

City Council Meeting Agenda

September 02, 2025 at 5:30 PM

St. James City Hall – Council Chambers

1. CALL TO ORDER

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

3. DETERMINATION OF QUORUM

4. APPROVAL OF MINUTES

A. Consideration to Approve Minutes – 08.19.2025 Council Meeting

5. CONSENT ITEMS

A. Payment of Claims and ACH Payments

6. SCHEDULED BID LETTING

7. SCHEDULED PUBLIC HEARINGS

A. Project No. 24X.136274.000 - 12th Avenue South Highway District Expansion

8. ADMINISTRATIVE APPEALS

9. FINANCIAL REPORTS

10. LICENSES AND PERMITS

A. Consideration to Approve Amended Special Event Permit - Multicultural Fiesta

11. OLD BUSINESS

12. NEW BUSINESS

A. LMC Sustainable City Award Presentation - Anne Finn, Intergovernmental Relations Director and Craig Johnson, Intergovernmental Relations Representative

B. Consideration to Approve Resolution 09.25.01 - Ordering Improvement and Preparation of Plans for Project No. 24X.136274, 12th Avenue South Highway District Expansion

C. Consideration to Approve Resolution 09.25.02 - Declaring Cost to be Assessed, and Ordering Preparation of Proposed Assessment for Project No. 24X.135115, 7th Street South, 13th Avenue South, and Moulton and Parsons Drive Improvement Project

D. Consideration to Approve Resolution 09.25.03 - Providing for the Issuance and Sale of a \$965,000 General Obligation Improvement and Utility Revenue Note, Series 2025A, Pledging for the Security Thereof Special Assessments and Net Revenues

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

- [F.](#) Consideration to Approve Resolution 09.25.05 - Authorization to Execute Minnesota Department of Transportation Grant Agreement for Airport Improvement Excluding Land Acquisition
- [G.](#) Consideration to Review 2026 Preliminary Budget

13. REPORT OF BOARDS, COMMISSIONS AND DEPARTMENT HEADS

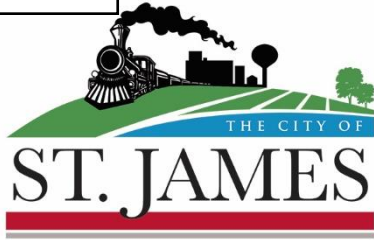
14. ADJOURNMENT

September 2, 2025

ITEM: Approval of Minutes – 08.19.2025 Council Minutes

BACKGROUND: The Minutes from August 19, 2025, City Council Meeting are attached for review and approval.

STAFF RECOMMENDATION: Approve/Deny Minutes.



City Council Meeting Minutes

August 19, 2025 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, Hannah Rushing

PRESENT: Mayor Christopher Whitehead, Councilpersons Sue Craig, Paul Harris, Stephen Lindee, Hannah Rushing

ABSENT: Kathleen Hanson

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 – Council Meeting 08.06.2025

Motion made by Craig, Seconded by Lindee.

Voting Yea: Craig, Harris, Lindee

Voting Abstaining: Rushing

Upon voice vote, it was unanimously approved.

5. CONSENT ITEMS

A. Payment of Claims and ACH Payments

Payment of Claims totaling \$537,044.61 is as follows: Check No. 704716 - 704717, 704726 - 704824 as listed in the check register.

Motion made by Rushing, Seconded by Harris.

Voting Yea: Craig, Harris, Lindee, Rushing

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

A. Consideration to Approve Special Event Permit - Multicultural Fiesta

Jim Brandstad - applied for a special event permit for the Multicultural Fiesta to be held on Saturday, September 13, 2025 at Memorial Park - North Shelter and Band Shell.

Motion made by Harris, Seconded by Rushing.

Voting Yea: Craig, Harris, Lindee, Rushing

Upon voice vote, it was unanimously approved.

11. OLD BUSINESS

A. Consideration to Approve Second Reading of Proposed Ordinance 031, 4th Series - Signs

Ordinance 031, 4th Series amends Chapter §156.033 of the St. James City Code pertaining to signs. This proposed amendment specifically updates this ordinance by adding subsection §156.033 (O) Signs Material Standards in Business Districts.

Motion made by Craig, Seconded by Harris.

Voting Yea: Craig, Harris, Lindee, Rushing

Whereupon Mayor Christopher Whitehead declared Ordinance 031, 4th Series to have received its second reading.

12. NEW BUSINESS

A. Consideration to Approve Resolution 08.25.05 - Approving State of Minnesota Joint Powers Agreements with the City of St. James on behalf of its City Attorney and Police Department

Resolution 08.25.05 authorizes the Mayor and City Manager to enter into the State of Minnesota Joint Powers Agreements with the City of St. James on behalf of its City Attorney and Police Department.

Motion made by Harris, Seconded by Rushing.

Voting Yea: Craig, Harris, Lindee, Rushing

Whereupon Mayor Christopher Whitehead declared Resolution 08.25.05 duly passed 4-0.

B. Consideration to Approve Resolution 08.25.06 - Authorizing the City Clerk-Treasurer to Transfer Funds to Close Bond Fund 323 (2015B)

Resolution 08.25.06 authorizes the City Clerk-Treasurer to transfer funds from Bond Fund 323 (2015B) to Bond Fund 319 (2016A). Bond Fund 323 will be closed as the bond has been paid off. All future revenues for the Bond Fund 323 (2015B) shall be transferred to Bond Fund 319 (2016A).

Motion made by Craig, Seconded by Lindee.

Voting Yea: Craig, Harris, Lindee, Rushing

Whereupon Mayor Christopher Whitehead declared Resolution 08.25.06 duly passed 4-0.

C. Consideration to Approve Resolution 08.25.07 - Approving Ordinance 031, 4th Series Amending Chapter §156.033 to the St. James City Code Pertaining to Signs and Authorizing the Title and Summary for Publication

Resolution 08.25.07 approves ordinance 031, 4th series amending chapter §156.033 of the St. James City Code pertaining to signs. This ordinance specifically adds subsection (O) Signs

Material Standards in Business Districts. The resolution also approves the title and summary for publication.

Motion made by Rushing, Seconded by Craig.

Voting Yea: Craig, Harris, Lindee, Rushing

Whereupon Mayor Christopher Whitehead declared Resolution 08.25.07 duly passed 4-1.

13. REPORT OF BOARDS, COMMISSIONS AND DEPARTMENT HEADS

14. ADJOURNMENT

Motion made by Rushing, Seconded by Harris.

Voting Yea: Craig, Harris, Lindee, Rushing

All Yea - motion carried. The meeting adjourned at 5:39 p.m.

Kristin Hurley, City Clerk-Treasurer

September 2, 2025

ITEM: Scheduled Public Hearings – Project No. 24X.136274: 12th Avenue South Highway District Expansion

BACKGROUND: Public hearings are conducted at council meetings and shall include an opportunity for the public and interested parties to hear and see all information and to ask questions, provide additional information, express support or opposition, and/or suggest modifications to the proposal. The mayor will conduct the public hearing and explain the procedure to be followed before the hearing begins. The public will be allowed to participate and must follow the rules of conduct. Hearings are formal proceedings and will be conducted as such. While everyone will be given an opportunity to participate, comments should be germane to the topic at hand and concise. If many people share the same viewpoint, the council encourages the appointment of a spokesperson to avoid repetitive testimony.

The public hearing will be conducted in the following manner:

1. Staff Presentation- City staff, or consultants employed by the City, will identify the issue of the hearing, explain any pertinent laws or regulations associated with the issue; and the steps being taken by the City.
2. Applicant's Presentation - In this portion of the hearing, the applicant (if applicable) has the opportunity to present his or her case. However, no statement either for or against the proposal should be accepted at this point.
3. Public Comment - Once staff and the applicant have completed their background information, the public will be allowed to speak.

All speakers in the public comment portion of the hearing will be limited to five (5) minutes. The mayor may allow extended time at his/her discretion. All speakers will be encouraged to present factual evidence for public consideration and to refrain from broad statements without any basis of fact. Speakers may provide written materials to the Council. The Council will listen to testimony and will not express opinions during the public hearing. The council may ask pertinent questions of the speaker or staff and must refrain from debating or engaging in discussion with the public during the public hearing.

After all evidence and testimony has been received and everyone has been given an opportunity to be heard, the public hearing will be closed by the mayor. Action on the hearing issue may or may not be scheduled for later in the meeting. If action is to be taken, the City Council will discuss the issue in open session. During the Council discussion portion of the meeting, citizens will no longer be allowed to participate.

STAFF RECOMMENDATION: No action required.

September 2, 2025

ITEM: Licenses and Permits – Amended Special Event Permit: Multicultural Fiesta

BACKGROUND: An amendment to the special event application has been submitted.

Event Name: Multicultural Fiesta

Date and Time: Saturday, September 13, 2025

Location: Memorial Park – North Shelter and Band Shell

Type of Event: Cultural Festival

Purpose of Event: Community Celebration

Anticipated Attendance: 2,000+

Contact Person: Jim Brandstad

Amendment Request:

1. Request for Approval for use of a golf cart during the event for two primary reasons; 1) for trash collection throughout the event grounds, and 2) for accessibility support for patrons with mobility challenges to ensure everyone can fully participate in the celebration.
2. Request for Approval to allow use of a bouncy house on city property.

STAFF RECOMMENDATION: Approve/Deny Amended Permit.

September 2, 2025

ITEM: New Business – LMC Sustainable City Award Presentation

BACKGROUND: Anne Finn, Intergovernmental Relations Director and Craig Johnson, Intergovernmental Relations Representative – League of MN Cities, will present the 2025 Sustainable City Award.

STAFF RECOMMENDATION: No action.

September 2, 2025

ITEM: New Business – Resolution 09.25.01: Ordering Improvement and Preparation of Plans for Project No. 24X.136274, 12th Avenue South Highway District Expansion

BACKGROUND: The attached resolution orders the 12th Avenue South Highway District Expansion project to move forward with the preparation of plans. Approval of this resolution authorizes the City Engineer to begin developing the necessary plans and specifications for the proposed improvement.

STAFF RECOMMENDATION: Approve/Deny Resolution.

RESOLUTION NO. 09.25.01

**State of Minnesota
County of Watonwan**

RESOLUTION NO. 09.25.01

**RESOLUTION ORDERING IMPROVEMENT AND PREPARATION OF PLANS
FOR PROJECT NO. 24X.136274 12TH AVENUE SOUTH
HIGHWAY DISTRICT EXPANSION**

WHEREAS, a resolution of the City Council adopted the 6th day of August, 2025, fixed a date for a council hearing on Improvement Project No. 24X.136274 12th Avenue South Highway District Expansion; and

WHEREAS, Project No. Project No. 24X.136274 12th Avenue South Highway District Expansion includes improvements including sanitary sewer, watermain, storm sewer, storm water ponding, grading, street, sidewalk, turf establishment/erosion control, and other related improvements, and

WHEREAS, notice of the hearing was published twice, a week apart, with the last publication being at least three days before the hearing date, and ten days' mailed notice was given, and

WHEREAS, the hearing was held thereon on the 2nd day of September 2025, at which all persons desiring to be heard were given an opportunity to be heard thereon.

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

1. Such improvement is necessary, cost-effective, and feasible as detailed in the feasibility report.
2. Such improvement is hereby ordered as proposed in the council resolution adopted the 2nd day of September 2025.
3. Such improvement has no relationship to the Comprehensive Plan.
4. Bolton & Menk is hereby designated as the engineer for this improvement. The engineer shall prepare plans and specifications for the making of such improvement.
5. The City Council declares its official intent to reimburse itself for the costs of the improvement from the proceeds of tax-exempt bonds.

Adopted by the City Council this 2nd day of September 2025.

RESOLUTION NO. 09.25.01

Christopher Whitehead, Mayor

Attest:

Kristin Hurley, City Clerk - Treasurer

Published: _____

Filed: _____

Effective Date: September 2, 2025

September 2, 2025

ITEM: New Business – Resolution 09.25.02: Declaring Cost to be Assessed, and Ordering Preparation of Proposed Assessment for Project No. 24X.135115, 7th Street South, 13th Avenue South, and Moulton and Parsons Drive Improvement Project

BACKGROUND: The attached resolution declares a portion of the 7th Street South, 13th Avenue South, and Moulton and Parsons Drive improvement project to be assessed to impacted property owners in the amount of \$291,711. Approval of this resolution sets the assessments payable in equal annual installments extending over 20 years, set at a rate of 5.5%.

STAFF RECOMMENDATION: Approve/Deny Resolution.

RESOLUTION NO. 09.25.02

**State of Minnesota
County of Watonwan**

RESOLUTION NO. 09.25.02

**RESOLUTION DECLARING COST TO BE ASSESSED, AND ORDERING
PREPARATION OF PROPOSED ASSESSMENT
PROJECT NO. 24X.135115 7TH STREET SOUTH, 13TH AVENUE SOUTH, AND
MOULTON & PARSONS DRIVE IMPROVEMENT PROJECT**

WHEREAS, bids have been received for 7th Street South, 13th Avenue South, and Moulton & Parsons Drive Improvements, and the estimated cost for such improvement is \$1,890,491, and the expenses incurred or to be incurred in the making of such improvement amount to \$440,110, so that the total cost of the improvement will be \$2,330,601.; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ST. JAMES, MINNESOTA, that the portion of the cost of such improvement to be paid by the City is hereby declared to be \$2,038,890, and the portion of the cost to be assessed against benefited property owners is declared to be \$291,711.

NOW, THEREFORE, BE IT FURTHER RESOLVED BY THE CITY COUNCIL OF THE CITY OF ST. JAMES, MINNESOTA, that assessments shall be payable in equal annual installments extending over a period of 20 years, the first of the installments to be payable on or before the first Monday in January 2026, and shall bear interest at the rate of five and a half percent (5.5%), from the date specified in the assessment resolution and notices.

NOW, THEREFORE, BE IT FURTHER RESOLVED BY THE CITY COUNCIL OF THE CITY OF ST. JAMES, MINNESOTA, that the City Manager, with the assistance of the City Engineer, shall forthwith calculate the proper amount to be specially assessed for such improvement against every assessable lot, piece or parcel of land within the district affected, without regard to cash valuation, as provided by law, and he/she shall file a copy of such proposed assessment in his/her office for public inspection.

NOW, THEREFORE, BE IT FURTHER RESOLVED BY THE CITY COUNCIL OF THE CITY OF ST. JAMES, MINNESOTA, that the City Manager shall upon the completion of such proposed assessment, notify the City Council thereof.

Adopted by the City Council this 2nd day of September 2025.

Christopher Whitehead, Mayor

Attest:

Kristin Hurley, City Clerk - Treasurer

RESOLUTION NO. 09.25.02

Published: _____

Filed: _____

Effective Date: September 2, 2025

September 2, 2025

ITEM: New Business – Resolution 09.25.03: Providing for the Issuance and Sale of a \$965,000 General Obligation Improvement and Utility Revenue Note, Series 2025A, Pledging for the Security Thereof Special Assessments and Net Revenues

BACKGROUND: The attached resolution issues a bond through Security Bank & Trust, Winsted, Minnesota in the amount of \$965,000 over 20 years with an interest rate set at 4.65% for the 7th Avenue South, 13th Avenue South, and Moulton and Parsons Drive improvement project. Approval of this resolution awards the sale of bonds and sets the closing date for September 16, 2025.

STAFF RECOMMENDATION: Approve/Deny Resolution.

