enforceable option: ☐ submitted ☐ not submitted

Current Zoning District of Property: Commercial

Provide a brief narrative description of the existing signage on-site and of the signage improvements proposed in this application (use a separate sheet of paper if needed): New Sign there is an existing tabacco sign to the east

Applicant has provided a photo or drawing of sign. ☐ complete ☐ incomplete

Sketch Plan Submitted on: ___/___/___ Value of proposed work: ________

Dimensions of Sign: 29.5" H x 120" L

Sketch Plan information to be provided:

1. North arrow and parcel boundaries drawn to scale (preferably 1"=100')
2. Location of existing buildings, their size, use, and setbacks from parcel boundary lines, existing signage on site, existing driveway locations, existing streets/roads on or immediately adjacent to the parcel, existing easements, power utility poles/underground utility lines on or serving the parcel, and existing parcel areas
3. Location of proposed signage, the type of signage carrier (freestanding, attached to building), the message display area, a description of any proposed lighting if external lighting sources are to be used, the location of the lighting source, and distances of all signage elements from parcel boundary lines;
4. A line drawing of the new sign, message display area, with dimensions
5. Identification of adjacent landowners

Information supplied was: ☐ complete ☐ incomplete ______initialed by City Staff

The above information and attached drawing of request are true and correct to the best of my knowledge.

7/6/26
Date

Steven [signature]
Signature of Person Filing Application

Last revised 2/13/2023


72"
EXHALE
9"
29.50"
DISPENSARY
17.71"
120"

July 21, 2026

ITEM: New Business – Resolution 07.26.11: Approving Missouri Basin Municipal Power Agency Sale Agreement (S-1)

BACKGROUND: The attached resolution approves revisions proposed by Missouri River Energy Services (MRES) to the S-1 Power Sale Agreement.

MRES is requesting member municipalities approve an amendment to the S-1 Power Sale Agreement. The primary purpose of the amendment is to extend the term of the agreement by ten (10) years, from January 1, 2057, to January 1, 2067. This extension will allow Western Minnesota Municipal Power Agency (WMMPA) to continue issuing tax-exempt bonds on favorable terms and will support long-term power supply planning, helping maintain reliable and cost-effective electric service for member communities.

In addition to the term extension, the proposed revisions include:

- Updating provisions related to renewable energy and environmental attributes to reflect current state and federal energy requirements.
- Extending the initial Maximum Rate of Delivery (MROD) election date from 2027 to 2037.
- Adding language to help protect the tax-exempt status of WMMPA financing by addressing certain power sale arrangements with private entities.
- Making several non-substantive clarifications and terminology updates throughout the agreement.

MRES has indicated that these changes are intended to strengthen the long-term financial stability of the organization while preserving reliable electric service and maintaining the existing rights and obligations of member communities. The proposed revisions are limited in scope, with the agreement's overall framework remaining unchanged.

STAFF RECOMMENDATION: Approve/Deny Resolution.

State of Minnesota
County of Watonwan

RESOLUTION NO. 07.26.11

RESOLUTION APPROVING MISSOURI BASIN MUNICIPAL POWER AGENCY SALE AGREEMENT (S-1) (amended and restated effective January 2, 2027)

WHEREAS, the City of St. James (the "City") is currently purchasing all electric power and energy the City requires to meet the needs of its customers in excess of its firm power allocation from the Western Area Power Administration ("Supplemental Power") from Missouri Basin Municipal Power Agency d/b/a Missouri River Energy Services ("MRES") pursuant to the terms and conditions of the Missouri Basin Municipal Power Agency Power Sale Agreement (S-1) (amended and restated effective January 2, 2017) (the "S-1 Agreement") for a term extending through January 1, 2057; and

WHEREAS, it is mutually beneficial to all parties that the base term of the S-1 Agreement, which currently ends on January 1, 2057, be extended until January 1, 2067, to further secure the City's long-term supply of Supplemental Power and to facilitate future financing of electric generation and transmission projects of MRES on the most advantageous terms and with the least impact on the wholesale power costs of the City and other members of MRES; and

WHEREAS, the other proposed updates to the S-1 Agreement will further clarify the rights and obligations of the parties under the agreement, for the mutual benefit of the City, the other members of MRES, and MRES; and

WHEREAS, the City of St. James desires that MRES continue to plan for, provide, and arrange for delivery of all Supplemental Power needed by the City.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ST. JAMES, MINNESOTA, that the "Missouri Basin Municipal Power Agency Power Sale Agreement (S-1) (as amended and restated effective January 2, 2027)" and "Schedule A" thereto by and among MRES, Western Minnesota Municipal Power Agency, and the City are approved in the form presented.

NOW, THEREFORE, FURTHER BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ST. JAMES, MINNESOTA, that each of the Mayor and City Manager shall be, and each of them acting individually hereby is, authorized and directed to execute and deliver to MRES each of the foregoing documents and take any other actions associated therewith on behalf of the City.

Upon calling of the roll, the votes were as follows:

Voting for adoption of the Resolution: ____

Voting against adoption of the Resolution: _____________________________________

Adopted by the City Council this 7th day of July 2026.

____
Christopher Whitehead, Mayor

ATTEST:

____
Kristin Hurley, City Clerk-Treasurer

MISSOURI BASIN MUNICIPAL POWER AGENCY
POWER SALE AGREEMENT (S-1)

(as amended and restated effective January 2, 2027)

This Power Sale Agreement (S-1) was made originally as of October 1, 1976, was subsequently amended and restated, and is hereby further amended and restated, effective as of January 2, 2027 (the "Agreement"), among MISSOURI BASIN MUNICIPAL POWER AGENCY, a body corporate and politic organized under Chapter 28E of the Code of Iowa and doing business as Missouri River Energy Services ("Agency"), WESTERN MINNESOTA MUNICIPAL POWER AGENCY, a municipal corporation and political subdivision of the State of Minnesota ("Western Minnesota"), and City of ST. JAMES, a municipal corporation of the State of Minnesota ("Municipality"), each referred to as a "Party" or collectively as the "Parties."

W I T N E S S E T H:

WHEREAS, Municipality owns and operates an electric utility system and currently purchases all or a portion of its requirements for electric power and energy from the Western Area Power Administration ("WAPA"); and

WHEREAS, Agency has entered into or may enter into agreements for the sale of electric power and energy with provisions similar to those contained in this Agreement with other member municipalities which own and operate electric utility systems (Municipality and such other municipalities being referred to collectively as "Municipalities" and this Agreement and such other agreements, as the same or any thereof may hereafter be amended, modified, or extended, being referred to collectively as the "Power Sale Agreements (S-1)"); and

WHEREAS, Agency has entered into a Power Supply Contract with Western Minnesota originally dated as of October 1, 1976, as subsequently supplemented, amended, restated, and updated (the "Power Supply Contract"), and may enter into future power supply contracts (such documents, along with the Power Supply Contract, as they may be supplemented, amended, restated, or updated in accordance with the provisions thereof, and otherwise meeting the requirements of this Agreement, being referred to collectively as the "Power Supply Contracts") pursuant to which Agency will acquire power and energy from projects designated therein or in a supplement thereto for the purposes of meeting Agency's obligations to Municipalities under the Power Sale Agreements (S-1) and to other members of Agency under other long-term power sale agreements (the "Other Power Sale Agreements (Non S-1)" and, together with the Power Sale Agreements (S-1), the "Municipal Power Sale Agreements") with payments therefor by Agency to be made as provided in the Power Supply Contract; and

WHEREAS, the Power Supply Contract requires Agency to secure its obligations thereunder by a pledge and assignment to Western Minnesota (Western Minnesota shall be designated as the "Power Supplier," and each future power supplier under any future Power Supply Contract shall be designated individually as a "New Power Supplier") of its right, title, and interest in and to certain revenues of Agency, including without limitation all payments to be made under this Agreement; and

WHEREAS, Agency is willing to plan for and provide to meet Municipality's supplemental requirements for power and energy above the amount of power and energy Municipality purchases from WAPA on an integrated resource Agency-system-wide planning basis as part of Agency's planning for all of its obligations under the Municipal Power Sale Agreements; and

WHEREAS, the power and energy required by Agency to meet its obligations under the Municipal Power Sale Agreements come from generation sources that may be within the geographic footprint of centralized electricity markets for the sale of power and/or energy (collectively, the "Markets") and requires transmission over facilities that are under the control of the operator of the regional transmission system in the respective geographic region, *i.e.* the Midcontinent Independent System Operator ("MISO") and the Southwest Power Pool ("SPP") or any successor regional transmission organizations ("RTO"), each which has established, and is governed by, rules and tariffs that require Agency (a) to make arrangements for the supply of power or energy or both, (b) to separately make arrangements for the physical delivery of such power and energy to enable Municipality to accept that power and energy, and (c) to pay separately for each product in the respective Market; and

WHEREAS, Municipalities that are served under the Power Sale Agreements (S-1) are located within the geographic footprints of such Markets; and

WHEREAS, Agency will be better positioned to minimize the overall cost of power and energy for Municipalities served under the Power Sale Agreements (S-1) by clearly defining its obligation to supply power and energy to Municipalities within the rules and tariffs of the Markets within which Municipalities are located; and

WHEREAS, the separate transmission service necessary to deliver power and energy to or for the benefit of Municipalities, as well as the costs associated with such service, define Agency's delivery obligation, and such service shall be based on the actual cost of transmission to each Municipality.

NOW, THEREFORE, in consideration of the mutual undertakings herein contained, the Parties hereto agree as follows:

Section 1. DEFINITIONS.

The following terms, when capitalized throughout this Agreement, shall have the meanings stated as follows:

(a) Agency – Missouri Basin Municipal Power Agency, a body corporate and politic organized under Chapter 28E of the Code of Iowa and doing business as Missouri River Energy Services;

(b) Agreement – this Missouri Basin Municipal Power Agency Power Sale Agreement (S-1) among Agency, Western Minnesota, and Municipality;

(c) CTC – Competitive Transition Charge, as more specifically provided in Section 7(d);

(d) Environmental Attributes – any renewable energy certificates, emission-free energy certificates, alternate energy certificates, energy attribute certificates, emission offsets, or other current or future certificates, credits, benefits, emissions reductions, offsets, or allowances, however titled, named, created, registered, tracked, validated, measured, or allocated, resulting from a renewable energy resource or carbon-free energy resource that (i) are at any time recognized or deemed of value by any buyer, law, regulation, or mandatory or voluntary program of any government or other person and (ii) are attributable to or associated with the reduction or avoidance of greenhouse gas emissions or other environmental impacts on air, soil, or water; *provided, however*, Environmental Attributes specifically exclude any and all federal and state production tax credits, investment tax credits, and any other tax credits that are or may be generated by facilities from which Environmental Attributes are produced;

(e) FERC – Federal Energy Regulatory Commission, such definition to include any successor governmental agency or entity thereto;

(f) Green Energy – an optional component of Supplemental Power that allows Municipality (i) to request that the Supplemental Power sold by Agency to Municipality consist of an amount comprised of energy derived from generation sources using renewable, carbon-free, or other environmentally-friendly resources, to include any capacity required to back up the energy resources, or (ii) to request Environmental Attributes from Agency, each as more specifically provided in Section 3(a)(ii);

(g) Load Serving Requirements – certain minimum standards, including but not limited to power factor, underfrequency load shedding, undervoltage load shedding, and other requirements, that may be imposed by a third party, including but not limited to NERC, MRO, an RTO, or a transmission owner;

(h) Market(s) – the organized capacity market(s) and/or energy market(s) operated by one or more RTO, including MISO and SPP;

(i) MISO – Midcontinent Independent System Operator, Inc., which is an RTO approved by FERC, such definition to include any successor organization, agency, or entity thereto;

(j) MRO – Midwest Reliability Organization, which is that regional entity to which NERC has delegated authority to ensure compliance with mandatory reliability standards, such definition to include any successor organization, agency, or entity thereto;

(k) MROD – Maximum Rate of Demand; the maximum obligation of Agency to supply and Municipality to purchase Supplemental Power, when such maximum is elected by Municipality and established as more specifically provided in Section 3(a)(i);

(l) MROD Date – the date on which the MROD first applies, beginning with the first day of the summer season following the second year after Municipality delivers the written notice to Agency of its intention to establish an MROD, as more specifically provided in Section 3(a)(i);

(m) Municipal Power Sale Agreement(s) – any one of a number, or collectively all, of the contracts between Agency, Western Minnesota, and Municipality or other Municipalities for the supply of power, energy, and related services, each as provided therein, including (i) the Power Sale Agreements (S-1) and (ii) the Other Power Sale Agreements (Non S-1);

(n) Municipality – City of St. James, a municipal corporation of the State of Minnesota, that owns and operates an electric utility system for the retail sale of electricity to consumers, and which is a member of Agency;

(o) Municipalities – collectively refers to Municipality and those other municipalities that own and operate electric utility systems for the retail sale of electricity to consumers, are members of Agency, and have entered into a Municipal Power Sale Agreement;

(p) NERC – North American Electric Reliability Corporation, which is that international electric reliability organization for North America which is responsible for assuring the reliability of the bulk power system, and subject to oversight by FERC and governmental authorities in Canada, such definition to include any successor organization, agency, or entity thereto;

(q) New Power Supplier – any entity with which Agency may hereafter enter into a contract providing for the acquisition by Agency of power supply resources pursuant to an agreement that satisfies all applicable requirements of the Power Supply Contract relating to the opening of the pledge, as provided for in Section 26, and as is more specifically provided in Section 27; *provided, however*, New Power Supplier shall not include MISO, SPP, or a similar administrator of a Market;

(r) Non-Tax Exempt Funds – funds that are not derived from the proceeds of debt the interest on which is excludable from the gross income of the owners under Tax Laws;

(s) Other Power Sale Agreements (Non S-1) – power supply agreements among Agency, Western Minnesota, and one or more Municipalities under terms substantively different than those of the Power Sale Agreements (S-1);

(t) Parties – Agency, Western Minnesota, and Municipality, collectively;

(u) Party – any of Agency, Western Minnesota, or Municipality, individually;

(v) Point(s) of Delivery – a location that represents the boundary of the transmission facilities that are under the functional control of an RTO at or near the town gate of Municipality, which specific location(s) for Municipality shall be as set forth in Schedule A, as may be revised from time to time as provided in this Agreement;

(w) Point(s) of Measurement – the interconnection point between Municipality's distribution system and the transmission/sub-transmission system, as is specifically defined for Municipality in Schedule A, as may be revised from time to time as provided in this Agreement;

(x) Power Sale Agreements (S-1) – power sale agreements among Agency, Western Minnesota, and Municipalities, entered into for the sale of supplemental power and transmission service with members of Agency, the first of which were executed by certain Municipalities on or about October 1, 1976, amended on or about January 1, 1986, amended and restated as of January 1,1993, amended and restated as of January 1, 2000, amended and restated as of January 1, 2007, and amended and restated as of January 2, 2017, and are being amended and restated as of the date of this Agreement;

(y) Power Supplier – pursuant to the Power Supply Contract, means Western Minnesota;

(z) Power Supply Contract(s) – that agreement between Agency and Western Minnesota, dated as of October 1,1976, supplemented as of June 1, 1983, amended and restated as of November 1, 1985, amended and restated as of July 1, 2003, amended and restated as of September 15, 2006, and amended and restated as of March 8, 2018, and as thereafter supplemented, amended, restated, and updated, and any agreement between Agency and a New Power Supplier meeting the requirements of this Agreement, in each case pursuant to which Agency acquires power and energy from projects designated in such agreement or in a supplement thereto for the purposes of meeting Agency's obligations to Municipalities under the Municipal Power Sale Agreements;

(aa) Prudent Utility Practices – any of the practices, methods, and acts at a particular time which, in the exercise of reasonable judgment in the light of the facts, including but not limited to the practices, methods, and acts engaged in or approved by a significant portion of the electrical utility industry prior thereto, known at the time the decision was made, would have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety, and expedition;

(bb) RTO(s) – Regional Transmission Organization(s) and/or Independent System Operator(s) which have been approved by FERC to independently operate the electric power grid minute-by-minute in established geographic regions to ensure that power and energy get to customers, to eliminate power shortages, and to administer approved transmission tariffs for fair and non-discriminatory access to the power grid;

(cc) S-1 Supplemental Power Rate Schedule – the Rate Schedule, attached hereto as Schedule B, that provides for the rates, terms, and conditions pursuant to which Municipality shall pay Agency for all Supplemental Power, as such schedule may be revised from time to time, pursuant to Section 7;

(dd) S-1 Transmission Rate Schedule – the Rate Schedule, attached hereto as Schedule C, that provides for the rates, terms, and conditions pursuant to which Municipality shall pay Agency for all Transmission Service, as such schedule may be revised from time to time, pursuant to Section 7;

(ee) SPP – Southwest Power Pool, Inc., which is an RTO approved by FERC, such definition to include any successor organization, agency, or entity thereto;

(ff) Supplemental Power – all power, energy, and related products and services, as more specifically provided in Section 3;

(gg) Tax Laws – federal income tax laws governing or affecting the exclusion of interest on debt from the gross income of the owners for federal income tax purposes (whether then outstanding or thereafter to be issued), as those laws may be amended from time to time, including but not limited to, Section 141 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations or any rulings promulgated thereunder, or as affected by a decision of any court of competent jurisdiction; any reference to indebtedness for which the exclusion of interest from gross income of the owners for federal income tax purposes shall also include any debt for which a federal tax credit is allowed to the issuer or owner of the debt, commonly known as "tax advantaged bonds," such as Build America Bonds, Clean Renewable Energy Bonds, Qualified Energy Conservation Bonds or similar obligations as shall be permitted under current or future provisions of the Internal Revenue Code of 1986, as amended;

(hh) Term – the dates during which this Agreement shall be effective, as provided in Section 2;

(ii) Transmission Service – those products and services necessary to deliver (i) Supplemental Power to the Point(s) of Delivery for Municipalities in SPP, and (ii) Supplemental Power and WAPA Power to the Point(s) of Delivery for Municipalities in MISO;

(jj) Transmission Zone – a defined location within an RTO which relates to a pricing region that includes specifically identified transmission facilities used to deliver power and energy;

(kk) WAPA – Western Area Power Administration, one of four federal power marketing administrations within the U.S. Department of Energy whose role is to market and transmit wholesale electricity from multi-use water projects, the definition of WAPA to include any successor governmental agency or entity thereto;

(ll) WAPA Power – the amount of power and energy, and related ancillary services, scheduling services, market services, and other products and services, allocated and provided to Municipality by WAPA pursuant to a long-term agreement between Municipality and WAPA; and

(mm) Western Minnesota – Western Minnesota Municipal Power Agency, a Minnesota municipal corporation and political subdivision, organized under Minnesota Statutes Chapter 453.

Section 2. TERM.

This Agreement as originally executed and delivered by Municipality became effective October 1, 1976, and shall remain in effect for a Term extending through hour ending 24:00 January 1, 2067 (the

"Term"). Upon the expiration of the Term, this Agreement shall remain in effect as permitted by law unless and until terminated by Agency or Municipality upon not less than one year written notice.

Section 3. SALE OF POWER AND ENERGY.

(a) Supplemental Power. Agency shall sell to Municipality, and Municipality shall purchase and receive from Agency, for the Term of and as provided in this Agreement, all power and energy required by Municipality to meet the needs of all of its consumers over and above the amounts of WAPA Power available to Municipality from WAPA as of the date of this Agreement ("Supplemental Power"). Supplemental Power includes all products and services to acquire power and energy, which includes but is not limited to ancillary services, reserves of any type, congestion, and energy losses related to Supplemental Power, regulation and frequency response, reactive supply and voltage control from generation sources, and any other related products or services. Supplemental Power does not include any Transmission Service. Agency shall adjust and maintain the portfolio of resources and products (e.g., Environmental Attributes) used to meet its Supplemental Power obligation to ensure Agency's and Municipality's ability to comply with any state or federal energy or environmental requirements that are or may be imposed on wholesale or retail load serving entities associated with the provision of power and energy pursuant to this Agreement.

Agency's obligation under this subparagraph (a) shall be subject to the following conditions:

(i) Establishment of MROD. If Agency has established an MROD for Municipality as described in this subsection (a)(i), Agency's responsibility to meet its Supplemental Power obligation for the remaining term of this Agreement shall be limited to the MROD plus any additional amounts attributable to the occurrence of the events described in subsection (b)(i) of this Section. If an MROD is established, Municipality shall purchase all power and energy offered by Agency at a rate of delivery up to the MROD at any time of day and under the same rates as any other Municipality receiving service from Agency under a Power Sale Agreement (S-1). (In order to provide additional clarity, the MROD will be the lesser of Municipality's actual supplemental load in every hour or the MROD. Thus, the power and energy supplied by Agency could be at 100 percent load factor.) Agency shall notify Municipality in writing on or about April 1 and again on or about September 1 of 2037 and each fifth year thereafter of Municipality's opportunity to establish an MROD by providing written notice to Agency by December 31 of that same year. Agency shall not establish an MROD for Municipality unless by December 31, 2037, or between October 1 and December 31 of each fifth year thereafter through December 31, 2062, Municipality delivers a written notice to Agency requesting an MROD be established as of the date and in the manner described as follows: the MROD for Municipality shall become effective on a bi-seasonal (summer and winter) basis beginning with the first day of the summer season following the second year after Municipality delivers the written notice to Agency (the first day of that summer season shall be designated as the MROD Date). (For example, if Municipality delivers the notice on or before December 31, 2037, to establish an MROD beginning in 2040, the MROD Date will be the first day of the summer season in 2040.) The summer and winter seasons shall be those recognized by Agency as of January 1 of the year in which the MROD Date occurs. The MROD for each season shall be fixed in an amount equal to the average of the three seasonal maximum rates of demand of Supplemental Power from Agency to Municipality during the corresponding season of the three prior years before the MROD Date (the same season of that previous year and the two years immediately prior to that previous year). Agency shall notify Municipality in writing of its MROD for the summer season by January 1 of the year in which the MROD Date occurs and the MROD for the winter season by July 1 of that year. An MROD will not be established for Municipality before the summer season of 2040.

(ii) Green Energy. Upon the written request of Municipality, the Supplemental Power sold by Agency to Municipality shall consist of an amount specified by Municipality, for a mutually agreeable term of years, comprised of Green Energy. The selection of generation sources or Environmental Attributes used by Agency to provide Green Energy shall be in accordance with applicable federal and state laws and regulations. Agency's revenue requirements for acquiring and providing Green Energy will be separated from the revenue requirements associated with the system supply comprising the remainder of its Supplemental Power and the cost of the Green Energy will be separately charged to Municipality requesting such service.

(b) WAPA Power.

(i) If WAPA reduces the amount of WAPA Power available to Municipality, Agency shall sell as part of the Supplemental Power provided by Agency, and Municipality shall purchase as part of the Supplemental Power provided by Agency, that portion of the amount of WAPA Power previously provided by WAPA. If WAPA reduces the WAPA Power available to Municipality after Municipality has established an MROD, the Supplemental Power obligation shall be the MROD as previously established.

(ii) In the event Municipality takes any action or fails to take any action, any of which results in the transfer, surrender, release, or discontinuation of its right or ability to receive WAPA Power, and its WAPA Power is discontinued, Municipality agrees that it will provide to Agency notice of such discontinuation at least one hundred eighty (180) days before such discontinuation, and will, in the event Agency incurs additional costs to provide additional Supplemental Power to replace the WAPA allocation, pay to Agency a surcharge which the Board of Directors may assess pursuant to Section 7.

(c) In meeting its obligations under this Agreement to provide Supplemental Power, Agency shall obtain and provide resources in accordance with an integrated resource supply planning process, including demand-side resources and programs available to Municipality which can be accommodated in an Agency-wide program.

(d) Municipality hereby commits itself to take and pay for all of the Supplemental Power made available to Municipality. Payments for Supplemental Power shall be made at rates established in accordance with the provisions of Section 7 of this Agreement.

Section 4. REQUIREMENTS TO RECEIVE SUPPLEMENTAL POWER.

Power and energy to be furnished hereunder shall be alternating current, three phase, sixty hertz. Municipality shall make and pay for all connections between the system of Municipality and the system of, or available to, Agency at the Point(s) of Delivery.

Section 5. MEASUREMENT OF SUPPLEMENTAL POWER AND TRANSMISSION SERVICE.