State of Minnesota
County of Watonwan

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

HELD: SEPTEMBER 2, 2025

Pursuant to due call, a regular or special meeting of the City Council of the City of St. James, Watonwan County, Minnesota, was duly held at the City Hall on September 2, 2025, at 6:00 P.M., for the purpose, in part, of authorizing the issuance and awarding the sale of a \$965,000 General Obligation Improvement and Utility Revenue Note, Series 2025A.

The following members were present: _____

and the following were absent: _____

Member _____ introduced the following resolution and moved its adoption:

RESOLUTION NO. 09.25.03

**RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF A \$965,000
GENERAL OBLIGATION IMPROVEMENT AND UTILITY REVENUE NOTE,
SERIES 2025A, PLEDGING FOR THE SECURITY THEREOF SPECIAL
ASSESSMENTS AND NET REVENUES**

A. **WHEREAS**, the City of St. James, Minnesota (the “City”), owns and operates a municipal water system (the “Water System”), a sanitary sewer system (the “Sewer System”), and a storm sewer system (the “Storm Sewer System,” and together with the Water System and the Sewer System, the “System”) as separate revenue producing public utilities; and

B. **WHEREAS**, the net revenues of the Water System are pledged to the payment of the principal and interest of the City’s outstanding (i) \$1,095,747 original principal amount General Obligation Water Revenue Note of 2010, dated June 23, 2010, (ii) \$1,035,000 original principal amount of General Obligation Water Revenue Bonds, Series 2015A, dated April 1, 2015, (iii) the “Revenue Portion” of \$1,920,000 original principal amount of General Obligation Bonds, Series 2016B, dated October 4, 2016; and (iv) \$3,764,437 original principal amount of General Obligation Taxable Water Revenue Note of 2019, dated October 8, 2019 (collectively, the “Outstanding Water Bonds”); and

C. **WHEREAS**, the net revenues of the Sewer System are pledged to the payment of the principal and interest of the City’s outstanding (i) \$7,157,954 original principal amount of General Obligation Sewer Revenue Note of 2010, dated June 23, 2010; and (ii) \$2,953,592 original principal amount of General Obligation Taxable Sewer Revenue Note of 2019, dated October 8, 2019 (collectively, the “Outstanding Sewer Notes”); and

D. **WHEREAS**, the net revenues of the Storm Sewer System are pledged to the payment of the principal and interest of the City's outstanding \$2,600,000 General Obligation Utility Revenue Bonds, Series 2017C, dated September 1, 2017 (the "Outstanding Storm Sewer Bonds"); and

E. **WHEREAS**, the combined net revenues of the Sewer System and the Water System are pledged to the payment of the principal and interest of the City's outstanding \$995,000 General Obligation Utility Revenue Bonds, Series 2019C, dated July 1, 2019 (the "Outstanding Sewer and Water Bonds"); and

F. **WHEREAS**, the total net revenues of the System are pledged to the payment of the principal and interest of the City's outstanding (i) \$1,515,000 original principal amount of General Obligation Utility Revenue Bonds, Series 2018B, dated July 10, 2018; (ii) \$3,585,000 original principal amount of the "System Portion" of General Obligation Improvement and Utility Revenue Bonds, Series 2021A, dated December 1, 2021; and (iii) \$1,590,000 original principal amount of the "System Portion" General Obligation Bond, Series 2022A (collectively, the "Outstanding System Bonds"); and

G. **WHEREAS**, the City Council (the "City Council") of the City has heretofore determined and declared that it is necessary and expedient to issue a \$965,000 General Obligation Improvement and Utility Revenue Note, Series 2025A (the "Note"), pursuant to Minnesota Statutes, Chapters 429 and 475 to finance street improvements (the "Improvements") and pursuant to Minnesota Statutes, Section 444.075, to finance improvements to the Water System, Sewer System, and Storm Sewer System ("Utility Projects"); and

H. **WHEREAS**, the Improvements and all their components have been ordered prior to the date hereof, pursuant to the procedural requirements of Minnesota Statutes, Chapter 429; and

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

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

1. Acceptance of Offer. The offer of Security Bank & Trust Co., Winsted, Minnesota (the "Purchaser"), to purchase the Note and to pay therefor the sum of \$965,000, all in accordance with the terms and at the rates of interest hereinafter set forth, is hereby accepted.

2. Note Terms; Original Issue Date; Denominations; Maturities; Interest and Redemption. The City shall forthwith issue the Note, which shall be in fully registered form without interest coupons, shall be dated, mature, bear interest, be subject to redemption and be payable as provided in the form of the Note.

3. Allocation. The installments of principal in the amount of \$286,000 maturing in each of the years and amounts hereinafter set forth are issued to finance the Improvements (the “Improvement Portion”); and the installments of principal in the amount of \$679,000 maturing in each of the years and amounts hereinafter set forth are issued to finance the Utility Projects (the “Utility Portion”):

Year	Improvement Portion	Utility Portion	Total Amount
2026	-	-	-
2027	\$ 9,000	\$21,000	\$30,000
2028	10,000	22,000	32,000
2029	10,000	23,000	33,000
2030	10,000	24,000	34,000
2031	11,000	26,000	37,000
2032	11,000	27,000	38,000
2033	11,000	28,000	39,000
2034	12,000	29,000	41,000
2035	13,000	31,000	44,000
2036	14,000	32,000	46,000
2037	14,000	34,000	48,000
2038	15,000	35,000	50,000
2039	15,000	37,000	52,000
2040	16,000	39,000	55,000
2041	17,000	40,000	57,000
2042	18,000	42,000	60,000
2043	19,000	44,000	63,000
2044	20,000	46,000	66,000
2045	20,000	48,000	68,000
2046	21,000	51,000	72,000

If the Note is prepaid, the prepayments shall be allocated to the portions of debt service (and hence allocated to the payment of Note treated as relating to a particular portion of debt service) as provided in this paragraph. If the source of prepayment moneys is the general fund of the City, or other generally available source, the prepayment may be allocated to either or both of the portions of debt service in such amounts as the City shall determine. If the source of the prepayment is special assessments, the prepayment shall be allocated to the Improvement Portion of debt service. If the source of a prepayment is excess net revenues of the System pledged to the Utility Projects, the prepayment shall be allocated to the Utility Portion of debt service.

4. Purpose. The Improvement Portion of the Note shall provide funds to finance the Improvements and the Utility Portion of the Note shall provide funds to finance the Utility Projects. The Improvements and the Utility Projects are sometimes referred to herein together as the “Project”. The total cost of the Project, which shall include all costs enumerated in Minnesota Statutes, Section 475.65, is estimated to be at least equal to the amount of the Note. The City covenants that it shall do all things and perform all acts required of it to assure that work on the

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

5. Registrar. The City Clerk-Treasurer of the City of St. James, Minnesota, is appointed to act as registrar and transfer agent with respect to the Note (the “Registrar”), and shall do so unless and until a successor Registrar is duly appointed, all pursuant to any contract the City and Registrar shall execute which is consistent herewith. The Registrar shall also serve as paying agent unless and until a successor paying agent is duly appointed. Principal and interest on the Note shall be paid to the registered holder (or record holder) of the Note in the manner set forth in the form of Note.

6. Form of Note. The Note, together with the Certificate of Registration, shall be in substantially the form set forth on Exhibit A attached hereto.

7. Execution. The Note shall be executed on behalf of the City by the manual signatures of its Mayor and City Manager, the seal having been omitted as permitted by law. In the event of disability or resignation or other absence of either such officer, the Note may be signed by the signature of that officer who may act on behalf of such absent or disabled officer. In case either such officer whose signature shall appear on the Note shall cease to be such officer before the delivery of the Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery.

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

9. Fund and Accounts. There is hereby established a special fund to be designated “General Obligation Improvement and Utility Revenue Note, Series 2025A Fund” (the “Fund”) to be administered and maintained by the City Clerk-Treasurer as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City. The Operation and Maintenance Account for the Water System, the Operation and Maintenance Account for the Sewer System, and the Operation and Maintenance Account for the Storm Sewer System (collectively, the “Operation and Maintenance Accounts”) heretofore established by the City shall continue to be maintained in the manner heretofore and herein provided by the City. All moneys remaining after paying or providing for the items set forth in the resolution establishing the Operation and Maintenance Accounts shall constitute and are referred to as “net revenues” until the Utility Portion of the Note has been paid. In such records there shall be established accounts of the Fund for the purposes and in the amounts as follows:

(a) Construction Account. To the Construction Account there shall be credited the proceeds of the Note, less capitalized interest, plus any special assessments levied with respect to the Improvements and collected prior to completion of the Improvements and payment of the costs thereof. From the Construction Account there shall be paid all costs and expenses of making the Project, including the cost of any construction contracts heretofore let and all other costs incurred and to be incurred of the kind authorized in Minnesota Statutes, Section 475.65. Moneys in the Construction Account shall be used for no other purpose except as otherwise provided by law; provided that the proceeds of the Note may also be used to the extent necessary to pay interest on

the Note due prior to the anticipated date of commencement of the collection of taxes, special assessments or net revenues herein levied or covenanted to be levied; and provided further that if upon completion of the Project there shall remain any unexpended balance in the Construction Account of the Improvement Portion of the Note, such balance (other than any special assessments) shall be transferred to the Debt Service Account provided that any funds attributable to the Improvement Portion of the Note may be transferred to the fund of any other improvement instituted pursuant to Minnesota Statutes, Chapter 429, and provided further that any special assessments credited to the Construction Account shall only be applied towards payment of the costs of the Improvements upon adoption of a resolution by the City Council determining that the application of the special assessments for such purpose will not cause the City to no longer be in compliance with Minnesota Statutes, Section 475.61, Subdivision 1.

(b) Debt Service Account. There shall be maintained two separate subaccounts in the Debt Service Account to be designated the “Improvement Project Debt Service Subaccount” and the “Utility Projects Debt Service Subaccount.” There are hereby irrevocably appropriated and pledged to, and there shall be credited to the separate subaccounts of the Debt Service Account:

- (i) Improvement Project Debt Service Subaccount. To the Improvement Project Debt Service Subaccount there shall be credited: (A) all collections of special assessments herein covenanted to be levied with respect to the Improvements and either initially credited to the Construction Account and not already spent as permitted above and required to pay any principal and interest due on the Improvement Portion of the Note or collected subsequent to the completion of the Improvements and payment of the costs thereof; (B) capitalized interest in the amount of \$4,987.13 together with interest earnings thereon and subject to such other adjustments as are appropriate to provide sufficient funds to pay interest due on the Improvement Portion of the Note on or before February 1, 2026; (C) all collections of all taxes herein or hereinafter levied for the payment of the Improvement Portion of the Note and interest thereon; (D) a pro rata share of all funds remaining in the Construction Account after completion of the Improvements and payment of the costs thereof; (E) all investment earnings on funds held in the Improvement Project Debt Service Subaccount; and (F) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Improvement Project Debt Service Subaccount. The Improvement Project Debt Service Subaccount shall be used solely to pay the principal and interest and any premium for redemption of the Improvement Portion of the Note and any other general obligation bonds of the City hereafter issued by the City and made payable from said subaccount as provided by law.
- (ii) Utility Projects Debt Service Subaccount. To the Utility Projects Debt Service Subaccount there shall be credited: (A) the net revenues of the System not otherwise pledged and applied to the payment of other obligations of the City, in an amount, together with other funds which may herein or hereafter from time to time be irrevocably appropriated to the Utility Projects Debt Service Subaccount, sufficient to meet the requirements of Minnesota Statutes, Section 475.61 for the payment of the principal and interest of the Utility Portion of the Note; (B) all collections of all taxes which may hereafter be levied in the event that the net

revenues of the System and other funds herein pledged to the payment of the principal and interest on the Utility Portion of the Note is insufficient therefore; (C) a pro rata share of all funds remaining in the Construction Account after completion of the Utility Projects and payment of the costs thereof; (D) all investment earnings on funds held in the Utility Projects Debt Service Subaccount; and (E) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Utility Projects Debt Service Subaccount. The Utility Projects Debt Service Subaccount shall be used solely to pay the principal and interest and any premium for redemption of the Utility Portion of the Note and any other general obligation bonds of the City hereafter issued by the City and made payable from said subaccount as provided by law.

No portion of the proceeds of the Note shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (1) for a reasonable temporary period until such proceeds are needed for the purpose for which the Note was issued and (2) in addition to the above in an amount not greater than the lesser of five percent of the proceeds of the Note or \$100,000. To this effect, any proceeds of the Note and any sums from time to time held in the Construction Account, Operation and Maintenance Accounts or Debt Service Account (or any other City account which will be used to pay principal or interest to become due on the Note payable therefrom) in excess of amounts which under then applicable federal arbitrage regulations may be invested without regard to yield shall not be invested at a yield in excess of the applicable yield restrictions imposed by the arbitrage regulations on such investments after taking into account any applicable “temporary periods” or “minor portion” made available under the federal arbitrage regulations. Money in the Fund shall not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent that such investment would cause the Note to be “federally guaranteed” within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended (the “Code”).

10. Covenants Relating to the Improvement Portion of the Note.

(a) Special Assessments. It is hereby determined that no less than twenty percent (20%) of the cost to the City of each Improvement financed hereunder within the meaning of Minnesota Statutes, Section 475.58, Subdivision 1(3), shall be paid by special assessments to be levied against every assessable lot, piece and parcel of land benefited by any of the Improvements. The City hereby covenants and agrees that it will let all construction contracts not heretofore let within one year after ordering each Improvement financed hereunder unless the resolution ordering the Improvement specifies a different time limit for the letting of construction contracts. The City hereby further covenants and agrees that it will do and perform, as soon as they may be done, all acts and things necessary for the final and valid levy of such special assessments, and in the event that any such assessment be at any time held invalid with respect to any lot, piece or parcel of land due to any error, defect, or irregularity in any action or proceedings taken or to be taken by the City or the City Council or any of the City officers or employees, either in the making of the assessments or in the performance of any condition precedent thereto, the City and the City Council will forthwith do all further acts and take all further proceedings as may be required by law to make the assessments a valid and binding lien upon such property.

The special assessments have heretofore been authorized. Subject to such adjustments as are required by conditions in existence at the time the assessments are levied, it is hereby determined that the assessments shall be payable in equal, consecutive, annual installments, including both principal and interest, with interest at a rate per annum set forth below:

<u>Improvement Designation</u>	<u>Levy Years</u>	<u>Collection Years</u>	<u>Amount</u>	<u>Rate</u>
2025 Street & Utility Improvements	2025-2044	2026-2045	\$291,711	5.50%

At the time the assessments are in fact levied the City Council shall, based on the then-current estimated collections of the assessments, make any adjustments in any ad valorem taxes required to be levied in order to assure that the City continues to be in compliance with Minnesota Statutes, Section 475.61, Subdivision 1.

(b) Coverage Test. The estimated collections of special assessments and other revenues herein pledged for the payment of the Improvement Portion of the Note are such that if collected in full they will produce at least five percent (5%) in excess of the amount needed to meet when due the principal and interest payments on the Improvement Portion of the Note.

11. Covenants Relating to the Utility Portion of the Note.

(a) Sufficiency of Net Revenues. It is hereby found, determined and declared that the net revenues of the System are sufficient in amount to pay when due the principal of interest on the Utility Portion of the Note and the Outstanding System Bonds and a sum at least five percent in excess thereof. The net revenues of the Water System are sufficient in amount to pay when due the principal of and interest on the Outstanding Water Bonds and a sum at least five percent in excess thereof. The net revenues of the Sewer System are sufficient in amount to pay when due the principal of and interest on the Outstanding Sewer Notes and a sum at least five percent in excess thereof. The net revenues of the Storm Sewer System are sufficient in amount to pay when due the principal of and interest on the Outstanding Storm Sewer Bonds and a sum at least five percent in excess thereof. The combined net revenues of the Sewer System and the Water System are sufficient in amount to pay when due the principal of and interest on the Outstanding Sewer and Water Bonds and a sum at least five percent in excess thereof.