For the purpose of determining amounts due pursuant to the S-1 Supplemental Power Rate Schedule and the S-1 Transmission Rate Schedule referred to in Section 7, the Point(s) of Measurement shall be as specifically defined in Schedule A, which may be revised from time to time by mutual agreement of Municipality and Agency. When power and energy is furnished at two or more Points of Measurement, the S-1 Supplemental Power Rate Schedule and the S-1 Transmission Rate Schedule shall apply separately to each service supplied at each Point of Measurement; *provided, however*, that where the meter readings are considered separately and Municipality's system may be interconnected between Points of Measurement during emergencies, the meter readings at any Point of Measurement will be adjusted when necessary to compensate for duplication of power and energy recorded by meters at alternate points of measurement due to energy conditions which are beyond Municipality's control or temporary conditions caused by scheduled load switching or outages.

Section 6. TRANSMISSION SERVICE.

(a) Agency shall sell to Municipality, and Municipality shall purchase and receive from Agency, for the Term of and as provided in this Agreement, Transmission Service necessary to deliver to Municipality Supplemental Power or Supplemental Power and WAPA Power, as applicable, to the Point(s) of Delivery to meet the needs of Municipality. The charges for Transmission Service shall be set forth in the S-1 Transmission Rate Schedule and shall include a separate charge assessed to each Municipality that reflects the pricing of the Transmission Zone in which Municipality is located.

(b) The Point(s) of Delivery shall be as specifically defined in Schedule A. The Points of Delivery, Points of Measurement, delivery voltage, power factor, special conditions, and other conditions of service as necessary for Agency to perform its obligations under this Agreement shall all be set forth in

Schedule A, which may be revised from time to time to include other Point(s) of Delivery and conditions of service. Schedule A may be revised based on mutual agreement of Municipality and Agency. In the event that the Point(s) of Delivery set forth in Schedule A are not on Municipality's electric system, Municipality shall be responsible for making separate provisions for transmission of power and energy to its system, including the installation and maintenance of any facilities required for it to receive such power and energy into its system.

(c) As a requirement of receiving Transmission Service, Municipality shall meet the Load Serving Requirements unless it is determined by Agency that nonconformance with a Load Serving Requirement will not adversely impact any generating or transmission facilities with which Municipality is interconnected; *provided, however*, that nothing in this Agreement shall be construed to relieve Municipality of any obligation to meet the Load Serving Requirements between Municipality, or between Agency on behalf of Municipality, and any third party, as may be appropriate.

(i) If Municipality fails to meet a Load Serving Requirement, Agency shall have the right, but not the obligation, to remedy any issue associated with the deficiency and directly charge Municipality for reimbursement of any associated costs.

(ii) To the extent Agency is assessed any fines or charges due to Municipality's failure to meet a Load Serving Requirement, Agency shall directly charge to Municipality and Municipality shall pay to Agency the cost of such fines or charges as a separate charge, and Agency shall not include the cost of such fines or charges in the determination of the revenue requirements used by Agency to establish rates hereunder.

(d) Municipality hereby commits itself to take and pay for all of the Transmission Service made available to Municipality. Payments for Transmission Service shall be made at rates established in accordance with the provisions of Section 7.

<u>Section 7</u>. RATES.

(a) Municipality shall pay Agency for all Supplemental Power furnished hereunder at the rates and on the terms and conditions set forth in Agency's S-1 Supplemental Power Rate Schedule, attached hereto as Schedule B and made a part hereof, as such schedule is initially established and adjusted from time to time pursuant to this Agreement. Municipality also shall pay Agency for all Transmission Service at the rates, terms, and conditions set forth in Agency's S-1 Transmission Rate Schedule, attached hereto as Schedule C and made a part hereof, as such schedule is initially established and adjusted from time to time pursuant to this Agreement. In the event Agency makes available Supplemental Power at the Point(s) of Delivery but Municipality fails to take or receive such power and energy, Municipality shall pay Agency for such availability in an amount equal to the product of the demand charge and energy charge for Supplemental Power in the S-1 Supplemental Power Rate Schedule and the kilowatts and kilowatt-hours that would have otherwise been taken as evidenced by the total power and energy consumed by Municipality's customers during the billing period. In the event Agency makes available Transmission Service but Municipality fails to take or receive such service, Municipality shall pay Agency for the cost of such service. The amount of Transmission Service shall be determined in the same manner as for the previous month. The obligation of Municipality to make such payments for Supplemental Power and for Transmission Service furnished pursuant to this Agreement shall not be subject to any rights of setoff, recoupment, or counterclaim which Municipality may otherwise have against Agency; *provided, however*, that nothing contained herein shall be construed to prevent or restrict Municipality from asserting any rights which it may have against Agency under this Agreement or under any provision of law, including the institution of legal proceedings for specific performance or recovery of damages.

(b) Agency shall establish and maintain rates contained in the S-1 Supplemental Power Rate Schedule, under this Agreement and the other Power Sale Agreements (S-1), which will provide revenues which are sufficient, but only sufficient, to meet the estimated revenue requirements of Agency, which revenue requirements shall, to the extent that other revenues of Agency including but not limited to revenue from Other Power Sale Agreements (non-S-1), revenue from sales of surplus power and energy, and revenue from RTOs for transmission facilities owned by Western Minnesota or Agency have not been actually applied to meet such requirements, consist of:

(i) all payments under the Power Supply Contract(s);

(ii) the cost to Agency of meeting its obligations pursuant to any Municipal Power Sale Agreement(s), excluding Transmission Service;

(iii) the cost to Agency of operation and maintenance of facilities owned or operated by Agency, irrespective of whether operational control of such facilities has been turned over to an RTO, for the generation or transmission of power and energy pursuant to any Municipal Power Sale Agreement(s);

(iv) the cost to Agency of renewals and replacements of facilities owned or operated by Agency for the generation or transmission of power and energy pursuant to any Municipal Power Sale Agreement(s);

(v) the cost to Agency to establish an allowance for working capital, reasonable reserves for contingencies, and debt service coverage, deemed necessary by Agency in order to carry out its obligations;

(vi) the cost to Agency of administration, general overhead, planning and operations, and any other member services to further the purposes of Agency, and associated with meeting Agency's obligations under any Municipal Power Sale Agreement(s);

(vii) additional amounts, if any, which:

(aa) must be realized by Agency to meet the requirements of any rate covenant with respect to coverage of power costs or any component thereof under any Power Supply Contract(s),

(ab) are required by Agency to facilitate the construction of power supply resources, or

(ac) are required by Agency to collect amounts described in Section 7(c); and

(viii) in the event Agency shall hereafter issue any bonds or indebtedness for the purpose of acquiring facilities (or an undivided interest therein or rights to capacity thereof) for the generation or transmission of power and energy to be sold under the Municipal Power Sale Agreements, such revenue requirements shall, in addition to the foregoing, include the following:

(aa) payments of principal and interest on all bonds and indebtedness of Agency issued in connection with its obligations under the Municipal Power Sale Agreements and payments which Agency is required to make into any debt service reserve fund or account under the terms of any bond or indebtedness resolution or other contract with holders of such bonds or indebtedness;

(ab) the establishment and maintenance of additional reserves as may be required by the terms of any bond or indebtedness resolution or other contract with holders of such bonds or indebtedness; and (ac) additional amounts, if any, which must be realized by Agency in order to meet the requirements of any rate covenant with respect to coverage of debt service on such bonds or indebtedness under the terms of any bond or indebtedness resolution or other contract with holders of such bonds or indebtedness plus such additional amounts deemed desirable to facilitate marketing bonds and indebtedness of Agency of favorable terms.

(c) The Board of Directors of Agency may include in the S-1 Supplemental Power Rate Schedule a separate surcharge for a Municipality that (i) elects to arrange for Green Energy as part of its Supplemental Power, (ii) takes action that results in the reduction or discontinuation of its WAPA Power allocation, (iii) is subject to a CTC, or (iv) is subject to any other surcharge as provided in this Agreement.

(d) In addition to revenues collected through the rates calculated under Section 7(b), Agency may establish a CTC to collect the portion of its revenue requirements that Agency determines may make its existing rates exceed market levels in any of the states that restructure the regulation of their electric utility industries to promote the introduction of a competitive retail access environment and in which Agency sells Supplemental Power. Before establishing a CTC, Agency shall determine (i) an estimated amount of revenues to be collected from all of Agency's members who are parties to a Municipal Power Sale Agreement that is required to bring Agency's rates to competitive levels and that are not expected to be collected from other sources, (ii) the number of years during which the CTC is to be assessed and revenues collected, (iii) the method by which the CTC will be assessed to any or all of the Municipalities, and (iv) the method for reconciling revenues with Agency's annual revenue requirement used to establish Supplemental Power rates under Section 7(b). The CTC charged to Municipality will be stated as a separate charge on Municipality's bill and shall be payable without relationship to the amount of power and energy purchased by Municipality in any individual month.

(e) Agency shall establish and maintain rates contained in the S-1 Transmission Rate Schedule under this Agreement and the other Power Sale Agreements (S-1) which will provide revenues which are sufficient, but only sufficient, to meet the estimated revenue requirements of Agency, which revenue requirements shall consist of all costs to Agency of meeting its Transmission Service obligation, pursuant to Section 6, including but not limited to:

(i) the cost from an RTO for Network Integration Transmission Service;

(ii) the cost from an RTO for transmission expansion plans and related network upgrades;

(iii) the cost from an RTO or other entity for directly assigned transmission facilities;

(iv) the cost incurred from an RTO or other entity for under voltage, under frequency, and inadequate power factor;

(v) any other cost incurred from an RTO or other entities for providing Transmission Service to Municipality;

(vi) the cost of grandfathered transmission agreements for Transmission Service to Municipality; and

(vii) the cost to Agency of administration and general overhead associated with meeting Agency's Transmission Service obligation.

For each Transmission Zone, the S-1 Transmission Rate shall include a separate charge assessed to each Municipality that reflects the pricing of the Transmission Zone in which Municipality is located.

(f) At such intervals as it shall determine appropriate, but in any event not less frequently than once each calendar year, the Board of Directors of Agency shall review and, if necessary, shall revise the S-l Supplemental Power Rate Schedule and the S-1 Transmission Rate Schedule to ensure that the rates thereunder continue to cover its estimate of all of the foregoing revenue requirements.

(g) In connection with any revision of the S-1 Supplemental Power Rate Schedule or the S-1 Transmission Rate Schedule, Agency shall cause a notice in writing to be given to all Municipalities taking services under the Power Sale Agreements (S-1) which shall set out the revised S-1 Supplemental Power Rate Schedule and the S-1 Transmission Rate Schedule with the effective dates of such revisions not being less than thirty (30) nor more than ninety (90) days after the date of the notice, and shall be accompanied by an analysis of the estimated revenue requirements for which the S-1 Supplemental Power Rate Schedule and the S-1 Transmission Rate Schedule will be revised. All revisions of the S-1 Supplemental Power Rate Schedule shall be consistent with the description of services provided in

Sections 3 and 6. All revisions of the S-1 Transmission Rate Schedule shall be consistent with the description of services provided in Sections 5 and 6. Municipality agrees that such revised S-1 Supplemental Power Rate Schedule and revised S-1 Transmission Rate Schedule, as determined from time to time by the Board of Directors of Agency, shall be substituted for the S-1 Supplemental Power Rate Schedule and the S-1 Transmission Rate Schedule as they are initially adopted, revised, and then in effect, and agrees to pay for Supplemental Power and Transmission Service made available by Agency to it pursuant to this Agreement after the effective date of such revisions in accordance with the revised S-1 Supplemental Power Rate Schedule and the revised S-1 Transmission Rate Schedule.

Section 8. COVENANTS OF AGENCY.

Agency shall endeavor to market and dispose of, under the most economically advantageous terms and conditions obtainable, all surplus power and energy obtained from its power supply resources, and which in the sole judgment of Agency can be disposed of without otherwise adversely affecting performance by Agency under this Agreement.

Section 9. COVENANTS OF MUNICIPALITY.

(a) Municipality agrees to maintain rates for power and energy to its consumers which shall provide to Municipality revenues sufficient to meet its obligations to Agency under this Agreement and the S-1 Supplemental Power Rate Schedule and the S-1 Transmission Rate Schedule, as the same may be revised from time to time, and to pay all other obligations payable from, or constituting a charge or lien on, such revenues. Payments made under this Agreement shall be made as operating expenses from the revenues of Municipality's electric utility system and from other funds thereof legally available therefor, and such payments shall be in addition to and not in substitution for any other payments whether on account of dues or other amounts owed by Municipality to Agency.

(b) Municipality shall not sell at wholesale any of the power and energy delivered to it hereunder to any customer of Municipality for resale by that customer, unless such resale is specifically approved in writing by Agency, which approval shall not unreasonably be withheld.

(c) Municipality shall not use or permit to be used any of the power and energy acquired by it hereunder in any manner or for any purpose, or take any other action or omit to take any action, which could affect the eligibility of interest on bonds or indebtedness of Agency or Western Minnesota (whether then outstanding or thereafter to be issued) for exclusion from gross income of the owners for federal income tax purposes under Tax Laws.

(d) Municipality shall not take any action to transfer either its electric distribution facilities or control over its electric distribution functions or take any other action having the same effect without (i) notifying Agency at least ninety (90) days before formally committing to the action, and (ii) taking such action strictly in conformance with the provisions of Section 17.

Section 10. METER READINGS AND PAYMENT OF BILLS.

(a) Agency shall read meters or cause meters to be read at monthly intervals. Appropriate operating procedures shall be established by Agency with Municipality, and WAPA if necessary, to determine monthly the amounts of Supplemental Power and Transmission Service furnished hereunder. Payments under the S-1 Supplemental Power Rate Schedule and the S-1 Transmission Rate Schedule shall be made monthly via electronic funds transfer to such account(s) that Agency may designate, within fifteen (15) days after the bill therefor is delivered to Municipality (by mail, email, or other reasonable means determined by Agency), such bill to be provided to Municipality monthly on a prompt and timely basis. If the fifteenth day is a Sunday or a legal holiday in the state in which Municipality is located, the next following business day shall be the last day on which payment may be made without the addition of the delayed payment charges set forth in the S-1 Supplemental Power Rate Schedule and the S-1 Transmission Rate Schedule. Agency may, whenever any amount due remains unpaid after the due date and after giving fifteen (15) days' advance notice in writing of its intention to do so, discontinue service hereunder or take all steps available to it under applicable law to collect such amount and all subsequent payments which shall have become due or both. Agency may, whenever any amount due remains unpaid for one hundred twenty (120) or more days after the due date and after giving thirty (30) days' advance notice in writing of its intention to do so, terminate this Agreement. No such discontinuance or termination shall relieve Municipality from liability for payment for Supplemental Power or Transmission Service furnished hereunder.

(b) In the event Municipality desires to dispute all or any part of a bill, Municipality shall nevertheless pay the full amount of the bill when due and, within sixty (60) days from the date of the bill, notify Agency in writing of the grounds on which any charges in the bill are disputed and the amount in dispute. Municipality will not be entitled to any adjustment on account of any disputed charges which are not brought to the attention of Agency within the time and in the manner herein specified.

Section 11. METERING.

(a) Agency shall furnish or cause to be furnished, own, install, and maintain the necessary metering equipment required to measure and record the Supplemental Power and Transmission Service furnished hereunder. Such metering equipment shall provide a continuous record of the thirty (30) minute integrated total demand and associated energy of Municipality during each billing period throughout the term of this Agreement and otherwise be in accordance with the terms of the S-1 Supplemental Power Rate Schedule and the S-1 Transmission Rate Schedule. Such records shall be available at all reasonable times to authorized agents of Municipality.

(b) Agency shall test and calibrate meters or cause meters to be tested and calibrated by comparison with accurate standards in accordance with industry practices. Agency shall also make or cause to be made special meter tests at any time at Municipality's request. The costs of all tests shall be borne by Agency; *provided, however*, that if any special meter test made at Municipality's request shall disclose that the meters are recording accurately, Municipality shall reimburse Agency for the cost of such test. Meters registering not more than two percent above or below normal shall be deemed to be accurate. The readings for any meter which shall have been disclosed by test to be inaccurate shall be corrected from the beginning of the monthly billing period immediately preceding the billing period during which the tests are made in accordance with the percentage of inaccuracy found by such test; *provided, however*, that no correction shall be made for a longer period unless Agency and Municipality mutually agree thereto. Should any meter fail to register, the Supplemental Power and Transmission

Service delivered during such period of failure shall for billing purposes be estimated by Agency and Municipality from the best information available. Agency shall notify Municipality or cause Municipality to be notified in advance of the time of any meter reading or test so that Municipality's representative may be present at such meter reading or test.

(c) For a fractional part of a billing period at the beginning or end of service, and for fractional periods due to withdrawals of service caused by inability to deliver, charges hereunder shall be proportionately adjusted by Agency in the ratio that the number of hours that service is furnished to Municipality (in such fractional billing period) bears to the total number of hours in the billing period involved.

<u>Section 12</u>. RIGHT TO ACCESS.

Duly authorized representatives of Agency and Municipality shall be permitted to enter the other Party's premises at all reasonable times in order to carry out the provisions of this Agreement.

<u>Section 13</u>. UNCONTROLLABLE FORCES.

(a) Neither Agency nor Municipality shall be considered to be in default in respect to any delay or failure to carry out any obligation hereunder (other than the obligation of Municipality to take and pay for Supplemental Power and Transmission Service made available hereunder) if prevented from fulfilling such obligations by reason of uncontrollable forces, the term uncontrollable forces being deemed for the purposes of this Agreement to mean any forces caused by or resulting from acts or events beyond the reasonable control of the Party affected, including but not limited to acts of God; failure of facilities; flood, earthquake, explosion, storm, lightning, or fire; epidemic, pandemic, or pestilence; war, hostilities (whether war is declared or not), invasion, riot, civil disturbance, labor disturbance, sabotage, or terrorist threats or acts whether foreign or domestic, cyberattack; national or regional emergency; actions, restraint, or orders or regulations by government, court, or public authority; the inability of Agency, an RTO, a Market, or any successor organization(s) to deliver energy; embargoes or blockades in effect on or after the date of this Agreement; or any other events, whether similar or dissimilar, beyond the reasonable control of the affected Party, any or all of which by due diligence and foresight such Party could not reasonably have been expected to avoid. The Party affected shall, if practicable under the circumstances, give notice of the uncontrollable forces to the other Party within a reasonable time, stating the period of time the occurrence is expected to continue, if known. The Party rendered unable to fulfill any obligation by reason of uncontrollable forces shall exercise due diligence to remove such inability and to minimize the effects of such uncontrollable forces, to the extent within its control, with all reasonable dispatch.

(b) If Agency is rendered unable to meet some or all of its obligations to provide Supplemental Power to Municipality because of uncontrollable forces, including those affecting Agency's ability to acquire from SPP power and energy or Transmission Service, or Agency's ability to acquire from MISO power and energy, Transmission Service, or WAPA Power, Agency shall permit Municipality to operate any generation owned by Municipality, or to acquire power and energy from sources other than Agency, in order to provide such amounts of power and energy necessary to meet the needs, in whole or in part, of Municipality and which are not supplied by Agency by reason of the uncontrollable force, and shall be permitted to do so for the duration of such uncontrollable force. Municipality shall, if practicable under the circumstances, give notice to Agency within a reasonable time to coordinate the operation of the local generation and Agency's Supplemental Power obligation and Transmission Service.

Section 14. COOPERATION BETWEEN AGENCY AND MUNICIPALITY.

If, in the maintenance of their respective electric systems or other electric systems over which Municipality may obtain delivery of electric power and energy, it becomes necessary by reason of any emergency or extraordinary condition for either Agency or Municipality to request the other to furnish personnel, materials, tools, and equipment for the accomplishment thereof, the providing Party shall cooperate with the other and render such assistance as the providing Party may determine to be available. The requesting Party, upon receipt of properly itemized bills from the providing Party, shall reimburse the providing Party for all costs properly and reasonably incurred by it in providing assistance. These reimbursement provisions are not contingent on a declaration by the federal government of an emergency, major disaster, or fire.

Section 15. CONSTRUCTION, OPERATION, AND MAINTENANCE OF MUNICIPALITY'S ELECTRIC SYSTEM.

Municipality agrees to construct, operate, and maintain its electric system in accordance with Prudent Utility Practices and shall install, operate, and maintain such proper service protection equipment and other facilities as will coordinate with the protective relaying and other protective arrangements on the system from which power and energy is delivered to it. Nothing contained in this section in any way releases Municipality of its obligations, if any, to the MRO or NERC.

Section 16. RENEWABLE RESOURCE GENERATION.

Municipality shall be permitted to annually generate energy from local renewable resources which are directly connected to Municipality's distribution system and which Municipality owns, or for which it contracts with a third party to acquire, for local use as described in this Section (excluding customer-owned renewable distributed generation), in an amount which shall not exceed five percent of the annual energy purchased by Municipality from Agency in the previous calendar year. The agreement of the Parties shall be set forth in a separate member renewable resources agreement executed by Agency, Western Minnesota, and Municipality, which shall provide that Municipality will sell all such energy to Agency, and Agency in turn will sell such energy to Municipality, both at rates established pursuant to the terms of the renewable resource agreement. The member renewable resources agreement shall contain such other terms and conditions as are deemed appropriate by Agency and Municipality.

Section 17. ASSIGNMENTS.

All covenants and agreements contained in this Agreement shall inure to the benefit of Agency and Municipality and their respective successors and assigns; *provided, however*, that, except as provided in Section 26 below, no Party may transfer or assign its interests or rights under this Agreement except that (i) a Party may transfer or assign its interests or rights under this Agreement or grant a security interest therein to any trustee or secured party, as security for bonds or other indebtedness, present or future, and such trustee or secured party may, if so empowered, sell or otherwise realize upon such security in foreclosure or other suitable proceedings, possess or take control thereof, or cause a receiver to be appointed with respect thereto and otherwise succeed to all interests and rights of the Party making the assignment; and (ii) in the case of a proposed transfer to either any entity acquiring all or substantially all the property of the Party making the transfer or any entity into which or with which the Party making the transfer may be merged or consolidated, the Party proposing the transfer shall give Agency and Western Minnesota written notice at least ninety (90) days prior to the date such transfer or assignment is scheduled to occur and must obtain the prior written consent of the other Parties hereto, which consent shall not be unreasonably withheld, it being understood that it would be reasonable for Agency and/or Western Minnesota to withhold such consent if such transfer or assignment would (a) reduce the total amount of Supplemental Power being sold hereunder; (b) be to a party (other than a municipality) with senior debt, if any, not rated in one of three highest whole rating categories by at least one nationally recognized bond rating agency; (c) adversely affect the value of this Agreement as security for the payment of bonds or indebtedness and interest thereon; or (d) affect (either alone or in conjunction with any other actions by Municipality and/or other Municipalities) the eligibility of interest on bonds or indebtedness of Agency or Western Minnesota (whether then outstanding or thereafter to be issued) for exclusion from gross income of the owners for federal income tax purposes under Tax Laws. In making the determination required by clause (d) above, Agency and Western Minnesota may rely upon an opinion of a nationally recognized bond counsel as to the effect of any such transfer or assignment on the federal tax-exempt status of any bonds or indebtedness (whether then outstanding or thereafter to be issued), as that status is governed by Tax Laws. Within sixty (60) days after receipt of a notice from Municipality requesting a transfer or assignment, Agency and Western Minnesota shall advise Municipality as to whether, in the opinion of a nationally recognized bond counsel, the transfer or assignment would affect the eligibility of interest on bonds or indebtedness for federal tax-exempt status as described in clause (d) above. In the event that allocations (including, but not limited to allocations relating to private use issues) are necessary under the Tax Laws to determine whether entering into any such transfer or assignment affects the eligibility of interest on bonds or indebtedness for federal tax-exempt status as described in clause (d) above, Agency and Western Minnesota shall make such allocations, in their sole discretion, after receipt of an opinion of a nationally recognized bond counsel.

Notwithstanding anything in this Section to the contrary, Municipality may transfer or assign this Agreement if it affects the eligibility of interest on bonds or indebtedness for federal tax-exempt status as described in clause (d) above if, but only if, the transferee enters into an agreement in form and substance satisfactory to Agency and Western Minnesota providing that the transferee will bear and pay any and all increased costs allocated to it resulting from the use by Agency or Western Minnesota of Non-Tax Exempt Funds, as a consequence of the Agency or Western Minnesota taking remedial action in order to preserve the tax-exempt status of affected bonds or indebtedness as described in clause (d) above or the loss of the tax-exempt status with respect to the debt of the Agency or Western Minnesota as described in clause (d) above. Agency and Western Minnesota, in their sole discretion, after receipt of an opinion of a nationally recognized bond counsel, shall allocate on a reasonable basis the increased costs associated with the use of such Non-Tax Exempt Funds, any such remedial action or the loss of the tax-exempt status of bonds or indebtedness as described above to any such transferee, and they shall determine the terms and conditions upon which the transferee shall pay such increased costs. Any such agreement shall contain such other terms and provisions as Agency and Western Minnesota reasonably deem necessary in order to preserve the federal tax-exempt status of any borrowed funds not intended by Agency or Western Minnesota to be issued as debt which is not excludable from gross income for federal income tax purposes. No assignment or transfer of this Agreement shall relieve the Parties of any obligation hereunder, unless specifically agreed to in writing by the other Parties.

In connection with any such proposed transfer or assignment under this Section, various opinions are required to be delivered by a nationally recognized bond counsel. Such counsel or counsels shall be chosen by Agency and Western Minnesota and the cost of such counsel or counsels shall be borne by the Party requesting the transfer or assignment. Any of the opinions required under this Section may be delivered in one or more opinions. No other assignments or transfers will be permitted under this Section.

Section 18. RECORDS AND ACCOUNTS.

Agency and Western Minnesota shall keep accurate records and accounts of their respective properties and operations in accordance with the FERC's Uniform System of Accounts Prescribed for Major Utilities and Licensees in effect from time to time. Municipality shall have the right at any reasonable time to examine such accounts. Agency and Western Minnesota shall cause such accounts to be audited annually by a firm of independent public accountants of national reputation and shall make such audits available to Municipality.

Section 19. INFORMATION.

Agency and Municipality will promptly furnish to each other such information as may be reasonably requested from time to time in order to carry out more effectively the intent and purpose of this Agreement or as may be reasonably necessary and convenient in the conduct of the operations of the Party requesting such information.

Section 20. PRIVACY AND SECURITY OF INFORMATION ON INDIVIDUALS.

Agency is a political subdivision that operates under the intergovernmental cooperation laws of the states in which it has members and thus is generally subject to public records laws analogous to those of its members. Such laws require that certain data collected or exchanged in carrying out the purposes of this Agreement shall be treated as non-public and confidential information, as defined by applicable law. A Party disclosing any such information in the performance of this Agreement shall designate in writing the information as confidential, using the phrase "Confidential, Subject to Restricted Access and Disclosure," or similar words. The Party receiving any such designated information may not disclose such information to any third party, except as required by law, by a specific written agreement among the Parties and/or the subject of the information, or as otherwise provided in this Section. In the event a Party in receipt of confidential information receives a request for disclosure of the confidential information and, in the opinion of legal counsel for the receiving Party, disclosure is required by law, then that Party shall immediately inform the Party who disclosed the information prior to making any such disclosure. Each Party shall cooperate to enable the Party who disclosed the information, or other affected entities, if they so desire, to obtain a protective order or other reliable assurance that confidential treatment will be maintained consistent with applicable law. Each Party agrees to defend, indemnify, and hold harmless the other Parties and their officials, officers, agents, employees, and volunteers from and against any claims resulting from the indemnifying Party's unauthorized and unlawful disclosure and/or use of data in violation of the terms of this Section. The terms of this Section shall survive the cancellation or termination of this Agreement for a term as provided by law or, in the absence of a specific law, as provided by records management policies of each respective Party.

Section 21. AMENDMENT.

Except as provided for expressly herein, neither this Agreement nor any terms hereof may be terminated, amended, supplemented, waived, or modified except by an instrument in writing executed by all Parties to this Agreement, *that is* this individual agreement among Agency, Western Minnesota, and City of St. James.

Section 22. OPINION AS TO VALIDITY.

Upon the execution and delivery of this Agreement, Municipality shall furnish Agency with an opinion by an attorney or firm of attorneys qualified to practice in the state in which Municipality is located to the effect that:

(a) Municipality is a municipal corporation duly created and validly existing pursuant to the Constitution and statutes of such state;

(b) Municipality has full legal right and authority to enter into this Agreement and to carry out its obligations hereunder; and

(c) Municipality has approved this Agreement and its execution and delivery, and this Agreement has been duly executed by the appropriate officer of Municipality and constitutes the legal, valid, and binding obligation of Municipality enforceable in accordance with its terms.

Section 23. NOTICES.

Any notice, demand, or request required or authorized by this agreement shall be deemed properly given if mailed, postage prepaid, to Agency at its principal place of business at 3724 West Avera

Drive, P.O. Box 88920, Sioux Falls, South Dakota 57109-8920, to Municipality at 1205 6th Ave. S, St. James, Minnesota, 56081, and to Western Minnesota at 129 Second Street NW, Ortonville, Minnesota, 56278. The foregoing addresses may be changed at any time by similar notice. All notices given to Agency shall also be given to any New Power Supplier.

Section 24. WAIVERS.

Any waiver at any time by any Party hereto of its rights with respect to a default or any other matter arising in connection with this Agreement shall not be deemed to be a waiver with respect to any subsequent default or matter.

Section 25. SEVERABILITY.

In the event that any of the terms, covenants, or conditions of this Agreement, or the application of any such term, covenant, or condition as to any person or circumstance, shall be held invalid by any court having jurisdiction under the circumstances, the remainder of this Agreement, and the application of its terms, covenants, or conditions to such persons or circumstances, shall not be affected thereby.

Section 26. SECURITY FOR POWER SUPPLY CONTRACTS.

(a) Municipality acknowledges and agrees that Agency may pledge and assign an undivided interest in all of its right, title, and interest in and to all payments to be made to Agency by Municipality under this Agreement to Western Minnesota and each New Power Supplier to secure Agency's obligations to each under its respective Power Supply Contract. Upon execution of any such pledge and assignment, Western Minnesota and the New Power Supplier(s) shall have all of the rights and remedies provided to Agency under this Agreement.

(b) Municipality and Western Minnesota hereby agree that, if Agency shall be unable to perform, or shall default in the performance of, its obligations under this Agreement for any reason whatsoever including, without limitation, by reason of any defect in the organization or other legal disability of Agency (but not if such default is the result of a default by Western Minnesota under its Power Supply Contract) or if Agency shall default in the performance of any of its obligations under its Power Supply Contract with Western Minnesota, then Western Minnesota shall be entitled and obligated to the extent lawfully empowered to do so, to assume the rights, duties, and obligations of Agency under this Agreement as fully as if this Agreement named and referred to Western Minnesota herein in every place where Agency is herein named and referred to; *provided that* the obligation of Western Minnesota to meet the requirements of Municipalities for power and energy hereunder and under the Power Sale Agreements (S-1) shall be limited to an obligation to supply to the extent available an amount of power and energy hereunder and under the other Power Sale Agreements (S-1) up to that amount of power and energy which is associated with the capacity entitlement acquired by Agency under its Power Supply Contract with Western Minnesota. In the event that such amount of power and energy shall be less than the amount of power and energy required hereunder and under the other Power Sale Agreements (S-1), the amount of available power and energy shall be allocated monthly among Municipality and other Municipalities which have entered into Power Sale Agreements (S-1) pro rata in accordance with their respective power and energy requirements required to be met hereunder and thereunder during the corresponding month of the calendar year which precedes the calendar year in which Agency's inability to perform or default shall have occurred.

(c) The obligations of Municipality to Western Minnesota and the New Power Supplier(s) hereunder shall not be dependent upon, or affected by, the due organization or existence of Agency, the validity of this Agreement as to Agency, the enforceability of this Agreement against Agency, or any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation, dissolution, or the like of Agency.

Section 27. NEW POWER SUPPLIER(S); PARTIES TO THIS AGREEMENT.

In the event Agency shall hereafter enter into a contract with one or more New Power Supplier(s) providing for the acquisition by Agency from the New Power Supplier(s) of power supply resources and such contract(s) satisfies all applicable requirements of the Power Supply Contract relating to the opening of the pledge provided for in Section 26 above to the New Power Supplier(s), then the New Power Supplier(s) may become a party hereto upon the execution by Agency and the New Power Supplier(s) of an agreement(s) pursuant to which the New Power Supplier(s) agree(s) to be bound by all of the terms and conditions hereof to the extent that such terms and conditions are applicable to a New Power Supplier, including, with respect to that New Power Supplier's Power Supply Contract, the rights and obligations similar to those applicable to Western Minnesota under Section 26(b). From and after the effective date of such agreement between the New Power Supplier and Agency, the New Power Supplier shall be a party hereto and the contract between the New Supplier and Agency providing for the acquisition of the power supply resources shall be a Power Supply Contract as such term is used herein, all without any further action or consent by any other Party hereto.

Section 28. ENTIRE AGREEMENT.

This Agreement, including all schedules hereto, constitutes the entire agreement between the Parties with respect to the subject matter hereof and, as of January 2, 2027, shall supersede all prior agreements and understandings between the Parties relating to the subject matter hereof, and no subsequent agreements will have any effect unless formed in accordance with Section 21.

[The remainder of this page is intentionally left blank; the signature page follows.]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement, as amended and restated, to be executed as of the date stated below.

MISSOURI BASIN MUNICIPAL POWER AGENCY d/b/a MISSOURI RIVER ENERGY SERVICES

[SEAL]

By ____________________________
Chair, Vernell Roberts

ATTEST:

____
Date

____
Steve Lehner, Secretary/Treasurer

CITY OF ST. JAMES

[SEAL]

By ____________________________________
(Signature)

ATTEST:

____
Name (Printed)

____
Title (Printed)

____
(Signature)
Title:

____
Date

WESTERN MINNESOTA MUNICIPAL POWER AGENCY

[SEAL]

By ______________________________
President, Scott Hain

ATTEST:

____
Date

____
Travis Schmidt, Secretary

MISSOURI BASIN MUNICIPAL POWER AGENCY
d/b/a MISSOURI RIVER ENERGY SERVICES
POWER SALE AGREEMENT (S-1)
SCHEDULE A

POINTS OF DELIVERY, MEASUREMENT AND ADJUSTMENTS

St. James, Minnesota

POINTS OF DELIVERY

1. Electric power and energy will be delivered to the Municipality at the point where the facilities of the Midcontinent Independent System Operator Xcel Energy Zone interconnects with Municipal's electric system at 69 kV.

POINTS OF MEASUREMENT

1. Electric power and energy will be measured at the following points.
    a. Low side of 69/12.47 kV transformer T1 in St. James East Substation.
    b. Low side of 69/12.47 kV transformer T1 in St. James Substation.

2. Electric power and energy will be delivered in amounts as required to compensate for losses to the Point of Measurement.

ADJUSTMENTS

1. If the power and energy is metered on the low side of the transmission to distribution transformer(s), the meter will internally compensate for the difference between the Delivery Point and the Point of Measurement.

2. If the Municipality receives electric power and energy over an electric system other than its own and that of Xcel Energy, meter readings for such electric power and energy will be increased by an amount required to compensate for losses in accordance with the agreement of the Municipality or the Agency, as the case may be, with such electric systems.

3. Adjustments will be made at the following points.
    a. Increases to load.
        i. St. James generation on breaker in St. James East Substation.

EFFECTIVE DATE

This Schedule A shall be effective as of January 2, 2027.

[The remainder of this page is intentionally left blank; the signature page follows.]

IN WITNESS WHEREOF, the Parties hereto have agreed that this Schedule A shall be executed as of the date stated below, and effective as of January 2, 2027.

MISSOURI BASIN MUNICIPAL POWER AGENCY d/b/a MISSOURI RIVER ENERGY SERVICES

[SEAL]

By ______________________________
Matt Schull
President & Chief Executive Officer

ATTEST:

____
Date

____
Terry Wolf
Vice President & Chief Operating Officer

CITY OF ST. JAMES
By ______________________________
(Signature)

[SEAL]

____
Name (Printed)

ATTEST:

____
Title

____
[Name, Title]

____
Date

Sunde Olson
KIRCHER & ZENDER P.L.C.
ATTORNEYS AT LAW

Michael P. Kircher
Zachary R. Strom
Steven R. Sunde* (Of Counsel)
Suzann M. Olson (1951-2026)
Jan M. Zender (1956-2018)
Margaret K. Koberoski (1969-2022)

July 13, 2026

VIA E-MAIL ONLY
amanda.knoll@ci.stjames.mn.us

Amanda Knoll
City Manager

RE: Missouri River Energy Services - Power Sale Agreement (S-1)

Dear Amanda:

Please find enclosed the opinion letter requested by Missouri River Energy Services as part of their request to extend the Power Sale Agreement (S-1).

As we discussed in our recent meeting, you will place this matter on the agenda so the council can approve the amendment to the Power Sale Agreement.

As always, should you have any questions or comments, please do not hesitate to contact me.

Very truly yours,

Michael P. Kircher
mkircher@sundeolson.com

MPK/mjt

Enclosure

108 Armstrong Blvd. S.
P.O. Box 506
St. James, MN 56081
Phone (507) 375-3352
Fax (507) 375-4483

Reply to:
P.O. Box 506
St. James, MN 56081

www.sundeolson.com

*Board Certified Trial Advocate
By the National Board of Trial Advocacy and the Minnesota State Bar Association

Sunde Olson
KIRCHER & ZENDER P.L.C.
ATTORNEYS AT LAW

Michael P. Kircher
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Steven R. Sunde* (Of Counsel)
Suzann M. Olson (1951-2026)
Jan M. Zender (1956-2018)
Margaret K. Koberoski (1969-2022)

July 13, 2026

Mr. Matthew E. Schull
President and Chief Executive Officer
Missouri River Energy Services
P.O. Box 88920
Sioux Falls, SD 57109-8920

RE: Missouri River Energy Services - Power Sale Agreement (S-1)

Dear Mr. Schull:

I am an attorney licensed to practice law in the State of Minnesota, and I represent the City of St. James ("Municipality"). In relation to the execution by Municipality of the Missouri Basin Municipal Power Agency Power Sale Agreement (S-1) (as amended and restated effective January 2, 2027) (the "S-1 Agreement") by and among Missouri Basin Municipal Power Agency d/b/a Missouri River Energy Services ("MRES"), Western Minnesota Municipal Power Agency ("WMMPA") and Municipality. I am pleased to inform you that in my professional opinion:

1. Municipality is a municipal corporation duly created and validly existing pursuant to the Constitution and Statutes of the State of Minnesota.

2. Municipality has the full legal right and authority to enter into each of the S-1 Agreement and to carry out its obligations thereunder.

3. Municipality has duly authorized, approved, executed and delivered the S-1 Agreement, the S-1 Agreement has been executed by an appropriate officer of Municipality and, upon execution and delivery by MRES and WMMPA, the S-1 Agreement constitutes the legal, valid and binding obligation of Municipality enforceable in accordance with its terms.

Very truly yours,

Michael P. Kircher
mkircher@sundeolson.com
MPK/mjt
CC: City of St. James

108 Armstrong Blvd. S.
P.O. Box 506
St. James, MN 56081
Phone (507) 375-3352
Fax (507) 375-4483

Reply to:
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St. James, MN 56081

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*Board Certified Trial Advocate
By the National Board of Trial Advocacy and the Minnesota State Bar Association

MISSOURI RIVER® ENERGY SERVICES

3724 West Avera Drive
PO Box 88920
Sioux Falls, SD 57109-8920
Telephone: 605.338.4042
www.mrenergy.com

June 8, 2026

Dear Members,

Missouri River Energy Services ("MRES") was formed over 60 years ago to help our members protect the allocations of hydropower they receive from the Western Area Power Administration ("WAPA"). Shortly after MRES was formed, WAPA informed its customers that their hydropower allocations would be capped at 1977 levels, requiring them to find an alternative source for their supplemental power supply needs. MRES then assumed a second core purpose – to secure and provide our members the power supply needed to serve all of their future load growth.

MRES fulfills its power supply obligation to its members through long-term power sale agreements with its 61 member communities. For 58 of our members, those agreements are called Power Sale Agreements (S-1), or "S-1 Agreements", to reflect the supplemental power supply obligation of MRES, over and above the members' WAPA allocations.

The S-1 Agreements are at the core of all we do at MRES. The agreements give our members the assurance that they will have all of the power they need to serve their communities. The agreements also ensure we will have the financial resources we need to provide the power and other services our members desire, while also serving as strong security for the tax-exempt bonds issued to fund the generation and transmission resources required to serve our members.

The first S-1 Agreements were signed in 1976. Those initial agreements had a term of 40 years. Since that time, the agreements have been amended five times, each time with 100% member approval. The primary reason for these amendments has been to extend the term of the agreements to 40 years. This 40-year term is important, allowing the issuance of tax-exempt bonds at some of the most favorable rates available, which in turn enables MRES to have some of the lowest wholesale power rates in the region.

As you hopefully heard at one of our Area Meetings last fall or at our Annual Meeting in May, it is once again time to extend the term of the S-1 Agreements. The last extension was nearly ten years ago, in 2017.

I'm happy to report that the S-1 Agreements are otherwise in good shape. The primary change to the agreement is to extend its term by 10 years, so that it will now expire in 2067. The other changes are very limited in scope. They are intended to update terminology to reflect current industry usage and help protect the benefits of tax-exempt financing.

Along with this letter, you are receiving several other documents designed to help assist you in reviewing and considering the revised S-1 Agreement, including a redlined draft of the S-1 Agreement showing all changes proposed to the current agreement. We ask that you please review this information closely, and that you also provide the information to your city attorney and/or utility attorney.

We know you may have questions as you review the revised S-1 Agreement and associated documents. We have scheduled two webinars to review the proposed changes to the agreement. The first will be held on June 23 from 8:30-10:00 a.m. and the second on July 7 from 8:30-10:00 a.m. We hope you and your attorney will be able to join one of these webinars. We will record one of the sessions and make it available on our website for those who are unable to attend either one.

MRES staff will also be otherwise available to discuss the revised S-1 Agreement with you. If you'd like, we will make a staff member available for a call or virtual meeting or to come to your community to make a presentation to your governing board at a time that is convenient for you. We want to make sure you understand the revised agreement and associated documents.

As noted above, this is the sixth time the S-1 Agreements have been amended, and each time 100% of the amended S-1 Agreements have been approved by the membership. Our goal is to make an announcement in December that, once again, 100% of our S-1 members have approved and signed the extended S-1 Agreement. To meet this schedule, we ask that you review, consider, and approve the extended agreement and associated documents by November 1, 2026.

Thank you for your continued partnership with MRES. We look forward to many more years of serving you and meeting your power supply needs.

Sincerely,
President & Chief Executive Officer

MISSOURI RIVER® ENERGY SERVICES

3724 West Avera Drive
PO Box 88920
Sioux Falls, SD 57109-8920
Telephone: 605.338.4042
Fax: 605.978.9360
www.mrenergy.com

To: MRES S-1 Members

From: Dan Harmelink, MRES General Counsel

Date: June 8, 2026

Re: Extension of Power Sale Agreements (S-1)

This memo describes the changes being proposed to the Power Sale Agreement (S-1) (the "S-1 Agreement") between Missouri River Energy Services ("MRES") and its S-1 members. This memo is provided to supplement and aid your review of the revised S-1 Agreement, explaining the substantive changes being proposed. A "4-Step Guide" is being separately provided to assist with procedural steps related to the consideration and adoption of the revised S-1 Agreement.

The primary proposed change to the S-1 Agreement, and the reason for the revised agreement, is the extension of the agreement's term from 2057 to 2067. This extension is vitally important to the continued ability of MRES to provide supplemental power to its members on the cost-effective basis they expect and deserve. The extension allows Western Minnesota Municipal Power Agency ("WMMPA"), the asset-owning and financing arm of MRES, to issue tax-exempt bonds on very favorable terms and it enables MRES to engage in more efficient, long-term resource planning.

Before addressing each of the proposed substantive changes to the S-1 Agreement, two general comments are warranted with respect to the revised S-1 Agreement.

- The proposed changes to the S-1 Agreement are limited in number and in scope, as you will see from the redlined draft of the agreement. The driver for the revised S-1 Agreement is the need to extend the term of the agreement as noted. The rest of the agreement remains in good shape, despite continuing changes within the electric industry. There are a handful of other substantive proposed changes to the agreement, but none that materially alter the parties' respective rights and obligations under the S-1 Agreement.

- The MRES Board of Directors directed MRES staff to make sure all revisions to the S-1 Agreement are ultimately beneficial to the members. The revised S-1 Agreement reflects this directive. All proposed changes are designed to enhance the overall strength of our members and their ability to provide reliable and cost-effective power to their communities.

The following is an explanation of each of the substantive changes to the S-1 Agreement being proposed by MRES. As shown by the redlined draft of the revised agreement, there are also non-substantive terminology updates intended to clean-up and clarify certain aspects of the agreement. The non-substantive updates are not explained below.

- **Section 1 – Definitions.** A handful of new defined terms were added to the agreement, either to support existing terms of the agreement or to supplement new or revised terms, as discussed below. The following definitional additions and changes are substantive in nature:
  - Section 1(d) adds a definition for "Environmental Attributes", which is defined to encompass Renewable Energy Certificates, Emission-Free Energy Certificates, and similar products attributable to the reduction or avoidance of environmental impacts on air, soil, or water. This definition is used in Sections 3(a) and 3(a)(ii) of the agreement, as further described below.
  - Section 1(f) revises the definition of "Green Energy" to include the potential use of Environmental Attributes for a member desiring Green Energy. This is further addressed in Section 3(a)(ii) of the agreement, as discussed below.
  - Section 1(z) updates the definition of "Power Supply Contract(s)" to more clearly encompass qualifying power supply contracts between MRES and WMMPA or any future power supplier.
  - The definition of "Uncontrollable Forces" was struck because it does not require definition. The concept of uncontrollable forces is addressed in Section 13 of the agreement but there is no need to separately define the term.
- **Section 2 – Term.** As noted above, the term of the agreement is being extended by ten years, to expire on January 1, 2067. This is consistent with all five prior amendments to the S-1 Agreement, in which the term of the agreement was extended to 40 years.
- **Section 3 – Sale of Power and Energy.** This section was revised in three respects:
  - Section 3(a) was updated to clarify that MRES's obligation to maintain a portfolio of resources sufficient to ensure compliance with state or federal energy requirements also applies to environmental requirements, such that MRES must maintain a resource mix and products (e.g., Environmental Attributes) sufficient to enable member compliance with applicable environmental requirements. This currently applies most directly to Minnesota members and compliance with Minnesota's Renewable Energy Standard and Carbon Free Standard.
  - Section 3(a)(i) extends the first Maximum Rate of Delivery ("MROD") election date from 2027 to 2037. Under the MROD terms, a member may elect to cap its purchases from MRES at certain times during the term of the agreement. Because the extended agreement will take effect on January 1, 2027, an initial MROD election date of 2027 is impractical. Also, with prior extensions of the S-1 Agreement, the MROD election date has historically been extended 10 years, so the current proposed extension is in line with past practice.

- Section 3(a)(ii) was revised to reflect a member's right to elect to purchase Environmental Attributes as an alternate means of causing its power supply makeup to be considered more renewable or carbon-free in nature. This more clearly memorializes what is being done through MRES's Bright Energy Choices program.

- **Section 9 – Covenants of Municipality.** A new covenant was added in subsection (c) of Section 9 to help prevent actions by members with respect to the S-1 Agreement, or power delivered under it, that could affect the tax-exempt nature of bonds issued by WMMPA, thereby increasing the S-1 energy rates paid by all members. Federal income tax law limits the ability of municipal utilities to sell output from facilities financed with tax-exempt bonds to private parties pursuant to certain types of power purchase agreements, commonly referred to as the "private business use" rules. Because tax-exempt financing is used to fund WMMPA generation resources used by MRES to sell power to its members under the S-1 Agreements, the private business use rules apply here.

  The addition of the covenant in Section 9(c) is intended to raise awareness of these limitations and further ensure compliance. Similar terms are contained in many other long-term power sale agreements between municipal joint action agencies and their members, but have not before been included in the S-1 Agreement. The sale of power by a municipal utility pursuant to an established rate tariff of rate schedule will not implicate this covenant; the covenant is designed to address certain fixed term power purchase agreements with commercial customers. If a member enters into a fixed term power purchase agreement with a customer, care should be taken to ensure there are no issues under the private business use rules.