(b) The net revenues of the System are hereby pledged for the payment of the Utility Portion of the Note on a parity lien with the Outstanding System Bonds, the Outstanding Water Bonds, the Outstanding Sewer Notes, the Outstanding Storm Sewer Bonds, and the Outstanding Sewer and Water Bonds and shall be applied for that purpose, but solely to the extent required to meet, with other pledged sources, the principal and interest requirements of the Utility Portion of the Note as the same become due.

(c) Nothing contained herein shall be deemed to preclude the City from making further pledges and appropriations of the net revenues of the System for the payment of other or additional obligations of the City, provided that it has first been determined by the City Council that the estimated net revenues of the System will be sufficient in addition to all other sources, for the

payment of the Utility Portion of the Note and such additional obligations and any such pledge and appropriation of the net revenues of the System may be made superior or subordinate to, or on a parity with the pledge and appropriation herein.

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

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

12. Defeasance. When the Note has been discharged as provided in this paragraph, all pledges, covenants and other rights granted by this resolution to the registered owners of the Note shall, to the extent permitted by law, cease. The City may discharge its obligations with respect to the Note which is due on any date by irrevocably depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full; or if any Note should not be paid when due, it may nevertheless be discharged by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit. The City may also discharge its obligations with respect to principal installments of the Note called for redemption on any date by depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full, provided that notice of redemption thereof has been duly given. The City may also at any time discharge its obligations with respect to the Note, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a suitable banking institution qualified by law as an escrow agent for this purpose, cash or securities described in Minnesota Statutes, Section 475.67, Subdivision 8, bearing interest payable at such times and at such rates and maturing on such dates as shall be required, without regard to sale and/or reinvestment, to pay all amounts to become due thereon to maturity or, if notice of redemption as herein required has been duly provided for, to such earlier redemption date.

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

The City hereby certifies and/or covenants as follows:

(a) Not later than sixty days after the date of payment of a Reimbursement Expenditure, the City (or person designated to do so on behalf of the City) has made or will have made a written declaration of the City's official intent (a "Declaration") which effectively (i) states the City's reasonable expectation to reimburse itself for the payment of the Reimbursement Expenditure out

of the proceeds of a subsequent borrowing; (ii) gives a general and functional description of the property, project or program to which the Declaration relates and for which the Reimbursement Expenditure is paid, or identifies a specific fund or account of the City and the general functional purpose thereof from which the Reimbursement Expenditure was to be paid (collectively the “Program”); and (iii) states the maximum principal amount of debt expected to be issued by the City for the purpose of financing the Program; provided, however, that no such Declaration shall necessarily have been made with respect to: (i) “preliminary expenditures” for the Program, defined in the Reimbursement Regulations to include engineering or architectural, surveying and soil testing expenses and similar prefatory costs, which in the aggregate do not exceed twenty percent of the “issue price” of the Note, and (ii) a de minimis amount of Reimbursement Expenditures not in excess of the lesser of \$100,000 or five percent of the proceeds of the Note.

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

(c) The “reimbursement allocation” described in the Reimbursement Regulations for each Reimbursement Expenditure shall and will be made forthwith following (but not prior to) the issuance of the Note, and in all events within the period ending on the date which is the later of not later than three years after the later of (i) the date of the payment of the Reimbursement Expenditure, or (ii) one year after the date on which the Program to which the Reimbursement Expenditure relates is first placed in service.

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

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

14. General Obligation Pledge. For the prompt and full payment of the principal and interest on the Note, as the same respectively become due, the full faith, credit and taxing powers of the City shall be and are hereby irrevocably pledged. If the net revenues of the System appropriated and pledged to the payment of principal and interest on the Utility Portion of the Note, together with other funds irrevocably appropriated to the Utility Projects Debt Service Subaccount herein established, shall at any time be insufficient to pay such principal and interest when due, the City covenants and agrees to levy, without limitation as to rate or amount an ad valorem tax upon all taxable property in the City sufficient to pay such principal and interest as it becomes due. If the balance in the Debt Service Account is ever insufficient to pay all principal and interest then due on the Note and any other the bonds payable therefrom, the deficiency shall be promptly paid out of any other funds of the City which are available for such purpose, and such other funds may be reimbursed with or without interest from the Debt Service Account when a sufficient balance is available therein.

15. Certificate of Registration. The City Manager is hereby directed to file a certified copy of this resolution with the County Auditor of Watonwan County, Minnesota, together with

such other information as the Auditor shall require, and to obtain the County Auditor's certificate that the Note has been entered in the County Auditor's Bond Register and that the tax levy required by law has been made.

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

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

18. Tax-Exempt Status of the Note; Rebate. The City shall comply with requirements necessary under the Code to establish and maintain the exclusion from gross income under Section 103 of the Code of the interest on the Note, including without limitation (1) requirements relating to temporary periods for investments, (2) limitations on amounts invested at a yield greater than the yield on the Note, and (3) the rebate of excess investment earnings to the United States, if the Note (together with other obligations reasonably expected to be issued and outstanding at one time in this calendar year) exceeds the small-issuer exception amount of \$5,000,000. For purposes of qualifying for the exception to the federal arbitrage rebate requirements for governmental units issuing \$5,000,000 or less of bonds, the City hereby finds, determines and declares that:

- (a) the Note is issued by a governmental unit with general taxing powers;
- (b) the Note is not a private activity bond;
- (c) ninety-five percent or more of the net proceeds of the Note is to be used for local governmental activities of the City (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the City); and
- (d) the aggregate face amount of all tax-exempt bonds (other than private activity bonds) issued by the City (and all subordinate entities thereof, and all entities treated as one issuer with the City) during the calendar year in which the Note is issued and outstanding at one time is not reasonably expected to exceed \$5,000,000, all within the meaning of Section 148(f)(4)(D) of the Code.

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

- (a) the Note is issued after August 7, 1986;
- (b) the Note is not a “private activity bond” as defined in Section 141 of the Code;
- (c) the City hereby designates the Note as a “qualified tax-exempt obligation” for purposes of Section 265(b)(3) of the Code;
- (d) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds, treating qualified 501(c)(3) bonds as not being private activity bonds) which will be issued by the City (and all entities treated as one issuer with the City, and all subordinate entities whose obligations are treated as issued by the City) during this calendar year 2025 will not exceed \$10,000,000;
- (e) not more than \$10,000,000 of obligations issued by the City during this calendar year 2025 have been designated for purposes of Section 265(b)(3) of the Code; and
- (f) the aggregate face amount of the Note does not exceed \$10,000,000.

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

20. Offering Circular. The Offering Circular relating to the Note prepared and distributed by David Drown, is hereby approved and the officers of the City are authorized in connection with the delivery of the Note to sign such certificates as may be necessary with respect to the completeness and accuracy of the Offering Circular.

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

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

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

and the following voted against the same: _____

Whereupon the resolution was declared duly passed and adopted.

Published: _____

Filed: _____

Effective Date: September 2, 2025

STATE OF MINNESOTA
COUNTY OF WATONWAN
CITY OF ST. JAMES

I, the undersigned, being the duly qualified and acting City Clerk-Treasurer of the City of St. James, Minnesota, DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council, duly called and held on the date therein indicated, insofar as such minutes relate to authorizing the issuance and awarding the sale of a \$965,000 General Obligation Improvement and Utility Revenue Note, Series 2025A.

WITNESS my hand on September 2, 2025.

City Clerk-Treasurer

EXHIBIT A

FORM OF NOTE

UNITED STATES OF AMERICA
 STATE OF MINNESOTA
 WATONWAN COUNTY
 CITY OF ST. JAMES

R-1

\$965,000

GENERAL OBLIGATION IMPROVEMENT AND
 UTILITY REVENUE NOTE, SERIES 2025A

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>
4.65%	February 1, 2046	September 16, 2025

REGISTERED OWNER: SECURITY BANK & TRUST CO., WINSTED, MINNESTOA

PRINCIPAL AMOUNT: NINE HUNDRED SIXTY FIVE THOUSAND DOLLARS

THE CITY OF ST. JAMES, WATONWAN COUNTY, MINNESOTA (the “Issuer”), certifies that it is indebted and for value received promises to pay to the registered owner specified above, or assigns duly certified on the Certificate of Registration attached to and made a part of this Note (the “Owner”), in the manner hereinafter set forth, the \$965,000 principal amount of this Note in the principal installments due on February 1 of the years and in the amounts, respectively, as follows, with each such principal installment bearing interest until paid at the interest rate of 4.65% per annum:

<u>Date</u>	<u>Amount</u>
2027	\$30,000
2028	32,000
2029	33,000
2030	34,000
2031	37,000
2032	38,000
2033	39,000
2034	41,000
2035	44,000
2036	46,000
2037	48,000
2038	50,000
2039	52,000
2040	55,000
2041	57,000

2042	60,000
2043	63,000
2044	66,000
2045	68,000
2046	72,000

Interest. Interest shall be payable semiannually on February 1 and August 1 of each year, commencing February 1, 2026, and shall be calculated on the basis of a 360 day year consisting of twelve thirty day months.

Payment. Principal installments and interest shall be paid by check, ACH debit, wire transfer or draft mailed to the Owner at the address listed on the Certificate of Registration attached to and made a part of this Note. The payment of all principal and interest on this Note shall be made by the City Clerk-Treasurer of the City of St. James, Minnesota (the “Registrar”). At the time of final payment of all principal and interest on this Note, the Owner shall surrender this Note to the Registrar.

Redemption. This Note is subject to redemption and prepayment at the option of the Issuer on February 1, 2032, and on any day thereafter, in whole or in part, in multiples of \$1,000, at a price of par plus accrued interest. If redemption is in part, the principal amount to be redeemed shall be determined by the Issuer. Mailed notice of redemption shall be given to the Registrar and to the Owner of the Note at least thirty (30) days prior to the date fixed for redemption.

Grace Period and Late Note Payment Penalty. If the note payment due on February 1 or August 1 is not received by the due date, the Owner will allow a grace period of eleven (11) days for the note payment to be paid. If the bond payment is not received by the Owner prior to the end of the grace period, the City shall pay to the Owner a late fee in an amount equal to 5% of the scheduled amount due on the applicable note payment date.

Date of Payment Not a Business Day. If the nominal date for payment of any principal or interest on this Note shall not be a business day of the Issuer or of the Owner, then the date for such payment shall be the next such business day and payment on such business day shall have the same force and effect as if made on the nominal date of payment.

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

Issuance; Purpose; General Obligation. This Note is issued as a single instrument in the total principal amount of \$965,000, pursuant to and in full conformity with the Constitution, Charter of the Issuer, and laws of the State of Minnesota and pursuant to a resolution adopted by the City Council on September 2, 2025 (the “Resolution”) for the purpose of providing funds to finance the construction of street improvements and improvements to the municipal water system, sewer system, and storm sewer system (collectively, the “System”) within the jurisdiction of the Issuer. This Note is payable out of the General Obligation Improvement and Utility Revenue Note, Series 2025A Fund of the Issuer. This Note constitutes a general obligation of the Issuer, and to provide moneys for the prompt and full payment of its principal, premium, if any, and interest

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

Transfer. This Note is transferable, as provided in the Resolution, upon the Register kept by the Registrar upon surrender of this Note together with a written instrument of transfer duly executed by the Owner or the Owner's attorney duly authorized in writing, and thereupon a new, fully registered Note in the same aggregate principal amount shall be issued to the transferee in exchange therefor (or the transfer shall be duly recorded on the Register and the Certificate of Registration hereof), upon the payment of charges and satisfaction of applicable conditions, if any, as therein prescribed. The Issuer may treat and consider the person in whose name this Note is registered as the absolute Owner hereof for the purpose of receiving payment of or on account of the principal of and interest on this Note and for all other purposes whatsoever.

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

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

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

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution, the Charter of the Issuer, and laws of the State of Minnesota to be done, to happen and to be performed, precedent to and in the issuance of this Note, have been done, have happened and have been performed, in regular and due form, time and manner as required by law; that the Issuer has covenanted and agreed with the Owner of the Note that it will impose and collect charges for the service, use and availability of its System at the times and in amounts necessary to produce net revenues, together with other sums pledged to the payment of the Utility Portion of the Note, as defined in the Resolution, adequate to pay all principal and interest when due on the Utility Portion of the Note; and that the Issuer will levy a direct, annual, irrepealable ad valorem tax upon all of the taxable property of the Issuer, without limitation as to rate or amount, for the years and in amounts sufficient to pay the principal and interest on Utility Portion of the Note as they respectively become due, if the net revenues from the System, and any other sums irrevocably appropriated to the Debt Service Account are insufficient therefor; and that this Note, together with all other debts of the Issuer outstanding on the date of original issue hereof and the date of its issuance and delivery to the original purchaser, does not exceed any constitutional, charter, or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the City of St. James, Watonwan County, Minnesota, by its City Council has caused this Note to be executed on its behalf by the manual signatures of its Mayor and its City Manager, the corporate seal of the City having been intentionally omitted as permitted by law.

Date of Registration:

September 16, 2025

CITY OF ST. JAMES,
WATONWAN COUNTY, MINNESOTA

REGISTRABLE BY AND PAYABLE AT:

OFFICE OF THE CITY CLERK-
TREASURER
City of St. James, Minnesota

[do not sign]
Mayor

[do not sign]
City Manager

CERTIFICATE OF REGISTRATION

The transfer of ownership of the principal amount of the attached Note may be made only by the registered owner or the registered owner's legal representative last noted below:

[illegible]


DDA
David Drown Associates, Inc.
Public Finance Advisors

Cologne Office:
10555 Orchard Road
Cologne, MN 55322
(952) 356-2992
shannon@daviddrown.com

August 25, 2025

City of Saint James
Attn: Amanda Knoll, City Manager
P.O. Box 70
Saint James, MN 56081

RE: 2025 Project Financing – 7th Street, 13th Avenue, and Ring Road

Honorable Mayor, Councilmembers, and Manager Knoll:

The purpose of this letter is to provide updated information regarding project financing for the 2025 Project that includes reconstruction of portions of 7th Street, 13th Avenue, and Ring Road. Based on the estimated project costs resulting from the bids received and costs incurred to date, we estimate the total project costs as follows:

Construction & Engineering	\$2,349,513.01
MN Rural Water Program Fees	19,250.00
Capitalized Interest	4,987.13

TOTAL PROJECT COSTS:	\$2,373,750.14
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Sources to be utilized to finance project costs are summarized below:

G.O. Tax Abatement & Utility Revenue Bonds	\$965,000.00
Construction Fund Earnings	575.64
MNDOT Grant (LRIP)	1,408,174.50

TOTAL FUNDING SOURCES:	\$2,373,750.14
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Payment and Revenue Requirements:

The bond issue has been structured over a 20-year term based on debt service contributions from the impacted enterprise funds and special assessments. Water revenues will contribute approximately \$25,000 to debt service annually, wastewater revenues will contribute approximately \$20,000 annually, and the storm sewer fund will be required to make an annual contribution to debt service averaging approximately \$10,000 per year.

It is assumed that special assessments of \$291,711 will be levied against benefited properties over a term of 20-years at an interest rate of approximately 5.5%. It is expected that the assessments will be certified this fall for collection starting in 2026.