- **Section 11 – Metering.** Duplicative language was removed from this section.

- **Section 13 – Uncontrollable Forces.** Minor updates were made to this section to clarify and make more internally consistent the terms applicable to an uncontrollable force impacting the performance of a party under the agreement.

- **Section 26 – Security for Power Supply Contracts.** A few terminology clarifications were made to subsection (b) of this section, to better relate the language to the S-1 Agreements with all S-1 members.

- **Section 28 – Entire Agreement.** This section was updated to better reflect the effective date of the revised S-1 Agreement and associated impact on the current agreement, with the revised S-1 Agreement superseding and replacing the current agreement effective as of January 2, 2027.

[End of Memo]

MISSOURI BASIN MUNICIPAL POWER AGENCY
POWER SALE AGREEMENT (S-1)

(as amended and restated effective January 2, ~~2017~~2027)

This ~~agreement~~ Power Sale Agreement (S-1) was made originally as of ~~the 1st day~~<date of ~~October, 1976,~~original agreement with Municipality>, was subsequently amended and restated, and is hereby further amended and restated, effective as of January 2, ~~2017 (referred to herein as~~ 2027 (the "Agreement"), among MISSOURI BASIN MUNICIPAL POWER AGENCY, a body corporate and politic organized under Chapter 28E of the Code of Iowa~~,~~ and doing business as Missouri River Energy Services ("Agency"), ~~and~~ WESTERN MINNESOTA MUNICIPAL POWER AGENCY, a municipal corporation and political subdivision of the State of Minnesota ("Western Minnesota"), and ~~entered into among Agency, Western Minnesota, and~~ <Municipality>, a municipal corporation of the State of <State> ("Municipality~~") as of <original date S-1 was signed by Municipality>,~~"), each referred to as a "Party" or collectively as the "Parties."

W I T N E S S E T H:

WHEREAS, Municipality owns and operates an electric utility system and currently purchases all or a portion of its requirements for electric power and energy from the Western Area Power Administration ("WAPA~~"), as defined in Section 1(hh); and~~"); and

WHEREAS, Agency has entered into or may enter into agreements for the sale of electric power and energy with provisions similar to those contained in this Agreement with other member municipalities which own and operate electric utility systems (Municipality and such other municipalities being referred to collectively as "Municipalities" and this Agreement and such other agreements, as the same or any thereof may hereafter be amended, modified, or extended, ~~shall be~~being referred to collectively as the "Power Sale Agreements (S-1)"); and

WHEREAS, Agency has entered into a Power Supply Contract with Western Minnesota originally dated as of October 1, 1976, as subsequently supplemented, amended, restated, and updated

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(the “Power Supply Contract”), and may enter into future power supply contracts (such documents, along with the Power Supply Contract, as they may be supplemented, amended, restated, or updated in accordance with the provisions thereof, and otherwise ~~meet~~meeting the requirements of this Agreement, being referred to collectively as the “Power Supply Contracts”) pursuant to which Agency will acquire power and energy from projects designated therein or in a supplement thereto for the purposes of meeting Agency’s obligations to Municipalities under the Power Sale Agreements (S-1) and to other members of Agency under other long-term power sale agreements (the “Other Power Sale Agreements (Non S-1~~)”),~~,)” and, together with the Power Sale Agreements (S-1~~) all collectively referred to as~~), the “Municipal Power Sale Agreements~~,”~~”) with payments therefor by Agency to be made as~~ shall be~~ provided in the Power Supply Contract; and

WHEREAS, the Power Supply Contract requires Agency to secure its obligations thereunder by a pledge and assignment to Western Minnesota (Western Minnesota shall be designated as the “Power Supplier,” and each future power supplier under any future Power Supply Contract~~,~~ shall be designated individually as a “New Power Supplier”) of its right, title, and interest in and to certain revenues of Agency, including~~,~~ without limitation~~,~~ all payments to be made under this Agreement; and

WHEREAS, Agency is willing to plan for and provide to meet Municipality’s supplemental requirements for power and energy above the amount of power and energy Municipality purchases from WAPA on an integrated resource Agency-system-wide planning basis as part of Agency’s planning for all of its obligations under the Municipal Power Sale Agreements; and

WHEREAS, the power and energy required by Agency to meet its obligations under the Municipal Power Sale Agreements ~~now comes~~come from generation sources that may be within the geographic footprint of centralized electricity markets for the sale of power and/or energy (collectively~~ referred to as~~, the “Markets”) and requires transmission over facilities that are under the control of the operator of the regional transmission system in the respective geographic region, *i.e.* the Midcontinent Independent System Operator (“MISO”) and the Southwest Power Pool (“SPP”) or any successor regional transmission organizations (“RTO”), each which has established, and is governed by, rules and

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tariffs that require Agency (a) to make arrangements for the supply of power or energy or both, (b) to separately make arrangements for the physical delivery of such power and energy to enable Municipality to accept that power and energy, and (c) to pay separately for each product in the respective Market; and

WHEREAS, Municipalities that are served under the Power Sale Agreements (S-1) are located within the geographic footprints of such Markets; and

WHEREAS, Agency will be better positioned to minimize the overall cost of power and energy for Municipalities served under the Power Sale Agreements (S-1) by clearly defining its obligation to supply power and energy to Municipalities within the rules and tariffs of the Markets within which Municipalities are located; and

WHEREAS, the separate transmission service necessary to deliver power and energy to or for the benefit of Municipalities, as well as the costs associated with such service, define Agency's delivery obligation, and such service shall be based on the actual cost of transmission to each Municipality.

NOW, THEREFORE, in consideration of the mutual undertakings herein contained, the Parties hereto agree as follows:

Section 1. DEFINITIONS.

The following terms, when capitalized throughout this Agreement, shall have the meanings stated~~,~~ as follows:

(a) Agency – Missouri Basin Municipal Power Agency, a body corporate and politic organized under Chapter 28E of the Code of Iowa~~,~~ and doing business as Missouri River Energy Services;

(b) Agreement – this Missouri Basin Municipal Power Agency Power Sale Agreement (S-1) ~~between~~among Agency, Western Minnesota, and Municipality;

(c) CTC – Competitive Transition Charge, as more specifically provided in Section 7(d~~) below;~~);

(d) Environmental Attributes – any renewable energy certificates, emission-free energy certificates, alternate energy certificates, energy attribute certificates, emission offsets, or other current or future certificates, credits, benefits, emissions reductions, offsets, or allowances, however titled, named,

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created, registered, tracked, validated, measured, or allocated, resulting from a renewable energy resource or carbon-free energy resource that (i) are at any time recognized or deemed of value by any buyer, law, regulation, or mandatory or voluntary program of any government or other person and (ii) are attributable to or associated with the reduction or avoidance of greenhouse gas emissions or other environmental impacts on air, soil, or water; *provided*, *however*, Environmental Attributes specifically exclude any and all federal and state production tax credits, investment tax credits, and any other tax credits that are or may be generated by facilities from which Environmental Attributes are produced;

(e) FERC – Federal Energy Regulatory Commission, such definition to include any successor governmental agency or entity thereto;

~~(d)~~(f) Green Energy – an optional component of Supplemental Power that allows Municipality (i) to request that the Supplemental Power sold by Agency to Municipality consist of an amount comprised of energy derived from generation sources using renewable, carbon-free, or other environmentally-friendly resources~~; also includes~~, to include any capacity required to back up the energy resources, or (ii) to request Environmental Attributes from Agency, each as more specifically provided in Section 3(a)(ii);

~~(e)~~(g) Load Serving Requirements – certain minimum standards, including but not limited to power factor, underfrequency load shedding, undervoltage load shedding, and other requirements, that may be imposed by a third party, including but not limited to NERC, MRO, an RTO, or a transmission owner;

~~(f)~~(h) Market(s) – ~~collectively refers to~~ the organized capacity ~~markets~~market(s) and/or energy ~~markets~~market(s) operated by ~~RTOs~~one or more RTO, including MISO and SPP;

~~(g)~~(i) MISO – Midcontinent Independent System Operator, Inc., which is an RTO approved by ~~the Federal Energy Regulatory Commission~~FERC, such definition to include any successor organization, agency, or entity thereto;

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~~(h)~~(j) MRO – Midwest Reliability Organization, which is that regional entity to which NERC has delegated authority to ensure compliance with mandatory reliability standards, such definition to include any successor organization, agency, or entity thereto;

~~(i)~~(k) MROD – Maximum Rate of Demand; the maximum obligation of Agency to supply and Municipality to purchase Supplemental Power, when such maximum is elected by Municipality and established as more specifically provided in Section 3(a)(i);

~~(j)~~(l) MROD Date – the date on which the MROD first applies, beginning with the first day of the summer season following the second year after Municipality delivers the written notice to Agency of its intention to establish an MROD, as more specifically provided in Section 3(a)(i);

~~(k)~~(m) Municipal Power Sale Agreement(s) – any one of a number, or collectively all, of the contracts between Agency, Western Minnesota, and ~~a~~ Municipality or other Municipalities for the supply of power, energy, and related services, each as provided therein, including~~:~~ (i) the Power Sale Agreements (S-1) and (ii) the Other Power Sale Agreements (Non S-1);

~~(i) Supplemental Power Sale Agreements (S-1), and~~

~~(m)~~(o) Municipalities – collectively refers to Municipality and those other municipalities that own and operate electric utility systems for the retail sale of electricity to consumers, ~~all of which~~ are members of Agency, and ~~each of which~~ have entered into a Municipal Power Sale Agreement;~~-~~

~~(n)~~(p) NERC – North American Electric Reliability Corporation, which is that international electric reliability organization for North America which is responsible for assuring the reliability of the bulk power system, and subject to oversight by ~~the Federal Energy Regulatory Commission~~FERC and governmental authorities in Canada, such definition to include any successor organization, agency, or entity thereto;

~~(o)~~(q) New Power Supplier – any entity with which Agency may hereafter enter into a contract providing for the acquisition by Agency of power supply resources pursuant to an agreement that satisfies all applicable requirements of the Power Supply Contract relating to the opening of the pledge, as

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provided for in Section 26, and as is more specifically provided in Section 27~~.~~; *provided, however*, New Power Supplier ~~does~~shall not include MISO, SPP, or a similar administrator of a Market;

~~(p)~~(r) Non-Tax Exempt Funds – funds that are not derived from the proceeds of debt the interest on which is excludable from the gross income of the owners under Tax Laws;

~~(q)~~(s) Other Power Sale Agreements (Non S-1) – power supply agreements among Agency, Western Minnesota, and one or more Municipalities under terms substantively different than those of the Power Sale Agreements (S-1);

(t) Parties – Agency, Western Minnesota, and Municipality, collectively;

(u) Party – any of Agency, Western Minnesota, or Municipality, individually;

~~(r)~~(v) Point(s) of Delivery – ~~refers to~~ a location that represents the boundary of the transmission facilities that are under the functional control of an RTO at or near the town gate of Municipality, which specific location(s) for Municipality shall be as set forth in Schedule A, as may be revised from time to time as provided in this Agreement;

~~(s)~~(w) Point(s) of Measurement – ~~refers to~~ the interconnection point between Municipality's distribution system and the transmission/sub-transmission system, as is specifically defined for Municipality in Schedule A, as may be revised from time to time~~;~~ as provided in this Agreement;

~~(t)~~(x) Power Sale Agreement~~(s)~~ (S-1) – power sale agreements among Agency, Western Minnesota, and Municipalities, entered into for the sale of supplemental power and transmission service with members of Agency~~. Such agreement was originally~~, the first of which were executed by certain Municipalities on or about October 1, 1976, ~~and was~~ amended on or about January 1, 1986, amended and restated as of January 1,1993, amended and restated as of January 1, 2000, amended and restated as of January 1, 2007, and amended and restated as of January 2, 2017~~;~~, and are being amended and restated as of the date of this Agreement;

~~(u)~~(y) Power Supplier – pursuant to the Power Supply Contract, means Western Minnesota;

~~(v)~~(z) Power Supply Contract(s) – that agreement between Agency and Western Minnesota, dated as of October 1,1976, supplemented as of June 1, 1983, amended and restated as of November 1,

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1985, amended and restated as of July 1, 2003, ~~and~~ amended and restated as of September 15, 2006, and ~~updated~~amended and restated as of ~~August 12, 2010, October 14, 2010, June 9, 2011, December 15, 2011~~March 8, 2018, and ~~July 12, 2012,~~as thereafter supplemented, amended, restated, and updated, and any agreement between Agency and a New Power Supplier meeting the requirements of this Agreement, in each case pursuant to which Agency acquires power and energy from projects designated ~~therein~~in such agreement or in a supplement thereto for the purposes of meeting Agency's obligations to Municipalities under the Municipal Power Sale Agreements;~~.~~

~~(w)~~(aa) Prudent Utility Practices — any of the practices, methods, and acts at a particular time which, in the exercise of reasonable judgment in the light of the facts, including but not limited to the practices, methods, and acts engaged in or approved by a significant portion of the electrical utility industry prior thereto, known at the time the decision was made, would have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety, and expedition;

~~(x)~~(bb) RTO(s) – Regional Transmission Organization(s) and/or Independent System Operator(s~~),~~) which have been approved by ~~the Federal Energy Regulatory Commission~~FERC to independently operate the electric power grid minute-by-minute in established geographic regions to ensure that power and energy get to customers, to eliminate power shortages, and to administer approved transmission tariffs for fair and non-discriminatory access to the power grid;

~~(y)~~(cc) S-1 Supplemental Power Rate Schedule – the Rate Schedule ~~B~~, attached hereto as Schedule B, that provides for the rates, terms, and conditions pursuant to which Municipality shall pay Agency for all Supplemental Power, as such schedule may be revised from time to time, pursuant to Section 7;

~~(z)~~(dd) S-1 Transmission Rate Schedule – the Rate Schedule ~~C~~, attached hereto as Schedule C, that provides for the rates, terms, and conditions pursuant to which Municipality shall pay Agency for all Transmission Service, as such schedule may be revised from time to time, pursuant to Section 7;

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~~(aa)~~(ee) SPP – Southwest Power Pool, Inc, which is an RTO approved by ~~the Federal Energy Regulatory Commission~~FERC, such definition to include any successor organization, agency, or entity thereto;

~~(bb)~~(ff) Supplemental Power – all power, energy, and related products and services, as more specifically provided in Section 3;

~~(cc)~~(gg) Tax Laws – ~~Federal~~federal income tax laws governing or affecting the exclusion of interest on debt from the gross income of the owners for ~~Federal~~federal income tax purposes (whether then outstanding or thereafter to be issued), as those laws may be amended from time to time, including but not limited to, Section 141 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations or any rulings promulgated thereunder, or as affected by a decision of any court of competent jurisdiction; any reference to indebtedness for which the exclusion of interest from gross income of the owners for ~~Federal~~federal income tax purposes shall also include any debt for which a federal tax credit is allowed to the issuer or owner of the debt, commonly known as "tax advantaged bonds," such as Build America Bonds, Clean Renewable Energy Bonds, Qualified Energy Conservation Bonds or similar obligations as shall be permitted under current or future provisions of the Internal Revenue Code of 1986, as amended~~.~~;

~~(dd)~~(hh) Term – the dates during which this Agreement shall be effective, as provided in Section 2;

~~(ee)~~(ii) Transmission Service – those products and services necessary to deliver (i) Supplemental Power to the Point(s) of Delivery for Municipalities in SPP, and (ii) Supplemental Power and WAPA Power to the Point(s) of Delivery for Municipalities in MISO;

~~(ff)~~(jj) Transmission Zone – a defined location within an RTO which relates to a pricing region that includes specifically identified transmission facilities used to deliver power and energy;

~~(gg) Uncontrollable Forces – shall include but not be limited to those items of *force majeure* as specifically set forth in Section 13(a);~~

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~~(ii)~~(ll) WAPA Power – the amount of power and energy, and related ancillary services, scheduling services, ~~and~~ market services, and other products and services, allocated and provided to Municipality by WAPA pursuant to a long-~~-~~term agreement between Municipality and WAPA; and

~~(jj)~~(mm) Western Minnesota – Western Minnesota Municipal Power Agency, a Minnesota municipal corporation and political subdivision, organized under Minnesota Statutes Chapter 453.

Section 2. TERM.

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This Agreement as originally executed and delivered by Municipality became effective <Date>, and shall remain in effect for a Term extending through hour ending 24:00 January 1, ~~2057.~~2067 (the "Term"). Upon the expiration of the Term, this Agreement shall remain in effect as permitted by law unless and until terminated by Agency or Municipality upon not less than one year written notice.

Section 3. SALE OF POWER AND ENERGY.

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(a) Supplemental Power. Agency shall sell to Municipality, and Municipality shall purchase and receive from Agency, for the Term of and as provided in this Agreement, all power and energy required by Municipality to meet the needs of all of its consumers over and above the amounts of WAPA Power available to Municipality from WAPA as of the date of this Agreement ("Supplemental Power"). Supplemental Power includes all products and services to acquire power and energy, which includes but is not limited to ancillary services, reserves of any type, congestion, and energy losses related to Supplemental Power, regulation and frequency response, reactive supply and voltage control from generation sources, and any other related products or services. Supplemental Power does not include any Transmission Service. Agency shall adjust and maintain the portfolio of resources and products (e.g., Environmental Attributes) used to meet its Supplemental Power obligation to ensure ~~compliance~~Agency's and Municipality's ability to comply with any state or federal energy or environmental requirements that are or may be imposed on wholesale or retail load serving entities associated with the provision of power and energy pursuant to this Agreement.

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Agency's obligation under this subparagraph (a) shall be subject to the following conditions:

(i) Establishment of MROD. If Agency has established an MROD for Municipality as described in this subsection (a)(i), ~~its~~Agency's responsibility to meet its Supplemental Power obligation for the remaining term of this Agreement shall be limited to the MROD plus any additional amounts attributable to the occurrence of the events described in subsection (b)(i) of this Section. If an MROD is established, Municipality shall purchase all power and energy offered by Agency at a rate of delivery up to the MROD at any time of day and under the same rates as any other Municipality receiving service from Agency under a Power Sale Agreement (S-1). (In order to provide additional clarity, the MROD will be the lesser of Municipality's actual supplemental load in every hour or the MROD. Thus, the power and energy supplied by Agency could be at 100 percent load factor.) Agency shall notify Municipality in writing on or about April 1 and again on or about September 1 of ~~2027~~2037 and each fifth year thereafter of Municipality's opportunity to establish an MROD by providing written notice to Agency by December 31 of that same year. Agency shall not establish an MROD for Municipality unless by December 31, ~~2027~~2037, or between October 1 and December 31 of each fifth year thereafter through December 31, ~~2052~~2062, Municipality delivers a written notice to Agency requesting an MROD be established as of the date and in the manner described as follows: ~~The~~the MROD for Municipality shall become effective on a bi-seasonal (summer and winter) basis beginning with the first day of the summer season following the second year after Municipality delivers the written notice to Agency (the first day of that summer season shall be designated as the MROD Date). (For example, if Municipality delivers the notice on or before December 31, ~~2027~~2037, to establish an MROD beginning in ~~2030~~2040, the MROD Date will be the first day of the summer season in ~~2030~~2040.) The summer and winter seasons shall be those recognized by Agency as of January 1 of the year in which the MROD Date occurs. The MROD for each season shall be fixed in an amount equal to the average of the three seasonal maximum rates of demand of Supplemental Power from Agency to Municipality during the corresponding season of the three

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prior years before the MROD Date (the same season of that previous year and the two years immediately prior to that previous year). Agency shall notify Municipality in writing of its MROD for the summer season by January 1 of the year in which the MROD Date occurs and the MROD for the winter season by July 1 of that year. An MROD will not be established for Municipality before the summer season of ~~2030~~2040.

(ii) Green Energy ~~component of Supplemental Power~~. Upon the written request of Municipality, the Supplemental Power sold by Agency to Municipality shall consist of an amount specified by Municipality, for a mutually agreeable term of years, comprised of Green Energy. The selection of generation sources or Environmental Attributes used by Agency to provide Green Energy shall be in accordance with applicable federal and state laws and regulations. Agency's revenue requirements for acquiring and providing Green Energy will be separated from the revenue requirements associated with the system supply comprising the remainder of its Supplemental Power and the cost of the Green Energy will be separately charged to Municipality requesting such service.

(b) WAPA Power.

(i) If WAPA reduces the amount of WAPA Power available to Municipality, Agency shall sell as part of the Supplemental Power provided by Agency, and Municipality shall purchase as part of the Supplemental Power provided by Agency, that portion of the amount of WAPA Power previously provided by WAPA. If WAPA reduces the WAPA Power available to Municipality after Municipality has established an MROD, the Supplemental Power obligation shall be the MROD as previously established.

(ii) In the event Municipality takes any action or fails to take any action, any of which results in the transfer, surrender, release, or discontinuation of its right or ability to receive WAPA Power, and its WAPA Power is discontinued, Municipality agrees that it will provide to Agency notice of such discontinuation at least one hundred eighty (180) days before such discontinuation, and will, in the event Agency incurs additional costs to provide additional

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Supplemental Power to replace the WAPA allocation, pay to Agency a surcharge which the Board of Directors may assess pursuant to Section 7.

(c) In meeting its obligations under this Agreement to provide Supplemental Power, Agency shall obtain and provide resources in accordance with an integrated resource supply planning process, including demand-side resources and programs available to Municipality which can be accommodated in an Agency-wide program.

(d) Municipality hereby commits itself to take and pay for all of the Supplemental Power made available to Municipality. Payments for Supplemental Power shall be made at rates established in accordance with the provisions of Section 7 of this Agreement.

Section 4. REQUIREMENTS TO RECEIVE SUPPLEMENTAL POWER.

Power and energy to be furnished hereunder shall be alternating current, three phase, sixty hertz. Municipality shall make and pay for all connections between the system of Municipality and the system of, or available to, Agency at the Point(s) of Delivery.

Section 5. MEASUREMENT OF SUPPLEMENTAL POWER AND TRANSMISSION SERVICE.

For the purpose of determining amounts due pursuant to the S-1 Supplemental Power Rate Schedule and the S-1 Transmission Rate Schedule referred to in Section 7 ~~below~~, the Point(s) of Measurement shall be as specifically defined in Schedule A, which may be revised from time to time by mutual agreement of Municipality and Agency. When power and energy is furnished at two or more Points of Measurement, the S-1 Supplemental Power Rate Schedule ~~B~~ and the S-1 Transmission Rate Schedule ~~C~~ shall apply separately to each service supplied at each Point of Measurement; *provided, however*, that where the meter readings are considered separately and Municipality's system may be interconnected between Points of Measurement during emergencies, the meter readings at any Point of Measurement will be adjusted when necessary to compensate for duplication of power and energy recorded by meters at alternate points of measurement due to energy conditions which are beyond Municipality's control or temporary conditions caused by scheduled load switching or outages.

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Section 6. TRANSMISSION SERVICE.

(a) Agency shall sell to Municipality, and Municipality shall purchase and receive from Agency, for the Term of and as provided in this Agreement, Transmission Service necessary to deliver to Municipality Supplemental Power or Supplemental Power and WAPA Power, as applicable, to the Point(s) of Delivery to meet the needs of Municipality. The charges for Transmission Service shall be set forth in the S-1 Transmission Rate Schedule ~~C,~~ and shall include a separate charge assessed to each Municipality that reflects the pricing of the Transmission Zone in which Municipality is located.

(b) The Point(s) of Delivery shall be as specifically defined in Schedule A. The Points of Delivery, Points of Measurement, delivery voltage, power factor, special conditions, and other conditions of service as necessary for Agency to perform its obligations under this Agreement shall all be set forth in Schedule A, which may be revised from time to time to include other Point(s) of Delivery and conditions of service. Schedule A may be revised based on mutual agreement of Municipality and Agency. In the event that the Point(s) of Delivery set forth in Schedule A are not on Municipality's electric system, Municipality shall be responsible for making separate provisions for transmission of power and energy to its system, including the installation and maintenance of any facilities required for it to receive such power and energy into its system.

(c) As a requirement of receiving Transmission Service, Municipality shall meet the Load Serving Requirements unless it is determined by Agency that nonconformance with a Load Serving Requirement will not adversely impact any generating or transmission facilities with which Municipality is interconnected; *provided, however*, that nothing in this Agreement shall be construed to relieve Municipality of any obligation to meet the Load Serving Requirements between Municipality, or between Agency on behalf of Municipality, and any third party, as may be appropriate.

(i) If Municipality fails to meet a Load Serving Requirement, Agency shall have the right, but not the obligation, to remedy any issue associated with the deficiency and directly charge Municipality for reimbursement of any associated costs.

(ii) To the extent Agency is assessed any fines or charges due to Municipality's

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failure to meet a Load Serving Requirement, Agency shall directly charge to Municipality and Municipality shall pay to Agency the cost of such fines or charges as a separate charge, and Agency shall not include the cost of such fines or charges in the determination of the revenue requirements used by Agency to establish rates hereunder.

(d) Municipality hereby commits itself to take and pay for all of the Transmission Service made available to Municipality. Payments for Transmission Service shall be made at rates established in accordance with the provisions of Section 7 ~~of this Agreement.~~.

Section 7. RATES.

(a) Municipality shall pay Agency for all Supplemental Power furnished hereunder at the rates and on the terms and conditions set forth in Agency's S-1 Supplemental Power Rate Schedule, attached hereto as Schedule B and made a part hereof, as such schedule is initially established and adjusted from time to time pursuant to this Agreement. Municipality also shall pay Agency for all Transmission Service at the rates, terms, and conditions set forth in Agency's S-1 Transmission Rate Schedule, attached hereto as Schedule C and made a part hereof, as such schedule is initially established and adjusted from time to time pursuant to this Agreement. In the event Agency makes available Supplemental Power at the Point(s) of Delivery but Municipality fails to take or receive such power and energy, Municipality shall pay Agency for such availability in an amount equal to the product of the demand charge and energy charge for Supplemental Power in the S-1 Supplemental Power Rate Schedule ~~B~~ and the kilowatts and kilowatt-hours that would have otherwise been taken as evidenced by the total power and energy consumed by Municipality's customers during the billing period. In the event Agency makes available Transmission Service but Municipality fails to take or receive such service, Municipality shall pay Agency for the cost of such service. The amount of Transmission Service shall be determined in the same manner as for the previous month. The obligation of Municipality to make such payments for Supplemental Power and for Transmission Service furnished pursuant to this Agreement shall not be subject to any rights of setoff, recoupment, or counterclaim which Municipality may otherwise have against Agency; *provided, however*, that nothing contained herein shall be construed to prevent or restrict

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Municipality from asserting any rights which it may have against Agency under this Agreement or under any provision of law, including the institution of legal proceedings for specific performance or recovery of damages.

(b) Agency shall establish and maintain rates contained in the S-1 Supplemental Power Rate Schedule ~~B~~, under this Agreement and the other Power Sale Agreements (S-1), which will provide revenues which are sufficient, but only sufficient, to meet the estimated revenue requirements of Agency, which revenue requirements shall, to the extent that other revenues of Agency~~,~~ including but not limited to revenue from Other Power Sale Agreements (non-S-1), revenue from sales of surplus power and energy, and revenue from RTOs for transmission facilities owned by Western Minnesota or Agency~~,~~ have not been actually applied to meet such requirements, ~~and which shall~~ consist of:

(i) all payments under the Power Supply Contract(s);

(ii) the cost to Agency of meeting its obligations pursuant to any Municipal Power Sale Agreement(s), excluding Transmission Service;

(iii) the cost to Agency of operation and maintenance of facilities owned or operated by Agency, irrespective of whether operational control of such facilities has been turned over to an RTO, for the generation or transmission of power and energy pursuant to any Municipal Power Sale Agreement(s);

(iv) the cost to Agency of renewals and replacements of facilities owned or operated by Agency for the generation or transmission of power and energy pursuant to any Municipal Power Sale Agreement(s);

(v) the cost to Agency to establish an allowance for working capital, reasonable reserves for contingencies, and debt service coverage, deemed necessary by Agency in order to carry out its obligations;

(vi) the cost to Agency of administration, general overhead, planning and operations, and any other member services to further the purposes of Agency, and associated with meeting Agency's obligations under any Municipal Power Sale Agreement(s);

(vii) additional amounts, if any, which:

(aa) must be realized by Agency to meet the requirements of any rate covenant with respect to coverage of power costs or any component thereof under ~~the~~any Power Supply Contract~~,~~(s),

(ab) are required by Agency to facilitate the construction of power supply resources, or

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(ac) are required by Agency to collect amounts described in Section 7(c); and

(viii) ~~In~~in the event Agency shall hereafter issue any bonds or indebtedness for the purpose of acquiring facilities (or an undivided interest therein or rights to capacity thereof) for the generation or transmission of power and energy to be sold under the Municipal Power Sale Agreements, such revenue requirements shall, in addition to the foregoing, include the following:

(aa) payments of principal and interest on all bonds and indebtedness of Agency issued in connection with its obligations under the Municipal Power Sale Agreements and payments which Agency is required to make into any debt service reserve fund or account under the terms of any bond or indebtedness resolution or other contract with holders of such bonds or indebtedness;

(ab) the establishment and maintenance of additional reserves as may be required by the terms of any bond or indebtedness resolution or other contract with holders of such bonds or indebtedness; and

(ac) additional amounts, if any, which must be realized by Agency in order to meet the requirements of any rate covenant with respect to coverage of debt service on such bonds or indebtedness under the terms of any bond or indebtedness resolution or other contract with holders of such bonds or indebtedness plus such additional amounts deemed desirable to facilitate marketing bonds and indebtedness of Agency of favorable terms.

(c) The Board of Directors of Agency may include in the S-1 Supplemental Power Rate Schedule a separate surcharge for a Municipality that (i) elects to arrange for Green Energy as part of its Supplemental Power, (ii) takes action that results in the reduction or discontinuation of its WAPA Power allocation, (iii) is subject to a CTC, or (iv) is subject to any other surcharge as provided in this Agreement.

(d) In addition to revenues collected through the rates calculated under Section 7(b), Agency may establish a CTC to collect the portion of its revenue requirements that Agency determines may make its existing rates exceed market levels in any of the states that restructure the regulation of their electric utility industries to promote the introduction of a competitive retail access environment and in which Agency sells Supplemental Power. Before establishing a CTC, Agency shall determine (i) an estimated amount of revenues to be collected from all of Agency's members who are parties to a Municipal Power Sale Agreement that is required to bring Agency's rates to competitive levels and that are not expected to be collected from other sources, (ii) the number of years during which the CTC is to be assessed and

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revenues collected, (iii) the method by which the CTC will be assessed to any or all of the Municipalities, and (iv) the method for reconciling revenues with Agency's annual revenue requirement used to establish Supplemental Power rates under Section 7(b). The CTC charged to Municipality will be stated as a separate charge on Municipality's bill and shall be payable without relationship to the amount of power and energy purchased by Municipality in any individual month.

(e) Agency shall establish and maintain rates contained in the S-1 Transmission Rate Schedule ~~C~~ under this Agreement and the other Power Sale Agreements (S-1) which will provide revenues which are sufficient, but only sufficient, to meet the estimated revenue requirements of Agency, which revenue requirements shall consist of all costs to Agency of meeting its Transmission Service obligation, pursuant to Section 6, including but not limited to:

(i) the cost from an RTO for Network Integration Transmission Service;

(ii) the cost from an RTO for transmission expansion plans and related network upgrades;

(iii) the cost from an RTO or other entity for directly assigned transmission facilities;

(iv) the cost incurred from an RTO or other entity for under voltage, under frequency, and inadequate power factor;

(v) any other cost incurred from an RTO or other entities for providing Transmission Service to Municipality;

(vi) the cost of grandfathered transmission agreements for Transmission Service to Municipality; and

(vii) the cost to Agency of administration and general overhead associated with meeting Agency's Transmission Service obligation.

For each Transmission Zone, the S-1 Transmission Rate shall include a separate charge assessed to each Municipality that reflects the pricing of the Transmission Zone in which Municipality is located.

(f) At such intervals as it shall determine appropriate, but in any event not less frequently than once each calendar year, the Board of Directors of Agency shall review and, if necessary, shall revise~~,~~ the S-l Supplemental Power Rate Schedule ~~B~~ and the S-1 Transmission Rate Schedule ~~C~~ to ensure that the rates thereunder continue to cover its estimate of all of the foregoing revenue requirements.

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(g) In connection with any revision of the S-1 Supplemental Power Rate Schedule ~~B~~ or the S-1 Transmission Rate Schedule ~~C~~, Agency shall cause a notice in writing to be given to all Municipalities taking services under the Power Sale Agreements (S-1) which shall set out the revised –S-1 Supplemental Power Rate Schedule ~~B~~ and the S-1 Transmission Rate Schedule ~~C~~ with the effective dates of such revisions not being less than thirty (30) nor more than ninety (90) days after the date of the notice, and shall be accompanied by an analysis of the estimated revenue requirements for which the S-1 Supplemental Power Rate Schedule ~~B~~ and the S-1 Transmission Rate Schedule ~~B~~ will be revised. All revisions of the S-1 Supplemental Power Rate Schedule ~~B~~ shall be consistent with the description of services provided in Sections 3 and 6 ~~of this Agreement.~~. All revisions of the S-1 Transmission Rate Schedule ~~C~~ shall be consistent with the description of services provided in Sections 5 and 6 ~~of this Agreement.~~. Municipality agrees that such revised S-1 Supplemental Power Rate Schedule ~~B~~ and revised S-1 Transmission Rate Schedule ~~C~~, as determined from time to time by the Board of Directors of Agency, shall be substituted for the S-1 Supplemental Power Rate Schedule ~~B~~ and the S-1 Transmission Rate Schedule ~~C~~ as they are initially adopted, revised, and then in effect, and agrees to pay for Supplemental Power and Transmission Service made available by Agency to it pursuant to this Agreement after the effective date of such revisions in accordance with the revised S-1 Supplemental Power Rate Schedule ~~B~~ and the revised S-1 Transmission Rate Schedule ~~C~~.

Section 8. COVENANTS OF AGENCY.

Agency shall endeavor to market and dispose of, under the most economically advantageous terms and conditions obtainable, all surplus power and energy obtained from its power supply resources, and which in the sole judgment of Agency can be disposed of without otherwise adversely affecting performance by Agency under this Agreement.

Section 9. COVENANTS OF MUNICIPALITY.

(a) Municipality agrees to maintain rates for power and energy to its consumers which shall provide to Municipality revenues sufficient to meet its obligations to Agency under this Agreement and the S-1 Supplemental Power Rate Schedule ~~B~~ and the S-1 Transmission Rate Schedule ~~C~~, as the same may be revised from time to time, and to pay all other obligations payable from, or constituting a charge

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or lien on, such revenues. Payments made under this Agreement shall be made as operating expenses from the revenues of Municipality's electric utility system and from other funds thereof legally available therefor, and such payments shall be in addition to and not in substitution for any other payments whether on account of dues or other amounts owed by Municipality to Agency.

(b) Municipality shall not sell at wholesale any of the power and energy delivered to it hereunder to any customer of Municipality for resale by that customer, unless such resale is specifically approved in writing by Agency, which approval shall not unreasonably be withheld.

~~(c~~(c) Municipality shall not use or permit to be used any of the power and energy acquired by it hereunder in any manner or for any purpose, or take any other action or omit to take any action, which could affect the eligibility of interest on bonds or indebtedness of Agency or Western Minnesota (whether then outstanding or thereafter to be issued) for exclusion from gross income of the owners for federal income tax purposes under Tax Laws.

(d) Municipality shall not take any action to transfer either its electric distribution facilities or control over its electric distribution functions or take any other action having the same effect without (i) notifying Agency at least ninety (90) days before formally committing to the action, and (ii) taking such action strictly in conformance with the provisions of Section 17.

Section 10. METER READINGS AND PAYMENT OF BILLS.

(a) Agency shall read meters or cause meters to be read at monthly intervals. Appropriate operating procedures shall be established by Agency with Municipality, and WAPA if necessary, to determine monthly the amounts of Supplemental Power and Transmission Service furnished hereunder. Payments under the S-1 Supplemental Power Rate Schedule ~~B~~ and the S-1 Transmission Rate Schedule ~~C~~ shall be made monthly via electronic funds transfer to such account(s) that Agency may designate, within fifteen (15) days after the bill therefor is ~~mailed~~delivered to Municipality~~,~~ (by mail, email, or other reasonable means determined by Agency), such bill to be provided to Municipality monthly on a prompt and timely basis. If the fifteenth day is a Sunday or a legal holiday in the state in which Municipality is located, the next following business day shall be the last day on which payment may be made without the

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addition of the delayed payment charges set forth in the S-1 Supplemental Power Rate Schedule ~~B~~ and the S-1 Transmission Rate Schedule ~~C~~. Agency may, whenever any amount due remains unpaid after the due date and after giving fifteen (15) days' advance notice in writing of its intention to do so, discontinue service hereunder or take all steps available to it under applicable law to collect such amount and all subsequent payments which shall have become due or both. Agency may, whenever any amount due remains unpaid for one hundred twenty (120) or more days after the due date and after giving thirty (30) days' advance notice in writing of its intention to do so, terminate this Agreement. No such discontinuance or termination shall relieve Municipality from liability for payment for Supplemental Power or Transmission Service furnished hereunder.

(b) In the event Municipality desires to dispute all or any part of a bill, Municipality shall nevertheless pay the full amount of the bill when due and, within sixty (60) days from the date of the bill, notify Agency in writing of the grounds on which any charges in the bill are disputed and the amount in dispute. Municipality will not be entitled to any adjustment on account of any disputed charges which are not brought to the attention of Agency within the time and in the manner herein specified.

Section 11. METERING.

(a) Agency shall furnish or cause to be furnished, own, install, and maintain the necessary metering equipment required to measure and record the Supplemental Power and Transmission Service furnished hereunder. Such metering equipment shall provide a continuous record of the thirty (30) minute integrated total demand ~~of Municipality during each billing period throughout the term of this Agreement. Such records shall be available at all reasonable times to authorized agents of Municipality. Metering equipment shall provide a continuous record of the thirty (30) minute integrated total demand along with~~and associated energy of Municipality during each billing period ~~through~~throughout the term of this Agreement~~. This billing measurement replaces~~ and otherwise be in accordance with the ~~"Billing Measurement" procedure as outlined in~~terms of the S-1 Supplemental Power Rate Schedule ~~B~~ and the S-1 Transmission Rate Schedule ~~C~~. Such records shall be available at all reasonable times to authorized agents of Municipality.

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(b) Agency shall test and calibrate meters or cause meters to be tested and calibrated by comparison with accurate standards in accordance with industry practices. Agency shall also make or cause to be made special meter tests at any time at Municipality's request. The costs of all tests shall be borne by Agency; *provided, however*, that if any special meter test made at Municipality's request shall disclose that the meters are recording accurately, Municipality shall reimburse Agency for the cost of such test. Meters registering not more than two percent above or below normal shall be deemed to be accurate. The readings for any meter which shall have been disclosed by test to be inaccurate shall be corrected from the beginning of the monthly billing period immediately preceding the billing period during which the tests are made in accordance with the percentage of inaccuracy found by such test; *provided, however*, that no correction shall be made for a longer period unless Agency and Municipality mutually agree thereto. Should any meter fail to register, the Supplemental Power and Transmission Service delivered during such period of failure shall for billing purposes be estimated by Agency and Municipality from the best information available. Agency shall notify Municipality or cause Municipality to be notified in advance of the time of any meter reading or test so that Municipality's representative may be present at such meter reading or test.

(c) For a fractional part of a billing period at the beginning or end of service, and for fractional periods due to withdrawals of service caused by inability to deliver, charges hereunder shall be proportionately adjusted by Agency in the ratio that the number of hours that service is furnished to Municipality (in such fractional billing period) bears to the total number of hours in the billing period involved.

Section 12. RIGHT TO ACCESS.

Duly authorized representatives of Agency and Municipality shall be permitted to enter the ~~other's~~other Party's premises at all reasonable times in order to carry out the provisions of this Agreement.

Section 13. UNCONTROLLABLE FORCES.

(a) Neither Agency nor Municipality shall be considered to be in default in respect to any delay or failure to carry out any obligation hereunder (other than the obligation of Municipality to take

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and pay for Supplemental Power and Transmission Service made available hereunder) if prevented from fulfilling such obligations by reason of uncontrollable forces, the term uncontrollable forces being deemed for the purposes of this Agreement to mean any forces caused by or resulting from acts or events beyond the reasonable control of the Party affected, including but not limited to~~,~~ acts of God; failure of facilities; flood, earthquake, explosion, storm, lightning, or fire; epidemic, pandemic, or pestilence; war, hostilities (whether war is declared or not), invasion, riot, civil disturbance, labor disturbance, sabotage, or terrorist threats or acts whether foreign or domestic, cyberattack; national or regional emergency; actions, restraint, or orders or regulations by government, court, or public authority; the inability of Agency, an RTO, a Market, or any successor organization(s) to deliver energy; embargoes or blockades in effect on or after the date of this Agreement; or any other events, whether similar or dissimilar, beyond the reasonable control of the affected Party, any or all of which by due diligence and foresight such Party could not reasonably have been expected to avoid. The Party affected shall, if practicable under the circumstances, give notice of the uncontrollable forces to the other Party within a reasonable time, stating the period of time the occurrence is expected to continue, if known. The Party rendered unable to fulfill any obligation by reason of uncontrollable forces shall exercise due diligence to remove such inability and to minimize the effects of such uncontrollable forces, to the extent within its control, with all reasonable dispatch.

(b) If Agency is rendered unable to meet some or all of its obligations to provide Supplemental Power to Municipality because of uncontrollable forces, including those affecting Agency's ability to acquire from SPP power and energy or Transmission Service, or Agency's ability to acquire from MISO power and energy, ~~or~~ Transmission Service, or WAPA Power, Agency shall permit Municipality ~~and other similarly affected Municipalities which have entered into Power Sale Agreements (S-1)~~ to operate any generation owned by Municipality, or to acquire power and energy from sources other than Agency, in order to provide such amounts of power and energy necessary to meet the needs, in whole or in part, of Municipality and which are not supplied by Agency by reason of the uncontrollable force, and shall be permitted to do so for the duration of such uncontrollable force. Municipality shall, if

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practicable under the circumstances, give notice to Agency within a reasonable time to coordinate the operation of the local generation and Agency's Supplemental Power obligation and Transmission Service.

Section 14. COOPERATION BETWEEN AGENCY AND MUNICIPALITY.

If, in the maintenance of their respective electric systems or other electric systems over which Municipality may obtain delivery of electric power and energy, it becomes necessary by reason of any emergency or extraordinary condition for either Agency or Municipality to request the other to furnish personnel, materials, tools, and equipment for the accomplishment thereof, the providing Party shall cooperate with the other and render such assistance as the providing Party may determine to be available. The requesting Party, upon receipt of properly itemized bills from the providing Party, shall reimburse the providing Party for all costs properly and reasonably incurred by it in providing assistance. These reimbursement provisions are not contingent on a declaration by the federal government of an emergency, major disaster, or fire.

Section 15. CONSTRUCTION, OPERATION, AND MAINTENANCE OF MUNICIPALITY'S ELECTRIC SYSTEM.

Municipality agrees to construct, operate, and maintain its electric system in accordance with Prudent Utility Practices and shall install, operate, and maintain such proper service protection equipment and other facilities as will coordinate with the protective relaying and other protective arrangements on the system from which power and energy is delivered to it. Nothing contained in this section in any way releases Municipality of its obligations, if any, to the MRO or NERC.

Section 16. RENEWABLE RESOURCE GENERATION.

Municipality shall be permitted to annually generate energy from local renewable resources which are directly connected to Municipality's distribution system and which Municipality owns, or for which it contracts with a third party to acquire, for local use as described in this Section (excluding customer-owned renewable distributed generation), in an amount which shall not exceed five percent of the annual energy purchased by Municipality from Agency in the previous calendar year. The agreement of the Parties shall be set forth in a separate member renewable resources agreement executed by Agency,

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Western Minnesota, and Municipality, which shall provide that Municipality will sell all such energy to Agency, and Agency in turn will sell such energy to Municipality, both at rates established pursuant to the terms of the renewable resource agreement. The member renewable resources agreement shall contain such other terms and conditions as are deemed appropriate by Agency and Municipality.

Section 17. ASSIGNMENTS.

All covenants and agreements contained in this Agreement shall inure to the benefit of Agency and Municipality and their respective successors and assigns; *provided*, *however*, that, except as provided in Section 26 below, no Party may transfer or assign its interests or rights under this Agreement except that (i) a Party may transfer or assign its interests or rights ~~or the assignment of the~~under this Agreement or grant a security interest therein to any trustee or secured party, as security for bonds or other indebtedness, present or future, and such trustee or secured party may, if so empowered, sell or otherwise realize upon such security in foreclosure or other suitable proceedings, possess or take control thereof, or cause a receiver to be appointed with respect thereto and otherwise succeed to all interests and rights of the Party making the assignment; and (ii) in the case of a proposed transfer to either any entity acquiring all or substantially all the property of the Party making the transfer~~;~~ or any entity into which or with which the Party making the transfer may be merged or consolidated, the Party proposing the transfer shall give Agency and Western Minnesota written notice at least ninety (90) days prior to the date such transfer or assignment is scheduled to occur and must obtain the prior written consent of the other Parties hereto, which consent shall not be unreasonably withheld, it being understood that it would be reasonable for Agency and/or Western Minnesota to withhold such consent if such transfer or assignment would (a) reduce the total amount of Supplemental Power being sold hereunder; (b) be to a party (other than a ~~Municipality~~municipality) with senior debt, if any, not rated in one of three highest whole rating categories by at least one nationally recognized bond rating agency; (c) adversely affect the value of this Agreement as security for the payment of bonds or indebtedness and interest thereon; or (d) affect (either alone or in conjunction with any other actions by Municipality and/or other Municipalities) the eligibility of interest on bonds or indebtedness of Agency or Western Minnesota (whether then outstanding or

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thereafter to be issued) for exclusion from gross income of the owners for ~~Federal~~federal income tax purposes under Tax Laws. In making the determination required by clause (d) above, Agency and Western Minnesota may rely upon an opinion of a nationally recognized bond counsel as to the effect of any such transfer or assignment on the ~~Federal~~federal tax-exempt status of any bonds or indebtedness (whether then outstanding or thereafter to be issued), as that status is governed by Tax Laws. Within sixty (60) days after receipt of a notice from Municipality requesting a transfer or assignment, Agency and Western Minnesota shall advise Municipality as to whether, in the opinion of a nationally recognized bond counsel, the transfer or assignment would affect the eligibility of interest on bonds or indebtedness for ~~Federal~~federal tax-exempt status as described in clause (d) above. In the event that allocations (including, but not limited to allocations relating to private use issues) are necessary under the Tax Laws to determine whether entering into any such transfer or assignment affects the eligibility of interest on bonds or indebtedness for ~~Federal~~federal tax-exempt status as described in clause (d) above, Agency and Western Minnesota shall make such allocations, in their sole discretion, after receipt of an opinion of a nationally recognized bond counsel.

Notwithstanding anything in this Section to the contrary, Municipality may transfer or assign this Agreement if it affects the eligibility of interest on bonds or indebtedness for ~~Federal~~federal tax-exempt status as described in clause (d) above if, but only if, the transferee enters into an agreement in form and substance satisfactory to Agency and Western Minnesota providing that the transferee will bear and pay any and all increased costs allocated to it resulting from the use by Agency or Western Minnesota of Non-Tax Exempt Funds, as a consequence of the Agency or Western Minnesota taking remedial action in order to preserve the tax-exempt status of affected bonds or indebtedness as described in clause (d) above or the loss of the tax-exempt status with respect to the debt of the Agency or Western Minnesota as described in clause (d) above. Agency and Western Minnesota, in their sole discretion, after receipt of an opinion of a nationally recognized bond counsel, shall allocate on a reasonable basis the increased costs associated with the use of such Non-Tax Exempt Funds, any such remedial action or the loss of the tax-exempt status of bonds or indebtedness as described above to any such transferee, and they shall

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determine the terms and conditions upon which the transferee shall pay such increased costs. Any such agreement shall contain such other terms and provisions as Agency and Western Minnesota reasonably deem necessary in order to preserve the ~~Federal~~federal tax-exempt status of any borrowed funds not intended by Agency or Western Minnesota to be issued as debt which is not excludable from gross income for ~~Federal~~federal income tax purposes. No assignment or transfer of this Agreement shall relieve the Parties of any obligation hereunder, unless specifically agreed to in writing by the other Parties.