Method of Sale:

We have found negotiated bank placements to be effective for issues of less than \$1 million as we are able to significantly reduce issuance costs by avoiding a credit rating (\$13,250) and an underwriter (\$12,545). Staff has directed us to make contact with local lending institutions to determine their level of interest in purchasing this bond issue. I also requested a proposal from the MN Rural Water Program lender. Based on the response I received from local lenders, I have recommended utilizing Minnesota Rural Water Association's loan program as well as its program lender based on the interest rate they are willing to commit to.

\$965,000 General Obligation Bonds:

If the Council chooses to finance the project as proposed, David Drown Associates, Inc. recommends the following:

- Approximately 20-year term on the project financing at an interest rate of 4.65%
- Bonds callable any time after 2/1/2032.
- Sale of bonds through a negotiated bank placement (MN Rural Water Program Lender)
- We do not recommend purchasing a Standard & Poor's Rating

Schedule and Issuance:

If determined to be appropriate to proceed, the proposed schedule would be as follows:

September 2, 2025	Award Sale of Bonds
September 16, 2025	Closing

The City's bond counsel (Taft) will be providing a resolution to award the sale of bonds to the Minnesota Rural Water Loan Program lender. I recommend that the City Council approve this resolution if it is determined to be appropriate to proceed with the project financing as proposed. Please feel free to contact me with any questions regarding the attached materials. Thank you for your time and consideration.

Sincerely,



Shannon Sweeney, Associate
David Drown Associates, Inc.

\$965,000
General Obligation Improvement & Utility Revenue Note, Series 2025A

Security Bank & Trust Co.

Master Cash Flow



MINNESOTA RURAL WATER ASSOCIATION MEGA LOAN PROGRAM

Uses of Funds

Street Reconstruction Portion	1,439,151.39
Tax Abatement Portion	910,361.62
Other	-
Total Project Costs	2,349,513.01
Underwriter's Discount Allowance	0.00%
Unused Discount to D/S Fund	-
Fiscal Fee (includes Tax Abatement & Street Reconstruction processing)	11,750.00
Bond Counsel	4,800.00
Pay Agent	-
Printing & Misc	1,350.00
MN Rural Water Association Sponsorship	1,350.00
Bond Premium	-
Excess Proceeds	-
Capitalized Interest (to D/S Fund)	4,987.13
	<u>2,373,750.14</u>

Sources of Funds

Bond Issue	965,000.00
Bond Premium	-
Construction Fund Earnings	575.64
LRIP Grant	1,408,174.50
	<u>2,373,750.14</u>

Bond Details

Sale Date	9/2/2025
Dated Date	9/16/2025
Closing Date	9/16/2025
1st Interest Payment	8/1/2026
Proceeds spent by:	12/31/2027
Purchase Price	965,000.00
Net Interest Cost	555,250.69
Net Effective Rate	4.65000%
Average Coupon	4.65000%
Call Option	@ par 2/1/2032
Weighted Avg. Maturity	12.374
Average Life	12.374
Bond Yield	4.65055%
Purchaser	Security Bank & Trust Co.
Bond Counsel	Taft Law
Rating Agency	None
Pay Agent	City Clerk
Tax Status	Tax Exempt
Continuing Disclosure	None - Audits upon Request
Rebate	Small Issuer
Statutory Authority	MS, Chapters 429, 444, & 475

Payment Schedule & Cashflow

<i>Payment Schedule</i>						
12-Month					Payment	PLUS
Period ending	Principal	Coupon	Yield	Interest	Total	5%
9/16/2025 <i>Dated Date</i>						
2/1/2026	-	4.65%	4.65%	16,827	16,827	17,419
2/1/2027	30,000	4.65%	4.65%	44,873	74,873	78,616
2/1/2028	32,000	4.65%	4.65%	43,478	75,478	79,251
2/1/2029	33,000	4.65%	4.65%	41,990	74,990	78,739
2/1/2030	34,000	4.65%	4.65%	40,455	74,455	78,178
2/1/2031	37,000	4.65%	4.65%	38,874	75,874	79,668
2/1/2032	38,000	4.65%	4.65%	37,154	75,154	78,911
2/1/2033	39,000	4.65%	4.65%	35,387	74,387	78,106
2/1/2034	41,000	4.65%	4.65%	33,573	74,573	78,302
2/1/2035	44,000	4.65%	4.65%	31,667	75,667	79,450
2/1/2036	46,000	4.65%	4.65%	29,621	75,621	79,402
2/1/2037	48,000	4.65%	4.65%	27,482	75,482	79,256
2/1/2038	50,000	4.65%	4.65%	25,250	75,250	79,012
2/1/2039	52,000	4.65%	4.65%	22,925	74,925	78,671
2/1/2040	55,000	4.65%	4.65%	20,507	75,507	79,282
2/1/2041	57,000	4.65%	4.65%	17,949	74,949	78,696
2/1/2042	60,000	4.65%	4.65%	15,299	75,299	79,063
2/1/2043	63,000	4.65%	4.65%	12,509	75,509	79,284
2/1/2044	66,000	4.65%	4.65%	9,579	75,579	79,358
2/1/2045	68,000	4.65%	4.65%	6,510	74,510	78,236
2/1/2046	72,000	4.65%	4.65%	3,348	75,348	79,115
	<u>965,000</u>			<u>555,251</u>	<u>1,520,251</u>	<u>1,596,014</u>

Collection Year	<i>Pledged Revenues</i>				<i>Account Balances</i>	
	Special Assessments	Water Revenues	Storm Revenues	Sewer Revenues	Surplus (deficit)	Account Balance
					Initial Deposit to D/S Fund >	4,987
2025	-	5,719	2,238	4,476	(4,987)	-
2026	24,410	25,393	9,936	19,873	996	996
2027	24,410	25,404	9,941	19,882	386	1,382
2028	24,410	25,393	9,936	19,873	874	2,256
2029	24,410	25,360	9,923	19,847	1,362	3,618
2030	24,410	25,787	10,090	20,181	800	4,418
2031	24,410	25,686	10,051	20,102	1,337	5,756
2032	24,410	25,562	10,003	20,005	1,875	7,630
2033	24,410	25,416	9,946	19,891	1,362	8,992
2034	24,410	25,731	10,069	20,137	898	9,889
2035	24,410	25,518	9,985	19,970	482	10,372
2036	24,410	25,765	10,082	20,164	1,166	11,537
2037	24,410	25,485	9,972	19,944	799	12,337
2038	24,410	25,664	10,043	20,085	1,532	13,868
2039	24,410	25,799	10,095	20,191	1,214	15,083
2040	24,410	25,407	9,942	19,883	945	16,028
2041	24,410	25,474	9,968	19,936	725	16,753
2042	24,410	25,497	9,977	19,954	554	17,307
2043	24,410	25,475	9,968	19,937	432	17,739
2044	24,410	25,407	9,942	19,884	1,408	19,148
2045	24,410	25,778	10,087	20,174	1,335	20,482
	<u>488,204</u>	<u>516,721</u>	<u>202,195</u>	<u>404,390</u>	<u>15,496</u>	

General Obligation Improvement & Utility Revenue Note, Series 2025A

Uses of Funds

Street Improvements	1,439,151.39
Other	-
Total Project Costs	1,439,151.39
Underwriter's Discount Allowance	0.00%
Unused Discount to D/S Fund	-
Allocated Issuance Costs	5,705.18
Bond Premium	-
Excess Proceeds	-
Capitalized Interest (to D/S Fund)	4,987.13
	1,449,843.70

Sources of Funds

Bond Issue	286,000.00
Bond Premium	-
Construction Fund Earnings	387.88
LRIP Grant	1,163,455.82
	1,449,843.70

Payment Schedule & Cashflow

Payment Schedule						
12-Month Period ending	Principal	Coupon	Yield	Interest	Payment Total	PLUS 5%
9/16/2025 <i>Dated Date</i>						
2/1/2026	-	4.65%	4.65%	4,987	4,987	4,987
2/1/2027	9,000	4.65%	4.65%	13,299	22,299	23,414
2/1/2028	10,000	4.65%	4.65%	12,881	22,881	24,025
2/1/2029	10,000	4.65%	4.65%	12,416	22,416	23,536
2/1/2030	10,000	4.65%	4.65%	11,951	21,951	23,048
2/1/2031	11,000	4.65%	4.65%	11,486	22,486	23,610
2/1/2032	11,000	4.65%	4.65%	10,974	21,974	23,073
2/1/2033	11,000	4.65%	4.65%	10,463	21,463	22,536
2/1/2034	12,000	4.65%	4.65%	9,951	21,951	23,049
2/1/2035	13,000	4.65%	4.65%	9,393	22,393	23,513
2/1/2036	14,000	4.65%	4.65%	8,789	22,789	23,928
2/1/2037	14,000	4.65%	4.65%	8,138	22,138	23,244
2/1/2038	15,000	4.65%	4.65%	7,487	22,487	23,611
2/1/2039	15,000	4.65%	4.65%	6,789	21,789	22,878
2/1/2040	16,000	4.65%	4.65%	6,092	22,092	23,196
2/1/2041	17,000	4.65%	4.65%	5,348	22,348	23,465
2/1/2042	18,000	4.65%	4.65%	4,557	22,557	23,685
2/1/2043	19,000	4.65%	4.65%	3,720	22,720	23,856
2/1/2044	20,000	4.65%	4.65%	2,837	22,837	23,978
2/1/2045	20,000	4.65%	4.65%	1,907	21,907	23,002
2/1/2046	21,000	4.65%	4.65%	977	21,977	23,075
	286,000			164,436	450,436	472,708

Special Assessment Portion

20.12% \$ 291,711 Assessment Roll
20 Term
5.50% Rate
Fall 2025 Certified

Collection Year	Special Assessments	Tax Levies	Account Balances	
			Surplus (deficit)	Account Balance
			Initial Deposit to D/S Fund >	4,987
2025	-	-	(4,987)	-
2026	24,410	-	996	996
2027	24,410	-	386	1,382
2028	24,410	-	874	2,256
2029	24,410	-	1,362	3,618
2030	24,410	-	800	4,418
2031	24,410	-	1,337	5,756
2032	24,410	-	1,875	7,630
2033	24,410	-	1,362	8,992
2034	24,410	-	898	9,890
2035	24,410	-	482	10,372
2036	24,410	-	1,166	11,538
2037	24,410	-	799	12,337
2038	24,410	-	1,532	13,869
2039	24,410	-	1,214	15,083
2040	24,410	-	945	16,028
2041	24,410	-	725	16,753
2042	24,410	-	554	17,308
2043	24,410	-	432	17,739
2044	24,410	-	1,408	19,148
2045	24,410	-	1,335	20,483
	488,204	-	15,496	

General Obligation Improvement & Utility Revenue Note, Series 2025A

Uses of Funds

Construction	910,361.62
Engineering	-
Contingency	-
Other	-
Total Project Costs	910,361.62
Underwriter's Discount Allowance	0.00%
Unused Discount to D/S Fund	-
Allocated Issuance Costs	13,544.82
Bond Premium	-
Excess Proceeds	-
Capitalized Interest (to D/S Fund)	-
	923,906.44

Sources of Funds

Bond Issue	679,000.00
Bond Premium	-
Construction Fund Earnings	187.76
LRIP Grant (for Storm related costs)	244,718.68
	923,906.44

Payment Schedule & Cashflow

Payment Schedule						
12-Month Period ending	Principal	Coupon	Yield	Interest	Payment Total	PLUS 5%
9/16/2025	<i>Dated Date</i>					
2/1/2026	-	4.65%	4.65%	11,840	11,840	12,432
2/1/2027	21,000	4.65%	4.65%	31,574	52,574	55,202
2/1/2028	22,000	4.65%	4.65%	30,597	52,597	55,227
2/1/2029	23,000	4.65%	4.65%	29,574	52,574	55,203
2/1/2030	24,000	4.65%	4.65%	28,505	52,505	55,130
2/1/2031	26,000	4.65%	4.65%	27,389	53,389	56,058
2/1/2032	27,000	4.65%	4.65%	26,180	53,180	55,838
2/1/2033	28,000	4.65%	4.65%	24,924	52,924	55,570
2/1/2034	29,000	4.65%	4.65%	23,622	52,622	55,253
2/1/2035	31,000	4.65%	4.65%	22,274	53,274	55,937
2/1/2036	32,000	4.65%	4.65%	20,832	52,832	55,474
2/1/2037	34,000	4.65%	4.65%	19,344	53,344	56,011
2/1/2038	35,000	4.65%	4.65%	17,763	52,763	55,401
2/1/2039	37,000	4.65%	4.65%	16,136	53,136	55,792
2/1/2040	39,000	4.65%	4.65%	14,415	53,415	56,086
2/1/2041	40,000	4.65%	4.65%	12,602	52,602	55,232
2/1/2042	42,000	4.65%	4.65%	10,742	52,742	55,379
2/1/2043	44,000	4.65%	4.65%	8,789	52,789	55,428
2/1/2044	46,000	4.65%	4.65%	6,743	52,743	55,380
2/1/2045	48,000	4.65%	4.65%	4,604	52,604	55,234
2/1/2046	51,000	4.65%	4.65%	2,372	53,372	56,040
	679,000			390,815	1,069,815	1,123,306

Utility Portion

Collection Year	46%	18%	36%	Account Balances	
	Water Revenues	Storm Revenues	Sanitary Sewer Revenues	Surplus (deficit)	Account Balance
	Initial Deposit to D/S Fund >			-	-
2025	5,719	2,238	4,476	-	-
2026	25,393	9,936	19,873	-	-
2027	25,404	9,941	19,882	-	-
2028	25,393	9,936	19,873	-	-
2029	25,360	9,923	19,847	-	-
2030	25,787	10,090	20,181	-	-
2031	25,686	10,051	20,102	-	-
2032	25,562	10,003	20,005	-	-
2033	25,416	9,946	19,891	-	-
2034	25,731	10,069	20,137	-	-
2035	25,518	9,985	19,970	-	-
2036	25,765	10,082	20,164	-	-
2037	25,485	9,972	19,944	-	-
2038	25,664	10,043	20,085	-	-
2039	25,799	10,095	20,191	-	-
2040	25,407	9,942	19,883	-	-
2041	25,474	9,968	19,936	-	-
2042	25,497	9,977	19,954	-	-
2043	25,475	9,968	19,937	-	-
2044	25,407	9,942	19,884	-	-
2045	25,778	10,087	20,174	-	-
	516,721	202,195	404,390	-	-

City of St. James, Minnesota
General Obligation Improvement & Utility Revenue Note, Series 2025A
\$965,000

MASTER BOND PAYMENT SCHEDULE

Paying Agent: City Clerk

Payment Date	Principal	Interest Rates	Semi-annual Interest	Semi-Annual Payment	Payment Notation	CUSIP Number
September 16, 2025	<i>Dated Date</i>					
February 1, 2026	-	4.650%	16,827.19	16,827.19		
August 1, 2026			22,436.25	22,436.25		
February 1, 2027	30,000	4.650%	22,436.25	52,436.25		
August 1, 2027			21,738.75	21,738.75		
February 1, 2028	32,000	4.650%	21,738.75	53,738.75		
August 1, 2028			20,994.75	20,994.75		
February 1, 2029	33,000	4.650%	20,994.75	53,994.75		
August 1, 2029			20,227.50	20,227.50		
February 1, 2030	34,000	4.650%	20,227.50	54,227.50		
August 1, 2030			19,437.00	19,437.00		
February 1, 2031	37,000	4.650%	19,437.00	56,437.00		
August 1, 2031			18,576.75	18,576.75		
February 1, 2032	38,000	4.650%	18,576.75	56,576.75		
August 1, 2032			17,693.25	17,693.25		
February 1, 2033	39,000	4.650%	17,693.25	56,693.25		
August 1, 2033			16,786.50	16,786.50		
February 1, 2034	41,000	4.650%	16,786.50	57,786.50		
August 1, 2034			15,833.25	15,833.25		
February 1, 2035	44,000	4.650%	15,833.25	59,833.25		
August 1, 2035			14,810.25	14,810.25		
February 1, 2036	46,000	4.650%	14,810.25	60,810.25		
August 1, 2036			13,740.75	13,740.75		
February 1, 2037	48,000	4.650%	13,740.75	61,740.75		
August 1, 2037			12,624.75	12,624.75		
February 1, 2038	50,000	4.650%	12,624.75	62,624.75		
August 1, 2038			11,462.25	11,462.25		
February 1, 2039	52,000	4.650%	11,462.25	63,462.25		
August 1, 2039			10,253.25	10,253.25		
February 1, 2040	55,000	4.650%	10,253.25	65,253.25		
August 1, 2040			8,974.50	8,974.50		
February 1, 2041	57,000	4.650%	8,974.50	65,974.50		
August 1, 2041			7,649.25	7,649.25		
February 1, 2042	60,000	4.650%	7,649.25	67,649.25		
August 1, 2042			6,254.25	6,254.25		
February 1, 2043	63,000	4.650%	6,254.25	69,254.25		
August 1, 2043			4,789.50	4,789.50		
February 1, 2044	66,000	4.650%	4,789.50	70,789.50		
August 1, 2044			3,255.00	3,255.00		
February 1, 2045	68,000	4.650%	3,255.00	71,255.00		
August 1, 2045			1,674.00	1,674.00		
February 1, 2046	72,000	4.650%	1,674.00	73,674.00		
	965,000		555,250.69	1,520,250.69		

(1) These Maturities have been aggregated to Term Bonds, maturing in the final year shown, subject to mandatory sinking fund call.