In connection with any such proposed transfer or assignment under this Section, various opinions are required to be delivered by a nationally recognized bond counsel. Such counsel or counsels shall be chosen by Agency and Western Minnesota and the cost of such counsel or counsels shall be borne by the Party requesting the transfer or assignment. Any of the opinions required under this Section may be delivered in one or more opinions. No other assignments or transfers will be permitted under this Section.

Section 18. RECORDS AND ACCOUNTS.

Agency and Western Minnesota shall keep accurate records and accounts of their respective properties and operations in accordance with the ~~Federal Energy Regulatory Commission's~~FERC's Uniform System of Accounts Prescribed for Major Utilities and Licensees in effect from time to time. Municipality shall have the right at any reasonable time to examine such accounts. Agency and Western Minnesota shall cause such accounts to be audited annually by a firm of independent public accountants of national reputation and shall make such audits available to Municipality.

Section 19. INFORMATION.

Agency and Municipality will promptly furnish to each other such information as may be reasonably requested from time to time in order to carry out more effectively the intent and purpose of this Agreement or as may be reasonably necessary and convenient in the conduct of the operations of the Party requesting such information.

Section 20~~:~~. PRIVACY AND SECURITY OF INFORMATION ON INDIVIDUALS.

Agency is a political subdivision that operates under the intergovernmental cooperation laws of the states in which it has members and thus is generally subject to public records laws analogous to those

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of its members. Such laws require that certain data collected or exchanged in carrying out the purposes of this Agreement shall be treated as non-public and confidential information, as defined by applicable law. A Party disclosing any such information in the performance of this Agreement shall designate in writing the information as confidential, using the phrase “Confidential, Subject to Restricted Access and Disclosure,” or similar words. The Party receiving any such designated information may not disclose such information to any third party, except as required by law, by a specific written agreement among the Parties and/or the subject of the information, or as otherwise provided in this Section. In the event a Party in receipt of confidential information receives a request for disclosure of the confidential information and, in the opinion of legal counsel for the receiving Party, disclosure is required by law, then that Party shall immediately inform the Party who disclosed the information prior to making any such disclosure. Each Party shall cooperate to enable the Party who disclosed the information, or other affected entities, if they so desire, to obtain a protective order or other reliable assurance that confidential treatment will be maintained consistent with applicable law. Each Party agrees to defend, indemnify, and hold harmless the other Parties and their officials, officers, agents, employees, and volunteers from and against any claims resulting from the indemnifying Party’s unauthorized and unlawful disclosure and/or use of data in violation of the terms of this Section. The terms of this Section shall survive the cancellation or termination of this Agreement for a term as provided by law or, in the absence of a specific law, as provided by records management policies of each respective Party.

Section 21. AMENDMENT.

Except as provided for expressly herein, neither this Agreement nor any terms hereof may be terminated, amended, supplemented, waived, or modified except by an instrument in writing executed by all Parties to this Agreement, *that is* this individual agreement among Agency, Western Minnesota, and City of <Municipality>.

Section 22. OPINION AS TO VALIDITY.

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Upon the execution and delivery of this Agreement, Municipality shall furnish Agency with an opinion by an attorney or firm of attorneys qualified to practice in the state in which Municipality is located to the effect that:

(a) Municipality is a municipal corporation duly created and validly existing pursuant to the Constitution and statutes of such state;

(b) Municipality has full legal right and authority to enter into this Agreement and to carry out its obligations hereunder; and

(c) Municipality has approved this Agreement and its execution and delivery, and this Agreement has been duly executed by the appropriate officer of Municipality and constitutes the legal, valid, and binding obligation of Municipality enforceable in accordance with its terms.

Section 23. NOTICES.

Any notice, demand, or request required or authorized by this agreement shall be deemed properly given if mailed, postage prepaid, to Agency at its principal place of business at 3724 West Avera Drive, P.O. Box 88920, Sioux Falls, South Dakota 57109-8920, to Municipality at __________________ ___________________________________, and to Western Minnesota at ~~25 NW 2nd~~ 129 Second Street~~, Suite 102~~ NW, Ortonville, Minnesota 56278~~-1441~~. The foregoing addresses may be changed at any time by similar notice. All notices given to Agency shall also be given to any New Power Supplier.

Section 24. WAIVERS.

Any waiver at any time by any Party hereto of its rights with respect to a default or any other matter arising in connection with this Agreement shall not be deemed to be a waiver with respect to any subsequent default or matter.

Section 25. SEVERABILITY.

In the event that any of the terms, covenants, or conditions of this Agreement, or the application of any such term, covenant, or condition~~, shall be held invalid~~ as to any person or circumstance, shall be held invalid by any court having jurisdiction under the circumstances, the remainder of this Agreement,

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and the application of its terms, covenants, or conditions to such persons or circumstances, shall not be affected thereby.

Section 26. SECURITY FOR POWER SUPPLY CONTRACTS.

(a) Municipality acknowledges and agrees that Agency may pledge and assign an undivided interest in all of its right, title, and interest in and to all payments to be made to Agency by Municipality under this Agreement to Western Minnesota and each New Power Supplier to secure Agency's obligations to each under its respective Power Supply Contract. Upon execution of any such pledge and assignment, Western Minnesota and the New Power Supplier(s) shall have all of the rights and remedies provided to Agency under this Agreement.

(b) Municipality and Western Minnesota hereby agree that, if Agency shall be unable to perform, or shall default in the performance of, its obligations under this Agreement for any reason whatsoever including, without limitation, by reason of any defect in the organization or other legal disability of Agency (but not if such default is the result of a default by Western Minnesota under its Power Supply Contract) or if Agency shall default in the performance of any of its obligations under its Power Supply Contract with Western Minnesota, then Western Minnesota shall be entitled and obligated to the extent lawfully empowered to do so, to assume the rights, duties, and obligations of Agency under this Agreement as fully as if this Agreement named and referred to Western Minnesota herein in every place where Agency is herein named and referred to; *provided that* the obligation of Western Minnesota to meet the requirements of Municipalities for ~~Supplemental Power~~power and energy hereunder and under the Power Sale Agreements (S-1) shall be limited to an obligation to supply to the extent available an amount of power and energy hereunder and under the other Power Sale Agreements (S-1) up to that amount of power and energy which is associated with the capacity entitlement acquired by Agency under its Power Supply Contract with Western Minnesota. In the event that such amount of ~~electric~~ power and energy shall be less than the amount of ~~Supplemental Power~~power and energy required hereunder and under the other Power Sale Agreements (S-1), the amount of available ~~electric~~ power and energy shall be allocated monthly among Municipality and other Municipalities which have entered into Power Sale

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Agreements (S-1) pro rata in accordance with their respective ~~electric~~ power and energy requirements required to be met hereunder and thereunder during the corresponding month of the calendar year which precedes the calendar year in which Agency's inability to perform or default shall have occurred.

(c) The obligations of Municipality to Western Minnesota and the New Power Supplier(s) hereunder shall not be dependent upon, or affected by, the due organization or existence of Agency, the validity of this Agreement as to Agency, the enforceability of this Agreement against Agency, or any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation, dissolution, or the like of Agency.

Section 27. NEW POWER SUPPLIER(S); PARTIES TO THIS AGREEMENT.

In the event Agency shall hereafter enter into a contract with ~~a~~one or more New Power Supplier(s) providing for the acquisition by Agency from the New Power Supplier(s) of power supply resources and such contract(s) satisfies all applicable requirements of the Power Supply Contract relating to the opening of the pledge provided for in Section 26 above to the New Power Supplier(s), then the New Power Supplier(s) may become a party hereto upon the execution by Agency and the New Power Supplier(s) of an agreement(s) pursuant to which the New Power Supplier(s) agree(s) to be bound by all of the terms and conditions hereof to the extent that such terms and conditions are applicable to a New Power Supplier, including, with respect to that New Power Supplier's Power Supply Contract, the rights and obligations similar to those applicable to Western Minnesota under Section 26(b). From and after the effective date of such agreement between the New Power Supplier and Agency, the New Power Supplier shall be a party hereto and the contract between the New Supplier and Agency providing for the acquisition of the power supply resources shall be a Power Supply Contract as such term is used herein, all without any further action or consent by any other Party hereto.

Section 28. ENTIRE AGREEMENT.

This Agreement ~~as written~~, including ~~the exhibit and~~ schedules ~~(as any such schedule(s) may be revised from time to time) forms the entirety of the~~ hereto, constitutes the entire agreement~~, and~~ between the Parties with respect to the subject matter hereof and, as of January 2, 2027, shall supersede all prior agreements and understandings between the Parties relating to the subject matter hereof, and no

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subsequent agreements will ~~not~~ have any effect unless formed in accordance with Section 21.

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IN WITNESS WHEREOF, the Parties hereto have caused this Agreement, as amended and restated, to be executed as of the date stated below.

MISSOURI BASIN MUNICIPAL POWER AGENCY d/b/a MISSOURI RIVER ENERGY SERVICES

[SEAL]

By ___________________________
~~Chairman, Harold Schiebout~~Chair, Vernell Roberts

ATTEST:

____
Date

____
~~Brad Roos~~Steve Lehner, Secretary/Treasurer

CITY OF <MUNICIPALITY>

[SEAL]

By ____________________________________
(Signature)

ATTEST:

____
Name (Printed)

____
Title (Printed)

____
(Signature)
Title:

____
Date

WESTERN MINNESOTA MUNICIPAL POWER AGENCY

[SEAL]

By _____________________________
President, ~~William Schwandt~~Scott Hain

ATTEST:

____
Date

____
~~Scott Hain~~Travis Schmidt, Secretary

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MISSOURI BASIN MUNICIPAL POWER AGENCY
d/b/a MISSOURI RIVER ENERGY SERVICES
POWER SALE AGREEMENT (S-1)
SCHEDULE A

POINTS OF DELIVERY, MEASUREMENT AND ADJUSTMENTS

St. James, Minnesota

POINTS OF DELIVERY

1. Electric power and energy will be delivered to the Municipality at the point where the facilities of the Midcontinent Independent System Operator Xcel Energy Zone interconnects with Municipal's electric system at 69 kV.

POINTS OF MEASUREMENT

1. Electric power and energy will be measured at the following points.
   a. Low side of 69/12.47 kV transformer T1 in St. James East Substation.
   b. Low side of 69/12.47 kV transformer T1 in St. James Substation.

2. Electric power and energy will be delivered in amounts as required to compensate for losses to the Point of Measurement.

ADJUSTMENTS

1. If the power and energy is metered on the low side of the transmission to distribution transformer(s), ~~meter readings for all electric power and energy at the Point of Measurement will be increased by 1% or~~ the meter will internally compensate for the difference between the Delivery Point and the Point of Measurement.

2. If the Municipality receives electric power and energy over an electric system other than its own and that of Xcel Energy, meter readings for such electric power and energy will be increased by an amount required to compensate for losses in accordance with the agreement of the Municipality or the Agency, as the case may be, with such electric systems.

3. Adjustments will be made at the following points.
   a. Increases to load.
      i. St. James generation on breaker in St. James East Substation.

EFFECTIVE DATE

This Schedule A shall be effective as of January 2, ~~2017~~2027.

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IN WITNESS WHEREOF, the Parties hereto have agreed that this Schedule A shall be executed as of the date stated below, and effective as of January 2, ~~2017~~2027.

MISSOURI BASIN MUNICIPAL POWER AGENCY d/b/a MISSOURI RIVER ENERGY SERVICES

[SEAL]

By ________________________________

Matt Schull

President & Chief Executive Officer~~, Tom Heller~~

ATTEST:

____

Date

____

~~Raymond J. Wahle~~

~~Director, Power Supply and Operations~~Terry Wolf

Vice President & Chief Operating Officer

CITY OF ST. JAMES

By ________________________________

(Signature)

[SEAL]

____

Name (Printed)

ATTEST:

____

Title

____

[Name, Title]

____

Date

July 21, 2026

ITEM: New Business – Purchase Request: Light Department Fleet Vehicle

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BACKGROUND: The Light Department is requesting permission to purchase a 2027 F350 4X4 Crew Cab with Chassis to replace the 2019 F350. The price is $119,090. This purchase is within the 2026 light budget. If favorable, the 2019 F350 would be transferred to the Fire Department.

STAFF RECOMMENDATION: Approve/Deny Purchase Request.

Preview Order 5454 - W3B 4x4 Crew Cab SRW: Order Summary Time of Preview: 07/07/2026 12:53:10 Receipt: NA

Dealership Name: Chuck Spaeth Ford, Inc. **Sales Code :** F58668

Dealer Rep. Izaac Brown	**Type** Fleet	**Vehicle Line** Superduty	**Order Code** 5454
Customer Name Cityofsaintja	**Priority Code** J1	**Model Year** 2027	**Price Level** 715

DESCRIPTION	MSRP	DESCRIPTION	MSRP
F350 4X4 CREW CAB PICKUP/176	$58405	POWERSCOPE TRAILER TOW MIRROR	$280
176 INCH WHEELBASE	$0	AM/FM STEREO MP3/CLK	$0
TOTAL BASE VEHICLE	$58405	ROOF CLEARANCE LIGHTS	$150
OXFORD WHITE	$0	BLIS (BLIND SPOT INFO SYSTEM)	$0
CLOTH 40/CONSOLE/40 SEAT	$525	JACK	$0
MEDIUM DARK SLATE	$0	WHEEL WELL LINERS FRONT & REAR	$325
PREFERRED EQUIPMENT PKG.613A	$0	SPLASH GUARDS - FRONT	$130
.XLT TRIM	$0	SPLASH GUARDS - REAR	$0
.7.3L DEVCT NA PFI V8 ENGINE	$0	UPFITTER SWITCHES	$250
10-SPEED AUTO TORQSHIFT	$0	REAR PARKING SENSORS	$0
LT275/70R18E BSW ALL TERRAIN	$0	DUAL BATTERY	$210
4.30 ELECTRONIC LOCKING AXLE	$430	360-DEGREE CAMERA PACKAGE	$1150
JOB #1 ORDER	$0	CONN PKG:1 YR INCL W/FORD APP	$0
FORD FLEET SPECIAL ADJUSTMENT	$0	SECURITY PACKAGE: 1 YR INCL	$0
ALL WEATHER MATS W/O CARPT MAT	$180	SPECIAL DEALER ACCOUNT ADJUSTM	$0
FX4 OFF-ROAD PACKAGE	$650	SPECIAL FLEET ACCOUNT CREDIT	$0
.SKID PLATES	$0	FUEL CHARGE	$0
PLATFORM RUNNING BOARDS	$445	NET INVOICE FLEET OPTION (B4A)	$0
11900# GVWR PACKAGE	$0	PRICED DORA	$0
ENGINE BLOCK HEATER	$250	ADVERTISING ASSESSMENT	$0
50 STATE EMISSIONS	$0	DESTINATION & DELIVERY	$2795
BACKGLASS DEFROST	$60	TRAILER CAMERA - CUST PLACED	$500
PRO POWER ONBOARD - 2KW	$995	TOTAL DIO OPTS	$500

Cost #57,000.00

	MSRP
TOTAL BASE AND OPTIONS	$67730
DISCOUNTS	NA
TOTAL	$67730

ORDERING FIN: QH230 **END USER FIN:** QH230 **PO NUMBER:** 5454

ABM EQUIPMENT
333 2nd Street NE
Hopkins, MN 55343-8337
Phone 952-229-5451
Fax 952-938-0159

New Equipment
Quote #QUO000559
Date: 6/23/2026

Customer

Matt Runge
ST. JAMES, CITY OF
P.O. BOX 70
ST JAMES Minnesota 56081-0070
United States

Customer Representative

Name: Matt Runge
Phone: +15073171886
Email: matt.runge@ci.stjames.mn.us

Initials: ____________________

ABM Representative

Jerad Steichen

Initials: ____________________

Name	Quantity
Body	
BRANDFX 56LS FIBERGLASS SERVICE BODY	1 Ea

OVERALL LENGTH = 96"
OVERALL WIDTH - 82.75"
STREETSIDE COMPARTMENT WIDTHS = 33 / 40 / 23"
CURBSIDE COMPARTMENT WIDTHS = 33 / 40 / 23"
COMPARTMENT PACK DEPTH - 18.00"
COMPARTMENT PACK HEIGHT - 42.00"
CARGO FLOOR WIDTH - 48.75"
BODY MOUNTING HEIGHT - 25.00"

STEEL UNDERSTRUCTURE - ALUM TREAD FLOOR
SMOOTH ALUMINUM BULKHEAD
ALUMINUM TAILSKIRT
STANDARD BRIGHT WHITE GELCOAT
STAINLESS STEEL ROTARY LATCH
TYPE 304 STAINLESS STEEL HARDWARE
TYPE 304 STAINLESS STEEL DOOR HINGE
VINYL COVERED S/S CABLE DOOR STOPS
OVERCENTER DOOR CHECKS - STREETSIDE & CURBSIDE
REMOVABLE CABLE STOP
RUBBER DOOR BUMPER
NON-SKID COMPARTMENT TOPS
SPRING MOUNT KIT
ALUMINUM ROCK GUARDS (SRW)
BLACK PLASTIC FUEL BEZEL (1 STANDARD)
AUTOMOTIVE GRADE BUBBLE GASKET
ONE PIECE MOLDED DOORS WITH AUTOMOTIVE FINISH BOTH SIDES

ADM EQUIPMENT
333 2nd Street NE
Hopkins, MN 55343-8337
Phone 952-229-5451
Fax 952-938-0159

New Equipment
Quote #QUO000559
Date: 6/23/2026

Name	Quantity
RECESSED DOOR JAMBS	
FLOW THROUGH VENTILATION SYSTEM	
REMOVEABLE WHEEL WELL PANELS	
WHITE COMPARTMENT INTERIORS	
RECESSED DOOR SEAL SYSTEM	
LIGHT ADAPTOR FOR FORD CHASSIS	
FULL LED LIGHTING PACKAGE - LIFTGATE MOUNT	
STOP / TAIL / TURN / MARKER & BACK-UP LIGHT	
STANDARD BODY TAILGATE	
STREETSIDE FRONT COMPT	
|-- OPEN	
STREETSIDE HORIZONTAL COMPT	
|-- OPEN	
STREETSIDE REAR COMPT	
|-- OPEN	
|-- INTERIOR LIGHT GUARD	
CURBSIDE FRONT COMPT	
|-- OPEN	
CURBSIDE HORIZONTAL COMPT	
|-- OPEN	
CURBSIDE REAR COMPT	
|-- 2 ADJUSTABLE SHELVES	
|-- INTERIOR LIGHT GUARD	
FLEXGLO COMPARTMENT LIGHTING TOP & SIDES OF DOOR EACH COMPARTMENT	
GALVANIZED SURE STEP BUMPER W/ PINTLE RECESS (SRW)	
LOADWALL LINER, ALUMINUM	
PRE-PUNCHED ALUMINUM BASKET	
8"H x 15"W x 72"L	
MTD CURBSIDE	
WHEEL WELL LINERS - ALUMINUM	
GALVANIZED E-TRACK DOWN EACH SIDE	
Four (4) 10’ sections of E-Track - 1st row 6" from top of the compartment, 2nd row 8" from the bottom of the load bed - both compartment walls.	
ALUMINUM, SIDE OPENING BOX	
96"L x 8"T x 18"W	

ADM EQUIPMENT
333 2nd Street NE
Hopkins, MN 55343-8337
Phone 952-229-5451
Fax 952-938-0159

New Equipment
Quote #QUO000559
Date: 6/23/2026

Name	Quantity
(2) FLIP UP SIDE DOORS, EACH AS LONG AS POSSIBLE MOUNTED STREETSIDE COMPARTMENT TOP	
Installs	
C-Tech Drawer Set with top shelf (CFG-41727)	2

SS1 & CS1
Dimensions:
Width (in): 23.375
Height (in): 32.820
Depth (in): 15.000
Bottom Space (in): 14.508
Finish Color: Fire Engine Red

MotionLatch Drawers
Internal Width (in): 18.905
Internal Depth (in): 12.671
3 inch [Liner]
3 inch [Liner]
3 inch [Liner]
3 inch [Liner]
5 inch [Liner]

Shelf Type: Telescoping

Bottom Notch
Height (in): 14.500
Depth (in): 5.500

C-Tech drawer set with top shelf (CFG-42042)	1

CS2 (Horizontal)
Dimensions:
Width (in): 36.000
Height (in): 11.000
Depth (in): 15.000
Bottom Space (in): .688
Finish Color: Fire Engine Red

MotionLatch Drawers
Internal Width (in): 31.530
Internal Depth (in): 12.671
3 inch [Liner]

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New Equipment
Quote #QUO000559
Date: 6/23/2026

Name	Quantity
3 inch [Liner] 3 inch [Liner] Shelf Type: Telescoping Riser: Height (in): 3.500 Depth (in): 13.828	
C-Tech Drawer set with top shelf (CFG-42044)	1
SS3 Dimensions: Width (in): 13.500 Height (in): 27.820 Depth (in): 15.000 Bottom Space (in): 14.508 Finish Color: Fire Engine Red MotionLatch Drawers Internal Width (in): 9.030 Internal Depth (in): 12.671 3 inch [Liner] 3 inch [Liner] 3 inch [Liner] 3 inch [Liner] Shelf Type: Telescoping Bottom Notch Height (in): 14.500 Depth (in): 5.500	
15AMP GFCI OUTLET - IVORY	1 Ea
Mounted SS3 Below Drawers Use Factory Harnesses to Wire/Install Outlet from Chassis Factory Pro Power Onboard 2kW Inverter	
WATERPROOF OUTLET BOX 1/2"	1 Ea
COVER, GFI OUTLET	1 Ea
C&M 3-wire holder	1
Mounted on top of CS3 See photos of previous unit	

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Fax 952-938-0159

New Equipment
Quote #QUO000559
Date: 6/23/2026

Name	Quantity
LogiqAir 2023+ Ford F-350 - Air Spring Kit (88-23230)	1
AirIQ SD1 (50-41100)	1
1-Channel AirIQ Bluetooth Management System for parallel control of two air springs from the AirIQ App + LOGIQ 25% duty cycle, 150 psi compressor with 2.03 CFM @ 0 psi	
AirIQ Remote Control (50-21200)	1
200 ft range LCD display Magnetic visor dock	
PRESTOMATIC UNION TEE	1 Ea
18" X 18" ABM MUD FLAP	2 Ea
Mount OEM backup camera	1
7-WAY RV TRLR SOCKET OEM	1 Ea
EXHAUST ELBOW 4"	1 Ea
Exhaust to exit to the side behind curbside rear wheel	
ECCO 3703A LINEAR AMBER LED FLASHER	8 Ea
(4) in the grill (1) above first compartment on corner each side (1) on top outside corner of rear of sidepack each side See photos of previous unit	
STRYKER LED GOLIGHT-WHITE	2 Ea
Mounted on raised pillars, in front of the side pack, each side See photos of previous unit	
TruckOffice CargoCrew Rear Cab Storage Unit	1
Converts 2/3 of the backseat passenger space to heavy duty storage shelving.	
Front Bumper Mounted Traffic Cone Holder, For 18" & 28" Cones	1
Fab Fours 2026 Ford F-350 Super Duty Winch Mount Front Bumper Textured Black (FS23-N5961-1)	1
Rough Country 9500-Lb Pro Series Winch (PRO9500S)	1
Mounted to front bumper	

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New Equipment
Quote #QUO000559
Date: 6/23/2026

Name	Quantity
IP67 Waterproof and Dustproof rating	
3/8 in x 85 ft Synthetic Rope	
FIRE EXTINGUISHER-5# (B402T)	1 Ea
With mounting bracket	
Mounted SS1 under drawer set	
TRIANGLE FLARE KIT	1 Ea
Installation	1 Ea
Chassis	
Customer Supplied Chassis	1
Along with the purchase order the customer will be required to include a copy of the chassis specification intended for use and the contact information of the supplying chassis dealer. If the chassis specification does not meet minimum requirements for the application additional costs may be incurred to meet those requirements. * ABM requires a weight study analysis and frame layouts to ensure chassis loading, stability, and install component placement. * Chassis delivered to the installation facilities that do not meet minimum specification requirements will be noted at time of delivery and a suggested resolution will be provided back to the customer. * Reference ABM Customer Furnished Chassis Delivery Policy for additional instructions.	
DOT Inspection & Certification	1
Freight - Inbound	1
Completed Unit FOB Hopkins, MN Final delivery to customer location is available upon request at an additional charge.	

Subtotal	$62,090.00
Tax Total	$0.00
Total	$62,090.00

Thank you for your business

ABM EQUIPMENT
333 2nd Street NE
Hopkins, MN 55343-8337
Phone 952-229-5451
Fax 952-938-0159

New Equipment
Quote #QUO000559
Date: 6/23/2026

Estimated Completion Date: Subject to availability, based on information at the time of quote.
Validity of Quote: 30 Days - please contact ABM Equipment for an updated proposal after expiration.
Payment: Payment terms are Net 10 days. Any amount paid by a credit card will be subject to a surcharge fee.
A monthly interest charge of 1/2% will be added for late payments.

Taxes and Fees: This quote does not include applicable local, state, or (F.E.T.) federal taxes unless indicated. This quote does not include title or licensing fees unless indicated.
Delivery: Unless noted on this quotation, equipment is sold F.O.B. point of shipment, and ABM Equipment, LLC's responsibility shall cease upon delivering the equipment in good order to the carrier. ABM Equipment, LLC shall not be responsible for delays in delivery due to reasons beyond its control, including labor disputes and supply chain issues.
ABM Equipment, LLC shall not be responsible for delays in delivery due to reasons beyond its control, including labor disputes and supply chain issues.
Warranty: Warranty coverage shall be based on the manufacturer's warranty terms. Warranty work is to be performed at ABM Equipment, LLC. The warranty does not include travel charges.
Cancellation: It is understood that any order on this quotation and accepted by the seller shall be firm in as much as ABM Equipment, LLC, in turn, must place firm orders for the equipment and the parts thereof. No cancellations may be made except on terms agreed to by ABM Equipment, LLC in writing.
Liability: ABM Equipment, LLC assumes no liability for damage due to theft, vandalism, fire, weather, or damage due to gradual deterioration or inherent defects in such property. In addition, we are not responsible for any damage while storing your chassis or parts on our premises while waiting for modification or installation. The storage location of the property shall be determined by ABM Equipment, LLC, at its discretion.
Entire Agreement: This quotation sets forth the full terms and conditions applicable to the equipment described herein and may not be modified without ABM Equipment, LLC written consent. The terms and conditions of this quotation shall prevail over those of any other writing concerning this equipment in case of any inconsistency between them.
Confidentiality: The information in this quote; and all supporting documentation is confidential and may only be used by ABM Equipment, LLC, and the customer listed on this quote.
Chassis: You agree to accept the following when purchasing a new chassis through ABM Equipment.
1. ABM provided chassis - Pay for the chassis in full as soon as it is available to ABM Equipment for the mounting of the quoted components.
2. Customer supplied chassis - If the chassis is late or cancelled customer must pay for ABM ordered equipment, parts and components. Labor for the installation will be billed upon completion of the unit.
3. Chassis pricing should be considered a budgetary only and is subject to change when specific model year pricing becomes available from the OEM.
Additionally, the chassis model year is subject to change based on availability at the time of the order.
*Due to extended lead times and market volatility, we reserve the right to impose a surcharge on the quoted price. We are experiencing surcharges from our suppliers, and passing these on to our customers has become necessary. ABM Equipment will inform you about these surcharges before you begin the build for your order. If ABM Equipment cannot proceed with the build at the scheduled time because of the unavailability of the chassis, ABM Equipment will invoice the customer for the cost of the equipment on hand, and payment will be due according to our standard terms.

Please sign below indicating your intent to purchase the above equipment at the price and terms quoted. The changes of materials to be supplied, terms of sale, or pricing are contingent upon acceptance by ABM Equipment, LLC.

Customer		ABM Equipment, LLC	
Signature:	____________	Signature:	____________
Name:	____________	Name:	____________
Title:	____________	Title:	____________
Date:	____________	Date:	____________
PO#:	____________		

Thank you for your business

July 21, 2026

ITEM: New Business – Proposed Ordinance No. 037, 4th Series: Rezoning Property from I-2, General Industrial, to B-2, Service Business District

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BACKGROUND: The attached proposed ordinance rezone property located at 301 Armstrong Blvd North from I-2, General Industrial, to B-2, Service Business District.

First Reading: July 21, 2026
Notice of Proposed Ordinance: July 24, 2026
Second Reading and Final Vote: August 5, 2026
Approval of Publication of Title and Summary of Ordinance by the Council: July 7, 2026
Publication of Title and Summary of Ordinance:
Publication of Entire Text of Ordinance at Watonwan County Library:
Recorded in the Ordinance Book and Available on Website:
Effective Date of Ordinance:

ACTION REQUESTED: Approve/Deny the 1st Reading of Proposed Ordinance.

State of Minnesota
County of Watonwan

ORDINANCE 037, 4TH SERIES

AN ORDINANCE REZONING PROPERTY FROM I-2, GENERAL INDUSTRIAL, TO B-2, SERVICE BUSINESS DISTRICT

BE IT ORDAINED, by the City Council of St. James, Watonwan County, Minnesota as follows:

"EXHIBIT A"

Be rezoned from I-2, General Industrial District, to B-2, Service Business District.

The Official Zoning Map shall hereby be amended to reflect said zoning change.

The Ordinance shall be in full force and effect from and after its publication as provided by law.

Adopted by the City Council this ____ day of ______________, 2026.

____
Christopher Whitehead, Mayor

ATTEST:

____
Kristin K. Hurley, City Clerk

"EXHIBIT A"

Parcel 1:

That part of East Half of Southwest Quarter and West Half of Southeast Quarter of Section 13, Township 106, Range 32, and being in the City of St. James, described as follows: Beginning at the Southeast corner of Lot 3, Block 70, of First Addition to the City of St. James; thence Southerly along the Westerly line of Armstrong Boulevard, a distance of 277.5 feet to a point 22.5 feet Northerly from the center line of the main track of the Chicago, St. Paul, Minneapolis and Omaha Railway Company; thence deflecting 90 degrees right and parallel to said center line a distance of 593 feet; thence deflecting 90 degrees right and parallel to the Westerly line of said Armstrong Boulevard, a distance of 277.5 feet; thence deflecting 90 degrees right and parallel to the center line of said main track, a distance of 593 feet to the place of beginning, all in Watonwan County, State of Minnesota. ALSO that part of the Chicago, St. Paul, Minneapolis and Omaha Railway Company's right of way situated in the South Half of Section 13, Township 106 North, Range 32 West, bounded and described as follows, to-wit: Beginning at a point in the Northwesterly extension of the Southwesterly line of Armstrong Boulevard as said Boulevard was originally located and established as a 60 foot street, distant 22.5 feet Northwesterly at right angles from the center line of the main track of the aforesaid Railway Company; thence Northwesterly along said Southwesterly line of Armstrong Boulevard a distance of 277.5 feet to the Northwesterly right of way line of the aforesaid Railway Company; thence Southwesterly at right angles and parallel with said center line of the main track, a distance of 10 feet; thence Southeasterly at right angles, a distance of 277.5 feet to a point distant 22.5 feet Northwesterly at right angles from said center line of the main track; thence Northeasterly at right angles and parallel with said center line of the main track, a distance of 10 feet, more or less, to the point of beginning, all in Watonwan County, Minnesota. That part of the East Half of the Southwest Quarter of Section 13, Township 106, Range 32, and being in the City of St. James, bounded and described as follows: Commencing at the Southeast corner of Lot 3, Block 70, in First Addition to the City of St. James; thence Southwesterly along the Southeasterly line of said Block 70, extended Southwesterly, a distance of 593 feet for the point of beginning of the land herein to be described; thence Southeasterly at right angles and parallel to the Westerly line of Armstrong Boulevard, a distance of 244 feet, more or less, to the intersection of a line that is parallel to and 9 feet Northerly of, as measured radially, from the center line of Spur Track I.C.C. No. 62 of the Chicago, St. Paul, Minneapolis and Omaha Railway Company, as now located and established; thence Westerly along the last described parallel line, to the intersection of the Southerly extension of the Easterly line of the North and South alley, Block 82, said First Addition to the City of St. James; thence Northerly along the last described line, a distance of 248 feet, more or less, to the intersection with the Southeasterly line of said Block 70 extended Southwesterly; thence Northeasterly along the last described line, a distance of 55 feet, more or less, to the point of beginning. EXCEPT that part of the East Half of Southwest Quarter and West Half of Southeast Quarter of Section 13, Township 106, Range 32, and being in the City of St. James, Watonwan County, Minnesota, described as follows: Beginning at the Southeast corner of Lot 3, Block 70, of the First Addition to City of St. James, Watonwan County, Minnesota; thence Southerly along the Westerly line of Armstrong Boulevard, a distance of 90.65 feet; thence deflecting 90 degrees right and parallel to the center line of the main track of the Chicago, St. Paul, Minneapolis and Omaha Railroad, a distance of 226.0 feet; thence deflecting right 90 degrees and parallel to the Westerly line of said Armstrong Boulevard, a distance of 90.65 feet; thence deflecting right 90 degrees and parallel to the center line of said railroad, a distance of

226.0 feet to the point of beginning. AND EXCEPT that part of the East Half of Southwest Quarter and West Half of Southeast Quarter of Section 13, Township 106, Range 32, and being in the City of St. James, Watonwan County, Minnesota, described as follows: Commencing at the Southeast corner of Lot 3, Block 70 of First Addition to the City of St. James; thence Southerly along the Westerly line of Armstrong Boulevard, 277.5 feet to a point, 22.5 feet Northerly of the centerline of the main track of the Chicago, St. Paul, Minneapolis and Omaha Railway Company, said point being the point of beginning of the following described tract: thence deflecting right 90 degrees and parallel to said centerline of the main line of said centerline 373 feet; thence deflecting right 90 degrees, 113.8 feet to the wall of the existing Scherr-Tumico, Inc. building; thence Easterly along said wall to the point of intersection of the Easterly extension of said wall with said Westerly line of Armstrong Boulevard; thence Southerly along said Westerly line of Armstrong Boulevard to the place of beginning.

Parcel 2:

Lot 1, in Block 82, First Addition to City of St. James, Watonwan County, Minnesota.

Parcel 3:

That part of East Half of Southwest Quarter and West Half of Southeast Quarter of Section 13, Township 106, Range 32, and being in the City of St. James, Watonwan County, Minnesota, described as follows: Beginning at the Southeast corner of Lot 3, Block 70 of the First Addition to the City of St. James; thence Southerly along the Westerly line of Armstrong Boulevard, a distance of 90.65 feet; thence deflecting 90 degrees right and parallel to the center line of the main track of the Chicago, St. Paul, Minneapolis and Omaha Railroad, a distance of 226.0 feet; thence deflecting right 90 degrees and parallel to the Westerly line of said Armstrong Boulevard, a distance of 90.65 feet; thence deflecting right 90 degrees and parallel to the center line of said railroad, a distance of 226.0 feet to the point of beginning.

Parcel 4:

That part of the West Half of the Southeast Quarter and of the East Half of the Southwest Quarter of Section 13, Township 106, Range 32, and being in the City of St. James, described as follows, to-wit: Commencing at the Southeast corner of Lot 3, Block 70, First Addition to the City of St. James; thence Southerly along the Westerly line of Armstrong Boulevard, 277.5 feet to a point 22.5 feet Northerly of the centerline of the main track of the C. St. P.M. & O. R.R. Co., said point being the point of beginning of the following described tract: thence deflecting right 90 degrees 00 minutes and parallel to said centerline of the main line of said centerline 373.0 feet; thence deflecting right 90 degrees 00 minutes 113.8 feet to the wall of the existing Scherr-Tumico, Inc., building; thence Easterly along said wall to the point of intersection of the Easterly extension of said wall with said Westerly line of Armstrong Boulevard; thence Southerly along said Westerly line of Armstrong Boulevard to the place of beginning.

EXCEPTING FROM THE ABOVE DESCRIBED PARCELS: that part of the Northeast Quarter of the Southwest Quarter and the Northwest Quarter of the Southeast Quarter, Section 13, Township 106 North, Range 32 West, City of St. James, Watonwan County, Minnesota, described as follows: Beginning at the Southeast corner of Lot 3 of Block 70 of the First Addition to the City of St. James, according to the recorded plat thereof; thence on an assumed bearing of South 27 degrees 06 minutes 48 seconds East, along the Southwesterly line of Armstrong Boulevard, a distance of 90.65 feet to an iron monument; thence South 62 degrees 53 minutes 12 seconds West, a distance of 130.00 feet to an iron monument; thence North 27 degrees 06 minutes 48 seconds West, a distance of 44.00 feet to an iron monument; thence North 45 degrees 00 minutes West, a distance of 49.02 feet to an iron monument located on the Southeast line of said Lot 3; thence North 62 degrees 53 minutes 12 seconds East, along said Southeast line, a distance of 145.06 feet to the point of beginning.

ST. JAMES PLANNING COMMISSION

TO: Planning Commission Members

FROM: Brianna Sanders, Zoning Administrator

DATE: July 13, 2026

RE: Rezoning – 301 Armstrong Blvd N

Applicant
EDUARDO DIAZ AND MARTHA LOPEZ
ADDRESS – 301 ARMSTRONG BLVD N

Request
The applicant is requesting a change in the zoning designation for the parcel from a I-2 "General Industrial District" to B-2 "Service Business District"

Proposal
Applicant desires to convert the building into an event center in one portion of the building. The building currently is being used as an auto repair shop in the rear portion of the building and secondhand merchandise shop in the front of the building.

Location
The property is located at 301 Armstrong Blvd N legally described as Section 13, Township 106 North, Range 32 West, City of St. James, Watonwan County, Minnesota, including Lot 1, Block 82, First Addition to the City of St. James, Lot 3, Block 70, First Addition to the City of St. James.

Existing Land Use
The building is zoned as a I-2 "General Industrial District". The surrounding zoning designations include I-2 (north, south) and city-owned (east, west).

The building has parking space available at the south side of the building.

Recommendations
Staff recommendation is approval.

Exhibits
Exhibit 1 – Zoning Request Application
Exhibit 2 – Notice of Public Hearing
Exhibit 3 – Property Map

§ 156.190 PURPOSE.

The I-2 (General Industrial) District is intended for general industrial uses, which, due to their size and nature, would not be appropriate elsewhere.

(Prior Code, § 11.41)

§ 156.191 PERMITTED USES.

The following are permitted uses in the I-2 District:

(A) Any use listed in § 156.171;

(B) Welding shops;

(C) Canning factories, creameries, and other food product processing facilities;

(D) Contractor's offices and storage yards, storage areas for plumbing, heating, and ventilating, or air conditioning contractors, roofing contractors, lumber yards, masonry manufacturing and storage, electrical contractor, or refrigeration contractor;

(E) Freight terminals;

(F) Bulk fuel sales and storage facilities;

(G) Vehicle repair shops and storage facilities;

(H) Highway maintenance shops and storage yards;

(I) Public service structures, including power substations, gas regulator stations, sewage disposal plants, telephone exchanges, police or fire stations, elevated storage tanks, and waterworks; and

(J) Other manufacturing, or industrial, uses whose operations are inappropriate for any other district, but could be located within this District without causing harm to neighboring uses when complying with the District's standards.

(Prior Code, § 11.41)

§ 156.192 PERMITTED ACCESSORY USES.

The following are permitted accessory uses in the I-2 District: Any use that is clearly incidental to the primary use, and conforms to applicable performance standards listed elsewhere in this chapter.

(Prior Code, § 11.41)

§ 156.193 SPECIAL USES.

The following are special uses in the I-2 District:

(A) The extraction, processing, or storage of sand, gravel, stone, or other like materials;

(B) Retail and service establishments essential to the operation of this District; and

(C) Auto salvage yards.

(Prior Code, § 11.41)

§ 156.194 LOT AREA, WIDTH, AND MINIMUM SETBACK STANDARDS.

Setback, Lot Size	***Setback Standard***
Front, side, and rear yard	25 feet from any residential district lot line
Height regulations	75 feet
Lot coverage	No maximum
Minimum lot area or width requirement	None

(Prior Code, § 11.41)

§ 156.195 ADDITIONAL REQUIREMENTS.

Development occurring in this District shall meet applicable criteria as found in §§ 71.20, 156.020 through 156.038.

(Prior Code, § 11.41) (Ord. 165, second series, passed 7-5-2000)

§ 156.110 PURPOSE.

The B-2 (Service Business) District is intended for commercial activities which might be incompatible with uses in other business districts by reason of traffic considerations, marketing characteristics, area requirements, and other characteristics inherent in these uses.

(Prior Code, § 11.30)

§ 156.111 PERMITTED USES.

The following are permitted uses in the B-2 District:

aurants or taverns;

(B) Indoor recreational or leisure activities, such as bowling, pool halls, skating rinks, or other similar kinds of uses;

(C) Retail sales of groceries, meats, vegetables, fruit, or other food products, frozen food storage locker establishments, and variety stores;

(D) Retail sales, including service and repair of household appliances, including computers, audio equipment, televisions, washers, dryers, dishwashers, air conditioners, and other similar household items;

(E) Secondhand merchandise retail sales;

(F) Cabinet maker, carpentry shop, furniture or upholstering repair shops, and artisan production shop;

(G) Dry cleaning establishments, and self service laundromats;

(H) Plumbers, heating system contractors shops, sales, and showrooms, and general contractors' shops;

(I) Copy shops;

(J) Bakeries;

(K) Funeral homes;

(L) Motels or hotels;

(M) Newspaper distribution centers;

(N) Convention halls, or civic centers;

(O) Municipal and government buildings, or public utility structures; and

(P) Other business activities of a similar character.

(Prior Code, § 11.30)

§ 156.112 PERMITTED ACCESSORY USES.

The following are permitted accessory uses in the B-2 District: Uses customarily incidental to the permitted uses including outside vending machines, telephone booths, and screened storage areas.

(Prior Code, § 11.30)

§ 156.113 SPECIAL USES.

The following are special uses in the B-2 District:

(A) Drive-in restaurants;

(B) Lumber yards;

(C) Greenhouses, landscape nurseries, and garden stores;

(D) Miniature golf courses, golf driving ranges, and archery ranges;

(E) Marine and boat sales, and servicing businesses;

(F) New, or used, automobile and truck sales and service, and storage lots;

(G) Auto service stations, auto convenience markets, car wash business, and auto repair shops;

(H) Animal hospitals, veterinary clinics, and kennels;

(I) Self service storage facilities; and

(J) Other business activities of a similar character.

(Prior Code, § 11.30)

§ 156.114 LOT AREA, WIDTH, AND MINIMUM SETBACK STANDARDS.

Setback, Lot Size	***Size Standard***
Setback, Lot Size	***Size Standard***
Front yard setback	No front yard setback required
Height regulations	45 feet
Lot coverage	50% maximum lot coverage by buildings
Minimum lot area	No minimum lot size required in this district
Minimum lot width	No minimum lot width required in this district
Rear yard setback	20 feet
Side yard setback	No side yard setback required*

Notes to Table:

Except on lots abutting lots zoned residential, then the side yard standard that applies to that residential lot shall apply.

(Prior Code, § 11.30)

§ 156.115 ADDITIONAL REQUIREMENTS.

Developments occurring in this district shall meet applicable criteria as found in §§ 71.20, 156.020 through 156.038, such as signage regulations, parking standards, screening requirements, landscaping standards, or others as appropriate.

CITY OF ST. JAMES
PLANNING COMMISSION REQUEST

Application for:	_____Variance	$175.00 plus 3.00 per notice
	_X_Rezoning	$175.00 plus 3.00 per notice
	_____Ordinance Change	$175.00 plus 3.00 per notice
	_____Special Use Permit	$175.00 plus 3.00 per notice
	_____Annexation Petition	$5.00/acre (min $150 – max $600)
	_____Lot Division/Property Split	$175.00 plus 3.00 per notice
	_____Plat Subdivision – Prelim	$75 plus 3.00 per notice
	_____Plat Subdivision – Final	$75 plus 3.00 per notice
	_____Vacation initiated by citizen petitioner	$175.00 plus 3.00 per notice
	_____Notification billing	$3.00 for each required notice

Applicant: Name: Edvardo Diaz

Mailing Address: 301 Armstrong Blv N.

Phone Number: 507-405-2500

Email: edvardodiaz741@gmail.com

Property Address (if different from Applicant's address):

301 Armstrong Blvd N St. James MN 56081

Parcel ID: 202761430

Description of area affected: ____________________

Present Zone I-2

Present Set-back ____________________

Present Use ____________________

Proposed Zone (if different) B-2

Proposed Set-back (if different) ____________________

Proposed Use (if different) ____________________

Request

____

____

____

____

____

☐ Attached drawing of request

The above information and attached drawing of request are true and correct to the best of my knowledge.

6/23/26
Date

Edcardo Diaz.
Signature of Person Filing Application

HEARING: The Commission will not render a decision unless applicant or a designated representative is present at the hearing. Commission meetings are scheduled on the last Monday of each month. A completed application must be submitted by the second Tuesday of each month to be considered at that month's meeting.

DRAWING: A drawing of the affected area must be attached showing present lot lines and existing buildings and the requested change. Applications will not be accepted without all information. The Zoning Administrator will notify the applicant within 10 business days if the application is incomplete.

FEE: SEE ABOVE. The fee for request is due at the time of this application submittal. The notice fee will be due on or before the public hearing. If the notice fee is not submitted, the public hearing will be cancelled at the applicants cost.

City of St. James
1205 6th Ave S. | PO Box 70 |St. James, MN 56081
P. 507-375-3241 | F. 507-375-4376 | www.ci.stjames.mn.us

NOTICE OF PUBLIC HEARING
ST. JAMES PLANNING COMMISSION

NOTICE IS HEREBY GIVEN, that the St. James Planning Commission will meet on Monday, July 13, 2026, at 5:15 p.m. at City Hall located at 1205 6th Ave S, St. James, Minnesota, for the following purpose:

To consider the request for rezoning from I-2 "General Industrial District" to B-2 "Service Business District" for the property located at 301 Armstrong Blvd N owned by Eduardo Diaz and Martha Lopez. The property is generally described as property located in Section 13, Township 106 North, Range 32 West, City of St. James, Watonwan County, Minnesota, including Lot 1, Block 82, First Addition to the City of St. James, Lot 3, Block 70, First Addition to the City of St. James, and adjoining parcels.

Affected parcels include PID 20.276.1430 and 20.276.2370. The complete legal description and map of affected properties are available for review at the St. James City Hall

All persons are invited to attend the July 13, 2026 Public Hearing and to present their views relating to this request either orally or in writing.

Dated this 2nd Day of July 2026.