Call Option: 2/1/2032 at par
 Bonds Dated: 9/16/2025

This payment schedule assumes no bonds are redeemed early. Refunds, if they are done, will alter this payment schedule. David Drown Associates, Inc. (612-920-3320) is available at any time to review the feasibility of refunding this issue.

September 2, 2025

ITEM: New Business – Resolution 09.25.04: Amending By-Laws of the St. James Firefighter’s Relief Association

BACKGROUND: The attached resolution amends Article X, Section 10.1, Article XII, Section 12.2 and Section 12.3 and Article XIII of the Firefighter’s Relief Association By-laws. Approval of this resolution sets the firefighters annual service pension at \$2,800. Resolution 07.22.02 was approved by council on July 5, 2022 setting the annual pension at \$2,700.

STAFF RECOMMENDATION: Approve/Deny Resolution.

**State of Minnesota
County of Watonwan**

RESOLUTION NO. 09.25.04

**RESOLUTION AMENDING BY-LAWS OF THE ST. JAMES FIREFIGHTER'S
RELIEF ASSOCIATION**

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF
THE CITY OF ST. JAMES, MINNESOTA**, that the City of St. James City Council
hereby amends the by-laws of the St. James Firefighter's Relief Association as follows:

ARTICLE X – BENEFITS

Section 10.1. Upon request of a retired member who has at least twenty (20) years of active service, and approval of the Board of Trustees, the said service pension may be paid in a lump sum which shall be computed on the basis of **\$2,800.00 per year** of active service of said member in the St. James Fire Department and Volunteer Firefighter's Relief Association. For members who have served less than twenty years of service, pensions shall be reduced in accordance with the early vesting provision of these by-laws. Said Lump Sum payment shall be in lieu of all rights to a further service pension, or survivor's pension.

ARTICLE XII – ANCILLARY BENEFIT

Section 12.2. Upon the death of any member, the association shall pay to the surviving spouse of one year, if any, and if there is no surviving spouse, to the surviving child, if any, or estate, if any, the sum of the **accrued value of \$2,800** for each year that he/she served as an active member of the St. James Volunteer Firefighter's Relief Association.

Section 12.3. A member who is permanently disabled from being an active member in the St. James Fire Department may be eligible for a disability benefit in lieu of retirement. Upon approval of the Board of Trustees pursuant to this section the disability benefits will apply:

A member who is permanently disabled with a service-related disability shall be eligible to collect a disability benefit in the amount of the accrued value of **\$2,800.00** for each year of active service on the St. James Fire Department and Volunteer Firefighter's Relief Association. The member shall be eligible to receive the disability benefit immediately upon approval of the Board of Trustees.

ARTICLE XIII – EARLY VESTING PROVISION

In the event a member with ten years or more but less than twenty years of active service on the St. James Fire Department and Volunteer Firefighter's Relief Association resigns or otherwise becomes a nonmember, that person shall be entitled to the following benefits that represent the Non-forfeitable Percentage of Pension Amount:

10 years	60 percent
11 years	64 percent

12 years	68 percent
13 years	72 percent
14 years	76 percent
15 years	80 percent
16 years	84 percent
17 years	88 percent
18 years	92 percent
19 years	96 percent
20 and thereafter	100 percent

Adopted by the City Council this 2nd day of September 2025.

Christopher Whitehead, Mayor

Attest:

Kristin Hurley, City Clerk - Treasurer

Published: _____

Filed: _____

Effective Date: September 2, 2025

September 2, 2025

ITEM: New Business – Resolution 09.25.05: Authorization to Execute Minnesota Department of Transportation Grant Agreement for Airport Improvement Excluding Land Acquisition

BACKGROUND: The attached resolution authorizes the City Manager, Amanda Knoll and the City Clerk-Treasurer, Kris Hurley to enter into and execute State of Minnesota Agreement No. 1061052 for State Project No. A8301-44 at the St. James Municipal Airport.

STAFF RECOMMENDATION: Approve/Deny Resolution.

RESOLUTION 09.25.05

AUTHORIZATION TO EXECUTE MINNESOTA DEPARTMENT OF TRANSPORTATION GRANT AGREEMENT FOR AIRPORT IMPROVEMENT EXCLUDING LAND ACQUISITION

It is resolved by the **City of St. James** as follows:

1. That the state of Minnesota Agreement No. **1061052**,

"Grant Agreement for Airport Improvement Excluding Land Acquisition," for

State Project No. **A8301-44** at the **St. James Municipal Airport** is accepted.

2. That the _____ and _____ are
(City Manager) (City Clerk-Treasurer)

authorized to execute this Agreement and any amendments on behalf of the

City of St. James.

CERTIFICATION

STATE OF MINNESOTA

COUNTY OF _____

I certify that the above Resolution is a true and correct copy of the Resolution adopted by the

(Name of the Recipient)

at an authorized meeting held on the _____ day of _____, 20____

as shown by the minutes of the meeting in my possession.

Signature: _____
(Clerk or Equivalent)

CORPORATE SEAL

/OR/

NOTARY PUBLIC

My Commission Expires: _____

**STATE OF MINNESOTA
STATE AIRPORTS FUND
GRANT AGREEMENT**

This agreement is between the State of Minnesota, acting through its Commissioner of Transportation ("State"), and **The City of St. James, 1205 6th Ave S., P O Box 70, St. James, MN 56081** ("Grantee").

RECITALS

1. Minnesota Statutes Chapter 360 authorizes State to provide financial assistance to eligible airport sponsors for the acquisition, construction, improvement, marketing, maintenance, or operation of airports and other air navigation facilities.
2. Grantee owns, operates, controls, or desires to own an airport ("Airport") in the state system, and Grantee desires financial assistance from the State for an airport improvement project **A8301-44** ("Project").
3. Grantee represents that it is duly qualified and agrees to perform all services described in this agreement to the satisfaction of the State. Pursuant to [Minn.Stat.§16B.98](#), Subd.1, Grantee agrees to minimize administrative costs as a condition of this Agreement.

AGREEMENT TERMS

1. Term of Agreement, Survival of Terms, Project Plans, and Incorporation of Exhibits

- 1.1 **Effective Date.** This Agreement will be effective on the date the State obtains all required signatures under [Minn.Stat.§16B.98](#), Subd. 5. As required by [Minn.Stat.§16B.98](#) Subd. 7, no payments will be made to Grantee until this Agreement is fully executed. Grantee must not begin work under this Agreement until it is fully executed and Grantee has been notified by the State to begin the work.
- 1.2 **Expiration Date.** This Agreement will expire on **December 31, 2029**, or when all obligations have been satisfactorily fulfilled, whichever occurs first.
- 1.3 **Survival of Terms.** All clauses which impose obligations continuing in their nature and which must survive in order to give effect to their meaning will survive the expiration or termination of this Agreement, including, without limitation, the following clauses: Airport Operations, Maintenance and Conveyance; Transfer of Interest; Indemnification; State Audits; Government Data Practices and Intellectual Property; Workers Compensation; Publicity and Endorsement; Governing Law, Jurisdiction and Venue; and Data Disclosure.
- 1.4 **Project Plans, Specifications, Descriptions.** Grantee has provided the State with the plans, specifications, and a detailed description of the Project which are on file with the State's Office of Aeronautics and are incorporated into this Agreement by reference.
- 1.5 **Exhibits.** Exhibit(s) **A** through **B** are attached and incorporated into this Agreement

2. Grantee's Duties

- 2.1 **Project Completion and Changes.** Grantee will complete the Project in accordance with the plans, specifications, and detailed description of the Project. Grantee will notify State's Authorized Representative in advance of any meetings taking place relating to the Project. Any changes to the plans or specifications of the Project after the effective date of this Agreement will be valid only if made by written amendment signed by the same parties who executed the original agreement, or their successors in office.
- 2.2 **Registered Engineer Designation.** If the Project involves construction, Grantee will designate a registered engineer to oversee the Project work. If, with the State's approval, Grantee elects not to have such services performed by a registered engineer, then Grantee will designate another responsible person to oversee such work.
- 2.3 **Policy Compliance.** Grantee will comply with all the required grants management policies and procedures of [Minn.Stat.§16B.97](#), Subd. 4(a)(1).

- 2.4 Asset Monitoring.** If Grantee uses funds obtained through this Agreement to acquire a capital asset, the Grantee is required to use that asset for a public aeronautical purpose for the normal useful life of the asset. Grantee may not sell or change the purpose of use for the capital asset(s) obtained with grant funds under this Agreement without prior written consent of the State and an amendment to this Agreement executed and approved by the same parties who executed and approved this Agreement, or their successors in office.
- 2.5 Airport Operations, Maintenance, and Conveyance.** Pursuant to Minnesota Statutes §360.305, subd. 4(d)(1), Grantee must operate the Airport as a licensed, municipally-owned public airport at all times of the year for a period of **20 years** from the date Grantee receives final reimbursement under this Agreement. The Airport must be maintained in a safe, serviceable manner for public aeronautical purposes only.
- 2.6 Transfer of Interest.** Without prior written approval from the State, Grantee will not transfer, convey, encumber, assign, or abandon its interest in the Airport or in any real or personal property purchased or improved under this Agreement. If the State approves such a transfer or change in use, the State may impose, at its sole discretion, conditions and/or restrictions on such transfer, with which Grantee must comply.
- 3. Time.** Grantee must comply with all the time requirements described in this Agreement. In the performance of this Agreement, time is of the essence.
- 4. Cost Participation and Payment**
- 4.1 Cost Participation.** Costs for the Project will be proportionate and allocated accordingly between the federal government, the State, and Grantee as described in Exhibit B.
- 4.1.1 Federal Funding.** The federal multiyear amount is an estimate only. These funds are not committed and are only available after being made so by the federal government. Federal funds for the Project will be received and disbursed by the State.
- 4.1.1.1 Requests for Additional Federal Reimbursement.** If Grantee intends to request additional federal reimbursement for Project costs, it must make all reasonable efforts to do so, and notify the State of the same, no later than thirty (30) days prior to the expiration of this Agreement. If federal reimbursement becomes available or is increased for the Project, the State will be entitled to recover from such federal funds an amount not to exceed the total state funds granted under this Agreement. Any further state match funding provided as part of this Agreement will be based on the State's current rate letter available at:
<https://www.dot.state.mn.us/aero/airportdevelopment/fundingandgrants.html>.
- 4.2 Sufficiency of Funds.** Pursuant to Minnesota Rule 8800.2500, Grantee certifies that: (1) it presently has sufficient unencumbered funds available to pay for its share of the Project; (2) it has the legal authority to engage in the Project as proposed; and (3) the Project will be completed without undue delay.
- 4.3 Total Obligation.** The State's total obligation for all compensation and reimbursements to Grantee under this Agreement will not exceed **\$2,975.00**.
- 4.4 Payment**
- 4.4.1 Invoices.** Grantee will submit invoices for payment by credit application via email. The form Grantee will use to submit invoices can be found on the Airport development forms website:
<https://www.dot.state.mn.us/aero/airportdevelopment/forms.html>. The State's Authorized Representative, as named in this Agreement, will review each invoice against the approved grant budget and grant expenditures to-date before approving payment. The State will promptly pay Grantee after Grantee presents an itemized invoice for the services actually performed and the State's Authorized Representative accepts the invoiced services. Invoices must be submitted timely and according to the following schedule: Upon completion of the services.
- 4.4.2 All Invoices Subject to Audit.** All invoices are subject to audit, at the State's discretion.
- 4.4.3 Expiration of Reimbursement.** Grantee must submit all final invoices for reimbursement no later than ninety (90) calendar days after the expiration date of this Agreement. Any invoices received after this 90-day period will not be eligible for payment.

4.4.4 State's Payment Requirements. The State will promptly pay all valid obligations under this Agreement as required by Minnesota Statutes §16A.124. The State will make undisputed payments no later than thirty (30) days after receiving Grantee's invoices for services performed. If an invoice is incorrect, defective or otherwise improper, the State will notify Grantee within ten (10) days of discovering the error. After the State receives the corrected invoice, the State will pay Grantee within thirty (30) days of receipt of such invoice.

4.4.5 Grantee Payment Requirements. Grantee must pay all Project contractors promptly. Grantee will make undisputed payments no later than thirty (30) days after receiving an invoice. If an invoice is incorrect, defective, or otherwise improper, Grantee will notify the contractor within ten (10) days of discovering the error. After Grantee receives the corrected invoice, Grantee will pay the contractor within thirty (30) days of receipt of such invoice.

4.4.6 Grant Monitoring Visit and Financial Reconciliation. If the State's total obligation is greater than \$50,000.00, the State will conduct at least one monitoring visit and financial reconciliation of Grantee's expenditures. If the State's total obligation is greater than \$250,000.00, the State will conduct annual monitoring visits and financial reconciliations of Grantee's expenditures.

4.4.6.1 The State's Authorized Representative will notify Grantee's Authorized Representative where and when any monitoring visit and financial reconciliation will take place, which state employees and/or contractors will participate, and which Grantee staff members should be present. Grantee will be provided notice prior to any monitoring visit or financial reconciliation.

4.4.6.2 Following a monitoring visit or financial reconciliation, Grantee will take timely and appropriate action on all deficiencies identified by the State.

4.4.6.3 At least one monitoring visit and one financial reconciliation must be completed prior to final payment being made to Grantee.

4.4.7 Closeout. The State will determine, at its sole discretion, whether a closeout audit is required prior to final payment approval. If a closeout audit is required, final payment will be held until the audit has been completed. Monitoring of any capital assets acquired with grant funds will continue following grant closeout.

4.4.8 Closeout Deliverables. At the close of the Project, Grantee must provide the following deliverables to the State before the final payment will be released by the State:

4.4.8.1 Electronic files of construction plans as both PDF and MicroStation compatible formats.

4.4.8.2 Electronic files of as-builts as both PDF and MicroStation compatible formats.

4.4.8.3 Electronic files of planning documents, including without limitation, airport layout plans and airport zoning plans, as PDF, MicroStation and GIS compatible formats.

4.5 Contracting and Bidding Requirements. Prior to publication, Grantee will submit to the State all solicitations for work to be funded by this Agreement. Prior to execution, Grantee will submit to the State all contracts and subcontracts between Grantee and third parties to be funded by this Agreement. The State's Authorized Representative has the sole right to approve, disapprove, or modify any solicitation, contract, or subcontract submitted by Grantee. All contracts and subcontracts between Grantee and third parties must contain all applicable provisions of this Agreement. The State's Authorized Representative will respond to a solicitation, contract, or subcontract submitted by Grantee within ten (10) business days.

5. Conditions of Payment. All services provided by Grantee under this Agreement must be performed to the State's satisfaction, as determined at the sole discretion of the State's Authorized Representative and in accordance with all applicable federal, state, and local laws, ordinances, rules, and regulations. Grantee will not receive payment for work found by the State to be unsatisfactory or performed in violation of federal, state, or local law. No more than 95% of the amount due to Grantee under this Agreement will be paid by the State until it determines that Grantee has complied with all terms and conditions of this Agreement and has furnished all necessary records. In the event the Airport fails to pass any periodic inspection conducted by a representative of the State's Office of Aeronautics, Grantee will not receive payment under this Agreement until all deficiencies identified by any such inspection have been rectified to the Office of Aeronautics' satisfaction. .

6. Authorized Representatives

6.1 The State's Authorized Representative is:

Luke Bourassa, South Region Airports Engineer; (luke.bourassa@state.mn.us) (651)508-0448 and/or **Brian Conklin**, Regional Airport Specialist Sr.; (brian.conklin@state.mn.us) (651)252-7658, or their successor. State's Authorized Representative has the responsibility to monitor Grantee's performance and the authority to accept the services provided under this agreement. If the services are satisfactory, the State's Authorized Representative will certify acceptance on each invoice submitted for payment.

6.2 Grantee's Authorized Representative is:

Amanda Knoll, City Manager
(507) 375-5090, amanda.knoll@ci.stjames.mn.us
1205 6th Ave S., P.O. Box 70
St. James, MN 56081

or their successor. If Grantee's Authorized Representative changes at any time during the term of this agreement, Grantee must immediately notify the State.

7. Assignment; Amendments; Waiver; Agreement Complete; Electronic Records; Certification

7.1 Assignment. Grantee may neither assign nor transfer any rights or obligations under this Agreement without the prior written consent of the State and a fully executed Assignment Agreement, executed and approved by the same parties who executed and approved this Agreement, or their successors in office.

7.2 Amendments. Any amendment to this Agreement must be in writing and will not be effective until it has been executed and approved by the same parties who executed and approved the original agreement, or their successors in office.

7.2.1 FAA Letter Amendments. Notwithstanding the foregoing, if the Federal Aviation Administration ("FAA") issues a Letter Amendment for this Agreement that results in an increase in the federal share of grant funds indicated in clause 4.1 herein, MnDOT's receipt of such Letter Amendment has the effect of automatically amending the total amount and respective shares granted under this Agreement without the requirement of a written amendment.

7.3 Waiver. If the State fails to enforce any provision of this Agreement, that failure does not waive the provision or the State's right to subsequently enforce it.

7.4 Agreement Complete. This Agreement contains all negotiations and agreements between the State and Grantee. No other understanding regarding this Agreement, whether written or oral, may be used to bind either party.

7.5 Electronic Records and Signatures. The parties agree to contract by electronic means. This includes using electronic signatures and converting original documents to electronic records.

7.6 Certification. By signing this Agreement, Grantee certifies that it is not suspended or debarred from receiving federal or state awards.

8. Liability and Indemnification. Each party is responsible for its own acts, omissions, and the results thereof to the extent authorized by law and will not be responsible for the acts or omissions of others, or the results thereof. Minnesota Statutes § 3.736 and other applicable law govern liability of the State. Minnesota Statutes Chapter 466 and other applicable law govern liability of Grantee. Notwithstanding the foregoing, Grantee will indemnify, hold harmless, and defend (to the extent permitted by the Minnesota Attorney General) the State against any claims, causes of actions, damages, costs (including reasonable attorneys' fees), and expenses arising in connection with the services performed under this Agreement, asserted by, or resulting from the acts or omissions of, Grantee's contractors, consultants, agents or other third parties under the direct control of Grantee.

9. State Audits. Under Minn. Stat. § 16B.98 Subd. 8, the books, records, documents, and accounting procedures and practices of Grantee, or those of any other party relevant to this Agreement, or transactions resulting from this Agreement, are subject to examination by the State and/or the State Auditor or Legislative Auditor, as appropriate, for a minimum of six (6) years from: (1) the expiration or termination of this Agreement, (2) the receipt and approval of all final reports, or (3) the period of time required to satisfy all state and program retention requirements (available at:

https://edocs-public.dot.state.mn.us/edocs_public/DMResultSet/download?docId=10358099), whichever is later. Grantee will take timely and appropriate action on all deficiencies identified by an audit.

10. Government Data Practices and Intellectual Property Rights

10.1 Government Data Practices. Grantee and the State must comply with the Minnesota Government Data Practices Act, [Minn. Stat. Ch. 13](#), as it applies to all data provided by the State under this Agreement, and as it applies to all data created, collected, received, stored, used, maintained, or disseminated by Grantee under this Agreement. The civil remedies of [Minn. Stat. §13.08](#) apply to the release of the data referred to in this clause by either Grantee or the State. If Grantee receives a request to release the data referred to herein, Grantee must immediately notify the State and consult with the State as to how Grantee should respond to the request. Grantee's response to the request must comply with applicable law.

10.2 Intellectual Property Rights.

10.2.1 Ownership. The State owns all rights, title and interest in all of the intellectual property rights, including copyrights, patents, trade secrets, trademarks and service marks in the Works and Documents created and paid for under this Agreement. "Works" means all inventions, improvements, discoveries (whether or not patentable), databases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, specifications, materials, tapes and disks conceived, reduced to practice, created or originated by Grantee, its employees, agents and subcontractors, either individually or jointly with others in the performance of this Agreement. Works includes Documents. "Documents" are the originals of any databases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, specifications, materials, tapes, disks or other materials, whether in tangible or electronic forms, prepared by Grantee, its employees, agents or subcontractors, in the performance of this Agreement. The Documents will be the State's exclusive property, and Grantee must immediately return all such Documents to the State upon completion or cancellation of this Agreement. To the extent possible, those Works eligible for copyright protection under the United States Copyright Act will be deemed to be "works made for hire." Grantee assigns all right, title and interest it may have in the Works and the Documents to the State. Grantee must, at the request of the State, execute all papers and perform all other acts necessary to transfer or record the State's ownership interest in the Works and Documents.

10.2.2 Obligations

10.2.2.1 Notification. Whenever any invention, improvement or discovery (whether or not patentable) is made or conceived for the first time or actually or constructively reduced to practice by Grantee, including its employees and subcontractors, in the performance of this Agreement, Grantee will immediately give the State's Authorized Representative written notice thereof and must promptly furnish the State's Authorized Representative with complete information and/or disclosure thereon.

10.2.2.2 Representation. Grantee must perform all acts and take all steps necessary to ensure that all intellectual property rights in the Works and Documents are the sole property of the State and that neither Grantee nor its employees, agents or subcontractors retain any interest in and to the Works and Documents. Grantee represents and warrants that the Works and Documents do not and will not infringe upon any intellectual property rights of other persons or entities. Other indemnification obligations of this Agreement notwithstanding, Grantee will indemnify, defend, to the extent permitted by the Attorney General, and hold harmless the State from any action or claim brought against the State to the extent such action is based on a claim that all or part of the Works or Documents infringe upon the intellectual property rights of others. Grantee will be responsible for payment of any and all such claims, demands, obligations, liabilities, costs and damages, including but not limited to, attorneys' fees. If such a claim or action arises, or in either party's opinion is likely to arise, Grantee, at the State's discretion, must either: (1) procure for the State the right or license to use the intellectual property rights at issue, or (2) replace or modify the allegedly infringing Works or Documents as necessary and appropriate to obviate the infringement claim. This remedy of State will be in addition to and not exclusive of other remedies provided by law.

11. Workers' Compensation. Grantee certifies that it is in compliance with [Minn. Stat. §176.181](#) subd. 2, pertaining to workers' compensation insurance coverage. Grantee's employees and agents will not be considered State employees.

Any claims that may arise under the Minnesota Workers' Compensation Act on behalf of Grantee's employees, as well as any claims made by any third party as a consequence of any act or omission on the part of Grantee's employees are in no way the State's obligation or responsibility.

12. Publicity and Endorsement

12.1 Publicity. Any publicity regarding the subject matter of this Agreement must identify the State as the sponsoring agency and must not be released without prior written approval from the State's Authorized Representative. For purposes of this provision, publicity includes notices, informational pamphlets, press releases, research, reports, signs, and similar public notices prepared by or for Grantee individually or jointly with others, or any subcontractors, with respect to the program, publications, or services provided resulting from this Agreement. All projects primarily funded by state grant appropriation must publicly credit the State of Minnesota, including on Grantee's website when practicable.

12.2 Endorsement. Grantee must not claim that the State endorses its products or services.

13. Governing Law, Jurisdiction, and Venue. Minnesota law, without regard to its choice-of-law provisions, governs this Agreement. Venue for all legal proceedings arising out of this Agreement, or its breach, must be in the appropriate state or federal court with competent jurisdiction in Ramsey County, Minnesota.

14. Termination; Suspension

14.1 Termination. The State or Commissioner of Administration may unilaterally terminate this Agreement at any time, with or without cause, upon written notice to Grantee. Upon termination, Grantee will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed.

14.2 Termination for Cause. The State may immediately terminate this Agreement if the State finds that there has been a failure to comply with the provisions of this Agreement, that reasonable progress has not been made, that fraudulent or wasteful activity has occurred, that Grantee has been convicted of a criminal offense relating to a state grant agreement, or that the purposes for which the funds were granted have not been or will not be fulfilled. The State may take action to protect the interests of the State of Minnesota, including the refusal to disburse additional funds and requiring the return of all or part of the funds already disbursed.

14.3 Termination for Insufficient Funding. The State may immediately terminate this Agreement if:

14.3.1 It does not obtain funding from the Minnesota Legislature; or

14.3.2 If funding cannot be continued at a level sufficient to pay for the services contracted for under this Agreement. Termination must be by written or fax notice to Grantee. The State is not obligated to pay for any services that are performed after notice and effective date of termination. However, Grantee will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed to the extent that funds are available. The State will not be assessed any penalty if the Agreement is terminated because of the decision of the Minnesota Legislature, or other funding source, not to appropriate funds. The State will provide Grantee notice of the lack of funding within a reasonable time of the State's receiving that notice.

14.4 Suspension. The State may immediately suspend this Agreement in the event of a total or partial government shutdown due to its failure to pass an approved budget by the legal deadline. Work performed by Grantee during a period of suspension will be deemed unauthorized and undertaken at risk of non-payment.

15. Data Disclosure. Under [Minn. Stat. § 270C.65](#) subd. 3, and other applicable law, Grantee consents to disclosure of its social security number, federal employer tax identification number, and/or Minnesota tax identification number, already provided to the State, to federal and state tax agencies and state personnel involved in the payment of state obligations. These identification numbers may be used in the enforcement of federal and state tax laws which could result in action requiring Grantee to file state tax returns and pay delinquent state tax liabilities, if any.

16. Fund Use Prohibited. Grantee will not utilize any funds received pursuant to this Agreement to compensate, either directly or indirectly, any contractor, corporation, partnership, or business, however organized, which is disqualified or debarred from entering into or receiving a state contract. This restriction applies regardless of whether the disqualified or debarred party acts in the capacity of a general contractor, a subcontractor, or as an equipment or

material supplier. This restriction does not prevent Grantee from utilizing these funds to pay any party who might be disqualified or debarred after Grantee has been awarded funds for the Project. For a list of disqualified or debarred vendors, see www.mmd.admin.state.mn.us/debarredreport.asp.

17. Discrimination Prohibited by Minnesota Statutes §181.59. Grantee will comply with the provisions of Minnesota Statutes §181.59 which requires that every contract for or on behalf of the State, or any county, city, town, township, school, school district or any other district in the state, for materials, supplies or construction will contain provisions by which Grantee agrees that:

- 17.1 In the hiring of common or skilled labor for the performance of any work under any contract, or any subcontract, no Grantee, material supplier or vendor, will, by reason of race, creed or color, discriminate against the person or persons who are citizens of the United States or resident aliens who are qualified and available to perform the work to which the employment relates;
- 17.2 No Grantee, material supplier, or vendor, will, in any manner, discriminate against, or intimidate, or prevent the employment of any person or persons identified herein, or on being hired, prevent or conspire to prevent, the person or persons from the performance of work under any contract on account of race, creed or color;
- 17.3 A violation of this Section is a misdemeanor; and
- 17.4 This Agreement may be canceled or terminated by the State, or any county, city, town, township, school, school district or any other person authorized to enter into agreements for employment, and all money due, or to become due under said agreements, may be forfeited for a second or any subsequent violation of the terms or conditions of this Agreement.

18. Limitation. Under this Agreement, the State is only responsible for receiving and disbursing funds. Nothing in this Agreement will be construed to make the State a principal, co-principal, partner, or joint venturer with respect to the Project(s) covered herein. The State may provide technical advice and assistance as requested by Grantee, however, Grantee will remain responsible for providing direction to its contractors and consultants and for administering its contracts with such entities. Grantee's consultants and contractors are not intended to be third party beneficiaries of this Agreement.

19. Telecommunications Certification. By signing this Agreement, Grantee certifies that, consistent with Section 889 of the John S. McCain National Defense Authorization Act for Fiscal Year 2019, Pub. L. 115-232 (Aug. 13, 2018), and 2 CFR 200.216, Grantee will not use funding covered by this Agreement to procure or obtain, or to extend, renew, or enter into any contract to procure or obtain, any equipment, system, or service that uses "covered telecommunications equipment or services" (as that term is defined in Section 889 of the Act) as a substantial or essential component of any system or as critical technology as part of any system. Grantee will include this certification as a flow down clause in any contract related to this Agreement.

20. Title VI/Non-discrimination Assurances. Grantee agrees to comply with all applicable US DOT Standard Title VI/Non-Discrimination Assurances contained in DOT Order No. 1050.2A, and in particular Appendices A and E, which can be found at: https://edocs-public.dot.state.mn.us/edocs_public/DMResultSet/download?docId=11149035. Grantee will ensure the appendices and solicitation language within the assurances are inserted into contracts as required. The State may conduct a review of Grantee's compliance with this provision. Grantee must cooperate with the State throughout the review process by supplying all requested information and documentation to the State, making Grantee staff and officials available for meetings as requested, and correcting any areas of non-compliance as determined by the State.