Brianna Sanders
Zoning Administrator

Publish July 2, 2026: St. James Plaindealer

Parcel 1:

That part of East Half of Southwest Quarter and West Half of Southeast Quarter of Section 13, Township 106, Range 32, and being in the City of St. James, described as follows: Beginning at the Southeast corner of Lot 3, Block 70, of First Addition to the City of St. James; thence Southerly along the Westerly line of Armstrong Boulevard, a distance of 277.5 feet to a point 22.5 feet Northerly from the center line of the main track of the Chicago, St. Paul, Minneapolis and Omaha Railway Company; thence deflecting 90 degrees right and parallel to said center line a distance of 593 feet; thence deflecting 90 degrees right and parallel to the Westerly line of said Armstrong Boulevard, a distance of 277.5 feet; thence deflecting 90 degrees right and parallel to the center line of said main track, a distance of 593 feet to the place of beginning, all in Watonwan County, State of Minnesota. ALSO that part of the Chicago, St. Paul, Minneapolis and Omaha Railway Company's right of way situated in the South Half of Section 13, Township 106 North, Range 32 West, bounded and described as follows, to-wit: Beginning at a point in the Northwesterly extension of the Southwesterly line of Armstrong Boulevard as said Boulevard was originally located and established as a 60 foot street, distant 22.5 feet Northwesterly at right angles from the center line of the main track of the aforesaid Railway Company; thence Northwesterly along said Southwesterly line of Armstrong Boulevard a distance of 277.5 feet to the Northwesterly right of way line of the aforesaid Railway Company; thence Southwesterly at right angles and parallel with said center line of the main track, a distance of 10 feet; thence Southeasterly at right angles, a distance of 277.5 feet to a point distant 22.5 feet Northwesterly at right angles from said center line of the main track; thence Northeasterly at right angles and parallel with said center line of the main track, a distance of 10 feet, more or less, to the point of beginning, all in Watonwan County, Minnesota. That part of the East Half of the Southwest Quarter of Section 13, Township 106, Range 32, and being in the City of St. James, bounded and described as follows: Commencing at the Southeast corner of Lot 3, Block 70, in First Addition to the City of St. James; thence Southwesterly along the Southeasterly line of said Block 70, extended Southwesterly, a distance of 593 feet for the point of beginning of the land herein to be described; thence Southeasterly at right angles and parallel to the Westerly line of Armstrong Boulevard, a distance of 244 feet, more or less, to the intersection of a line that is parallel to and 9 feet Northerly of, as measured radially, from the center line of Spur Track I.C.C. No. 62 of the Chicago, St. Paul, Minneapolis and Omaha Railway Company, as now located and established; thence Westerly along the last described parallel line, to the intersection of the Southerly extension of the Easterly line of the North and South alley, Block 82, said First Addition to the City of St. James; thence Northerly along the last described line, a distance of 248 feet, more or less, to the intersection with the

Southeasterly line of said Block 70 extended Southwesterly; thence Northeasterly along the last described line, a distance of 55 feet, more or less, to the point of beginning. EXCEPT that part of the East Half of Southwest Quarter and West Half of Southeast Quarter of Section 13, Township 106, Range 32, and being in the City of St. James, Watonwan County, Minnesota, described as follows: Beginning at the Southeast corner of Lot 3, Block 70, of the First Addition to City of St. James, Watonwan County, Minnesota; thence Southerly along the Westerly line of Armstrong Boulevard, a distance of 90.65 feet; thence deflecting 90 degrees right and parallel to the center line of the main track of the Chicago, St. Paul, Minneapolis and Omaha Railroad, a distance of 226.0 feet; thence deflecting right 90 degrees and parallel to the Westerly line of said Armstrong Boulevard, a distance of 90.65 feet; thence deflecting right 90 degrees and parallel to the center line of said railroad, a distance of 226.0 feet to the point of beginning. AND EXCEPT that part of the East Half of Southwest Quarter and West Half of Southeast Quarter of Section 13, Township 106, Range 32, and being in the City of St. James, Watonwan County, Minnesota, described as follows: Commencing at the Southeast corner of Lot 3, Block 70 of First Addition to the City of St. James; thence Southerly along the Westerly line of Armstrong Boulevard, 277.5 feet to a point, 22.5 feet Northerly of the centerline of the main track of the Chicago, St. Paul, Minneapolis and Omaha Railway Company, said point being the point of beginning of the following described tract: thence deflecting right 90 degrees and parallel to said centerline of the main line of said centerline 373 feet; thence deflecting right 90 degrees, 113.8 feet to the wall of the existing Scherr-Tumico, Inc. building; thence Easterly along said wall to the point of intersection of the Easterly extension of said wall with said Westerly line of Armstrong Boulevard; thence Southerly along said Westerly line of Armstrong Boulevard to the place of beginning.

Parcel 2:

Lot 1, in Block 82, First Addition to City of St. James, Watonwan County, Minnesota.

Parcel 3:

That part of East Half of Southwest Quarter and West Half of Southeast Quarter of Section 13, Township 106, Range 32, and being in the City of St. James, Watonwan County, Minnesota, described as follows: Beginning at the Southeast corner of Lot 3, Block 70 of the First Addition to the City of St. James; thence Southerly along the Westerly line of Armstrong Boulevard, a distance of 90.65 feet; thence deflecting 90 degrees right and parallel to the center line of the main track of the Chicago, St. Paul, Minneapolis and

Omaha Railroad, a distance of 226.0 feet; thence deflecting right 90 degrees and parallel to the Westerly line of said Armstrong Boulevard, a distance of 90.65 feet; thence deflecting right 90 degrees and parallel to the center line of said railroad, a distance of 226.0 feet to the point of beginning.

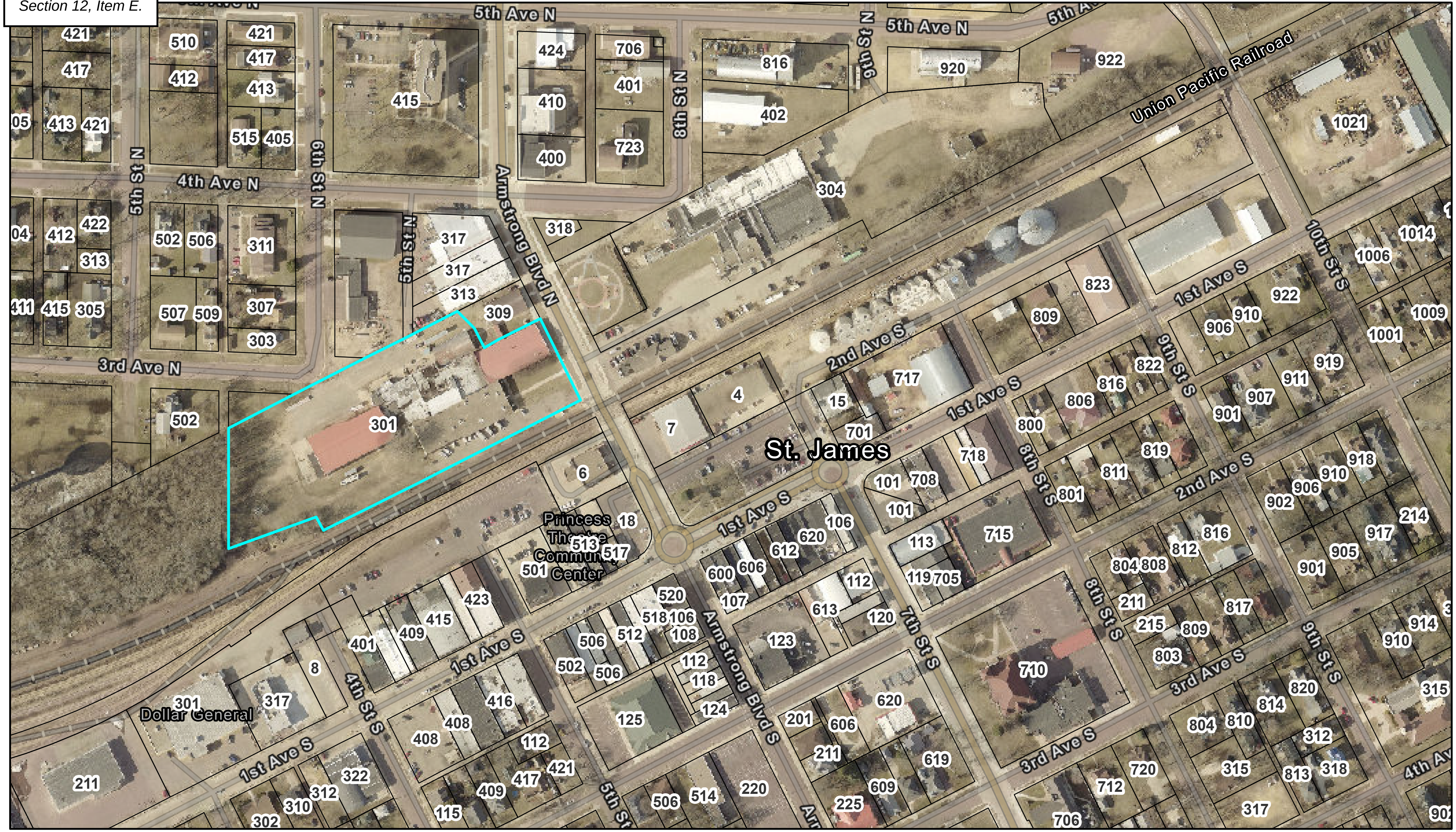
Parcel 4:

That part of the West Half of the Southeast Quarter and of the East Half of the Southwest Quarter of Section 13, Township 106, Range 32, and being in the City of St. James, described as follows, to-wit: Commencing at the Southeast corner of Lot 3, Block 70, First Addition to the City of St. James; thence Southerly along the Westerly line of Armstrong Boulevard, 277.5 feet to a point 22.5 feet Northerly of the centerline of the main track of the C. St. P.M. & O. R.R. Co., said point being the point of beginning of the following described tract: thence deflecting right 90 degrees 00 minutes and parallel to said centerline of the main line of said centerline 373.0 feet; thence deflecting right 90 degrees 00 minutes 113.8 feet to the wall of the existing Scherr-Tumico, Inc., building; thence Easterly along said wall to the point of intersection of the Easterly extension of said wall with said Westerly line of Armstrong Boulevard; thence Southerly along said Westerly line of Armstrong Boulevard to the place of beginning.

EXCEPTING FROM THE ABOVE DESCRIBED PARCELS: that part of the Northeast Quarter of the Southwest Quarter and the Northwest Quarter of the Southeast Quarter, Section 13, Township 106 North, Range 32 West, City of St. James, Watonwan County, Minnesota, described as follows: Beginning at the Southeast corner of Lot 3 of Block 70 of the First Addition to the City of St. James, according to the recorded plat thereof; thence on an assumed bearing of South 27 degrees 06 minutes 48 seconds East, along the Southwesterly line of Armstrong Boulevard, a distance of 90.65 feet to an iron monument; thence South 62 degrees 53 minutes 12 seconds West, a distance of 130.00 feet to an iron monument; thence North 27 degrees 06 minutes 48 seconds West, a distance of 44.00 feet to an iron monument; thence North 45 degrees 00 minutes West, a distance of 49.02 feet to an iron monument located on the Southeast line of said Lot 3; thence North 62 degrees 53 minutes 12 seconds East, along said Southeast line, a distance of 145.06 feet to the point of beginning.

Section 12, Item E.

301 Armstrong Blvd N - Rezoning Request



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Sources: Esri, TomTom, Garmin, FAO, NOAA, USGS, © OpenStreetMap contributors, and the GIS User Community, Vantor

City of St. James

Vantor | Esri Community Maps Contributors, MN Dept Natural Resources, © OpenStreetMap, Microsoft, Esri, TomTom, Garmin, SafeGraph, GeoTechnologies, Inc, METI/NASA, USGS, EPA, NPS, US Census Bureau, USDA, USFWS |

City of St. James
1205 6th Ave S. | PO Box 70 | St. James, MN 56081
P. 507 -375-3241 | F. 507-375-4376 | www.ci.stjames.mn.us

PUBLIC HEARING SUMMARY

Prepared by: Brianna Sanders, Economic Development Director

Date: July 14, 2026

RE: Rezoning Request for 301 Armstrong Blvd N

The Planning Commission held a public hearing on July 13, 2026 regarding the proposed rezoning of the property located at 301 Armstrong Blvd N.

No members of the public provided comments during the public hearing.

Following discussion, the Planning Commission voted to recommend approval of the rezoning request.

July 21, 2026

ITEM: New Business – Proposed Ordinance No. 038, 4th Series: Rezoning Property from B-2, Service Business District, to I-2, General Industrial

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BACKGROUND: The attached proposed ordinance rezone property located at 806 1st Avenue South from B-2, Service Business District, to I-2, General Industrial.

First Reading: July 21, 2026
Notice of Proposed Ordinance: July 24, 2026
Second Reading and Final Vote: August 5, 2026
Approval of Publication of Title and Summary of Ordinance by the Council: July 7, 2026
Publication of Title and Summary of Ordinance:
Publication of Entire Text of Ordinance at Watonwan County Library:
Recorded in the Ordinance Book and Available on Website:
Effective Date of Ordinance:

ACTION REQUESTED: Approve/Deny the 1st Reading of Proposed Ordinance.

State of Minnesota
County of Watonwan

ORDINANCE 038, 4TH SERIES

AN ORDINANCE REZONING PROPERTY FROM B-2, SERVICE BUSINESS DISTRIC, TO I-2, GENERAL INDUSTRIAL

BE IT ORDAINED, by the City Council of St. James, Watonwan County, Minnesota as follows:

Lots Six (6), Seven (7), Eight (8), and Nine (9), Block Nineteen (19), City of St. James, Watonwan County, Minnesota

Be rezoned from B-2, Service Business District, to I-2, General Industrial District.

The Official Zoning Map shall hereby be amended to reflect said zoning change.

The Ordinance shall be in full force and effect from and after its publication as provided by law.

Adopted by the City Council this ____ day of ______________, 2026.

____
Christopher Whitehead, Mayor

ATTEST:

____
Kristin K. Hurley, City Clerk

ST. JAMES PLANNING COMMISSION

TO: Planning Commission Members

FROM: Brianna Sanders, Zoning Administrator

DATE: July 13, 2026

RE: Rezoning – 806 1st Ave South

Applicant
WILLIAM COONRADT
ADDRESS – 806 1ST AVE SOUTH

Request
The applicant is requesting a change in the zoning designation for the parcel from a B-2 “Service Business District” to I-2 “General Industrial District”

Proposal
Applicant desires to convert the building into a cannabis cultivation and manufacturing business. The building currently is empty.

The property is owned by Baba Looey MN LLC. The purchase agreement between Baba Looey MN LLC and the applicant is contingent on the rezoning request.

Location
The property is located at 806 1st Ave S legally described as Lots Six (6), Seven (7), Eight (8), and Nine (9), Block Nineteen (19), City of St. James, Watonwan County, Minnesota.

Existing Land Use
The building is zoned as a B-2 “Service Business District”. The surrounding zoning designations include B-2 (north, east) and R-1 “One and Two Family Residential District (west, south).

Recommendations
Staff recommendation is approval.

Exhibits
Exhibit 4 – Zoning Request Application
Exhibit 5 – Notice of Public Hearing
Exhibit 6 – Property Map

§ 156.190 PURPOSE.

The I-2 (General Industrial) District is intended for general industrial uses, which, due to their size and nature, would not be appropriate elsewhere.
(Prior Code, § 11.41)

§ 156.191 PERMITTED USES.

The following are permitted uses in the I-2 District:
(A) Any use listed in § 156.171;
(B) Welding shops;
(C) Canning factories, creameries, and other food product processing facilities;
(D) Contractor's offices and storage yards, storage areas for plumbing, heating, and ventilating, or air conditioning contractors, roofing contractors, lumber yards, masonry manufacturing and storage, electrical contractor, or refrigeration contractor;
(E) Freight terminals;
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(G) Vehicle repair shops and storage facilities;
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(I) Public service structures, including power substations, gas regulator stations, sewage disposal plants, telephone exchanges, police or fire stations, elevated storage tanks, and waterworks; and
(J) Other manufacturing, or industrial, uses whose operations are inappropriate for any other district, but could be located within this District without causing harm to neighboring uses when complying with the District's standards.
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The following are permitted accessory uses in the I-2 District: Any use that is clearly incidental to the primary use, and conforms to applicable performance standards listed elsewhere in this chapter.
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Setback, Lot Size	***Setback Standard***
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Height regulations	75 feet
Lot coverage	No maximum
Minimum lot area or width requirement	None

(Prior Code, § 11.41)

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(Prior Code, § 11.41) (Ord. 165, second series, passed 7-5-2000)

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aurants or taverns;

(B) Indoor recreational or leisure activities, such as bowling, pool halls, skating rinks, or other similar kinds of uses;

(C) Retail sales of groceries, meats, vegetables, fruit, or other food products, frozen food storage locker establishments, and variety stores;

(D) Retail sales, including service and repair of household appliances, including computers, audio equipment, televisions, washers, dryers, dishwashers, air conditioners, and other similar household items;

(E) Secondhand merchandise retail sales;

(F) Cabinet maker, carpentry shop, furniture or upholstering repair shops, and artisan production shop;

(G) Dry cleaning establishments, and self service laundromats;

(H) Plumbers, heating system contractors shops, sales, and showrooms, and general contractors' shops;

(I) Copy shops;

(J) Bakeries;

(K) Funeral homes;

(L) Motels or hotels;

(M) Newspaper distribution centers;

(N) Convention halls, or civic centers;

(O) Municipal and government buildings, or public utility structures; and

(P) Other business activities of a similar character.

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(F) New, or used, automobile and truck sales and service, and storage lots;

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(H) Animal hospitals, veterinary clinics, and kennels;

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(J) Other business activities of a similar character.

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§ 156.114 LOT AREA, WIDTH, AND MINIMUM SETBACK STANDARDS.

Setback, Lot Size	***Size Standard***
Setback, Lot Size	***Size Standard***
Front yard setback	No front yard setback required
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Minimum lot area	No minimum lot size required in this district
Minimum lot width	No minimum lot width required in this district
Rear yard setback	20 feet
Side yard setback	No side yard setback required*
Notes to Table: Except on lots abutting lots zoned residential, then the side yard standard that applies to that residential lot shall apply.	

(Prior Code, § 11.30)

§ 156.115 ADDITIONAL REQUIREMENTS.

Developments occurring in this district shall meet applicable criteria as found in §§ 71.20, 156.020 through 156.038, such as signage regulations, parking standards, screening requirements, landscaping standards, or others as appropriate.

§ 124.04 REQUIREMENTS FOR CANNABIS BUSINESSES.

(2) *Cannabis manufacturer.* Cannabis businesses licensed or endorsed for cannabis manufacture are permitted as an industrial use in the following zoning districts:

(a) Planned Industrial District (I-1).

(b) General Industrial District (I-2).

CITY OF ST. JAMES
PLANNING COMMISSION REQUEST

Application for:	_____Variance	$175.00 plus 3.00 per notice
	X_____Rezoning	$175.00 plus 3.00 per notice
	_____Ordinance Change	$175.00 plus 3.00 per notice
	_____Special Use Permit	$175.00 plus 3.00 per notice
	_____Annexation Petition	$5.00/acre (min $150 – max $600)
	_____Lot Division/Property Split	$175.00 plus 3.00 per notice
	_____Plat Subdivision – Prelim	$75 plus 3.00 per notice
	_____Plat Subdivision – Final	$75 plus 3.00 per notice
	_____Vacation initiated by citizen petitioner	$175.00 plus 3.00 per notice
	_____Notification billing	$3.00 for each required notice

Applicant: Name: William Coonradt

Mailing Address: 14825 507th Ave Garden City MN 56034

Phone Number: 507-380-3797

Email: bcoonradt6@aim.com

Property Address (if different from Applicant's address):
806 1st Ave S, St James MN 56081

Parcel ID: 201001900

Description of area affected: n/a

Present Zone Commercial

Present Set-back n/a

Present Use Property is currently vacant and for sale.

Proposed Zone (if different) Planned Industrial District (I-1) or General Industrial District (I-2).

Proposed Set-back (if different) n/a

Proposed Use (if different) Cannabis Microbusiness- see attachment

Request

I am requesting a zone change on the property located at 806 1st Ave S, St James to be able to operate a cannabis microbusiness. The property is currently zoned for commercial use and it would need to be zoned Industrial.

☒ Attached drawing of request

The above information and attached drawing of request are true and correct to the best of my knowledge.

6/15/2026

Date

Signature of Person Filing Application

HEARING: The Commission will not render a decision unless applicant or a designated representative is present at the hearing. Commission meetings are scheduled on the last Monday of each month. A completed application must be submitted by the second Tuesday of each month to be considered at that month's meeting.

DRAWING: A drawing of the affected area must be attached showing present lot lines and existing buildings and the requested change. Applications will not be accepted without all information. The Zoning Administrator will notify the applicant within 10 business days if the application is incomplete.

FEE: SEE ABOVE. The fee for request is due at the time of this application submittal. The notice fee will be due on or before the public hearing. If the notice fee is not submitted, the public hearing will be cancelled at the applicants cost.

In Minnesota, a microbusiness license allows entrepreneurs to participate in certain cannabis-related activities, provided they adhere to the guidelines set by the OCM. License holders have the flexibility to operate across multiple stages of the supply chain, without having to operate or participate in all of them. Those applying for a cannabis microbusiness license in Minnesota can indicate that they're participating in one, or as many of the following activities as they want:

- Retail
- Cultivation
- Transport
- Packaging
- Extraction
- Edible product manufacturing
- Wholesale
- On-site consumption
- Medical licenses

This flexibility makes the microbusiness model ideal for both small and large scale entrepreneurs that want to be a part of one or more areas in the supply chain.

COMMERCIAL PURCHASE AGREEMENT

Page 9 Date June 19 2026

Property located at 806 1st Avenue South St. James MN 56081.

FULLY EXECUTED PURCHASE AGREEMENT AND FINAL ACCEPTANCE: To be binding, this Purchase Agreement and all addenda must be fully executed by both parties and a copy must be delivered.

ELECTRONIC SIGNATURES: The parties agree the electronic signature of any party on any document related to this transaction constitute valid, binding signatures.

ENTIRE AGREEMENT: This Purchase Agreement and all addenda and amendments signed by the parties shall constitute the entire agreement between Buyer and Seller. Any other written or oral communication between Buyer and Seller, including, but not limited to, e-mails, text messages, or other electronic communications are not part of this Purchase Agreement. This Purchase Agreement can be modified or canceled only in writing signed by Buyer and Seller or by operation of law. All monetary sums are deemed to be United States currency for purposes of this Purchase Agreement.

SURVIVAL: All warranties and representations in this Purchase Agreement shall survive the delivery of the deed or contract for deed and be enforceable after the closing.

DATE OF THIS PURCHASE AGREEMENT: Date of this Purchase Agreement to be defined as the date on line one (1) of this Purchase Agreement.

OTHER:

This agreement is subject to Buyer rezoning property to Industrial District 2

Buyer will acccept property in "AS IS" condition.

Authentisign William Coonradt 06/22/26

Parcel ID	201001900	**Alternate ID**	n/a	**Owner Address**	BABA LOOEY MN LLC 806 FIRST AVE S SAINT JAMES, MN 56081
Sec/Twp/Rng	--	**Class**	233 - 3A COMMERCIAL LAND AND BUILDING		
Property Address	806 FIRST AVE S ST JAMES	**Acreage**	0.287		
District	2001				
Brief Tax Description	ORIGINAL - ST JAMES CITY BLOCK-019 LOTS 6-9 (Note: Not to be used on legal documents)				

Section 12, Item F.

City of St. James
1205 6th Ave S. | PO Box 70 |St. James, MN 56081
P. 507-375-3241 | F. 507-375-4376 | www.ci.stjames.mn.us

NOTICE OF PUBLIC HEARING
ST. JAMES PLANNING COMMISSION

NOTICE IS HEREBY GIVEN, that the St. James Planning Commission will meet on Monday, July 13, 2026, at 5:15 p.m. at City Hall located at 1205 6th Ave S, St. James, Minnesota, for the following purpose:

To consider the request for rezoning from B-2 “Service Business District” to I-2 “General Industrial District” received for the property located at 806 1st Ave S owned by Baba Looey MN LLC. The property is legally described as Lots Six (6), Seven (7), Eight (8), and Nine (9), Block Nineteen (19), City of St. James, Watonwan County, Minnesota.

All persons are invited to attend the July 13, 2026 Public Hearing and to present their views relating to this request either orally or in writing.

Dated this 2nd Day of July 2026.

Brianna Sanders
Zoning Administrator

Publish July 2, 2026: St. James Plaindealer

Rezoning 806 1st Ave S

6/23/2026, 10:07:26 AM

Parcels

1:2,257

0 | 0.01 | 0.03 | 0.05 mi

0 | 0.02 | 0.04 | 0.08 km

Sources: Esri, TomTom, Garmin, FAO, NOAA, USGS, © OpenStreetMap contributors, and the GIS User Community, Microsoft, Vantor

City of St. James

THE CITY OF
ST. JAMES

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PUBLIC HEARING SUMMARY

Prepared by: Brianna Sanders, Economic Development Director

Date: July 14, 2026

RE: Rezoning Request for 806 1st Ave South

The Planning Commission held a public hearing on July 13, 2026 regarding the proposed rezoning of the property located at 806 1st Ave South.

During the public hearing, members of the public expressed the following concerns:
- The potential impact of the proposed use on surrounding property values.
- Security measures for the building, including exterior cameras and fencing.
- Management of the parking lot and whether neighboring property owners would be able to continue using the parking lot.
- Odor mitigation and state licensing regulations of cannabis manufacturing businesses

Staff noted that:
- The proposed rezoning would allow cannabis cultivation and manufacturing as a permitted uses within the General Industrial District. These uses are not permitted under the property's current zoning district.
- Any cannabis business would be required to comply with applicable state licensing requirements.
- Minimum parking lot requirements and standards would continue to apply.
- St. James City Code § 156.026(C) states "In an industrial district, no odors shall be detectable beyond the limits of the property."

Following discussion, the Planning Commission voted to recommend approval of the rezoning request.