21. Additional Provisions
[Intentionally left blank.]

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MnDOT ENCUMBRANCE VERIFICATION

The individual certifies funds have been encumbered as required by Minn. Stat. 16A.15 and 16C.05.

By:

Date:

SWIFT Contract # _____

SWIFT Purchase Order # _____

**COMMISSIONER OF TRANSPORTATION
as delegated**

By:

Date:

GRANTEE

Grantee certifies that the appropriate person(s) have executed the Agreement on behalf of Grantee as required by applicable articles, bylaws, resolutions, or ordinances.

By: _____

Title: _____

Date: _____

By: _____

Title: _____

Date: _____

MnDOT CONTRACT MANAGEMENT

By:

Date:



City of St. James

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

April 16, 2025

Mr. Luke Bourassa
 Airport Development Engineer
 MnDOT Office of Aeronautics
 395 John Ireland Boulevard
 St. Paul MN 55155

RE: Grant Application
 St. James Municipal Airport (JYG)
 6 Unit T-Hangar Design Project – AIG Funded

Dear Mr. Bourassa:

Please find enclosed pre-construction photos, signed professional service agreement, independent fee evaluation, FAA cost-price analysis, FAA Form SF-424, and FAA Forms 5100-100, 129-132, 134,135, for the aforementioned project to be completed at the St. James Municipal Airport in St. James, Minnesota.

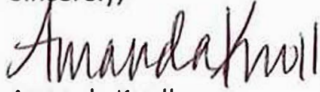
The aforementioned project involves design and bid administration services for construction of a 6 unit T-Hangar.

The following is a breakdown of costs associated with this grant request:

6 UNIT T-HANGAR DESIGN COST BREAKDOWN				
PROFESSIONAL SERVICES	TOTAL	FAA (95%)	STATE (2.5%)	LOCAL (2.5%)
DESIGN ENGINEERING - BMI	\$115,000.00	\$109,250.00	\$2,875.00	\$2,875.00
TOTAL ENGINEERING:	\$115,000.00	\$109,250.00	\$2,875.00	\$2,875.00
ADMINISTRATION	TOTAL	FAA (95%)	STATE (2.5%)	LOCAL (2.5%)
CITY OF ST. JAMES	\$500.00	\$475.00	\$12.50	\$12.50
INDEPENDENT FEE EVALUATION	\$3,500.00	\$3,325.00	\$87.50	\$87.50
TOTAL CITY ADMINISTRATION:	\$4,000.00	\$3,800.00	\$100.00	\$100.00
	TOTAL	FAA (95%)	STATE (2.5%)	LOCAL (2.5%)
TOTAL PROJECT:	\$119,000.00	\$113,050.00	\$2,975.00	\$2,975.00

The city of St. James requests a Federal AIG grant agreement in the amount of **\$113,050.00** for the aforementioned project. If you need any further information or documentation, please feel welcome to contact me at amanda.knoll@ci.stjames.mn.us or 507-375-5090.

Sincerely,



Amanda Knoll
City Manager

cc: Mark Schrader, FAA
Jake Martin, FAA
Brian Conklin, MnDOT Aeronautics
Silas Parmar, Bolton & Menk, Inc.

Enclosures:

- Pre-Construction Photos
- Signed Professional Service Agreement
- Independent Fee Evaluation
- FAA Cost-Price Analysis
- FAA Form 5100-100, 129-132, 134, 135
- FAA Form SF-424

EXHIBIT "B"

Airport: St. James JYG											
Airport Sponsor: City of St James											
Ident: JYG											
UEI: <div>ZJEVTKKEQKF3</div>											
State Project No.: A8301-44											
Federal Project No.: AIG 3-27-0137-21-25											
Agreement No.: 1061052											
Project Description: 6 Unit T-Hangar Design											
Date: 5/2/2025											
Construction	Description		Total	Funding Rates			Federal		State		Local
				Federal	State						

September 2, 2025

ITEM: New Business – 2026 Preliminary Budget Presentation

BACKGROUND: The attached 2026 Preliminary Budget Presentation will provide an overview of projected revenues and expenditures for the coming year. The presentation highlights the budget approval timeline, budget allocations, proposed budget compared, breakdown of General Fund revenues and expenditures, capital expenses, preliminary budget amounts compared, proposed tax levy compared, and staffing considerations.

STAFF RECOMMENDATION: No action.



2026 PRELIMINARY BUDGET

2026 BUDGET

BUDGET PROCESS

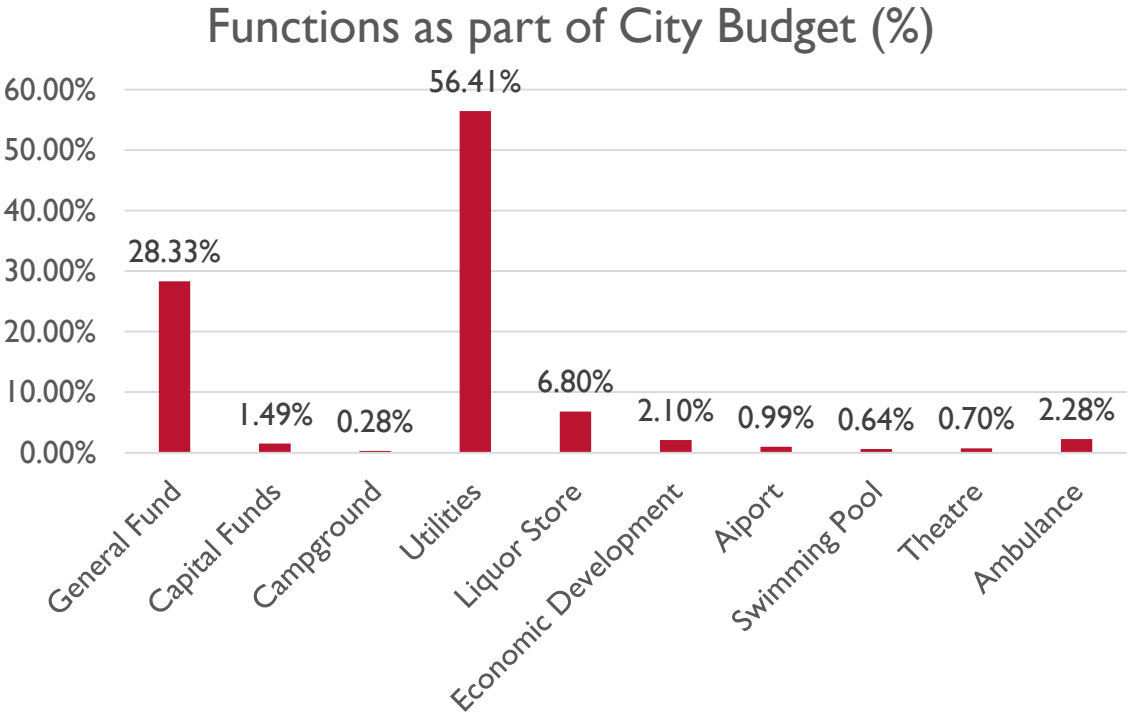
- September 2, 2025
- September 16, 2025
- December 2, 2025
- December 16, 2025

2026 Preliminary Budget Presentation
Approve 2026 Preliminary Levy
Set Truth and Taxation Hearing
Truth and Taxation Hearing
Approve 2026 Final Levy and Budget

2026 PRELIMINARY BUDGET

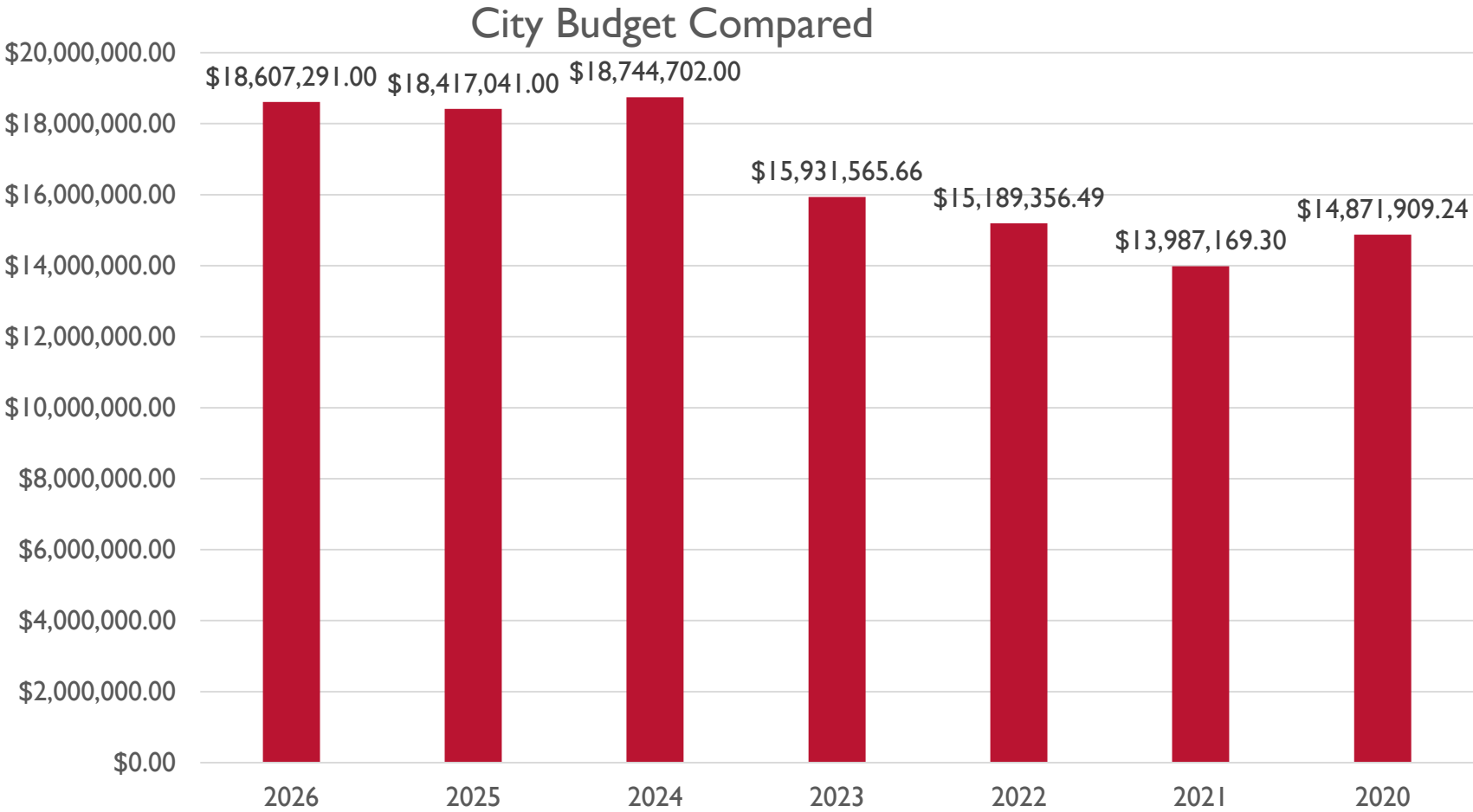
TOTAL BUDGET ALLOCATION

General Fund	\$5,270,562.00
Capital Funds	\$276,800.00
Campground	\$52,575.00
Utilities	\$10,496,709.00
Liquor Store	\$1,265,035.00
Economic Development	\$390,555.00
Airport	\$183,325.00
Swimming Pool	\$118,680.00
Theatre	\$129,655.00
Ambulance	\$423,395.00
TOTAL 2025 BUDGET	\$18,607,291.00



2026 PRELIMINARY BUDGET

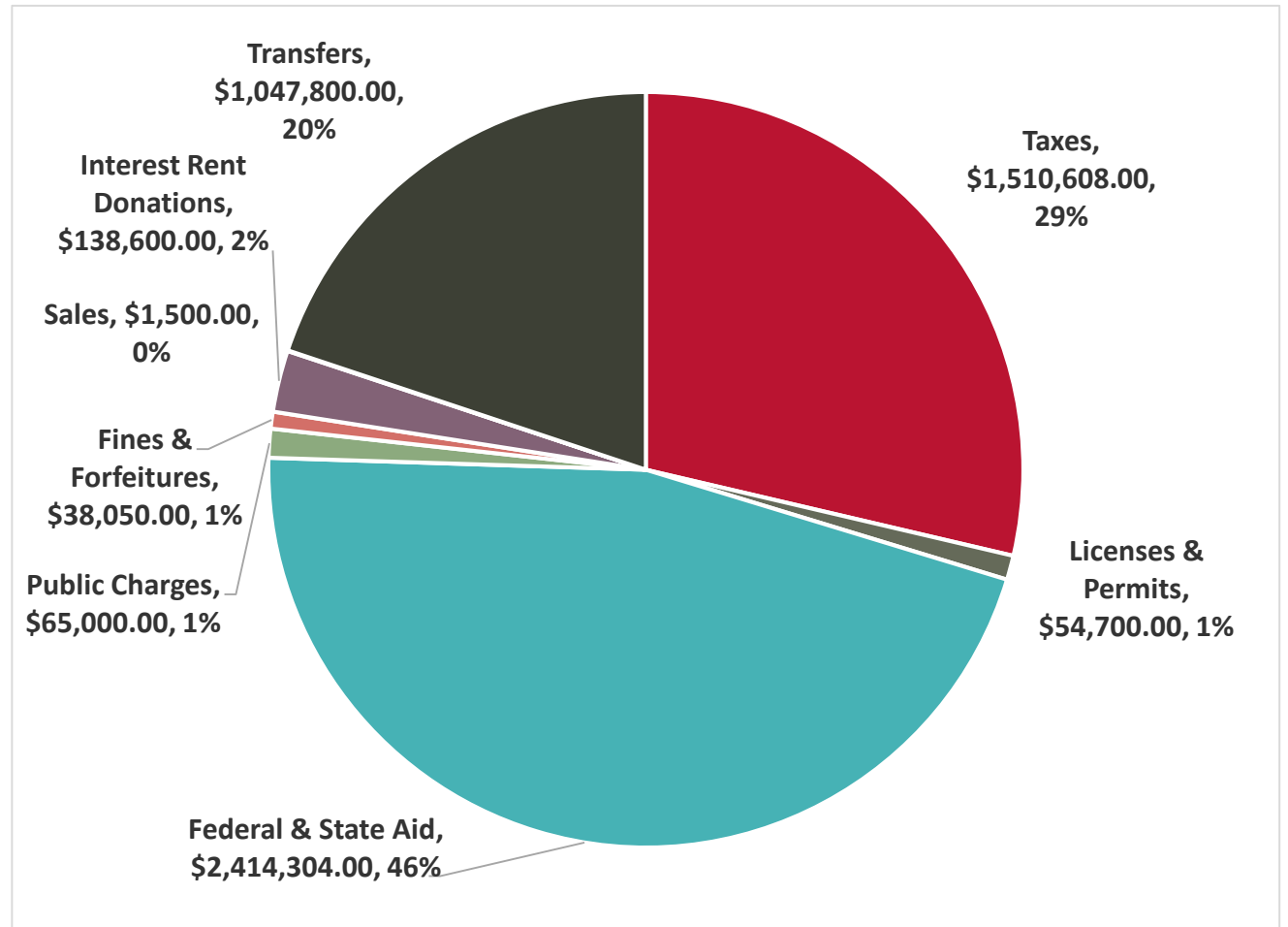
TOTAL PROPOSED 2026 BUDGET: \$18,607,291.00



2026 PRELIMINARY BUDGET

TOTAL PROPOSED GENERAL FUND REVENUE: \$5,270,562.00

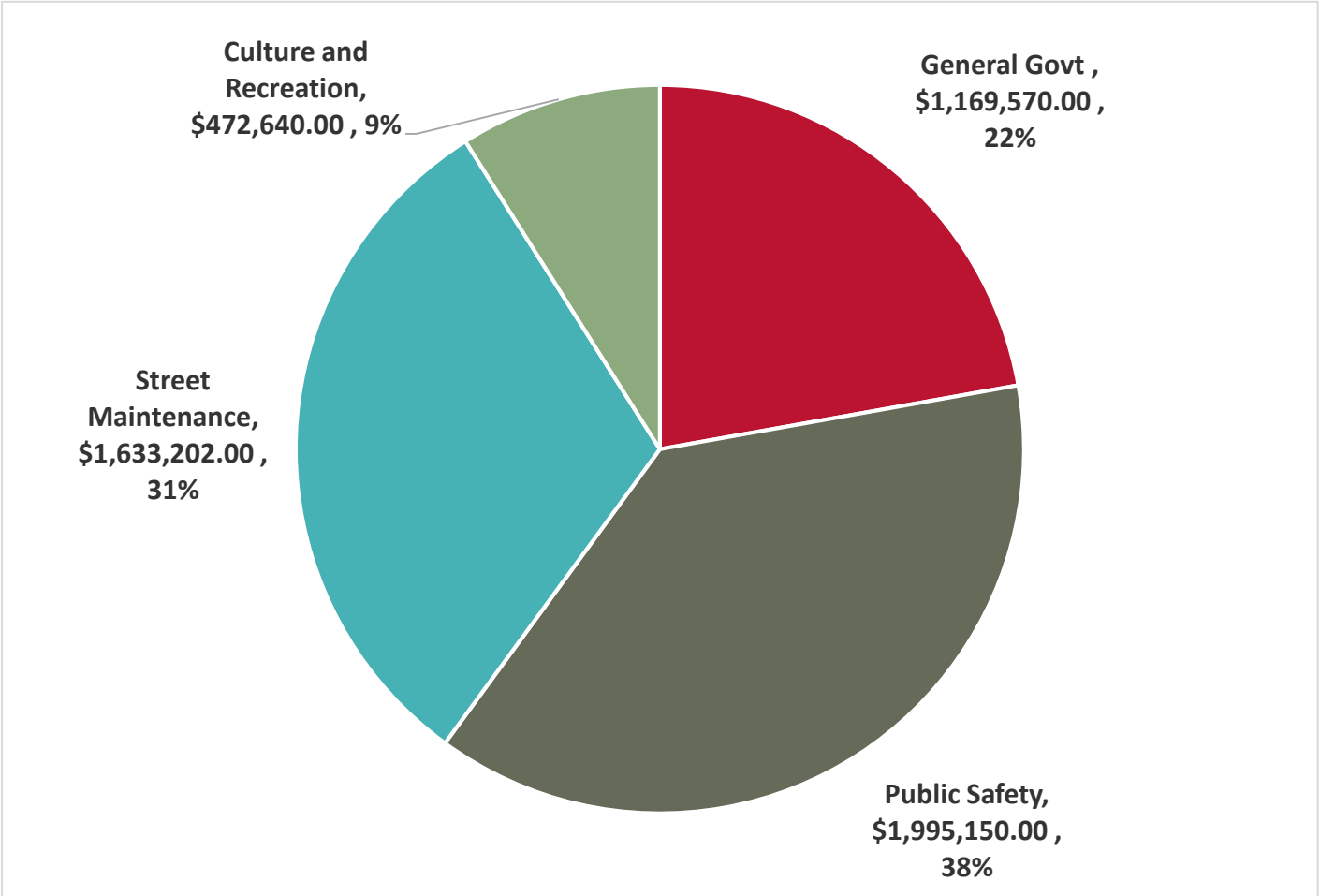
Revenue	2026
Taxes	\$1,510,608.00
Licenses & Permits	\$54,700.00
Federal & State Aid	\$2,414,304.00
Public Charges	\$65,000.00
Fines & Forfeitures	\$38,050.00
Interest Rent Donations	\$138,600.00
Sales	\$1,500.00
Transfers	\$1,047,800.00
TOTAL	\$5,270,562.00



2026 PRELIMINARY BUDGET

TOTAL PROPOSED GENERAL FUND EXPENSES: \$5,270,562.00

Expenses	2026
General Government	\$1,169,570.00
Public Safety	\$1,995,150.00
Street Maintenance	\$1,633,202.00
Culture and Recreation	\$472,640.00
TOTAL	\$5,270,562.00



2026 PRELIMINARY BUDGET

GENERAL FUND CAPITAL EXPENSES: \$276,800.00

- Improvements to City Facilities:
 - Purchase Gutters for City Hall
 - Repair Police Station Exterior Wall
 - Repair Street Department Roof
 - Replace Street Department Garage Doors
 - Repair Fire Department Heating System
- Equipment Purchases
 - Street Department Dump Trailer
 - Park Department Mower
- Vehicle Purchases
 - Squad Car for Police Department
 - Fire Truck for Fire Department
- Upgrade City Website to meet new ADA laws
- Transfer to EDA Admin Fund

2026 PRELIMINARY BUDGET

STAFFING CONSIDERATIONS

- 10% increase to health insurance (\$23,430 impact)
- Paid Family Medical Leave Act – January 1, 2026 (\$16,887 impact)
- COLA increase (\$309,345 impact)
 - 3.5% negotiated: AFSCME Union
 - 3% negotiated: LELS Union
- Police Officer (\$85,345 impact: salary, benefits & taxes)
- Temporary EDA Assistant (\$27,460 impact: salary & taxes)

2026 PRELIMINARY BUDGET

GENERAL FUND OPERATIONS

• \$5,270,562.00	2026 Preliminary Amount	-0.49%
• \$5,296,274.00	2025 Budgeted Amount	+5.65%
• \$5,013,258.00	2024 Budgeted Amount	+10.98%
• \$4,517,396.61	2023 Budgeted Amount	+15.86%
• \$3,899,099.87	2022 Budgeted Amount	+2.05%
• \$3,820,915.10	2021 Budgeted Amount	-3.89%
• \$3,975,669.00	2020 Budgeted Amount	+4.88%
• \$3,790,809.00	2019 Budgeted Amount	-2.42%
• \$3,884,835.00	2018 Budgeted Amount	+7.70%
• \$3,607,121.00	2017 Budgeted Amount	+20.72%
• \$2,988,047.00	2016 Budgeted Amount	-17.97%

2026 PRELIMINARY BUDGET

CITY TAX LEVY: \$1,633,753.00

Proposed Tax Levy	2025	2026
General Fund	\$1,264,708.00	\$1,429,908.00
Debt Service – 2022A	\$65,186.00	\$62,850.00
Swimming Pool	\$40,000.00	\$20,995.00
Airport	\$75,000.00	\$75,000.00
Capital Expense	\$50,000.00	\$25,000.00
Housing Demolition	\$20,000.00	\$20,000.00
TOTAL	\$1,514,894.00	\$1,633,753.00

2026 PRELIMINARY BUDGET

TOTAL PROPOSED 2025 TAX LEVY - \$1,633,753.00

- \$1,429,908.00 General Fund Operations (13.06% ↑) 87.52% of the levy
- \$140,995.00 Special Revenue Funds (23.79% ↓) 8.63% of the levy
- \$62,850.00 Debt Service Levy (3.58% ↓) 3.85% of the levy

Debt Service Levy:

<i>Issuance</i>	<i>Maturity</i>	<i>2026 Levy</i>
2022A 2 nd Ave S Improvement	2042	\$62,850.00
Total 2026 Debt Levy		\$62,850.00

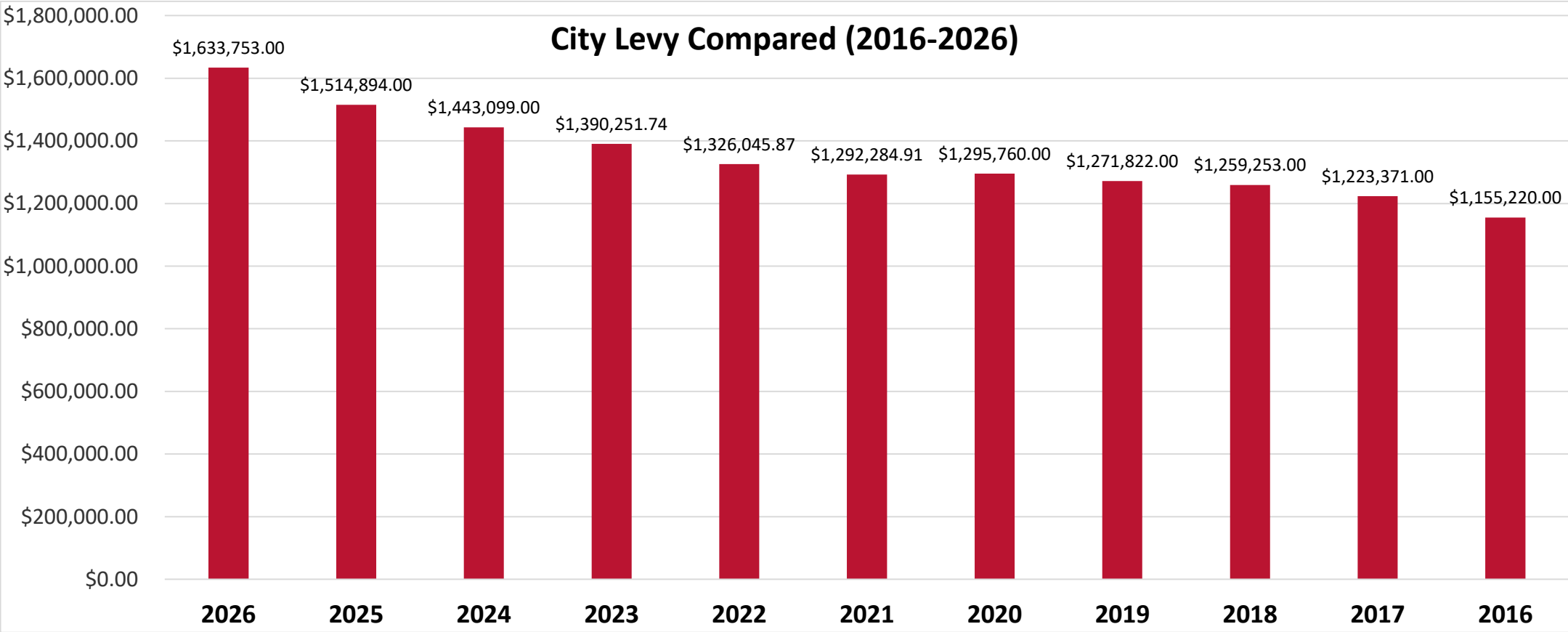
2026 PRELIMINARY BUDGET

TAX LEVY COMPARED

• \$1,633,753.00	2026 Proposed Levy Amount	+7.85%
• \$1,514,894.00	2025 Levy Amount	+4.98%
• \$1,443,099.00	2024 Levy Amount	+3.80%
• \$1,390,251.74	2023 Levy Amount	+4.84%
• \$1,326,045.87	2022 Levy Amount	+2.61%
• \$1,292,284.91	2021 Levy Amount	-.27%
• \$1,295,760.00	2020 Levy Amount	+1.85%
• \$1,271,822.00	2019 Levy Amount	+.99%
• \$1,259,253.00	2018 Levy Amount	+2.85%
• \$1,223,371.00	2017 Levy Amount	+5.57%
• \$1,155,220.00	2016 Levy Amount	+1.75%
• \$1,135,009.00	2015 Levy Amount	-1.24%

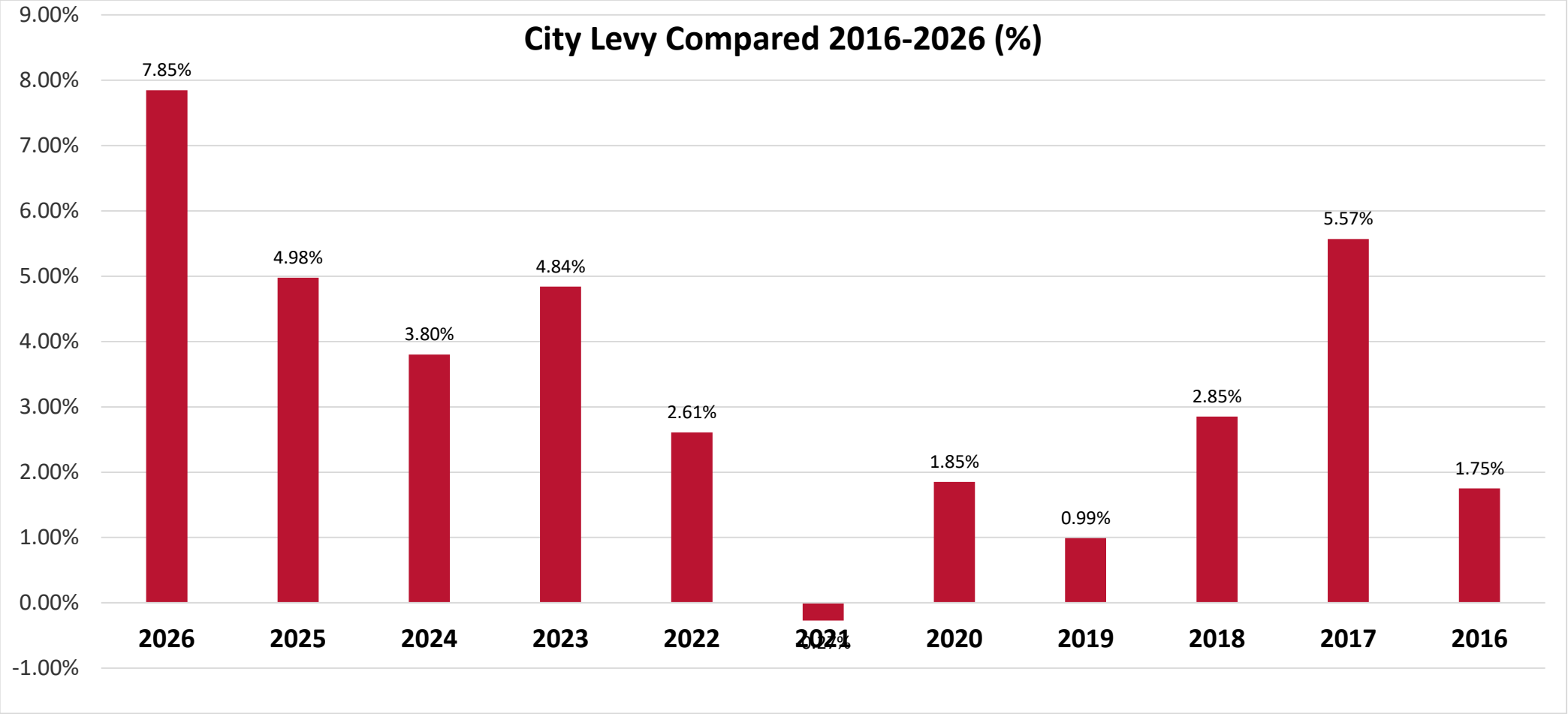
2026 PRELIMINARY BUDGET

TOTAL PROPOSED 2026 TAX LEVY: \$1,633,753.00



2026 PRELIMINARY BUDGET

TOTAL PROPOSED 2026 TAX LEVY: 7.85% INCREASE



THANK YOU

QUESTIONS AND COMMENTS WELCOME